Gendered Access to Finance: The Role of Team Formation, Idea Quality, and Implementation Constraints in Business Evaluations

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Discussion by Selim Gulesci on 23 October 2023

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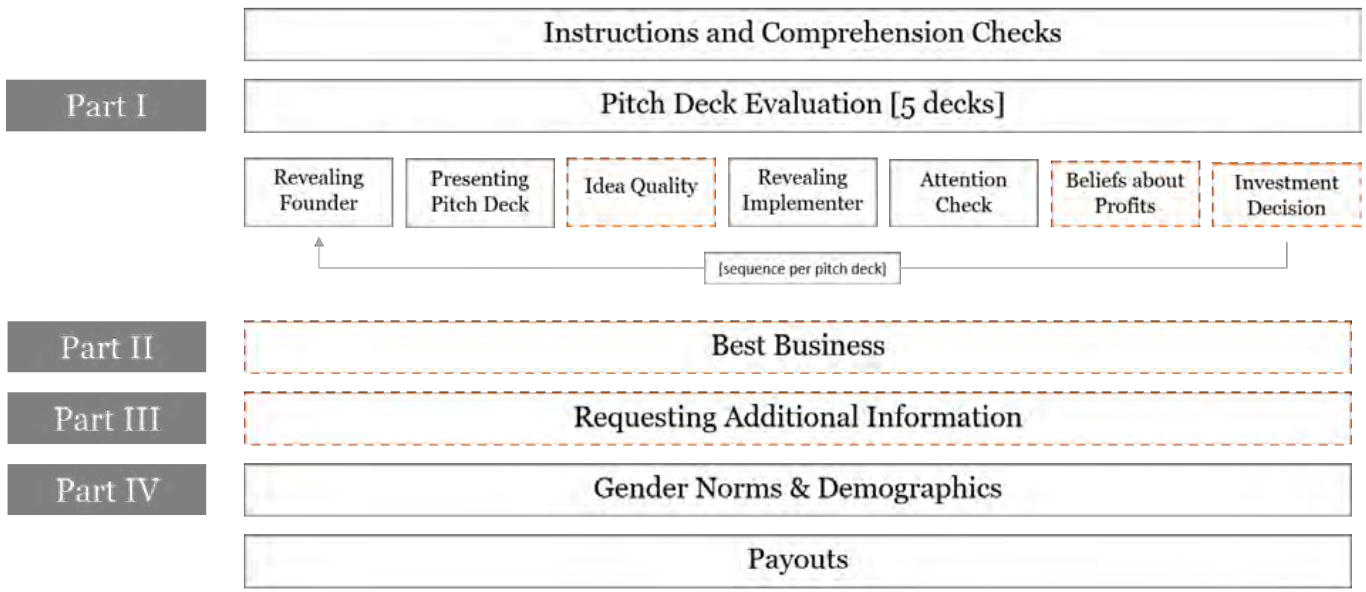
  2. Owner and Implementer are the same person:
     - Male Owner/Implementer
     - Female Owner/Implementer

Experimental Design (ctd.)

- Loan officers are endowed with 5000 UGX (∼1.3 Euro), they decide:
  1. How much to invest in each project
  2. Which project will be the most successful one
- Both choices are incentivised.
- They can also (pay to) obtain additional information on entrepreneur's background and business



Notes. This figure presents an overview of the study design. The outcome measures are displayed in dashed boxes.

Figure 1: Design Overview

Findings

The results provide evidence of:

- bias against individual female businesses as opposed to individual male businesses,
- ♡ no gender bias for teams of entrepreneurs, ♡
- evidence of a bias against mixed-gender teams.
- bias against individual female businesses is driven by:
  i. beliefs about implementation ability or implementation constraints,
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- bias against individual female businesses is driven by:
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Policy implication: One way to reduce bias in lending is to encourage (maybe require?) entrepeneurs to apply for loans in teams rather than as individuals

Great paper!!!!
I just have a few comments/thoughts that I hope may help...

Comment I: Contribution

I felt like you are not stressing enough the contribution enough along the following dimensions:

- Evidence from a low-income, SSA country where access to finance is even more critical.
- Your results go beyond just showing evidence of gender bias, but provide potential policies to address it.
- Isolating bias on the supply- vs demand-side $\rightarrow$ again, this is important for mechanisms/policies.

Comment II: External Validity

1. How representative is the sample of loan officers?

   "We selected 28 branches with more than eight loan officers that are feasible to reach in a one-day trip from the capital, Kampala, or other major Ugandan cities"

   $\rightarrow$ How do they compare to average branch/loan officer? Can you use admin data on branches/officers to compare?

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2. How representative are the "business plans" that loan officer evaluate?

   "The business pitches . . . have been presented by graduates of an entrepreneurship academy at a business plan competition. . . Entrepreneurship academies are run at several Ugandan universities with university students interested in pursuing entrepreneurial careers.."

   → Are they very "high quality"? Can you compare the performance of these businesses to the average business in Uganda?

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   Further Selection of business plans for the experiment: *"First, we excluded pitch decks that did not contain enough information about (expected) business performance for evaluators to make an informed decision. Second, we excluded ideas that were clearly perceived as either male or female businesses in our pre-testing. We additionally validated our identifying assumption that participants cannot infer the gender of the entrepreneurial teams solely by looking at their idea in a survey with 38 Ugandan university students."*

   $\rightarrow$ Are they too "special"? Is this why you find little evidence of gender bias (for teams)?

   $\rightarrow$ Can you compare the performance of selected business plans with the non-selected ones, also by gender of the entrepeneur?

Comment III: Interpretation

The finding that mixed-gender teams face bias is very interesting. Would be good to elaborate on this further. For example:

- The result seems to be driven by female loan officers who may be more aware of:
  - other constraints females entrepreneurs may face, such as childcare (Delecourt & Fitzpatrick 2021, Bjorvatn et al. 2023)
  - risk of gender-based violence in the workplace (e.g. Folke & Rickne 2022, Adams-Prassl et al. forthcoming)

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- How common is it to have mixed-gender teams running Ugandan firms? If this is very rare, the loan officers may internalize bias such firms may face from suppliers, customers etc.

Thank you!