

5.3 Motivation and Risk Adversity



3 MIN READ

Entrepreneurial motivations are numerous and may be influenced by many factors. These factors are typically divided into two categories: external and internal.¹ Here are a few examples.

External factors

- Geographic location
 - Family
- Work experience
- Media coverage
- Socio-economic status

Internal factors

- Personality traits
- Personal preferences
- Beliefs
- Skills
- Age

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Born or Made?

Studies show that women from families with entrepreneurs are more likely to go into business, particularly if their role models are women.² However, external factors are not the only decisive influences. Any women that have an interest in entrepreneurship can dream of owning a business. In short, although some are certainly born into entrepreneurship-friendly environments, there is no doubt that other women have what it takes to become entrepreneurs.

Push or Pull?

Why not both? In addition to external and internal factors, other forces influence entrepreneurs. We will refer to these as push (pressure) factors and pull factors.³

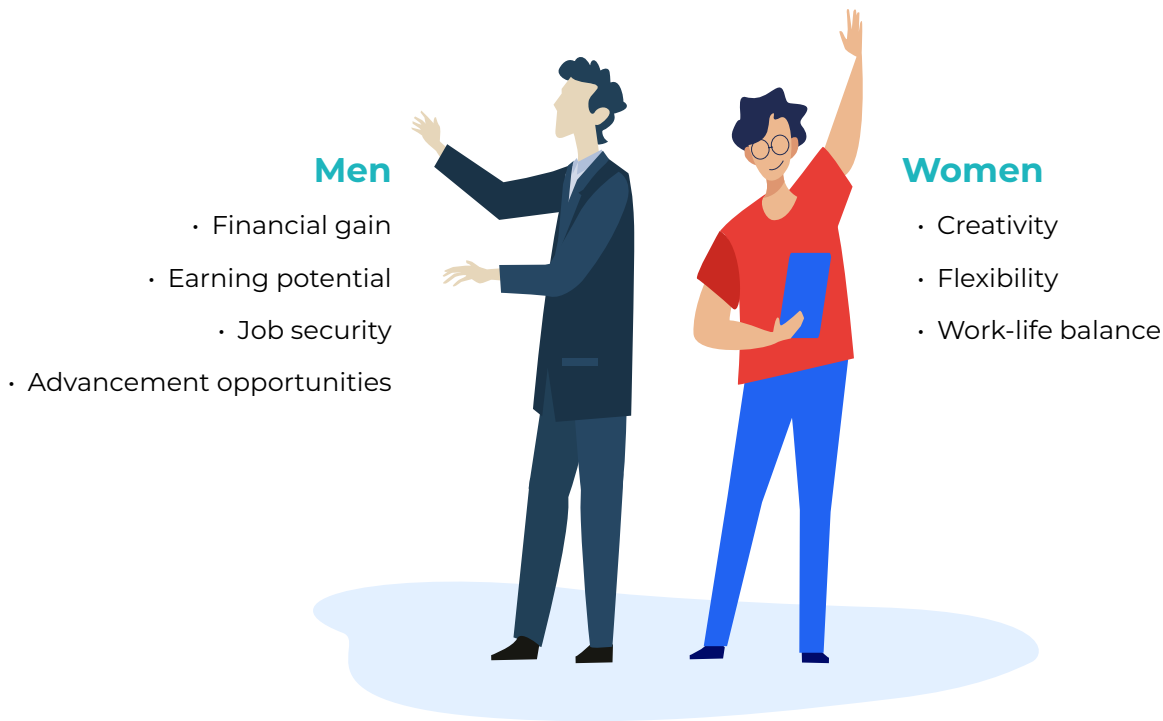
A push factor is linked to an underlying reason that forces someone to become an entrepreneur out of necessity or obligation, such as: an insufficient income, an unsatisfying career and a lack of work.

In contrast, pull factors are associated with reasons that, as indicated by the name, draw a person into the world of entrepreneurship. These “pull” examples could include: a desire to create or provide new products or services, greater flexibility, more autonomy or a yearning for professional development.

According to some recent studies, women are more prone to become entrepreneurs due to the influence of pull factors — typically choosing entrepreneurship out of passion.⁵

Popular entrepreneurial motivations according to gender

Women are often motivated to become entrepreneurs for non-financial reasons. In many cases, women's motivations have to do with their desired lifestyle and the impact of entrepreneurship on their families.⁶



Understanding a woman entrepreneur's motivations is beneficial — being aware of their needs can ultimately help in forging more positive relationships between lenders and entrepreneurs.

Women Entrepreneurs and Risk Adversity

Studies show that it is not so much that women don't want to take risks or don't like doing so; rather, they approach risks differently than men.⁷ Unfortunately, people still see risk-taking in a traditional way, meaning that it is associated with profit and rapid growth. Of course, financial success is also important to women entrepreneurs, but they also see success in terms of other factors that are rarely associated with risk-taking, such as:⁸

- Forging and maintaining successful and sustainable client relationships
- Achieving a better work/life balance
- Promoting local communities

Women prefer a holistic, longer-term business approach, which suggests that growth will be slower and steadier than in the case of men-owned businesses.

Women entrepreneurs are not afraid of taking risks; they are merely more prudent and prefer to make calculated, well-thought-out decisions.⁹ To sum up, women are not averse to risk-taking as entrepreneurs, they simply like to be better informed.¹⁰

To learn more about business growth and women entrepreneurship, see **Tool 5.4**.

References

- 1 The Beacon Agency (March 2018) Everywhere, Every Day Innovating: Women Entrepreneurs and Innovation Report, with Carleton University, BMO Financial Group, Innovation, Science, and Economic Development Canada and Indigenous and Northern Affairs Canada, p. 18.; Women Entrepreneurship Knowledge Hub (2020). The State of Women's Entrepreneurship in Canada 2020, Toronto, Diversity Institute, Toronto Metropolitan University, p. 33.
- 2 Hans K. Hvide and Paul Oyer (January 2018). Dinner Table Human Capital and Entrepreneurship, working paper no. 24198, National Bureau of Economic Research, https://www.nber.org/system/files/working_papers/w24198/w24198.pdf (page consulted November 19th 2020).; Women Entrepreneurship Knowledge Hub (2020). The State of Women's Entrepreneurship in Canada 2020, Toronto, Diversity Institute, Toronto Metropolitan University, p. 16.
- 3 The Beacon Agency (March 2018) Everywhere, Every Day Innovating: Women Entrepreneurs and Innovation Report, with Carleton University, BMO Financial Group, Innovation, Science, and Economic Development Canada and Indigenous and Northern Affairs Canada, p. 18.
- 4 The Beacon Agency (March 2018) Everywhere, Every Day Innovating: Women Entrepreneurs and Innovation Report, with Carleton University, BMO Financial Group, Innovation, Science, and Economic Development Canada and Indigenous and Northern Affairs Canada, p. 18.
- 5 The Beacon Agency (March 2018) Everywhere, Every Day Innovating: Women Entrepreneurs and Innovation Report, with Carleton University, BMO Financial Group, Innovation, Science, and Economic Development Canada and Indigenous and Northern Affairs Canada, p. 18.
- 6 BMO for Women (February 2020). How to Overcome Gender Stereotypes about Women Business Owners, <https://bmoformen.com/business-ownership/managing/how-to-overcome-gender-stereotypes-about-women-business-owners/> (page consulted October 5th 2020); Guisepina Maria Cardella, Brizeida Raquel Hernandez-Sanchez and José Carlos Sanchez-Garcia (July 2020). "Women Entrepreneurship: A Systematic Review to Outline the Boundaries of Scientific Literature", Frontiers in Psychology, <https://www.frontiersin.org/articles/10.3389/fpsyg.2020.01557/full> (page consulted September 25th 2020).
- 7 BMO Wealth Management Report (September 2016). Are there gender differences among entrepreneurs, p. 8.
- 8 BMO for Women (August 2018). They Are All Entrepreneurs But They Are Not All The Same, <https://bmoformen.com/business-ownership/starting/they-are-all-entrepreneurs-but-they-are-not-all-the-same/> (page consulted September 30th 2020).
- 9 BMO Wealth Management Report (September 2016). Are there gender differences among entrepreneurs, p. 8.
- 10 BMO for Women (February 2020). How to Overcome Gender Stereotypes about Women Business Owners, <https://bmoformen.com/business-ownership/managing/how-to-overcome-gender-stereotypes-about-women-business-owners/> (page consulted October 5th 2020).

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