

Comments on

Gender Gaps in Equity Crowdfunding

Evidence from a Randomized Field Experiment

Sofia Bapna and Martin Ganco

- IGL2019 Global Conference -

21 May 2019

Jonas Heite

Max Planck Institute for Innovation and Competition

Summary

- Study investigates if **investor gender gaps** in equity financing persist in **crowdfunding**
 - **Traditional equity financing**: Investors are mostly male and prefer male founders
 - **Gender gap** due to
 - (a) **social network barriers**
 - (b) **structural barriers**
 - (c) **biases** (statistical or taste-based)
 - Crowdfunding mitigates (a) and (b); (c) remains unclear

RQ1: Do investors in equity crowdfunding respond differently to male founders than they respond to female founders?

RQ2: Does this difference, if it exists, vary based on the gender of the investor?

- **Field experiment** at crowdfunding platform with **randomized founder name (→ gender)**
- **Results:**
 - Female (compared to male) investors are less interested (-46%) in firms founded by males
 - Female investors are more interested in ventures founded by females than males (+67%)
 - Effects are driven by inexperienced female investors
 - Male investors show no sig. reaction to gender of founder → no bias

Comments (I/III)

1. Research question is relevant and nicely derived/presented

2. Design of field experiment

- **Interesting idea** with real venture, investors, and investments
- Just **one venture** and just **one name per gender** → Generalizability and interpretation?
- **Open questions:**
 - What happens when investors click on VIEW OFFER?
→ Page with both founders (treatment diluted)?
→ Separate pages in line with respective treatment?
 - Other offers advertised in mail? Gender composition of other offers?

3. Need for an analytical framework

4. Results

- First result: **No treatment effect** of name/gender itself
- Show **gender differences** (t-tests) for control variables (e.g., interest in investing)
- Other relevant **heterogeneity effect**: ex-ante investment amount
→ Gender gap for high-powered investors?

Comments (II/III)

5. Interpretation

- i. Claim: Click on VIEW OFFER is interpreted as **interest in investment**
 - But: Interest in offer or interest in platform (newcomers) → More female newcomers?
- ii. Claim: Interest in investing translates into **actual investments** (dummy and amount)
 - But: By definition the case → Better: Actual investment as independent variable?
- iii. Claim: The design only **isolates effect of gender**
 - But: Name manipulation can convey other factors than gender
 - Name can signal personal traits (trustworthiness, self-confidence, likeability tested → Are there gender differences of AMT respondents?)
 - Investors might infer social background, intelligence, ability, familiarity etc. → Examining average social background of babies born with names used in experiment
 - First names can be indicative of age → Waves of popularity
 - But: Interplay between (a) gender, name, and (b) venture/product interferes with treatment

Lisa +
Peter +



vs.



Comments (III/III)

5. Interpretation (cont.)

iv. Claim: Crowdfunding may be **promising** for **female entrepreneurs**

- But: Driven by higher “interest” by inexperienced female investors
 - No effect in amount raised?
 - Female investors represent only 19% of population
 - Female investors have sig. lower interest in investing

v. Claim: Crowdfunding mitigates **social network barriers** (VC: 94% male, Angels: 80% male)

- But: Equal gender composition in crowdfunding platform (81% male)

vi. Claim: **No discrimination** of female founders by male investors in crowdfunding

- But: Discrimination of male founders by inexp. female investors in crowdfunding

vii. Claim: Study tests if **bias** exist in equity crowdfunding

- But: Mechanism unclear; what drives the results?
 - Bias (taste-based, statistical), discrimination, or homophily?
 - Exp. investors might use quick heuristics → Team and idea are important
 - Why does experience matter for female investors? → (activist or gender) homophily?

Minor Comments

- Design of the field experiment
 - Information that you are only looking at one venture is missing till page 10
 - Information about type of venture revealed on page 25
- Better control for “number of investments before” instead of dummy “invested before”
- E-mails were send out to all investors or only those that signed up for the newsletter?
- Change “subjects” to “investors” to increase readability and comprehension
- Robustness check for gender interaction: sample split by gender of investor
- Does the gender API takes into account the nationality of the investor? What probability score determined the assignment to male or female
- What is the gender ratio of those that signed up for early access to venture („Coming soon“)? → This could give an indication whether idea itself is attracting more male/female investors

THANK YOU



Jonas.Heite@ip.mpg.de

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for Innovation and Competition

May 2019