

Investigating mechanisms that drive disparate crowdfunding outcomes

INTRODUCTION

Does crowdfunding improve access to funding?

With respect to **race**, studies (Younkin and Kuppuswamy, 2018; Cumming et al., 2021) have provided evidence of disparate crowdfunding outcomes.

From a **gender** perspective, in some cases woman entrepreneurs have more favorable crowdfunding outcomes (Bapna and Ganco, 2021; Johnson et al., 2018).

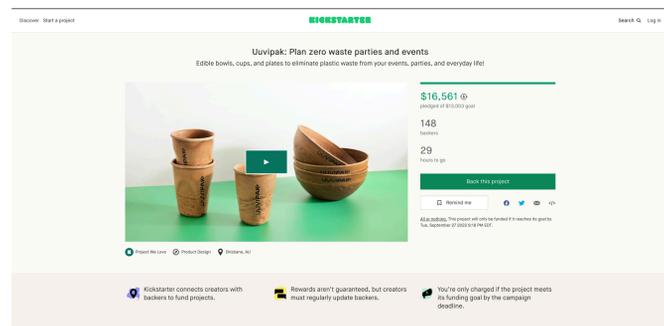


Figure 1: Kickstarter campaign example

What mechanisms drive crowdfunding outcomes?

- Taste, statistical, and unconscious bias with respect to race and gender separately (Younkin and Kuppuswamy (2018); Johnson et al. (2018))
- Homophily with respect to gender (Greenberg and Mollick, 2016; Bapna and Ganco, 2021)
- Altruistic versus reward-driven motives (Ryu et al., 2020)
- **Race/gender intersectionality; Perceived founder-market fit (Our work)**

Our objective is to study how race/gender intersectionality and perceived founder-market fit shape crowdfunding outcomes.

RESEARCH QUESTIONS

Observational studies analyzing data from Kickstarter to answer the research question:

Does crowdfunding improve access to funding across race, gender, and “perceived” founder-market fit?

Forthcoming experimental study to answer the research question:

To what extent do race/gender intersectionality, “perceived” founder-market fit, and fund stake settings shape crowdfunding outcomes?

EXPERIMENTAL DESIGN

Two-part experiment with a between-subjects design based on the works of Younkin and Kuppuswamy, 2018 and Johnson et al., 2018

Hypotheses

H1: Backers will perceive founders with high founder-market fit as high in competence.

H2: Backers will judge projects led by women of color as low in market potential (compared to the average).

H3: Backers are less likely to provide financial support to women of color entrepreneurs (compared to the average) under settings where their compensation is tied to the true crowdfunding outcome of a project.

Experimental groups

We will create synthetic projects where we vary the race and gender of the founder.

A. Race/Gender Neutral Product (e.g., tablet stand)	B. Race/Gender Specific Product (e.g., cosmetic product for dark complexions)
A1. Black/brown woman founder	B1. Black/brown woman founder
A2. Black/brown man founder	B2. Black/brown man founder
A3. White woman founder	B3. White woman founder
A4. White man founder	B4. White man founder

Eight experimental conditions **A1-A4** and **B1-B4** to test **H1** and **H2**.

First Experiment

1. View a crowdfunding project

2. Complete a questionnaire evaluating market potential, product quality, and founder competency

3. Indicate willingness to back project

We will compare how race/gender and perceptions of founder-market fit influence the likelihood of study participants backing a project and the amount of a hypothetical budget they allocate to the project.

Second Experiment

Similar to the previous study with one exception: participants’ compensation (50%) will be tied to the actual crowdfunding outcome of the original project from Kickstarter to test **H3**.