

THE ROLE OF GENDER IN RISK PERCEPTION AND RISK TOLERANCE FOR ENTREPRENEURS

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ABSTRACT

Entrepreneurship is often seen as a man's job. This is because women are considered more afraid of failure than men. Working as an entrepreneur is certainly not free from risks, so the purpose of this study was to look at differences in risk perception and risk tolerance based on gender. The sample of this research is 81 entrepreneurs. The method used in this study is the independent t test and ANOVA test. This study shows the results that there are significant differences in risk perception and risk tolerance based on entrepreneur gender. Other findings were also found in this study, where the higher the perception, the lower the tolerance for risk.

Keywords: *risk perception, risk tolerance, risk attitude, entrepreneurs*

INTRODUCTION

According to Zimmerer (2008), entrepreneurship is the application of creativity and innovation to solve problems and efforts to take advantage of opportunities that people face every day. Entrepreneurs are people who create and run innovative businesses (Dubrin, 2008). The term entrepreneurship is basically a scientific discipline that studies human values, skills and behavior in facing life's challenges to seize opportunities with the various risks they face. Entrepreneurship is about entrepreneurial attitudes, activities and processes in starting, running and developing a business. Sea Group conducted a survey of 14 thousand respondents under 36 years of age. Research published in April 2019 showed that entrepreneurship is the most popular job for young Indonesians, namely 24.4%. This

shows that there are young people in Indonesia who are interested in becoming entrepreneurs.

Entrepreneurship is generally seen as a male field; both men and women see entrepreneurship as a man's job (male gender role stereotypes). Women see a significant relationship between entrepreneurship and femininity (Gupta et al, 2009). Women who feel similar to men (masculine gender identity) have higher entrepreneurial intentions. This is reinforced by the findings from Daoud, et al (2020) where the fear of failure is higher among women, although this result is not stable over time. Being an entrepreneur will certainly experience a lot of risks due to the uncertainty of the business being undertaken.

According to Agussani (2020), women entrepreneurs are very important for the growth and development of the national and

world economy. For example, businesses in a country owned and managed by women are an important source of employment for many young people. Research results from Agussani (2020) show that around 26% of women in Indonesia are actively involved in entrepreneurial activities. It was also emphasized that around 60 percent of micro, small and medium enterprises in this country are led by women. This shows the importance of reducing the gender gap in entrepreneurship (Daoud et al, 2020). Gender differences in risk attitudes contribute to the gender gap in entrepreneurship. Dickason-Koekemoer & Ferreira (2019) proved that men have a higher overall risk tolerance level than women.

According to Hirawati et al (2021) micro businesses play a large role in the country's economy. However, entrepreneurs have to face various problems to develop their business. One of the obstacles is the risk tolerance of business owners affecting the financial management of micro-enterprises. This is reinforced by the findings from Hoogendoorn et al (2019), where an entrepreneur has different attitudes and perceptions of risk. Risk tolerance behavior is a cognitive variable that helps entrepreneurs to estimate risks which in turn helps make decisions. This is how risk tolerance behavior can help explain the decision-making techniques adopted by entrepreneurs (Masroor & Alam, 2019).

METHOD

This research is a quantitative study with a population of entrepreneurs in Surabaya. Determination of the sample using

random sampling method. Obtained 81 respondents. Respondents were asked to fill out the questionnaire provided. The data obtained was processed using the independent sample t test and ANOVA test. Table 1 shows the arrangement of Likert-type scale items for each variable used in this study.

Table 1: Scale Items

Items	Wordings
Risk Perception	
RP1	I understand the risks that may occur in building a business.
RP2	I understand the risks that may be occur when building a business, one of which is the loss of wealth.
RP3	I understand the risk that may be experienced is a decrease in my income.
RP4*	Income from entrepreneurship is uncertain.
RP5*	If the company suffers a big loss, the investment I put in will suffer a loss.
RP6*	If the company goes bankrupt, the capital I invested will be lost.
RP7	A business with a high level of risk but also a high return is an interesting challenge for me.
Risk Tolerance	
RT1	Building a business provides big profits according to the risks involved.
RT2	I am willing to build a business with debt.
RT3	Profit is more important than safety.
RT4*	I don't think that risk always leads to loss.
RT5	I'd rather invest in my company than keep money in the bank.

*Reverse Code

RESULTS AND DISCUSSION

After the questionnaires were distributed, data were obtained with a total of 81 respondents. Table 2 shows the characteristics of the respondents from this study. There were 51 male respondents and 30 female respondents. RP define Risk

Perception and RT define Risk Tolerance.

Tabel 2: Respondent Characteristic

Gender	Counts
Male	51
Female	30

Source: Processed data

Tabel 3: Descriptive Analysis

	RP	RT
Valid	81	81
Missing	0	0
Mean	4.351	2.556
Std. Deviation	0.604	1.387
Minimum	2.000	1.000
Maximum	5.000	5.000

Source: Processed data

Table 3 shows the descriptive analysis of this study. Testing the validity of the data in this study using Explanatory Factor Analysis (EFA). The results of the test can be seen in Table 4.

Tabel 4: Explanatory Factor Analysis

Items	Factor 1	Factor 2	Uniqueness
RP3	0.839		0.340
RP1	0.827		0.324
RP2	0.683		0.534
RP5	0.637		0.615
RP4	0.533		0.731
RT2		0.958	0.136
RT3		0.850	0.306
RP7			0.716
RT1			0.827

Source: Processed data

In Table 4 it can be seen that all values are more than 0.5 so it is stated that the data is valid. After the validity test, the reliability test was

carried out. The reliability test uses the Cronbach's Alpha value. The test results can be seen in Table 5.

Table 5: Reliability Test

Variables	Cronbach's Alpha
Risk Perception	0,810
Risk Tolerance	0,863

Source: Processed data

Based on Table 5, it can be seen that the Cronbach's Alpha value is more than 0.6, so it can be said that the data is reliable. The normality test was also carried out to see whether the data was normally distributed or not. Table 6 shows the results of the normality test that has been carried out. It can be seen that the p value is less than 0.05, so it can be stated that the data is normally distributed.

Table 6: Normality Test

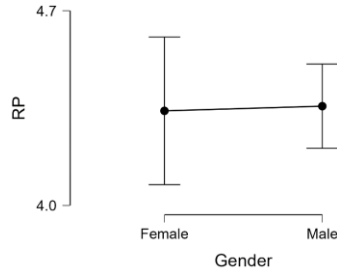
Variables	Gender	W	p
RP	Male	0.908	< .001
	Female	0.750	< .001
RT	Male	0.874	< .001
	Female	0.815	< .001

Source: Processed data

Independent sample t test is used to test the difference between the two groups of respondents. The two groups were divided by gender. Respondents obtained were divided into groups of male and female's

groups. Each variable is tested based on gender.

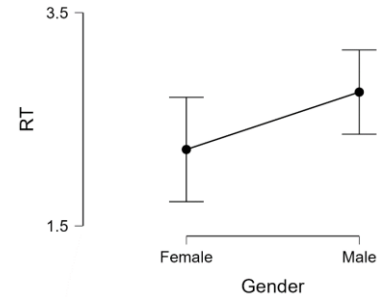
Figure 1: Gender & Risk Perception



Source: Processed data

Figure 1 shows that there are differences regarding the risk perception of male and female, although not that big. Brown et al (2021) state that there are significant differences in risk perception based on a person's gender. Men have higher values than women. This shows that men have better perceptions than women. Women process and express more affective experiences such as fear than men Alsharawy et al (2021). This is in contrast to research conducted by Rodriguez-Besteiro et al (2021) and Rana et al (2021) which stated that women have a higher perception of danger than men.

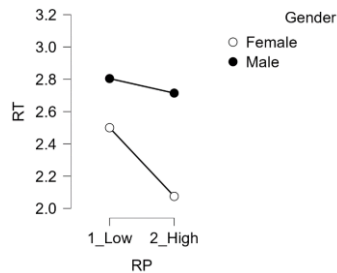
Figure 2: Gender & Risk Tolerance



Source: Processed data

There are also differences in the value of risk tolerance based on gender. This can be seen from Figure 2. It can be seen that there are significant differences between the two groups. Men have a higher tolerance than women. It can be concluded that men are better at tolerating risk. This is reinforced by Dickason-Koekemoer & Ferreira (2019) which proves that men have a higher overall risk tolerance level than women. Daoud et al (2020) stated that women are more afraid of failure than men. Because women are more afraid of failure, it will be more difficult for them to tolerate a risk that might occur.

Figure 3: Gender, Risk Perception & Risk Tolerance



Source: Processed data

Figure 3 shows the results of the ANOVA test that has been carried out. This figure shows that the higher a person's risk perception, the lower the risk tolerance of that person. In men, there is a very small decrease, but in contrast, women show a very significant decrease. This shows that the higher a woman's perception of risk, the more difficult it will be for the woman to tolerate risk. From this it can be concluded that women are more afraid of failure than men and this is reinforced by the findings from Daoud et al (2020).

CONCLUSION

The results of this study indicate that there are differences in risk perception and risk tolerance based on gender. Men have higher risk perception and risk tolerance than women. From this study it was also found that the higher the perception of men towards risk, the lower their risk tolerance would be. Likewise with women, the higher the perception, the lower the tolerance. However, in women there was a very steep decline, whereas in men there was a decrease, but not steep.

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