Gender Stereotypes and Entrepreneur Financing

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Discussion by:
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EBRD, We-Fi, CEPR Research Conference on Financing Women-Led SMEs
23-24 October 2023
Quick recap of the paper

- **Question:** Can stereotypes explain the gender gap in equity funding for entrepreneurs?

- **Setting:** France, 2002-2018, combination of admin + survey data
  - Survey responses help capture "ambition" / quality

- **Answer:**
  - Female entrepreneurs are less likely to receive external equity & VC funding even after conditioning on ability and motivation
  - Self-stereotyping (but not necessarily investor stereotypes) helps explain the gap

- **Mechanisms:**
  - Female entrepreneurs select out of market for equity in anticipation of discrimination

- Excellent paper and a must-read!
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Re-framing around self-stereotyping works; can be made even stronger

1. Discuss and rule out (or incorporate) alternative mechanisms

2. Push the data further

3. Defining entrepreneurial success
Comment #1 - Self-stereotyping vs. differences in risk preferences + strategy

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- Credit-scoring is not always feasible & does not work well for start-ups.
- What really sets apart equity/VC from debt is (i) return expectations, and (ii) time frame for high growth.
  - men and women may differ in their risk preferences and business strategy
  - they may also differ in their bargaining power
  - both can lead to out-selection but come across as anticipated discrimination

Even in male-dominated sectors, women are less likely to state high-growth ambitions (Table 3, panel B).
Restricting the sample to revealed "types" (Table IA.7): not much of a gender gap for seeking VC funding, but gap for external equity remains - different funding preferences
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- How to get at marginal entrepreneurs to establish the Becker (1993) test credibly
  - Supply: could you exploit cyclical availability of VC funding (possibly vs. debt funding – credit supply shocks) to identify marginal entrepreneurs?
  - Demand: any information in the survey to tease out risk appetite / strategy?
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- Female entrepreneurs may suffer discrimination in the short run but be able to switch to alternative sources of funding in the long run
  - This would reconcile the loss of effects in longer horizons
Good luck!