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**THE INFLUENCE OF BANK LOAN OFFICERS ATTITUDES
ON FUNDING DECISIONS**

A thesis presented in partial fulfillment
of the requirements for the degree of
Master of Arts in Psychology
at Massey University

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ABSTRACT

A conflicting body of evidence surrounds womens claims that they are discriminated against when it comes to obtaining business loans. Fay and Williams (1991) found that when identical loan applications were submitted by men and women, women were less likely to be granted a loan. It was proposed in this study that gender discrimination could be occurring as a result of bank loan officers attitudes about women as successful business owners. Seventy bank loan officers from North Island branches of the ANZ, ASB and WestpacTrust banks filled in questionnaires assessing their attitudes towards women, men and successful business owners (Buttner & Rosen, 1988). Bank loan officers also read a mock loan application (Fay & Williams, 1991) and indicated whether they would grant the loan. Results showed that bank loan officers did not differentially approve bank loans on the basis of the applicants gender (male or female) or level of education (Highschool or University). Loan approval was harder for male applicants to obtain as 'type of business entering' and 'lease agreement' were considered more important for males than females. Attitudes of bank loan officers indicated that they perceived women, compared to men, to be least like successful business owners. These results were discussed in relation to bank loan officers and prospective business owners. Limitations of the study included the possibility of response bias, participants being aware of the purpose of the study and the fact that the loan application was limited to one scenario and within the context of a hypothetical situation. Suggestions for future research include investigating other sources of funding for small business owners and the occurrence and effect of occupational sex-typing.

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INTRODUCTION

The aim of this introductory chapter is to introduce the reader to the background information relevant to the development of the present study. Firstly, self employment in New Zealand is discussed. This subject is discussed with regards to statistics, characteristics of the self employed and problems the self employed face especially with regards to financial matters. The second section examines the concept of attitude and thus stereotypes as a possible explanation as to why women may suffer more often from financial difficulties than men. Stereotypes are defined with a particular emphasis on the gender stereotype literature. How stereotypes are formed and theories about them are presented and discussed. Finally, the two strains of research are incorporated to provide the hypotheses, rationale and aims of the present study.

Throughout the introduction particular emphasis is focused on women in self employment. This is due to the rapid increase in the participation of women in self employment and the lack of New Zealand research on this group. Given the growing importance of self employment there is practical value in being able to understand the problems that women in self employment are confronted with.

SELF EMPLOYMENT IN NEW ZEALAND

Before we can consider self employment in New Zealand it is useful to start with a consideration of what is meant by the term. As an in-depth consideration of this term is beyond the scope of this thesis a necessarily brief explanation is provided below.

Definitions of Self Employment

The term self employment as utilized by the New Zealand Department of Statistics when collating data from its Census and Household Labour Force Surveys refers to those in paid work who employ others as well as themselves or who work on their own employing no one else.

However there are many definitions of self employment which differ from country to country (National Advisory Council on the Employment of Women, 1993).

For example, due to income-tax legislation in New Zealand individuals who own and manage their own business are classed as employees of their company rather than being engaged in self employment. In other countries these same individuals would be classed as being self employed, as would sole traders, those in partnerships and people who take over the family business (National Advisory Council on the Employment of Women, 1993).

In a comprehensive report on New Zealand women in self employment the characteristics identified as defining self employment was anyone who “considers herself self employed and takes an active role in decision-making, risk-taking and day-to-day management in a business in which she has equal or majority ownership” (National Advisory Council on the Employment of Women, 1993, pg. 2).

For the purpose of this dissertation the term self employment or self employed will refer to those individuals as defined in the previous National Advisory Council on the Employment of Women (1993) definition. This definition is preferred over that of the New Zealand Department of Statistics as it is broader in meaning and incorporates aspects of entrepreneurship, business ownership and management. This is useful for two reasons. Firstly, there is a lack of research on the self employed. Thus a definition which incorporates these elements will allow for the inclusion of a broader range of literature. Research which has not utilized a self employed sample will be acknowledged where appropriate. Secondly, because the present study has drawn extensively from other areas of research the results from the present study will be amenable to comparison with other groups (e.g. entrepreneurs).

The exception to the National Advisory Council on the Employment of Women (1993) definition is in the following statistical section where a large part of the data has been collected from New Zealand Department of Statistics sources. As such the following statistics refer to those who declared themselves as self employed but not employing others, or as employers of others in their own business. People who declared themselves as unpaid workers in a family business are not included in these statistics.

Statistics on the Self Employed

Between 1981 and 1991 New Zealand’s full-time labor force experienced a large growth in the number of self employed people. Between 1981 and 1986 the

percentage of self employed people engaged in full time employment rose from 13.5% to 17.9% (New Zealand Department of Statistics, 1996). This growth continued until 1991 with the percentage of self employed people engaged in full time employment rising to 19.9% (New Zealand Department of Statistics, 1996).

When the statistics are separated by gender the same pattern of growth emerges. That is, for the ten year period between 1981 and 1991 the number of self employed males rose from 140,169 to 180,141 representing a 28.5% increase. During the same period the number of self employed females rose a remarkable 49.1% from 31,341 in 1981 to 46,827 in 1991. This is in contrast to males and females engaged in full time employment who have experienced a 22.4% and 8.6% decrease respectively in the last ten years (New Zealand Department of Statistics, 1996).

The increasing number of women in self employment is a pattern which is reflected internationally. For example, the United Kingdom experienced a 70 percent increase in the number of self employed women between 1981 and 1991. Similarly, over a quarter of Finland and Sweden's owner/managers are women whilst over two-thirds of new businesses in Germany are started by women (Davidson & Cooper, 1992).

Whilst a growth in self employment is common to both males and females they do differ in terms of the occupations and industries they choose to set up business in. Self employed women are more likely to work in service occupations (e.g. clerical work) whilst self employed men most often work in construction (New Zealand Department of Statistics, 1993). This pattern is also reflected in the industry in which men and women are likely to be self employed. Whilst over half of self employed women can be found working in the tertiary sector which includes the service industry only 45 percent of self employed men fall into this category. Likewise, self employed men are two times more likely to work in the secondary sector which includes construction than women are (New Zealand Department of Statistics, 1990).

Despite this divergence in the occupational and industrial concentration of self employed males and females research does indicate that they share some common characteristics. The characteristics of age, education and motivations for entering self employment will be discussed in the following section.

Characteristics of the Self Employed

New Zealand's self employed are most likely to be aged between 25 and 40 when they start their business (Gilbertson, Wright, Yska & Gilbertson, 1995). Census data also supports this finding with one-third of self employed women reported to be aged between 35 and 44 (New Zealand Department of Statistics, 1991). This age profile is similar to that of international research which puts the majority of people starting businesses in the 30 to 45 age group (Brush, 1992).

With regard to the educational level of the self employed research indicates that New Zealand's self employed women are less likely to have a university qualification than self employed men (New Zealand Department of Statistics, 1996). Statistics show that only 40.9% of self employed women have a tertiary qualification compared with 50.2% of self employed men (New Zealand Department of Statistics, 1996).

A comparison with international research is not possible given the somewhat contradictory nature of the available research. Some researchers have found that women in self employment are more highly educated than their male counterparts (Mescon, Stevens & Vozikis, 1983), others that women have less education than men (Bowen & Hisrich, 1986) and still who maintain that men and women in self employment have comparable levels of education (Birley, Moss & Sanders, 1987).

In spite of the contradictory evidence regarding the level of education the research appears to be united regarding the fields of study that women and men undertake. Typically women graduate with degrees in the Arts whilst men are more likely to have degrees in business related areas (Hisrich & Brush, 1983; Neider, 1987).

Motivations for starting businesses have been considered in several studies and seem to reflect differing needs for men and women. Women tend to report reasons related to the need for flexibility between work and family life (Battell, 1988; Goffee & Scase, 1983; Scott, 1986). Men are more likely to report reasons relating to being independent and earning more money (Battell, 1988; Swayne & Tucker, 1973). Similar findings were obtained in Gilbertson et al's (1995) study of kiwi entrepreneurs where women were not as motivated by money as men were.

The differences in educational level, field of study and motivations for entering self employment highlight some of the differences between self employed men and self

employed women. This difference continues into the types of problems that each may encounter when starting their business.

Problems of Self Employment

Problems of women-owned businesses have been investigated and described in several studies (Hisrich & Brush, 1983; Pellegrino & Reece, 1982). For instance, long working hours, lack of disposable income, change of lifestyle (Gilbertson et al., 1995), lack of training (Hisrich & Brush, 1983; Schwartz, 1976), and lack of business knowledge (Battell, 1988; Hisrich & Brush, 1983; Schwartz, 1976; Watkins & Watkins, 1986) have been mentioned as problems women experience. However, financial problems are considered to be the biggest obstacle for women (Battell, 1988; Gilbertson et al., 1995; Pellegrino & Reece, 1982; Schwartz, 1976).

Obtaining start-up financing and credit (Charbonneau, 1981; Hisrich & Brush, 1984; Neider, 1987; Olm, Carsrud & Eddy, 1988; Pellegrino & Reece, 1982; Schwartz, 1976), cash flow management in early operations (Hisrich & Brush, 1984; Scott, 1986), and financial planning (Hisrich & Brush, 1984) have been noted in several studies.

Several studies conducted on New Zealand women small business owners indicate that they experience the same difficulties as their American and European counterparts. Gray (1993) for example, conducted a series of interviews with women who were setting up in business. She reported that the barriers experienced by her participants included lack of start up capital and lack of resources. Simpson and Raumati (1991) and Gilbertson et al (1995) similarly concluded that New Zealand women in business have difficulty obtaining finance.

Bank loan officers are considered to be key members of the small business owners support network (Buttner & Rosen, 1988) and banks have been a major source of funding for many small business owners. For instance, Gilbertson et al (1995) found that of the 128 kiwi entrepreneurs they interviewed 30 percent financed the start of their businesses from banks. Similarly, findings commissioned by a major bank in England indicated that up to 50 percent of small businesses borrowed money from banks to start-up their business (Lambden & Target, 1990).

As the success of any new business depends initially on the entrepreneurs ability to obtain financial support (Aldrich & Zimmer, 1985) such obstacles are significant for

women small business owners. These obstacles are further exacerbated when banks discriminate against women as anecdotal evidence and several studies have alleged (Fay & Williams, 1991; Hisrich & O'Brien, 1982; Pellegrino & Reece, 1982; Still & Guerin, 1991). However, there also exists a growing amount of evidence which contradicts the discrimination claims (Buttner & Rosen, 1989, 1992; Fabowale, Orser & Riding, 1995; Orser, Riding & Swift, 1993; Riding & Swift, 1990). In order to understand the various claims it is necessary to examine the relevant research. This is best achieved by a review of the literature. A summary of the research included in the literature review is presented in Table 1.

Literature Review

Two decades ago the first study to find that female business owners perceived differences in the lending practices of banks was conducted. Schwartz (1976) had interviewed 25 women business owners in an attempt to identify and discuss the characteristics common to them. One characteristic common to the women business owners was that they perceived credit discrimination as a major barrier. This finding was soon supported by various other studies which all reached the same conclusions. That is, that women business owners perceive themselves to be discriminated against when seeking finance for their business.

In 1982 for example two studies which were concerned with women in self employment were published. Hisrich and O'Brien (1982) were attempting to construct a profile of a female entrepreneur. Of their sample of 468 women entrepreneurs 27% identified discrimination as being either a major or moderate problem when starting a business. Said one participant of her experiences with banks "[they] give the impression that women should not be operating a business. Therefore they give us the run around" (pg. 125).

Meanwhile Pellegrino and Reece (1982) were investigating the formative and operational problems of female owned businesses. Thirty percent of the women business owners in their study reported having either major or moderate problems obtaining credit. The women participants were asked specifically whether any problems they had could be attributed either partially or wholly to their gender. Of those who answered

Table 1. A Summary of the Research Included in the Literature Review

<i>Author</i>	<i>Year</i>	<i>Participants</i>	<i>Methodology</i>	<i>Findings</i>
Schwartz	1976	25 Women Business Owners	Interviews	Credit discrimination was perceived as a major barrier.
Hisrich & O'Brien	1982	468 Women Entrepreneurs	Interviews	27% of participants reported discrimination as being either a major or moderate problem.
Pellegrino & Reece	1982	20 Women Entrepreneurs	Case Study & Semi Structured Interviews	30% reported major or moderate problems obtaining credit. Most women who perceived their problems to be either partially or wholly attributable to gender cited problems in obtaining funds to start up and operate their business.
Hailey	1987	Male & Female Entrepreneurs	Questionnaire	All women participants reported feeling that they had been discriminated against by their banks.
Buttner & Rosen	1989	51 Loan Officers & 69 Undergraduate Business Students	Mock Business Loan and/or videotaped interview	No significant difference in the likelihood of males or females being granted a loan.
Riding & Swift	1990	3,217 Women & Men Business Owners	Questionnaire. Matched Sample.	No significant differences in rates of loan approval or credit terms between males and females.
Fay & Williams	1991	199 Loan Officers	Experiment. Mock Loan Application.	When loan applicants had high school education women were less likely to be granted a loan. 'Education' was considered more important in loan decisions for women.
Buttner & Rosen	1992	112 Men and Women Business Owners	Loan Application Simulation	Loan turnaround was not attributed to gender bias by male or female participants.
Orser, Riding & Swift	1993	14,980 Men & Women Small Business Owners	Questionnaire	Women business owners tend to be associated with small businesses. The smaller the firm the more often business owners report dissatisfaction with terms of lending.
Fabowale, Orser & Riding	1995	2,763 Men & Women Business Owners	Questionnaire	Women owned businesses differ systemically from male owned businesses. When differences are accounted for no significant differences in loan terms exist. Women are more likely to report feelings of dissatisfaction with their banker.

'yes' to this question, most cited problems in obtaining funds to start up and operate the business.

A New Zealand based study which focused on the experiences of entrepreneurs and indigenous business in the Pacific obtained similar findings. All the business women included in Hailey's (1987) study commented on their inability to obtain capital. Many of the women identified themselves as having been discriminated against with regards to procuring bank loans, being asked for excessive loan guarantees and not being given the same recognition by bank staff as their male counterparts. One woman participating in the study told of how she could not get a loan for her extensive business unless her husband would give the bank his personal guarantee. This condition was made in spite of the fact that the wife was the main 'breadwinner' of the family (Hailey, 1987).

It is apparent from the research presented above that a fairly large group of women business owners do perceive themselves to be discriminated against when it comes to obtaining finance for their business. A problem with these early studies however, is that they did not include male business owners in their research. Thus, it was impossible to determine whether perceptions of gender discrimination were limited to females in self employment or whether males were also experiencing the same difficulties.

A study whose methodology overcame this problem was that of Buttner and Rosen (1992). Their male and female participants were presented with a survey consisting of a loan application simulation. One part of the survey application required participants to pretend they had made a loan application and had it denied by the bank with no explanation. The participants were then asked to estimate how important they thought ten factors were in the loan officers decision to reject their application. Gender bias was included as one of the ten factors.

Based on findings such as Schwartz's (1976) and Hisrich and O'Brien's (1982) it was hypothesized that women would be more likely than men to attribute loan rejection to gender bias. Surprisingly, both the male and female owners rated gender bias as an unlikely reason for loan rejection (Buttner & Rosen, 1992).

The study of Buttner and Rosen's (1992) is interesting for two reasons. Firstly, the findings were based on both male and female business owners and secondly,

indicated that neither perceived gender bias as a likely reason for loan rejection. The surprising results of this study may be due to the characteristics of the participants. Firstly, most of the participants had been successful in procuring loans for their business in the past. Secondly, they were also very experienced business owners having established and run their business for an average of eleven years (Buttner & Rosen, 1992).

However, a previous study by Buttner and Rosen (1989) had obtained similar results. This earlier study differed from the latter in that loan officers were the participants. Buttner and Rosen (1989) presented their sample of bank loan officers with either a business plan or business plan and videotaped interview. The business plan and videotaped interviews were identical in all respects except for the gender of the applicant. Half of all the scenarios had the gender of the applicant as female the other half as male. After watching and/or reading the application participants were requested to rate how likely it was they would grant the \$50,000 loan and/or make a counteroffer of a smaller amount.

Results showed that there was no significant difference in the likelihood of males or females being granted a loan by the bank loan officers. Thus, concluded Buttner and Rosen (1989) “when business prospects are identical, bankers do not accord special treatment to male entrepreneurs” (pg. 259).

New Zealand researchers Fay and Williams (1991) noted that none of the bank loan officers in Buttner and Rosen’s (1989) study had granted the loan. They suggested that the construction of the loan scenario was probably the determining factor in finding no evidence of discrimination. For example, if the loan application was constructed in such a way that loan turndown could easily be attributed to a variable other than gender (e.g. lack of collateral, insufficient experience), then sex-bias effects could be overshadowed (Fay & Williams, 1991).

Based on available research evidence Fay and Williams (1991) constructed a loan scenario designed to overcome such flaws. Their mock loan application was sent to loan officers of major trading banks. Loan officers were asked to indicate whether or not they would approve the loan and to rate the importance of various factors that may have contributed to their decision. Crucial to the experimental design of the study was that four versions of the loan application existed. Each version was identical except for

the gender (male or female) or education level (highschool or university) of the applicant.

In the first experiment half of all the loan scenarios had the sex of the applicant as male the other half as female. The education level of all applicants was set at university level. Results showed that bank loan officers were as likely to grant a loan to a male as they were to a female applicant. However, 'education' was considered a more important factor in loan decisions for female rather than male applicants.

This finding led Fay and Williams (1991) to conduct a further study where the education of the applicants was set at highschool level. Three extra years of work experience were added to the applicants curriculum vitae to compensate for not having a degree. Results from this second experiment found that women applicants were less likely to be granted a loan by bank loan officers than male applicants.

These results contradicted the research of Buttner and Rosen (1989) finding that women do experience discrimination when seeking financial assistance from lending institutions (Fay & Williams, 1991). However, the study has a number of limitations.

Firstly, a full face photograph of the loan applicants was utilized to identify the sex of the applicants. It should be noted that Buttner and Rosen (1989) also used this method of gender identification in their study. However, research indicates that physical attractiveness can have a strong biasing effect on how a person is treated (Feingold, 1992; Frieze, Olson & Russell, 1991, Marlowe, Schneider & Nelson, 1996). Feingold (1992) for example reviewed 30 experimental and 93 non experimental studies of characteristics associated with physical attractiveness and reported that attractive people are perceived to be more sociable, dominant, warm, intelligent and socially skilled than unattractive people. It is therefore possible that the attractiveness of the applicants could have influenced the results.

Secondly, Fay and Williams (1991) did not collect any demographic data on their bank loan officers. The decision not to collect such data is significant as it is impossible to determine whether the results can be attributed to discrimination as they claim or to the differing characteristics of the respondents. Fay and Williams argue that the collection of such data may have invalidated the study by sensitizing the participants to the true purpose of the study. However, research has indicated that characteristics of loan officers may effect their funding decisions. In Buttner and Rosen's (1989) study inexperienced bank loan officers were more generous when

granting loans than the experienced loan officers. It is important to note that the inexperienced loan officers were actually undergraduate business students thereby lowering the external validity and generalization of the results. The results do however signify that characteristics of the loan officers may influence their funding decisions. Thus, the absence of bank loan officers demographic data as a possible explanation of the results is a significant flaw of the study.

A small group of researchers also interested in discrimination allegations by women approached the topic from a different perspective. Riding and Swift (1990) and Fabowale, Orser and Riding (1995) were interested in determining whether the problems women had obtaining funds were a result of the characteristics of their business and not because of their gender.

Riding and Swift (1990) utilized a matching technique whereby each female respondent was matched to a male respondent who was equal to her in terms of business size, geographical location, age, sector and form of business. Riding and Swift (1990) used statistical techniques to control for these potentially confounding variables and found that there was no statistically significant difference in rates of loan approval, co-signature requirements, loan collateral on interest rates and lines of credit for males or females.

Fabowale, Orser and Riding (1995) extended this line of research by not only comparing the characteristics of women- versus male- owned businesses but also questioning participants about the relationship with their banker. Fabowale et al (1995) found that men and women business owners tend to differ in systemic ways. That is, women owned businesses tend, on average, to have less capacity, less capital, a narrower range of capital and an unproven track record or character relative to their male counterparts. This, they argued, may have an adverse effect on their perceived capacity to service or to repay their loans resulting in a greater difficulty to obtain finance.

This argument is supported by research which has examined the factors that bankers and venture capitalists consider when approving or denying loans. Level of risk, collateral, management experience, financial position and profitability have all been mentioned as important factors in several studies (Jackowicz & Hisrich, 1987; Jones, 1982; MacMillan, Siegel & Narasimha, 1985). This is a view that was expressed in an interview with a New Zealand Ministry of Commerce worker who reported that

banks weren't prepared to take on the high risks of start-up businesses, especially where the owner had little experience or no management track record (MacAlister, 1997).

When the differences in female and male businesses were accounted for Fabowale et al (1995) found that no differences in terms of credit existed. A further issue raised in Fabowale et al's (1995) study was the effect of the size of the business. The study conducted by Riding and Swift (1990) found that loan turndown rates, approval rates and requirements for co-signatures are consistently less favorable for very small firms. Orser, Riding and Swift (1993) later found that the smaller the firm the more often the owners expressed dissatisfaction about the terms of lending. Women in Fabowale et al's (1995) study, regardless of business size, were more likely than their male counterparts to express feelings of dissatisfaction about their banking experience. These women reported feeling uncomfortable with their banker, not being treated with respect by their banker and being unable to easily talk to their banker (Fabowale et al, 1995).

This body of research is significant for several reasons. Firstly, the research conducted utilized much more rigorous research methodologies than studies produced previously. For instance, the research included a large sample of both male and female participants allowing a comparison of their experiences to be made. The research by Fabowale et al (1995) is particularly noteworthy in that it included one of the largest samples to be used in research on gender discrimination as it pertains to obtaining finance for business. Secondly, all of the studies reached the conclusion that male and females differ in significant ways but when such differences are accounted for no gender bias exists regarding the credit terms of loans.

Thus, it would appear that this body of research offers a reasonable explanation as to why women feel discriminated against when obtaining loans. Their businesses, on average, have characteristics which make them less likely, on average, to obtain a loan because they are generally more risky. This is a view that is supported by Fay and Williams (1991) who point out that legitimate discrimination must be distinguished from discrimination that occurs because of gender bias. Legitimate discrimination occurs when two people apply for a loan and the one who has more experience and more collateral is granted the loan. The studies by Riding and Swift (1990) and Fabowale et al (1995) reflect legitimate discrimination. Gender discrimination occurs when two people with identical characteristics (except for gender) apply for a loan and

the person who is a male is granted the loan over the person who is a female. The finding by Fay and Williams (1991) reflects gender discrimination.

Whilst the research of Riding and Swift (1990) and Fabowale et al (1995) offers one explanation for the discrimination claims it does not explain findings such as those obtained by Fay and Williams (1991) which showed that when males and females submit identical loan applications women are less likely to be granted a business loan by bank loan officers.

An alternative explanation is that bank loan officers hold negative attitudes about women which then leads to prejudicial behaviour against women when it comes to making funding decisions.

This proposition forms a central part of the present study. In order to properly consider this proposition as a reasonable explanation for gender discrimination it is necessary to understand the literature on attitudes and hence stereotypes. This will be considered in the following section.

Summary

The purpose of this section on the self employed was threefold. Firstly to provide a definition of who a self employed person is. Secondly to describe the characteristics of the self employed and thirdly to present a literature review of the financial problems women in self employment experience.

A self employed person was defined as someone who considers his or herself “self employed and takes an active role in decision-making, risk-taking and day-to-day management in a business in which he or she has equal majority ownership” (National Advisory Council on the Employment of Women, 1993, pg.2). This definition was preferred over other definitions as it is broader in meaning and encompasses aspects of entrepreneurship, business ownership and management.

The statistics showed that there has been an increasing growth of people into self employment in New Zealand over the last ten years (New Zealand Department of Statistics, 1996). This growth has been particularly strong for women who have experienced a much faster growth than men. The statistics also show that men and women differ in terms of the occupations and industries they choose to set their

businesses up in. Men are concentrated in the secondary sector whilst women are typically found in the tertiary sector (New Zealand Department of Statistics, 1993).

When it comes to characteristics of the self employed women are less likely to have a university education than their male counterparts (New Zealand Department of Statistics, 1996). Women who do have university education tend to have Arts degrees whilst men have Business related degrees (Hisrich & Brush, 1983; Neider, 1987). Men are motivated to start businesses because of needs for independence and financial reasons whereas women report needs for flexibility to manage work and family life (Battell, 1988; Goffee & Scase, 1983; Scott, 1986).

The literature review on problems associated with self employment concentrated on financial difficulties that women experience. Several studies were described which indicated that women perceive themselves to be discriminated against when it comes to securing money for their businesses (Hailey, 1987; Hisrich & O'Brien, 1982; Pellegrino & Reece, 1982; Schwartz, 1976). Problems with these early studies was that they did not include male participants making it impossible to compare the experiences of males and females. Research was then presented whose methodologies overcame this problem. These studies presented contradictory evidence showing that in some cases women aren't discriminated against (Buttner & Rosen, 1989, 1992) and that in some cases women are discriminated against (Fay & Williams, 1991).

Two studies which had investigated the problem from a different perspective were offered as one explanation for the allegations of discrimination made by women. The studies of Riding and Swift (1990) and Fabowale et al (1995) found that female owned businesses are, on average, riskier than male owned businesses. Thus, women are legitimately discriminated against. However, this research was unable to explain the results of studies such as Fay and Williams (1991) who found that when identical applications are received from men and women, the latter are less likely to be granted a loan than the former.

The proposition that bank loan officers may have negative attitudes about women which then influence their funding decisions was offered as a possible explanation for Fay and Williams (1991) findings. This will now be discussed in the following section on attitudes.

ATTITUDES

The word “attitude” was introduced to the English vocabulary in the 1700s. It came from the French word “attitude,” which evolved from the Italian word “attitudine,” which in turn was developed from the Latin word “aptus,” meaning adaptedness or fitness (Fleming, 1967; Petty, Ostrom & Brock, 1981).

Psychologists began investigating attitudes as early as the 1800’s (Triandis, 1971), and the extent of its influence can be evidenced by the fact that social psychology was defined as the scientific study of attitudes in 1918 (Thomas & Znaniecki, 1918 cited in Triandis, 1971). Since its inclusion in the realm of psychology literally hundreds of research studies, papers and books have been devoted to the concept of attitude.

Despite the concepts popularity researchers have been unable to agree upon a single definition. This dilemma will be discussed in the following section.

Defining Attitude

Traditionally attitudes were believed to consist of three components. An affective component, a behavioral component and a cognitive component. The affective component encompasses all the emotional feelings an individual has about the attitude object. The behavioral component refers to the individuals predisposition to act in a favorable or unfavorable way towards the attitude object. Finally, the cognitive component consists of the knowledge and beliefs that an individual holds about the attitude object (Weiten, 1995).

The following example has been designed to highlight each of these components. A loan officer does not believe that women can manage a business successfully (cognitive component) and dislikes women who attempt to do so (affective component). The combination of these thoughts and feelings could predispose the loan officer to act unfavorably towards women seeking loans to manage their own business. By, for instance, denying their loan applications (behavioral component).

Research evidence provided support for the so-called tripartite definition finding that all three components were an integral part of attitude (Breckler, 1984; Ostrom,

1969; Perloff, 1993). For example, researchers have argued that each of the three components can provide the basis upon which attitudes develop (Zanna & Rempel, 1988) and can form the basis of a response that manifests as a consequence to an attitude (Eagly & Chaiken, 1993).

However, some research did not support the tripartite definition finding that behavior does not always correlate with attitude (Perloff, 1993). One explanation for this finding is that our behavior is influenced by more than just our attitudes (Myers, 1990). Sometimes, our behavior can be influenced by the context of the situation. Thus the favorable behavior of the loan officer who does not believe that women can manage a business successfully could be attributed to laws making it illegal to discriminate against people based on their sex.

Weaknesses of the tripartite definition resulted in a focus on the cognitive and affective components of attitude. According to the two-component model an attitude is an evaluation that is based on cognitive and affective elements (Perloff, 1993). One derivative of the two-component model is the expectancy-value model. According to this approach attitudes are affective entities which are determined by expectations and evaluations (Perloff, 1993). As the title of the model suggests an individual's attitude toward an object is determined by his or her expectation that the object has certain attributes and the evaluation of these attributes. Likewise, the individual's attitude toward a behavior is determined by his or her belief that the behavior will lead to a certain consequence and the evaluation of this consequence (Perloff, 1993).

As is apparent from the two-component model researchers do not assume that all attitudes have an affective, behavioral and cognitive component (Olson & Zanna, 1993). Rather, it is generally agreed that attitudes are made up of either an affective and/or behavioral and/or cognitive component (Insko & Schopler, 1967; Myers, 1990; Rajecki, 1990; Triandis, 1971), that they involve an evaluation of some sort (Eagly & Chaiken, 1993; McGuire, 1985; Olson & Zanna, 1993), that they are represented in memory (Fazio, 1990; Olson & Zanna, 1993; Perloff, 1993; Pratkanis & Greenwald, 1989), and that they may manifest themselves as either an affective and/or behavioral and/or cognitive consequence (Eagly, & Chaiken, 1993; Olson & Zanna, 1993).

It was proposed earlier that bank loan officers may hold negative attitudes about women which then lead to prejudicial behavior against women when it comes to making funding decisions. According to the expectancy-value model of attitudes bank

loan officers attitudes towards women will be partially determined by their expectation that women have certain attributes and the evaluation of these attributes. It seems likely that these expectations would be influenced by gender stereotypes of women which are pervasive (Williams & Best, 1982). The evaluation of these attributes as positive or negative would then form the attitude towards women. The evaluation aspect of the gender stereotyped attributes could be inferred from the behavioural consequences of the persons attitude. For instance, if a person perceives women as not having the characteristics deemed necessary for successful business ownership and does not grant them a loan then this would seem to indicate that they have an unfavorable attitude towards women as business owners.

In order to consider the propositions stated above it is necessary to consider what a stereotype is and how and why stereotypes are formed. It is also necessary to outline the content of gender stereotypes and to consider the effects that attitudes can have on peoples behaviour. Each of these topics will be discussed in the following sections.

Defining Stereotypes

Whilst researchers investigating attitudes have been unable to decide on a single definition of attitude, stereotyping is commonly referred to as a process which involves making judgments about people on the basis of their membership of a particular group (Ashmore & Del Boca, 1986; Deaux & Wrightsman, 1988). For example, Grainger (1992) writes that a stereotype is “a particular type of schema ... associated with the members of an identifiable group” (pg.48). Similarly, Hilton and von Hippel (1996) define stereotypes as “beliefs about the characteristics, attributes and behaviors of members of certain groups” (pg.240).

Theories of Stereotyping

The characteristics common to most contemporary definitions of stereotyping are evident in several theories of stereotyping. These theoretical orientations to stereotyping pose a somewhat different perspective on how and why stereotypes are

formed. The three theories presented below testify to the diverse and complex nature of the stereotype literature.

Sociocultural

Adherents of the sociocultural perspective view stereotypes as being strongly influenced by societies attitudes. As a result stereotypes reflect a communal belief system (Deaux & Kite, 1993). The checklist methodology developed by Katz and Braly (1933) reflects the sociocultural view. Katz and Braly (1933) had participants use a checklist of 84 traits to mark which five traits they considered to be most characteristic of ten ethnic groups. Consensus about the group then formed the stereotype. For instance, 75% of the participants listed Negroes as being lazy resulting in the stereotype that Negroes are lazy.

Typical of this methodology is the research by Schein (1973, 1975) who examined the relationship between sex-role stereotypes and perceptions of characteristics deemed necessary for managerial success. Using a 92 item descriptive index (consisting of adjectives and descriptive terms) Schein had groups of managers characterize either women- or men- in general or successful middle managers. She found that successful middle managers were perceived as having a unique set of characteristics not commonly found in the general population (e.g. leadership ability, self-reliant, desires responsibility). Furthermore, when men- and women- in general were compared to successful middle managers, men tended to approximate the stereotypical middle manager more so than women.

According to Deaux and Kite (1993) two variants of the sociocultural perspective to stereotyping have emerged. The cultural and the structural approach.

The cultural approach emphasizes the importance of socialization through which children are rewarded for adopting society's values and punished for not doing so (Deaux & Kite, 1993; Perloff, 1993). This view is reflected by McGuire (1985) who wrote "the importance of the persons early cultural experience, especially the childhood home, in establishing her or his lifelong conformity level and orientations is suggested by the abiding similarity of children's political attitudes to those of their parents and siblings" (pg. 255).

Alternatively, proponents of the structural approach emphasize the typical positions which are held by certain groups of people within a given society (Deaux & Kite, 1993). One example of the structural approach is social-role theory (Eagly, 1987). Eagly (1987) proposed that stereotypes about groups of people (e.g. women, men, employed, unemployed) are partially determined by observations of such people in their common roles or positions within society. These observations then influence the individuals own behavior as well as their expectations about the roles that certain groups should hold.

Motivational

The basic premise of the motivational perspective is that individuals are motivated to hold certain stereotypes. These stereotypes then strengthen the individuals personality (Deaux & Kite, 1993). Functional theories of attitude also emphasize motivational factors stressing that people can hold similar attitudes for different reasons (Katz, 1960; Perloff, 1993; Pratkanis & Greenwald, 1989). For example, the literature suggests that attitudes can serve five broad functions. These are knowledge, utilitarian, social-adjustive, ego-defensive and value expressive functions.

Consider two individuals who both agree that women should take on the domestic role in a family. For one the desire to stay home and take on the domestic responsibilities (utilitarian function) may form the basis for the attitude. For the other the desire to fit in with his or her friends (social-adjustive function) may form the basis of the attitude. From this perspective understanding the function that an attitude serves is crucial for changing someone's attitude (Katz, 1960).

Cognitive

The cognitive approach to stereotyping dominates current thinking on stereotypes. According to the cognitive perspective people need to categorize information in order to cope with the large amounts of information that they receive (Deaux & Kite, 1993). When organizing and categorizing information about people, characteristics such as sex and race become useful indicators for assigning individuals to a particular group (eg. male, Asian).

Two theories which reflect the cognitive perspective include balance theory and dissonance theory. The main assumption of balance theory is that people like to maintain a balanced state among their attitudes (Heider, 1946). This balanced state is achieved by comparing one's own attitude about an object with the attitudes of liked others (in-group) or disliked others (out-group). If an individual's attitude about an object is consistent with the attitudes of the in-group or inconsistent with the attitudes of the out-group then balance occurs. Conversely, if one's attitudes are inconsistent with those of the in-group and consistent with those of the out-group then imbalance occurs. Cognitive imbalance results in tension which motivates people to restore balance. Balance can be restored in several ways. The individual can change their attitude towards the comparison group, change their own attitude towards the attitude object or change their impression of the comparison others' attitude toward the attitude object (Triandis, 1971).

According to dissonance theory dissonance exists when two related cognitions are inconsistent with each other (Festinger, 1957). When two related cognitions are consistent then dissonance does not occur. As with Heider's (1946) balance theory dissonance causes tension which motivates the individual to reduce their dissonance by changing their attitude.

Each of the theories presented above provide a differing perspective for understanding how and why stereotypes are formed. The sociocultural perspective relies heavily on the influence of society in stereotype formation whilst the motivational perspective emphasizes the differing needs individuals have for holding attitudes. Both perspectives offer a contrast to the dominant cognitive view of stereotyping which focuses on the individual's ability to categorize information. Having presented these theories it is now possible to examine the content of gender stereotypes in an attempt to identify the expectations that people may have regarding the attributes of women.

Gender Stereotypes

The existence of gender stereotypes have been documented by several researchers (Broverman, Vogel, Broverman, Clarkson & Rosenkrantz, 1962; Deaux & Lewis, 1983; Williams & Best, 1982). For example, men have been perceived as having higher needs for aggression, dominance, achievement and autonomy whilst women

have been characterized as being concerned for nurturance, affiliation and deference (Williams & Best, 1982). This is a distinction which appears frequently throughout the literature on gender stereotypes. Typically the distinction is made with regards to instrumental- and expressive- qualities. Instrumental qualities such as independence as assertiveness are commonly ascribed to men whereas expressive qualities such as sensitivity to others and emotional responsiveness are ascribed to women (Spence, Deaux & Helmreich, 1985).

An early study which clearly depicts this pattern was conducted by Broverman et al (1972). They found that stereotypes of men included being aggressive, independent, dominant and self confident. Stereotypes of women described them as being not at all aggressive or independent, subjective, submissive and as very emotional. Additionally, women were viewed as almost never acting as a leader, being aware of the feelings of others, not being at all self confident and as easily expressing tender feelings. Conversely, stereotypes of men saw them as almost always acting as leader, not being aware of the feelings of others, being self confident and as not expressing tender feelings easily (Broverman et al., 1972).

Recently Deaux and Lewis (1983) also investigated the existence of gender stereotypes. They had their participants estimate the probability that the average man and the average woman have certain traits. As expected men, compared to women, were perceived to have a higher probability of exhibiting the traits associated with instrumentality (e.g. independence, competitiveness) and women, compared to men, were perceived to have a higher probability of exhibiting the traits associated with expressiveness (e.g. warmth, emotionalism).

The research presented above seems to indicate a clear set of patterns regarding the gender stereotypes of women and men. However, gender stereotypes are multi dimensional and can be influenced by other characteristics of the person. For instance, race, age, employment status and education can exert influence over general gender stereotypes (Ashmore & Del Boca, 1986; Deaux, Winton, Crowley & Lewis, 1985; Eagly & Steffen, 1984, 1986).

Eagly and Steffen (1984, 1986) found that people engaged in full-time employment (regardless of their gender) are considered to have more of the characteristics associated with instrumentality than people working in a domestic role. Brenner (1982) found that people with high levels of education were more achievement

oriented, more dominant and less nurturant than those with less education. Chambers and Wilson (1971) and DiVesta and Thompson (1970) also obtained similar findings. They found that people with a higher level of education tend to be characterized as achievement oriented and aggressive. This is in contrast to individuals with less education who are characterized as having traits associated with nurturance.

Thus, regardless of the gender of the individual, people with high levels of education and those who work full-time are perceived as having the characteristics associated with the male stereotype whilst people with less education and those who take on the domestic role are perceived as having the characteristics associated with the female stereotype.

It is apparent from the studies cited above that gender stereotypes of women and men tend to differ sharply. Women are perceived to be nurturant and emotional whilst men are perceived to be strong and unemotional. However, it is also apparent that general stereotypes can be influenced by characteristics other than an individual's gender. Thus, it is important to consider the influence of these characteristics when investigating the effects of gender stereotypes on people's behavior.

The Effect of Gender Stereotypes

Gender stereotypes have been shown to effect self-concept, self-esteem, achievement motivation and health (Weiten, 1995; Myers, 1990). They can also effect the perceptions that certain jobs should be carried out by people of a particular gender (eg. nurses should be female and mechanics should be male) (Deaux & Kite, 1993).

The sex-typing of occupations occurs when "a large majority of those in them are of one sex and when there is an associated norm that this is how it should be" (Epstein, 1970, pg. 152). It has been argued that managerial jobs have been sex-typed as male occupations because of the "high ratio of men to women in managerial positions and the informal belief that this is how it should be" (Schein, 1973, pg. 95). In support of her argument Schein (1973, 1975) found that men were considered to be more similar to successful middle managers than women were on characteristics such as objectivity, aggression, ambition, leadership and desires for responsibility. A recent replication of Schein's studies (1973, 1975) found that even in the late 1980's men were still being described as more similar to successful middle managers than women

were (Heilman, Block, Martell & Simon, 1989). Based on results such as these Schein (1973, 1975) concluded that the male stereotype approximates the managerial stereotype. Similar findings were also obtained for entrepreneurship where Buttner and Rosen (1988) found that men were perceived to have more of the characteristics associated with successful entrepreneurship than women were.

Expectations that women lack the characteristics considered necessary for successful entrepreneurship and successful management could lead to prejudicial behaviour against women. Consider the following research findings.

Dipboye, Fromkin and Wiback (1975) had professional interviewers and college students rate and rank mock resumes on suitability for a managerial position. Resumes were identical except for the applicants sex and two other characteristics under investigation (level of education and attractiveness of the applicant). The participants ranked males as being more suitable for a managerial position than females.

Rosen and Jerdee (1974) found that male applicants were accepted for positions more often than equally qualified females and were evaluated more favorably on potential for fitting in well in the organization, general suitability and potential for long service (Rosen & Jerdee, 1974).

McRae (1994) found that men were rated significantly more favorably for a male sex-typed job than women and Glick, Zion and Nelson (1988) found that their participants were more likely to interview a man than a woman for a traditionally male job.

This pattern of favoring people because they are acting in accordance with the behaviors deemed appropriate for their sex has also been found for evaluations of the work of men and women (Goldberg, 1968) and funding decisions (Hisrich & Brush, 1983). For instance, Goldberg (1968) found that articles on a traditionally masculine topic were rated more favorably if the article was believed to be written by a man than if the same article was attributed to a woman. Similarly, Hisrich and Brush (1983) found that problems obtaining finance escalated if a woman was entering a non-traditional female occupation.

It is apparent from the research presented above that peoples expectations about the work that men and women should do can have a significant effect on their behaviour and lead to discrimination. This has obvious implications for the present study and will be discussed in the section immediately following the summary.

Summary

The primary aim of this section on attitudes was to review the literature and theory relating to stereotypes. Particular attention was focused on the gender stereotype literature as it had been proposed previously that peoples expectations about the attributes that women have may be based on gender stereotypes.

Firstly, the concept of attitude was defined. This was important for establishing a theoretical context to understand stereotypes which are a specialized type of attitude. The tripartite and the two-component models which define attitudes as consisting of three or two components respectively were presented as two differing perspectives on attitudes. The definition of attitudes which was then proposed provided a partial compromise to each of these models. An attitude was defined as consisting of either an affective, behavioral or cognitive component, involving an evaluation, being represented in memory and as having either an affective, behavioral or cognitive consequence.

Secondly, the concept of stereotype was defined as a process that involves making judgments about people based on their membership of a particular group. This is a definition common to many studies of stereotyping.

Thirdly, a broad overview of the sociocultural, motivational and cognitive theories of stereotyping were presented to provide an understanding of how and why stereotypes are formed. The cognitive theory is currently the most dominant theory of stereotypes and focuses on human beings ability to categorize information.

Finally, gender stereotypes that people hold about each of the sexes were discussed. Research was presented that indicated women are typically seen as exhibiting expressive qualities as opposed to men who typically have instrumental qualities. Consequences of holding such stereotypes were discussed in terms of occupational sex-typing and discrimination. For example, the position of manager is a job which has been sex-typed as a male occupation and research has shown that men, compared to women, are evaluated more favorably for managerial positions.

It was proposed that this pattern of evaluating people favorably because they act in accordance with peoples expectations of their gender has obvious implications for the present study and this will now be considered.

THE PRESENT STUDY

In the section on the self employed research was presented which indicated that women in self employment perceive themselves to be discriminated against when it comes to securing funds for their businesses (Hisrich & O'Brien, 1982; Pellegrino & Reece, 1982). One explanation offered by a small group of researchers was that that women are legitimately discriminated against (Fabowale et al., 1995; Orser et al., 1993). That is, typically women owned businesses have characteristics which make them riskier, on average, than male owned businesses. Hence women owned businesses are less likely, on average, to receive a loan for their business. However, this explanation did not explain the research findings of Fay and Williams (1991) who found that when identical loan applications are received by bank loan officers women are less likely than men to be granted a loan. Thus, supporting the gender discrimination allegations found in the studies of Schwartz (1976), Hisrich and O'Brien (1982) and Hailey (1987).

An alternative explanation was therefore proposed. Essentially this proposition asserted that the attitudes bank loan officers hold about women may influence their funding decisions.

The section on attitudes and thus stereotypes presented research findings that showed that men and women are typically perceived as having different personality traits and that these can lead to occupational sex-typing. For example, men are perceived as having the characteristics necessary for managerial positions whilst women are not. Research was also presented that showed that people tend to discriminate against women who are entering occupations not typically associated with their gender (Dipboye et al., 1975; Glick et al., 1988; Hisrich & Brush, 1983; McRae, 1994)

The combination of these two strains of research formed the basis of the present study which was aimed at answering two questions.

The first question was "do bank loan officers discriminate against women small business owners seeking a business loan?" This question arose from a desire to replicate Fay and Williams (1991) study with a more robust methodology and also to provide some more New Zealand data on the self employed.

As was evident from the literature review on problems of the self-employed the research often obtained differing answers to this question. Some researchers found that

women weren't discriminated against (Buttner & Rosen, 1989; Riding & Swift, 1990; Fabowale et al., 1995) whilst others found that they were discriminated against (Fay & Williams, 1993; Hailey, 1987; Hisrich & O'Brien, 1982). The following null hypothesis was therefore proposed:

H1 There will be no significant difference in the approval rate of business loans based on the gender of the applicant.

Due to the findings of Fay and Williams (1991) and research that shows that gender stereotypes are multi dimensional and can be influenced by other characteristics of the individual it was decided that the effects of education should be considered. In keeping with the previous null hypothesis it was hypothesized that:

H1a There will be no significant difference in the approval rate of business loans based on the level of education of the applicant.

The second question of interest was "what are the attitudes of bank loan officers to women as small business owners?" In order to answer this question it was necessary to ascertain the attitudes of bank loan officers to women, men and successful business owners for comparative purposes.

This question was important for three reasons. Firstly, it would provide information on bank loan officers attitudes which had never been collected in New Zealand before. Secondly, it would extend Fay and Williams (1991) study by gathering research which could explain their findings of gender discrimination against women by bank loan officers. Thirdly, the answer to this question could provide an explanation to the findings of H1 and H1a. For example, if bank loan officers in the present study discriminated against women then it could be attributed to the differential attitudes (if they existed) that bank loan officers hold about women, men and successful business owners.

In keeping with the null hypotheses proposed in Hypothesis 1 and Hypothesis 1a the following hypothesis was proposed:

H2 There will be no significant differences in bank loan officers attitudes towards women, men or successful business owners.

METHOD

Sample and Procedure

The 70 volunteers who participated in the present study were solicited in the following way. A list of banks and their branches were obtained from the Yellow Pages of the telephone directory for all regions in the North Island of New Zealand. The North Island was selected because of resource and financial constraints. From this initial search a list of the main banks of New Zealand was generated. These were ANZ/Postbank, ASB, the Bank of New Zealand, the National Bank and the WestpacTrust Bank.

Local representatives of each of these banks was contacted via telephone numbers provided in the phone book. These individuals were informed of the purpose of the study and asked for permission to approach eligible employees for inclusion in the study. Of the six banks contacted two declined permission. ANZ/Postbank declined permission as they were conducting research of their own at the time of being contacted. The National Bank declined to participate as they had concerns over issues of privacy. The four banks that did agree to participate in the present study were the ASB, the Bank of New Zealand and the WestpacTrust Bank.

Banks who did agree to participate required that permission be sought from district managers to approach bank loan officers in their employ. Telephone contact was subsequently made to 25 managers, all of whom agreed to participate and distribute questionnaires to all eligible loan officers within their district. Two of the managers requested that a copy of the questionnaire be sent to them before permission would be given. A letter (see Appendix A) explaining the study was included with the questionnaire. One manager was unable to be contacted for permission so bank loan officers in his district were not included in this study.

Each of the 25 individuals was allocated one version of the questionnaire based upon the number of potential participants available in their district and the number of questionnaires left to distribute from each of the four versions. This assignment ensured that an even number of each version of the questionnaire was distributed and lowered the chances that potential participants from within a district would become aware of the other versions of the questionnaire.

The appropriate number of questionnaires was sent to each of the 25 individuals with a letter reminding them of the telephone conversation (see Appendix B) and asking them to distribute each of the questionnaires to eligible participants. Each questionnaire pack had a two page information sheet informing the potential participant of the research and inviting them to participate, an attitude questionnaire, a mock loan application, a loan questionnaire, a request for summary information sheet and a pre-paid reply envelope (see Appendix C). It was made clear in the two page information sheet that respondents did not have to complete any part of the questionnaire if they chose not to do so and that their employers would not be furnished with any information which could identify participants.

Participants were also asked to provide demographic information for description purposes. These items related to sex, age, ethnic identity, number of people employed at their bank branch, number of business loans processed in a week, experience in the loan application process, current position and current job title. The request for summary information required participants to include their name, address, signature and date. Respondents were informed that this sheet would be detached from their questionnaire as soon as the researcher received it.

Of the total number of questionnaires distributed in the first mail out 47 from 160 or 29% were returned. To increase the number of participants a second mail out was conducted four weeks after the initial distribution. The questionnaire pack utilized in this second mail out contained an additional page not included in the first mail out. This coverpage reminded potential participants about the study and invited them to participate if they had not already done so (see Appendix D). A further 23 questionnaires were returned resulting in an overall response rate of 44%.

Table 2 contains the demographic characteristics for the sample. There were 46 males (65.7%) and 24 females (34.3%). Of these two groups a large proportion identified themselves as being of European New Zealander Ethnicity (82.9%, $n = 58$). Just over half (55.7%) of the participants were aged between 25 and 35 years. Analysis was conducted comparing the sex, age and ethnicity of participants from each questionnaire scenario. Oneway analysis of variance (ANOVA) tests revealed no significant differences in participants demographic characteristic for each of the questionnaires.

Experimental Design

All participants received a questionnaire pack consisting of a two page information sheet informing them about the research and inviting them to participate, an attitude survey, a mock loan application, a loan questionnaire, a request for a summary information sheet and a pre-paid reply envelope. However, participants received only one version of the mock loan application. Four versions of the loan application existed which differed in terms of sex of the applicant (Male or Female) and education level of the applicant (HighSchool or University). Thus, the four versions of the questionnaire were University Male (UM), University Female (UF), HighSchool Male (HSM) and HighSchool Female (HSF).

The return rate for each version of the questionnaire was as follows: UM 40%; UF 45%; HSM 45% and HSF 45%. Participants were not aware that other versions of the loan application existed.

Table 2. Demographic Information of Participants as a Whole and For Each Questionnaire.

<i>Characteristic</i>	<i>Whole Sample</i>		<i>University Male</i>		<i>University Female</i>		<i>HighSchool Male</i>		<i>HighSchool Female</i>	
	<i>(N = 70)</i> <i>n</i>	<i>%</i>	<i>(n = 16)</i> <i>n</i>	<i>%</i>	<i>(n = 18)</i> <i>n</i>	<i>%</i>	<i>(n = 18)</i> <i>n</i>	<i>%</i>	<i>(n = 18)</i> <i>n</i>	<i>%</i>
<i>Sex</i>										
Female	24	34.3	5	31.3	10	55.6	5	27.8	4	22.2
Male	46	65.7	11	68.7	8	44.4	13	72.2	14	77.8
<i>Age (years)</i>										
< 20	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
20-25	3	4.3	1	6.3	2	11.1	0	0.0	0	0.0
26-30	17	24.3	4	25.0	5	27.8	2	11.1	6	33.3
31-35	19	27.1	6	37.5	3	16.7	6	33.3	4	22.2
36-40	11	15.7	3	18.8	5	27.8	1	5.6	2	11.1
41-45	9	12.9	1	6.3	1	5.5	3	16.7	4	22.2
46-50	6	8.6	1	6.3	1	5.5	4	22.2	0	0.0
51-55	4	5.7	0	0.0	1	5.5	1	5.6	2	11.1
>55	1	1.4	0	0.0	0	0.0	1	5.6	0	0.0
<i>Ethnicity</i>										
European NZ	58	82.9	14	87.5	15	83.3	17	94.4	12	66.7
Maori NZ	4	5.7	1	6.3	0	0.0	1	5.6	2	11.1
European	5	7.1	1	6.3	0	0.0	0	0.0	4	22.2
Asian	1	1.4	0	0.0	1	5.6	0	0.0	0	0.0
Other	2	2.9	0	0.0	2	11.1	0	0.0	0	0.0

Percentages rounded to one decimal place.

Materials

The questionnaire utilized in this study consisted of two parts. The attitude survey and the mock loan application. Each of these measures will be considered in terms of their construction, description, psychometric properties and rationale for inclusion in the present study.

Attitude Survey

The attitude survey was developed by Buttner and Rosen (1988). Based on the entrepreneurship research Buttner and Rosen (1988) identified nine characteristics which the literature indicated to be typical of successful entrepreneurs. These characteristics were leadership, autonomy, moderate risk taking, readiness for change, endurance, lack of emotionalism, low conformity, low need for support and persuasiveness. Items for each of these characteristics were then developed from the research of Sexton and Bowman-Upton (1986). Sexton and Bowman-Upton (1986) had previously validated a personality index of entrepreneurship by comparing female entrepreneurs, managers, entrepreneurship students and business students.

The items for each characteristic were as follows. *Leadership*: self-confident, demonstrates leadership ability, able to inspire others, intelligent, forceful and assertive. *Autonomy*: self-reliant, independent and dominant. *Propensity to take risk*: ability to handle risk, ability to evaluate risk, copes well with uncertainty, enjoys taking risks, willingness to take chances, and enjoys gambling. *Readiness for change*: adapts readily to change, unafraid of different experiences, and easily bored by routine. *Endurance*: high energy level, capable of sustained effort, persistent, and does not tire easily. *Lack of emotionalism*: not aware of others feelings, not emotional, and not compassionate. *Low need for support*: low need for reassurance, low need for support, low need for sympathy, does not desire close relationships, and does not confide in others. *Low conformity*: does not go along with the crowd, and not easily influenced by others opinion. *Persuasiveness*: persuasive and manipulative.

Instructions for the attitude survey informed participants that the survey was aimed at assessing the common attitudes that people involved in business loan approval

have about various groups in New Zealand. They were instructed to imagine they were about to meet a person for the very first time and that the only thing they know in advance is that the person is an adult woman, adult man or successful business owner. The participant was then asked to circle the number which best described how characteristic they thought each of the attributes was for each of the groups. The ratings ranged from 1 for “not characteristic” through to 6 for “very characteristic.” The attributes were identical for each of the three groups.

The psychometric properties of this test have not been rigorously tested. The internal consistency of the questionnaire was assessed by Buttner and Rosen (1988) resulting in a coefficient alpha of 0.76. Thus indicating an acceptable degree of reliability. However, there have been no reports of the validity of this questionnaire. The decision to use this questionnaire despite its lack of validity or reliability was made for two primary reasons. Firstly, it would allow for the comparison of New Zealand data with international data that has been collected with this questionnaire. Secondly, to the authors knowledge there is no validated measure available which would allow us to measure the attitudes of people towards women, men and successful business owners.

Mock Loan Application

The mock loan application developed by Fay and Williams (1991, 1993) was based on available research evidence and the advice of an expert panel. The loan application consisted of several parts including a loan application summary, resume, business plan and profit-and-loss statement.

The *loan application summary* contained details about the applicant (name, address, phone number), amount of loan requested (\$33,500), term requested (5 years), security (house, stock and plant), purpose of the loan (to purchase a restaurant) and details of how the purchase would be financed (loan and personal savings).

Fay and Williams (1993) decided to use an existing business in the service industry for two reasons. Firstly, women business owners tend to work in the service industry and secondly, it would allow for the inclusion of realistic financial statements. The amount of equity the applicant had was set at a level lower than would be expected in a real life situation (40% as opposed to 60%). This decision was based on research which indicates that hypothetical situations tend to illicit more favorable responses.

The one page *resume* included the applicants name, address, phone number, marital status, age, education, employment and business experience and a statement of the applicants personal finances (assets and liabilities).

Fay and Williams (1993) set the age of the applicant at 32. They considered this age to be good for ensuring that the applicant had had enough time to save the capital, to have had relevant job experience and to have the energy necessary to establish a new business. The applicants marital status was presented as single to eliminate the possible confounding effects of being married and/or having children. The education level was initially set at University level as descriptive research had suggested that female business owners typically have a University qualification. Work experience was set at 10 years (13 for the highschool experiment) in the restaurant industry. The decision to provide the applicant with experience relevant to the business to be purchased was to reduce the perceived financial risk of the applicant by bank loan officers (Fay & Williams, 1993). A photo of the applicant was also included to identify the applicants gender.

In contrast to Fay and Williams (1993) loan application the present study did not include a photograph of the applicant to identify the sex of the applicant. This decision was based on research evidence that indicates that physical attractiveness can have a strong biasing effect on how a person is treated (eg. Eagly, Ashmore, Makhijani & Longo, 1991; Feingold, 1992; Frieze, Olson & Russell, 1991; Marlowe, Schneider & Nelson, 1996).

To eliminate the potentially confounding effect of including a photograph the full name of the applicant was supplied at the top of three of the four pages of the loan application. The names of the applicants were Jonathan Mark Jones and Jennifer Mary Jones. These names were chosen because they were similar in length and structure and clearly identified the applicant as being either male or female.

To check whether these assumptions were correct and that participants would be aware of the sex of the applicant a small exploratory study was conducted. This involved giving six people a copy of the mock loan application to read and asking them what sex the applicant was. All of the six were able to give the correct sex of the applicant. It was therefore concluded that including only the names of the applicant would be enough to sensitize participants to the sex of the applicant.

The *business plan* outlined the name of the restaurant, the name of the owner, how the restaurant was to be acquired, type of business, location, research, competition, past history of the restaurant, marketing plan for the business and personnel.

Fay and Williams (1993) decided to include full details of the business as research indicated that prejudicial attitudes are more likely to surface when a variety of information is provided which could provide alternative explanations for the decision-explanations other than prejudice.

A single page *profit and loss statement* was also included in the loan application which detailed the last 12 months income (27% profit) and projected the next 12 months income (22% profit).

To ensure that the information provided in the mock loan application was still valid in today's economic climate it was submitted to an accountant, a business consultant and a bank manager for approval. Based on advice from this panel it was decided to include information relating to a lease agreement. The length of the lease agreement was set at seven years. This was two years longer than the loan term requested so that loan officers could be assured the applicant would be in the premises long enough to pay the loan.

At the beginning of the loan application participants were asked to read the information provided, answer the questions contained at the end of the application, and provide any comments at the conclusion of the questionnaire.

The questionnaire asked participants if they would recommend the loan be granted in full, in part or not at all, to explain their reason for the decision, to indicate the importance (very important, important, not so important) of 12 factors in assisting them to reach their decision and whether or not they would place financial or managerial constraints on the borrower. The 12 possible influential factors were past experience, educational background, sex, age, marital status, present personal financial position, security available, type of business entering, financial position of the business, debt/equity ratio, type of loan sought and lease agreement. Participants who indicated they would recommend the loan be granted in part were additionally asked to indicate what percentage of the loan they would recommend be granted.

The decision to use this loan application was based on several factors. Firstly, it had been developed from a New Zealand framework, thus the cultural and economic

context were very relevant for this study. Secondly, it would allow for a comparison of this data with the previous research of Fay and Williams (1993).

RESULTS

Dealing with Missing Data

Each section of the questionnaire had missing data. The number of respondents and number of items missing from each section of the questionnaire is presented in Table 3. Two respondents did not include how many years of experience they had had in the loan application process. They were therefore excluded from the analysis of experience included in the descriptive statistics and from the analysis of the effects of experience on the likelihood of being granted a loan. Participants who had data missing in the loan application were only excluded from analyses in which they had not provided the data.

Data from each item of the attitude questionnaire was collated to provide a single score for each of the nine dimensions identified by Buttner and Rosen (1988). If one item was missing from a dimension (e.g. leadership, autonomy) the mean score for the item dimension was calculated and assigned to the missing item. If all items were missing for a single group then that data was recorded as a missing case and not included in further analysis.

Table 3. Missing Data from the Questionnaire.

<i>Questionnaire Section</i>	<i>No. of respondents with missing data</i>		<i>No. of respondents with one item missing</i>		<i>No. of respondents with all items missing</i>	
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
Demographic Information	2	2.9	2	2.9	0	0.0
Attitude Questionnaire	11	15.7	7	10.0	2	2.9
Loan Application	4	5.7	3	4.3	0	0.0

Percentages rounded to one decimal place.

Overview of the Analysis

There were four major stages in the present analysis. Firstly, descriptive analyses were conducted in order to provide an indication of the nature of the sample. Secondly, the sample was separated by gender and level of education of the loan scenario and Hypothesis 1 and Hypothesis 1a subsequently tested. Thirdly, the attitude survey was analyzed to test Hypothesis 2. Finally, analyses were conducted comparing findings of the attitude survey from the present study with the findings of Buttner and Rosen (1988).

The statistical analyses used in the present study were performed using the general purpose data analysis system of minitab (Bray & Lai, 1987).

Descriptive Analyses

Descriptive analyses were initially conducted in order to describe the characteristics of the sample in more detail.

As shown in Table 4 a large proportion (82.9%) of the sample processed between one and five loan applications a week, whilst 10% processed over 11 loan applications a week. Almost three-quarters (72.9%) of the sample held managerial positions. Over three-quarters (80.9%) of the sample had between one and ten years experience processing loan applications.

There was a significant difference in the average number of years experience for the respondents of each questionnaire (UM, mean = 7.88 years, SD = 4.06, range 3 - 17; UF, mean = 5.0 years, SD = 3.41, range 1 - 12; HSM, mean = 11.17 years, SD = 8.57, range 2 - 25; HSF, mean = 7.78 years, SD = 4.94, range 2 - 20; $t(68) = 3.58, p < .05$).

Table 4. Characteristics of Respondents for Each Questionnaire with the Sample as a Whole.

<i>Respondent Characteristics</i>	<i>Whole Sample</i>		<i>UM</i>		<i>UF</i>		<i>HSM</i>		<i>HSF</i>	
	<i>(N = 70)</i> <i>n</i>	<i>%</i>	<i>(n = 16)</i> <i>n</i>	<i>%</i>	<i>(n = 18)</i> <i>n</i>	<i>%</i>	<i>(n = 18)</i> <i>n</i>	<i>%</i>	<i>(n = 18)</i> <i>n</i>	<i>%</i>
<i>Loan Application</i>										
1 - 5	58	82.9	14	87.5	14	77.8	16	88.9	14	77.8
6 - 10	5	7.1	1	6.3	2	11.1	2	11.1	0	0.0
>11	7	10.0	1	6.3	2	11.1	0	0.0	4	22.2
<i>Experience* (years)</i>										
1 - 5	27	39.7	3	20.0	12	66.7	6	35.3	6	33.3
6 - 10	28	41.2	9	60.0	5	27.8	4	23.5	10	55.6
11 - 15	5	7.4	2	13.3	1	5.6	2	11.8	0	0.0
16 - 20	5	7.4	1	6.7	0	0.0	2	11.8	2	11.1
21 - 25	3	4.4	0	0.0	0	0.0	3	17.6	0	0.0
<i>Position</i>										
Manager	51	72.9	12	75.0	10	55.6	13	72.2	16	88.9
Loan Officer	15	21.4	3	18.8	7	38.9	3	16.7	0	0.0
Other	4	5.7	1	6.3	1	5.6	2	11.1	2	11.1
<i>Employee No.</i>										
<25	61	87.1	16	100.0	14	77.8	15	83.3	16	88.9
25 - 50	5	7.1	0	0.0	3	16.7	2	11.1	0	0.0
51 - 150	3	4.3	0	0.0	1	5.6	0	0.0	2	11.1
151+	1	1.4	0	0.0	0	0.0	1	5.6	0	0.0

Percentages rounded to 1 decimal place.

* Two missing cases.

THE HYPOTHESES

Hypothesis 1 and Hypothesis 1a

Approval of Business Loans

Hypothesis 1 and Hypothesis 1a proposed that there would be no significant difference in the approval rate of business loans based on gender or education level of the applicant. This proposition was tested using a multiple linear regression which tested whether the loan approval data approximated a straight line. To do this the raw data had to be converted. A value of 1 was assigned if the loan was granted in full, 2 if the loan was granted in part and 3 if the loan was not granted at all. The data was then separated by loan scenario and the analysis conducted. The HighSchool Female data

was excluded from analysis as it was highly correlated with the other loan scenario data. The regression equation resulted in an almost straight line (loan granted = 1.22 - 0.160 (UM) - 0.000 (UF) - 0.000 (HSM)) indicating that there was little variation between each of the loan scenarios and whether the loan was approved or not. This relationship is apparent in Table 5 which lists the number and percentage of loan approvals based on the gender and level of education of the applicant.

Table 5. Number of Loans Granted to Each Loan Scenario

<i>Loan Approval</i>	<i>Loan Scenario</i>							
	<i>UM</i>		<i>UF</i>		<i>HSM</i>		<i>HSF</i>	
	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>
In Full	15	94	16	89	15	83	16	89
In Part	1	6	0	0	2	11	0	0
Not at All	0	0	2	11	1	6	2	11

F=.34

Although there was little variation in whether or not the loan would be approved by the bank loan officers an ANOVA was conducted to examine whether there was a difference in importance ratings for various factors influencing the bank loan officers funding decisions. A value of 1 was assigned if the factor was marked 'very important,' 2 for 'important' and 3 for 'not so important.' The data were separated by loan scenario before the analysis was conducted.

Results showed that there were no significant differences between each of the loan scenarios for ten of the 12 potential influential factors. A significant difference in the importance ratings of 'type of business entering' and 'lease' was found between all loan scenarios (see Table 6).

Further analysis was conducted to determine where this difference lay. Data was analyzed by gender of the applicant and then by education level of the applicant. Results of this analysis are contained in Table 7 which indicates that there was a significant difference in the importance ratings for type of business entering and lease agreement based on the applicants gender (Business, $F(3,69) = 2.81$, $p = .046$; Lease

Agreement, $F(3,69) = 4.30$, $p = .008$). Both of these factors were considered significantly more important for male applicants than for female applicants.

Table 6. Importance Ratings for Factors that Influence Loan Approval Decisions for Each Questionnaire

<i>Influential Factors</i>	<i>Mean Evaluations*</i>				<i>F-Test</i>
	<i>UM</i>	<i>UF</i>	<i>HSM</i>	<i>HSF</i>	<i>F</i>
Past Experience	1.25	1.22	1.44	1.11	1.85
Educational Background	2.44	2.33	2.56	2.11	1.61
Sex	3.00	2.83	3.00	3.00	.96
Age	2.38	2.39	2.56	2.67	1.01
Marital Status	2.94	2.72	2.78	3.00	1.14
Personal Financial Position	1.13	1.39	1.44	1.56	2.17
Security	1.06	1.11	1.00	1.11	.51
Type of Business Entering	1.56	1.67	1.61	2.00	2.81 **
Financial Position of Business	1.19	1.11	1.28	1.22	.53
Debt/Equity	1.25	1.11	1.28	1.11	.76
Type of Loan	2.13	1.83	1.78	2.33	2.72
Lease Agreement	1.44	1.89	1.44	1.89	4.30 ***

* A score of 1 = very important, 2 = important, 3 = not so important.

** $p < .05$

*** $p < .01$

The gender of the applicant and the education level of the applicant were considered to be of more importance for female applicants than male applicants but this failed to reach significance (Gender, $F(3,69) = .96$, $p = .41$; Education, $F(3,69) = 1.61$, $p = .20$).

A one-way ANOVA was also conducted to determine whether there were any differences in the number of bank loan officers who responded 'yes' they would or 'no' they wouldn't recommend financial constraints be placed on the borrower. Table 8 presents the number of bank loan officers in each loan scenario who would or wouldn't recommend constraints for applicants. A reply of 'no' was assigned a value of 1 whilst a reply of 'yes' was assigned a value of 2. The five respondents who indicated they would not grant the loan at all were not included in this analysis. The ANOVA revealed no significant differences in the recommendation of managerial or financial constraints on the borrower for each scenario (UM, $n = 16$, $\bar{x} = 1.38$, $SD = 0.50$; UF, $n = 16$, $\bar{x} =$

1.41, SD = 0.51; HSM, n = 17, \bar{x} = 1.41, SD = 0.51; HSF, n = 16, \bar{x} = 1.13, SD = 0.34).

Table 7. Importance Ratings for Factors that Influence Loan Decisions by Gender and Education Level.

<i>Influential Factors</i>	<i>Mean Evaluations* and F-Scores</i>					
	<i>Male</i>	<i>Female</i>	<i>F</i>	<i>High - School</i>	<i>University</i>	<i>F</i>
Past Experience	1.35	1.17	3.23	1.28	1.24	.16
Educational Background	2.50	1.22	3.43	2.33	2.38	.10
Sex	3.00	2.92	.94	3.00	2.91	1.06
Age	2.47	2.53	.17	2.61	2.38	2.76
Marital Status	2.85	2.86	0.00	2.89	2.82	.27
Personal Financial Position	1.29	1.47	2.09	1.50	1.26	3.74
Security	1.03	1.11	1.22	1.06	1.09	.19
Type of Business Entering	1.59	1.83	4.14 **	1.80	1.62	2.38
Financial Position of Business	1.24	1.17	.50	1.25	1.15	1.14
Debt/Equity	1.26	1.11	2.30	1.19	1.18	.03
Type of Loan	1.94	2.08	.74	2.06	1.97	.26
Lease	1.44	1.89	13.29 ***	1.67	1.68	.01

* A score of 1 = very important, 2 = important, 3 = not so important

** p<.05

*** p<.01

Table 8. Number and Percentage of Constraints Recommended by Participants for Each

Loan Scenario

<i>Constraints</i>	<i>UM</i>		<i>UF</i>		<i>HSM</i>		<i>HSF</i>	
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
Yes	5	31.25	7	43.75	7	41.18	2	12.5
No	11	68.75	9	56.25	10	58.82	14	87.5

Based on the significant difference in experience of participants in each loan scenario it was necessary to determine whether experience would account for the

likelihood of granting a loan. A one-way ANOVA produced an F- value of 1.1785 indicating no relationship existed between experience and likelihood of granting a loan. Table 9 contains the number and percentage of loans granted in full, in part or not at all based on the experience of the participant.

Table 9. Number of Loans Granted Based on the Experience of the Participant

<i>Loan Granted</i>	<i>Experience* (Years)</i>									
	<i>1-5</i>		<i>6-10</i>		<i>11-15</i>		<i>16-20</i>		<i>21-25</i>	
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
Yes	25	96.2	24	85.7	6	100.0	4	80.0	2	66.7
In Part	0	0.0	1	3.6	0	0.0	0	0.0	1	33.3
No	1	3.9	3	10.7	0	0.0	1	20.0	0	0.0

F=1.1785

* 2 Missing Cases

Hypothesis 2

Bank Loan Officers Attitudes Toward Women, Men and Successful Business Owners (SBOs)

Hypothesis 2 proposed that there would be no significant difference in the attitudes of bank loan officers towards women, men or successful business owners. A series of two-sample *t*-test were conducted to compare the means of women and men, women and successful business owners, and men and successful business owners.

As table 10 shows on each of the nine dimensions assessed by the attitude survey significant differences between either women and men, women and successful business owners, or men and successful business owners were obtained.

Specifically, women were rated significantly lower than men on the dimensions of autonomy, risk-taking propensity, low need for support and lack of emotionalism. On the dimension of endurance men were rated significantly lower than women. There were no significant differences between men and women on the dimensions of leadership, readiness for change, low conformity and persuasiveness.

Women were rated significantly lower than successful business owners on all dimensions except persuasiveness. On this dimension there were no significant differences between the two groups.

Men were rated significantly lower than successful business owners on the dimensions of leadership, risk-taking propensity, readiness for change, endurance, low conformity and persuasiveness. On the dimensions of low need for support and lack of emotionalism successful business owners were rated significantly lower than men. There were no significant differences between men and successful business owners on the dimension of autonomy.

Significant differences between all groups were obtained on the dimensions of risk-taking propensity, endurance, low need for support and lack of emotionalism.

Table 10. Mean Evaluations of Men, Women and Successful Business Owners on Characteristics of Successful Entrepreneurship.

<i>Dimension</i>	<i>Mean Evaluations*</i>			<i>t-Tests</i>		
	<i>Women</i>	<i>Men</i>	<i>SBOs</i>	<i>W vs. M</i>	<i>W vs. S</i>	<i>M vs. S</i>
Leadership	3.83	3.96	4.60	1.42	8.32 ***	6.69 ***
Autonomy	3.84	4.16	4.40	2.61 **	4.29 ***	1.97
Risk Taking Propensity	3.29	3.81	4.10	5.75 ***	8.73 ***	2.94 **
Readiness for Change	3.83	3.80	4.28	.35	4.66 ***	4.62 ***
Endurance	4.27	3.95	4.73	2.89 **	3.81 **	7.63 ***
Low Need for Support	2.39	3.93	3.18	11.91 ***	6.03 ***	5.59 **
Lack of Emotionalism	2.66	3.76	3.44	11.27 ***	7.34 ***	3.01 ***
Low Conformity	3.37	3.37	3.96	.00	4.73 ***	4.40 ***
Persuasiveness	3.85	3.78	4.15	.50	1.93	2.58 **

* A score of 1 = not characteristic through to 6 = very characteristic

** p < .01

*** p < .0001

On the dimension of risk taking propensity women were rated significantly lower than men and SBOs. Men were rated higher than the women but lower than the SBOs. SBOs were rated significantly higher on risk taking propensity than men and women.

On the dimension of endurance men were rated significantly lower than women and SBOs. Women were rated as higher in endurance than men but lower than SBOs. SBOs were rated significantly higher than men and women in endurance.

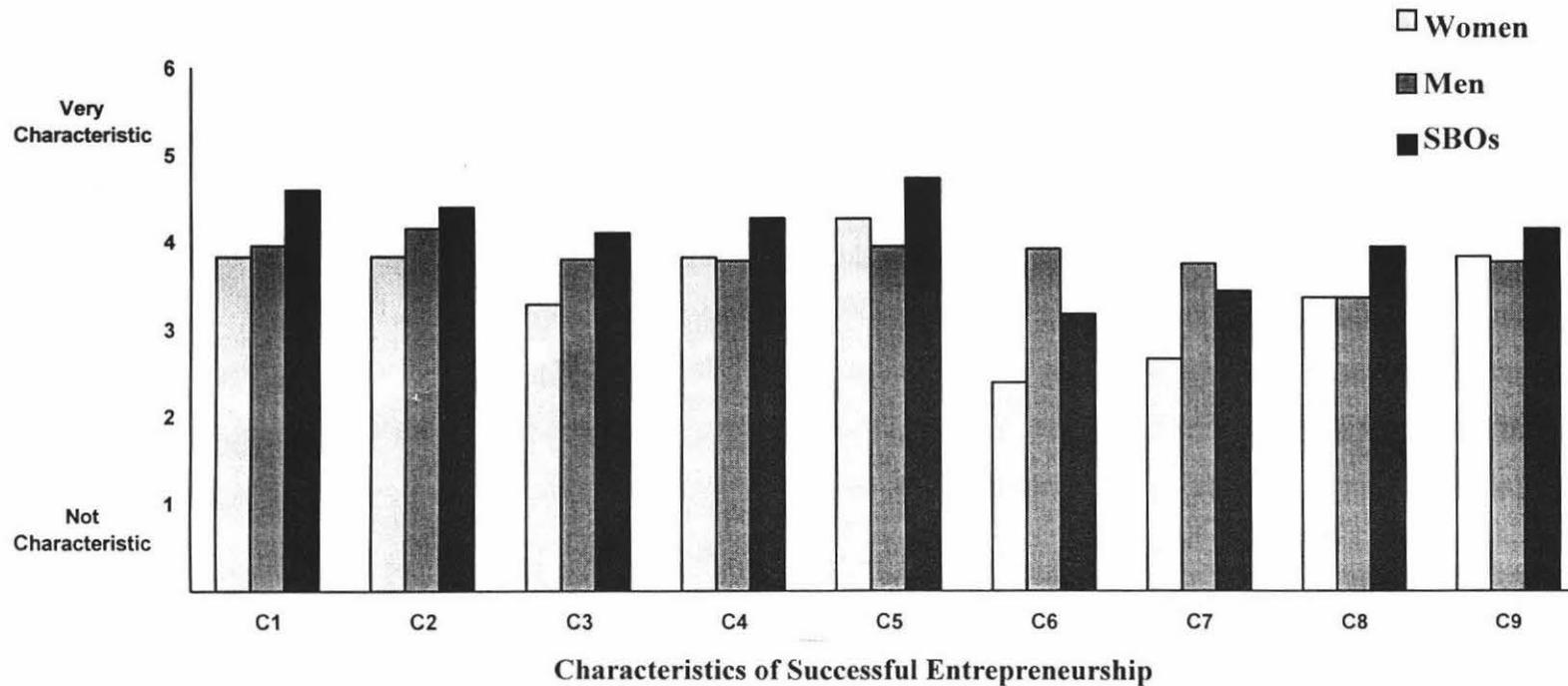
On the dimensions of low need for support and lack of emotionalism the same pattern of results occurred. Women were rated as significantly lower than men and SBOs. SBOs were rated higher than women but lower than men. Men were rated significantly higher than women and SBOs.

Figure 1 graphically depicts the scores on each of the dimensions for women, men and successful business owners. Table 10 also shows that men were more similar to SBOs than women on four of the dimensions assessed by the attitude survey whilst women were more similar to SBOs than men on dimension. This information is presented more clearly in Table 11.

Table 11. Dimensions on Which Women and Men Were Considered More Similar To SBOs

<i>Men more similar to SBOs than women</i>	<i>Women more similar to SBOs than men</i>	<i>No difference</i>
Autonomy	Endurance	Leadership
Risk taking Propensity		Readiness for Change
Lack of Emotionalism		Low Conformity
Low Need for Support		Persuasiveness

Figure 1. Mean Evaluations of Women, Men, and Successful Business Owners on Characteristics of Successful Entrepreneurship



C1 = Leadership

C2 = Autonomy

C3 = Risk taking Propensity

C4 = Readiness for Change

C5 = Endurance

C6 = Low Need for Support

C7 = Lack of Emotionalism

C8 = Low Conformity

C9 = Persuasiveness

Results Not Related to the Hypotheses

Buttner & Rosen (1988)

A one-sided *t*-Test was conducted to compare the mean ratings by bank loan officers of entrepreneurs/successful business owners, men in general and women in general from Buttner and Rosen's study (1988) with those obtained from the present study.

As Table 12 indicates the entrepreneurs in Buttner and Rosen's study were rated significantly higher than the successful business owners in the present study on all dimensions except lack of emotionalism. On this dimension successful business owners were rated higher than Buttner and Rosen's entrepreneurs but this failed to reach significance.

Seven of the nine attitude dimensions were rated as more characteristic of men in general from Buttner and Rosen's study than for men in general in the present study. Buttner and Rosen's men in general were rated significantly higher on leadership, autonomy, propensity for risk taking, readiness for change, endurance, conformity and persuasiveness dimensions.

Bank loan officers from Buttner and Rosen's study rated women in general significantly higher on the dimensions of need for support and persuasiveness than did bank loan officers from the present study. Women in the present study were rated significantly higher by bank loan officers than women in Buttner and Rosen's study on the dimensions of propensity for risk taking and readiness for change (See Table 12).

Table 12. A Comparison of Means and T-scores for Buttner and Rosen's (1988) and the Present Study.

<i>Attitude Dimension</i>	<i>Mean Evaluations</i> ***								
	<i>E^a</i>	<i>SBO</i>	<i>T</i>	<i>M^a</i>	<i>M</i>	<i>T</i>	<i>W^a</i>	<i>W</i>	<i>T</i>
Leadership	5.00	4.60	-5.94**	4.41	3.96	-6.78**	3.82	3.83	0.15
Autonomy	4.97	4.40	-6.44**	4.64	4.16	-5.79**	3.70	3.84	1.57
Propensity for Risk-taking	4.64	4.10	-7.55**	4.05	3.81	-3.50**	3.04	3.29	4.23**
Readiness for Change	4.59	4.28	-4.25**	4.07	3.80	-3.61**	3.37	3.83	7.00**
Endurance	5.21	4.73	-6.11**	4.59	3.95	-9.77**	4.17	4.27	1.14
Low Need for Support	4.07	3.18	-7.79**	3.71	3.93	0.74	3.31	2.39	-9.18**
Lack of Emotionalism	3.13	3.44	0.51	3.96	3.76	-0.37	2.23	2.66	1.76
Low Conformity	4.58	3.96	-6.63**	3.69	3.37	-3.40**	3.45	3.37	-1.03
Persuasiveness	4.45	4.15	-2.70*	4.17	3.78	-4.57**	4.20	3.85	-3.35**

^a Evaluations from Buttner & Rosen's (1988) study

* p<.01 ** p<.001 *** A score of 1 = not characteristics through to 6 = very characteristic

DISCUSSION

In this controlled experiment where financial data and business prospects were identical, there was no significant difference in the approval rates of small business loans based on the gender or education level of the applicant. There was a significant difference however in the importance ratings of 'type of business entering' and 'lease agreement' between female and male applicants. Both factors were considered more important for males.

On each of the nine dimensions assessed by the attitude survey significant differences between either men and women, women and SBOs or between men and SBOs were obtained. When differences between all the groups are considered it is apparent that women are less likely to be characterized as SBOs than men are. However, there were significant differences between all three groups on the dimensions of risk-taking propensity, endurance, low need for support and lack of emotionalism.

A comparison of Buttner and Rosen's (1988) findings with those obtained in the present study found that bank loan officers perceived SBOs, relative to men and women, to be characterized by the dimensions associated with successful entrepreneurship. Furthermore, men in Buttner and Rosen's study were rated significantly higher on the entrepreneurial dimensions than were men in the present study. Differences between women in both studies were less likely to occur. Significant differences between the two arose in the dimensions of propensity for risk taking, readiness for change, low need for support and persuasiveness.

Hypothesis 1: Loan Approval: Gender

Several studies have found that women business owners perceive themselves to be discriminated against when it comes to obtaining finance for their business (Hailey, 1987; Hisrich & O'Brien, 1982; Pellegrino & Reece, 1982; Schwartz, 1976). Two studies investigating whether gender discrimination in funding new businesses occurs produced conflicting results (Buttner & Rosen, 1989; Fay & Williams, 1991). Thus, one aim of the present study was to determine whether bank loan officers discriminate against women seeking a small business loan.

The analysis failed to find significant differences in the likelihood of bank loan officers approving a loan based on the gender of the prospective business owner. Thus, the hypothesis that there would be no significant difference in the approval rate of business loans based on the applicants gender was confirmed.

This finding is interesting because it contradicts the results of Fay and Williams (1991) upon which the present study was based. In their study it was found that bank loan officers discriminated against women with highschool education who were seeking small business loans. The contradictory results could be due to several factors.

Firstly, there was at least a six year time difference between the data collection phases of Fay and Williams (1991) and the present study. This time difference has seen an increasing number of women enter self employment and an increased emphasis on legislation relating to anti-discrimination. Drawing on Eagly's (1987) social-role theory it seems reasonable to suggest that the rapid growth of women into self employment may have influenced bank loan officers attitudes towards women as small business owners. The increase in contact may have been beneficial allowing women to dispel any negative stereotypes about women not being suitable to run a business. Thus limiting possible discrimination. Also, the increasing importance of anti-discrimination laws may be a factor which contributed to the contradictory findings. The implementation of anti-discriminatory policies and practices by banks in the six years since Fay and Williams (1991) study may have made it more difficult for bank loan officers to discriminate against people on the basis of their gender.

Secondly, Fay and Williams (1991) discrimination findings may be attributed to the photograph which was included in the mock loan application to identify the sex of the applicant. Research has indicated that the attractiveness of people can influence the way they are perceived and treated (Feingold, 1992; Marlowe et al., 1996). The attractiveness of the applicants photo may have unduly influenced the loan officers funding decisions and account for Fay and Williams (1991) findings of discrimination. The decision not to use a photograph in the present study eradicated the potentially confounding effect of attractiveness of the applicant. This may have contributed to the contradictory findings.

Thirdly, the contradictory results may have arisen from a difference in the samples. Whilst both studies employed New Zealand samples Fay and Williams (1991)

decision not to collect demographic data did not allow for a comparison of the participants. Differences between the two samples may explain the differential results. This explanation seems somewhat unlikely given the findings of the present study that the demographic characteristics of the sample did not effect the results.

The most likely explanation for the contradictory results is that anti-discrimination legislation which has been implemented by banks has made it difficult for bank loan officers to turndown a loan on the basis of the applicants gender.

This explanation is partially supported by the importance of 'sex' as a factor influencing bank loan officers funding decisions. On a three point scale from 1 being 'very important' to 3 being 'not so important' bank loan officers average rating of 'sex' was 2.96. This indicates that 'sex' is not an influential factor when bank loan officers make their funding decisions. In fact, when the average scores of all 12 potential influential factors are considered 'sex' was considered by bank loan officers to have the lowest importance (see Table 6 and Table 7).

Results showed that financial factors such as security ($\bar{x}=1.07$), ratio of debt/equity ($\bar{x}=1.19$), financial position of the business ($\bar{x}=1.20$) and personal finance ($\bar{x}=1.38$) were more important than gender in determining loan approval. This finding is reflected in studies which have examined the factors that bankers and venture capitalists consider when approving loans. Financial position, collateral and profitability were considered to be important when making funding decisions in several studies (Jackowicz & Hisrich, 1987; Jones, 1982; MacMillan, Siegel & Narasimha, 1985).

Analysis of the importance ratings for factors that influence approval decisions indicated that 'type of business entering' and 'lease agreement' were significantly more important for male applicants than female applicants. It is possible that this discrimination against men occurred because the type of business that was proposed in the loan scenario was in the service industry. Statistics on the self employed show that men are less likely than women to work in the service industry (New Zealand Department of Statistics, 1993). Bank loan officers may thus perceive men as being less likely to succeed in this non-typical male industry. This explanation is supported by other research evidence which has found that women entering non-traditional female occupations tend to be evaluated unfavorably for the position (Dipboye et al., 1975; Glick et al., 1988; Rosen & Jerdee, 1974) and for obtaining finance for the business

(Hisrich & Brush, 1983). In such circumstances it is likely that lease agreement becomes important for ensuring that the applicant will be in the business long enough to repay the loan.

Hypothesis 1a: Loan Approval: Education

Fay and Williams (1991) research found that education level was considered to be a more important factor for females than males when applying for a loan. Research on stereotyping also suggests that education can influence the more general stereotype of gender (Brenner, 1982; Chambers & Wilson, 1971; DiVesta & Thompson, 1970). Therefore, a further aim of the study was to determine whether level of education would influence bank loan officers funding decisions.

The analysis failed to find significant differences in the likelihood of approving a loan based on the education level of the applicant. Thus, the hypothesis that there would be no significant difference in the approval rate of business loans based on level of education was confirmed.

As with hypothesis 1 the contradiction to Fay and Williams (1991) results could be due to time differences between data collection points and sample differences. Additionally, the extensive experience that highschool applicants had as managers in the service industry may have compensated for their lack of education. This is supported by the bank loan officers ranking of past experience ($\bar{x}=1.26$) as being more important than educational background ($\bar{x}=2.36$) in funding decisions.

Additionally, the increasing growth of people into self employment may have required bank loan officers to acknowledge the differing life experiences and skills that people have beyond their level of education. Furthermore, experience may be more important than education in showing that the loan applicant has the practical skills and abilities necessary for owning and managing a business. Thus, education level is not as important as it may have been when Fay and Williams (1991) conducted their study.

Another way of determining whether gender discrimination occurs pertains to whether bank loan officers differentially recommended constraints be placed on the applicants. Analysis showed that the bank loan officers did not significantly differ in their recommendations for constraints. Thus, in terms of constraints the same conditions were offered for men and women and university and highschool educated applicants.

The combination of these results indicate that in general bank loan officers do not discriminate in rate of funding decisions and the financial constraints that they put on borrowers. However, bank loan officers do make it harder for men to obtain loans and thus they are engaging in a form of discrimination although it does not seem to effect their granting of loans or financial constraints placed on the loans.

Hypothesis 2: Attitudes

A further aim of the study was to determine what attitudes bank loan officers had about women as successful business owners. In order to answer this question analyses were conducted comparing the attitudes of bank loan officers to women, men and successful business owners.

The findings did not support the hypothesis that there would be no significant differences in bank loan officers attitudes towards women, men and successful business owners. On each of the nine dimensions assessed by the attitude survey significant differences between either men and women, women and successful business owners or successful business owners and men were obtained (see Table 10).

Men, compared to women, were perceived to be characterized more by autonomy, low need for support, lack of emotionalism and propensity to take risk. These differences in bank loan officers attitudes towards women and men appear to reflect the existence of general gender stereotypes.

The literature on gender stereotypes indicates that men are generally perceived as having higher needs for autonomy and independence than women (Broverman et al., 1972; Spence et al., 1985; Williams & Best, 1982). Similarly, in the present study men were characterized by autonomy more so than women. According to the items which make up this dimension men, compared to women, were perceived as being more self reliant, dominant and independent. Additionally, it could be argued that the dimension 'low need for support' is indicative of independence and men were also seen to embody this characteristic more so than women. Items measuring this dimension included low need for reassurance, low need for sympathy, low need for support, does not confide in others and does not desire close relationships. The low need for support from external sources appears to reflect a desire to be independent.

The finding that women compared to men were perceived as being least characterized by a lack of emotionalism is not surprising given that emotionalism is a trait usually associated with women (Spence et al., 1985). Results from this research found that women compared to men and SBOs were rated lowest on the lack of emotionalism dimension.

Previous research comparing attitudes of women, men and managers found that women were perceived to be lacking the characteristics, attitudes and temperament necessary for management positions (Schein, 1973, 1975). Similarly, Buttner and Rosen (1988) found that women, compared to men, were perceived to be lacking the characteristics necessary for successful entrepreneurship. The present research extended these findings to examine the attitudes of bank loan officers to women, men and successful business owners.

Consistent with Schein's finding that women were not seen as well suited for managerial roles and Buttner and Rosen's finding that women were perceived to lack the characteristics necessary for successful entrepreneurship, this study found that women, compared to men, were perceived to lack the characteristics necessary for successful business ownership. Men were rated as closer to SBOs on the dimensions of autonomy, risk taking propensity, lack of emotionalism and low need for support. Women, compared to men, were considered closer to SBOs on only one dimension- that of endurance (see Table 11).

These findings are somewhat similar to Buttner and Rosen's (1988) study which also found that men were rated as closer to successful entrepreneurs on the dimensions of autonomy, risk taking propensity, lack of emotionalism and low need for support. However, Buttner and Rosen's (1988) men were also considered to be closer to successful entrepreneurs on the dimensions of leadership, readiness for change and endurance. Interestingly, men and women in the present study were not considered to differ significantly on the dimensions of leadership or readiness for change. The similarity between men and women on the dimension of leadership is surprising as previous research by Schein (1973, 1975) and Heilman et al (1989) found that men were considered to be significantly higher in leadership ability than women.

It is possible that the increasing number of women in the workforce and in positions of leadership since the 1970s and late 1980s has seen a change in the

perceptions of people towards women as leaders. Furthermore, the research has shown that there are no differences in the success rates of businesses owned by males and females (Kalleberg & Leicht, 1991). Thus, bank loan officers may perceive women to be as capable of leadership as men are. Additionally, the differences in findings could be attributed to cultural differences between the samples included in the studies. It could be that New Zealanders have a more favorable view of women as leaders than American people do.

Results Not Related to the Hypotheses

Buttner and Rosen (1988)

The attitude survey utilized in the present study had been designed to measure entrepreneurship (Buttner & Rosen, 1988). Thus, the characteristics assessed by the survey were considered to represent the characteristics associated with successful entrepreneurship. A comparison of Buttner and Rosen's (1988) results with those of the present study was conducted to ascertain the extent to which bank loan officers perceive successful business owners, men and women as having the characteristics associated with successful entrepreneurship.

As is evident in Table 12 entrepreneurs are perceived as exhibiting a pattern of characteristics not readily assigned to evaluations of men and women. That is, entrepreneurs are considered to be high in leadership, autonomy, propensity for risk-taking, readiness for change, endurance, low need for support, low conformity, and persuasiveness and to exhibit a moderate level of emotionalism.

Interestingly SBOs were perceived as having the same pattern of characteristics as entrepreneurs. The only difference between the two groups surfaced in the need for support dimension where SBOs were considered to be moderately characterized by a low need for support.

This similarity is interesting because it suggests that bank loan officers perceive SBOs as having the characteristics deemed necessary for successful entrepreneurship. However, when the entrepreneurs and SBOs were compared statistically differences between the two became evident. Entrepreneurs were rated significantly higher than SBOs on all dimensions except lack of emotionalism. On this dimension there was no significant difference between the two groups. These results indicate that whilst bank

loan officers perceive SBOs as possessing the characteristics deemed necessary for successful entrepreneurship, SBOs do not have the characteristics to the same extent that entrepreneurs do.

Whilst men, compared to women, in both studies were considered to be more like successful entrepreneurs or SBOs comparisons between the two differed significantly. Buttner and Rosen's (1988) men were considered to be characterized by leadership, autonomy, propensity for risk taking, readiness for change, endurance, conformity and persuasiveness to a significantly greater extent than men in the present study. This suggests one of two things. Firstly, cultural differences between men in the differing countries exist whereby bank loan officers in the USA consider men to be more entrepreneurial than bank loan officers in New Zealand consider men to be. Alternatively bank loan officers in each of the studies may have been thinking differently about who a 'man in general' was. For instance different ratings would probably occur if one bank loan officer was thinking about a businessman whilst another bank loan officer was thinking about a man who works in a factory.

Women in the two studies were more similar with no significant differences occurring on five of the dimensions. On the remaining four dimensions a mixed pattern of results occurred. Buttner and Rosen's (1988) women were considered to be characterized by a low need for support and higher persuasiveness than women in the present study. However, women in the present study were considered to be significantly higher on the dimensions of propensity for risk taking and readiness for change. Again these differences may be attributed to cultural differences that exist between the bank loan officers participating in the studies, and what type of woman they were thinking of when making their assessments.

Limitations of the Present Study

Before discussing the implications of the findings it is important to discuss the limitations of the present study.

Firstly, although demographic data was collected on the sample it was not possible to determine whether the sample was representative of bank loan officers in general. It is possible that bank loan officers who participated in this study were inclined

to view women and people with high school education more favorably than bank loan officers in general. Thus, the results may not apply to all bank loan officers.

Secondly, of the 68 bank loan officers who provided their years of experience, 60% had over six years experience processing loans. Thus, some of the participants may have been involved in Fay and Williams (1991) earlier study. Furthermore, because Fay and Williams loan scenario was used in this study bank loan officers may have remembered aspects of the study. This is important, as the extent to which bank loan officers knew the purpose of the study effects the validity of the results.

Thirdly, the results may be limited because of response bias. Participants may not have expressed their true attitudes. This could have been due to a desire to give the answers they thought the researcher wanted or not wanting to admit certain attitudes that they have. This may also have been exacerbated by the participants bosses being involved in the research. The questionnaires were distributed to potential participants via their bosses. This may have inhibited their true responses.

Attempts were made to counteract this problem by informing participants that their responses were completely confidential and that individuals could not be identified. Additionally, participants were provided with pre-paid return envelopes so that responses did not have to be given to their bosses. Despite these efforts response bias may still have occurred. Obviously, if participants did not present their true responses then the results would not be an accurate reflection of their behavior or attitudes.

A further limitation of the study was that the attitude survey was placed before the loan application. Thinking about women, men and successful business owners in the course of completing the attitude survey may have sensitized participants to the true purpose of the study. If participants knew what the study was about it may have effected their true responses and thus limit the validity of the results.

The final limitation to be considered pertains to the content of the questionnaire. The loan application was concerned with only one industry (the service industry) and within the context of a hypothetical situation. Thus, it is not known whether the participants would have made the same decision in real life or even if the same results would have occurred had another industry been presented. For instance, Buttner and Rosen (1989) had conducted a similar study using the hypothetical business of a toxic

waste company. None of the 'applicants' in their study were granted a loan suggesting that the somewhat unusual toxic waste company could have influenced funding decisions.

The attitude survey was also limited in that its psychometric properties have not been rigorously tested. Thus, it is possible that the dimensions purportedly measured by the attitude survey are not reliable or valid. Until the psychometric properties of the attitude survey are established the results of the survey should be treated carefully.

The combination of these limitations indicates that the various results obtained in this study should be treated with caution. Despite the limitations the results do have several practical implications for bank loan officers and prospective business owners. These implications will be discussed in the following section.

Implications of the Present Study

Results from Hypothesis 1 indicated that there were no significant differences in the loan approval rates by bank loan officers based on the gender of the applicant. This implies that bank loan officers do not discriminate against women directly on the grounds of gender. Therefore, women whose small business loans are turned down should not immediately assume that it is due to gender discrimination. Results of this study indicate that loan turndown was probably due to a factor other than gender. For example, results indicated that financial aspects of the business are more important than gender of the applicant in deciding loan approval. This is supported by other research which has also identified financial factors as key determinants of loan approval (Jackowicz & Hisrich, 1987; Jones, 1982; MacMillan et al., 1985).

Women whose loans have been turned down should consider whether they had enough security available, whether the level of debt/equity was adequate and whether the financial aspects of the business were sound. However, research has found that women experience problems when it comes to the financial planning of their business (Battell, 1988; Hisrich & Brush, 1984). Thus, it may be important that prospective women business owners consult with professionals familiar with the financial aspects of businesses (e.g. accountants, business consultants) before they submit their loan application. This would give the women the opportunity to include relevant and accurate

financial details and reduce the chances that they submit an inferior loan application which may lead to loan turndown.

Noting that some women do experience difficulties with the financial aspects of managing and owning a business bank loan officers should provide unsuccessful loan applicants with information regarding why the loan was not approved. This would have benefits for banks and prospective business owners. It would allow the unsuccessful applicant the opportunity to rectify the problem and resubmit a better loan application which would increase the banks business. Informing prospective business owners why their loans have been turned down may also have the added benefit of preventing allegations of discrimination. It is possible that the allegations of discrimination found in studies such as Schwartz's (1976) and Hisrich and O'Brien's (1982) occurred because women were not told why their loan was not approved and so they assumed that it was because of their gender. However, if a person knows that her loan was denied because she lacked collateral then claims of gender discrimination may be less likely to occur.

The results also indicated that loan approval was not influenced by the level of education of the applicant. This was somewhat surprising given the research evidence that high levels of education (eg. university) are associated with the managerial stereotype (Brenner, 1982; Chambers & Wilson, 1971; DiVesta & Thompson, 1970). The finding that level of education did not result in differential loan approval and that it was considered not at all important in funding decisions has several implications for prospective business owners.

Firstly, it seems to suggest that prospective business owners, regardless of their level of education, should concentrate on highlighting the relevant industry experience that they have. This suggestion is especially important for people with university education who may lack the experience which bank loan officers consider very important when making their funding decisions.

Secondly, prospective business owners who are thinking about furthering their education should consider whether the loss of experience during this time would adversely effect their chances of obtaining a loan. Prospective business owners could however study part-time so that they would have the opportunity to acquire relevant experience, pursue a course which incorporates practical experience relevant to the

business they are entering and/or highlight the skills which were obtained in the course of furthering their education which would be relevant to the business entering.

The finding that there were no significant differences in the approval rates of loans for men and women and highschool and university educated people should be good news for bank loan officers. It indicates that bank loan officers are basing their funding decisions on characteristics relevant to the successful management of a business and not on irrelevant details such as the gender of the applicant.

Even though results indicated that approval rates of loans did not differ between men and women and university and highschool educated people the results did show that 'type of business entering' and 'lease agreement' were significantly more important for men than women. This indicates that the male applicants may have been discriminated against. It was proposed earlier that 'type of business entering' was more important for men because they were entering a business typically associated with women. If this proposal is correct the results have important implications for prospective male business owners and bank loan officers.

The finding implies that bank loan officers are engaging in occupational stereotyping which makes it more difficult for men to obtain funding for a business not typically associated with their gender. The consequences of these actions could potentially be great for banks. If bank loan officers are making it harder for people to obtain loans because they are entering an occupation untypical of their gender then they could be turning away capable business owners. This could result in a loss of income and future business for banks.

The implication for prospective male business owners is that it may be harder for them to get a loan if they are applying for funding in an industry which is not typical of their gender. The results indicated that 'experience' was the most important personal characteristic which influences bank loan officers funding decisions. Thus, prospective male business owners entering an untypical occupation could highlight experience that they have relevant to the industry they are entering. This information could be highlighted in their resume and also in interviews with the bank loan officer. Including references from past employers or teachers which highlight the relevant skills might also be helpful.

Results from the attitude survey indicated that bank loan officers do hold differential attitudes about women, men and SBOs. Yet, inspite of these differential attitudes the bank loan officers did not discriminate against women in their funding decisions. Thus, we can infer that the differential attitudes bank loan officers hold about women, men and SBOs do not influence their funding decisions. This is good for both bank loan officers and prospective female business owners. It implies that although women, compared to men, are perceived as not having the characteristics necessary for SBO, these do not unduly influence bank loan officers funding decisions.

However, the effects of holding such differential attitudes has to be considered. As discussed previously research has indicated that even though women aren't discriminated against when it comes to obtaining loans they either feel themselves to be discriminated against or feel uncomfortable with their banker (Fabowale et al., 1995; Hisrich & O'Brien, 1982; Pellegrino & Reece, 1982; Schwartz, 1976). It may be possible that such feelings are a result of the attitudes that bank loan officers have about women as successful business owners. For example, bank loan officers behavior and interactions with their women clients may be influenced by their perception that women lack the characteristics necessary for successful business ownership. This may have several consequences. Obviously it may result in women feeling that they have been discriminated against. It could also result in feelings of frustration, resentment and tension between the bank loan officer and the women client. Worst of all it could result in capable women deciding not to start their business at all. Given the growing importance of self employment to the economy and the increasing number of women entering self employment this is an important concern.

Bank loan officers therefore need to consider how their attitudes can effect their behavior and the consequences of their actions on women clients. Focus groups examining this issue could be implemented by banks to facilitate this process. Prospective women business owners should be aware of the attitudes that bank loan officers have about them. It may help to highlight those characteristics considered necessary for successful business ownership which women are perceived to lack. Although this will not influence whether or not the loan will be approved it may help to create a better working relationship with the banker. As bank loan officers are key

members of the business owners support group it would be worthwhile making the effort to enhance the working relationship between the two.

Suggestions for Future Research

The conflicting results of Hypothesis 1 and Hypothesis 1a with the results obtained in Fay and Williams (1991) study indicates a need to replicate the study in New Zealand. This would clarify and build upon the results already obtained. However, this may be problematic. As mentioned previously it is possible that participants in the present study had also participated in Fay and Williams earlier study thereby effecting the validity of the results. To overcome the same problem occurring in another New Zealand study a suitable time period would have to pass before the study was replicated. The chosen time period would need to be long enough that bank loan officers have forgotten the purpose and the results of the two earlier studies.

Results of the present study indicated that bank loan officers discriminate against men by making it harder for them to obtain a loan. It was proposed that this may be due to occupational sex-typing which results in unfavorable evaluations of people entering occupations not traditionally associated with their gender. Research investigating the occurrence and potential effects of occupational sex-typing on funding decisions would provide a useful extension to these results. Researchers could utilize a methodology similar to that employed in the present study and give participants identical loans varying the type of business that the applicant is entering. The type of business entering should be based on stereotypes about the jobs that men and women are expected to undertake. For example, a manufacturing business (building) is typically associated with men whilst retail businesses (a clothes shop) are typically associated with women (New Zealand Department of Statistics, 1996). Differences in loan approval and/or the importance of factors associated with loan decisions between men and women could then be attributed to gender discrimination and/or occupational sex-typing. Obviously, the results of a study such as this would have important implications for prospective business owners entering an occupation not typically associated with their gender and for bank loan officers who may be unaware of the influence of certain stereotypes that they hold.

It was found that education was not considered to be an important factor influencing loan decisions but it was proposed that this may have been due to the extensive managerial experience that the applicant had. Further research should be conducted to determine whether the same funding decisions would have occurred if the applicant had had less experience, and whether having less managerial experience would effect the importance rating of education. Given the increasing growth of women into self employment future research assessing the potential influence of other characteristics on funding decisions (eg., being married, having children) should also be conducted. This line of research would be useful for identifying which characteristics, if any, result in discriminatory behaviour.

Results of the present study indicated that bank loan officers do not discriminate against women when it comes to approving loans. However, it is not known whether other sources of funding would produce the same results. Whilst Gilbertson et al (1995) and Lambden and Target (1990) report that up to 50% of people fund their businesses through banks, 50% of people entering businesses finance their business through other sources. This suggests that similar research should be conducted with other funding sources. For example, small banks like Rarobank, government agencies such as business development boards and Trusts which fund small businesses could be used as participants in similar research. This would allow a comparison to be made between each of the different sources and could be especially helpful for prospective business owners wondering who they should approach for a business loan.

Results comparing Buttner and Rosen's (1988) study with those of the present study found that SBOs are perceived to exhibit the same pattern of characteristics as successful entrepreneurs but to a different degree. This finding has several possibilities for future research. Additional research could be conducted to determine why this particular pattern is occurring. For instance, why is a moderate level of emotionalism associated with SBOs and successful entrepreneurs? Research along this line may allow researchers to understand the perceived differences between entrepreneurs and men and women in general. Research identifying the characteristics deemed necessary for successful business ownership could also be carried out. This would allow for the construction of a valid tool assessing characteristics associated with successful business ownership and would give researchers in this area a better understanding of how groups

such as entrepreneurs, managers and business owners are similar and how they are different.

Given the differing attitudes of bank loan officers towards women, men and successful business owners it seems appropriate that further research be conducted investigating these differences. For instance, would the same ratings occur if assessments were made of 'successful female business owners' and 'successful male business owners'? This would highlight what differences, if any, exist between perceptions of the two groups and may have implications for women and men considering business ownership.

Summary and Conclusion

The discussion had four main purposes. Firstly, to present the main results of the study. Secondly, to identify the limitations of the study. Thirdly, to discuss the implications of the findings as they pertain to bank loan officers and prospective business owners and finally to make some suggestions for future research based on the findings of the study.

Hypotheses 1 and 1a were confirmed indicating that bank loan officers do not differ in the number of loans they approve based on the gender or education level of the applicant. It was noted that these findings contradicted the research findings of Fay and Williams (1991) and was probably due to an increased emphasis on anti-discrimination legislation preventing bank loan officers from discriminating against people on the basis of their gender.

Results also showed that bank loan officers considered 'type of business entering' and 'lease agreement' more important for males than females when making their loan decisions. It was suggested that bank loan officers may be engaging in occupational sex-typing which makes it more difficult for men to obtain loans when they are entering a business not typical of their gender.

On each of the nine dimensions assessed by the attitude survey significant differences between men, women and SBOs were obtained. Basically, men were considered to have more of the characteristics associated with successful business ownership than women were.

A comparison of Buttner and Rosen's (1988) study with the present study found that SBOs exhibited the same pattern of characteristics associated with entrepreneurship yet to a lesser extent than entrepreneurs. Furthermore, men compared to women, in both studies, were considered to exhibit the characteristics of entrepreneurship.

Limitations of the study included the possibility that the sample was not representative of bank loan officers in general, that participants in the present study had also participated in Fay and Williams (1991) earlier study, that response bias may have occurred, that placement of the attitude survey before the loan application may have sensitized participants to the purpose of the study, that the loan application only assessed one industry and was hypothetical and finally that the attitude survey may not be a reliable or valid instrument. Based on these limitations it was concluded that the results of the study should be treated with caution.

Implications of the results for prospective business owners included not assuming that loan turndown is due to gender discrimination, highlighting relevant experience and focusing on financial aspects of the business. Whilst the results indicate that bank loan officers are not discriminating against people on the basis of their gender or level of education, it was suggested that they should provide people with information regarding why their loan had been denied, being aware of the influence of sex-typing on their funding decisions and considering how their attitudes may be effecting their interactions with female clients.

Suggestions for future research focused primarily on extending the results obtained in the present study. This included investigating other sources of funding for small business owners, examining the effects of other characteristics of an individual on funding decisions and ascertaining the differences and similarities between entrepreneurs, successful business owners and managers.

Based on the findings obtained in the present study it is concluded that bank loan officers differential attitudes towards women and men as successful business owners do not adversely influence their funding decisions. However, the possibility that bank loan officers are engaging in occupational sex-typing, which makes it harder for males to obtain a loan than females, is a significant problem and should be investigated in further studies.

APPENDIX A
Letter accompanying questionnaire for approval

Shirley Duff
Psychology Dept
Massey University
Palmerston North

Dear Mr

I contacted you on _____ regarding the possibility of using people in your organization as participants in my research. As per our telephone conversation I have enclosed a copy of my questionnaire for you to view. I would like to emphasize that the research and its results are completely confidential. Neither the banks or the employees involved in the research will be able to be identified.

The information sheet contained on page 2 will outline the details of the study to you. I do however have the following comments to make regarding the structure of the questionnaire.

Section 1:

The purpose of this section is to collect basic demographic information about the participants. It might be of interest to note that banks are not identified in anyway.

Section 2:

The attitude survey is designed to assess the bank loan officers perceptions of entrepreneurial characteristics. This particular questionnaire assesses nine dimensions said to be characteristic of entrepreneurs. These dimensions are as follows: leadership, autonomy, propensity to take risk, readiness for change, endurance, lack of emotionalism, low need for support, low conformity and persuasiveness.

Section 3:

This section is probably of most interest to you. This section consists of a mock loan application and then several questions designed to elicit information about the decision making processes bank loan officers utilize when making their decisions.

I would like to add that my research is based on a psychological perspective and as such conforms to the ethical standards set for the conduct of research by the New Zealand

Psychological Society. A detailed proposal containing a copy of my questionnaire and a summary of the research has been approved by the Massey University Ethics Committee.

I can be contacted at the above address or by phoning on [REDACTED] or [REDACTED] if you have any queries. I look forward to receiving a reply at your earliest convenience.

Yours Sincerely

Shirley Duff

APPENDIX B**Letter to managers asking them to distribute the questionnaires.**

Shirley Duff
Psychology Department
Massey University
Palmerston North

Dear Mr

I contacted you on regarding the possibility of using people in your organization as participants in my research. As per our telephone conversation I have enclosed questionnaires for you to distribute to those people who are responsible for approving or denying small business loans.

I would like to thank you for assisting me in my quest for participants. I shall send you a summary of the main results at the conclusion of the study. I expect you will receive this mid-November. Thank you again.

Yours Sincerely

Shirley Duff

APPENDIX C
The research questionnaire

ATTITUDES AND THE LOAN APPLICATION PROCESS

INVITATION TO PARTICIPATE IN PRESENT STUDY

Dear Sir/Madam,

My name is Shirley Duff and I am a graduate student in Industrial and Organizational Psychology at Massey University. As part of the requirements for completion of my MA I am undertaking a thesis research project.

I am seeking volunteers to participate in my study which is investigating the relationship between common attitudes and decisions regarding loan approval. The study is being supervised by Dr Douglas Paton, Associate Professor, Department of Psychology, Massey University and is in accordance with the ethical standards for the conduct of research set by the Massey University Ethics Committee and the New Zealand Psychological Society.

Details of the research are provided in the attached information sheet. Please read through this carefully and if you are willing to participate in the study, complete the questionnaire and return it in the envelope provided. Returning the questionnaire will be taken to imply that you have given your consent to participate in the study.

Please do not hesitate to contact myself or my supervisor Douglas Paton if you have any queries about the questionnaire or the research in general. You may wish to contact us at the above address, Fax us at [REDACTED] phone Shirley Duff at [REDACTED] or Douglas Paton at ([REDACTED])

Yours Sincerely

Shirley Duff

Douglas Paton

ATTITUDES AND THE LOAN APPLICATION PROCESS

INFORMATION SHEET

My name is Shirley Duff and I am a graduate student in Industrial and Organizational Psychology at Massey University. As part of the requirements for completion of my MA I am undertaking a thesis research project. The purpose of this research is to investigate the relationship between common attitudes and decisions regarding loan approval.

The project is being supervised by Dr Douglas Paton, Associate Professor, Department of Psychology, Massey University and is in accordance with the ethical standards set for the conduct of research by the Massey University Ethics Committee and the New Zealand Psychological Society. We would like to take this opportunity to invite you to participate in this study.

Questionnaires are being sent to every lending officer who is employed at a bank which has been randomly selected from a list of all major banks in the North Island. The bank branches were compiled by manually listing those found in local telephone books. Bank branches were then assigned numbers and a computer generated list of random numbers was used to select the branches for participation in the study.

Please do not hesitate to contact either of the researchers if you have any queries about the questionnaire or the research in general. You may wish to contact us at the above address, Fax us at ([REDACTED]) phone Shirley Duff at ([REDACTED]) or Douglas Paton at [REDACTED]

What is the present study about?

The present study will investigate attitudes and the decision-making process involved in making loan decisions. I feel this is an important area to study as bank loans are considered to be a major source of funding for individuals wishing to start their own business. To do this, we will ask you a number of questions about your attitudes towards different groups of people. You will also be asked to read a 'mock' loan application and then answer some questions regarding the information you utilize when making loan approval decisions.

Eligibility

You are eligible to take part in the study if you are responsible for approving or denying loan applications.

What you will be asked to do

You will be asked to complete a questionnaire that will take about thirty minutes of your time. You will not be expected to answer any questions that you do not feel comfortable about and you have the right to decline to answer any question.

Filling out the questionnaire implies consent to participate in the study.

All information will be treated in the strictest confidence. The questionnaire data will be available only to the researchers and stored in a secured area. Participants will be given the opportunity to be provided with a summary of results at the conclusion of the study. Your employers will **not** be furnished with any information about participants, nor will they have access to any questionnaire data, other than in the form of statistical summaries of combined responses. No reference to individuals will be contained in these summaries, nor will they contain information about geographical location which could be used to identify individuals. If you would like to receive a copy of the summary report, please sign your request at the end of the questionnaire.

Your rights as a participant

All participants have the right to:

- * contact the researchers at any time during the research to discuss any aspects of the study.
- * decline to answer any question.
- * withdraw from the study at any time.
- * provide information on the understanding that all responses will be held in complete confidence by the researchers, to be used only for the purposes of the research. It will not be possible to identify individuals in any reports of the results.
- * have the right to receive information about the results of the study on its completion.

Shirley Duff

Douglas Paton

Demographic information for description purposes only.

1. Sex (tick one)	<input type="checkbox"/>	Male	<input type="checkbox"/>
	<input type="checkbox"/>	Female	
2. Age (tick one)	<input type="checkbox"/>	Under 20	<input type="checkbox"/>
	<input type="checkbox"/>	20-25	
	<input type="checkbox"/>	26-30	
	<input type="checkbox"/>	31-35	
	<input type="checkbox"/>	36-40	
	<input type="checkbox"/>	41-45	
	<input type="checkbox"/>	46-50	
	<input type="checkbox"/>	51-55	
	<input type="checkbox"/>	Over 55	
3. Ethnic Identity (Tick one)	<input type="checkbox"/>	European New Zealander	<input type="checkbox"/>
	<input type="checkbox"/>	Maori New Zealander	
	<input type="checkbox"/>	Pacific Islander	
	<input type="checkbox"/>	European* _____	
* SPECIFY COUNTRY OF ORIGIN	<input type="checkbox"/>	Asian* _____	
	<input type="checkbox"/>	Other* _____	
4. Size of organization/number of employees at branch (tick one)			<input type="checkbox"/>
	<input type="checkbox"/>	Less than 25	
	<input type="checkbox"/>	25-50	
	<input type="checkbox"/>	51-150	
	<input type="checkbox"/>	151-300	
	<input type="checkbox"/>	More than 300	

5. How many business loan applications do you process in an average month? (Tick one).

- 1-5
- 5-10
- 10-20
- 20-40
- more than 40

OFFICE
USE ONLY

6. How long have you been involved in the loan application process (in years)? (ie. 0 to 1 year = 1 year)

— years

7. Current Position (tick one)

- Manager
- Supervisor
- Department Manager
- Loan Officer
- Other (please state) _____

8. Current Job Title _____

IT IS IMPORTANT THAT YOU READ THIS BEFORE PROCEEDING.

I am interested in the common attitudes that people involved in business loan approval have about various groups in New Zealand. On the following pages you will find a series of descriptive items commonly used to characterize people in general. Some of these items are positive in connotation, others are negative, and some are neither very positive nor very negative.

We would like you to use the list to tell us what you think women in general (or men in general, or successful business owners) are like. In making your judgments, it may be helpful to imagine that you are about to meet a person for the first time and the only thing you know in advance is that the person is an adult women (or an adult man, or a successful business owner). Please rate each word or phrase in terms of how characteristic it is of women in general (or men in general, or successful business owners).

For example, using the scale below you would circle the number which based on your view, best describes how characteristic self-confidence is in women (as a group).

	Not Characteristic	1	2	3	4	5	Very Characteristic
Self-confidence		1	2	3	4	5	6

The number you circle should reflect your attitude on the attribute (e.g. self-confidence is not characteristic (1) through to self-confidence is very characteristic (6)) for the particular group, in this case women.

There are no right or wrong answers, just record what you consider to be appropriate. Please do not discuss this questionnaire with anyone else as it is important that the ratings given are your own. Try not to skip any of the items.

Circle the number which in your opinion best describes how characteristic the attribute is for the group MEN.

	Not Characteristic			Very Characteristic		
	1	2	3	4	5	6
Self confident	1	2	3	4	5	6
Demonstrates leadership ability	1	2	3	4	5	6
Able to inspire others	1	2	3	4	5	6
Intelligent	1	2	3	4	5	6
Forceful	1	2	3	4	5	6
Assertive	1	2	3	4	5	6
Self-reliant	1	2	3	4	5	6
Independent	1	2	3	4	5	6
Dominant	1	2	3	4	5	6
Ability to handle risk	1	2	3	4	5	6
Ability to evaluate risk	1	2	3	4	5	6
Copes well with uncertainty	1	2	3	4	5	6
Enjoys taking risks	1	2	3	4	5	6
Willing to take chances	1	2	3	4	5	6
Enjoys gambling	1	2	3	4	5	6
Adapts readily to change	1	2	3	4	5	6
Unafraid of different experiences	1	2	3	4	5	6
Easily bored by routine	1	2	3	4	5	6
High energy level	1	2	3	4	5	6

Circle the number which in your opinion best describes how characteristic the attribute is for the group MEN.

	Not Characteristic			Very Characteristic		
	1	2	3	4	5	6
Capable of sustained effort	1	2	3	4	5	6
Persistent	1	2	3	4	5	6
Does not tire easily	1	2	3	4	5	6
Not aware of others' feelings	1	2	3	4	5	6
Not emotional	1	2	3	4	5	6
Not compassionate	1	2	3	4	5	6
Low need for reassurance	1	2	3	4	5	6
Low need for support	1	2	3	4	5	6
Low need for sympathy	1	2	3	4	5	6
Does not desire close relationships	1	2	3	4	5	6
Does not confide in others	1	2	3	4	5	6
Does not go along with the crowd	1	2	3	4	5	6
Not easily influenced by others' opinion	1	2	3	4	5	6
Persuasive	1	2	3	4	5	6
Manipulative	1	2	3	4	5	6

Circle the number which in your opinion best describes how characteristic the attribute is for the group WOMEN.

	Not Characteristic			Very Characteristic		
	1	2	3	4	5	6
Self confident	1	2	3	4	5	6
Demonstrates leadership ability	1	2	3	4	5	6
Able to inspire others	1	2	3	4	5	6
Intelligent	1	2	3	4	5	6
Forceful	1	2	3	4	5	6
Assertive	1	2	3	4	5	6
Self-reliant	1	2	3	4	5	6
Independent	1	2	3	4	5	6
Dominant	1	2	3	4	5	6
Ability to handle risk	1	2	3	4	5	6
Ability to evaluate risk	1	2	3	4	5	6
Copes well with uncertainty	1	2	3	4	5	6
Enjoys taking risks	1	2	3	4	5	6
Willing to take chances	1	2	3	4	5	6
Enjoys gambling	1	2	3	4	5	6
Adapts readily to change	1	2	3	4	5	6
Unafraid of different experiences	1	2	3	4	5	6
Easily bored by routine	1	2	3	4	5	6
High energy level	1	2	3	4	5	6

Circle the number which in your opinion best describes how characteristic the attribute is for the group WOMEN.

	Not Characteristic			Very Characteristic		
	1	2	3	4	5	6
Capable of sustained effort	1	2	3	4	5	6
Persistent	1	2	3	4	5	6
Does not tire easily	1	2	3	4	5	6
Not aware of others' feelings	1	2	3	4	5	6
Not emotional	1	2	3	4	5	6
Not compassionate	1	2	3	4	5	6
Low need for reassurance	1	2	3	4	5	6
Low need for support	1	2	3	4	5	6
Low need for sympathy	1	2	3	4	5	6
Does not desire close relationships	1	2	3	4	5	6
Does not confide in others	1	2	3	4	5	6
Does not go along with the crowd	1	2	3	4	5	6
Not easily influenced by others' opinion	1	2	3	4	5	6
Persuasive	1	2	3	4	5	6
Manipulative	1	2	3	4	5	6

Circle the number which in your opinion best describes how characteristic the attribute is for the group **SUCCESSFUL BUSINESS OWNER**.

	Not Characteristic			Very Characteristic		
	1	2	3	4	5	6
Self confident	1	2	3	4	5	6
Demonstrates leadership ability	1	2	3	4	5	6
Able to inspire others	1	2	3	4	5	6
Intelligent	1	2	3	4	5	6
Forceful	1	2	3	4	5	6
Assertive	1	2	3	4	5	6
Self-reliant	1	2	3	4	5	6
Independent	1	2	3	4	5	6
Dominant	1	2	3	4	5	6
Ability to handle risk	1	2	3	4	5	6
Ability to evaluate risk	1	2	3	4	5	6
Copes well with uncertainty	1	2	3	4	5	6
Enjoys taking risks	1	2	3	4	5	6
Willing to take chances	1	2	3	4	5	6
Enjoys gambling	1	2	3	4	5	6
Adapts readily to change	1	2	3	4	5	6
Unafraid of different experiences	1	2	3	4	5	6
Easily bored by routine	1	2	3	4	5	6
High energy level	1	2	3	4	5	6

Circle the number which in your opinion best describes how characteristic the attribute is for the group **SUCCESSFUL BUSINESS OWNER.**

	Not Characteristic				Very Characteristic	
Capable of sustained effort	1	2	3	4	5	6
Persistent	1	2	3	4	5	6
Does not tire easily	1	2	3	4	5	6
Not aware of others' feelings	1	2	3	4	5	6
Not emotional	1	2	3	4	5	6
Not compassionate	1	2	3	4	5	6
Low need for reassurance	1	2	3	4	5	6
Low need for support	1	2	3	4	5	6
Low need for sympathy	1	2	3	4	5	6
Does not desire close relationships	1	2	3	4	5	6
Does not confide in others	1	2	3	4	5	6
Does not go along with the crowd	1	2	3	4	5	6
Not easily influenced by others' opinion	1	2	3	4	5	6
Persuasive	1	2	3	4	5	6
Manipulative	1	2	3	4	5	6

LOAN APPLICATION INSTRUCTIONS

The following pages contain a mock loan application. Please read the information provided and answer the questions contained at the end of the application. A space has been provided for any comments you may wish to make at the end of the questionnaire. Thank you.

LOAN APPLICATION SUMMARY

Applicant: Jonathan Mark Jones
 [REDACTED]
 [REDACTED]

Amount Requested: \$33,500

Term Requested: 5 years

Security: House - Current Registered Valuation \$60,000
 Additional security of \$20,000 is available (stock & plant)

Purpose of Loan: Purchase of Sunray Restaurant, 149 Main Str, Tourist Town. Sale price of the business is \$56,000. This includes goodwill, stock, plant and furniture. The premises will be leased.

How the purchase will be financed:

USE OF FUNDS:	SOURCE OF FUNDS		
	LOAN	EQUITY	TOTAL
Purchase of Business	33,500	22,500	56,000
Working Capital		6,000	6,000
Other: Refurbishing		3,500	3,500
TOTAL	33,500	32,000	65,500

RESUME

NAME: Jonathan Mark Jones

ADDRESS: [REDACTED]

PHONE: [REDACTED]

MARITAL STATUS: Single

AGE: 32

EDUCATION: 1978-1982 Waimea College, Nelson
1983-1985 B.A Otago University

**EMPLOYMENT AND
BUSINESS EXPERIENCE:** 1986-1991 Trainee Manager, Hotel Industry
1992- 1997 Manager of Hotel

**PERSONAL FINANCIAL
STATEMENT:**

ASSETS **\$**

Cash on hand and in banks	24,000
Shares, Stocks & Bonds	8,000
Real Estate	60,000
Vehicle	12,000
Other Personal Assets	7,000
TOTAL ASSETS	111,000

LIABILITIES **\$**

Accounts Payable	300
Mortgages on Real Estate	15,000
Hire Purchase (Television)	1,500
Credit/Bankcard	600
TOTAL LIABILITIES	17,400
NET WORTH	93,600

BUSINESS PLAN

Name of firm:	Sunray Restaurant
Owner to be:	Jonathan Mark Jones, Sole Proprietor
Method of acquisition:	Buy out existing restaurant, stock, plant and goodwill. Rent premises.
Type of business proposed:	A restaurant with an intimate, warm atmosphere and innovative cuisine- featuring New Zealand seafood and game as a specialty.
Location:	149 Main Str, Tourist Town, South Island. The proposed restaurant is surrounded by numerous other business establishments in the main retail area. Parking is available nearby. The closest competitor is two blocks away. The town's businesses are not affected by seasonality, experiencing a steady flow of visitors all year.
Research:	The tourist and publicity department of Tourist Town have noted that Main Street is a focal point for visitors. A need has been revealed for eating houses catering for the middle and upper portion of the tourist market.
Competition:	At present Tourist Town has two family restaurants and 3 fast food outlets. The proposed restaurant is not seen to have direct competition.
Past history of restaurant:	Sunray Restaurant is presently owned by Mr. and Mrs. E. Johnson who have operated it as a family restaurant for 15 years. They wish to sell it as they plan to retire.
Marketing plan of the proposed business:	Minor redecoration will be necessary to develop an image consistent with the proposed new business. This will consist of painting interior walls, purchasing new table linen and sign writing at the front of the premises. Local painters works will be hung and offered for sale on a commission basis.
Personnel:	One 1st cook, one 2nd cook, two full-time waitresses, one kitchen hand and a number of on-call waitresses will assist in the restaurant. The applicant will manage the kitchen and restaurant and purchase supplies.

PROFIT LOSS STATEMENT
(Last 12 months and Projected 12 months)

	NEXT 12 MONTHS PROJECTED INCOME \$	LAST 12 MONTHS PRESENT OWNER \$
Sales	319,600	311,500
Less:		
Opening stock	525	400
Purchases	135,855	124,725
Less:		
Closing stock	540	525
Cost of goods sold	135,840	124,600
Gross Profit	183,760	186,900

LESS OVERHEAD EXPENSES:

Accountancy	2,900	2,810
ACC Levies	652	328
Advertising	850	740
Depreciation	1,500	973
General Expenses	831	793
Electricity	2,990	2,986
Insurance	200	103
Interest (25%)	8,375	5,645
Vehicle Expenses**	3,103	9,439
Printing/Stationary	700	475
Rent	14,300	13,005
Repairs/Maintenance	1,750	430
Refurbishing	3,500	-
Telephone	250	238
Wages	70,000	63,573
TOTAL	111,901	101,569
NET PROFIT	71,859	85,331

** Previous owners repaying motor vehicle loan: Loan applicant owns vehicle.

4. Please indicate the importance of each of the following factors in assisting you to reach your decision. (Tick the appropriate boxes).

	Very Important	Important	Not so Important
Past Experience	[]	[]	[]
Educational Background	[]	[]	[]
Sex	[]	[]	[]
Age	[]	[]	[]
Marital Status	[]	[]	[]
Present Personal Financial Position	[]	[]	[]
Security Available	[]	[]	[]
Type of Business Entering	[]	[]	[]
Financial Position of Business	[]	[]	[]
Debt/Equity Ratio	[]	[]	[]
Type of Loan Sought	[]	[]	[]
Banking History	[]	[]	[]
Lease Agreement	[]	[]	[]
Other: Please Specify	[]	[]	[]

5. If you recommended your financial institution grant a loan would you place any managerial or financial constraints on the borrower? (Tick appropriate box)

Yes [] No []

Please briefly explain your answer

Thank you for your consideration. Any comments you would like to make would be welcome.

REQUEST FOR SUMMARY INFORMATION

Please fill out the following information if you would like to request a summary of the research results at the conclusion of this study.

I would like to request a summary of the information from this research. I understand that the summary will not contain information about any individuals results. I also understand that this sheet will be detached from the questionnaire as soon as the researcher receives it.

I would like the summary to be sent to:

NAME:

ADDRESS:

SIGNATURE:

DATE:

APPENDIX D

Coverpage accompanying questionnaires in the second mail out

ATTITUDES AND THE LOAN APPLICATION PROCESS

Dear Sir/Madam,

Two weeks ago you received a questionnaire and a letter from Massey University graduate student Shirley Duff. If you have already returned your questionnaire, I would like to thank you for your assistance and co-operation with this research.

If you have not yet returned your questionnaire, and if you would like to assist in the research, I would appreciate receiving your questionnaire at your earliest convenience.

Please do not hesitate to contact myself or my supervisor Douglas Paton if you have any queries about the questionnaire or the research in general. You may wish to contact us at the above address, Fax us at [REDACTED] phone Shirley Duff at [REDACTED] or phone Douglas Paton at [REDACTED]

Yours Sincerely

Shirley Duff

Douglas Paton

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