

## Gender Bias After Failure: How Crowd Lenders Disadvantage Female-Led Social Ventures

**Authors :** Caroline Lindlar, Eva Jakob

**Abstract :** Female entrepreneurs often face significant barriers in accessing funding due to biases from business angels, venture capitalists, and financial institutions, which tend to favor male entrepreneurs. These biases contribute to persistent funding disparities, with female entrepreneurs receiving less financial support than their male counterparts. The situation worsens when female entrepreneurs have prior experiences with venture failure, which diminishes their attractiveness to traditional investors. Venture failure, defined as the cessation of operations due to declining revenues, rising costs, or ownership changes, plays a substantial role in shaping funding opportunities. In response, female entrepreneurs frequently turn to alternative funding sources such as crowdlending, where gender biases are often reversed in favor of women, particularly when their ventures emphasize social value creation. While existing research highlights the positive impact of gender on crowdfunding success, it remains unclear how venture failure, known to negatively bias female entrepreneurs in traditional funding contexts, interacts with the positive effects of gender in crowdlending. This interaction is particularly relevant because crowdlending often involves non-professional funders who make repeated investment decisions under uncertainty, based on limited information and past experiences. Given that approximately one-third of ventures fail to deliver promised returns, the role of gender bias after failure in crowdlending is an important area of investigation. This study addresses How failure affects crowd funders' gender bias in future funding decisions? Drawing on social role and role congruity theory, we posit that societal perceptions of women as more communal conflict with the agentic qualities traditionally associated with entrepreneurship. This incongruence may result in reduced confidence in the success of female entrepreneurs after failure, limiting their access to future funding. However, we also hypothesize that social framing may mitigate this bias by aligning perceptions of female entrepreneurs with traits such as warmth and caring, enhancing their appeal after failure. To test these assertions, it conducted a between-subject audio vignette experiment with 155 participants who listened to entrepreneur pitches manipulated by gender (male vs. female) and venture framing (social vs. commercial). Participants made initial investment decisions, received failure-related news about the venture, and then made subsequent investment decisions. Pre-tests with 159 participants ensured the validity and reliability of the experimental manipulations. Moreover, we did a metric conjoint analysis with 100 participants, and they had to decide between different crowdfunding campaigns based on the attributes of previous failure, gender, and venture mission. it findings reveal that failure activates gender biases in crowdlending. Female-led ventures receive significantly less funding after failure compared to male-led ventures, suggesting the positive bias toward female entrepreneurs in the pre-funding phase does not persist post-failure. Moreover, framing a venture as socially oriented exacerbates the negative effect of failure for female entrepreneurs, as they secure fewer funds after failure compared to male entrepreneurs leading similar social ventures. This indicates that role-congruent framing does not mitigate gender bias after failure. This study contributes to research on gender in entrepreneurship by exploring how failure impacts future funding for female entrepreneurs. It also expands social crowdfunding literature by examining social value framing and adds to the entrepreneurial failure literature by focusing on crowd funders' post-failure behavior.

**Keywords :** gender bias, crowdfunding, investment failure, investment behavior, social entrepreneurship

**Conference Title :** ICABE 2025 : International Conference on Applied Business and Entrepreneurship

**Conference Location :** Cape Town, South Africa

**Conference Dates :** November 04-05, 2025