



# **From Risk Aversion to Risk Loving: Strategies to Increase Participation of Female Entrepreneurs in Masvingo Urban, Zimbabwe**

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## **Abstract**

Risk aversion is one of the major impediments to entrepreneurship, and the survival and growth of startups in the developing world. Female entrepreneurs portray even a higher risk averse attitude regarding starting new businesses or introducing new business lines in their existing businesses. The intention of this study is to explore strategies that can be employed to reduce risk aversion among female entrepreneurs. A qualitative research methodology was utilized to carry out the research, with the interview technique being used as the main data collection tool. Snowballing and convenience sampling techniques were utilized to select 8 organizations and 21 female entrepreneurs who participated in the study. The study found out that entrepreneurial literacy significantly reduces risk aversion among female entrepreneurs by providing them with quality education and training on financial and income generation skills and competencies. Risk aversion can also be reduced among female entrepreneurs by assigning them to reputable business mentors to inspire them and also assist them to break cultural and societal barriers. The 'do not do it alone'

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principle and motivation through the creation of entrepreneurship forums and stakeholder interventions and schemes that support female entrepreneurship also help to minimize risk aversion.

**Keywords:** Entrepreneurship, female entrepreneurs, risk aversion, business, startups

Classification: Management

## 1. Introduction

Due to increased access to education and capital for women in the past decade, there has been a phenomenal global growth on the number of women entrepreneurs. However, although there is a significant surge in the number of women entrepreneurs, the growth is not proportional to the population of women throughout the globe. Risk aversion among female entrepreneurs has for a long time been a stumbling block for women to enter into the entrepreneurial field. Socio-economic growth and development of countries hinge greatly on entrepreneurial skills and competencies of their citizens, their ability to take investment risks and creation of a favourable macro environment (Nyanga 2020). While labour, physical and financial assets have been viewed by many researchers (Mashavira et al 2019, Jesurajan & Gnanadhas, 2011) as the key drivers to economic growth and poverty eradication, female entrepreneurs also play an equally important role in that regard. By encouraging both female and male entrepreneurs to participate in entrepreneurial activities, depressed economic environments such as that which has been prevailing in Zimbabwe for the past two decades can be developed and transformed to generate higher levels of growth. According to Tavengahama et al. (2020) mechanization and industrialization are some of the most effective strategies that can be utilized to transform the socio-economic status of any country. The enterprising attitude among citizens of a nation defines the economic growth or path of that country. The Zimbabwean population is dominated by women. The country's economic fortunes can improve if more women participate in startups and entrepreneurship in general. Jesurajan & Gnanadhas, (2011) argue that a society that is characterized by lack of entrepreneurship is

bound to suffer from economic distress and experience improper utilization, distribution and allocation of man-made and natural resources. Studies (Nyanga 2020, Wajih, 2011) have consistently shown that entrepreneurship is one of the most important factors of trade and industrial development since it assists people to earn their own livelihood and provides avenues for employment creation and significantly contributes to the country's total GDP. In the present era and generation characterized by ambiguous, volatile, fast changing and uncertain economic and socio-political environments, the role and status of women has changed compared with erstwhile centuries. Throughout the world a significant number of women are stepping outside the household to engage in professional jobs and business ventures, but a study by Nyanga (2020) showed that women entrepreneurs experience a number of impediments in their bid to engage in business activities. Chief among the entrepreneurship impediments they face is risk aversion. Women are generally scared of taking risks hence some of them despite having received quality entrepreneurial education, choose to remain in the household and take professional jobs which do not have risks of losing income, source of livelihood and investment. Though entrepreneurship is still male-dominated, there has been a shift recently and more women have been brought into the field of innovation and business although the number of women has remained low. Gender balances in business and entrepreneurship are still tilted in favour of men because most potential female entrepreneurs are scared of taking business risks. It is therefore the aim of this paper to explore strategies that can be employed to motivate and inspire women entrepreneurs to be risk takers and engage in various business ventures.

## **2. Literature review**

According to a study by Nyanga (2020) entrepreneurship can be defined as a task that is multidimensional and essentially an activity that is imaginative or inventive in nature. Jyoti & Anita, (2011) view entrepreneurship as the nucleus of economic and financial growth and development of industries and societies. It is a process of constructing a new business venture and bearing all risks associated

with its establishment and operation, with the view of making the profit and increasing the value of the invested wealth. It is an act of establishing an investment and production venture with the aim of making profit and creating wealth for the investor. In entrepreneurship the entrepreneur creates a business or a consortium of businesses and scales it to the level that generates profit for the investor. Nyanga (2020) described entrepreneurship as the process of scheming, launching and operationalizing a new business, which is often firstly a small business entity but has the capacity and intention to become a big business venture. An entrepreneur is identified as an individual who possesses a new business venture and presumes full responsibility for the risks as well as the outcomes (Nagesh & Murthy, 2008). For purposes of this study female entrepreneurs are viewed as women who plan, start, run, organize and manage enterprises for purposes of making profit while prepared to take and accept all risks and difficulties associated with the business venture.

Studies have shown that women entrepreneurs are growing at a swift rate in the developed world but the same is not reflected in the developing world (Nyanga 2020). There has been an increase in the number of businesses initiated by women, some of which grew to become large businesses of international repute. In the developing countries however, there are fewer women entrepreneurs and yet that is where they are particularly needed and valuable as they contribute to economic growth, employment creation and poverty reduction. The introduction of new and profitable business enterprises by women help in the creation of new jobs for themselves and others. A study by Nyanga (2020) showed that despite a number of challenges female entrepreneurs face, there is a significant number of successful women entrepreneurs in the developing world, implying that if female entrepreneurs are assisted to overcome risk aversion and the government and other key stakeholders foster a climate that emboldens women to become business persons, developing nations can find solutions to their perennial problems of unemployment, poverty and economic instability. Entrepreneurs take on the commitment and risk of a new idea in the hope of generating a successful profitable organization, and this requires a plethora of difficult skills. Like any entrepreneur, women

entrepreneurs need to build their confidence, leadership skills and managerial ability in order to gain access to the market (Okafor & Amalu, 2010).

Apart from the economic benefits that accrue to the individual female entrepreneur and society at large, the female investor stands to enjoy other non-financial benefits such as higher job satisfaction, autonomy, flexible work environment. Studies (Nyanga 2018, Nyanga et al 2019, Mashavira et al 2019) have shown that self-employed employees register higher job satisfaction than formal employed workers. Despite the availability of the benefits that accrue from entrepreneurship, many women in the developing world select to keep 'safe' their financial resources which are enough for them to start a business, for fear of running losses. It is this fear or risk aversion in female entrepreneurs which this study aims to minimize and inspire women to start new business ventures and also develop existing ones by introducing new product lines and entering into new markets.

Mozammel and Zaman (2018) are of the view that motivation, coupled with good training and development are arguably the most noteworthy strategies for increasing the number of female business entrepreneurs in both the developed and the developing world. Without doubt, female entrepreneurs play an essential part in innumerable segments impacting the socio-economic development of nations throughout the globe. Studies have however demonstrated that the several financial, psycho-social and cultural barriers that as sow a seed of risk aversion among female entrepreneurs which in turn make potential female entrepreneurs to shy away from new business ventures. It is therefore the purpose of this study to establish strategies that can be employed to motivate and inspire women into venturing into different business sectors and activities.

### **3. Methodology**

A purely qualitative research methodology was employed to carry out the study. The approach was opted for because of its flexibility in the generation of new ideas and themes. Qualitative research give

the researchers room to adjust the direction of the study to address emerging issues. Multiple case study design was used in this study. “The case study method explores a real-life, contemporary bounded system (a case) or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving multiple sources of information... and reports a case description and case themes” (Creswell, 2013, p. 97). The multiple case study design was preferred because it provides more robustness to the findings and conclusions of the study. Data is collected from various case studies which in turn help in the authentication of the findings of the study. The 8 organizations that participated in the study were selected using the snowballing sampling technique. All female entrepreneurs who run formal or informal businesses in Masvingo urban formed the population of the study. Female entrepreneurs and their workers were eligible to participate in the study. Convenience sampling technique was used to select participants from the participating organizations. The researchers interviewed those participants who were reachable during the time of the interviews. Virtual interviews were held through social media, specifically the Whatsapp platform, to collect data from the 21 participants. WhatsApp chats, video and voice calls were used to solicit data from participants. Collecting data using virtual means is consistent with preceding studies (Nyanga and Zirima 2020) during the COVID 19 period where data was collected using virtual means such as Whatsapp, WeChat and others. COVID 19 has made virtual data collection one of the most frequently and preferred data collection tools. Data was analysed using thematic data analysis approach. Data was grouped into themes and sub-themes and an analysis was made.

## **4. Findings**

### **4.1. Entrepreneurial literacy**

The study established that organizations and the government must create platforms where women receive quality entrepreneurial literacy and education. While Zimbabwe is respected internationally as one of the countries with the highest literacy rates and producing quality college and university graduates, the entrepreneurial literacy of its graduates remains questionable as observed in the low uptake

of entrepreneurial activities in the country. Female entrepreneurs are reluctant in taking risks associated with starting new business ventures or inventing new business practices or products chiefly because they have limitations in entrepreneurial skills and strategies. One of the respondents remarked "Risk aversion is deep rooted in female entrepreneurs because most of them do not have adequate minimum body of knowledge of starting new businesses and also risk management and control strategies." Participant 4 remarked, "There is need for female entrepreneurs to be equipped with entrepreneurial skills, knowledge and risk management skills. This will boost female entrepreneurs' confidence to enter into the entrepreneurial field." The findings are consistent with preceding studies (Nirmala, 2015, Nyanga 2020, Nyanga et al 2020) who argue that there is need for the government and other key stakeholder to enhance female entrepreneurial literacy, skills, knowledge and competency by including it in curriculum starting from the primary to the university level of education. Quality entrepreneurial education that addresses cultural barriers needs to be provided to all women by building appropriate training and development institutes. The main curriculum would provide entrepreneurs with entrepreneurial skills and also equip them with risk management skills, survival and growth strategies. The training institutes can address the problem of risk aversion and replace it with risk loving attitude by organizing workshops and seminars on entrepreneurship. The training and education outlines for female entrepreneurs should focus not only at refining the skills, competencies, knowledge and expertise of entrepreneurs, but also at growing their level of self-confidence. Such training programs convey a constructive and positive image of entrepreneurship by emphasizing impending personal, financial and social gains instead of losses. The findings are also in sync with Sarker & Palit, (2014) who say that key success factors for female entrepreneurs are technological know-how, educational experience, effective communication skills and updated knowledge of the market.

#### **4.2. Breaking Cultural and Societal barriers**

The study also revealed that one of the strategies of moving female entrepreneurs from risk aversion to risk lovers is by breaking

cultural barriers and practices that intimidate and make them shun the entry into entrepreneurial field. Women entrepreneurs need to be reassured that they can be both house wives and businesspersons. Most societies and their cultural practices perceive women as people of a weaker disposition who cannot successfully run a big business project. This philosophy is imparted to females from an early age thereby engraving it in their minds. This cultural belief has therefore grown to become one of the major precipitators of risk aversion for female entrepreneurs. A major factor that promotes risk aversion among female entrepreneurs is cultural barriers and practices. Risk aversion is mainly propelled by gender, family arrangement, cultural and societal practices and expectations. In line with this view the following participants had this to say; participant 4, "Risk aversion is promoted by putting innovative and creativity restriction by families and societies on the girl child from the early age to adulthood. The best way to boost the number of female entrepreneurs is to change the thinking, perception and philosophy of society they have on the capabilities of the girl child". Encouraging entrepreneurs helps in taming risk aversion. Families and society should encourage and support women entrepreneurs by providing them with the financial and material resources they require for startups. Such a move helps in tackling risk aversion and encouraging females to take decisions to become entrepreneurs. Consistent with the findings Garg & Agarwal (2017) established that the hitches commonly encountered by women entrepreneurs are societal and cultural related restrictions and lack of support from both the nuclear and the extended family members. The family and society are best positioned institutions to remove or minimize fear of failure and risk from female entrepreneurs. The success of any female entrepreneurs depends highly on societal and family support, lack of which result in entrepreneurial failure and risk aversion. The low risk-department, aptitude and disinclination affect entrepreneurship. In male-controlled societies, most women may not feel content with tracking new business ventures because of gender discrimination and the treatment of women as subordinates. There is need for an overall societal transformation through education and awareness to stimulate a forward-thinking attitude towards female entrepreneurship.



### 4.3. Motivation

The study further established that potential female and female entrepreneurs need to be motivated, inspired and assisted to engage into entrepreneurial activities. According to (Nirmala, 2015, Nyanga 2020, Nyanga et al 2020), some remedial measures that can be adopted to help female entrepreneurs to move from the risk aversion to risk loving positions is through motivation targeted at boosting their business acumen. Virtual and non-virtual forums should be created for purposes of boosting the morale and inspiring female entrepreneurs to enter the entrepreneurial field. The forums such as social media forums, women empowerment societies or associations should be created so that female entrepreneurs are regularly apprised of the impending business threats and opportunities. Such a move should help female entrepreneurship not to be exposed to operational and survival risks and make female entrepreneurs' challenges and grievances to be addressed before they bring the business to a total halt. The forums should include business women at both local and international levels. Shah & Saurabh, (2015) are of the opinion that female led businesses act as inspirational pivots for other women who intend to move into related businesses. Female entrepreneurs can act as a gateway that empowers and encourage more women to enter into the entrepreneurship field. It also helps women to shed off the risk aversion nature and become risk takers since it raises self-confidence, self-esteem and encourages females to move away from their orthodox and traditional role in the household. Ali &Mahamud, (2013) say that there is more to gain than to lose in female entrepreneurship because of the support that is rendered by the government and other stakeholders. In motivating female entrepreneurs emphasis should be given to the following benefits that accrue to them and their businesses; improved social status, profitability, financial independence and flexibility of the entrepreneur.

Promotional campaigns can also be used to motivate female entrepreneurs to start new businesses and or enter into the new markets. The promotional crusade should focus on the innumerable activities and programs that are already in place to diminish possible losses and minimize risks for embryonic entrepreneurs. The

promotional campaign may possibly comprise of a website, social media, advertising and press events, and well-known successes of female entrepreneurs should regularly feature in the promotional materials.

#### **4.4 The 'don't do it alone' principle**

The 'do not do it alone principle' encourages female entrepreneurs to form partnerships with successful business people or new business people. The approach helps in spreading the risk and also reducing the fear of losing the invested capital and other related assets. Spreading the risk among two or more investors helps to reduce risk aversion among female entrepreneurs. Furthermore, more effort should be put into monitoring female entrepreneurs. Female entrepreneurs should find mentors to help them in setting up and operating their businesses. New entrepreneurs require a number of business management skills such as interpersonal and communication skills which they can use to manage their businesses. Such skills can be imparted in them through the use of business mentors. The mentor should be a very successful business person who is a risk taker and willing to groom new and emerging business persons. Participant 17 said, "Partnerships and mentoring in business are key pillars and strategies that can be employed to transform risk aversion into risk taking among female entrepreneurs." Participant 7 also remarked, "While the appointment of a mentor sounds good in reducing risk aversion, it can create a problem if the mentor and the person to be mentored are in the same business line. If they are in the same business line they automatically become competitors". It is generally observed that mentoring and partnerships can help to deal with the problem of risk aversion among female entrepreneurs. Insights and networking also assists in eradicating and or minimizing risk aversion among female entrepreneurs. ([www.yale.gov.network](http://www.yale.gov.network))

#### **4.5. Stakeholder interventions**

Female entrepreneurship is a subject that has several stakeholders such as government, civic society, suppliers and customers. The interventions that are put in place by the key stakeholder either propel or minimize risk aversion. The behavior of the government in

terms of putting in place policies that promote women help to reduce risk aversion. The major risk which most female entrepreneurs are afraid of is failure to meet operational costs and run a loss. The governments therefore need to craft policies and programs that protect female entrepreneurs from various risks caused by changes in the macro environment. The government can assist by providing financial support and also giving female entrepreneurs a reasonable period of tax breaks. One way is to institute a system where a share of government tenders is awarded to female entrepreneurs as a way of boosting their businesses. Furthermore a grant for female entrepreneurs can be put in place where a loss in salary for female entrepreneurs in the commencement of their business can be counterweighed by salary from the grant. Such arrangements make female entrepreneurs become risk takers and engage in business activities. The other key stakeholders such as customers and suppliers can assist female entrepreneurs to move from risk aversion to risk takers by encouraging them and also giving them business favors such as discounts and identifying a market for them.

## **5. Conclusion**

The main purpose of this study was to establish strategies that can be employed to turn risk aversion into risk loving among female entrepreneurs. The study established that female entrepreneurs play a critical role in contributing to GDP, poverty eradication and employment creation. Their participation in the entrepreneurial field is however limited by risk aversion. The following conclusions on strategies of turning risk aversion to risk loving were made; 1) entrepreneurial literacy is very important and is one of the best approaches that can be employed to reduce risk aversion because several female entrepreneurs who want to engage in entrepreneurial activities lack critical indulgency and appreciation of financial management issues such as budgeting, taxes, balancing a checkbook, managing lines of credit and developing sales and market prognostications. It is very difficult to start and grow a business without acquiring full knowledge of how to manage risks and how to hedge the business from crippling risks and practices; 2) breaking cultural and societal barriers is one of the strategies that can be used

to transform risk aversion into risk taking. The culture of looking down upon women and discouraging them for undertaking business ventures need to be curtailed; 3) motivation help female entrepreneurs shed off risk aversion and replace it with risk taking. Seasoned business people can motivate emerging female entrepreneurs and give them the assurance that through hard work success is guaranteed; 4) the *do not do it alone* principle which involves mentoring and partnership also reduce and minimize risk aversion and make female entrepreneurs risk takers. Virtual advisors can also be sourced on the global village and tap on their business expertise to establish their own businesses; 5) stakeholders interventions such as creating a favorable macro environment, institutional capacity building, tax breaks and support from suppliers and customers redirect female entrepreneurs from risk aversion to risk taking.

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