

Title: Scandal as a Catalyst: Evolving Media Framings of Sexual Harassment Accusations and Actions Towards Gender Equity in Venture Capital

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Abstract: In this study, we investigate when scandal gives rise to industry-wide social change. Empirically, we examine firms' actions taken in response to media reporting on a series of sexual harassment scandals within the U.S. venture capital (VC) industry, 2012-2017. We first analyzed media coverage of these scandals and found that media framings evolved over time from depicting sexual harassment cases as idiosyncratic acts to problematic practices occurring within a broader context that enabled them. We then sought to understand how different framings impacted two types of industry actions: an increase in (1) women representing VC firms as lead investors and (2) in VC funding of start-ups whose founding teams include women. Our findings suggest a two-phase response: limited actions were taken by individuals directly associated with accused harassers when media framed issues as isolated events. This evolved into a stronger collective industry effort after media narratives shifted to depict sexual harassment as a systemic issue. We conducted exploratory interviews with VCs that contextualize these results. We consider implications of our findings to extend understandings of the conditions under which scandals may lead to organizational and industry-wide change.

In 2012, the venture capital (VC) industry was shaken by sexual harassment accusations levied by Ellen Pao, a junior investment partner, against her employer Kleiner Perkins Caufield & Byers, one of Silicon Valley's "oldest and most venerable VC firms" (Gapper 2015). Pao's allegations turned out to be the first in roughly a dozen covered by major media outlets over the next five years. Accused harassers faced job loss and reputational damage, while the once-revered VC industry was increasingly depicted in the media as sexist and hostile to women (Benner 2017). Media articles highlighted the low representation of women among investment partners and founders of VC-backed firms as visible signs of the problems pervading VC. While there was speculation that the scandals might inspire a wider reckoning within this male-dominated industry, there was also skepticism as to whether VC could change. What were the wider consequences of this series of scandals, if any, for gender dynamics within this industry?

This question relates to a robust literature within sociology and organizational theory on stigma and scandal that documents how scandals can serve as an impetus for social change. In some cases, change is limited. For example, firms directly accused of transgressions may attempt to repair their reputations by broadcasting prosocial initiatives (McDonnell and King 2013; McDonnell, King, and Soule 2015). Those with direct ties with the accused may also engage in change-related actions to reduce the risk of stigma spillover in the wake of a scandal (Galloway, Miller, and Liu 2023; Luo and Zhang 2022; McDonnell, Odziemkowska, and Pontikes 2021). Scandals can even inspire industry-wide change—for example, widespread adoption of ethics and compliance positions (Chandler 2014). These studies document that industry actors enact changes to mitigate the potential reputational damage arising from association with a burgeoning scandal. But it is an open question when scandals—which often center on seemingly idiosyncratic transgressions committed by a small set of actors—lead to substantive change among people in the transgressor's network or even across an entire industry. This is the central question our study explores.

A key insight around which we build our theory is Adut's (2005, 2008) observation that the media plays a pivotal role in whether a transgression becomes a scandal (see also Entman 2012 and Thompson 2000). Scandals erupt when a transgressive event is widely publicized. They stigmatize the accused

through social and psychological processes that include labeling, setting apart, and devaluing, which activate negative stereotypes and lead to social exclusion (Link and Phelan, 2001; Dovidio et al, 2000; Negro, et al, 2021). Media journalists, through their coverage choices, influence the intensity and duration of society's scrutiny of particular transgressors (Dewan and Jensen 2020; Graffin et al. 2013; Han, Pollock, and Graffin 2023; Paruchuri, Pollock, and Kumar 2019; Piazza and Jourdan 2018; Pozner, Mohliver, and Moore 2023). Journalists also craft narratives that shape collective interpretations (Clemente and Gabbioneta 2017; Detzen 2024; Entman 2012; Iyengar 1996; Zavyalova et al. 2012). For example, media outlets may frame a transgression either as an idiosyncratic act committed by a deviant actor or as a representative act of a broader context in which bad practices are expected or tolerated (Clemente and Gabbioneta 2017; Iyengar 1996).

Building on these ideas, we conceive of scandals as cycles in which media coverage may employ different frames over time. A cycle unfolds in a co-evolution where different kinds of media framings shape and reflect the public's and other stakeholders' understandings of the nature of a transgressive phenomenon. We expect these framings to affect the types and breadth of market actors – specifically, those with direct ties to the accused, or perhaps the entire category – who feel at risk of stigmatization and therefore engage in reparative change.

We explore these ideas in a longitudinal study of the VC industry from 2010 – 2023, a period in which there was a series of highly publicized sexual harassment scandals. VC is an important part of the U.S. and global economy, as the primary source of capital for growth-oriented startups (Kaplan and Lerner 2010). It is also male-dominated. Gompers and Wang (2017) estimate that, from 1990 to 2015, the rate of hiring new female senior VC professionals in the U.S. remained around 8.5%, while the companies VCs invest in are also overwhelmingly male (Brush et al. 2018). Increasing the representation of women in key positions signals values of fairness, inclusion, and egalitarianism (Luo and Zhang 2022), and a move away from previous discriminatory practices. Prior and ongoing studies have considered how the volume of sexual harassment coverage (such as coverage of the #MeToo movement or specific sexual harassment cases) leads to industry actors' responses aimed at increasing gender representation (Bednar,

Westphal, and McDonald 2022; Calder-Wang, Gompers, and Sweeney 2023; Luo and Zhang 2022). Yet, to our knowledge, none has considered how the media's framing of sexual harassment accusations evolves over time as well as how evolution in framing might shape the nature and breadth of industry response.

Our empirical investigation occurred in three parts. First, we aimed to understand how the media's framings of sexual harassment scandals in VC evolved over time. To this end, we analyzed discourse in media articles and found evidence of a qualitative shift in the predominant framings of sexual harassment accusations from idiosyncratic deviances to generalized industry problems, corresponding to when several of the scandals were publicized in mid-2017.

Second, we examined how these evolving media framings drove actions taken by industry actors to increase female representation in VC. We were particularly interested in whether reparative actions were limited to people and firms with direct ties to accused transgressors, or if change efforts were undertaken category-wide. Using a matched sample design with fixed effects regressions, we studied two types of changes: (i) an increase in women representing VC firms as lead investors, and (ii) an increase in VC funding of start-ups whose founding teams include women. We found that when media outlets predominantly framed the scandals as individual anomalies, changes were limited to VCs with direct ties to accused transgressors, who increased representation of female founders to a small but noticeable degree. After the media's shift to more generalized framings in 2017, VCs within the U.S. engaged in both types of reparative actions industry-wide. As points of contrast, we also examined patterns in female representation among VCs in Europe and Asia, which did not undergo a comparable intense cycle of media scrutiny, and found the category-wide increase post-2017 was limited to U.S. VCs.

Third, we conducted interviews with a small set of VCs to capture their varied perspectives on the scandals and how they may have affected VCs' decision-making and behaviors. These interviews revealed the later scandals prompted concern from key resource-controlling stakeholders: the limited partners (LPs) who invest capital in VC funds. The interviewees perceived that LPs pressured VCs to increase female representation post-2017. Based on these insights, we tested for LP influence and found

supporting evidence in post-hoc analyses. VC firms that received funding from diversity-sensitive LP types showed higher increases in female representation during the post-2017 period.

Media coverage and public attention to scandals

Researchers studying scandal find that many transgressive events attract only limited attention and are unlikely to generate serious negative reputational consequences (Adut 2008; Entman 2012; Thompson 2000). A *bona fide* scandal requires mass public exposure—such as through major media outlets—that channels the public’s attention to the act as deviant and stigmatizes those implicated in the scandal. Mass broadcasts make members of the public aware of one another’s awareness, creating a greater sense of urgency in formulating a collective response to the social deviance (Adut 2008; Clemente and Roulet 2015). Examples of prominent scandals include financial fraud (Jensen 2006; Mohliver 2019), insider trading (Beams, Brown, and Killough 2003), and industrial accidents (Barnett and King 2008). When such transgressions are publicized, they give rise to stigma and moral condemnation of purported transgressors (e.g., Devers et al. 2009; Goffman 1963; Sutton and Callahan 1987).

Research suggests a dynamic in which the media both directs and reflects societal pressures to root out perceived social deviance (Chandler 2014; Hilgartner and Bosk 1988; Jourdan 2023). The media draws attention to certain events, influencing broader interpretations of the event’s importance through the frequency and prominence of coverage (Graffin et al. 2013; Han et al. 2023; Jourdan 2023; McCombs and Shaw 1972; Piazza and Jourdan 2018). Intense media coverage can lead to upsurges in public attention (Downs, 1972:39) in which there is strong pressure and confidence in society to engage in action against the collective problem. Public interest, in turn, shapes which social issues media outlets continue to cover, driven by principles such as desire for drama, novelty, and resonance with widely shared cultural concerns (Detzen 2024; Hilgartner and Bosk 1988). The salience of a social issue can decay over time as the public becomes inured to repeated information and shifts attention to other, more novel, issues (Piazza and Perretti 2015; Sharkey, Pontikes, and Hsu 2022). More generally, as time passes and

recognition of the material and social costs of an effective solution sets in, the intensity of media attention and public pressure often declines, replaced by sentiments such as acceptance, discouragement, and even boredom (Chandler 2014; Downs 1972). But pressure for social change may reignite when new information or a related scandal erupts (Adut 2008). We refer to this as the scandal cycle, where scandals unfold in phases that may sporadically repeat. Media coverage and public pressures to address the scandal's threat to the social order also can evolve with each phase.

A number of studies have empirically examined how the volume and prominence of media coverage shapes organizational and individual responses to scandal (Carberry and King 2012; Graffin et al. 2013; McDonnell and King 2013; McDonnell and Werner 2015; Piazza and Jourdan 2018; Piazza and Perretti 2015). In contrast, while researchers have studied the content of media coverage and how it shapes public understandings of scandal (e.g., Clemente and Gabbioneta 2017; Detzen 2024; Entman 2012; Jonsson, Greve, and Fujiwara-Greve 2009), less is known about the effects of different frames on industry actors' responses.

Media framings of scandal

Media coverage of an event employs frames that reflect, shape, and amplify collective understandings of its broader meaning (Clemente, Durand, and Porac 2016; Clemente and Gabbioneta 2017; Jourdan 2023; Pozner et al. 2023). Entman (1993) explains that framing a scandal involves selecting and broadcasting specific aspects of a perceived transgression that promote a particular interpretation of its severity and moral implications. This selective interpretation shapes how the public and other stakeholders understand the incident and thus can influence the social and economic consequences for the actors perceived to bear responsibility for the transgressions (Cohen, Ding, Lesage, & Stolowy, 2015).

A key element of the media's framing of a scandal is where journalists cast the locus of responsibility (Entman 2012; Iyengar 1996). Media coverage varies as to whether it highlights the role

of specific individual actors, such as a single company leader, versus the broader context in which a transgressor operates. For example, in a study of the 2015 Volkswagen Diesel scandal, Clemente and Gabbioneta (2017) find that, while most media accounts framed the CEO of Volkswagen as the primary culprit responsible for wrongdoing, several articles attributed responsibility to the more general industry context. The broader framings portrayed gas emissions tests as creating a strong incentive to cheat among all car companies—a number of which had also been under investigation for similar transgressions. This case highlights that the same event (or kind of event) may be interpreted through different frames, leading to different attributions of causality.

An individualistic framing, which focuses on characteristics of the transgressor or specifics of the act itself, highlights personal deviance and direct culpability (Iyengar 1996). It suggests there is something distinctive about the transgressor's character that led to the discrete negative event. This kind of framing can result in significant reputational costs for those singled out (Clemente and Gabbioneta 2017). In such cases, stigma may also spread in a localized fashion beyond the actor(s) accused through organizational, relational, and co-working ties, affiliations that are interpreted by audiences as an indication of shared moral failing (Goffman, 1963). For example, the stigma of an individual artist labeled a Communist in 1950s Hollywood spread negative career outcomes through through co-worker networks (Pontikes, Negro, and Rao 2010). Similarly, stigma from a firm's regulative violations resulted in negative spillover to alliance partners, impacting partners' market valuations valuations (Galloway, Miller, and Liu, 2021). However, this kind of individualized framing is not likely to increase scrutiny of industry actors without direct ties to the accused, and can even create opportunities for competitors to capitalize on stigmatized firms' reputational fallout (Burchard et al. 2021; Naumovska and Lavie 2021a; Negro and Goodman 2015; Paruchuri et al. 2019).

In contrast, a generalized framing situates responsibility within the broader context, sending a signal to stakeholders and the public that deviance emanates from broader systemic and structural factors (such as problematic norms or incentive structures). As a result, similar organizations may be viewed with suspicion, leading discredit to spread more evenly throughout the industry (Han et al. 2023; Jonsson et al.

2009; Naumovska and Lavie 2021b; Piazza and Jourdan 2018). Studies show similarity-based stigma transfer can extend so an entire category suffers reputational damage (Hsu and Grodal, 2021). For example, Barnett and King (2008) find that a deadly industrial accident in a Union Carbide facility in India changed how stakeholders viewed the risks associated with chemical manufacturing, creating a crisis for the entire chemical industry. This means, when media uses generalized framing to cover scandals, industry actors across the category might feel the risk of negative reputational spillovers.

Media coverage may employ different frames as a scandal cycle unfolds, resulting in a co-evolution of the media's and broader public's understanding of the nature of a transgressive phenomenon. For example, Hsu and Grodal (2021) observe in the case of the U.S. e-cigarette industry that media accounts initially framed the use of celebrity endorsements of e-cigarettes in individualized terms, as two specific companies (*blu* and *NJOY*) adopting morally questionable marketing tactics. Yet, over time, as media outlets increasingly reported on concerns raised by parties such as anti-tobacco activists and public health researchers, this individualized framing evolved to a more generalized one that cast the broader e-cigarette industry as engaging in deceptive tactics aligned with tobacco industry interests. The media's increasingly generalized portrayal created a feedback loop, amplifying public concern and pressure, which in turn further encouraged media portrayals of e-cigarette producers' behavior as an industry-wide social problem.

We expect differences in media framings to affect industry actors' change efforts in the wake of scandal. Researchers have found visible reparative actions to be a key way firms experiencing risk of stigmatization respond to scandal (Zavyalova et al. 2012). By enacting changes that demonstrate commitment to socially acceptable values and/or provide social benefits, firms aim to offset potential negative reputational spillovers (McDonnell and King 2013). For example, Carberry and King (2012) show that Fortune 500 firms adopted stock option expensing, an accounting practice associated with financial transparency and constraints on executive compensation, as a buffer against investigations into potential corporate fraud. And, in a study of Charlottesville employers following the city's high-profile 2017 Unite the Right white supremacist rally, Hurst (2023) finds that local employers preemptively

combated presumptions of anti-diversity stances by adopting pro-diversity claims in online job postings. Perhaps of greatest relevance to this study, Luo and Zhang (2022) find that Hollywood producers associated with Harvey Weinstein increased support for female writers on new movie projects after Weinstein's sexual abuse allegations became public.

Still, it is important to note there is research that calls into doubt whether such change efforts will always occur in the wake of scandal. For example, Bednar, Westphal, and McDonald (2022) find that media coverage of the #MeToo movement heightened fears about cross-gender interactions and result in increased gender homophily in hiring. There was similar speculation in the VC industry, with news reports of a cooling effect in VCs' hiring of women as a way to avoid charges of sexism (Walravens 2018). It is far from clear when actors will respond to scandal by taking corrective action, and thus whether scandals spark broad and ongoing change.

We propose that, when media framings are individualized, actors who have direct ties with the accused transgressor are more likely to experience risk of spillover stigma, compared those in the same industry without such ties. In contrast, when media outlets use generalized framings, the risk of stigmatization and potential for negative reputational spillovers is likely to be felt throughout the industry, and the impetus to take action in response will be similarly distributed and widespread. Thus we predict:

Hypothesis 1: When the media frames a scandal in individualized terms, market actors with direct ties to the accused are more likely engage in reparative actions compared to actors without direct ties within the same industry.

Hypothesis 2: When the media frames a scandal in generalized terms, market actors throughout the industry will increase their levels of reparative actions (those with and without direct ties).

Empirical Setting – The VC Industry

VC is an important part of the U.S. economy, providing equity funding, guidance, and credibility to start-ups seeking capital to fuel their growth (Blum 2015; Snellman and Solal 2022). It is estimated that, while less than one percent of startups receive VC financing, startups with VC backing make up over 60% of initial public offerings (Kaplan and Lerner, 2010; Gompers et al, 2020). VCs are not only

economic investors, but also gatekeepers with exceptional influence over which small companies are given the chance to succeed.

VC firms raise money from outside investors for (multiple) VC funds, typically structured as limited partnerships. VCs invest the funds in start-up companies on their behalf. They identify investment opportunities through a multi-stage selection process—a member of the firm identifies an opportunity, meets with start-up founders, advocates for the investment within the VC firm, and engages in a formal process of due diligence before proposing conditions for financing and negotiating the deal (Gompers et al. 2020). VC firms often co-invest with other firms, allowing them to diversify their portfolios and reduce the workload involved in assessing risks and managing a deal (Zider 1998). Each VC firm investing in a funding round typically appoints one investor as the lead partner who works with the funded company and interacts with external partners. The lead partner receives individual recognition and financial rewards if the investment is successful and may sit on the funded company’s board of directors.

VC firms tend to be small; a 2020 Deloitte survey of VC firms found the median number of employees is six (Deloitte 2021). The survey also found 65 percent of firms did not have any female investment partners in 2020, while 75 percent of the remainder had a single female investment partner. Overall, 16% of investment partners were female, up from 11% in 2016. As a point of contrast, a 2017 McKinsey survey found women account for 46% of attorneys and 25% of executive-leadership positions at law firms in North America (Brodherson, McGee, and Mariana 2017).

A number of reasons have been cited for the gender gap in VC, including homophily in hiring and investment decisions (Calder-Wang and Gompers 2021; Snellman and Solal 2022), weaker networking and mentoring relationships (Brush et al. 2014), and lack of relevant executive management experience (Blum 2015). Another potential reason is the industry’s historically male-dominated culture, which is often viewed as unwelcoming towards women, both as VC professionals and as entrepreneurs. Chilazi (2019) describes the masculine “bro” culture of VC as “aggressive behaviors, extreme competitiveness, excessive risk-taking, lack of work-life support, abuse and bullying, and sexual harassment,” which creates a lower sense of belonging among women.

This culture forms the contextual backdrop for the series of publicized sexual harassment allegations that occurred starting in 2012 with Ellen Pao’s lawsuit against Kleiner Perkins. Pao’s trial took place in 2015 and was covered extensively by media outlets. When it ended with a decision in favor of Kleiner Perkins on all counts, the media spotlight on issues of harassment and discrimination in VC dimmed. Four additional accusations against VCs were covered by the media from 2013-2016, though none attracted the level of coverage that the Kleiner Perkins case garnered.

The situation changed mid-2017, however, when sexual harassment accusations were publicly levied against Justin Caldbeck of Binary Capital, Dave McClure of 500 Startups and Chris Sacca of Lowercase Capital (Benner 2017). Caldbeck’s case, which involved accusations of unwanted sexual advances and inappropriate behaviors from a number of different women, attracted particularly intense media scrutiny. Caldbeck admitted to abuse of power and resigned from Binary Capital, but this did not save the firm. Binary Capital lost support from its Limited Partner (LP) investors and other partners resigned, leading the firm to dissolve within just a few weeks (Albergotti 2017; Loizos 2017). The rapid demise of a major player stunned the industry. These events appeared to catalyze broader moves towards change, including the circulation of a “Decency Pledge” by LinkedIn cofounder and VC Reid Hoffman (Lee 2017), adoption of new codes of conduct by VC firms (Zakrzewski 2018), and the formation of several organizations with the purpose of supporting female founders (Griffith 2020; Kolodny 2017).

In late 2017, there were with several more public sexual harassment accusations levied against VC’s, including well-known investors Steve Jurvetson and Shervin Pishevar, for a total of seven high-profile accusations that year (see Figure 1). But post-2017, our searches did not uncover any additional public accusations of sexual harassment reported against VCs in media outlets. Table 1 lists the twelve venture capitalists publicly accused of sexual harassment and timing of the earliest media reporting on each case.

--- Insert Table 1 about here ---

Media discourse on sexual harassment in VC

We first examined whether and how media coverage of the sexual harassment accusations evolved over the scandal cycle. To measure media attention, we counted media reports of workplace sexual harassment accusations in the U.S. between January 1, 2010 (roughly two years prior to the first public report of sexual harassment involving a VC investor in the *Crunchbase* database) and March 31, 2023 using the Factiva database.¹ We searched within Factiva for VC-specific reports as well as reports for the general U.S. workforce to understand the relationship between the volume of media coverage within our specific context of interest versus broader workplace trends. We thus conducted two searches: one capturing the general workplace (using the search terms: ("sexual harassment" or "sexually harass*") and (workplace or work or office or business or employee or investor or entrepreneur)) and a second specific to VC (using the search terms: ("sexual harassment" or "sexually harass*") and ("venture capital*" or "angel invest*")). Figure 1 shows the trends in the frequency of media reports by quarter/year. The dots in this graph correspond to the earliest date an individual VC was publicly accused of sexual harassment accusation according to the Factiva media searches.

--- Insert Figure 1 about here ---

As Figure 1 shows, there were two smaller peaks in media reporting for VC prior to 2017: first, in the second quarter of 2012, corresponding to Ellen Pao's accusations against Kleiner Perkins, and second, at the time of Pao's court decision in the first quarter of 2015. These peaks do not appear to correspond to the volume of media reporting on sexual harassment in the workplace more broadly. Then, coinciding with sexual harassment allegations in the second quarter of June 2017, we see a sharp peak in articles reporting on sexual harassment. This precedes the general workplace trend, where there is a peak in articles reporting on general workplace sexual harassment in the third quarter, corresponding to the surge of the #MeToo movement starting in October 2017 (when a tweet posted by the actress Alyssa Milano

¹ To determine the appropriate time period for our study, we searched for all public accusations against VCs in the U.S. between Jan 1, 2000 and June 30, 2023 using the Factiva database. A research assistant then read through each article to determine whether it referred to a sexual harassment accusation against a VC or investor. Overall, we identified 18 cases, 12 of which involved people listed in the Crunchbase database.

directed public scrutiny to Harvey Weinstein and accelerated the movement (Billings, Klein, and Shi 2022; Codrea-Rado 2017)). From those two high points, we see a sharp decline in attention through the third quarter of 2019. Then, there is a divergence: while attention to sexual harassment in VC remained low through 2022, there was an uptick in attention to sexual harassment more generally, likely corresponding to high-profile events such as Weinstein’s NY trial in early 2020 and sexual harassment allegations involving companies such as Fox News, Warner Bros., Bloomberg, and Pinterest (Law 2021). This suggests, while public attention to workplace sexual harassment may have undergone another smaller attention cycle after 2017, attention specifically to VC cases did not.

We next content-analyzed media coverage of the VC sexual harassment accusation. We imported all articles from Factiva reporting on an accused sexual harassment case involving VCs (329 articles in total) into Atlas.ti (Version 23). Our initial focus was to identify a range of specific themes within these articles without preconceived categories. To develop a coding scheme, we (the lead authors) chose three articles from each year between 2010 and 2022 and created a set of codes for this initial subset. As codes were being created and applied to this initial subset of articles, they were refined (by merging, splitting, expanding, and dropping codes). We simultaneously grouped codes into broader categories to help organize and keep track of them.

We then applied the codes to the full set of 329 articles (each author coded approximately half of the articles). As we applied codes, we continued to update and refine our codes. After changes to our coding scheme, we went back and applied the adjusted scheme to already-coded documents. We then grouped the final set of codes under 5 broader categories: “Firm/Individual Action” (28 codes), “Industry Culture” (4 codes), “Firm/person characteristic or description” (8 codes), “Industry-level characteristic or description” (20 codes), and “Broader society/public actions and views” (8 codes)”.

Next, we applied a theoretical lens to discern patterns in the framing of sexual harassment in VC drawing on previous research that shows media framing of scandals tends to highlight either individual actors or generalized systems as giving rise to the transgression. We re-examined the themes and categories, mapping those that indicated individualized versus generalized frames in media reporting to

allow for the integration of the empirical data within the existing theoretical constructs. Appendix Table A1 lists the codes with example quotes where media articles frame the sexual harassment accusations in individualistic versus generalized frames.

--- Insert Figure 2 about here ---

Figure 2 shows the yearly proportion of media reports on sexual harassment in VC that discussed harassment in individualized versus generalized terms. Prior to 2016, as several scandals were made public, media attention to and interpretations of sexual harassment in the VC industry remained fairly limited and individualized in nature (roughly 7.2% of media reports discussed sexual harassment as a generalized phenomenon). That is, accusations of sexual harassment were typically framed and made sense of as investor or firm-specific anomalous events. When multiple cases were mentioned within the same article, these were named individually (e.g. “Since Pao’s case, two other Silicon Valley venture firms, Pantheon Ventures and CMEA Development, have also been sued...” (Gage 2013).

However, starting in 2016, we see an increase in articles reporting on sexual harassment cases that invoked generalized frames. After a dip in the first quarter of 2017, from the second quarter of 2017 onward, generalized framing becomes even more prevalent, as accusations were increasingly interpreted as indicative of broader gender-related problems. Roughly 58.9% of media reports discussing an individual accusation of sexual harassment also framed harassment as a widespread phenomenon affecting the broader VC and high-tech industries between the second quarter of 2017 through the end of 2021. 2017 appears to mark a qualitatively different period in which generalized attributions about the widespread nature of sexual harassment in VC emerged.

Analysis: Female representation in VC

Next, we aim to understand how VC firms and investors responded to the scandals in terms of taking actions to increase female representation. We investigate changes with respect to the specific temporal inflection point of the qualitative shift from individualized to generalized media framings in 2017 found in our media content analysis as well as with a measure of the proportion of media articles

that employed generalized framing of sexual harassment in VC. Our focus is determining whether there are changes in VCs' reparative actions in line with the evolving coverage.

Data and Measures

For our observational study, we combined information on publicized sexual harassment accusations with data on VC firms and the companies they funded from January 1, 2010 through June 30, 2023. Because the scandals were salient in the U.S., we only include U.S. based VC firms and investors. Our main source of data regarding VC firms, funding rounds, and entrepreneurial ventures is *Crunchbase*, a leading commercial provider of data on startups and venture financing.² We collected data on the people involved in venture funding rounds (e.g., founders, angel investors, and lead partners who represent VC firms on the deal, as described above), financial/investment information, and characteristics of the VC and start-ups firms, such as geographical locations and business category. While most cases involved a single lead partner for each VC firm, two individuals were listed as lead partners for a firm on ~9% of deals while three or more individuals were listed on ~1% of deals. In cases with multiple lead partners listed on a deal, we treated each individual equally as a lead partner representing the firm. In total, there are 11,437 VC partners and 4,053 firms in our dataset.

Dependent Variables

Our main outcome measures capture two types of actions that signal substantive commitments from VC firms to increase the representation of women. The first is having a woman as a lead partner representing a VC firm on an investment funding round. In our dataset, 2,112 (11.6%) of lead partners are identified by *Crunchbase* as female. We operationalize female lead partner dichotomously, as 1 if at least one female lead partner represents a VC firm on a funding round in each quarter (our primary time

² We secured access to Crunchbase data through their academic partnership program <https://about.crunchbase.com/partners/academic-research-access/>.

period), and 0 otherwise. Having more women as lead partners is consequential because partners – especially those actively taking a lead on deals – wield influence over the firm’s direction.³

Our second outcome is the representation of women among the founding teams that receive VC funding during our study period. Support for female founders became a salient issue over the course of the scandal cycle. For example, in 2018, 34 female investors founded All Raise, a nonprofit dedicated to promoting diversity in the VC industry and explicitly noted “the serial incidents of harassment, bias and exclusion” as a motivation for its founding.⁴ We operationalize founding team female representation as the proportion of funding rounds a VC has participated in as a lead partner for which there is at least a single female on the founding team (using gender as identified by *Crunchbase*). We focus specifically on funding rounds of companies that a VC is investing in for the first time. Research shows different considerations factor into sequential funding, with VCs more likely to continue to fund a company even as expected returns decrease (Guler 2007). Subsequent funding of existing portfolio companies partly captures VC decision making in previous periods, whereas first-time investments reflect VC priorities at the time.

Independent Variables

To test our hypotheses, we investigate whether and when female representation increases among all VC firms and investors within the category (H2) versus among only firms and investors with direct network ties to the accused, as compared to others without direct ties (H1). To facilitate interpretation, we first investigate H2 by including category-level variables, and then investigate H1 by including variables that indicate whether the VC had direct ties to someone accused. We take two approaches to examining category-level changes. First, we examine yearly fixed effects and focus on whether there were changes

³ We use lead partner on investments rather than partner lists from firm Web sites because a lead partner, actively investing, is a more reliable indicator of being in a true leadership role at the firm. Our interviews confirm that often people are still listed as partners after they retire or step away from investing and thus do not have real influence or financial stake in the firm.

⁴ <https://medium.com/allraise/announcing-allraise-org-d15a1b592f63>

after 2017, when our media coverage analysis showed a qualitative framing shift. Second, we employ a scandal-specific measure, the level of generalized media framing as coded in our media analysis. To test whether effects are simply picking up on general time trends, we compare yearly changes among U.S. VCs to changes among VCs in Europe and in Asia.

Our independent variable for examining H1 is whether an organization or investor has direct ties to an accused harasser, interacted with the quarters after a harassment allegation is made public. We compute a measure that captures whether a VC has a tie to someone accused of sexual harassment using the lead partner data from *Crunchbase*. We create covariates for VC firms and investors who are associated with people accused of sexual harassment based on two types of ties among VCs: working together in a *funding round* or at the same *organization*. We define a funding round tie as occurring when two VCs are lead partners representing their firms to provide financing to a company in the same funding round. We define an organizational tie as when two VCs are both listed as a lead partner for the same firm in the same 8-quarter window. We chose this temporal duration because investors do not always have a new investment in every quarter, even though they are still working for the firm, so a broader window is needed to capture overlapping organizational memberships.

In our firm-level analyses, a VC firm has a direct tie if one of its partners has a funding round tie to a VC firm with a partner who has been accused of sexual harassment. In our investor-level analyses, an investor has a direct tie if they have either a funding round or organizational tie to another accused investor. For both measures, the post-allegation indicator is set equal to one on and after the first date a tie is accused of sexual harassment in the media, and zero otherwise. The twelve individuals who are themselves accused of sexual harassment are excluded from the investor-level risk set, while the firms they belong to are excluded from the firm-level risk set.

Descriptive Figures

We first examine trends graphically without controls to see if female representation in VC increased following the sexual harassment scandals. Figure 3 shows trends for our two outcome variables by quarter

(a time-unit that balances showing fine-grained temporal changes with having sufficient data in each period). Figure 3a presents the proportion of VC firms with at least one woman as lead partner on a funding round per quarter based on Crunchbase data (31,196 observations). Overall, there is low representation of women: on average, 87 percent of VC firms have no women as lead partners across quarters. Early on the trend is flat, but increases starting in 2015, and the increase accelerates after 2017, to almost double the proportion of firms with at least one woman as lead partner, indicating the possibility of category-wide actions taken by firms to support women in the wake of the scandals. For this DV, the rate remains substantially elevated relative to the earlier period through the end of the study period (June 30, 2023).

--- Insert Figure 3 about here ---

Figure 3b shows the proportion of VC investment companies where at least one woman is on the founding team (68,619 observations). This figure shows that representation of women is also low among the founders in which VCs invest; on average, 85 percent of investment companies have no women on the founding team across quarters. The trend shows a more modest increase after 2017, moving from around 15 percent to about 18 percent. Notably, the increase does not persist for this measure, but begins to decline in 2022. By June 2023, rates return to 2010 levels with only 10 percent of investments including one or more women on the founding team. The relative decline in investing in female-founded companies coincides with a general VC downturn in investment funds, which began Q1 2022.⁵ Together, trends in Figure 3 are consistent with the idea that VCs increased representation of women in the wake of the sexual harassment scandals. They also suggest the increase in female VC partners may have been more substantial and persistent through the scandal cycle and beyond, while the increase in female-founded start-ups may be smaller and temporally restricted to the years directly after the 2017 scandals.

Analytical Approach

⁵ <https://news.crunchbase.com/venture/vc-funding-downturn-charts-q1-2023/>, accessed February 12, 2024.

The above figures present overall trends without controls, raising the possibility that the observed trends are due to heterogeneity and changing composition among VC firms and investors. We further investigate these effects using regression analyses, where we estimate our dependent variables as a function of the independent variables and controls. Our unit of analysis is the VC firm-quarter for the firm analysis, and investor-quarter for the investor analysis. We include VC firm and investor fixed effects (respectively), which provide evidence that the outcome variables are increasing over time for the same actors. (We also report secondary results using random-effects regressions in the Appendix.)

To address potential concerns that firms and investors with ties to people accused of sexual harassment are systematically different from firms and investors without such ties, we construct a matched sample for our risk set of firms/investors that were associated with scandal matched with those that were not. VC firms/investors were matched along a set of key observable covariates with associates using k:k coarsened exact matching (**cem** in Stata). We matched VC firms based on the following covariates: the number of lead partners representing the firm, count of funding rounds participated in (ln), and total amount of funds raised (ln) over past 8 quarters, firm age, and year. We matched investors based on a set of individual characteristics (investor gender, tenure in the industry (measured as the number of years since the investor was first listed as a lead partner)), a set of firm and funding characteristics (number of lead partners representing the firm, proportion of lead partners who are female, count of funding rounds participated in (ln), total amount of funds raised (ln), average count of co-investors on funding rounds for prior 8 quarters) and year. Appendix Table A2 provides descriptive statistics for the full and matched samples of VC firms and investors.

To investigate the effect on firms and investors associated with scandal (with direct ties to the accused), we model our estimation similar to a staggered “difference-in-difference” approach, where we include both (1) the indicator variable for whether the firm/investor has had a tie to someone who is or will be accused of harrasment, (2) the indicator interacted with the quarters after the respective scandal has become public. Our base specification is modeled as:

$$DV_{i,t} = \beta_1 \times association_{i,t} + \beta_2 \times (association_{i,t} \times post_accusation_t) + (\beta_y \times year_t) + \beta_c \times controls_{i,t} + \alpha_i + \varepsilon_{i,t}$$

where $DV_{i,t}$ are the respective dependent variables (defined above), α_i denotes fixed effects for the firm or investor, and $(association_{i,t} \times post_accusation_t)$ is the covariate of interest to test effects for actors directly associated with scandal. A positive value for β_2 indicates that firms or investors with ties to the accused take increased actions after the accusation is made public. To test whether category-level effects change over time with the shift towards predominantly generalized framings of scandal, we take two approaches. In the first, we compare the size of yearly fixed effects, β_y in the equation above. In the second, we directly include a measure of generalized media framing and estimate the following:

$$DV_{i,t} = \beta_1 \times association_{i,t} + \beta_2 \times (association_{i,t} \times post_accusation_t) + \beta_3 \times generalized_framing_t + \beta_4 \times ln_num_articles_t + \beta_c \times controls_{i,t} + \alpha_i + \varepsilon_{i,t}$$

where $(generalized_framing_t)$ is the generalized framing measure from our media analysis and $ln_num_articles_t$ is the (logged) count of the number of articles covering sexual harassment each year. Because generalized framing mostly increases for each year, this specification does not include yearly fixed effects. Our firm analysis applies a linear probability model (LPM) using OLS regression to estimate effects on our first outcome (the dichotomous indicator of whether a woman represents the firm as lead partner).⁶ Our investor analysis uses OLS regression to estimate effects on our second outcome (the proportion of funding rounds in that quarter where there is at least one female founder at the funded company). We estimate effects using xtreg in Stata and robust standard errors.

⁶ There is a concern in using LPM estimation for binary outcome variables, as the assumption that there is a linear relationship between the dependent and independent variables is violated close to the 0 or 1 outcome. Some researchers use logit regression, which estimates the log odds ratio instead of the probability of the outcome. But disadvantages of the logit model are that 1. odds ratios are difficult to interpret and 2. logit models will drop all observations that perfectly predict the outcome when employing fixed effects. In our case, fixed effect logit models drop about one-third of our observations. A linear model often well fits probability data and the practical effect of violating the linearity assumption is typically minor, so researchers frequently use LPM for the ease of interpreting effects (Hellevik, 2007). We find estimates from LPM are consistent with logit results and more conservative in terms of statistical effects. Therefore, we present estimation results from LPM using OLS regression for this outcome variable. Estimates from logit regressions are available upon request.

Control Variables

In our firm-level models, we include the following control variables that may affect female representation among lead partners: firm age (ln), the number of lead partners representing the firm in the previous 8 quarters (ln),⁷ whether any partner in the firm was included in the Midas list (an annual ranking by *Forbes* magazine of VCs with the strongest returns,⁸ a salient status marker described by technology journalist Kara Swisher (2013) as the “Oscars for venture capitalists in tech”), yearly fixed effects, and fixed effects for the type of investments included in the firms’ portfolio.⁹ In our investor-level models, we include controls during the previous 8 quarters for the number of funding rounds the investor participated (ln), number of lead partners representing the investor’s firm (ln), total amount of capital the investor raised (ln), and mean number of VCs in the investor’s rounds. We also control for the investor’s tenure in the industry (ln; measured as the number of years since the investor was first listed as participating in a funding round) and whether the investor was ever previously on the Midas list. In random effects models we include whether the investor is a woman. All independent and control variables are lagged by one quarter (covariates over the previous 8 quarters are computed from quarter $t-9$ to quarter $t-1$ to predict the outcome at quarter t).

Table 2 provides descriptive statistics and correlations for covariates in the firm analysis, and Table 3 provides descriptive statistics and correlations for the investor analysis.

--- Tables 2 and 3 about here ---

Findings

Category-wide versus individual associate effects on prosocial actions during the scandal cycle

⁷ We also create control variables for the number of funding rounds the firm invested in and the total amount raised. These correlate with the number of lead partners at .79 and .69, respectively, so we do not include them simultaneously in the model. Effects reported are robust to including these controls instead of the number of lead partners.

⁸ <https://www.forbes.com/sites/truebridge/2023/05/04/forbes-midas-list-2023-methodology> (accessed March 5, 2024).

⁹ These are dummy variables that capture if a start-up in the VC firm’s investment portfolio is in the category. There are 47 categories; examples include fintech, biotech, gaming, AI, etc.

We first examine if there are category-wide changes in terms of increasing female representation in the wake of the scandals by comparing estimates of the yearly calendar effects from fixed-effect regressions on the matched sample including controls. Effects are presented graphically in Figure 4 based on regressions reported in Tables 4 and 5.¹⁰ Results show evidence for a category-level effect for both outcome variables, though with different magnitudes and duration.

--- Insert Tables 4 and 5 about here ---

Figure 4a presents calendar year effects for the female lead partner outcome variable for the firm analysis. Results show a flat trend until 2014 and a slight increase between 2015 and 2017, with female lead partner representation increasing by about 13 percentage points compared to the baseline in 2010, but with overlapping error bars relative to years in the previous period. After 2017, there is a substantial rise, with an increase in 30 percentage points relative to the 2010 baseline. Effect sizes after 2017 are consistently higher than pre-2015. This provides evidence of a category-wide increase in female representation immediately following the 2017 shift in media framing of the sexual harassment allegations. In line with our theory, we see an industry-wide response when the scandal is framed as a generalized phenomenon that persists through the duration of our study. Results reinforce the trends observed in Figure 3a, showing these effects are evident when controlling for VC firm fixed effects, a matched sample, and controls. Figure 4b presents calendar year effects for the female founder outcome variable for the investor analysis. Compared to the lead partner outcome, effects are more muted. There is a smaller and short-lived increase after 2017, with a 15 point increase in the proportion of first-round investments into companies with female founders, in line with our theory. However, estimates for this outcome do not remain elevated and begin to decline in 2022 such that their confidence intervals includes zero. Again, effects reflect trends observed in Figure 3b using all data--there is a modest increase that returns to baseline at the end of the scandal cycle.

--- Insert Figure 4 about here ---

¹⁰ Results from random effects regressions are similar and reported in Appendix Tables A3-A4.

One question might be whether increases in 2017 simply reflect time trends. To explore this alternative, we examine whether comparable actions were taken by VC firms and investors in Europe and in Asia. While VC firms in other contexts may have been aware of some of the accusations, they were not implicated in the media coverage of sexual harassment allegations in the same way as their U.S. counterparts (the Factiva articles reporting on sexual harassment in VC generally focused on the U.S. context and all named harassers were based at the time of reporting in the U.S.). We run the same regressions for VC firms and investors in Asia and Europe, respectively, and present calendar effects in Figures 5a – 5d.¹¹ For the firm models estimating female lead partner, the yearly trend for both geographies is flat during the time period of the scandals. Starting in 2021, there is an increase that is statistically significant but small in magnitude – fifty-five to seventy-five percent smaller than in the U.S. For the investor models estimating investments in female founders, the trend is also flat during the time period corresponding to the scandals. There is a non-significant but directional decrease in 2022-23, coinciding with the U.S. decline (figure 4b). The European and Asian geographies show patterns that are similar to each other but different from the U.S., providing evidence against an explanation that the effects observed in the U.S. are simply part of a larger time trend.

--- Insert Figure 5 about here ---

Our second analysis examined whether higher levels of generalized media framing prompted category-level changes by directly including in the model the proportion of media reports that framed the sexual harassment scandals in generalized terms (from our content analysis of media coverage). This was constructed as a lagged 4-quarter moving average, with the count of articles that referenced sexual harassment cases in VC with a generalized frame as the numerator, and the total count of articles that referenced sexual harassment in VC over the prior 4 quarters as the denominator. Because generalized

¹¹ The list of European countries comes from the website of the German Federal Statistical Office (<https://www.destatis.de/Europa/EN/Country/Country-Codes.html>) and the list of Asian countries comes from the Federal Aviation Administration (https://www.faa.gov/about/office_org/headquarters_offices/apl/international_affairs/asia_pacific/countries), both downloaded Aug 21, 2024. Regression results presented in Appendix Tables A5-A6.

framings mostly increase yearly during the scandal cycle (see Figure 2), we include this covariate without year fixed effects for our main test. Importantly, our models include a control for the total count of articles that referenced sexual harassment, so we can test whether it is volume of coverage or framing that may be driving the effects.

Table 4, Model 2 shows estimated effects of generalized framing on the proportion of firms with female lead partners. Results indicate a strong positive effect ($b=.191$ (.047); $p<.001$). A one standard-deviation increase in the proportion of generalized framing (.26) corresponds to a 5 percentage point increase in the proportion of female lead partners across all VC firms. This effect is evident even when including the volume of coverage as a covariate, which does not have a substantial effect in magnitude or significance. It is generalized framing rather than amount of coverage that spurs reparative action category-wide. In Table 3 (Model 3), we add year fixed effects. This is a conservative model where the variance captured by the generalized framing covariate is quarterly changes within each year, and the effect of generalized framing remains positive and just over conventional levels of significance ($b=.117$ (.062); $p=.059$). Even within a year, as scandals are framed in more generalized terms, VCs increased female representation among lead partners. In this model, the yearly fixed effects capture much of the variance and are similar to those reported above, showing substantial increases post-2017.

For the investor analysis, generalized framing has a positive and significant effect on the proportion of funding rounds with female founders in the model without yearly fixed effects in Table 5 Model 7 ($b=.076$ (.03); $p<.05$), such that a one standard-deviation increase in the proportion of articles with generalized framing (.26) corresponds to a 2 percentage point increase in the proportion of funding rounds with a female founder. Again, it is generalized framing rather than overall coverage which drives increases. However, the effect is not significant when yearly fixed effects are included in the model, suggesting that, for this outcome, investors are not as responsive to more fine-grained temporal shifts in framing.

Overall, these estimations provide support for H2: VC firms category-wide took actions to increase both women as lead partners on their deals and female representation in their investment

companies in the wake of the 2017 sexual harassment scandals, corresponding to the shift to generalized media framings of the scandals. Results also indicate a divergence between the two outcome variables in terms of the magnitudes and duration of their effects. The increase in female lead partners shows a larger increase and remains elevated through the scandal cycle and beyond. In contrast, the increase in funding companies with a female founder has a more modest increase and begins to revert in 2022. These effects are shown in fixed effect regressions on a matched sample including controls, suggesting the observed trends are not due to a change in the composition of the sample but indicate an evolving response during the scandal cycle.

Next, we investigate H1, which predicts investors and firms directly associated with the accused are more likely to take reparative actions when the media frames the scandal in individual terms. Our independent variables of interest are the interactions “firm is associated with scandal, post accusation” and “individual is associated with scandal, post accusation”. These indicate whether a VC firm or investor was associated with someone accused during the period after the accused’s scandal breaks. A positive effect would indicate that direct associates of the accused after were more likely to take reparative actions to increase female representation after the scandal breaks, compared to the matched sample of firms/investors without direct ties to the accused. Figure 6 presents coefficient estimates for both outcome variables. Results show no evidence of a direct associate effect for the female lead partner outcome for all post-scandal years. There is a positive trend for the female founded companies outcome, but it is only significant at conventional levels ($p < .05$) in the random effects model, showing a 4 percentage point increase.

--- Insert Figure 6 about here ---

To test H1, we further examine temporal changes of this effect by interacting those associated with scandal, post-scandal, with calendar year. Estimates for both the year fixed effects and year interactions are plotted in Figure 7. Figures 7a and 7b show estimates for the female lead partner outcome variable, based on the VC firm analysis (regressions reported in Table 4, Model 5). The yearly fixed

effects presented in Figure 7a continue to show a category-wide effect. However, Figure 7b does not show an additional increase for associate firms. Thus, H1 is not supported for the firm analysis.

--- Insert Table 3 and Figure 7 about here ---

Figure 7c and 7d present estimates for the proportion of funding rounds with female founders, based on the VC investor analysis (regressions reported in Table 5, Model 10). Again, the yearly fixed effects presented in Figure 7c continue to show a category-wide effect for this outcome. The associate interaction by year, shown in Figure 7d, shows that an individual effect is evident for the period between 2014 and 2018, providing support for H1 for the investor analysis. Investors with individual associations to accused sexual harassors were more likely to invest in female-founded start ups by between 15 and 25 percentage points, compared to non-associates, during the period where the media used individual framing, with the effect most pronounced in 2016, the year after the Ellen Pao verdict.

Overall, our analysis provides strong evidence for H2: there is a category-wide effect for both types of reparative actions studied just after 2017—when media coverage shifted to predominantly framing allegations using generalized frames indicating a systemic problem in the industry (Figure 2). We find more limited evidence for H1: when the scandals were framed as individualized, they spurred investors directly associated with scandal to engage in reparative actions in terms of increasing support for female founders to a moderate degree— but we find no effect of scandal-associated firms increasing female lead partners in this period.

One question might be whether effects depend on the gender of the investor. Random effects models show that female VC investors have a higher proportion of investments in start-ups with female founders by 8 percentage points (see Appendix Table A4). We investigate whether female investors are more likely to take action if they are (1) individually associated with stigma, or (2) as part of a category-level reaction in the later period. Results are reported in the Appendix Table A7 and do not show significant effects for either. Although female VCs are more likely to invest in female-founded start-ups relative to their male counterparts, we do not see evidence that they reacted more strongly to the scandals, either for individual or category-level associations. This result runs counter to findings in the film

industry (Luo and Zhang, 2022), suggesting that there may be industry differences in whether women more strongly respond to being associated with scandal. At the same time, findings do suggest an indirect path to long-term increases in female-founded investments: scandals spur increases in women lead partners who are more likely to invest in companies with female founders.

Contextualizing the difference in industry pressures to respond pre- and post-2017

Our findings indicate that media framings of the VC scandals evolved from predominantly individualized in the pre-2017 period to more generalized after 2017, and that these framings affect the range of actors who take reparative actions in response. In this post hoc section, we explore these patterns further by drawing on insights from interviews with ten VCs of varying industry, organizational, and demographic backgrounds.¹² We asked interviewees questions related to their perspectives on the sexual harassment scandals and how these scandals may (or may not) have affected decision-making at their own firm and in the industry more broadly.¹³ Their reflections are not designed to validate but to add contextual nuance to our theory and findings. We also conducted a post hoc analysis to explore a factor we had not previously considered that was highlighted by the VCs: the role of the limited partners (LPs) who supply capital to VCs in driving diversity-related change.

When asked to reflect on industry response to the sexual harassment accusations, interviewees tended to recall the 2012 Pao/Kleiner Perkins and 2017 Justin Caldbeck cases and generally viewed the latter as more impactful on the psyches of everyday VCs. As one interviewee stated, “the Caldbeck episode...put the fear of God into a lot of people. And they began to clean up their act.” Another noted “I

¹² Interviews ranged from 30 minutes to 1 hour 15 minutes. There were four women and six men who had worked in VC between 10 and 30 years.

¹³ We recorded and transcribed these interviews, and then uploaded and analyzed them within Atlas.ti. We each independently assigned codes to each of the interviews, noting any themes or ideas related to the questions posed above. After coding, we met to discuss our coding and how the themes uncovered helps to contextualize and interpret our main quantitative findings. Where relevant, we considered VCs’ assessments in light of insights from existing studies to develop a more nuanced picture of potential dynamics at play.

think people were like, this is unacceptable behavior. We need to fix it.” The VCs we spoke with highlighted two themes that differentiated these cases: the perceived nature of the transgressive acts and characteristics of the transgressors.

First, while Pao’s accusations against Kleiner Perkins attracted considerable media attention, the VCs we spoke with regarded it as an ambiguous case involving a prominent firm with a reputation for supporting women. As one VC said, “the details of that case seemed---messy. You know, there’s like intrafirm relationships and all this sort of...it’s not clean...”. Another observed that “it was kind of the wrong case for the right subject...of all the firms, Kleiner Perkins were kind of the good guys, you know.” In contrast, when Caldbeck’s case publicly surfaced several years later, the VCs we spoke with tended to view the case as clear-cut. One VC noted, “I don’t think anyone questioned the women when they came forward.” Many expressed that they found the details of the case particularly unsavory. As a male VC stated:

the Justin stuff seemed predatory. It was like – it was – harassment, and persistent, and – yeah. This is a person with a serious problem. This was not just a closed minded person from a different generation who is just not treating people fairly. This is, like, you know, somebody that you might not trust to watch your kids.

This unsavoriness, covered in detail in the media, sparked outrage. One female VC described the reaction as:

just sort of this massive female rage that kind of surfaced in a singular moment. It felt like at that point there were a lot of female investors, a lot of founders, and just sort of this hyper awareness around the power dynamic...it created this focus on, like, oh my gosh, look at how few women there are in venture and how messed up that is. Given the fact that there aren’t that many female founders, and maybe those things are connected.

VCs also highlighted a difference in the characteristics of the accused. Caldbeck appeared to be viewed as part of the “hot”, “next gen” of investors; that he was both young and high-status made his behavior particularly shocking to the general VC community. One male VC said “in the case of Caldbeck, [I was] really just shocked that this is how [someone educated and trained] treats women.”

Another noted:

I think the Ellen Pao case for a lot of investors was like, “Yeah, John Doerr¹⁴ is kind of a dinosaur...” And, when people looked at Binary, they were like, Oh. Here are these two young guys. Who are part of the scene, and part of this “next gen” who are seen by entrepreneurs as, like, the hot shots, or whatever. Like Justin Caldbeck and John Tao. And, they’re, like, of the moment, and have good pedigree, and can be taken down in 3 weeks, by the LPs who voted to shut them down.

The VCs we interviewed suggested that VCs responded to the shift in sentiment following the 2017 scandals by increasing gender representation. As one stated: “If you were in the post 2016/17 period, and about to add a new partner, publicly, and you were a partnership that had all guys, and you were going to announce yet another guy? That’s a big FU, like, we do not care.” They also pointed to key stakeholders – the LPs who supply capital to VC firms (and hold the power to take it away) – as instrumental in pressuring this response post-2017. Binary capital’s LPs took decisive and dramatic actions in the wake of the Caldbeck harassment allegations—actions which the VCs we talked with described as shocking. As one noted:

Binary was much more impactful. Because, literally, a firm disappeared within like 3 weeks. I mean, the speed of – like, from the story to the firm ending, was mind blowing. And really, really rattled a lot of people in VC.

Another VC suggested there was an increase in LP’s focus on gender representation after the 2017 scandals: “once the LPs stepped in and took down that firm, I think there was a lot more scrutiny from them about, well if you had had female partners in this firm, perhaps this might not have happened. So, that was definitely a turning point.”

This suggests the generalized framing of the scandals in the post-2017 period may have also spilled over to LPs, who then applied category-wide pressures for VC partners to demonstrate support for women. As one VC bluntly observed, “If you are a fund that has no female partners, you are going to get questioned from LPs.” One interviewee explained that many of the LPs are investors with far more diversity on their teams than the VC partnerships, so “when you walk into a meeting and there’s 6 people

¹⁴ John Doerr was the general partner at Kleiner Perkins at the time of the lawsuit. He was not accused of sexual harassment – the Pao case stemmed from her relationship with junior partner Nazre who subsequently resigned – but he was implicated in Pao’s allegations of discrimination and retaliation as well as tolerating the alleged sexualized culture at the firm. Reactions to the Pao case in our interviews centered on the firm, Kleiner Perkins, or Doerr.

on one side of the table and half of them are women and two of them are black, and we walk in with 6 white men, it's uncomfortable, frankly." Another noted, "You know, a lot of the gender diversity stuff in VC is driven by institutional investors who want to see diversity in their VC firms...saying you've got to change how you look and feel." Consistent with this, a Deloitte (2023) survey found that almost half (47%) of VC firms reported that their LPs had requested diversity-related information in the past year.

We conducted a post hoc exploratory analysis to explore the idea that LPs ratcheted up pressure on VCs to diversify their partnerships in the post-2017 period. Our aim was to investigate whether VC firms that received funding from types of LPs that were likely to be sensitive to diversity concerns (as defined below) were more likely to increase gender representation after the 2017 scandals as compared to firms with less diversity-sensitive LP types. We accessed data on LPs that fund VC firms for our matched sample from *Pitchbook*, another commercial provider of VC data. Unfortunately, *Pitchbook* only had data on LPs and LP types for about half of the firms in our matched sample (N=340 firms), and so we employed triangulation, conducting two analyses. First, we investigated whether VC firms with lower proportions of diversity-sensitive LP types were less likely to increase female lead partners in the post-2017 period. This directly tested for LP influence, but on a subset of firms. Second, we reasoned that firms that raised more money from LPs are more likely to be influenced by diversity pressures from LPs, and tested whether VC firms with higher raised amounts would be more likely to increase gender representation in their lead partners. This independent variable more weakly captured LP pressure to diversify, but had the advantage of including the full matched sample.

We coded diversity-sensitive LP types based on our VC interviews, discussions with private equity specialists in finance, and related industry and academic publications (Barber, Morse, and Yasuda 2021; Morgan Stanley 2021). LP types likely to be diversity-sensitive included public and corporate pensions, foundations, and financial institutions, that received pressure from internal or external constituencies to promote diversity or had a history of valuing impact investing. LP types such as high-net-worth investors or money management firms were not expected to be diversity-sensitive. The full list of LP types in our data are in Appendix Table A8. Our variable of interest measures the proportion of LP

types that are diversity-sensitive compared to all LP types that funded the VC firm in the previous 4 quarters.¹⁵

Drawing on the interview insights to extend H2, we expect that when the media predominantly frames scandal in generalized terms, diversity-sensitive LPs will exert pressure on the VC firms they invest in to increase gender representation. We test the LP effect in regressions reported in Appendix Table A9. We interact the proportion of LPs that are *not* diversity focused with: (1) the post-2017 period, which has a negative and significant effect ($\beta = -.114$, $p < .05$, Model A19); and (2) generalized framing coverage, which also shows a negative and significant effect ($\beta = -.237$, $p < .01$, Model A20). For the set of VC firms for which LP information is available, those without diversity-sensitive LPs were less likely than their counterparts to increase gender representation in the period where the scandals were framed as a generalized industry issue. We further test this idea on the full sample in models A21 and A22, by interacting the total amount raised with the post-2017 period and generalized framing. The post-2017 interaction showing a marginally significant positive effect ($\beta = .018$, $p = .09$) and the interaction with generalized framing showing a positive and significant effect ($\beta = .037$, $p < .05$), in line with expectations that the more VC firms are funded by LPs, the more likely they are to take reparative action. This post-hoc analysis provides quantitative evidence for the insight gleaned from our interviews. LPs, a resource-controlling stakeholder, played an important role in applying pressure for VC firms to make reparative changes to increase gender representation when media coverage of the scandals highlighted systemic industry concerns.

Discussion

Scandals serve as the impetus for social change when market actors fear reputational spillovers and engage in reparative actions. It is well documented that reparative actions are taken not only by actors embroiled in scandal, but also by those with direct ties to the accused and even by an entire industry

¹⁵ The financial commitment of the LP to the VC firm is only available for a small portion of the LP data.

category (e.g., Carberry and King 2012; Chandler 2014; Luo and Zhang 2022; McDonnell et al. 2021). However, little is known about when and why change actions will be narrowly implemented or broadly adopted. In this paper, we propose that media framings of a scandal are a key element in whether scandals lead to narrow or widespread change. We study the sexual harassment scandals in VC, where there were multiple public accusations over a five-year period from 2012 – 2017 and find evidence that shifting media framings during the scandal cycle affected the breadth of industry actors who responded with reparative change.

Combining detailed media analysis with data on U.S.-based VC firms, funding rounds, and the entrepreneurial ventures they funded from 2010-2023, we show media coverage evolved from framing the scandals as individualized anomalies to generalized industry problems, and industry responses increasing the representation of women in key roles parallel these changes. Individual investors associated with accused harassers were more likely to engage in reparative change during the earlier period of the scandal cycle, when media coverage framed harassment accusations as individualized phenomena. But this evolved into category-wide efforts following the shift in media coverage framing sexual harassment as a generalized industry problem in the later period.

Overall, our empirical findings support the idea that whether a scandal is framed as an individualized versus generalized phenomena affects the type and breadth of market actors who engage in reparative change to avoid negative spillovers. Our interviews shed light onto factors that might underlie the shift and point to differences in the perceived characteristics of accused transgressors as well as the transgressive acts. They also uncover an additional driver of industry change, namely that powerful stakeholders (i.e. the LPs) viewed low female representation as risky and factored it into their funding decisions following media coverage of the Caldbeck case. Our post-hoc analyses support this interpretation: when reputational risk spreads category-wide, VC firms that are more reliant on types of LPs that are more attuned to diversity-based reputational considerations are more likely to increase the presence of female lead partners. This is consistent with studies that have found that variation in industry actors' resource-based dependency on non-industry exchange partners influence which actors are most

likely to engage in substantive change (Beckman & Phillips, 2005; Pfeffer & Salancik, 1978). To the extent that external partners share and represent broader societal interests, actors who are more dependent on them may be more likely to engage in change efforts during the generalized scandal period.

Our findings contribute to the literatures on stigma and scandals, which arise when an act is labeled as violating “the shared values and preferences of members of a particular group” (Kurzban and Leary, 2001: 188). The literature on scandals points to the frequency and prominence of media coverage as an important factor in understanding collective response to a perceived deviance (Paruchuri et al. 2019; Piazza and Jourdan 2018). We extend this literature by showing it is not just the volume of media coverage, but also the way in which the media frames a potentially stigmatized agent that drives industry response to a scandal. Existing studies find that the intensity and frequency of media attention to a scandal sharpens its consequences (Paruchuri et al. 2019; Piazza and Jourdan 2018). Our research suggests that temporal variation in the scandals’ framing also matters for when and why they spur reparative change. A scandal that attracts substantial media attention but is portrayed in individualistic terms—as in the case of Pao’s accusations against Kleiner Perkins in the period 2012-2015—may only create pressure on industry participants who are directly tied to the accused transgressor to change due to its individualized nature. On the other hand, the same type of scandal that is framed in more general terms—such as the claims against Justin Caldbeck in 2017—may spur broader action.

Our paper also contributes to literature within social movements regarding organizational responsiveness to social activist challenges (McDonnell and King 2013; McDonnell et al. 2015). McDonnell and Werner (2015) find that social activist challenges shape a firm’s ability to maintain ties with important stakeholders due to the threat of reputational spillover. Further, issue salience and amount of media attention moderate the disruptive influence of activist challenges on the maintenance of ties. This literature finds activist challenges can influence behavior not only of targeted and associated firms, but also of other firms within the same field who may proactively adopt practices in order to avoid their own challenges (Briscoe and Safford 2008). Our study complements this research by pointing to another

factor—the media’s framing of a threat—that social movement researchers might consider when seeking to explain patterns related to reputational spillover and firm responsiveness to activist challenges.

Our findings point to several avenues for future research. We found two interesting differences in patterns between female lead partners and founders that should be explored further. First, when media framing of sexual harassment scandals was predominantly individualized in nature, reparative action was not only limited to actors with direct ties to harassers (as hypothesized), but also localized to individual investors with ties (resulting in increasing support for firms whose founding teams included women) rather than the VC firms these investors belonged to (resulting in no change in appointment of women to lead partner). Our study suggests the possibility that whether market actors feel at risk of negative spillovers and take reparative action may be shaped by the level at which the media casts the locus of responsibility.

We also found greater and more sustained movement in terms of representation of women as lead partners for a VC firm compared to female founders in VC-backed companies in response to the scandals in the later period of our study. While both outcomes reflect meaningful changes, lead partners have more ongoing influence within the firm and the opportunity to shape its direction, which might lead to a ripple effect. Investing in female-founded companies is a substantial financial outlay, but requires continued commitment when it comes to new investments. It is possible that actions aimed at structural changes within firms are more likely to persist over time. It also may be the case that the long-term divergence in these outcomes is due to differing responses to the downturn of 2022. A few of the interviewees we spoke with cited the contraction in capital markets as leading VCs to be more wary of investing in female founders, dubbed a “flight to familiarity,” a pattern in line with research that shows the gender gap in entrepreneurial financing widens during a recession (Thébaud and Sharkey 2016). The different trajectories for the lead partner versus founder outcomes may arise from senior VCs knowing junior partners well, unlike founders of prospective companies. It is possible that whether a downturn aggravates the gender gap depends on factors such as familiarity, which would be interesting to explore in future research.

Another important issue for future inquiry is why more generalized framings of harassment emerged in mid-2017. Our interviews suggest that characteristics of the specific scandals or of the organizational actors embroiled in scandal may have affected the likelihood of individualized versus category-wide attributions (Paruchuri et al. 2019). It is also possible that the multiple scandals involving different accused harassers within a short timeframe in mid-2017 contributed to the shift in attributions (Dewan and Jensen 2020), although this was not mentioned by any of our interviewees. The changing societal climate around sexual harassment may also have been an influencing factor in the broadening of social change efforts. Just as social movements literature has looked into what factors make some firms more likely to become targets of social activist challenges than others, it is important to understand what leads media outlets to frame a scandal in more individualistic versus generalized phenomenon.

Finally, our research suggests that resource dependencies might also influence the degree and persistence of reparative action in the wake of scandal. Our interviews pointed to LP pressure as a key factor driving increases in women as lead partners post-2017. This suggests that the post-2017 generalized framing may have contributed to heightened LP concern, creating an additional channel to pressure VC firms to take reparative action. Our exploratory findings support this idea, showing that VC firms reliant on diversity-sensitive LP types were the most likely to increase gender representation in their partnership. However, limited data available on LPs did not allow us to more fully examine these relationships. For example, it is possible that the demographic makeup or social orientation of LPs influences VC's social change efforts, and LP type is largely a proxy for these characteristics. Future research into how media coverage of scandal may impact firms through network partner pressures may help shed greater insight into the pathways by which media coverage of scandal motivates industry response.

Finally, future work is needed to determine if the promotion of more women to lead partner representing VC firms continues to effect change in gender representation among founders. We found a main effect where female VCs are more likely to invest in female founders for the period of study. Thus, it may be that greater representation of females lead partners could have an indirect effect leading to

further gains in representation of female founders among VC-funded start-ups. Still, it is important to interpret these patterns with caution. For example, Snellman and Solal (2022) find that raising funds from female VC partners may decrease founders' ability to attract future investment. Further, our interviews with VCs raise the issue regarding the difficulties with work-life balance faced by female founders, above and beyond even challenging careers like VC investor. These observations are consistent with research on the gender gap in high-growth entrepreneurship, which suggests that the high weight placed on work-family concerns and normative expectations regarding familial and household obligations—in addition to structural inequalities in workplace opportunities, differences in human and social capital, and gendered careers paths—may deter women from founding high-growth ventures (Guzman and Kacperczyk 2019). The result is a stark and ongoing gender gap in the founding of high-growth firms that are likely to seek and attract VC funding. It is unclear whether change in the culture of VC will accompany change in numerical representation—particularly of female founders—in a straightforward fashion. Still, numerical representation for lead partners may represent a first step in broader change within this industry.

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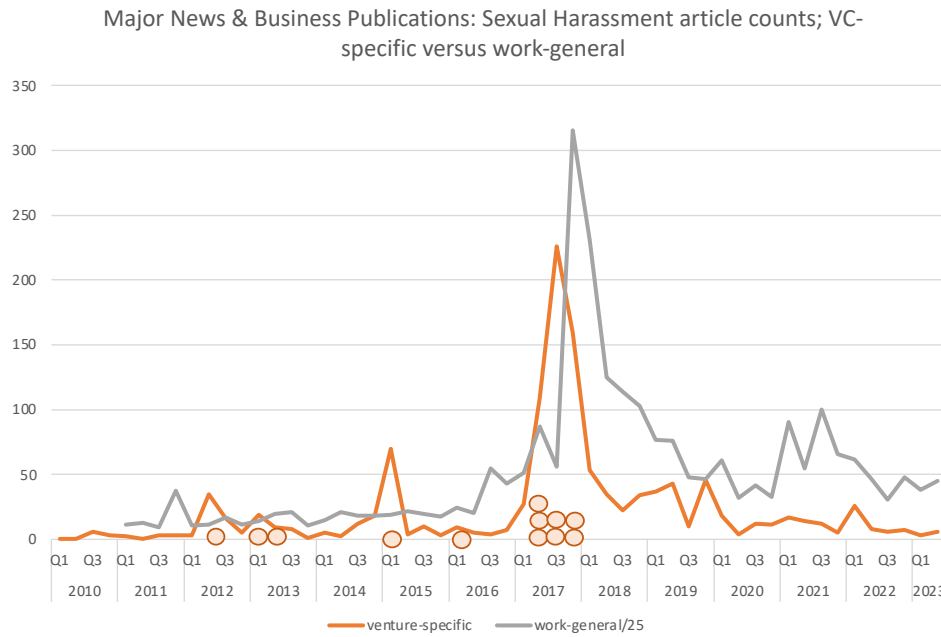
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Figure 1: Media attention to sexual harassment: general workplace vs. VC-specific, 2010-2023



○ Indicates a publicized sexual harassment accusation involving a VC in Crunchbase database

Figure 2. Proportion of Factiva media articles with an individualized versus generalized framing of sexual harassment in VC.

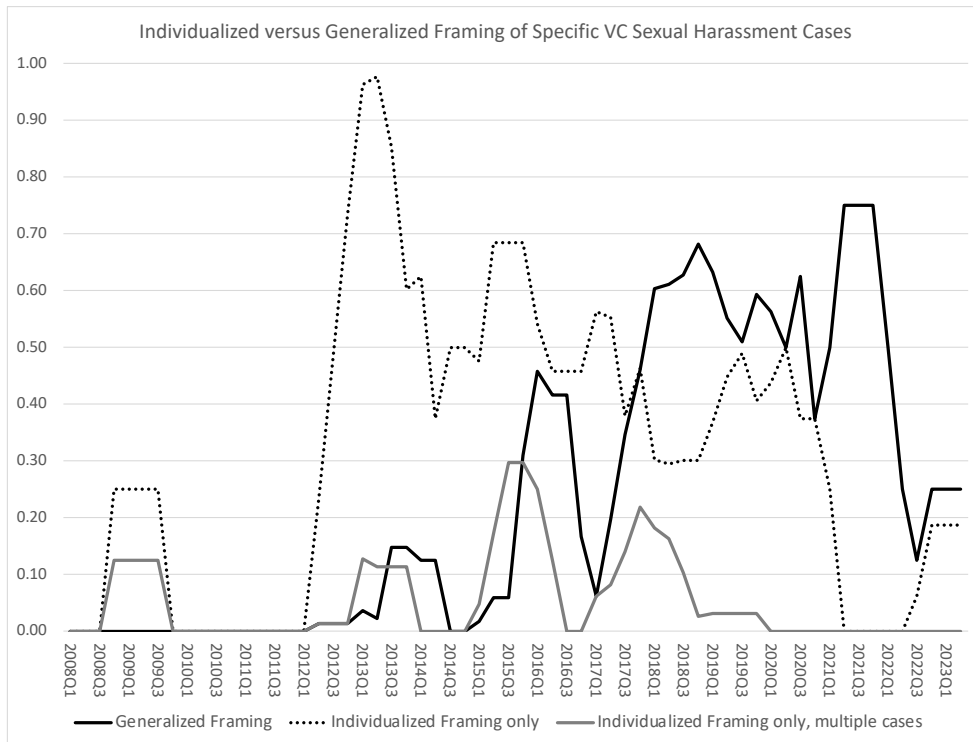
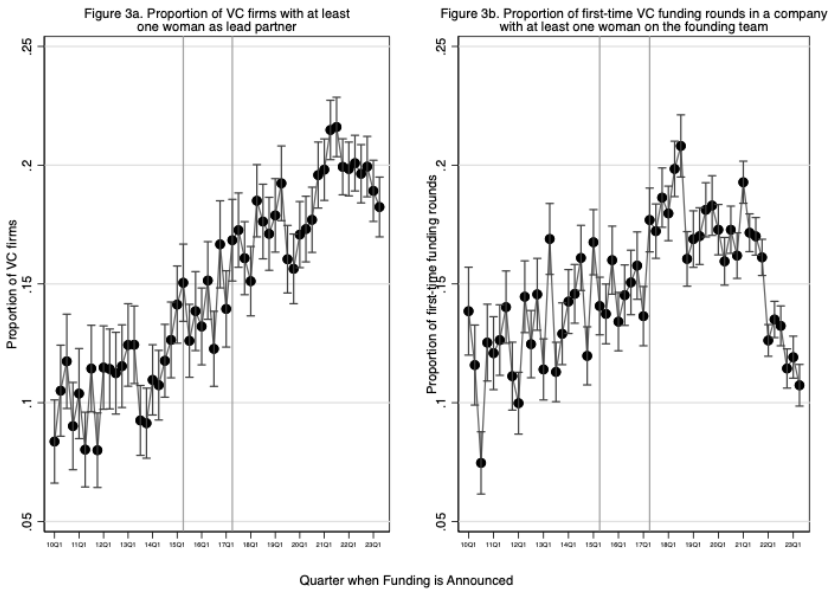
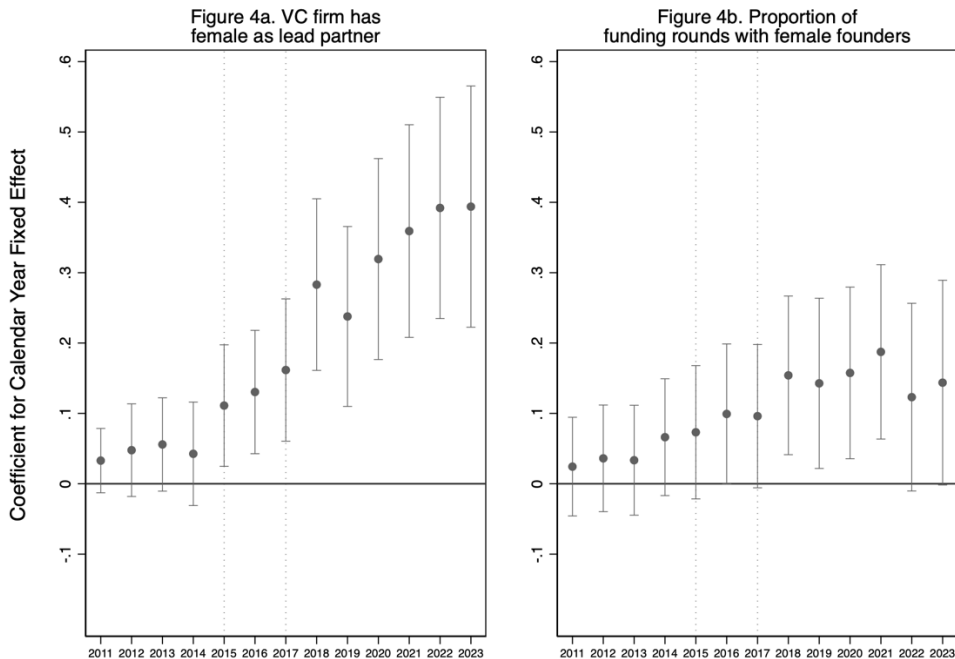


Figure 3. Quarterly trends for our two outcome variables: VC firms with at least one woman as lead partner and funding rounds in companies with at least one female founder.



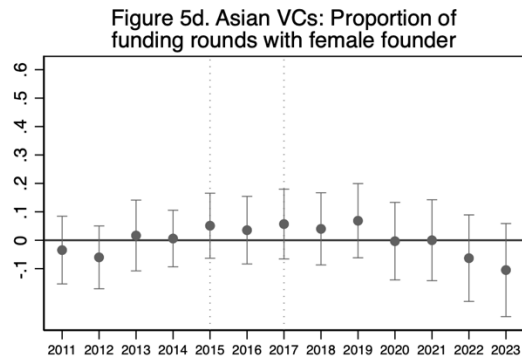
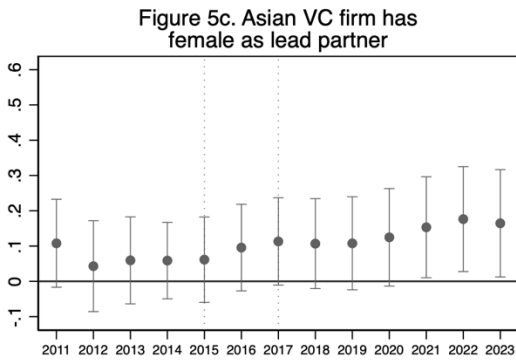
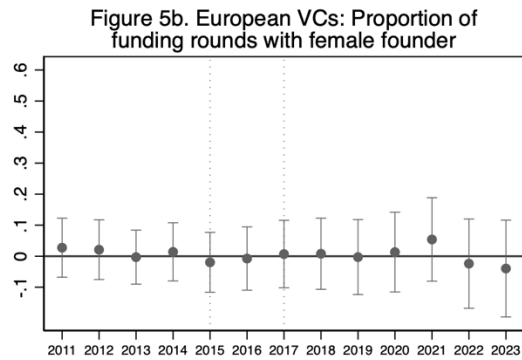
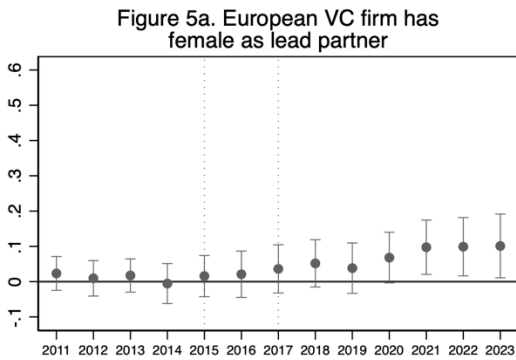
* Figure 3a based on 31,196 VC firm-quarters, figure 4b on 69,619 first-time funding rounds. Confidence intervals based on standard errors. Vertical lines mark Q2 2015 for the Ellen Pao verdict, and Q2 2017 when a series of serious sexual harassment allegations were revealed.

Figure 4. Calendar year effects for our two outcome variables from fixed-effects regressions on the matched sample for VC firms and VC Investors, respectively.



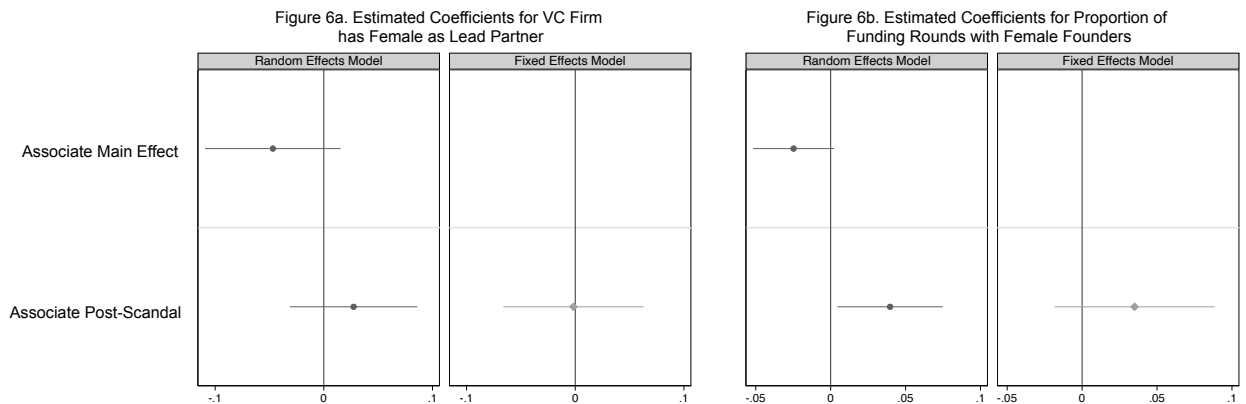
* Figure 4a: estimates from Table 4, Model 1. Figure 4b: estimates from Table 5, Model 4. Vertical lines mark 2015 for the Ellen Pao verdict and 2017 when a series of serious sexual harassment allegations were revealed.

Figure 5. Calendar year effects for VCs from Europe and Asia for our two outcome variables from fixed-effects regressions for VC firms and VC Investors, respectively.



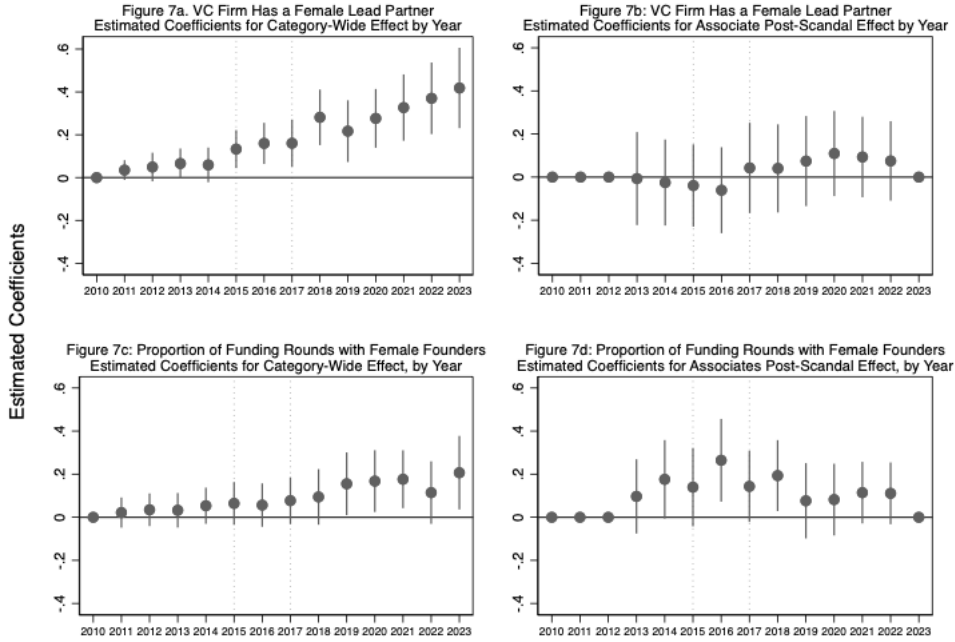
* Figures 5a and 5c: Calendar year effects for European and Asian VC firms for the female lead partner DV from fixed-effects regressions. Figures 5b and 5d: Calendar year effects for European and Asian VCs investing in a company with a female founder. Vertical lines mark 2015 for the Ellen Pao verdict and 2017 when a series of serious sexual harassment allegations were revealed. Figure 5a and 5c estimates from Appendix Table A4 Models A11-12; Figure 5b and 5d estimates from Appendix Table A5 Models A13-A14.

Figure 6. Estimated effects of firm and investors associated with scandal, post-accusation, for the two outcome variables



* Figure 6a: estimates from Appendix Table A2, Model A2 (random effects) and Table 4, Model 2 (fixed effects). Figure 6b: estimates from Appendix Table A3, Model A5 (random effects) and Table 5, Model 5 (fixed effects).

Figure 7. Estimated Coefficients from Fixed Effects Regressions by Year, for All VC Firms or Investors in the Category (7a and 7c), and the interaction of Year with Associate VC Firms or Investors Post-Scandal (7b and 7d).



* Figure 7a-b based on Table 4 Model 5; Figure 7c-d based on Table 5 Model 10.

Table 1. Sexual harassment cases involving VC's listed on funding rounds in Crunchbase database

Accused	Year	Qtr
Aniruddha Nazre	2012	Q2
Keith Rabois	2013	Q1
Michael Arrington	2013	Q2
Joe Lonsdale	2015	Q1
Michael Goguen	2016	Q1
Chris Sacca	2017	Q2
Justin Caldbeck	2017	Q2
Dave McClure	2017	Q2
Tristan Pollock	2017	Q3
Frank Artale	2017	Q3
Steve Jurvetson	2017	Q4
Shervin Pishevar	2017	Q4

Table 2. Descriptives and Correlations – Firm Analysis

	Mean	St. Dev	Min	Max	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Female lead partner	0.2212	0.4151	0	1	(1)							
Firm age (ln)	2.388	0.6847	0	3.497	(2)	0.18						
Number of lead partners representing the firm (ln; prev 8 quarters)	1.919	0.7576	0.6931	4.159	(3)	0.28	0.66					
Firm has a partner on the midas list	0.2848	0.4514	0	1	(4)	0.17	0.49	0.50				
Proportion generalized framing (prev 4 quarters)	0.3014	0.2601	0	0.75	(5)	0.19	0.17	0.03	0.11			
Count of articles covering scandals (ln; prev 4 quarters)	1.1737	1.122	0	4.025	(6)	-0.02	0.03	-0.01	0.09	0.08		
Firm is associated with scandal	0.5000	0.5001	0	1	(7)	-0.06	0.01	0.00	0.14	0.00	0.00	
Firm is associated with scandal, post accusation	0.3175	0.4656	0	1	(8)	0.08	0.09	0.03	0.15	0.34	0.07	0.68

N=3,824; 665 firms. All IVs lagged.

Table 3. Descriptives and Correlations – Individual Investor Analysis

	Mean	St. Dev	Min	Max		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Proportion funds with female founder	0.1485	0.3300	0	1	(1)												
Number of funding rounds person invested in (ln; prev 8 quarters)	1.922	0.7730	0.6931	5.215	(2)	0.03											
Number of lead partners representing the firm (ln; prev 8 quarters)	1.867	0.8513	0.6931	4.159	(3)	-0.03	0.05										
Investor's tenure in industry (ln)	2.154	0.5929	0.6931	3.367	(4)	0.03	0.27	0.20									
Total amount investor raised (ln, prev 8 quarters)	18.12	2.470	0	23.26	(5)	0.01	0.49	0.24	0.38								
Investor on Midas List	0.0851	0.2791	0	1	(6)	0.02	0.12	0.22	0.30	0.18							
Female Investor (random effects models)	0.0250	0.1561	0	1	(7)	0.06	-0.03	-0.03	-0.13	-0.04	-0.02						
Mean number VCs in investor's rounds	1.306	0.4350	0.6931	3.045	(8)	-0.02	0.22	0.09	0.05	0.17	0.08	-0.03					
Proportion generalized framing (prev 8 quarters)	0.31	0.2676	0	0.75	(9)	0.06	0.09	-0.03	0.21	0.20	0.08	0.07	0.07				
Count of articles covering scandals (ln; prev 8 quarters)	1.149	1.150	0	4.025	(10)	0.03	0.00	-0.05	0.00	-0.05	0.05	-0.02	-0.03	0.04			
Investor is associated with scandal	0.5	0.5001	0	1	(11)	-0.01	0.02	0.00	0.02	0.02	0.11	0.00	0.02	-0.01	-0.01		
Investor is associated with scandal, post accusation	0.306	0.4609	0	1	(12)	0.05	0.08	-0.01	0.13	0.12	0.15	0.05	0.03	0.37	0.05	0.66	

N=4,724 firm-years and 1,655 investors. All IVs lagged.

Table 4. Firm Analysis. Fixed Effect Regressions on whether a VC Firm has a Female Lead Partner in the Given Quarter, Run on the Matched Sample.

	Model 1			Model 2			Model 3			Model 4			Model 5		
	b	se	p	b	se	p	b	se	p	b	se	p	b	se	p
Firm age (ln)	-.146*	(.050)	[.004]	.040	(.031)	[.197]	-.145*	(.050)	[.004]	-.146*	(.050)	[.004]	-.153*	(.051)	[.003]
Number of lead partners representing the firm (ln; prev 8 quarters)	.064*	(.032)	[.048]	.070*	(.029)	[.016]	.063*	(.032)	[.047]	.063*	(.032)	[.050]	.063*	(.032)	[.046]
Firm has a partner on the Midas list	-.018	(.047)	[.706]	.017	(.040)	[.680]	-.017	(.047)	[.714]	-.018	(.047)	[.704]	-.018	(.051)	[.724]
Proportion gen. framing (prev 4 qtrs)				.191*	(.047)	[.000]	.117+	(.062)	[.059]						
Count of articles covering scandals (ln; prev 4 quarters)				-.004	(.007)	[.591]	.005	(.007)	[.459]						
Firm associated with scandal, post accusation										-.002	(.033)	[.960]	-.031	(.091)	[.732]
Year Fixed Effects:															
2011	.033	(.023)	[.158]				.033	(.023)	[.152]	.033	(.023)	[.160]	.035	(.024)	[.136]
2012	.048	(.034)	[.155]				.039	(.033)	[.241]	.048	(.034)	[.155]	.049	(.034)	[.147]
2013	.056+	(.034)	[.099]				.040	(.034)	[.246]	.056	(.034)	[.104]	.066+	(.036)	[.065]
2014	.043	(.037)	[.256]				.029	(.037)	[.434]	.043	(.037)	[.248]	.059	(.041)	[.151]
2015	.111*	(.044)	[.012]				.097*	(.045)	[.030]	.112*	(.044)	[.011]	.133*	(.045)	[.003]
2016	.130*	(.045)	[.004]				.078	(.048)	[.108]	.131*	(.045)	[.004]	.160*	(.049)	[.001]
2017	.162*	(.051)	[.002]				.129*	(.051)	[.012]	.162*	(.052)	[.002]	.160*	(.056)	[.004]
2018	.283*	(.062)	[.000]				.202*	(.068)	[.003]	.284*	(.063)	[.000]	.281*	(.066)	[.000]
2019	.238*	(.065)	[.000]				.162*	(.072)	[.025]	.239*	(.066)	[.000]	.217*	(.073)	[.003]
2020	.319*	(.073)	[.000]				.247*	(.078)	[.001]	.320*	(.072)	[.000]	.277*	(.070)	[.000]
2021	.359*	(.077)	[.000]				.288*	(.081)	[.000]	.360*	(.078)	[.000]	.327*	(.079)	[.000]
2022	.392*	(.080)	[.000]				.341*	(.085)	[.000]	.393*	(.082)	[.000]	.370*	(.085)	[.000]
2023	.394*	(.087)	[.000]				.362*	(.089)	[.000]	.395*	(.088)	[.000]	.418*	(.096)	[.000]
Associate post accusation x Year FE:															
x 2013													-.007	(.110)	[.950]
x 2014													-.025	(.102)	[.804]
x 2015													-.039	(.097)	[.687]
x 2016													-.061	(.102)	[.549]

x 2017													.043	(.107)	[.690]
x 2018													.040	(.104)	[.699]
x 2019													.074	(.106)	[.486]
x 2020													.109	(.101)	[.277]
x 2021													.093	(.095)	[.327]
x 2022													.075	(.094)	[.425]
x 2023													.	.	.
Constant	.171+	(.097)	[.078]	-.144*	(.068)	[.034]	.171+	(.097)	[.078]	.171+	(.097)	[.079]	.185+	(.098)	[.058]
Firm FE	Y			Y			Y			Y			Y		
Investment Portfolio Category FE	Y			Y			Y			Y			Y		
Number of Observations	3824			3824			3824			3824			3824		
Degrees of Freedom	664			664			664			664			664		

* p<.05, two-tailed test. Regressions run on 665 firms over 3,824 firm-years. The associate interaction with year fixed effects does not estimate for years 2011 and 2012 (no data), and 2023 (collinearity).

Table 5. Investor Analysis. Fixed Effects Regressions on the Proportion of Funding Rounds with a Woman on the Founding Team in the Given Quarter, Run on the Matched Sample.

	Model 6			Model 7			Model 8			Model 9			Model 10		
	b	se	p	b	se	p	b	se	p	b	se	p	b	se	p
Number of funding rounds person invested in (ln; prev 8 quarters)	.001	(.014)	[.919]	-.006	(.013)	[.638]	.001	(.014)	[.930]	.001	(.014)	[.937]	-.001	(.014)	[.969]
Number of lead partners representing the firm (ln; prev 8 quarters)	-.030+	(.016)	[.068]	-.032+	(.016)	[.052]	-.030+	(.016)	[.068]	-.029+	(.016)	[.078]	-.029+	(.017)	[.079]
Investor's tenure in industry (ln)	-.032	(.045)	[.485]	.046+	(.025)	[.065]	-.032	(.045)	[.477]	-.031	(.045)	[.497]	-.024	(.046)	[.595]
Total amount investor raised (ln, prev 8 quarters)	-.004	(.004)	[.323]	-.005	(.004)	[.273]	-.004	(.004)	[.333]	-.004	(.004)	[.343]	-.004	(.004)	[.325]
Investor on Midas List	-.002	(.041)	[.955]	.018	(.040)	[.650]	-.001	(.041)	[.974]	-.007	(.041)	[.873]	-.009	(.041)	[.832]
Mean number VCs in investor's rounds	-.023	(.015)	[.125]	-.021	(.015)	[.163]	-.023	(.015)	[.128]	-.023	(.015)	[.130]	-.022	(.015)	[.141]
Proportion gen. framing (prev 8 qtrs)				.076*	(.033)	[.022]	-.036	(.054)	[.507]						
Count of articles covering scandals (ln; prev 8 quarters)				.002	(.005)	[.758]	-.003	(.007)	[.665]						
Investor is associated with scandal, post-accusation										.035	(.027)	[.198]	-.103	(.076)	[.171]
Year Fixed Effects:															
2011	.024	(.036)	[.496]				.025	(.036)	[.490]	.023	(.036)	[.514]	.022	(.036)	[.542]
2012	.036	(.039)	[.350]				.041	(.040)	[.305]	.035	(.039)	[.362]	.035	(.039)	[.368]
2013	.033	(.040)	[.401]				.041	(.042)	[.328]	.029	(.040)	[.472]	.032	(.041)	[.427]
2014	.066	(.042)	[.118]				.071+	(.043)	[.096]	.060	(.043)	[.160]	.054	(.043)	[.211]
2015	.073	(.048)	[.130]				.080	(.050)	[.112]	.066	(.049)	[.176]	.064	(.051)	[.205]
2016	.099+	(.051)	[.051]				.117*	(.056)	[.036]	.090+	(.051)	[.078]	.056	(.051)	[.271]
2017	.096+	(.052)	[.064]				.109*	(.055)	[.045]	.082	(.053)	[.122]	.077	(.055)	[.165]
2018	.154*	(.057)	[.007]				.183*	(.068)	[.007]	.132*	(.060)	[.028]	.094	(.066)	[.151]
2019	.143*	(.062)	[.021]				.169*	(.070)	[.017]	.120+	(.064)	[.061]	.155*	(.074)	[.036]
2020	.158*	(.062)	[.011]				.181*	(.070)	[.010]	.134*	(.065)	[.040]	.168*	(.073)	[.022]
2021	.187*	(.063)	[.003]				.211*	(.072)	[.003]	.165*	(.066)	[.013]	.176*	(.068)	[.010]
2022	.123+	(.068)	[.071]				.140+	(.073)	[.054]	.100	(.071)	[.161]	.114	(.074)	[.122]

2023	.144+	(.074)	[.053]				.155*	(.075)	[.040]	.119	(.077)	[.120]	.207*	(.087)	[.018]
Associate post accusation x year FE:															
x 2013													.097	(.088)	[.271]
x 2014													.176+	(.093)	[.058]
x 2015													.140	(.093)	[.133]
x 2016													.264*	(.098)	[.007]
x 2017													.143+	(.084)	[.089]
x 2018													.193*	(.084)	[.021]
x 2019													.076	(.089)	[.391]
x 2020													.082	(.085)	[.334]
x 2021													.114	(.073)	[.116]
x 2022													.111	(.073)	[.129]
x 2023													.	.	.
Constant	.268*	(.081)	[.001]	.265*	(.081)	[.001]	.257*	(.081)	[.001]	.265*	(.081)	[.001]	.268*	(.081)	[.001]
Investor FE	Y			Y			Y			Y			Y		
Investment Portfolio Category FE	Y			Y			Y			Y			Y		
Number of Observations	4724			4724			4724			4724			4724		
Degrees of Freedom	1654			1654			1654			1654			1654		

* p<.05, two-tailed test. Regressions run on 1,655 investors over 4,724 investor-years.

Appendix

Table A1. Codes and sample quotes from media analysis that frame the allegations as individual versus general.

Individualized Framing

<u>Code</u>	<u>Example</u>	<u>citation</u>
Allegation: sexual harassment	Pao alleges she is a victim of sexual harassment by Ajit Nazre, a former Kleiner Perkins investment partner who is no longer with the firm.	Staff. 2012. "Kleiner Perkins' Pao charges sex harassment, discrimination. 2012. <i>Portland Business Journal Online</i> . May 22.
Allegation: retaliation	Ms. Pao was involved in a consensual affair with a married Kleiner Perkins partner for a time, and claimed that he retaliated against her after she ended the affair.	Elder, Jeff. 2015. "Jury backs Kleiner Perkins on all but one count--3rd update." <i>Dow Jones Institutional News</i> . Mar 27.
Firm: good reputation, negative event	The San Francisco trial pitting Kleiner Perkins Caufield & Byers, one of Silicon Valley's oldest and most venerable venture capital firms, against Ellen Pao, a former junior partner who claims that she faced sexual harassment and discrimination, has forced an institution that prefers to remain private into the public gaze.	Gapper, John. 2015. "Venture capital needs to be a happy family." <i>Financial Times</i> . Mar 11.
Lawsuit	Joe Lonsdale '04, co-founder of Palantir and founding partner of venture capital fund Formation8, has been accused of gender violence, sexual assault, sexual harassment and several other charges by plaintiff Ellise Clougherty '13 in a lawsuit filed on Jan. 27.	Jue, Kylie. 2015. "Palantir co-founder accused of sexually assaulting then-Stanford student." <i>U-Wire</i> . Jan 29.
Organization or person: prominent	Regardless of whether the case plays out publicly in court or behind closed doors in arbitration, longtime observers of the Silicon Valley scene are taken aback that the venerable firm is accused of such unseemly conduct.	Elias, Paul. 2012. "Sexual harassment lawsuit generating wrong kind of buzz for fabled Silicon Valley firm." <i>Associated Press Newswires</i> . July 19.
Response: denial	In an interview, Mr. Rabois denied the allegations and said, "I'm completely confident that all the facts will come out and I will be vindicated.	Rusli, Evelyn M. 2013. "WSJ Blog: Square executive resigns amid sexual-harassment claims." <i>Dow Jones News Service</i> . Jan 25.
Response: investigate problem	DFJ opened an investigation into Jurvetson based on "direct and second-hand allegations," the firm said last month.	Guynn, Jessica. 2017. "Jurvetson excites DJF amid sex-harassment inquiry." <i>USA Today</i> . Nov 14.

Generalized Framing

Code	Example	citation
Increasing number or wave of allegations/suits	The wave of scandals has made many in startupland uncomfortable, which Sara Deshpande of Maven Ventures said is a good first step.	Schubarth, Cromwell. 2017. "VCs say diversity, harassment are problems founders, funders both need to solve." <i>Silicon Valley/San Jose Business Journal Online</i> . July 28.
Sexual harassment: widespread	Silicon Valley has long been rife with allegations of harassment and discrimination, tales of workplaces that seemed to operate more like frat houses than corporate offices and deals hashed out over late night, alcohol-soaked networking sessions.	McMahon, Tamsin. 2017. "Is the toxic culture of Silicon Valley beyond repair?" <i>The Globe and Mail</i> . July 7.
Sexual harassment: well known	Even before the full throws of the #MeToo movement, sexual harassment issues at places such as Uber and the broader toxic harassment culture, propagated and enabled by a varying cast of venture capital firms, usually male-dominated start-ups and powerful and influential entrepreneurs, was increasingly becoming apparent and reported in the popular press.	Mureithi, Henry. 2018. "Ambiguity of the technology industry's transformation of society." <i>U-Wire</i> . Jan 18.
Sexual harassment: ties to MeToo	Before Harvey Weinstein or Steve Winn or Donald Trump, before #MeToo or #TimesUp, there were Facebook pages where female tech founders in Chicago shared stories and traded tips about how to handle situations of men behaving badly. These conversations are happening a lot more now, not only among female founders but also among male investors, about how to reverse decades of gender disparity that rarely was discussed openly before.	Pletz, John. 2018. "How #MeToo changed the conversation in tech." <i>Crain's Chicago Business</i> . May 14.
Sexual harassment: survey indicates widespread	Among the numerous impediments to women and other underrepresented groups in the startup world, including people of color, harassment is one of the most pervasive. A Women Who Tech survey last year found that 44% of female founders polled reported they'd experienced harassment on the job, with more than a third of that group facing sexual harassment	Staff. 2021. "Women-led app Bumble's 31-year-old founder is now a billionaire." <i>Al Jazeera English</i> . Feb 11.

Table A2. Balance tables for full and matched firm- and investor level samples

Firm-level sample	Full Sample			Matched Sample		
	Non- associate	Associate	p- value	Non- associate	Associate	p- value
Number of lead partners representing the firm (ln; prev 8 quarters)	3.408 (3.71)	9.154 (9.56)	0.000	7.950 (7.13)	8.272 (8.45)	0.204
Count of funding rounds participated in (ln)	1.969 (0.94)	3.169 (1.01)	0.000	3.002 (0.99)	3.043 (0.99)	0.196
Total amount of funds raised (ln, prev 8 quarters)	17.098 (4.36)	19.648 (2.18)	0.000	19.533 (2.26)	19.619 (2.26)	0.239
Firm age	7.696 (5.67)	13.474 (7.02)	0.000	12.948 (6.63)	13.312 (7.13)	0.102
Year	2018.0 (3.70)	2016.5 (3.86)		2016.8 (3.81)	2016.8 (3.81)	
N(obs)	28,926	2,270		1,912	1,912	
Investor-level sample	Full Sample			Matched Sample		
	Non- associate	Associate	p- value	Non- associate	Associate	p- value
Investor gender (0/1)	0.114 (0.32)	0.054 (0.23)	0.000	0.025 (0.16)	0.025 (0.16)	
Investor's tenure in industry (ln)	1.736 (0.63)	2.166 (0.58)	0.000	2.143 (0.59)	2.165 (0.59)	0.189
Number of lead partners representing the firm (prev 8 quarters)	6.562 (8.61)	9.306 (9.96)	0.000	8.483 (9.98)	8.579 (9.71)	0.739
Proportion of lead partners who are female	0.115 (0.21)	0.083 (0.16)	0.000	0.065 (0.13)	0.067 (0.14)	0.578
Count of funding rounds participated in (ln)	1.492 (0.75)	2.116 (0.87)	0.000	1.907 (0.76)	1.937 (0.79)	0.170
Total amount of funds raised (ln, prev 8 quarters)	16.189 (4.65)	18.187 (2.62)	0.000	18.082 (2.54)	18.159 (2.40)	0.286
Mean number VCs in investor's rounds	2.855 (2.01)	3.776 (2.29)	0.000	3.039 (1.95)	3.105 (1.93)	0.249
Year	2018.4 (3.64)	2016.5 (3.81)		2017.0 (3.89)	2017.0 (3.89)	
N(obs)	29,022	4,909		2,362	2,362	

Appendix - Table A3. Firm Analysis. Random Effects Regressions on whether a VC Firm has a Female Lead Investor in the Given Year, Run on the Matched Sample.

	Model A1			Model A2			Model A3			Model A4			Model A5		
	b	se	p	b	se	p	b	se	p	b	se	p	b	se	p
Firm age (ln)	-.033+	(.018)	[.068]	-.006	(.018)	[.743]	-.033+	(.018)	[.069]	-.034+	(.018)	[.057]	-.039*	(.018)	[.033]
Number of lead partners representing the firm (ln; prev 8 quarters)	.081*	(.020)	[.000]	.088*	(.019)	[.000]	.081*	(.020)	[.000]	.082*	(.020)	[.000]	.083*	(.020)	[.000]
Firm has a partner on the midas list	.027	(.032)	[.401]	.024	(.029)	[.422]	.027	(.032)	[.385]	.030	(.032)	[.359]	.031	(.035)	[.375]
Year Fixed Effects:															
2011	.013	(.022)	[.531]				.014	(.022)	[.527]	.014	(.022)	[.525]	.015	(.022)	[.498]
2012	.003	(.027)	[.909]				.001	(.027)	[.965]	.003	(.027)	[.919]	.003	(.027)	[.909]
2013	.005	(.023)	[.825]				-.002	(.026)	[.939]	.001	(.024)	[.976]	.009	(.025)	[.716]
2014	-.019	(.022)	[.399]				-.030	(.023)	[.190]	-.025	(.022)	[.257]	-.010	(.025)	[.682]
2015	.020	(.025)	[.418]				.015	(.028)	[.585]	.014	(.025)	[.566]	.032	(.027)	[.237]
2016	.038	(.029)	[.184]				-.006	(.035)	[.859]	.032	(.030)	[.282]	.059+	(.032)	[.062]
2017	.052+	(.029)	[.077]				.030	(.031)	[.347]	.042	(.030)	[.161]	.042	(.031)	[.179]
2018	.148*	(.035)	[.000]				.084+	(.046)	[.069]	.135*	(.036)	[.000]	.123*	(.039)	[.002]
2019	.104*	(.034)	[.002]				.039	(.046)	[.400]	.090*	(.034)	[.008]	.079+	(.045)	[.079]
2020	.170*	(.036)	[.000]				.106*	(.045)	[.019]	.157*	(.035)	[.000]	.126*	(.039)	[.001]
2021	.186*	(.035)	[.000]				.121*	(.044)	[.007]	.173*	(.036)	[.000]	.139*	(.041)	[.001]
2022	.218*	(.036)	[.000]				.171*	(.044)	[.000]	.205*	(.037)	[.000]	.196*	(.042)	[.000]
2023	.192*	(.048)	[.000]				.164*	(.050)	[.001]	.179*	(.048)	[.000]	.182*	(.058)	[.002]
Proportion gen. framing (prev 4 qtrs)				.212*	(.036)	[.000]	.110+	(.057)	[.054]						
Count of articles covering scandals (ln; prev 4 quarters)				-.008	(.006)	[.198]	.001	(.007)	[.936]						
Firm is associated with scandal										-.047	(.032)	[.141]	-.059+	(.035)	[.087]
Firm is associated with scandal, post accusation										.027	(.030)	[.359]	.028	(.083)	[.734]
Associate post accusation x year FE:															
x 2013													-.051	(.109)	[.642]
x 2014													-.065	(.096)	[.501]
x 2015													-.068	(.092)	[.460]
x 2016													-.102	(.096)	[.287]
x 2017													.003	(.101)	[.979]
x 2018													.026	(.095)	[.785]

x 2019													.026	(.097)	[.788]
x 2020													.061	(.092)	[.509]
x 2021													.069	(.089)	[.435]
x 2022													.022	(.083)	[.796]
x 2023													.	.	.
Constant	-.022	(.037)	[-.561]	-.050	(.037)	[.176]	-.022	(.037)	[-.549]	-.006	(.037)	[-.868]	.007	(.039)	[.865]
Firm fixed effects	N			N			N			N			N		
Investment Portfolio Category FE	Y			Y			Y			Y			Y		
Number of Observations	3824			3824			3824			3824			3824		
Degrees of Freedom	63			52			65			65			75		

* p<.05, two-tailed test. Regressions run on 665 firms over 3,824 firm-years. The associate interaction with year fixed effects does not estimate for years 2011 and 2012 (no data), and 2023 (collinearity).

Table A4. Investor Analysis. Random Effects Regressions on the Proportion of Funding Rounds with a Woman on the Fouding Team in the Given Quarter, Run on the Matched Sample.

	Model A6			Model A7			Model A8			Model A9			Model A10		
	b	se	p	b	se	p	b	se	p	b	se	p	b	se	p
Number of funding rounds person invested in (ln; prev 8 quarters)	.008	(.008)	[.337]	.006	(.008)	[.470]	.008	(.008)	[.347]	.007	(.008)	[.361]	.007	(.008)	[.377]
Number of lead partners representing the firm (ln; prev 8 quarters)	-.008	(.006)	[.226]	-.009	(.006)	[.137]	-.008	(.006)	[.225]	-.007	(.006)	[.238]	-.007	(.006)	[.242]
Investor's tenure in industry (ln)	.010	(.009)	[.271]	.015	(.009)	[.105]	.010	(.009)	[.280]	.011	(.009)	[.265]	.011	(.009)	[.247]
Total amount investor raised (ln, prev 8 quarters)	-.002	(.002)	[.310]	-.002	(.002)	[.329]	-.002	(.002)	[.324]	-.002	(.002)	[.330]	-.002	(.002)	[.346]
Investor on Midas List	.026	(.022)	[.222]	.029	(.022)	[.186]	.027	(.022)	[.219]	.023	(.021)	[.280]	.022	(.022)	[.316]
Female Investor	.080*	(.036)	[.027]	.088*	(.036)	[.014]	.080*	(.036)	[.025]	.079*	(.036)	[.028]	.079*	(.036)	[.028]
Mean number VCs in investor's rounds	-.017	(.012)	[.144]	-.017	(.012)	[.147]	-.017	(.012)	[.150]	-.017	(.012)	[.145]	-.018	(.012)	[.132]
Proportion gen. framing (prev 4 qtrs)				.074*	(.019)	[.000]	-.036	(.043)	[.412]						
Count of articles covering scandals (ln; prev 4 quarters)				.006	(.004)	[.143]	.001	(.006)	[.916]						
Investor is associated with scandal										-.025+	(.014)	[.073]	-.024+	(.014)	[.094]
Investor is associated with scandal, post-accusation										.040*	(.018)	[.027]	-.002	(.057)	[.972]
Year Fixed Effects:															
2011	-.009	(.029)	[.765]				-.009	(.029)	[.766]	-.009	(.029)	[.757]	-.009	(.029)	[.757]
2012	-.024	(.029)	[.411]				-.024	(.030)	[.422]	-.024	(.029)	[.411]	-.023	(.029)	[.416]
2013	.005	(.028)	[.847]				.006	(.030)	[.833]	.002	(.028)	[.956]	.006	(.029)	[.832]
2014	-.004	(.028)	[.878]				-.001	(.029)	[.966]	-.009	(.028)	[.744]	-.015	(.029)	[.598]
2015	.028	(.031)	[.360]				.028	(.032)	[.384]	.023	(.031)	[.466]	.026	(.032)	[.416]
2016	.020	(.032)	[.535]				.033	(.036)	[.360]	.013	(.032)	[.691]	-.006	(.032)	[.845]
2017	.037	(.030)	[.221]				.042	(.032)	[.194]	.025	(.030)	[.406]	.036	(.033)	[.281]
2018	.069*	(.031)	[.026]				.088*	(.043)	[.039]	.051	(.032)	[.113]	.021	(.035)	[.549]
2019	.055+	(.032)	[.089]				.075+	(.042)	[.076]	.036	(.034)	[.280]	.066	(.042)	[.112]
2020	.065*	(.030)	[.033]				.085*	(.039)	[.031]	.046	(.031)	[.141]	.064+	(.038)	[.091]
2021	.075*	(.029)	[.009]				.096*	(.039)	[.015]	.056+	(.030)	[.057]	.057+	(.032)	[.076]
2022	.013	(.028)	[.643]				.029	(.034)	[.405]	-.006	(.029)	[.838]	-.012	(.031)	[.695]

2023	.030	(.037)	[.426]				.038	(.038)	[.317]	.010	(.038)	[.781]	.031	(.048)	[.522]
Associate post accusation x year FE:															
x 2013													-.002	(.069)	[.977]
x 2014													.090	(.077)	[.241]
x 2015													.022	(.075)	[.768]
x 2016													.139+	(.084)	[.098]
x 2017													.007	(.067)	[.920]
x 2018													.100	(.065)	[.123]
x 2019													-.018	(.069)	[.798]
x 2020													.007	(.065)	[.914]
x 2021													.038	(.061)	[.529]
x 2022													.053	(.059)	[.369]
x 2023													.000	(.)	[.]
Constant	.163*	(.042)	[.000]	.154*	(.038)	[.000]	.162*	(.042)	[.000]	.173*	(.043)	[.000]	.171*	(.043)	[.000]
Investor fixed effects	N			N			N			N			N		
Investment Portfolio Category FE	Y			Y			Y			Y			Y		
Number of Observations	4724			4724			4724			4724			4724		
Degrees of Freedom	67			56			69			69			79		

* p<.05, two-tailed test. Regressions run on 1,655 investors over 4,724 investor-years.

Table A5. International Comparison, Firm Analysis. Fixed Effect Regressions on whether a European or Asian VC Firm has a Female Lead Partner in the Given Quarter.

	Model A11 - Europe			Model A12 - Asia		
	b	se	p	b	se	p
Firm age (ln)	-.031+	(.018)	[.086]	-.022	(.018)	[.219]
Number of lead partners representing the firm (ln; prev 8 quarters)	.049*	(.016)	[.002]	.024+	(.014)	[.079]
Firm has a partner on the midas list	.051	(.150)	[.735]	.078	(.081)	[.338]
Year Fixed Effects:						
2011	.023	(.024)	[.341]	.108+	(.064)	[.090]
2012	.009	(.026)	[.713]	.043	(.066)	[.513]
2013	.017	(.024)	[.469]	.059	(.063)	[.344]
2014	-.005	(.029)	[.853]	.059	(.055)	[.287]
2015	.016	(.030)	[.596]	.061	(.062)	[.320]
2016	.021	(.033)	[.531]	.096	(.063)	[.127]
2017	.036	(.035)	[.301]	.113+	(.063)	[.073]
2018	.052	(.034)	[.129]	.107	(.065)	[.100]
2019	.038	(.036)	[.293]	.108	(.067)	[.109]
2020	.068+	(.037)	[.063]	.125+	(.070)	[.077]
2021	.097*	(.039)	[.013]	.153*	(.073)	[.036]
2022	.099*	(.042)	[.019]	.176*	(.076)	[.020]
2023	.101*	(.046)	[.029]	.165*	(.078)	[.034]
Constant	.015	(.029)	[.607]	-.064	(.058)	[.271]
Firm fixed effects	Y			Y		
Investment Portfolio Category Fixed Effects	Y			Y		
Number of Observations	9087			6574		
Degrees of Freedom	1394			1377		

* p<.05, two-tailed test. Model A11 run on 1,395 European VC firms over 9,087 firm-years. Model A12 run on 1,378 Asian VC firms over 6,574 firm-years. Regressions run on all data from European and Asian countries.

Table A6. International Comparison, Investor Analysis. Fixed Effects Regressions on the Proportion of Funding Rounds with a Woman on the Founding Team in the Given Quarter for European or Asian Investor.

	Model A13 - Europe			Model A14 - Asia		
	b	se	p	b	se	p
Number of funding rounds person invested in (ln; prev 8 quarters)	-.021+	(.013)	[.098]	-.016	(.013)	[.214]
Number of lead partners representing the firm (ln; prev 8 quarters)	.010	(.020)	[.624]	.001	(.018)	[.937]
Investor's tenure in industry (ln)	.001	(.036)	[.972]	.062	(.040)	[.119]
Total amount investor raised (ln, prev 8 quarters)	.001	(.002)	[.377]	.000	(.002)	[.834]
Investor on Midas List	.057	(.115)	[.622]	-.048	(.082)	[.555]
Mean number VCs in investor's rounds	.015	(.014)	[.285]	.026	(.017)	[.131]
Year Fixed Effects:						
2011	.027	(.048)	[.572]	-.035	(.061)	[.569]
2012	.021	(.049)	[.671]	-.060	(.056)	[.285]
2013	-.003	(.044)	[.946]	.017	(.063)	[.792]
2014	.014	(.048)	[.772]	.006	(.051)	[.905]
2015	-.020	(.049)	[.688]	.051	(.058)	[.380]
2016	-.008	(.052)	[.884]	.036	(.061)	[.558]
2017	.007	(.055)	[.902]	.057	(.063)	[.363]
2018	.008	(.058)	[.894]	.040	(.065)	[.536]
2019	-.003	(.062)	[.963]	.069	(.067)	[.302]
2020	.013	(.065)	[.841]	-.003	(.070)	[.964]
2021	.054	(.069)	[.432]	.000	(.073)	[.998]
2022	-.024	(.073)	[.744]	-.063	(.078)	[.416]
2023	-.040	(.080)	[.617]	-.105	(.083)	[.209]
Constant	.085+	(.050)	[.088]	.021	(.062)	[.728]
Investor fixed effects	Y			Y		
Investment Portfolio Category Fixed Effects	Y			Y		
Number of Observations	6058			4532		
Degrees of Freedom	1744			1370		

* $p < .05$, two-tailed test. Model A13 run on 1,745 European VC investors over 6,058 firm-years. Model A14 run on 1,371 Asian VC investors over 4,532 firm-years. Regressions run on all data from European and Asian countries.

Table A7. Investor Gender Analysis. Fixed and Random Effects Regressions on the Proportion of Funding Rounds with a Woman on the Founding Team in the Given Quarter, Run on the Matched Sample.

	Model A15			Model A16			Model A17			Model A18		
	b	se	p	b	se	p	b	se	p	b	se	p
Number of funding rounds person invested in (ln; prev 8 quarters)	.001	(.939)	[.939]	.007	(.356)	[.356]	.001	(.922)	[.922]	.008	(.336)	[.336]
Number of lead partners representing the firm (ln; prev 8 quarters)	-.029+	(.078)	[.078]	-.007	(.235)	[.235]	-.030+	(.067)	[.067]	-.008	(.204)	[.204]
Investor's tenure in industry (ln)	-.030	(.497)	[.497]	.011	(.264)	[.264]	-.034	(.451)	[.451]	.011	(.245)	[.245]
Total amount investor raised (ln, prev 8 quarters)	-.004	(.343)	[.343]	-.002	(.332)	[.332]	-.004	(.321)	[.321]	-.002	(.320)	[.320]
Investor on Midas List	-.006	(.876)	[.876]	.023	(.281)	[.281]	-.007	(.864)	[.864]	.026	(.231)	[.231]
Female Investor045	(.393)	[.393]	.	.	.	-.002	(.981)	[.981]
Mean number VCs in investor's rounds	-.023	(.129)	[.129]	-.017	(.150)	[.150]	-.023	(.128)	[.128]	-.017	(.153)	[.153]
Investor is associated with scandal	.	.	.	-.025+	(.066)	[.066]						
Investor is associated w scandal, post-accusation	.035	(.196)	[.196]	.037*	(.038)	[.038]						
Female Investor is associated w scandal, post-accusation	-.015	(.981)	[.981]	.082	(.295)	[.295]						
Post Q2 2017							-.020	(.631)	[.631]	.013	(.723)	[.723]
Female Investor Post Q2 2017							.168	(.398)	[.398]	.099	(.394)	[.394]
Year Fixed Effects:												
2011	.023	(.514)	[.514]	-.009	(.754)	[.754]	.024	(.498)	[.498]	-.009	(.754)	[.754]
2012	.035	(.362)	[.362]	-.023	(.421)	[.421]	.037	(.333)	[.333]	-.023	(.432)	[.432]
2013	.029	(.474)	[.474]	.002	(.948)	[.948]	.035	(.384)	[.384]	.006	(.841)	[.841]
2014	.060	(.159)	[.159]	-.009	(.746)	[.746]	.067	(.112)	[.112]	-.005	(.864)	[.864]
2015	.066	(.175)	[.175]	.023	(.458)	[.458]	.076	(.113)	[.113]	.029	(.343)	[.343]
2016	.090+	(.077)	[.077]	.013	(.687)	[.687]	.101*	(.046)	[.046]	.019	(.549)	[.549]
2017	.082	(.120)	[.120]	.026	(.393)	[.393]	.109*	(.045)	[.045]	.031	(.375)	[.375]
2018	.132*	(.028)	[.028]	.051	(.107)	[.107]	.175*	(.012)	[.012]	.055	(.258)	[.258]
2019	.120+	(.060)	[.060]	.037	(.268)	[.268]	.164*	(.023)	[.023]	.041	(.403)	[.403]
2020	.134*	(.039)	[.039]	.047	(.134)	[.134]	.180*	(.014)	[.014]	.051	(.291)	[.291]
2021	.165*	(.012)	[.012]	.057+	(.054)	[.054]	.210*	(.005)	[.005]	.060	(.204)	[.204]
2022	.099	(.159)	[.159]	-.005	(.859)	[.859]	.146+	(.063)	[.063]	-.001	(.975)	[.975]
2023	.119	(.120)	[.120]	.011	(.770)	[.770]	.167*	(.047)	[.047]	.014	(.784)	[.784]
Constant	.265*	(.001)	[.001]	.173*	(.000)	[.000]	.268*	(.001)	[.001]	.161*	(.000)	[.000]
Firm fixed effects	Y			N			Y			N		
Investment Portfolio Category FE	Y			Y			Y			Y		
Number of Observations	4724			4724			4724			4724		
Degrees of Freedom	1654			70			1654			69		

* p<.05, two-tailed test. Regressions run on 1,655 investors over 4,724 investor-years.

Table A8. LP Investor Types For VC Firms in Our Matched Sample With LP Information Available in Pitchbook, Coded as Diversity-Sensitive or Not.

Diversity Sensitive LPs

Banking Institution
Corporate Pension
Endowment
Foundation
Insurance Company
Mutual Fund Company
Public Pension Fund

Not Diversity Sensitive LPs

Corporation
Direct Investment
Economic Development Agency
Family Office (Multi)
Family Office (Single)
Fund of Funds
Government Agency
High-net-worth investor
Investment Advisor
Money Management Firm
Other Limited Partner
Private Investment Fund
Real Estate Investment Company
Secondary LP
Sovereign Wealth Fund
Union Pension Fund
University (Non-Endowment)
Wealth Management Firm

Table A9. Firm Analysis of LP Effects. Random Effects Regressions on whether a VC Firm has a Female Lead Investor in the Given Year, Run on the Matched Sample.

	Model A19			Model A20			Model A21			Model A22		
	b	se	p	b	se	p	b	se	p	b	se	p
Firm age (ln)	-.120+	(.073)	[.099]	.092*	(.043)	[.032]	-.120*	(.057)	[.036]	.056	(.039)	[.152]
Number of lead partners representing the firm (ln; prev 8 quarters)	.112*	(.040)	[.005]	.116*	(.034)	[.001]	.050	(.033)	[.131]	.059+	(.030)	[.053]
Firm has a partner on the midas list	-.061	(.064)	[.343]	-.041	(.051)	[.424]	-.025	(.047)	[.596]	.009	(.039)	[.823]
Post Q2 2017	-.018	(.045)	[.679]				-.370+	(.212)	[.081]			
Proportion LP types not diversity sensitive (prev 4 quarters)	-.002	(.060)	[.968]	.006	(.065)	[.922]						
Post Q2 2017 x Proportion LP types not diversity sensitive	-.114*	(.055)	[.038]									
Proportion of generalized framing coverage (prev 4 qtrs)				.178*	(.059)	[.003]				-.550	(.363)	[.130]
Proportion generalized framing x Proportion LP types not diversity sensitive				-.237*	(.086)	[.006]						
Count of media articles covering scandals (ln; prev 4 quarters)				-.005	(.008)	[.521]				-.001	(.007)	[.858]
Amount raised (ln; prev 8 quarters)							-.003	(.008)	[.735]	-.006	(.007)	[.367]
Post Q2 2017 x Amount raised							.018+	(.011)	[.089]			
Proportion generalized framing x Amount raised										.037*	(.018)	[.037]
Year Fixed Effects:												
2011	-.026	(.039)	[.496]				.033	(.023)	[.160]			
2012	.019	(.052)	[.712]				.048	(.034)	[.155]			
2013	.011	(.057)	[.849]				.056	(.034)	[.105]			
2014	.013	(.061)	[.832]				.041	(.038)	[.278]			
2015	.083	(.069)	[.229]				.110*	(.044)	[.013]			
2016	.082	(.070)	[.240]				.127*	(.045)	[.005]			
2017	.136	(.083)	[.104]				.163*	(.053)	[.002]			
2018	.287*	(.098)	[.004]				.286*	(.072)	[.000]			
2019	.211*	(.103)	[.042]				.241*	(.074)	[.001]			
2020	.263*	(.110)	[.018]				.315*	(.079)	[.000]			
2021	.333*	(.113)	[.003]				.349*	(.081)	[.000]			
2022	.370*	(.119)	[.002]				.371*	(.084)	[.000]			
2023	.380*	(.124)	[.002]				.373*	(.089)	[.000]			

Constant	.091	(.136)	[-.503]	-.341*	(.082)	[.000]	.200	(.136)	[-.144]	-.040	(.097)	[-.680]
Firm fixed effects	Y			Y			Y			Y		
Investment Portfolio Category Fixed Effects	Y			Y			Y			Y		
Number of Observations	2459			2459			3824			3824		
Degrees of Freedom	339			339			664			664		

* p<.05, two-tailed test. Models A19 and A20 run on subsample of firms with LP information, 340 firms over 2,459 firm-years. Models A21 and A22 run on 665 firms over 3,824 firm-years.