

Comments on

# Gender Gaps in Equity Crowdfunding

Evidence from a Randomized Field Experiment

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# 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



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