

Innovation language benefits female entrepreneurs in reward-based crowdfunding

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Gender bias against women in entrepreneurial finance is turned on its head in the context of reward-based crowdfunding, according to new research published in the *Strategic Entrepreneurship Journal*. Specifically,

female crowdfunding entrepreneurs can actually profit from using more innovation language when launching campaigns in male-typed categories, which implies that women may have more freedom to resist traditional gender stereotypes in the case of reward-based crowdfunding.

The research team of Benedikt David Christian Seigner and Hana Milanov of Technical University of Munich, Germany, along with Aaron F. McKenny of Indiana University, contributes to a stream of research that investigates reward-based [crowdfunding](#)—in which backers receive rewards such as future products or services for their investment—as a favorable context for female entrepreneurs. The research helps to nuance the findings of a 2017 PricewaterhouseCoopers report that showed female entrepreneurs on nine leading crowdfunding platforms succeeded at a 32% higher rate in acquiring funding than men. This [success rate](#) is at a stark contrast to other traditional fundraising contexts, such as [venture capital](#), in which [women](#) are at a severe disadvantage to their [male counterparts](#).

The researchers used Expectancy Violations Theory (EVT) as a framework for the study, which helps explain when going against stereotypic expectations will be rewarded or punished. "In our case, we study two expectancy violations for women: first, when women portray their crowdfunding campaigns as innovative (because innovation behavior is stereotypically portrayed as a masculine attribute), and second, when women launch their campaigns in a male-stereotyped category like technology" Seigner explains.

To test the effects of female entrepreneurs using innovation language for crowdfunding performance, the team used a [field study](#) on Kickstarter. To further understand the backers' interpretation of campaign claims, they also conducted an experimental study using Amazon MTurk to show that backers trusted more in a woman's ability when she launched her crowdfunding campaign in a male-typed category, compared to a

female-typed category.

Whether the counterstereotypical behavior studied was rewarded or punished relied on two key factors: the interpretation of the behavior as positive or negative, plus the attitude toward the individual engaging in said behavior. Innovation claims were interpreted as ambiguous in this case: crowdfunding backers like novelty, yet delivering more innovative rewards could be perceived as more complex and difficult. That meant the interpretation of this counterstereotypical behavior was determined by the attitudes towards individuals engaging in this behavior—not by the interpretation of the behavior itself.

"In crowdfunding, the overall tendency to fund women preferentially as compared to men suggests that even ambiguous counterstereotypical behavior will be evaluated positively for women," Seigner says. The effect is further amplified when the campaigns occur in a male-typed category.

The implication is that female crowdfunding entrepreneurs—especially when using rewards-based platforms—can profit from using more innovation language when launching their campaigns in male-typed categories. The study adds to existing research that underscores how categories, people, behavior, and products might evoke [gender stereotypes](#), and the team hopes to study other entrepreneurial contexts using a gendered perspective to better understand how gender biases impact entrepreneurs and their ventures.

More information: Benedikt David Christian Seigner et al, Who can claim innovation and benefit from it? Gender and expectancy violations in reward-based crowdfunding, *Strategic Entrepreneurship Journal* (2022). [DOI: 10.1002/sej.1426](https://doi.org/10.1002/sej.1426)

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