

# Trust, personality, risk taking and entrepreneurship

Risk taking  
and  
entrepreneurship

## Exploring gender differences among nascent and actual entrepreneurs in the United Arab Emirates

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Rachid Zeffane

*Department of Management, Marketing and Public Administration,  
University of Sharjah, Sharjah, United Arab Emirates*

### Abstract

**Purpose** – The purpose of this paper is to examine the impact of trust, personality and risk taking on entrepreneurial intentions (EIs). In this perspective, it explores gender differences among nascent and actual entrepreneurs in the context of the United Arab Emirates (UAE).

**Design/methodology/approach** – Survey data were collected from two sets of populations: 370 students attending business courses in a university in the UAE (as proxies to nascent entrepreneurs) and 324 small business owners/operators (as proxies to actual entrepreneurs). The scales used in the study were borrowed from previous research and were also empirically confirmed through reliability tests.

**Findings** – In support of previous research, analyses of variance confirmed the hypotheses that females are less inclined to become entrepreneurs and are less likely to take risk. Females were also found to be less trusting than males. Regression analysis revealed that, the intention to engage in entrepreneurship is most significantly affected by the propensity to trust. These confirm the study hypotheses.

**Research limitations/implications** – This study is set in a single country and as such, its findings may be constrained by cultural/national specificities. Future research could consider examining the variables of this study (particularly gender differences and their relevance to the effects of trust and risk taking on EIs) in a wider cross-national context.

**Practical implications** – The findings of this study clearly indicate that trust is an important variable that can be cultivated at the pre-entrepreneurial stage so that future entrepreneurs (females in particular) are appropriately equipped and geared to cope with risk in entrepreneurship activities.

**Originality/value** – Research on gender, trust, risk taking and entrepreneurial behaviors in the UAE/Middle East context remains lacking. Also, studies using samples of both actual and nascent entrepreneurs remain lacking. This study fills these gaps and also provides a platform for further understanding the importance of gender differences in relation to trust, personality, risk taking and EIs.

**Keywords** Gender, United Arab Emirates, Personality, Risk taking, Trust, Entrepreneurial intention

**Paper type** Research paper

The study of entrepreneurship and its linkages to personal traits has been the subject of much interest and research debate in recent years (Morris, 2006; El Harbi *et al.*, 2009; Pistrui and Fahed-Sreih, 2010; Vijju, 2010; Sikdar and Prakash, 2011; Ryan *et al.*, 2011; Tipu *et al.*, 2011; Madichie and Gallant, 2012; Kargwell and Inguva, 2012). In all these studies, gender has been a contentious issue, for opinions on whether or not the intention to engage in entrepreneurship is gender-biased have been rather mixed and certainly not one-sided (Ryan *et al.*, 2011; Tipu *et al.*, 2011; Madichie and Gallant, 2012). While admitting to a gender gap in this regard, the more recent studies clearly demonstrate that one of the major reason for this gap is not related to differences in cognitive (such as



knowledge, creativity) but is the product of differences in the personal traits, such as the propensity to trust, the propensity to risk taking and other dimensions of personality (Kim *et al.*, 2008; Baron *et al.*, 2011; Welter, 2012).

Despite the flurry of studies on gender and entrepreneurship, most studies have either focussed on actual entrepreneurs or on nascent entrepreneurs. Studies using samples of both actual and nascent entrepreneurs remain lacking. To fill this gap, we study the impact of trust, personality and risk taking on entrepreneurial intentions (EIs). In this perspective, we explore gender differences among nascent and actual entrepreneurs in the context of the United Arab Emirates (UAE). We draw on survey data collected from two sets of populations: first, 370 students attending business courses in a university in the UAE (proxy to nascent entrepreneurs). Second, 324 small business owners/operators (proxy to actual entrepreneurs). The measures used in the study were borrowed from previous research.

### **Gender and entrepreneurship**

While some variation exists in the nature and number of personal facets which can be ascribed to the potential entrepreneur, previous research have commonly included such characteristics as, creativity and innovativeness, leadership capabilities, risk taking and growth orientation, (Krueger and Brazeal, 1994; Lumpkin and Dess, 1996; Guerrero *et al.*, 2008; Thomas and Mueller, 2000; Mueller and Thomas, 2001; Thompson, 2004). While such characteristics are not necessarily predictors of future entrepreneurial activity in themselves, they are indicative of interest and ability to successfully pursue entrepreneurial opportunities, and as such are important factors in identifying potential future entrepreneurs. It is not clear, however, whether or not there are dominant differences between men and women in this regard. While some studies point to significant gender differences (Mueller, 2004; Asos *et al.*, 2007; Koellinger *et al.*, 2007; El Harbi *et al.*, 2009; Díaz-García and Jiménez-Moreno, 2010; Yordanova and Tarrazon, 2010; Shinnar *et al.*, 2012), others negate any gender-related differences (Kourilskva and Walstad, 1998; Veciano *et al.*, 2005; Wilson *et al.*, 2007; Maxfield *et al.*, 2010; Madichie and Gallant, 2012).

Koellinger *et al.* (2007) argue that women and men have different perceptions of the business environment and, as a result, make different decisions that affect their propensity to engage in entrepreneurial activities. They argue that women tend to exhibit lower average levels of optimism and self-confidence, and higher fear of failure, which in turn affect their likelihood to engage in entrepreneurship. Kourilskva and Walstad (1998) scrutinized a national sample of female and male high school students concerning their entrepreneurship knowledge and attitude in the USA. They focussed on whether or not there are any significant gender differences in these areas. Their results revealed that there were many similarities between females and males with respect to their knowledge (of) and opinions about entrepreneurship. Similarly, in a tri-national study, Gupta and his colleagues examined the role of socially constructed gender stereotypes and their influence on men and women's EIs. They found that men and women did not differ in their EIs (Gupta *et al.*, 2008, 2009).

In contrast, some studies have shown the existence of significant differences in the rate of new business creation between men and women. Specifically, they refer to women as being much less likely to be involved in entrepreneurship than men worldwide (see, e.g. Minniti and Nardone, 2007). Drawing on the Nordic data of the Global Entrepreneurial Monitor, Asos *et al.* (2007) found significant gender differences in entrepreneurship which included "nascent", "latent" as well as

“instant” entrepreneurship. Lending support to this claim, in a study of Bulgarian university students, Yordanova and Tarrazon (2010) found and argued that women tend to have lower EIs than men.

Drawing on a sample of over 5,000 middle and high school students, Kickul and her colleagues examined the reasons behind the significant gender gaps observed in entrepreneurial interest among adolescents. Their findings revealed significant differences between boys and girls. In particular, their data indicated that self-efficacy seemed to have a stronger effect on entrepreneurial interest for girls than for boys (Kickul *et al.*, 2008). Based on a sample of students from a Malaysian University, Zaidatol *et al.* (2009) found significant difference between male and female students on EI where the male students obtained higher mean score.

In a more recent study, Shinnar and her colleagues examined how culture and gender shape entrepreneurial perceptions incorporating perceptions of gender role differences. They tested for gender differences in the way university students in three nations perceive barriers to entrepreneurship and whether gender has a moderating effect on these as well as EIs across the three nations. Their findings revealed significant gender differences in barrier perceptions. However, they admitted and stressed that this gap was not consistent across cultures (Shinnar *et al.*, 2012). In agreement with this, Strobl *et al.* (2012) drew on a survey of university students and found that male students showed more positive attitudes toward entrepreneurship and much more concrete EIs.

By and large, it seems that an overwhelming number of the more recent studies have pointed to significant gender gaps (in favor of males) in entrepreneurship and EIs. However, such differences were not proven across the board. (see, e.g. Shinnar *et al.*, 2012). Since the bulk of studies examining these gender differences have not consistently found differences, one would assume that these would not necessarily apply in the UAE context:

- H1. Males are more likely to display intentions to become entrepreneurs than their female counterparts.

### **Gender and trust**

The existence of gender differences in trust behavior has important implications for economic behavior, including entrepreneurship. Yet, the empirical research to date remains mixed, in terms of demonstrating which gender may be more trusting in given economic situations. More specifically, survey evidence on which gender is more trusting is deeply divided. While some studies emphasize significant differences between males and females on their propensity to trust; other studies show no differences or even the opposite.

Sheehan (1999) found that female consumers have greater trust concerns than men and are less likely to engage in purchasing over the web. In their study of trust among 127 professional-level employees in eight industries, Chaudhuri and Gangadharan (2003) used an investment game to explore gender differences in trust and reciprocity. In doing so, they found that men exhibited greater trust than women did. Interestingly, they argue that the lower levels of trust exhibited by women may be attributed to their higher degree of risk-aversion. Spector and Gwene (2004) reported a significant interaction effect between respondent gender and initial trust. Specifically, they found that initial trust level was much lower among female employees. They justify their findings by arguing that females tend to exhibit lesser “trusting stance” (i.e. the degree

to which an individual consistently deals with people as if they are well-meaning and reliable across situations and persons). In other words, females are less likely to make a conscious choice to trust people until they prove untrustworthy. In a study of the effects of gender on trust and trustworthiness, Buchan *et al.* (2008) examined the effects of gender on trust and trustworthiness. They compared choices by men and women in a laboratory-controlled game supplemented by survey data aimed at understanding the motivations for the behavioral differences between men and women. Their findings revealed that men tend to trust more than women do, and that women are more trustworthy than men.

While the above studies point to a lesser degree of trust among females, other studies do not support this contention. Feingold (1994) meta-analysis of gender and scales of personality inventories shows that females scored slightly but consistently higher than males on scales of trust (Feingold, 1994). Similarly, in a study of gender impacts in virtual teams, Furumo and Pearson (2007) reported that females displayed higher trust than males.

Dreber and Johannesson (2008) conducted a series of experiments to test for a difference in lying and trusting behavior between men and women. In particular, they tested whether there was a difference in the extent to which men and women trusted the contents of different types of messages. They found no significant gender differences in this regard. Similarly, in an analysis of gender differences on a trust game, Vyrastekova and Onderstal (2005) observed that, on average, men and women did not differ on trust and that women are slightly more trustworthy than men. In a comprehensive study of e-government services in the Romanian context, Colesca (2009) found that gender did not influence trust and that women did not necessarily trust more than men. Given the above research evidence, it would be plausible to assume that women in the UAE would be less trusting than their male counterparts:

*H2.* Females propensity to trust is lower than that of males.

### **Gender and risk taking**

Gender differences in relation to risk taking have been the subject of much debate in the research literature. Numerous studies in psychology, sociology and management support the hypothesis that women and men respond to risk differently (Palich and Bagby, 1995; Simon *et al.*, 2000; Naldi *et al.*, 2007; Eckel and Grossman, 2008). To date, an overwhelming number of studies strongly suggest that females are less likely to take risk than their male counterparts (Hudgens and Fatkins, 1985; Estes and Hosseini, 1988; Johnson and Powell, 1994; Byrnes *et al.*, 1999; Harris *et al.*, 2006). There is also extensive evidence to suggest that when faced with social and technological hazards, women are more risk averse (i.e. less risk taking) than men. This appears to be so even when decision makers of both genders have the same level of expertise and experience (Powell and Ansic, 1997; Dwyer *et al.*, 2002; Harris *et al.*, 2006).

Byrnes *et al.* (1999) conducted a meta-analysis of 150 studies in which the risk taking tendencies of male and female participants were compared and found that risk taking was significantly larger among males as compared to females. Olsen and Cox (2001) examined professional men and women investment managers and their perceptions and response to risk. They concluded that professional women investors appear to accept less risk than their male counterparts. Moreover, in their findings, women investors' tended to weight risk attributes (such as possibility of loss) more heavily than their male colleagues. In addition, these women investors tended to emphasize risk reduction more than men.

Similarly, Powell and Ansic (1997) examined whether gender differences in risk propensity and strategy in financial decision making can be viewed as general traits, or whether they arise because of context factors. On the basis of computerized laboratory experiments they concluded that females are less risk seeking than males irrespective of cognitive familiarity and knowledge. In the same vein, and using data from a national survey of 2,000 mutual fund investors Dwyer *et al.* (2002) investigated whether investor gender is related to risk taking as revealed in mutual fund investment decisions. Consonant with the received literature, they also found that women exhibit less risk taking than men in their most recent, largest and riskiest mutual fund investment decisions. They therefore conclude that the greater level of risk-aversion among women can be substantially, but not completely, explained by knowledge disparities. More recently, Rad *et al.* (2014) found that females in financial contexts, females tend to be much less risk taking than their male counterparts.

Despite the above evidence of women being more risk averse than men, the reasons for the disparities are not clear, nor fully empirically explained. It is as if the propensity to take risk as far as females are concerned is a “fait accompli.” Olsen and Cox (2001) attribute these differences to evolutionary and social factors. Other studies suggest that personality (rather than gender) is a much stronger explanatory factor of differences in risk taking. In fact Zuckerman and Kuhlman (2000) argue that differences in risk taking can only result from personality.

Garbarino and Strahilevitz (2004) found that women a less trusting of online purchasing than their male counterparts. They argue that this is because women perceive a higher level of risk in online purchasing than do men. What is quite interesting is that they also found that having a site recommended by a friend leads to both a greater reduction in perceived risk and a stronger increase in willingness to buy online among women than among men. This is (in our view) an implicit admission that trust is an important parameter of risk taking since recommendations by friends alludes to increased trustworthiness of the object/action being considered.

Stemming from the above, gender gaps in risk taking cannot be plausibly explained by differences in cognition. Explanations along these lines would obviously be over stereotypical and probably unfounded. What seems to provide a better explanation is the likelihood of women to be more “cautious” and to evaluate their targets and their actions more thoroughly. In other words, women tend to exhibit lesser propensity to trust:

*H3.* Females are less risk taking (or more risk averse) than their male counterparts.

### **Trust, risk taking, personality and EI**

Trust is central to understanding individual’s likelihood to endorse risks in socio-economic activities, including business ventures (Mayer *et al.*, 1995; Rousseau *et al.*, 1998; Harjinder *et al.*, 2005; Welter, 2012). Individuals’ propensity to trust can shape their attitudes and preferences toward given outcomes. Trust can affect individual decisions to take risk and their probability to engage in business exchange relationships (Kim *et al.*, 2008). The disposition to trust would affect future entrepreneurs’ perceptions of risk and thereby their confidence in the outcomes of their entrepreneurial opportunities (Gordon, 2006; Colquitt *et al.*, 2007; Welter, 2012) Because, potential entrepreneurs need to involve others in the development of their business opportunity, they incur some level of risk and would therefore establish some trust in their relationships with these (Gordon, 2006).

Personality traits are also assumed to play an important role in influencing people to become an entrepreneur (de Pillis and Reardon, 2007; Zahariah *et al.*, 2010; Zhao *et al.*, 2010). While most researchers would agree that current and future entrepreneurs have profiles and traits that enhance their success, there is debate as to which are the most distinguishing traits leading to people becoming and the success of their activities (Brockhaus, 1982; Kets de Vries, 1977; Sexton, 1980; Bowman, 1986; Littunen, 2000). The assumption here is that both nascent and actual entrepreneurs may display-specific psychological traits. For example, using a questionnaire survey on undergraduate business students in a Malaysian public university, Zahariah *et al.* (2010) found that personality traits play an important role in influencing the students' decision to become entrepreneurs. Other recent studies found that personality traits affected the behavior and performance of entrepreneurs (Baron and Henry, 2010; Baron *et al.*, 2011). Since females are less inclined to trust and take risk, it is plausible to assume that these variables would have a strong impact on their intention to become entrepreneurs. However, there is no reason to assume that female entrepreneurs have different personality traits. Hence, the personality traits that may affect their likelihood to become entrepreneurs are not necessarily dissimilar to those of males:

*H4.* Trust and risk taking have a stronger impact on EI.

### **Data and sample**

The data reported here targeted two populations simultaneously. The first target population is a sample of business students attending courses in a university in the UAE. These are considered as potential (or nascent) entrepreneurs. The second target population is a sample of small business owners/operators based in one of the Emirates of the UAE. These are considered to as actual entrepreneurs.

The questionnaire instrument was piloted randomly prior to final delivery and the scales and associated items were all borrowed from previous validated research (see "Measures"). The questionnaire was in English.

In regard to the first target, the questionnaire was administered to 500 students taking upper-level subjects within the business studies area, in a large university in the UAE. This ensured a cross-section of students in regards to level of study and gender. The questionnaire was distributed at the end of classes and was voluntary and completely anonymous, in compliance the university's code of ethics for research. Students were given the option of completing the questionnaire in class and return it to their instructor (who was not involved in the research) or they could complete it in their own time and return it through the internal mail. Class instructors were briefed on these conditions by the researchers and were requested to read out the information sheet relating to the objective of the survey, ensuring respondents' confidentiality, time required to complete the survey and the voluntary nature of their participation. Of the total, 500 questionnaires distributed, 370 completed surveys were received, for a 74 percent response rate.

In regard to the second target, we targeted small businesses in and around the business district (including shopping malls) in the same Emirates as the above university. In total, 500 questionnaires were prepared and the research investigators sought participation by first calling the business premises and seeking the voluntary participation of the business owner or his associate (or business operator). The UAE business law requires that all non-nationals engaging in business activities need to

operator in partnership with a national (individual or entity). The telephone contacts were made daily as approximately 20 phone calls a day for a period of three months. After receiving agreement to participate, a research assistant was given the task of distributing and retrieving the questionnaires from the participating businesses. We insisted and ensured that the person completing the questionnaire was either the owner of the business or his/her associate. While distributing the questionnaires, we also seized the opportunity to seek the participation of other businesses (shop owners) that happened to be in proximity. The questionnaires were delivered to respondents in person. Respondents were asked to complete the questionnaire in total anonymity, in their own time, for the assistant to collect later on the same day or another day. No names or other information that would identify the person completing the questionnaire was recorded. In accordance with the standard research code of ethics, a cover letter (with the university's letterhead) was attached to the questionnaire, explaining the purpose of the research, and ensuring respondents of complete anonymity. In total, 500 questionnaires were distributed, from which we collected 324 duly completed and usable ones, for a 65 percent response rate.

The response rates for both target population are satisfactory and are generally deemed to be acceptable in empirical research. Table I shows the sample distribution by gender and respondent types. The distribution reveals fewer females (25 percent) among the small business owners and more females (60 percent) among the student population. This reflects the realities of entrepreneurial activities and studentship in the UAE, and indeed other countries in the region, where (currently) business courses are attended by a much larger proportion of females (compared to males). At the same time, small business owners/operators are dominated by males.

The trading areas captured in the small business sample are varied and cover a wide range of business types, which include : grocery shops, bookshops, flourmill, internet-Cafés, hardware shops, bicycle shops, cafeterias, shoe shops, mobile phones-shops, small food stores, butchers, bakeries, flour and spices shops, kids accessories shops, car rentals, used cars dealers, perfume shops, toys shops, herbs shop, stationary shops, gents tailoring shops, restaurants, garments shops, furniture shops, hairdressing saloons, ladies tailoring shop, lighting equipment shops, ladies beauty parlor, jewelry shops, optical shops, laundry services, home appliances shops, electrical shops, etc.

The respondents are widespread across 39 nationalities, although no specific concentration of nationality can be detected. However, the students sample is made of nationalities concentrated in the Middle East and North-African regions. The small business sample is made of respondents who are prevalently from Asia (mainly Pakistan, India and Bangladesh).

	Gender		Total
	Male	Female	
<i>Respondent type</i>			
Small business owners/operators	228 (70.4%)	96 (29.6%)	324 100.0%
Students	147 (39.7%)	223 60.3%	370 100.0%
Total	375 (54.0%)	319 (46.0%)	694 100.0%

**Table I.**  
Sample by  
gender and  
respondents type

Table I shows the demographic composition of the sample. Although respondents are from 38 different nationalities, the overwhelming majority (almost 90 percent) are from the Gulf Region and other countries in the Middle East. The number of female respondents (59 percent) is slightly higher than males. This is consistent with a general trend in UAE universities enrollments across gender-groups. The mean age of the students sample is 20 and that of the small business owners is 38. The majority of students had less than one year or no work experience. In contrast the majority of the small business owners/operators had over six years work experience. Interestingly, 52 percent of the students reported that their parents owned a business. This was only 25 percent for the small business respondents.

### Measures

#### *Demographic variables*

*Gender* (as dummy variables) was attributed ordinal values: male = 1; female = 2. *Age* was measured by asking respondents to report their age group based to which the following values were given: less than 18 = 1; 19-25 = 2; 26-35 = 3; 36-45 = 4; 46-55 = 5; over 55 = 6. *Education* was assessed on the following basic scale: high school or below = 1; higher education (technical/university) = 2; postgraduate (master/PhD) = 3. Work experience was based on full-time work and was assessed as follows: less than five years = 1; six to ten years = 2; 11-20 years = 3; over 20 years = 4. Respondents were also asked to indicate whether or not they are currently working full time or part time. They were also probed on whether or not they are currently involved in a business activity and if their parents/close relatives are currently involved in or own a business.

#### *EI*

We follow the widely endorsed approach emphasizing Ajzen's theory of planned behavior. To this end, we used EI questionnaire and borrowed the 20 items scale of Linan and Chen (see Linan, 2008; Linan and Chen, 2009). Respondents were asked to indicate their level of agreement with each of the 20 statements relating to entrepreneurial activity, ranging 1 (total disagreement) to 5 (total agreement). For greater reliability, the scale uses both positive and negative statements for which scores needed to be reversed. Some sample items are "My professional goal is to be an entrepreneur", "If I tried to start a business, I would have a high chance of being successful", "and It would be very difficult for me to develop a business idea (reversed)". Reliability test revealed a Cronbach's  $\alpha$  coefficient of 0.78, which is acceptable and consistent with previous studies that used this scale.

#### *Propensity to trust*

The propensity to trust scale used in the present study was the eight-item measure used by Mayer and Davis (1999). Each item was rated on a five-point scale (1 = strongly disagree to 5 = strongly agree). A sample item is "Most people can be counted on to do what they say they will do" Cronbach's  $\alpha$  for this scale, although moderate (0.67), is acceptable and consistent with past studies.

#### *Propensity to take risk*

Risk propensity (or propensity to take risk) refers to a generic orientation (as a mindset) toward taking or avoiding a risk when deciding how to proceed in situations with

uncertain outcomes (Brockhaus, 1980). To measure risk propensity, we followed the widely advocated choice-dilemmas questionnaire approach. Consistent with this approach, we developed five hypothetical scenarios (situations) requiring choices that involve different levels of risk. Respondents were presented with these five hypothetical situations and were required to choose alternatives within each. Each situation requires the respondent to choose between a safe alternative. The safest alternative scored 1 and the riskiest alternative received a score of 5. The five scenarios developed and utilized in this study are reported in Appendix 2. The average correlation (Pearson) between the five items (scenarios scores) is 0.38 for a Cronbach's  $\alpha$  reliability score of 0.59.

#### *Personality traits (the Big-Five)*

We used a ten-item (short inventory) version of the Big-Five personality dimensions developed and tested by Gosling *et al.* (2003). Respondents were given ten items representing personality traits and were asked to rate each (from 1 to 5), indicating the extent to which each item applies (or does not apply) to them. Sample items are: "I see myself as extraverted, enthusiastic," "I see myself as quarrelsome (score reversed)." Each dimension is measured by two items, with one-item reversed, for greater reliability. The five dimensions are: extraversion, agreeableness, conscientiousness, emotional stability and openness to experiences. The Cronbach's  $\alpha$  for all four sub-dimensions were all significant and above 0.60 ( $p < 0.01$ ).

#### **Analysis and results**

First, we subjected the data to analysis of variance. The results are shown in Table II. The results support *H1* and are consistent with previous research (Mueller, 2004; Asos *et al.*, 2007; Koellinger *et al.*, 2007; El Harbi *et al.*, 2009; Diaz-García and Jiménez-Moreno, 2010; Yordanova and Tarrazon, 2010; Shinnar *et al.*, 2012). They confirm the widely held hypothesis/assumption that females are less inclined to engage in entrepreneurial activities. However, the hypothesis is only supported in the case of actual entrepreneurs, while in the case of nascent entrepreneurs there are no significant gender differences in this regard. In other words, gender differences on EIs were only significant in the case of actual entrepreneurs and not so for nascent entrepreneurs. In support of *H2* and consistent with previous research the results show that females are less trusting than males (Sheehan, 1999; Chaudhuri and Gangadharan, 2003; Spector and Gwene, 2004; Buchan *et al.*, 2008). However, again, these differences are only significant in the case of actual entrepreneurs and not so for nascent entrepreneurs. In support of *H3*, the results also show that females are less likely to take risk than their male counterparts. This is also consistent with previous research (Hudgens and Fatkins, 1985; Estes and Hosseini, 1988; Johnson and Powell, 1994; Byrnes *et al.*, 1999; Palich and Bagby, 1995; Simon *et al.*, 2000; Harris *et al.*, 2006; Naldi *et al.*, 2007; Eckel and Grossman, 2008).

To further explore the impacts on EI, we ran multiple regressions overall, within each sub-set of data and for each gender group. The results of this analysis are shown in Table III. In partial support of *H4*, these results reveal that the intention to engage in entrepreneurship is most significantly affected by the propensity to trust. This supports the findings of previous studies (Gordon, 2006; Colquitt *et al.*, 2007). Similarly, and consistent with *H4*, propensity to take risk is also positively related to EI, but is only significant in the case of actual entrepreneurs. This may well be contextual as the



	Students sample			Small business owners/operators			Total sample
	Males	Females	Total	Males	Females	Total	
<i>Constant</i>							
Propensity to trust	0.03	0.02	0.02	<b>0.33***</b>	<b>0.29***</b>	<b>0.30***</b>	<b>0.24***</b>
Propensity to take risk	-0.06	0.05	0.01	<b>0.21***</b>	-0.13	<b>0.17***</b>	-0.08
Extroversion	0.07	0.07	0.08	0.06	-0.02	0.04	0.07
Agreeableness	0.04	0.02	0.02	<b>0.20**</b>	<b>0.14**</b>	<b>0.18***</b>	<b>0.13***</b>
Conscientiousness	0.06	<b>0.17**</b>	<b>0.12*</b>	<b>0.25***</b>	<b>0.36***</b>	<b>0.26***</b>	<b>0.18***</b>
Emotional stability	0.08	0.08	0.08	0.05	0.042	0.05	0.07
Openness to experience	<b>0.26***</b>	<b>0.29***</b>	<b>0.27***</b>	-0.07	-0.067	-0.07	0.10
Age	-0.04	<b>-0.10</b>	-0.08	<b>0.10</b>	<b>-0.18*</b>	<b>0.15*</b>	<b>0.26***</b>
Gender	-	-	-0.07	-	-	<b>-0.20***</b>	<b>-0.18***</b>
Experience	0.01	-0.13*	-0.05	-0.05	<b>-0.18*</b>	-0.08	0.004
Parents own a business	<b>0.14*</b>	0.07	<b>0.10*</b>	-0.03	0.024	-0.01	0.06
<b>Anova – F-ratios</b>	<b>2.90**</b>	<b>5.98***</b>	<b>7.64***</b>	<b>16.01***</b>	<b>7.69***</b>	<b>26.99***</b>	<b>24.14***</b>

Notes: Dependent variable: entrepreneurial intention. \*\*\* $p < 0.001$ ; \*\* $p < 0.01$ ; \* $p < 0.05$

**Table III.** Multiple regressions analysis by respondents types and gender

element of risk may be over-shadowed by cultural characteristics specific to the UAE and the Gulf Region. It is difficult to verify this with the data in hand. However, there is some strong evidence from previous studies indicating that element of risk taking in the region is somehow lower than other countries. For instance, Abbas and his colleagues conducted an in-depth study on work loyalty and attitude toward risk of expatriate and indigenous managers in the UAE. They found that foreign expatriates scored relatively higher than Arab expatriates and indigenous managers on personal loyalty and attitude toward risk (Abbas *et al.*, 1997). Contrary to expectations, female’s propensity to trust does not have a stronger impact on “EI” than that of males.

EI is also affected by personality characteristics and is most likely to be found among individuals with greater agreeableness and greater conscientiousness. Interestingly, there are some differences between gender and groups and between nascent and actual entrepreneurs in this regard, where “EI” among nascent entrepreneurs is most significantly affected by openness to experience. These results are also supportive of previous research linking personality dimensions to entrepreneurship (see, e.g. Zhao *et al.*, 2010). Another interesting finding is the importance of “parent’s involvement in business” and its impact on EI among male nascent entrepreneurs.

### Conclusions and discussions

We examined the impact of trust, personality and risk taking on EIs and explored gender differences among nascent and actual entrepreneurs. We drew on survey data collected from two sets of populations: first, students attending business courses in a university in the UAE (proxy to nascent entrepreneurs) and second, small business owners/operators (proxy to actual entrepreneurs). We formulated four hypotheses and the empirical analysis lends support to all of these, except for *H4* where gender differences are not fully confirmed.

Analysis of variance revealed results that support *H1* and show that EI among females is relatively lower. This also supports previous research (Mueller, 2004; Asos *et al.*, 2007; Koellinger *et al.*, 2007; El Harbi *et al.*, 2009; Díaz-García and Jiménez-Moreno, 2010; Yordanova and Tarrazon, 2010; Shinnar *et al.*, 2012). They confirm the widely held hypothesis/assumption that females are less inclined to engage in entrepreneurial activities. However, this hypothesis is only supported in the case of actual entrepreneurs, while in the case of nascent entrepreneurs there are no significant gender differences in this regard. In other words, gender differences on EIs were only significant in the case of actual entrepreneurs and not so for nascent entrepreneurs. Also, in support of *H2* and consistent with previous research the results show that females are less trusting than males (Sheehan, 1999; Chaudhuri and Gangadharan, 2003; Spector and Gwene, 2004; Buchan *et al.*, 2008). However, again, these differences are only significant in the case of actual entrepreneurs and not so for nascent entrepreneurs. In support of *H3*, the results also show that females are less likely to take risk than their male counterparts. This is also consistent with previous research (Hudgens and Fatkins, 1985; Estes and Hosseini, 1988; Johnson and Powell, 1994; Byrnes *et al.*, 1999; Palich and Bagby, 1995; Simon *et al.*, 2000; Harris *et al.*, 2006; Naldi *et al.*, 2007; Eckel and Grossman, 2008; Rad *et al.*, 2014).

When we turn to the impacts on entrepreneurial potential the results only show partial support of *H4*. They reveal that the intention to engage in entrepreneurship is significantly affected by the propensity to trust. This supports the findings of previous studies (Gordon, 2006; Colquitt *et al.*, 2007). Similarly, and consistent with *H4*, the propensity to take risk is also positively related to EI, but is only significant in the case of actual entrepreneurs. This may well be contextual as the element of risk may be over-shadowed by cultural characteristics specific to the UAE and the Gulf Region (Abbas *et al.*, 1997). Contrary to expectations, female propensity to trust does not have a stronger impact on “EI” than that of males.

As expected, EI is also affected by personality characteristics and is most likely to be found among individuals with greater agreeableness and greater conscientiousness. Interestingly, there are some differences between gender and groups and between nascent and actual entrepreneurs in this regard, where “EI” among nascent entrepreneurs is most significantly affected by openness to experience. These results are also supportive of previous research linking personality dimensions to entrepreneurship (see, e.g. Zhao *et al.*, 2010)

#### *Implications for research and management practice*

The findings of this study are yet another indication that trust is a significant variable for the actual entrepreneurs than for those with intent to become entrepreneurs. One of the reasons for its significance is that it may be seen to assist in alleviating the risks inherent in entrepreneurship. It is critical for entrepreneurship and has the potential to reduce some risks inherent within entrepreneurial activities and act as a governing mechanism for various entrepreneurial relationships (Welter, 2012). It is more significant for actual entrepreneurs because they (the actual entrepreneurs) are more likely to have devoted themselves to an actual venture, where the failure of the venture can have major emotional consequences (Brockhaus, 1980). Our findings clearly indicate that the factors that mitigate the intent to become an entrepreneur vary dramatically once individuals enter and experience entrepreneurship. These include the factors of trust and risk taking.

The findings of this study also have implications for management practice. They indicate that trust can be cultivated at the pre-entrepreneurial stage so that future entrepreneurs are appropriately equipped and geared to cope with risk in entrepreneurship activities.

### *Research limitations*

This study is set in a single country (the UAE) and as such, its findings may be constrained by cultural/national specificities. Future research could consider examining the variables of this study (particularly gender differences and their relevance to the effects of trust and risk taking on EIs) in a wider cross-national context. Future research may also consider using longitudinal data and screening for changes in attitudes on trust and risk taking as individuals evolve in the entrepreneurial ventures.

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### Further reading

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(The Appendix follows overleaf.)

**Table A1.**  
Inter-correlations  
matrix (Pearson)

	Propensity to trust	Propensity to take Risk	Extroversion	Agreeableness	Conscientiousness	Emotional stability	Openness to experience
Propensity to trust	–						
Propensity to take risk	–0.13***	–					
Extroversion	0.02	0.02	–				
Agreeableness	0.19***	–0.14***	0.01	–			
Conscientiousness	0.11**	–0.17***	0.16***	0.26***	–		
Emotional stability	0.02	–0.05	0.08*	0.19***	0.22***	–	
Openness to experience	–0.07	–0.11**	0.11**	0.07	0.36***	0.06	–
Entrepreneurial intention	0.31***	0.21***	0.12**	0.27***	0.32***	0.18***	0.19***

Notes: \*\*\* $p < 0.001$ ; \*\* $p < 0.01$ ; \* $p < 0.05$

**Appendix 2. Questionnaire scenarios/situations used to measure “propensity to take risk”**

**Situation 1:**

You are about to purchase a car and need to consider between 5 alternatives involving price and risk of frequent breakdown. You have AED 50,000 in your Bank Account, If need be, you can borrow an additional amount from the Bank up to AED 200,000 at a fixed yearly interest rate of 10%.

- Car 1: AED 50,000. 25% risk of frequent breakdown
- Car 2: AED 100,000. 20% risk of frequent breakdown
- Car 3: AED 150,000. 15% risk of frequent breakdown
- Car 4: AED 200,000. 10% risk of frequent breakdown
- Car 5: AED 250,000. 5% risk of frequent breakdown

**Situation 2:**

You are planning a family barbecue picnic in the park, to celebrate the birthday of a family member. The weather bureau released forecast suggesting that there are chances of heavy storms, flooding that may cause road blocks and traffic dangers. Under which conditions would you consider going ahead with your plan to hold the picnic.

- Option 1: 50% chance that there will be storms and bad weather
- Option 2: 40% chance that there will be storms and bad weather
- Option 3: 30% chances that there will be storms and bad weather
- Option 4: 20% chances that there will be storms and bad weather
- Option 5: Less than 10% chances there will be storms and bad weather

**Situation 3:**

You need to travel overseas with 3 adult members of your family (total 4 adults). You have a choice between 5 Airlines with different prices and different Safety Records. Which one of these would you choose?

- Airline 1: AED 1,000 per person. Safety records: 5 crash landings in the last 5 years
- Airline 2: AED 2,000 per person. Safety records: 4 crash landings in the last 5 years

- Airline 3: AED 3,000 per person. Safety records: 3 crash landings in the last 5 years
- Airline 4: AED 4,000 per person. Safety records: 1 crash landings in the last 5 years
- Airline 4: AED 5,000 per person. Safety records: Excellent.(0 crash landings in the last 5 years)

**Situation 4:**

Assume you are married with two children and have been working for large reputable firm for 5 years. You earn AED 15,000 per month. The firm assures you a life-time employment. You now have been offered a job by 4 newly established companies. Each one would offer you a much better salary but have different chances of surviving the competition and face a risk of closure. Which of the following options would you choose ?

- Firm 1: Monthly Salary AED 50,000. 50% chance/risk of closure
- Firm 2: Monthly Salary AED 40,000. 40% chance/risk of closure
- Firm 3: Monthly Salary AED 30,000. 20% chance/risk of closure
- Firm 4: Monthly Salary AED 20,000. 5% chance/risk of closure
- No. Would not take any risk. Stay in my current job

**Situation 5:**

You currently have savings totaling AED 100,000 which give you a secure and steady profit/return of 5% (AED 5000) per year. As an alternative, you have now been given the opportunity to invest into a newly established real estate company which promises a steady yearly return of 30%. (AED 30, 000) However, depending on the financial market, there is a small (about 20%) risk that this company will not succeed, and hence will not be able to provide the promised 30% return on your investment.

If you were in this situation, how much of your total savings would you be prepared to risk/invest?

- (None)
- 10,000 or less
- 11,000 and 40,000
- 41,000 and 70, 000
- 71,000 and 90, 000
- Over 90,000

**About the author**

Dr Rachid Zeffane is an Associate Professor in Management (Org. Behavior and HRM) in the College of Business Administration at the University of Sharjah, United Arab Emirates. He received his Master's Degree and PhD from the Cardiff Business School, UK. Prior to joining the University of Sharjah, he held academic positions at the Griffith University, the University of Newcastle and the Deakin University in Australia. His teaching and research interests are in the areas of organizational behavior, human resource management, leadership, entrepreneurship and organizational change. Dr Rachid Zeffane can be contacted at: zeffaner@sharjah.ac.ae

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