Comments on

Gender Gaps in Equity Crowdfunding

Evidence from a Randomized Field Experiment

Sofia Bapna and Martin Ganco

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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 + vs. Peter +
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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