

2.2 Myths or Facts



7 MIN READ

Biases can have a significant impact on women entrepreneurs' access to financing. Please indicate whether the following statements are myths or facts:

*Please note that the following statements are based on generalizations; therefore, they are not expected to apply to all women entrepreneurs.

As entrepreneurs, women tend to take fewer risks than men.

Myth

It's not that women entrepreneurs don't take risks; it's that they simply don't usually approach risks the same way that men entrepreneurs do. Women typically make decisions that are more calculated and well thought-out.¹ They are not afraid of taking risks; they are simply more cautious in their decision-making.² For more information on this topic, read

Tool 5.3.

In general, women fear debt.

Fact

Let's be honest: who actually likes debt? Women entrepreneurs are no exception. Whenever possible, they will try to avoid loans and prefer to use their own funds as a financing source (this is also the case for men entrepreneurs).³ Moreover, it is not merely because they are anti-debt that women decide not to apply for loans. This may be the case for some women entrepreneurs, but there are multiple reasons why women are reluctant to apply for loans. For example, they might not know where to find financing or they might not need any.⁴ Check out **Tool 4.1** for more information on this topic.

Women and young girls don't do as well as men/boys on science, technology, engineering and mathematics (STEM) tests, which impacts their personal goals and entrepreneurial skills.

Fact

This is an example of a reality that, unfortunately, has been reinforced by stereotypes. The fields of science, technology, engineering and mathematics (STEM) are traditionally male-dominated, not only in academia but also in other professional settings. Studies show that women and girls in most developed countries don't typically succeed as well in the STEM fields. As a result, women and girls often feel less confident and more anxious in these fields.⁵ In many cases, they are also reluctant to pursue related careers.⁶ Nevertheless, progress has been made and more and more women are pursuing STEM careers nowadays, particularly in the areas of science and technology.⁷

Women usually devote more time to family life and household tasks than men.

Fact

Women, including entrepreneurs, typically devote more time to their family lives and household tasks than men. On average, Canadian women spend three hours more per day on household tasks compared to men.⁸ This means that Canadian women entrepreneurs often must juggle more with their professional and personal lives. Nevertheless, they have shown that they are still very capable of rising to the challenge. Entrepreneurship even offers benefits to women seeking a better balance between their professional and personal lives. If you are interested in learning more about this topic, please refer to **Tool 5.7**.

Women and young girls don't have as many influential entrepreneurship role models.

Fact

Influential role models for women entrepreneurs are less common than they are for men entrepreneurs. Women continue to be underrepresented in the world of entrepreneurship. Even more so, women entrepreneurs are often presented in a less favourable light compared to their men counterparts.⁹ To learn more about this topic, read **Tool 2.4**, which covers social and cultural norms.

Women are not as keen to develop and grow their businesses compared to men.

Myth

When it comes to business growth, women are just as motivated as men. Women, like men, want to play an active role in this regard.¹⁰ However, they tend to go for a steadier, longer-term approach. This means that women-owned businesses often grow less quickly than those owned by men, which in turn fuels the belief that women entrepreneurs don't seek growth.¹¹ It's not that women don't want to develop their businesses. The simple fact is that men receive a bigger piece of the pie when it comes to financing, so women may have a harder time getting business development funding. Moreover, entrepreneurial motivation is influenced by various non-gender-specific factors, including age, education, culture, geographic location, personality traits, etc.¹² If you are interested in learning more about women's entrepreneurial motivations and women's business growth, you are encouraged to read Tools **5.3** and **5.4**.

Women entrepreneurs tend to have less financial confidence than male entrepreneurs do.

Fact

Generally, women entrepreneurs are more likely to have lower financial confidence while men are often more confident.¹³ When it comes to securing financing, confidence is an essential factor because studies show that people who feel more confident are more likely to apply for loans.¹⁴ For more information on women entrepreneurs' financial confidence, please read **Tool 7.2**.

Women are usually more emotional than men, which can affect their entrepreneurial decisions.

Myth

Social and cultural norms often assume that entrepreneurs must be aggressive. This goes against the traditional image of women, who are still seen as being more sensitive and emotional.¹⁵ However, each individual has different personal qualities, meaning that traits can't be assigned based simply on gender. A man may be more emotional than a woman, or vice versa. In addition, studies confirm that women in leadership positions tend to have better social skills and emotional intelligence than men. Unfortunately, women's social and emotional skills are often negatively interpreted.¹⁶ Refer to **Tool 2.4** to learn more about this topic.

Women entrepreneurs typically have a lower level of financial knowledge than men.

Fact

In general, the level of financial knowledge among women entrepreneurs is below average.¹⁷ Women tend to not do as well on financial knowledge assessments.¹⁸ Low financial knowledge also impacts aspiring women entrepreneurs since studies show that they typically have less financial literacy awareness compared to men.¹⁹ However, this low level of financial knowledge among aspiring women entrepreneurs disappears once they have acquired more experience and realize that they do have the necessary financial knowledge and skills.²⁰ **Tool 7.2** delves into the issue of women entrepreneurs' financial knowledge and skills.

Women entrepreneurs typically have businesses in higher-risk sectors.

Fact

Many women entrepreneurs find themselves working in high-risk sectors, for example, services, restauration, tourism and retail.²¹ This reality is somewhat ironic because one of the common stereotypes associated with women entrepreneurs is that they are often more reluctant to take risks than men entrepreneurs. For more information on key women entrepreneurship sectors, please consult **Tool 5.2**.

Our toolkit includes data taken from the 2017 Survey on financing and growth of small and medium enterprises. The 2022 Survey is available at the following link: <https://www150.statcan.gc.ca/n1/daily-quotidien/220302/dq220302b-cansim-eng.htm>

However, please note that the data included in this most recent survey is greatly influenced by the recent worldwide pandemic, making it difficult to compare it to the stats included in our toolkit which are based on a pre-pandemic period survey.

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Disclaimer

All documents prepared for the LEADING LENDERS project were developed in line with the most appropriate and recent terminology. However, we recognize that terminology is subject to change over time. To the best of our ability, we have attempted to use terminology that respects the dignity and rights of all individuals.