STEREOTYPE SPILLOVER: DOES GENDER IMPACT PERCEIVED VENTURE RISK AND VIABILITY? (SUMMARY)

Carin Holmquist
Stockholm School of Economics

Erik Wetter
Stockholm School of Economics, erik.wetter@hhs.se

Recommended Citation
Available at: http://digitalknowledge.babson.edu/fer/vol30/iss8/3

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
SUMMARY

STEREOTYPE SPILLOVER: DOES GENDER IMPACT PERCEIVED VENTURE RISK AND VIABILITY?

Carin Holmquist, Stockholm School of Economics, Sweden
Erik Wetter, Stockholm School of Economics, Sweden

Principal Topic

Women entrepreneurs have less access to capital (Holmquist & Carter, 2008). A recent empirical study of 34 countries indicated that female entrepreneurs have 5% lower probability to get a needed loan and that they have to pay 0.5% higher interest rates (Muravyev, Talavera & Schäfer, 2009). One explanation has been the female underperformance hypothesis; causing women’s firms to experience lower growth rates (Carter et al., 2007; Rosa, Carter, & Hamilton, 1996). Another related explanation is that female traits and characteristics, risk-aversion and emotionality, are perceived negatively in business settings (Sexton & Bowman-Upton, 1990). However, evidence for gender-based discrimination on the supply-side has been mixed - some investigators find indications of a gender gap, some find no significant differences (Cavalluzzo et al., 2002; Blanchflower et al., 2003; Storey, 2004).

To investigate discrimination, controlling for the multitude of factors that lenders use to assess the quality of entrepreneurs is essential. Another problem with empirical studies is self-selection; women entrepreneurs who believe that they will not get credit might not even contact the bank, resulting in sample selection bias. Fay & Williams (1993) conducted an experiment where bank employees assessed a fictitious entrepreneur and business plan. Results indicated that women were judged harder and that factors such as education were judged differently between female and male entrepreneurs. In a recent replication results showed that women and men were judged using the same factors, but that these factors were weighted differently by male and female creditors (Carter et al., 2007).

This study continues previous experimental studies; we examine if and to what extent gender stereotyping spills over to the assessment of the business opportunity, specifically comparing the judgment of experienced lenders with that of students to examine if potential biases are robust over age and experience.

Method

A sample of experienced and inexperienced lenders (n=161) participated in a controlled experiment consisting of a fictitious CV and business plan. The only variable is the gender of the entrepreneur.

Results and Implications

The study indicates that gender serves as a bias in judging entrepreneurs. This bias spills over to the business opportunity. Additionally, some novel results are found with respect to the perceived capability of the entrepreneur.

CONTACT: Erik Wetter; erik.wetter@hhs.se; (T): +46-8-736- 9439; Saltmätargatan 13-17, SE-113 83 Stockholm, Sweden.