



# Gender differences in evaluation of new business opportunity: A stereotype threat perspective

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## ABSTRACT

This study draws on stereotype threat theory to explore differences between men and women on evaluation of new business opportunities. Two controlled experiments, one with business students in Turkey and another with working professionals in the United States, were conducted. Participants were randomly assigned to specific experimental conditions and their assessment of a new business opportunity was measured after presentation of stereotypical information. As predicted, men reported higher opportunity evaluation than women when no gender stereotypical information was presented, whereas men and women evaluated the business opportunity equally favorably when entrepreneurs were described using gender-neutral attributes. Interestingly, gender differences in opportunity evaluation were exacerbated when entrepreneurship was linked to masculine stereotypical information, and reversed in favor of women when entrepreneurship was linked to feminine stereotypical information. Practical implications and directions for future research are discussed.

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## 1. Executive summary

Women's participation in entrepreneurship is considerably lower than men in almost all societies. This gender gap in entrepreneurship causes continuous and intense discussions in academia as well as everyday life. The present study examines stereotype threat as a mechanism to explain gender differences in opportunity evaluation and shows that it is possible to foster and alleviate gender differences by presenting appropriate gender stereotypical information. Our study advances understanding about the dynamics of opportunity evaluation and offers stereotype threat as a topic for further research for those interested in why men and women show differential inclinations in assessing business opportunities.

Drawing on stereotype threat logic, we predict that in the absence of presentation of any stereotypical information about entrepreneurship, men will report more positive opportunity evaluation than women. This is because entrepreneurship is viewed as a male typed career and stereotype threat literature posits that in the case of stereotypes that are well-known in society, no direct reminder is needed for individuals to be affected by it. We also predict that the presentation of masculine stereotypical information will depress opportunity evaluation for women but boost it for men because of the strong masculine ideology associated with entrepreneurship. Thus, when reminded of the masculine stereotype related to entrepreneurship, men will show higher and women will show lower opportunity evaluation than when no stereotypical information is presented. To the contrary, linking entrepreneurship with feminine characteristics, instead of masculine characteristics, should reverse gender gap in opportunity evaluation. Women will show higher and men will show lower opportunity evaluation than when no stereotypical information is presented. We expect that when entrepreneurship is described using gender-neutral characteristics (e.g., creativity) useful for success as an entrepreneur, the

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difference between men and women's opportunity evaluation will diminish (and possibly disappear) compared to when they were not presented with gender stereotypical information.

We conducted two separate experiments with varying samples, one drawn from 279 business students in Turkey and the other from 301 working professionals in the United States (US) to test our hypotheses. Researchers have often called for greater use of experimental design due to high internal validity of the experimental context (Colquitt, 2008) and its ability to demonstrate causality in theory testing and development (Spencer et al., 2005). We randomly assigned men and women to one of the four experimental conditions: masculine stereotype, feminine stereotype, gender-neutral (nullified), and no-stereotype information (control). We used a one-page (fictitious) news article to manipulate the stereotype threat condition, followed by a short scenario about a potentially profitable business opportunity. Participants were asked to provide a general evaluation of the business opportunity described in the scenario using a three-item five-point Likert scale.

Results suggest that differences in opportunity evaluation between men and women are influenced by stereotype threat condition. Specifically we found that when no stereotypical information was presented, men assessed new business opportunities more favorably than women. When masculine stereotypical information was presented, men increased and women decreased in their opportunity evaluation, although the results were stronger for men. Associating entrepreneurship with feminine attributes altered men and women's opportunity evaluation such that women reported higher and men reported lower evaluation of new opportunity. Linking entrepreneurship with gender-neutral characteristics eliminated gender differences in opportunity evaluation where men and women reported similarly favorable evaluation of new opportunities. Results were consistent for data obtained from a student sample in Turkey as well as from a non-student sample in the US.

These findings have implications for theory, practice, and public policy. We demonstrate the applicability of stereotype threat logic to professional endeavors and show how opportunity evaluation can be affected by messages given to enterprising individuals. Our results also suggest a need for public policy targeted at eliminating or reducing gender stereotypical signals in popular press and mass media so as to level the playing field for men and women. The empirical support we found in the US and Turkey enhances confidence in the cross-cultural generalizability of the predicted relationships.

## 2. Introduction

Evaluation of new opportunities is an important part of entrepreneurship (Mitchell and Shepherd, 2010). In recent years, opportunity evaluation – broadly defined as assessment of specific situations to produce future goods and services – has emerged as a major topic of research in entrepreneurship (Haynie et al., 2009). Prior research suggests gender differences in evaluation of new opportunities (Baker et al., 2003), and that opportunity evaluation may be a critical filter responsible for the differential rate of entrepreneurship among men and women (De Bruin et al., 2007; Langowitz and Minniti, 2007). However, scholars have little understanding of the factors and decision processes that influence men and women differently in their identification and evaluation of new opportunities (but see DeTienne and Chandler, 2007; Diaz-Garcia and Jiménez-Moreno, 2010; Gonzalez-Alvarez and Solis-Rodriguez, 2011). Favorable evaluation of high-potential business opportunities is a key driving force for new venture creation and economic growth in countries around the world (Eckhardt and Shane, 2003; Short et al., 2010).

A growing body of social psychological research over the last two decades suggests that group differences between men and women on gender-typed tasks may be a result of the phenomenon termed *stereotype threat* (Schmader et al., 2008). According to stereotype threat research, stereotypes can impact individual outcomes by creating a predicament that applies only in situations where stereotypes about one's group are relevant (Nguyen and Ryan, 2008). Scholars posit, and evidence indicates, that people are hindered in situations where the stereotype suggests that the group to which they belong has weaknesses in a particular domain, and helped when the stereotypic association suggests strength (Spencer and Castano, 2007). Originally developed to explain racial differences (Whites versus Blacks) in academic performance (Steele, 1997), stereotype threat has also been used to shed light on disparities between men and women on mathematical problem-solving (Spencer et al., 1999) and rich and poor on linguistic tasks (Croizet and Claire, 1998). The distinguishing feature of the stereotype threat literature is that it focuses on certain aspects of the performance situation and provides a situationist account to explain group differences in outcomes (Goff et al., 2008).

The specific issue we address in the present study pertains to the role of stereotype threat in shaping men and women's evaluation of new business opportunities. A central characteristic of our approach is that we put the malleable aspects of the situation front and center in unraveling gender differences in opportunity evaluation. In doing so, we extend stereotype threat research beyond its traditional focus on test performance (McGlone and Pfister, 2007) and respond to calls for greater attention to antecedents and processes related to opportunity evaluation (Haynie et al., 2009). Several researchers have noted that studies delineating specific mechanisms and processes underlying gender differences in opportunity evaluation can significantly extend the knowledge frontier in entrepreneurship (Hughes et al., 2012). We believe that appreciation of the gendered nature of opportunity evaluation allows us to explore a theoretical explanation for the well-known paradox that although entrepreneurship is widely recognized as an attractive and worthwhile career for men and women alike (Heilman and Chen, 2003), the rate of entrepreneurship among women remains much lower than men worldwide (Kelley et al., 2011). In all, we contribute to the opportunity evaluation and stereotype threat literatures by linking two prominent streams of research that have not been connected previously.

We test our predictions in an experimental context, which has the merit of high internal validity (Colquitt, 2008). The power of experiments to demonstrate causality is well recognized, and researchers have often called for greater use of experimental designs to facilitate theory testing and development (Spencer et al., 2005). Taking to heart the dictum that external validity is confirmed only through systematic testing with different subjects and settings (Berkowitz and Donnerstein, 1982), we conducted

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