
The Risk of Undertaking Business Activity from the Perspective of Women in the Context of Covid-19 Pandemic

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Abstract:

Purpose: The aim of the article is to determine the differences in the attitude towards the risk of running one's own business between women and men. The authors tried to find an answer to the question of how the observations and experiences of the pandemic affect the attitudes of young women towards entrepreneurship.

Design/Methodology/Approach: The theoretical part uses a critical analysis of the literature on the subject. In the empirical part, the method of online surveys was applied using a tool in the form of a Google form created by the authors of the article, conducted among 170 students at a non-public university with an economic profile in Poznań.

Findings: The results of empirical research proved that a relatively large group of respondents, as many as 48.8%, was interested in running their own business. Among women, such plans were taken by 44.9% of respondents, and among men by 55.6%. Women slightly more often answered that they did not plan to run their own business or did not know what their plans were in this matter. The chi-square NW test, however, did not show any significant correlation between the respondents' gender and planning to set up one's own enterprise ($p > 0.05$). Moreover, although men assessed the risk of running their own business slightly lower, the Mann-Whitney U test did not show a significant difference in the level of opinions on the perception of the risk of running a business between women and men ($p > 0.05$). It is important that as many as 60.9% of respondents said that the pandemic did not affect their plans to start their own business. The Mann-Whitney U test showed no significant difference in the level of opinion on the impact of the pandemic on the change in the perception of running one's own business between women and men ($p > 0.05$).

Practical Implications: The results of the research show that it is worth strengthening the proactive, entrepreneurial attitudes of young women to overcome the negative effects of the pandemic thanks to the development of the SME sector.

Originality/Value: Contemporary socio-economic changes necessitate the search for new solutions that will contribute to building a stronger and entrepreneurial society.

Keywords: Risk, women entrepreneurship, COVID-19 pandemic.

JEL Classification: M2, M13.

Paper Type: Research paper.

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1. Introduction

Risk is an inherent part of running a business that cannot be eliminated or avoided. The COVID-19 pandemic has also undoubtedly influenced the way entrepreneurs perceive risk. Risk is an ambiguous concept. They can be described from the point of view of human psychological characteristics in the context of acceptance and risk-aversion. Risk understood in this way may have a significant impact on the choice of a professional career and plans for setting up one's own business. Economic and technical literature defines risk as the probable loss of the right holder, expressed in monetary or other units (Tichý 2006; Bartošíková, Biliková, and Taraba 2014).

Understanding how an individual perceives risk can influence workplace risk management (Arezes and Miguel, 2008). Knowledge about the role of gender in taking risk and shaping attitudes towards safety is important in the context of creating preventive programs aimed at improving work safety (Znmiecka-Sikora and Sałagacka 2020). Risk taking should be regarded as a necessary action. Research results show that both humans and animals take risks in order to achieve the intended goal (Rode, Cosmides, Hell, *et al.*, 1999).

Risk taking in entrepreneurial activity is usually considered beneficial as it means trying to earn high returns by seizing market opportunities (Lumpkin and Dess, 1996). Entrepreneurs try to expand sales markets by generating risk in the form of a chance to generate higher revenues, but also a real possibility of failure, especially in the initial stage of the company's development. As companies expand their operations, new challenges and problems emerge, as well as new barriers and other risk factors (Stawasz and Ropęga 2014). Running a business carries an inherent risk that an entrepreneur should properly identify to manage his own business well.

Economic risk can also be broadly divided into pure risk, which relates to situations in which the event results in a loss or no loss, and speculative risk, which relates to the case in which the outcome of the event, different from the original assumptions, may be positive or negative (Szczepański, 2019).

In the conditions of the growing dynamics of the labor market and employee mobility, psychological determinants constitute a promising field of research (Biegańska, 2018). In addition, the COVID-19 pandemic has significantly changed the conditions for doing business and the uncertainty of entrepreneurs.

2. Psychocultural Determinants of Risk in Female Entrepreneurship

When studying the attitudes towards risk of people starting business activity, it seems reasonable to combine two perspectives: economic and psychological. Risk is therefore taken if it is the only or best way to meet the needs. Human beings differ from each other in the need to seek impressions. A high level of this trait is associated with a tendency to take risks, which manifests itself in various types of activity. The tendency to seek

sensations is correlated with age and gender. Research shows that its intensity is greater in young people and in men (Stawiarska-Lietzau, 2013).

Running a business by a woman is often burdened with a negative socially assessed work-family conflict (Shelton, 2006). Polish research shows, however, that women undertake entrepreneurial activity despite the domination of the traditional family model, based on the burden of household chores, which leaves them much less time to run their own business (Godowska, 2011).

Moreover, studies of the literature on the subject indicate that the attitude towards risk is influenced by the cultural norms of the country in which the entrepreneur operates. In addition, these impacts may apply differently to representatives of different sexes (Gimenez-Jimenez *et al.*, 2020). Cultural norms define what is valuable and desirable in society and what is not, influencing the way citizens perceive reality (Javidan and House, 2001). The norms also apply to gender roles, i.e., behaviors specific to representatives of each sex (Siemieniak and Łuczka 2016). It is believed that the entrepreneurial activity of women is largely dependent on the cultural norms of the country in which it operates (Welter, 2011).

In addition to the risk and uncertainty experienced by all entrepreneurs, women face additional difficulties resulting from responsibility for raising children, which is due to the traditional division of responsibilities in the household (Rembiasz and Siemieniak, 2018). It should be noted that, according to the research, the most important factor supporting entrepreneurship of women under 40 (in the Wielkopolska region) is the division of household duties (Siemieniak and Łuczka 2016). Encouraging women of reproductive age to take the risks of setting up and running a business should therefore be based on promoting an equal sharing of household responsibilities between partners (spouses), so that they are equally involved in housework and caring for children.

3. The Attitude of Women towards the Risk of Running a Business

When examining the entrepreneurial activity of women, attention is drawn to the orientation towards the growth of the enterprise, which is diversified in terms of gender. The weaker focus on the growth of women's enterprises is supposed to result from a lower propensity to take risks compared to men (Siemieniak and Łuczka 2016). Women are not only less prone to risk, but also experience greater fear of loss (Grilo *et al.*, 2008).

Other studies reveal that female entrepreneurs have fewer negative experiences than male entrepreneurs, which results from an accurate risk calculation and considering unforeseen events (Robb, Coleman, and Stangler 2014). Women try to avoid risk even in potentially non-threatening situations (Baker, 2001). At the same time, research shows that women running micro-small enterprises show a higher degree of optimism and internal locus of control than male managers (Vieira, Valcanover, Potrich, and Cavalheiro, 2020).

Women entrepreneurs often have less capital at their disposal and operate in sectors with lower profitability. As a result, there are twice as many male companies as female companies among fast-growing companies (Du Rietz and Henrekson, 2000). The level of risk acceptance of entrepreneurs is an indicator of the capital structure of companies. Higher risk appetite has a positive impact on the capital structure (Abdeldayem and Sedeek, 2018) and enables faster development of the enterprise.

Despite the fact that more than half of Polish women assess their abilities well in terms of starting a business (as many as 67% of men have a similar opinion), women are much more likely to fear failure. 6 out of 10 women and half of men fear failure. Moreover, women, just like men, are inclined to perceive market opportunities, but they assess their abilities to set up and run a business much lower (54% of women and 67% of men assess them positively). Fear of failure is greater among Polish women than among women in the European Union.

Compared to the EU, Polish women were more often motivated by the need to set up a business in 2016 (31.8% in Poland and 23.1% in EU countries) (PARP, 2017). As a result, Poland is in the forefront of countries with the lowest rate of newly established enterprises by women (TEA), next to Italy and India (GEM 2020/21). However, in the case of setting up or running new companies by Polish men, the situation is similar - Poland is also in the first places. Men are more likely than women to start new enterprises in almost all the surveyed countries (GEM 2020/21).

In this context, it is interesting that Poland ranks 10th in the ranking of countries offering the best conditions for running a business by women (Mastercard Index of Women Entrepreneurs). According to this index, the first place is taken by the United States, followed by New Zealand and Canada. Therefore, in markets that offer a high level of support in running a business, including for companies from the SME sector, the percentage of businesses run by women is higher.

Research shows that the higher the risk, the smaller the number of actions taken by women starting a career as an entrepreneur (Gimenez-Jimenez *et al.*, 2020). A similar relationship does not exist in male young entrepreneurs (nascent entrepreneurs). Low risk tolerance makes women reluctant to be self-employed. The research also found that gender differences in risk preferences significantly contributed to the lower number of start-ups run by women (Bönte and Piegeler 2013).

On the other hand, PARP's research does not confirm clear and significant differences between women and men in the approach to risk taking. The obtained results undermine the popular thesis that women are afraid of unstable income from their own business, and this contributes to their relatively low share among entrepreneurs. However, researchers note differences between entrepreneurs and non-entrepreneurs. Entrepreneurs more often declare and take risks (PARP, 2011). Therefore, it can be assumed that it is not gender, but an entrepreneurial attitude, that determines the attitude to risk. This supports earlier studies which show that entrepreneurs perceive risk differently than non-entrepreneurs (Cooper *et al.*, 1988; Palich and Bagby, 1995).

However, in less developed countries, cultural barriers significantly affect the disproportions in the entrepreneurial attitudes of women and men. However, attitude change, education and technological innovation can reduce them (Deka and Doley, 2020).

4. Own Research Results

Empirical research was conducted in the first quarter of 2021 among students at a private university with an economic profile (Poznań, Poland). The method of internet survey research was used. 170 students aged 19-49 participated in the study. The mean age in the study group was 25.3. Women constituted 62.9% of the studied group, and men 37.1%. Almost half of them studied in the first year of studies. Most of the studied group worked for gainful employment (79.4%). 5.3% of the respondents declared a temporary lack of economic activity for reasons related to Covid-19, and 5.9% of the respondents experienced temporary unemployment for other reasons.

Participation in the research was anonymous and voluntary. Respondents were asked to disclose their views on entrepreneurship and its risks in the context of the Covid-19 pandemic.

The survey of attitudes towards entrepreneurship revealed that in the group of respondents as many as 48.8% plan to start their own enterprise, including 14.7% within the next three years, and 34.1% in the further future. Among women, such plans were taken by 44.9% of respondents, and among men by 55.6%. Researchers set out to determine if gender differentiated the perception of risk in the study group. The results are presented in Table 1.

Table 1. Opinions on the perception of the risk of running your own business in women and men (mean, standard deviation and the Mann-Whitney U test result)

Opinion	Gender			
	Female n = 107		Male n = 63	
	Av.	Std. dev.	Av.	Std. dev.
How risky do you seem to run your own business?	4,01	0,88	3,89	0,95

Note: Z – U Mann-Whitney test value, p – probability level.

Source: Own work.

Although men assessed the risk of running their own business slightly lower, the Mann-Whitney U test did not show a significant difference in the level of opinions on the perception of the risk of running a business between women and men ($p > 0.05$). The research also covers the perception of various risk factors in running a business (Table 2). Women rate the importance of individual risk factors for running a business only slightly higher. In addition, the Mann-Whitney U test showed a significant difference in the level of opinion between women and men only for financial problems ($p = 0.0346$).

The mean was higher in women (3.93 ± 0.88). Thus, women rated the risk of financial problems higher than men. This confirms other studies and may also justify basing the company's operations on less capital or the protective attitude of women towards external financing.

Table 2. Perception of risk factors. Comparison of the opinions of women and men

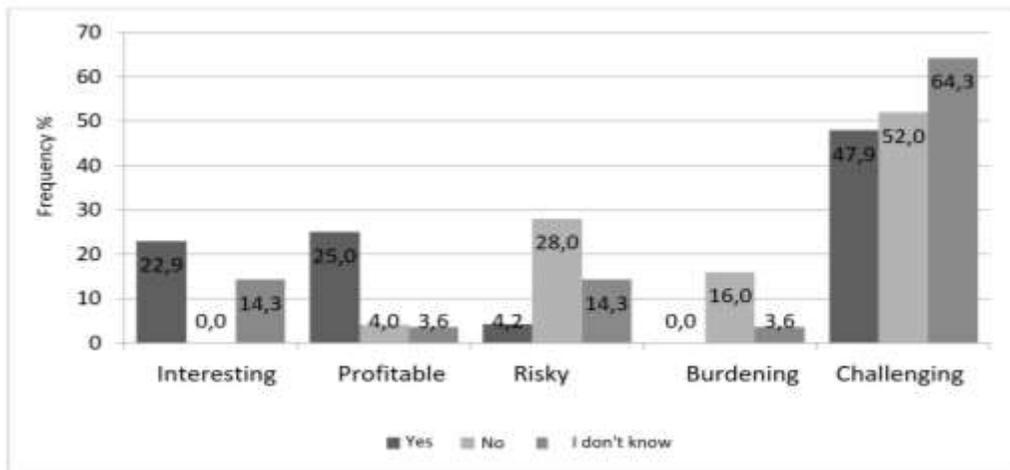
In your opinion, what impact do the various factors have on the risk of running your own business?	Gender			
	Female n = 107		Male n = 63	
	Av.	Std. dev.	Av.	Std. dev.
Random events that limit or prevent running a business	3,70	1,00	3,56	1,00
Dynamic development of competition	3,86	0,75	3,57	1,01
Changing customer preferences, loss of interest in the services and products offered, etc.	3,37	0,97	3,33	0,98
Financial problems	3,93	0,88	3,57	1,03
Legal regulations	3,39	1,03	3,38	1,13

Note: Z–U Mann-Whitney test value, p – probability level.

Source: Own work.

Respondents were also asked if the pandemic changed their perception of running their own business as a professional activity. The Mann-Whitney U test did not show a significant difference in the level of opinion on the impact of the pandemic on the change in the perception of running a business between women and men ($p > 0.05$). The research also commented on how they perceive running a business. The most common answer was that economic activity was a challenge (Figure 1).

Figure 1. The perception of running a business in women with different plans for starting their own business



Source: Own work.

The NW chi-square test showed a significant correlation between women with different plans to start their own business and the perception of running their own business ($p < 0.0001$). Among the respondents who described running their own business as "interesting", the highest percentage of women planning to start their own business was (22.9%). Among the respondents who gave the answer "profitable", the largest was also the number of hundreds of women who planned to start their own business (25.0%).

On the other hand, among the respondents who gave the answer, they perceived running a business as "risky", the highest percentage of women who did not plan to start their own business (28.0%). Among the respondents who gave the answer "aggravating", the highest percentage of women was not planning to start their own business (16.0%).

Among the respondents who gave the answer "challenging", the largest percentage was women who did not know whether or not to start their own business (64.3%). It can therefore be speculated that perhaps the last group of women are at the stage of making decisions and identifying their resources. They try to find an answer to the question of whether they are able to cope with the challenge of running a business. Actions taken further or the lack of them will be the result of a subjective cognitive assessment of one's own abilities.

Dealing with risk means the ability to find yourself in new conditions, to adapt to a changing situation. Flexibility in this matter is one of the conditions for the success of the venture. The respondents were asked to define their attitude to a possible change of industry resulting from the pandemic.

Table 3. Perception of the necessity of changing industries by women and men

Do you perceive a possible change of industry resulting from a pandemic as:	Gender				χ^2 (df)	p
	Female n = 106		Male n = 63			
	n	%	n	%		
another chance	39	36,8	27	42,9	1,63 (2)	0,4430
sad necessity	34	32,1	22	34,9		
hard to say	33	31,1	14	22,2		
Total	106	100,0	63	100,0		

Source: Own work.

Men slightly more often than women perceive displacement as an opportunity. It is difficult to define the dominant one among the opinions of women. Pearson's chi-square test did not show a significant correlation between the respondents' gender and the opinion on the change of industry resulting from the pandemic ($p > 0.05$). Taking into account that entrepreneurship is sometimes defined as the ability to perceive opportunities, one could expect a more optimistic attitude among students at economic universities.

5. Summary

The results of the conducted research give hope that thanks to the work of young, ambitious, and educated women and men, both the Polish and global economy have a chance to overcome the negative effects of the pandemic. An important role may be played by the introduction of various instruments of economic, social, and educational policy, also using the allocated EU funds.

The authors hope that the presented research results will enrich knowledge on awareness of the perception of the risk of running a business by young people in the time of the COVID-19 pandemic as an unexpected crisis situation. They can also make people aware of the need to raise this topic in the economic education of young people.

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