

# The factors affecting the risk attitude in entrepreneurship: evidence from Latin America

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## Abstract

This article departs from the traditional analysis of the effects of risk aversion in entrepreneurship to study the determinants of entrepreneurial risk aversion in developing a new venture and becoming an entrepreneur. We took fear of failing as a proxy for risk aversion and applied our analysis to the most important Latin American economies. We observed that being male, having more years of formal education and believing to have the necessary skills to develop a new venture decreased the probability of feeling a fear of failing and, thus, eventually increased the probability of developing a new venture. Age affects risk quadratically (first positively, but after some point, negatively), and if there is a prior experience of having shut down a business, risk aversion increases, that is, the probability of feeling a fear of failing, which reduces the probability of becoming an entrepreneur.

## Keywords

- [risk aversion](#), [entrepreneurship](#), [fear of failing](#)