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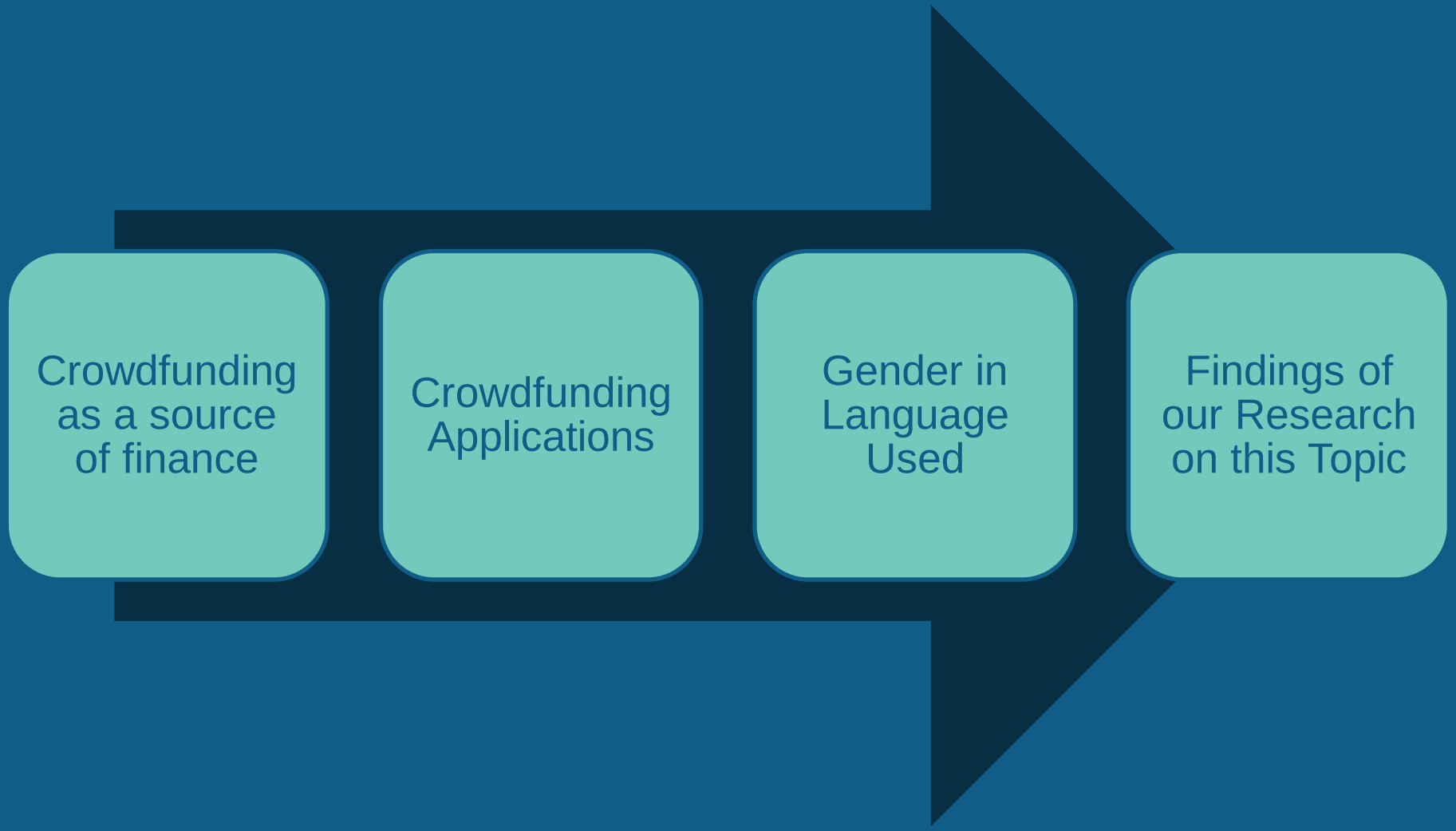
Gender Bias in Equity Crowdfunding

Dr Sukanya Ayatakshi-Endow & Dr Martyn Polkinghorne

Presenting Author: Dr Sukanya Ayatakshi-Endow

Senior HEA Fellow & Principal Academic in Entrepreneurship

In this presentation I will cover…



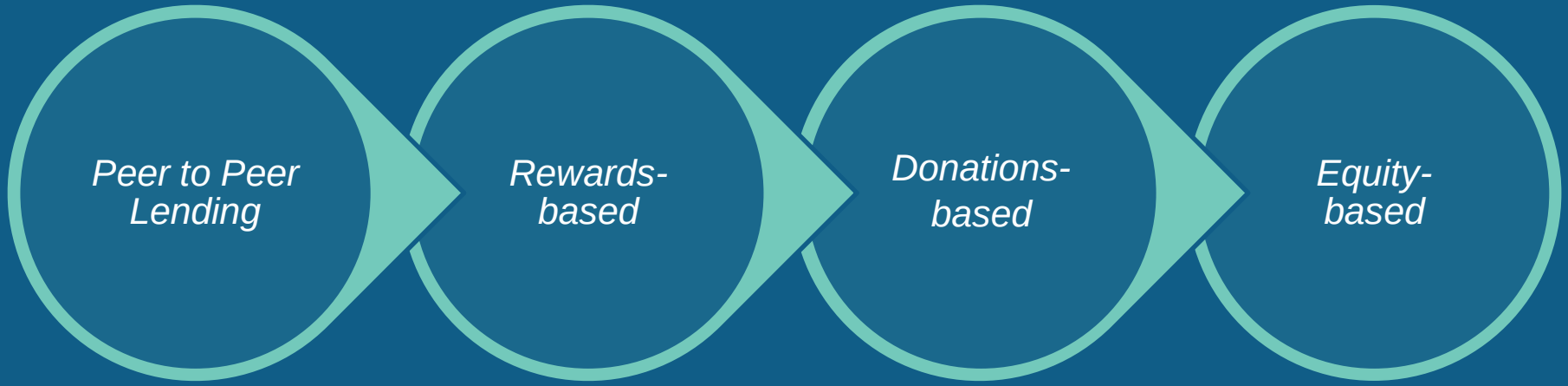
What is Crowdfunding?

- Crowdfunding is a name for the process in which people, charities and companies raise money from a large variety of different people and organisations
- Each person, or organisation, contributes only a small amount of money themselves
- When accumulated together, all of the money contributed achieves the required total funding for the project or initiative

Crowdfunding as a Means of Start-up Finance

- Raising capital through crowdfunding is increasingly important as a means of financing business ventures
- Typical investments are much smaller in equity crowdfunding compared to venture capital (VCs),
- The equity raised can still be quite substantial
- More and more commonly used for start-ups

4 Common Models of Crowdfunding:



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Gender in Entrepreneurship:

Female-led companies only receive 1.3% of Venture Capital funding!

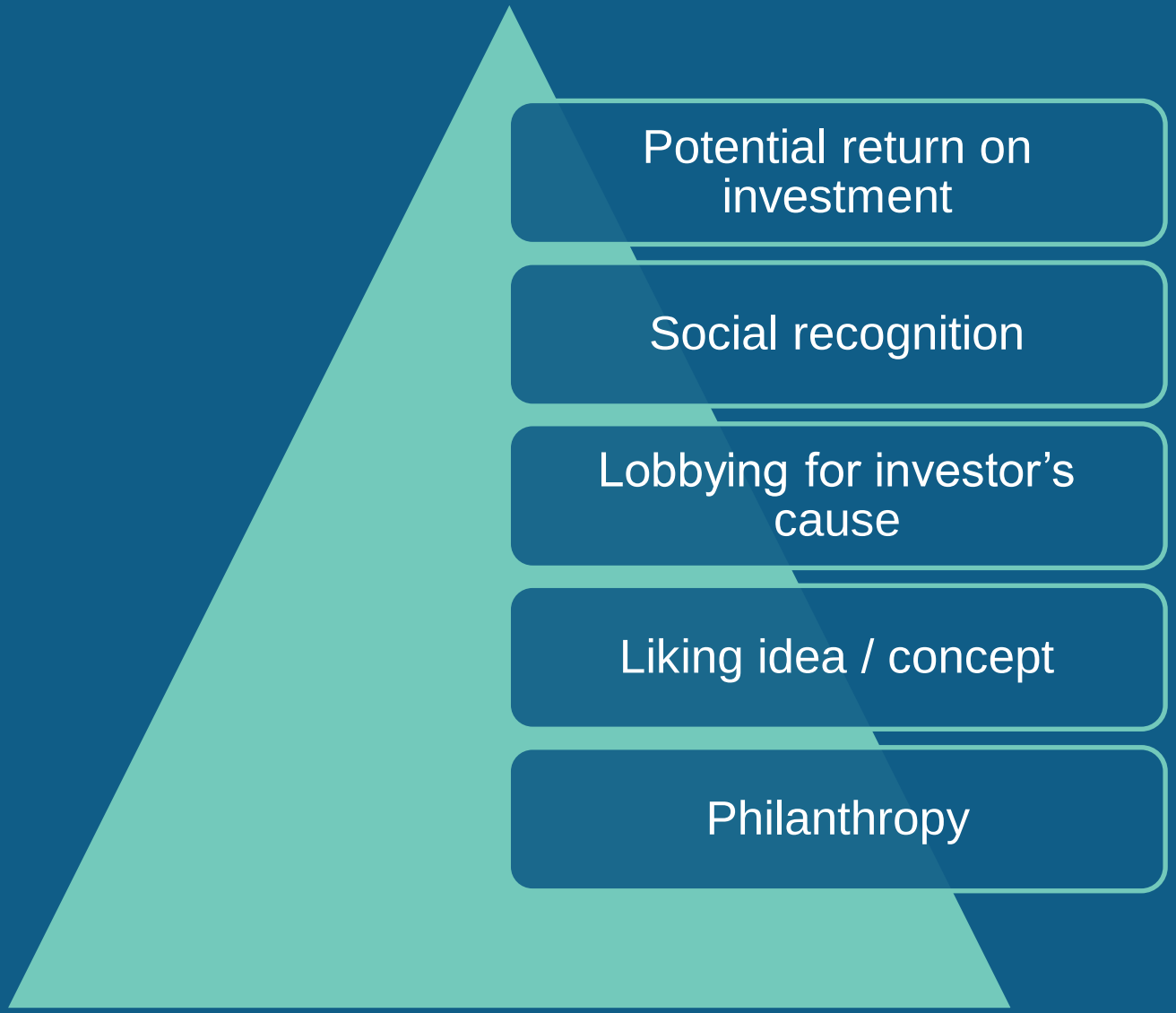
Seen as being a masculine domain

Female firms are often dissuaded from applying for bank loans

Stricter lending conditions often apply to Female firms

Higher interest rates charged on microfinance loans to Female firms

Investor Motivations



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Evidence of Gender Bias in Crowdfunding:

US equity platforms found that there exists a very clear gender bias against Female-led Campaigns

Campaigns led by women tend to receive less funding against target amount

Difference becomes more evident as amount of funds sought increases

Peer-to-peer lending - demonstrates that females are more likely to receive funds compared to men

Evidence suggests that female investors more likely to support male-led projects

Are investor evaluations made on using observable characteristics to reduce information uncertainty?

Our Research Hypotheses…

H1. Equity crowdfunding campaigns with more women in teams are disadvantaged when it comes to funding success.

H2. The success of funding in equity crowdfunding campaigns is related to the 'gender' inherent within the language of the text description of the campaign.

H3. The success of funding in equity crowdfunding campaigns is related to the gender inherent within the language of the investor comments.

What did we Research?

33,064 comments analysed

768 Crowdcube Campaigns in the period Feb 2011 onwards

The gender of the team of a campaign

The gender inherent within the language in the text description of the campaign and the investor comments

Definition of Variables Used in this Study

Variable	Definition
SR	Success Ratio. The money awarded compared to the money requested
EQT	Equity offered as a percentage.
EIS	Enterprise Incentive Scheme with 1 = EIS available and 0 = EIS not available.
INV	Number of Investors.
DisNum	Number of discussion comments available in the campaign
GPS	Gender of the Primary Signatory with 0 = Female and 1 = Male.
TmT	Team Total. Number of the team members in the campaign.
FRT	Number of women in the team compared to total team size.
DescGendR	Description Gender is a measure of how gender orientated the language used is within a campaign. This indicates the ratio of male to female-based text in the description.
DiscGen	A measure of the ratio of the total male to total female gender orientation in the comments from the backers, calculated for each comment and aggregated, at the overall the campaign level.
FRTxGPS	Measures the moderating effect of GPS on the relationship between the dependent SR and independent FRT.
DiscGenxGPS	Measures the moderating effect of GPS on the relationship between the dependent SR and independent DiscGen.
GPSxDescGendR	Measures the moderating effect of GPS on the relationship between the dependent SR and independent DescGendR.

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Correlation Matrix

N=397

	1	2	3	4	5	6	7	8	9	10	11
logSR Mean 0.887 SD 0.233	1										
EQT Mean 13.540 SD 7.172	0.098**	1									
EIS Mean 0.700 SD 0.457	0.018	-0.018	1								
INV Mean 397.870 SD 569.743	0.371***	-0.150***	0.05	1							
TmT Mean 4.420 SD 2.890	-0.002	-0.182***	0.162***	0.114	1						
DisNum Mean 81.270 SD 69.628	0.301***	-0.152***	0.094**	0.631***	0.099**	1					
GPS Mean 0.810 SD 0.393	0.022	0	-0.007	0.089**	0.046	0.137**	-0.085**	1			
FRT Mean 0.213 SD 0.236	-0.173***	-0.081**	0.035	-0.137**	0.016	-0.215***	-0.005	-0.651***	1		
DescGendR Mean 7.985 SD 14.520	-0.044	-0.046	0	-0.010	0.083**	0.086**	0.029	0.096**	-0.094**	1	
DiscGen Mean 1.618 SD 0.378	0.153***	-0.155***	-0.021	0.115	0.084**	0.062	-0.016	0.204***	-0.115**	0.169***	1

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Gender and the Success of the Campaign (Sequential Regressions for LogSR)

Sample of 397 Equity Crowdfunding Offerings Listed on Crowdcube Between 2011-2019

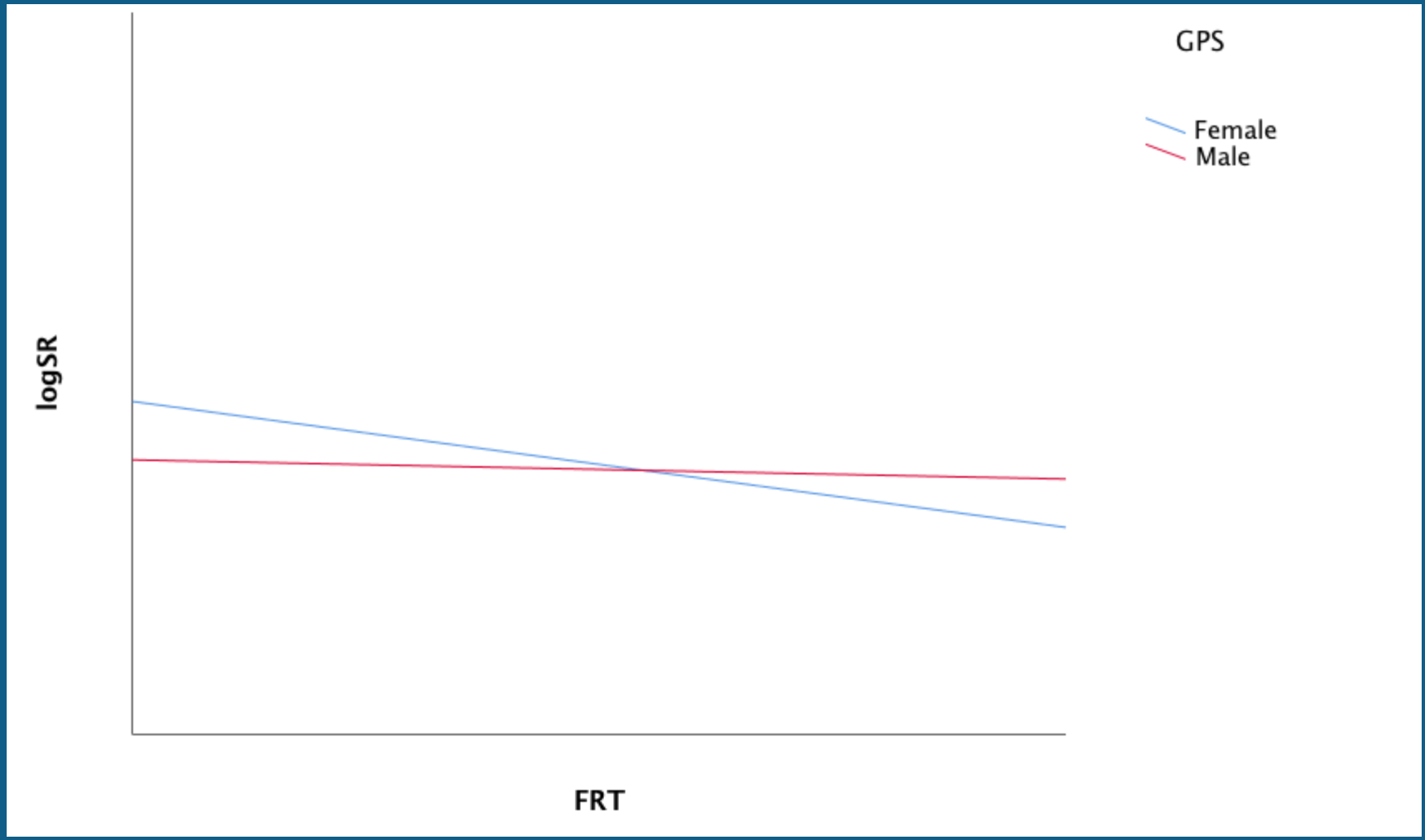
Standardised Coefficients

p-Values in Red and t-Values in Purple

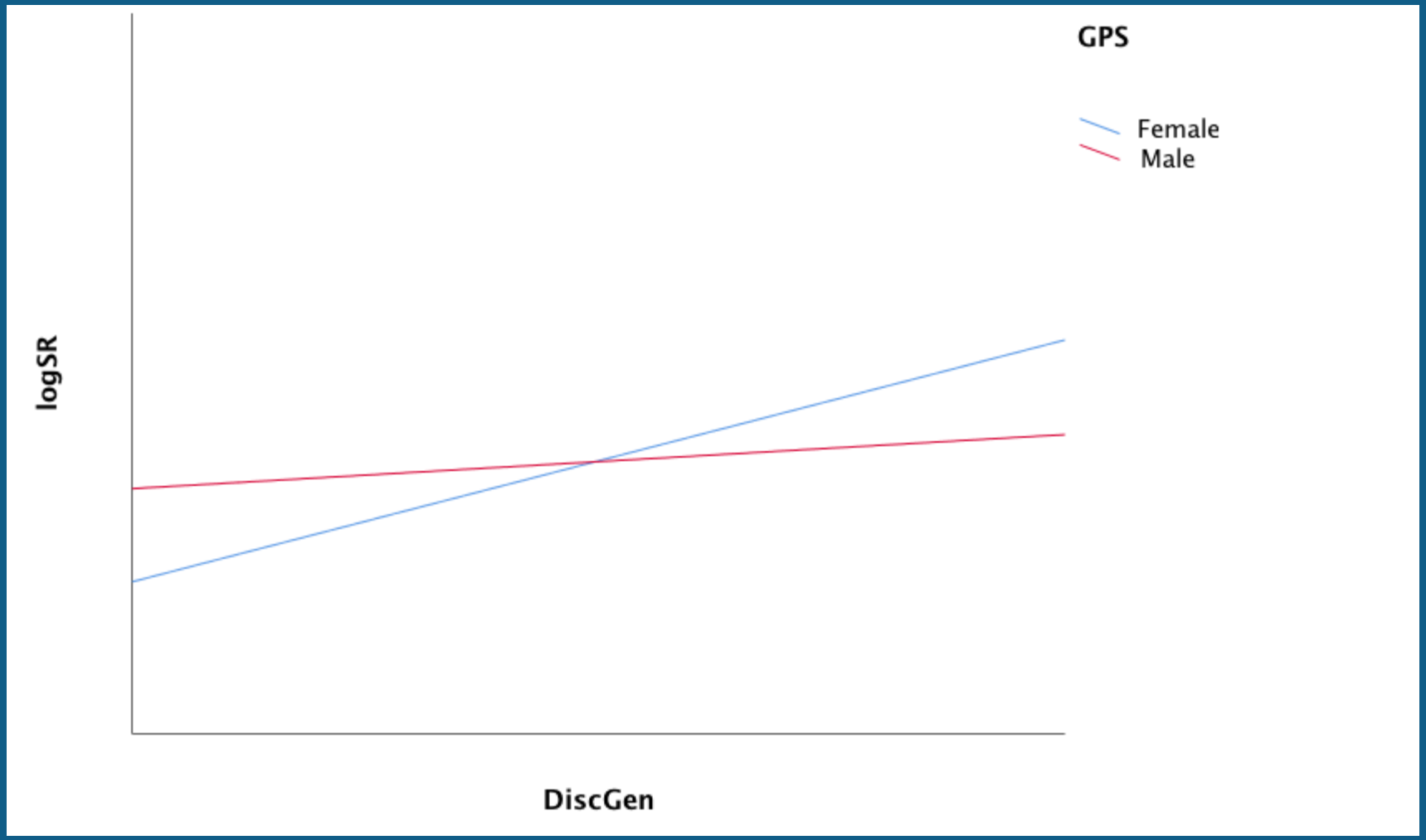
Robust Standard Errors in Parentheses

	Model 1	Model 2	Model 3.	Model 4
EQT	0.161	0.163	0.174	0.184
	0.001	<0.001	<0.001	<0.001
	3.393	3.470	3.755	4.023
	(0.002)	(0.002)	(0.002)	(0.002)
EIS	-0.004	0.007	0.020	
	0.940	0.887	0.657	
	-0.750	0.142	0.444	
	(0.026)	(0.025)	(0.025)	
INV	0.317	0.288	0.289	0.292
	<0.001	<0.001	<0.001	<0.001
	5.313	4.904	5.020	5.103
	0.000	0.000	0.000	0.000
TmT	-0.022	-0.016	-0.076	
	0.651	0.737	0.114	
	-0.453	-0.337	-1.584	
	(0.005)	(0.005)	(0.005)	
DisNum	0.129	0.123	0.124	0.110
	0.032	0.039	0.036	0.045
	2.154	2.067	2.103	1.903
	0.000	0.000	0.000	0.000
GPS		-0.172	-0.142	
		0.004	0.514	
		- 2.858	- 0.653	
		(0.037)	(0.134)	
FRT		-0.194	-0.513	-0.447
		0.002	<0.001	<0.001
		- 3.182	-5.009	-5.125
		(0.063)	(0.105)	(0.102)
DescGendR		-0.072	-0.141	
		0.119	0.483	
		-1.561	-0.702	
		(0.001)	(0.004)	
DiscGen		0.164	0.333	0.347
		0.001	0.001	<0.001
		3.470	3.260	5.552
		(0.032)	(0.069)	(0.068)
FRTxGPS			0.336	0.275
			<0.001	<0.001
			3.953	3.765
			(0.133)	(0.126)
DiscGenxGPS			-0.448	-0.527
			0.038	<0.001
			-1.949	-5.110
			(0.077)	(0.076)
GPSxDescGendR			0.078	
			0.706	
			0.378	
			(0.004)	
Constant	0.743	0.701	0.737	0.679
	(0.04)	(0.077)	(0.129)	(0.12)
Model R^2	0.172	0.218	0.257	0.246
Adjusted R^2	0.161	0.200	0.234	0.231
ΔR^2	0.172	0.046	0.039	0.051

Interaction Plot Indicating the Relationship Between logSR and FRT



Interaction Plot Indicating the Relationship logSR and DiscGen

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Thank You!
for Listening!
Contact me: https://staffprofiles.bournemouth.ac.uk/display/sayatakshi