

Gender issues in (entrepreneurial) finance and crowdfinvesting

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Women and the COVID-19 crisis: The worsening of the gender gap

The current COVID-19 crisis is an exogenous shock, which severely affects women's working and everyday life

Indeed, on average, women

- Have many caregiving duties and, thus, suffer from the drastic reduction of caregiving services caused by the COVID-19 pandemic (*e.g.*, schools, kindergartens, elderly care services)
- When working from home, often experience interruptions, intense multi-tasking, uncomfortable spaces
 - All this negatively affects their job performance and, thus, their compensation, further increasing the wage gap
- Are more likely to be fired during economic crises
- Are poorer than men and, thus, have less resources for fighting the sanitary emergency (*e.g.*, buying individual protection systems, accessing healthcare services and insurances)
- ...

Women and the COVID-19 crisis: Efforts to mitigate the gender gap

Firms and institutions are making efforts to mitigate these hurdles

- Policies schemes to support women
- Programs designed by institutions to promote gender parity (e.g., POP, Pari Opportunità Politecniche, initiated by Prof. Donatella Sciuto, Deputy Rector of Politecnico di Milano)
- Mentoring programs and diversity officers created by firms



Female entrepreneurs encounter difficulties also in securing human, and social capital and in reaping the benefits of their entrepreneurial activity (e.g., in terms of lower fundraising at IPOs)

Women's difficulties in attracting external finance: "Think entrepreneur, think male"

Difficulties of female entrepreneurs in attracting external finance have multiple sources

1. Gender stereotypes → Entrepreneurship is still perceived as a male-job

- Descriptive ⇒ *"Women are more risk-averse"*
- Prescriptive ⇒ *"Women should avoid to engage in risky activities"*
- Supply-side effects ⇒ Investors are less keen on financing female-led ventures
- Demand-side effects ⇒ Women lean-out from the race for external finance

2. Gendered division of labor: Women

- Tend to create startups in female-segregated industries, which usually have low margins and thus are less attractive for investors (e.g., caregiving services, restaurants, ...)
- Simply, have less time than men to search for external finance as they devote more time to domestic work

3. Other factors, including cultural aspects, family values, poor financial education, ...

Women's difficulties in attracting external finance: Empirical evidence

Consistent evidence shows that female entrepreneurs receive less

- Debt funding (and at higher interest rates than male entrepreneurs)
- Venture capital funding (and in more stages than male entrepreneurs)
- Angel investing (despite we still need to learn more on this financing channel)

Instead, female entrepreneurs seem to have an advantage in reward-based crowdfunding. Empirics show that

- Female-led crowdfunding campaigns are more likely to succeed as women are perceived as more
 - Trustworthy
 - "Communal" and thus more fitted to a community-oriented context
- However, such an advantage tends to disappear when women create crowdfunding campaigns*
 - In male-dominated fields
 - Using an "agentic" language

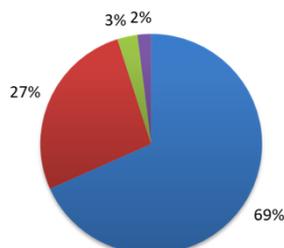
(*Butticè and Rossi-Lamastra, 2020)

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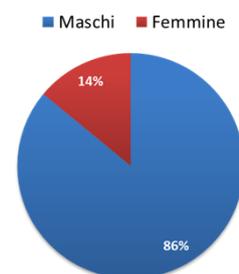
Women's difficulties in attracting external finance: What about crowdfunding?

Preliminary evidence from the Crowdfunding Observatory is not so encouraging, but it deserves further attention



- Nessuna donna
- 1 donna
- 2 donne
- almeno 3 donne

- Female presence in the entrepreneurial team of firms which have collected equity capital through crowdfunding



- Gender of investors in Italian equity crowdfunding campaigns

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Gender gaps in (entrepreneurial) finance: Actions for overcoming it

Female entrepreneurship benefits women and society, especially in crisis times, but we need to design actions to support it

1. Individuals and families should

- (Financially) support women's talents ⇒ Providing seed financing to female entrepreneurs
- Be aware that women greatly benefit from mentoring ⇒ Mentoring (young) women about financial issues

2. Organizations (e.g., firms, university, incubators) should

- Provide financial education to female entrepreneurs
- Avoid gender segregation ⇒ Promoting entrepreneurship in high-margin industries, which usually are male dominated (e.g., high-tech)
- Support women's work-life balance ⇒ Providing childcare and homecare services

3. Policymakers should

- Finance female-led ventures ⇒ Providing R&D grants, governmental venture capital,

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THANK YOU FOR YOUR ATTENTION

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