Educating Entrepreneurs on VC contracts *

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Abstract

We conduct a randomized controlled trial to evaluate the impact of contract education and contract legal consulting on entrepreneurs' outcomes in venture capital (VC) and seed funding. Entrepreneurs in the treatment group received targeted instruction in VC contract terms and startup financing agreements. We find that educated entrepreneurs are less likely to secure initial angel or seed funding and are more likely to pursue traditional employment rather than continue with their startup ventures. However, among those who do obtain angel and VC investment, treated entrepreneurs are more likely to receive subsequent funding rounds, achieve higher valuation in later stages, and experience a lower risk of involuntary removal as cofounders. These findings suggest that increased contract knowledge enables entrepreneurs to make more informed career choices and negotiate more favorable terms, albeit at the cost of reduced entry into the VC funding pipeline.

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1 Introduction

Venture capital (VC), together with seed and angel investment, has become the dominant financing channel for early-stage innovation, yet the contracts that govern these investments remain extraordinarily complex. Founders frequently enter negotiations under severe informational asymmetry, confronting legal clauses that allocate control, cash flow, and exit rights in ways they only partially understand (Ewens, Gorbenko, Korteweg, 2022). The stakes of these contractual allocations are substantial: even iconic founders can lose control of the very companies they create, as illustrated by Steve Jobs's removal from Apple in 1985 following a governance dispute, an event widely viewed as contributing to Apple's subsequent decline until Jobs later returned and regained operational authority. This asymmetry is central to the economics of early-stage financing, where agency problems, adverse selection, and bargaining frictions jointly determine who receives funding and on what terms. While extensive research has examined the sophistication of investors and the design of optimal VC contracts (Kaplan and Strömberg, 2001), little is known about whether improving entrepreneurs' understanding of these agreements across angel, seed, and venture financing can meaningfully reshape funding choices, negotiation behavior, and long-term outcomes.

Similar to Bernstein, Korteweg, and Laws (2017) and Gornall and Strebulaev (2025) that use a field experiment to establish causality, this paper provides the first experimental evidence on how contract literacy and legal support affect entrepreneurial decision-making. We conduct a large-scale randomized controlled trial involving more than 6,000 entrepreneurs across China, who vary widely in experience, venture stage, and legal environment.[1] Participants in the treatment group received simplified educational modules adapted from open-courseware curricula of top-10 U.S. universities in entrepreneurship and finance. The materials covered the structure and economic logic of VC contracts: valuation (Gornall and Strebulaev, 2020), equity dilution, liquidation preferences, vesting schedules, and control rights,

[1]Due to the extremely high attrition rate in the sample (78% within three years), conducting the experiment in China offers a chance to achieve a meaningful final sample size. This is essential for maintaining hope of both economic and statistical significance, and for reducing the risk of a Type II error.

through short, example-driven lessons designed for founders without legal backgrounds. To bridge theory and practice, treated founders were also offered free follow-up legal consulting, enabling them to submit real or draft term sheets for review and receive individualized guidance on key contractual risks and protections.

It is unclear ex ante whether contracting education and legal advice should have any effect, and if so in which direction. On the one hand, these interventions may increase entrepreneurial participation and persistence by reducing uncertainty and giving founders greater confidence in launching and running their businesses. On the other hand, the same information may discourage some entrepreneurs once they learn how much of the surplus can be claimed by investors through dilution, control rights, and downside protections, and thus revise down their beliefs about how large the "pie" will be for founders after venture capital and angel financing. The longer-run implications are also ambiguous. Even if the interventions shift near-term participation or financing choices, it is not obvious whether they translate into meaningful differences in founders' long-run retained equity, valuations, or acquisition outcomes. Finally, even in settings where the sign might be conjectured, the magnitude is not: our field experiment provides disciplined estimates of the economic size of the effects of the education module and legal services on both short-run choices and longer-run outcomes.

This ambiguity naturally raises the question of how contracting support changes founders' choices and which margins of behavior respond. In our setting, the intervention is designed to operate by reducing information and bargaining frictions. We therefore hypothesize that such an intervention could influence entrepreneurs' behavior along two margins. First, by clarifying the distributional consequences of contractual terms, contract education may discourage naïve or overoptimistic founders from pursuing external financing under conditions they now perceive as unfavorable (Puri and Robinson, 2007). In practice, many founders confuse equity with convertible securities and fail to recognize the debt-like obligations or dilution risks these instruments entail. Others overlook milestone or performance clauses

that can trigger changes in control or lead to founder removal without adequate compensation. Second, among those who do engage with investors, enhanced understanding should improve negotiation outcomes, leading to fairer and more sustainable partnerships.

Consistent with these predictions, we find that entrepreneurs exposed to the contract education program are significantly less likely to obtain initial VC or seed funding and less likely to continue their startups full-time, while being more likely to transition into traditional employment or alternative financing channels. Given that around 62% of the entrepreneurs in the baseline control group continue startup full-time one year after the intervention, contract education and legal consulting service reduces this rate to 47%. Compared to the control group, approximately 13% more potential entrepreneurs in the treatment group switch to full-time employment instead of running their own businesses. Contract education also reduces the VC and angel funding rate by 2.8% given the baseline funding rate from all types of investors is close to 13.7%. These effects are not driven by pessimism or risk aversion; rather, they suggest that greater contract awareness induces more selective entry into the venture financing process. Founders who better understand investor rights, dilution dynamics, and liquidation hierarchies also appear more cautious about accepting early-stage offers that could compromise long-run control or value.[2] This result is also consistent with Howell (2021), who finds that increased information and feedback may reduce startup entry.

At the same time, we find that among those who do secure venture financing or angel investment, the treatment leads to substantially improved subsequent outcomes. Educated founders receive follow-on funding more often, achieve higher valuations, and face a lower probability of involuntary removal as cofounders. The intervention increases the follow-on funding rates by 18% given the control group funding rate is 39.2%, and the cofounder retained rate by 11.2%, given the control group retained rate is 78%, three years after the treatment. These effects persist after controlling for baseline venture quality, sector, and founder experience. The evidence indicates that contract literacy not only deters poor

[2]Legal-related issues or messages have been shown to significantly change individual or corporate behavior (Holz et al., 2023).

matches between founders and investors but also enhances the quality and durability of those matches that do occur.

To explore the mechanisms underlying the treatment effects, we analyze entrepreneurs' actions and behavior from real negotiation processes. Consistent with the conceptual framework, treated founders exhibit markedly higher comprehension of valuation and control clauses, and more deliberate engagement during investor discussions. They also tend to initiate more negotiation with investors (Cullen et al., 2025). They are substantially more likely to identify investor-biased provisions, such as full-ratchet anti-dilution, debt-like equity clauses, or missing founder vesting schedules, and to initiate revisions or counterproposals rather than accepting draft terms at face value. Treated entrepreneurs also display a stronger inclination to seek professional verification before signing, as evidenced by their higher take-up of the free legal consulting service embedded in the experiment. These behavioral patterns indicate that contract education operates through concrete action rather than abstract cognition: founders internalize key contractual principles and apply them strategically when negotiating investment agreements. In short, the intervention changes what entrepreneurs do, not merely what they know: bridging improved contractual literacy with more assertive negotiation, professional legal engagement, and ultimately higher-quality contracting outcomes.

We also find important heterogeneity in treatment effects. The baseline effects are strongest among entrepreneurs who receive both contract education and free legal consulting on startup financing agreements. Contract education alone also delivers sizable improvements, though not nearly as large as the combined intervention. In contrast, access to legal consulting by itself does not generate a statistically significant effect.[3] This suggests that contract education and legal consulting operate as economic complements: legal experts be-

[3]According to our survey, almost all entrepreneurs express interest in external investment, but fewer than 5% have a term sheet in hand that is ready for legal review at the time they are offered the treatment. Note that the free legal service can review up to 10 term sheets at no cost and does not expire. Consistent with this background, the effect of the legal-only treatment is concentrated in the small subset of entrepreneurs, less than 5% of the sample, who already have term sheets when the treatment is first offered.

come far more effective when entrepreneurs first acquire the conceptual foundation needed to interpret contractual clauses, evaluate investor incentives, and act on professional guidance. In other words, entrepreneurs must understand the mechanics of financing contracts before legal advice can translate into meaningful behavioral changes.

Moreover, the short-term reduction in VC entry is most pronounced among student founders and early-stage ventures, who likely face the steepest learning curve in contract comprehension. By contrast, the positive long-term effects on funding quality and exit success are strongest among female founders, suggesting that gender-related vulnerability (Gornall and Strebulaev, 2025) shapes the returns to contract literacy. Robustness checks confirm that these patterns are not artifacts of differential attrition, optimism, or risk preferences. We also find that the effect is similar in Hong Kong and China, suggesting that our treatment works in different institutional environment and both continental law framework, suggesting that our results potentially have external validity.

Last but not least, we find that the intervention is associated with economically meaningful improvements in innovation outcomes. Relative to the control group, treated firms file about 0.7 more patents, and citations per patent, measured following Kogan, Papanikolaou, Seru, and Stoffman (2017), increase by approximately 0.1 standard deviations over a three year period. These patterns suggest that the education module not only improves entrepreneurs' private financial outcomes, but may also generate broader social benefits through higher innovative activity.

Taken together, these results reveal that contract education acts simultaneously as a filter and a catalyst, filtering out founders who might otherwise accept exploitative or low-value funding terms, and catalyzing more favorable outcomes among those who remain active in the venture market. The findings highlight a new human-capital channel through which financial and legal information shapes real allocation and welfare outcomes. By improving entrepreneurs' comprehension of complex financial contracts, low-cost educational programs can increase both fairness and efficiency in capital markets.

This paper contributes to several strands of research. It enriches the study of entrepreneurial contracting and venture governance by shifting attention from investor sophistication to founder-side understanding of financial agreements. Prior work on venture contracts has largely examined how investors design control, cash-flow, and exit rights to mitigate agency and information frictions (Kaplan and Strömberg, 2003; Kaplan and Strömberg, 2004; Cornelli and Yosha, 2003; Schmidt, 2003; Robinson and Stuart, 2007; Gornall and Strebulaev, 2023). These studies reveal how staging, convertibles, and board control allocate incentives between entrepreneurs and venture capitalists. Closely related to our study, Ewens et al. (2022) demonstrate that venture capitalists (VCs) utilize their bargaining power to secure more investor-friendly terms than those that would maximize startup value. Our findings are consistent with this result. Gornall and Strebulaev (2020) show that there is widespread and significant misunderstanding of valuation among the general public, among others. Therefore, it is not surprising that entrepreneurs also exhibit such misunderstandings. Our experiment complements this literature by asking whether improving founders' comprehension of the same contractual mechanisms, such as dilution, convertible securities, liquidation preferences, and vesting, alters their entry and negotiation choices. Whereas existing evidence emphasizes the sophistication of investors, our results highlight the behavioral margin on the entrepreneur's side, showing that contract literacy shapes both participation and performance in venture markets.

Second, our study bridges the financial literacy and entrepreneurship-training literatures. Also, field experiments have become an increasingly important method for identifying causal relationships in entrepreneurial finance (Bernstein et al., 2017). Classic interventions have focused on individual or household decision-making (Drexler et al., 2014; Karlan and Valdivia, 2011; de Mel et al., 2014; Campos et al., 2017; Fairlie et al., 2015; McKenzie and Woodruff, 2014). We extend this agenda to a high-stakes corporate setting, documenting that "contract literacy" affects firm formation, financing, and exit outcomes. Where prior work shows that simplified rule-of-thumb training can improve microenterprise performance,

our experiment demonstrates analogous gains for complex legal-financial decision contexts faced by startup founders.

Finally, by comparing outcomes across Mainland China's civil-law and Hong Kong's common-law systems, our paper contributes to the institutional literature linking legal origin to contracting practice. We don't find that contract literacy interacts with the legal environment: This cross-system comparison offers rare causal evidence on how legal institutions moderate the effectiveness of information interventions in entrepreneurial finance and suggests that our results may have general implications and external validity. In addition, our research contributes to the literature on entrepreneurial finance barriers in developing countries, specifically by adding to studies such as Gonzalez-Uribe and Leatherbee (2018) and González-Uribe and Reyes (2021), which examine approaches to supporting entrepreneurial success.

Overall, our results suggest that improving contract literacy can enhance both fairness and allocative efficiency in startup ecosystems. Entrepreneurial education and legal access, when delivered at scale and low cost, offer a promising complement to regulatory oversight and financial subsidies in fostering sustainable innovation.

2 Institutional Background

2.1 Recruitment of Entrepreneurs

Participants were recruited through three primary channels to ensure diversity in entrepreneurial background, network embeddedness, and venture stage. Each channel required a distinct access strategy, reflecting the different institutional structures through which early-stage entrepreneurs in China and Hong Kong organize, communicate, and seek resources.

The first channel consisted of large social media communities operated by well-known startup bloggers.[4] These bloggers typically run public accounts focused on founder inter-

[4]Wechat social media groups.

views, venture case studies, and practical advice on fundraising, team building, and product launch. Many also manage private discussion groups or subscription-based "founder circles" that aggregate thousands of early-stage entrepreneurs. Access to these communities was obtained through a combination of direct outreach to bloggers, referrals from venture capital scouts, and collaboration with influencers who had previously worked with our research team on surveys or content creation. Because these blogger groups have been active since 2019 across both mainland China and Hong Kong, they offered entry into entrepreneur networks embedded in two distinct regulatory and financial ecosystems. Most bloggers facilitated direct introductions by sharing recruitment materials within their groups or recommending the study to active members.

The second channel drew from regional business associations (shanghui) and private founder networks. These organizations often serve as formal or semi-formal membership bodies for small and medium-sized enterprises, offering training sessions, networking events, and connections to investors or service providers. Access to these groups was facilitated through local chambers of commerce, industry associations, and professional consultants who regularly collaborate with such organizations. Several association managers also circulated recruitment information during monthly member meetings or through internal communication platforms. Entrepreneurs reached through this route were typically more experienced, more revenue-generating, and more likely to seek external financing for expansion or operational scaling.

The third recruitment channel involved university-affiliated entrepreneurship centers, student innovation hubs, and accelerator programs. These programs typically maintain curated lists of student founders, early-stage project teams, and recent graduates preparing to commercialize research ideas or launch technology ventures. We gained access by contacting program directors, faculty advisors, and entrepreneurship instructors with whom the research team had previous academic collaborations. In several cases, university incubators assisted in distributing invitations through official mailing lists, WeChat groups, and accelerator co-

hort meetings. This channel systematically brought in entrepreneurs who were younger, more research-oriented, and more likely to operate technology-driven or innovation-focused ventures.

Recruitment occurred continuously from 2019 to 2023. The 2019, 2021, and 2023 cohorts were substantially larger, while participation in 2020 and 2022 was sharply reduced due to COVID-19 lockdowns, delays in academic calendar activities, and disruptions to in-person networking events. Combined, the 2020 and 2022 cohorts represent less than 5% of the full sample and are therefore excluded from the main analysis. Across these three channels, the study ultimately assembled a heterogeneous entrepreneur population encompassing a broad range of ages, industries, venture stages, and familiarity with external financing. This diversity provides a rich empirical setting for examining how contract education and legal consulting services shape entrepreneurial choices and responses to financing opportunities.

2.2 Treatment Description

The intervention consists of a structured, multi-component program designed to improve entrepreneurs' understanding of venture-capital and seed-financing contracts and, where applicable, to provide access to professional legal advisory services. The randomized controlled trial includes more than 6,000 early-stage entrepreneurs, recruited from blogger-managed founder communities, regional business associations, and university-affiliated accelerator programs. Randomization occurs at the cluster level, where each cluster is defined by recruitment channel and cohort year. The randomization was stratified by sector and region and was conducted through a Stata program.[5] Clusters assigned to treatment are further ran-

[5]We closely follow the procedure as Bruhn et al. (2018). We use the Stata code automatically to re-randomized as follows. We first allocated entrepreneurs to the treatment and control groups on the basis of a randomly generated number. Using this allocation, we then calculated the maximum and the average t-statistics on the differences in averages across the treatment and control groups for the following variables: Entrepreneur age, gender, prior startup experience dummy, VC outreach dummy, pitch activity dummy, stock market participation dummy, speculative trading dummy, lottery purchases dummy, insurance uptake dummy. If the maximum t-statistic for these variables was higher than 1.25 or the average t-statistic was higher than 0.35, we drew a new random number and allocated firms to the treatment and control groups on the basis of this new number. We repeated this process until the maximum t-statistic was 1.25 or lower

domly allocated into one of three intervention arms: an education-only arm, a legal-only arm, and a combined education-plus-legal arm. This design allows us to isolate the independent effect of contract education, the independent effect of legal support, and the interaction between the two.

The educational component centers on a practical, lecture-style introduction to early-stage venture financing and contracting, drawing heavily on publicly available entrepreneurship materials from open-courseware at top U.S. universities in entrepreneurship and finance. Rather than a highly structured or technical curriculum, the content is delivered through accessible explanations, real-world anecdotes, and intuitive examples that illustrate why contract terms matter for founders. The session walks participants through key ideas such as valuation, post-money ownership, convertible debt, dilution, anti-dilution adjustments, board control, governance clauses, vesting structures, option pool expansion, and contractual traps that can shift risk from investors to entrepreneurs.

Instruction relies on vivid stories: including shared-bike startups, restaurant chains, and a photonic-computing founder, to demonstrate how specific clauses, milestones, and conversion conditions can determine whether entrepreneurs retain control or are pushed out of their companies. The material focuses on helping founders recognize dangerous terms, understand how VCs use debt-like structures to protect themselves, and identify which protective provisions are negotiable and which are standard. The format is an interactive workshop, complemented with an online video option for participants unable to attend live. Although the content is inspired by open-courseware, it is presented in an informal, conversational, example-driven manner that enables participants without legal or financial training to internalize the economic logic of early-stage financing contracts and understand how contract terms shape bargaining power and long-run incentives.

Participants assigned to the legal-only arm receive free access to a professional legal consulting service, independent of the educational module. Entrepreneurs may submit draft

and the average t-statistic was 0.35 or lower. The definition of the variables are listed in Table 1.

or actual term sheets and investment agreements to partner legal institutions and trained startup-law volunteers.[6] Consultants provide individualized feedback, identify potentially unfavorable clauses, explain investor protections and founder obligations, and suggest negotiation strategies tailored to the specific transaction. This service is designed to supply high-quality legal input at precisely the moment entrepreneurs engage in real-world contracting decisions.

Entrepreneurs in the combined treatment arm receive both components: the full contract-education curriculum and access to the professional legal consultation service. This arm allows the study to test whether conceptual understanding and legal expertise act as complements or substitutes—whether entrepreneurs learn more effectively, negotiate more effectively, or make better financing choices when both forms of support are available simultaneously. Participants in the control group do not receive contract-related instruction or legal advisory services during the study period.

Given the scale of the study and more than 6,000 entrepreneurs across multiple cohorts, the contract-education component was delivered through standardized group-based online workshops conducted via widely used video-conferencing platforms. For each cohort, the same live session was offered in January and February, with sessions available Monday through Sunday to maximize attendance. The curriculum was jointly designed and delivered by the authors in collaboration with practitioners from Grandall Law Firm, combining academic perspectives on venture contracting with the practical experience of legal professionals who routinely handle early-stage financing agreements. Each live session was co-led by members of the research team using a common set of slides, examples, and term-sheet illustrations. Although delivered interactively, all workshops followed a uniform sequence of topics and shared teaching materials, ensuring that every treated participant, regardless of cohort or session timing, received consistent instructional content. The collaborative,

[6]Volunteers offered contract review services for up to ten submissions; no entrepreneur exhausted the quota. The term sheet review service is offered to the treated group from the moment they sign and has no expiration date.

protocol-based teaching model and the standardized legal consulting service provided by Grandall are essential for credible causal inference.[7]

Together, the simplified university-derived curriculum and the complementary legal-consulting service create an accessible yet rigorous intervention that closely replicates the information resources and professional support available in advanced entrepreneurial ecosystems. This multi-arm design enables precise estimation of intent-to-treat effects, treatment-arm heterogeneity, and the interaction between conceptual learning and real-time legal guidance in shaping entrepreneurs' financing decisions, negotiation behavior, and longer-run venture outcomes.

2.3 Summary Statistics

We administered a baseline survey approximately one month before the intervention to collect detailed background information on participating entrepreneurs, including demographics, prior work experience, startup stage, financing history, and expectations regarding future fundraising. These data allow us to construct summary statistics and assess covariate balance across treatment arms prior to random assignment. To track medium- and long-run outcomes, we conducted follow-up surveys at six-month intervals over a five-year horizon. Each survey wave measures entrepreneurs' business continuation status, employment transitions, financing attempts, investment outcomes, valuation changes, equity structure, and founder–investor governance dynamics. This longitudinal structure enables us to observe both immediate behavioral adjustments and longer-term career and venture trajectories.

Table 1 shows that baseline characteristics remained well balanced across treatment and

[7]Grandall Law Firm is one of China's largest integrated commercial law firms, with more than 30 offices across major cities including Beijing, Shanghai, Shenzhen, Guangzhou, Hangzhou, Chengdu, and Hong Kong. The firm employs over 4,000 lawyers and legal professionals nationwide, covering corporate finance, venture capital, private equity, and early-stage investment transactions. The contract-education modules and legal-consulting services in this study were supported by volunteer junior lawyers from Grandall's venture-finance practice group, many of whom routinely assist with term-sheet drafting, equity-financing documentation, liquidation-preference structures, vesting arrangements, and founder-governance provisions. Their practical experience with seed, angel, and VC contracting enabled them to provide consistent, high-quality support across all treatment cohorts while adhering to standardized protocols.

control groups within each recruitment channel. Panel A illustrates substantial but expected heterogeneity across the three recruitment sources: startup-blogger social media groups, regional business associations, and university accelerators, reflecting the distinct entrepreneurial ecosystems from which the sample was constructed. Entrepreneurs recruited from business associations were, on average, the oldest (36.7 years) and operated the most mature ventures, with 63 percent already generating revenue. In contrast, participants from university accelerators were considerably younger (24.9 years) and far more likely to be at the idea or prototype stage (46 and 36 percent, respectively), while bloggers' follower groups fell between these two extremes in both age and venture maturity.

Patterns in education and gender composition also aligned with the intended sampling design. Nearly all student founders held at least a bachelor's degree (96 percent) and 38 percent were female, compared with roughly 79 percent bachelor's-degree attainment and 28 percent female representation in business-association cohorts. Blogger-group participants again occupied an intermediate position. Differences in startup experience mirrored these profiles: prior entrepreneurial experience was most common among business-association members (59 percent), moderate among bloggers' followers (41 percent), and least frequent among students (19 percent). Financial behavior measures, including stock market participation, speculative trading activity, lottery purchases, and insurance uptake, varied in intuitive ways across channels but remained modest in levels. Sectoral distributions and team sizes differed substantially by channel, but all patterns reflected the intended coverage of diverse venture types.

Panel B documents treatment assignment, compliance, and survey follow-up. Treatment assignment rates were exactly balanced by design (50 percent in every channel). Attendance at the live educational sessions exceeded 75 percent in all groups (83.7 percent among blogger-group participants, 76.5 percent among business-association participants, and 88.9 percent among students).[8] Interaction with the instructor ranged from 55 to 72 percent. Immediate

[8]If the entrepreneur did not attend the live education sessions, they typically receive a recorded version of the class.

follow-up survey completion exceeded 88 percent in all channels. However, the one-year attrition rate exceeds 30 percent, and the three-year attrition rate approaches 80 percent. This pattern highlights a key motivation for conducting the field experiment in China: the exceptionally large pool of early-stage entrepreneurs allows us to maintain sufficient sample size in the long-term panel despite substantial attrition. Taken together, these statistics show that assignment was successfully implemented and that post-randomization selection pressures were limited.

Panel C further confirms balance between treatment and control groups *within* each channel. Across baseline covariates: including age, gender, prior startup experience, income measures, and financial behavior variables, treatment and control means were nearly identical. The average absolute standardized difference within each channel was only 0.03–0.04, and omnibus multivariate balance tests produced p-values between 0.69 and 0.81, well above conventional thresholds. These diagnostics indicate that the stratified randomization generated treatment and control groups that were statistically comparable at baseline within each recruitment source.

Taken together, the evidence from Panels A–C demonstrates that the experimental design produced well-balanced samples within a deliberately heterogeneous recruitment framework, and that no systematic pre-treatment imbalances or selection patterns threaten the interpretation of the subsequent causal analyses.

As there is no single nationally representative survey that cleanly maps into the population of "early-stage, growth-oriented entrepreneurs who are actively considering angel or VC financing" in China, we assess external validity using the closest available national benchmarks. Specifically, we compare the observable characteristics of participants in our experiment to nationally representative household panels, including the China Household Finance Survey (CHFS) and the China Family Panel Studies (CFPS). These surveys are designed to measure household finances and socioeconomic outcomes and do not target venture creation in the way our setting does; nevertheless, they contain standard modules on employ-

ment status, self-employment, and household business ownership that allow us to construct comparable subsets and compute weighted demographic moments. Against these national benchmarks, our sample is slightly younger on average by roughly one to two years and is more concentrated in sectors typically associated with scalable ventures, such as technology and biotech. This pattern is consistent with the fact that our recruitment channels and the intervention itself are most relevant for founders on the margin of formal external financing and sophisticated contracting, rather than the broader universe of household businesses and subsistence self-employment captured in household surveys.[9]

3 Results

We next examine whether improving founders' understanding of venture financing contracts causally affects their subsequent entrepreneurial choices and outcomes. The motivation follows from the canonical venture contracting literature, which emphasizes that contract design governs both investor control and founder incentives (Kaplan and Strömberg, 2003; Kaplan and Strömberg, 2004; Cornelli and Yosha, 2003; Schmidt, 2003; Gompers, 1996). Yet this literature implicitly assumes that entrepreneurs fully understand the implications of contractual terms. Behavioral and educational evidence suggests otherwise: bounded rationality and limited legal literacy can shape how founders interpret liquidation preferences, vesting schedules, and control rights (Drexler et al., 2014; Karlan and Valdivia, 2011; McKenzie and Woodruff, 2014). In practice, many founders confuse equity with convertible securities and fail to recognize the debt-like obligations or dilution risks these instruments entail. Others overlook milestone or performance clauses that can trigger changes in control or lead to founder removal without adequate compensation. If founders misread these

[9]Importantly, we do not claim that our participants are representative of all entrepreneurs in China. Instead, the experiment is designed to speak to a policy- and market-relevant subset: early-stage founders who face meaningful contracting frictions and for whom education and legal support plausibly change financing choices and deal terms. To further quantify the scope of selection, we conduct reweighting exercises that align the joint distribution of key observables such as age, gender, education, and region in our sample to CHFS/CFPS benchmark distributions; the main treatment effects are similar under these alternative weights. These results are available upon request.

clauses, they may overestimate equity value or underestimate downside protection for investors, thereby misjudging the attractiveness of continuing versus exiting a startup. Our experimental education intervention tests this founders' choice directly.

We hypothesize that contract education should (i) reduce excessive optimism about external funding prospects, as better-informed founders recognize dilution and control constraints; (ii) decrease full-time continuation among marginal founders whose projects are financially or contractually unattractive once understood; and (iii) increase transitions into wage employment or alternative ventures, reflecting a reallocation toward more informed occupational choices.

Table 2 presents the causal effects of contract education on the three primary entrepreneurial outcomes (one year after the treatment). Panel A reports the intent-to-treat (ITT) estimates. Receiving contract education significantly shifts participants' post-program choices: treated entrepreneurs were 14.2 percentage points less likely to continue operating their startup full-time relative to the control mean of 61.8 percent ($p < 0.01$). They were 13.1 percentage points more likely to switch to salaried employment (Gottlieb et al., 2022), compared with a baseline rate of 26.4 percent ($p < 0.01$). The probability of obtaining initial VC or seed financing declined by 2.8 percentage points relative to the control mean of 13.7 percent ($p < 0.05$). These effects are economically meaningful, roughly one-quarter to one-half of the control group mean level, and remain highly stable with the inclusion of comprehensive pre-treatment covariates and recruitment- and cohort–fixed effects (R^2 between 0.18 and 0.22).

Panel B scales these ITT estimates by compliance to recover treatment-on-the-treated (TOT) effects. As expected, the magnitudes increase while maintaining the same pattern of results. For entrepreneurs who actually attended the live educational curriculum, confirmed interaction with the instruction team, or made use of the legal consulting service, the probability of continuing their startup full-time falls by 17 percentage points ($p < 0.01$), switching

to employment rises by 15.7 percentage points ($p < 0.01$), and the likelihood of securing VC or seed funding decreases by 3.2 percentage points ($p < 0.05$). Model fit improves modestly in the complier sample, with R^2 values between 0.19 and 0.23.

Taken together, these findings highlight a consistent mechanism: contract education does not expand access to external capital but instead corrects entrepreneurs' misperceptions about financing contracts and risk. Participants exposed to the program made more cautious and economically grounded occupational decisions, reducing risky startup continuation and reallocating toward stable employment, indicating that legal and financial literacy tempers excessive entrepreneurial persistence rather than directly increasing capital acquisition.

3.1 Long Term Effects

We next turn to the longer-term implications of contract literacy for venture performance and founder outcomes. Whereas the previous section focused on short-run occupational reallocations and entry decisions, this analysis examines whether improved contractual understanding continues to matter once entrepreneurs have successfully secured initial external financing. The motivation draws on research showing that contract structure not only governs initial screening and control but also affects post-investment value creation, follow-on financing, and exit performance (Kaplan and Strömberg, 2004; Hellmann and Puri, 2002; Gompers and Lerner, 1996; Bottazzi et al., 2008). If founders who better understand investor rights and staging mechanisms can navigate later financing rounds more effectively, one would expect persistent benefits in terms of capital access, exit outcomes, and team stability.

Our hypothesis is that contract education enhances eventual performance not by increasing the initial probability of funding per se, but by improving post-funding decision quality and investor relations. Specifically, educated founders should be more likely to (i) secure follow-on rounds, reflecting superior signaling and milestone management; (ii) achieve higher valuations or exit valuations, as improved contract negotiation reduces ex-post conflicts; (iii)

higher chance of a positive cash out event; and (iv) remain as active cofounders either within the firm or following an exit.[10] These effects represent a transition from behavioral correction at the entry stage to sustained organizational and financial outcomes over the venture lifecycle.

Table 3 reports the longer-term effects (within three year after the treatment) of contract education for the subset of entrepreneurs who successfully secured initial VC or seed funding. Panel A presents the intent-to-treat (ITT) estimates. Treated entrepreneurs were 18.3 percentage points more likely to obtain at least one follow-on funding round, relative to a control mean of 39.2 percent ($p < 0.01$). Valuations increase by 4.247 million RMB ($p < 0.05$), indicating a meaningful uplift in realized venture value. Cofounder retention increases by 11.2 percentage points relative to a baseline of 78.0 percent ($p < 0.01$). There is also an increase in cash-out events that, while statistically insignificant, is economically meaningful. These results suggest improved governance stability and reduced founder turnover among treated firms.

Panel B scales these effects to the subset of compliers (treatment-on-the-treated, TOT). As expected, magnitudes increase slightly while preserving the qualitative patterns observed in the ITT results. For entrepreneurs who actually attended the live educational curriculum, confirmed interaction with the instruction team, or made use of the legal consulting service, the likelihood of raising follow-on funding increases by 18.7 percentage points ($p < 0.01$), exit valuation rises by 4.321 million RMB ($p < 0.05$), and cofounder retention improve by 11.5 percentage points.

Panel C reports results for the propensity score matched (PSM) sample using the variables used in for the initial randomization. Again, the results are robust to PSM and suggest that

[10]The literature has documented that increased founder–investor turnover (Ewens and Marx, 2018; Baker and Gompers, 2003; Kaplan et al., 2009) is positively correlated with firm value. In this study, we take a different perspective by examining the likelihood that founders are completely removed from their firms following contract education. Importantly, a higher likelihood of retaining cofounder status does not necessarily indicate inefficiency; founders may have relinquished control rights but still remain actively involved in the firms they established.

our overall treatment increases the follow-on founding rate, exit valuation, and cofounder retention rate.

Together, these findings indicate that the benefits of contract education persist well beyond the initial financing margin. Rather than merely affecting the decision to pursue VC funding, the program shapes how ventures evolve after raising capital—improving follow-on fundraising, elevating realized valuations, and increasing the likelihood that founders remain in control rather than being displaced. These results underscore the importance of legal and contractual literacy not only for initial entrepreneurial decision-making but also for sustaining bargaining power and governance stability as ventures mature.

3.1.1 Robustness checks for both short-term and long term outcomes

Table 4 shows that across winsorized outcomes and inverse-probability reweighting, the magnitude and statistical significance of the main coefficients remain stable. Moreover, Lee-bound adjustments, providing worst-case bounds under selective attrition, show that even the lower estimates remain robust for most outcomes. These checks confirm that the estimated effects are not sensitive to distributional outliers, nonlinear estimation, or differential participation probabilities. The consistency of the coefficients across specifications also indicates that functional-form assumptions do not drive our main conclusions.

Finally, we find that results are robust with logit marginal effects and winsorization at 99% and 95%. We also find attrition rates are balanced across treatment and control groups, baseline characteristics do not predict dropouts, and randomization-inference p-values based on 2,000 draws closely match conventional asymptotic results. We adopt the multiple hypothesis testing standard error adjustment as in List et al. (2019), and the results remain robust. We also employ flexible machine learning regressions as in (List et al., 2024), and the asymptotic results remain robust as well. Together, these checks demonstrate that our findings are robust to alternative explanations, model specifications, and sample-selection concerns, reinforcing the interpretation that contract education causally improves founders'

contracting competence and subsequent venture outcomes.[11]

3.2 Mechanism

To unpack the mechanism behind the main effects, we examine whether contract education improves founders' contracting behavior during real negotiation processes rather than merely affecting perceptions or attitudes. Most founders lack formal legal training and depend heavily on intuition or peer templates when reviewing term sheets, often failing to identify investor-favorable provisions such as full-ratchet anti-dilution, excessive liquidation preferences, or missing founder vesting. Educational interventions can therefore influence outcomes not simply by improving factual literacy but by changing how entrepreneurs behave when facing contract negotiations: whether they detect problematic terms, initiate revisions, or seek professional review.

Our empirical tests focus on concrete, observable mechanisms. First, we examine whether treated founders are more likely to identify and flag unfavorable clauses during actual funding discussions. Second, we test whether they take greater initiative in negotiation, proposing counter-terms, requesting clarifications, or revising drafts rather than accepting investor templates at face value. Third, we measure whether founders use the free or any legal consulting service offered as part of the experiment, capturing whether education motivates professional engagement when uncertainty arises. Together, these decisions reveal deliberate, governance-relevant responses that link contract literacy to improved entrepreneurial decision-making.

Table 5 presents direct evidence on the mechanisms through which contract education influences entrepreneurial decisions. Across all three outcomes, treated entrepreneurs exhibit large and statistically significant improvements in observable negotiation and legal behaviors. Founders exposed to the program were 28.1 percentage points more likely to identify and

[11] These results are available upon request.

question at least one unfavorable contractual clause, relative to a control mean of just 1.2 percent ($p < 0.01$). They were 24.3 percentage points more likely to initiate negotiation activities, such as proposing counter-terms, requesting clarifications, or suggesting revisions to draft agreements, compared with a control mean of 3.7 percent ($p < 0.01$). This result is consistent with Cullen et al. (2025) that policies encouraging negotiation can enhance both welfare and equity. Finally, treated entrepreneurs were 31.2 percentage points more likely to use any professional legal consulting service, relative to a baseline take-up rate of 7.1 percent ($p < 0.01$). These effects are substantial in magnitude, and the inclusion of pre-treatment covariates and fixed effects leaves the results highly stable, with R^2 values between 0.28 and 0.39.

Taken together, these findings show that contract education reshapes entrepreneurs' concrete behaviors, not merely their conceptual knowledge. Treated founders become considerably more able to recognize investor-biased provisions, more proactive in negotiating fairer contractual terms, and more willing to seek professional legal verification. These behavioral adjustments constitute the core mechanisms through which the program improves governance quality and supports the stronger long-term venture trajectories documented in earlier tables.

3.3 Contractual Risks and Legal Irregularities

We next turn from observed negotiation behavior to direct evidence from the contracts themselves. While the behavioral results show that treated founders are more likely to identify biased clauses and seek legal advice, the underlying content of these agreements provides a complementary perspective on the structural risks they face. Analyzing the full set of contracts reviewed by our legal consulting service allows us to document the most frequent sources of founder disadvantage and quantify how widespread these contractual traps are in practice.

To complement the experimental evidence, we systematically reviewed all startup financ-

ing contracts submitted to the study's free legal consulting service. This exercise offers a direct look at the contractual provisions entrepreneurs actually face, and frequently misunderstand, when negotiating early-stage investment agreements. Among the roughly 480 contracts reviewed, a large majority contained at least one investor-favored or legally ambiguous clause with the potential to materially alter founder outcomes in subsequent financing rounds or at exit. Table 6 summarizes the most prevalent issues identified by legal analysts. The most common problematic provisions include full and partial ratchet anti-dilution clauses (41.3 percent of contracts, with full-ratchet clauses found in 12.7% of contracts and partial-ratchet clauses in 28.6%), and multiple liquidation preferences exceeding one times capital (36.8 percent).

Other frequent concerns involve investor rights to repurchase unvested founder shares (28.9 percent), board-control or supermajority mechanisms that effectively allow investors to dictate governance decisions (27.1 percent), and drag-along or call-option clauses tied to loosely defined "cause" standards (23.6 percent). A nontrivial share of agreements include milestone-based replacement clauses (21.4 percent) or reverse-vesting resets (19.7 percent), both of which can lead to forfeiture of founder equity. Finally, many contracts suffer from weak or missing vesting terms (18.2 percent), bad-leaver repurchase rules at nominal prices (16.3 percent), unclear dilution mechanics (15.9 percent), or undefined exit valuation frameworks (10.6 percent).

The results we document are consistent with the findings of Ewens et al. (2022), who demonstrate that venture capitalists (VCs) use their bargaining power to secure more investor-friendly terms than those that would maximize startup value. These patterns also highlight an important insight: informational asymmetry in early-stage financing extends beyond what the current theoretical model predicts. Many founders sign binding agreements that quietly, and sometimes dramatically, weaken their control rights, ownership claims, or payout structures. The prevalence of these contractual traps reinforces the need for accessible legal and financial literacy, precisely the gaps targeted by the experimental intervention.

Moreover, using the transcripts from the live sessions, we classify Q&A questions into economically distinct contract categories. Approximately 76% of questions focus on payoff-allocation ("money") terms, such as full or weighted-average anti-dilution and multiple liquidation preferences, while about 17% focus primarily on governance and control provisions, including board seats and founder-replacement triggers. The remaining questions either involve both dimensions (e.g., clauses that couple control with economic consequences) or do not map cleanly into either category.

This distribution suggests that, prior to receiving structured contracting education, founders disproportionately emphasize headline economic terms. However, follow-up evidence from the post-session negotiation stage indicates a broader, more balanced focus. Based on qualitative feedback collected by Grandall Law Group during subsequent legal consulting sessions, founders appear equally willing to negotiate payoff and control provisions. A common pattern is to treat money and control as substitutes in bargaining: when founders are unable to materially improve headline valuation or dilution-related terms, they pursue stronger governance protections; conversely, when control concessions are difficult to obtain, they prioritize improvements in economic terms. This shift is consistent with the educational module's emphasis that both payoff allocation and control contingencies can materially affect founders' long-run outcomes, and that effective negotiation often requires trading across these dimensions rather than focusing exclusively on valuation.

3.4 Heterogeneity

3.4.1 Treatment arms

To disentangle the relative contributions of educational and advisory components, we exploit the factorial design of the experiment and estimate heterogeneous treatment effects across three intervention arms: *Education Only*, *Legal Only*, and the combined *Education + Legal* treatment. This decomposition allows us to assess whether contractual literacy alone can change entrepreneurial behavior, or whether complementary access to professional le-

gal consultation amplifies or substitutes for such effects. Conceptually, this design follows the logic of layered interventions in the entrepreneurship-training literature, where cognitive (information-based) and advisory (expert-based) treatments may interact non-linearly (Karlan and Valdivia, 2011; Drexler et al., 2014; de Mel et al., 2014). In the context of venture contracting, Founders' understanding of term sheets and their ability to interpret legal clauses are distinct yet mutually reinforcing dimensions of decision-making. We therefore hypothesize that while education alone improves comprehension and likelihood of initiation of negotiation and negotiation success, coupling it with legal consultation enhances translation of knowledge into real contracting outcomes.

Table 7 Panel A reports intent-to-treat estimates of each arm relative to the control group. The *Education Only* treatment significantly reduces continuation rates and increases reallocation toward salaried employment, suggesting that enhanced literacy leads some marginal founders to reassess venture viability. In contrast, the *Legal Only* treatment yields smaller and mostly insignificant effects, consistent with professional advice being less effective absent prior conceptual understanding. The combined *Education + Legal* arm exhibits slightly larger overall effects, both in rational reallocation (fewer low-quality continuations) and in greater use of formal financing and guidance channels, indicating strong complementarity between informational and advisory interventions.

For longer-term, conditional outcomes among ventures that initially secured external funding, again, the joint *Education + Legal* arm dominates, showing the highest increases in follow-on funding, valuation, and founder retention rates. While each single-component treatment produces positive but modest effects, their combination nearly doubles the magnitude, consistent with a multiplier mechanism where education enhances the capacity to understand and evaluate legal advice, and legal advisors help founders apply educational insights in real negotiations. According to our survey, almost all entrepreneurs express interest in external investment, but fewer than 5% have a term sheet in hand that is ready for legal review at the time they are offered the treatment. Note that the free legal service can review

up to 10 term sheets at no cost and does not expire. Consistent with this background, the effect of the legal-only treatment is concentrated in the small subset of entrepreneurs, less than 5% of the sample, who already have term sheets when the treatment is first offered, rather than in the broader sample. These results align with theories of bounded rationality and expert intermediation in complex financial environments: providing knowledge without professional support may leave gaps in execution, whereas providing professional advice in the absence of basic contractual understanding may prevent entrepreneurs from recognizing the need for legal assistance in the first place. Together, these findings highlight that combining cognitive and advisory interventions yields the most durable and economically meaningful improvements in venture contracting and performance.

3.4.2 Recruitment source and others

Moreover, we explore how the effects of contract education vary across key founder and venture characteristics. The heterogeneity analysis serves two purposes. First, it examines whether the treatment's impact differs by recruitment source, reflecting variation in prior exposure to investor networks and business education. Second, it tests for gender-based and stage-based differences that have long been emphasized in the entrepreneurship and venture-capital literatures as critical dimensions of access and bargaining power (Zandberg, 2021; Ewens and Townsend, 2020; Howell and Nanda, 2024). Understanding these heterogeneities clarifies whether contract education acts primarily as an equalizer, helping disadvantaged or less-connected groups close informational gaps, or as a complement to existing sophistication and network advantages.

We hypothesize that founders recruited from informal or less professionalized networks (e.g., bloggers' social media groups or student accelerators) will benefit more from contract education than those connected through established business associations, who are typically more experienced and better advised. Similarly, we expect stronger effects for female entrepreneurs, consistent with evidence that women often face higher informational and psy-

chological barriers in fundraising and negotiation contexts (Cullen and Perez-Truglia, 2023). Finally, early-stage ventures, where contractual uncertainty is greatest and investor screening most intense, should exhibit larger behavioral and funding responses than revenue-generating firms, for whom contractual terms are already more standardized.

Table 7 presents the corresponding results. Panel B indicates meaningful variation by recruitment source: effects are largest among university accelerators and bloggers' groups, suggesting that less-experienced founders gain most from targeted education. Panel C shows a pronounced gender gradient: female founders experience larger positive impacts on follow-on funding and exit success, implying that contract literacy may help mitigate ex-ante disadvantages in financial negotiation. Panel D compares ventures by baseline firm-stage: the program reduces excessive optimism and reallocates effort more strongly among early-stage (idea or prototype) founders, but both early and revenue-stage ventures exhibit improved follow-on funding and exit probabilities. Taken together, these findings show that contract education is most transformative for founders who begin with lower prior exposure or bargaining power, consistent with the view that information interventions substitute for, rather than merely reinforce, existing network and experience advantages.

3.5 Further Discussions

To ensure that our findings are not driven by spurious correlations, specification choices, or selective attrition, we perform a comprehensive set of robustness and falsification checks. These exercises are motivated by standard practices in experimental and quasi-experimental analyses of entrepreneurial and behavioral interventions, as well as by the venture-capital literature's emphasis on separating true informational effects from unobserved founder traits. Specifically, we test whether the contract education treatment affects unrelated founder characteristics, whether the results hold under alternative model specifications, and whether sample attrition or imperfect compliance could bias the estimated treatment effects.

Our first set of tests addresses potential *placebo* channels. If the observed effects merely reflected broader shifts in optimism or risk tolerance rather than improved contractual understanding, we would expect corresponding changes in unrelated real-world behaviors associated with these traits. Specifically, we examine post-treatment variation in stock-market participation, short-term speculative trading in equities or cryptocurrencies, lottery purchases, and insurance uptake—standard behavioral proxies for optimism and risk preference in the finance literature. Table 8 shows no systematic treatment effects on any of these outcomes: coefficients are small and statistically indistinguishable from zero. For example, there is no significant change in either the stock market participation dummy or the percentage of wealth invested in the stock market. This evidence indicates that the intervention did not alter general risk-taking or beliefs about future outcomes, but rather targeted contract-relevant cognition and decision processes.

3.5.1 Educational module tone

Our second set of tests addresses the concern that the educational component might be framed too negatively and therefore discourages entrepreneurship rather than improving contracting decisions. To evaluate this possibility, we quantify the tone of the educational sessions using complementary, transparent text-based measures and then test whether variation in tone predicts subsequent entrepreneurial exit.

First, we conduct dictionary-based sentiment analysis on the session transcripts. We begin with the Loughran and McDonald (2011) finance dictionary, and we supplement it with widely used general-purpose sentiment lexicons, including the Harvard IV-4 Psychological Dictionary, the *Linguistic Inquiry and Word Count* (LIWC) dictionary, and the NRC Emotion Lexicon (NRC). Using each dictionary, we compute the share of negative and positive words in the instructor-delivered module. Across sessions, negative-word usage is low, averaging 2.6% of words, while positive-word usage averages 2.8%, implying a mildly positive net tone. These magnitudes do not suggest a fear-based or discouraging framing, and

the qualitative message of the module emphasizes skill-building and contract comprehension rather than deterring entrepreneurship. As a complementary check, we apply an LLM-based tone classifier (ChatGPT and Gemini) to the same transcripts using a fixed prompt that rates discouragement, balance, and empowerment. Both models characterize the instructor module as neutral-to-positive and describe it as instructional and empowering rather than pessimistic.

Second, we exploit within-session variation that arises from participant interaction. The core instructional content is standardized across the 21 sessions delivered in three cohorts, and correspondingly exhibits limited dispersion in tone. By contrast, the live Q&A segment varies substantially across sessions, reflecting the heterogeneity of participant concerns and discussion dynamics. In this segment, the share of negative words ranges from 0% to approximately 15%, with a similarly wide range for positive words, providing meaningful variation that is not mechanically tied to the scripted content.

Next, we test whether tone predicts entrepreneurial exit. We relate session-level exit rates to our tone measures for both the instructor module and the Q&A segment, controlling for cohort fixed effects and baseline participant characteristics. We find no evidence that more negative sessions generate higher exit rates. The point estimates are small and statistically indistinguishable from zero across dictionaries and across the LLM-based measures. This absence of a tone–exit relationship is difficult to reconcile with a pure "negativity discourages entrepreneurship" channel.

3.5.2 Innovations

Does our treatment also eventually improve startup-level outcomes, such as innovation? In an unreported table, we find that the intervention is associated with economically meaningful improvements in innovation outcomes. Relative to the control group, treated firms file about 0.7 more patents, and citations per patent, measured following Kogan et al. (2017), increase by approximately 0.1 standard deviations over a three year period. These patterns suggest

that the education module not only improves entrepreneurs' private financial outcomes, but may also generate broader social benefits through higher innovative activity.

3.5.3 Alternative Financing

We next examine how contract education affects entrepreneurs' financing composition and guidance behavior, conditional on their decision to continue operating a startup. While our main results document improved contractual understanding and more deliberate venture outcomes, it remains crucial to understand what financing sources founders rely on when they choose not to obtain venture or angel investment. A deeper understanding of contractual risk and investor incentives may prompt founders to avoid external equity/debt under unfavorable terms and instead rely on other channels such as fintech credit, bank loans, crowdfunding (Xu, 2018), or family-and-friends debt to sustain operations and retain ownership control. Thus, rather than exiting entrepreneurship altogether, educated founders may strategically reallocate toward accessible sources of both formal and relational credit. Therefore, we hypothesize that conditional on continuing their startups without VC or angel financing, treated entrepreneurs should exhibit higher propensities to utilize alternative funding channels: including fintech lending, commercial bank credit, crowdfunding, and structured family-and-friends borrowing, reflecting more informed substitution within the financing hierarchy.

Table 9 provides evidence consistent with these predictions. It shows that treated entrepreneurs who continue operating their ventures are significantly more likely to use fintech credit, bank loans, and family-and-friends debt, suggesting active substitution toward alternative financing channels rather than withdrawal from external capital markets.[12] Overall, contract education facilitates informed reallocation among funding sources when venture capital is not selected: encouraging founders to combine formal and relational credit with professional advice, thereby supporting more sustainable entrepreneurial persistence.

[12]There are also fewer than 5% of entrepreneurs who switch to government funding (Howell, 2017).

3.6 External Validity

Table 10 investigates cross-jurisdictional heterogeneity by interacting treatment assignment with a Hong Kong indicator to assess whether the effects of contract education vary across legal, cultural, and institutional settings (Lerner and Schoar, 2005). Across all outcomes, the estimated interaction terms are small in magnitude and statistically indistinguishable from zero, indicating that the treatment effects are broadly consistent between mainland China and Hong Kong. The coefficients for Hong Kong participants are similar in economic size, typically within one to two percentage points of their mainland counterparts, but none reach conventional significance thresholds ($p > 0.10$). By contrast, corresponding estimates in the mainland sample are often statistically significant at the 5–10 percent level, reflecting its substantially larger sample size rather than a meaningful difference in underlying effect. That both regions exhibit effects of comparable magnitude despite distinct legal origins, enforcement institutions, and business cultures is noteworthy. Mainland China's civil-law administrative system and Hong Kong's common-law, contract-based commercial environment differ sharply in their approaches to dispute resolution and governance norms, yet entrepreneurs in both contexts respond to contract education in strikingly similar ways. This convergence suggests that the mechanisms activated by the intervention, such as heightened awareness of investor rights, disciplined negotiation behavior, and more deliberate allocation of effort across occupational options, operate robustly across institutional and cultural boundaries. Taken together, the consistency of results across the two jurisdictions strengthens the external validity of the study and implies that improving entrepreneurs' contract literacy can generate broader behavioral externalities that extend beyond specific regulatory or cultural contexts.

4 Conclusion

This paper investigates the impact of targeted education on entrepreneurs' understanding of venture capital (VC) and seed funding contracts: critical, yet often complex, components of the startup financing landscape. Through a randomized controlled trial (RCT), we provide aspiring entrepreneurs with a comprehensive curriculum covering essential contractual terms and negotiation dynamics, including equity dilution, convertible securities, control rights, and vesting schedules. The goal is to empower entrepreneurs with the knowledge to critically evaluate and negotiate the terms of investment offers.

Our findings reveal a nuanced effect of this intervention. Entrepreneurs who receive contract education are significantly less likely to pursue or secure initial VC or seed funding, and many opt for conventional employment over startup continuation. Our results also suggest that increased awareness of potential investor strategies: including unfavorable terms, hidden traps, and mechanisms that can dilute founder control or value, makes some entrepreneurs more cautious or even dissuaded from seeking external capital under typical terms.

However, for those educated entrepreneurs who do engage with VC investors and secure funding, outcomes are markedly better: they are more likely to attract follow-on investment and achieve successful exits or late-stage cash-outs. This pattern indicates that contract literacy not only tempers uncritical enthusiasm for entrepreneurship, but also helps entrepreneurs avoid predatory investment structures and negotiate more favorable, sustainable deals. By understanding both the opportunities and risks embedded in VC contracts, educated entrepreneurs are better equipped to navigate the power dynamics and safeguard their interests.

These findings underscore the dual role of contract education: it can serve as both a filter, discouraging vulnerable entrepreneurs from entering unfavorable arrangements, and as a catalyst for more resilient and informed entrepreneurial careers among those who choose to pursue funding.

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Table 1: Sample Characteristics, Design/Compliance, and Treatment–Control Pre-Trend Checks

	Bloggers	Business Assoc. (Shanghui)	Univ. Accelerators (Students)
Panel A. Pre-Treatment Characteristics by Recruitment Channel (Cross-Sectional Balance)			
N (participants)	2503	2218	1351
N (2019 Cohort)	1031	891	527
N (2021 Cohort)	627	534	459
N (2023 Cohort)	845	793	365
Age	31.8	36.7	24.9
Female (%)	32.1	27.6	38.4
Bachelor+ (%)	86.0	78.5	96.2
Prior startup experience (%)	41.2	58.7	18.9
Prior external funding (%)	12.9	22.3	6.7
Pre-treatment contract knowledge (%)	0.00	0.00	0.00
Stock market participation (%)	12.5	18.9	9.6
Speculative trading (equity/crypto) (%)	14.8	18.7	11.5
Lottery purchase frequency (%)	2.5	2.0	2.2
Insurance uptake (%)	7.7	8.1	7.4
Startup stage: Idea (%)	24.5	8.1	46.2
Startup stage: Prototype (%)	41.0	28.9	36.4

	Bloggers	Business Assoc. (Shanghui)	Univ. Accelerators (Students)
Startup stage: Revenue (%)	34.5	63.0	17.4
Monthly revenue (k, local ccy)	62.3	155.7	18.9
Team size	5.2	12.4	3.1
HK jurisdiction (%)	11.4	9.7	13.0
Sector: Software/Internet (%)	57.8	34.2	63.5
Sector: Hardware/Manufacturing (%)	9.4	28.6	5.1
Sector: Bio/Medtech (%)	7.6	6.8	11.3
Sector: Consumer/Services (%)	25.2	30.4	20.1
Panel B. Experimental Design, Assignment, and Compliance			
Assigned to treatment (%)	50.0	50.0	50.0
Attended the live education session (%)	83.7	76.5	88.9
Interact with the instructor (%)	62.9	55.4	71.6
Follow-up survey completion (%)	91.0	88.2	93.6
Attrition (short-term, 1-year, %)	33.2	32.8	33.6
Attrition (long-term, 3-year, %)	78.5	77.8	78.9
Panel C. Treatment vs. Control Baseline Balance and Pre-Trend Checks (Within Channel)			
	Baseline Means by Treatment Status (Within Channel): value = T / C [p-value]		
	Bloggers	Shanghui	Students
N (T / C)	1252 / 1251	1109 / 1109	676 / 675

	Bloggers	Business Assoc. (Shanghui)	Univ. Accelerators (Students)
Age	31.7 / 31.9 [0.62]	36.6 / 36.8 [0.71]	25.0 / 24.8 [0.58]
Female (%)	32.4 / 31.8 [0.84]	27.9 / 27.3 [0.87]	38.0 / 38.9 [0.79]
Prior startup exp. (%)	41.0 / 41.4 [0.92]	58.4 / 59.0 [0.88]	19.1 / 18.7 [0.89]
Revenue (k, local ccy)	62.6 / 62.1 [0.94]	156.1 / 155.3 [0.96]	18.7 / 19.1 [0.90]
Stock market participation (%)	12.7 / 12.3 [0.92]	19.1 / 18.7 [0.91]	19.9 / 19.3 [0.88]
Speculative trading (%)	14.9 / 14.7 [0.95]	18.9 / 18.4 [0.87]	11.7 / 11.3 [0.89]
Lottery purchases (%)	1.7 / 1.7 [0.98]	2.1 / 2.1 [0.99]	2.4 / 2.4 [0.97]
Insurance uptake (%)	8.1 / 7.7 [0.51]	6.4 / 6.0 [0.63]	5.6 / 5.2 [0.90]
VC outreach (%)	5.2 / 5.1 [0.91]	12.3 / 12.4 [0.93]	1.6 / 1.5 [0.91]
Pitch activity (%)	27.2 / 27.7 [0.93]	16.4 / 16.8 [0.91]	11.3 / 11.2 [0.78]
Std. diff. (avg abs)	0.03	0.04	0.03
Omnibus p (balance, within channel)	0.76	0.69	0.81

Notes: Panel A compares pre-treatment characteristics across recruitment channels (bloggers' social media/WeChat groups, regional business associations, and university accelerators). Panel B documents random assignment, attrition, and follow-up rates. Short-term (1-year) outcome attrition refers to respondents lost by the first follow-up; long-term (3-year) attrition refers to those lost by the final follow-up. Panel C reports baseline means for treatment (T) and control (C) with corresponding within-channel two-sample mean difference t-test p-values in brackets. The *omnibus* p-value refers to a multivariate (joint) test of baseline balance, and *within-channel* indicates that each comparison is performed separately by recruitment source. Monthly revenue is measured in thousands of local currency units (k, local ccy). Stock market participation (%) is a dummy

variable equal to one if the entrepreneur held any equity investments during the past year. Speculative trading (%) is a dummy variable equal to one if the entrepreneur adjusted their equity or cryptocurrency positions at least once per week in the past year. Lottery purchases (%) is a dummy variable equal to one if the entrepreneur bought lottery tickets at any point in the past year. Insurance uptake (%) is a dummy variable equal to one if the entrepreneur purchased any non-mandatory health, property, or vehicle insurance in the past year. VC outreach (%) is a dummy variable equal to one if the entrepreneur received any contact from venture capital investors in the past year. Pitch activity (%) is a dummy variable equal to one if the entrepreneur engaged in any fundraising pitch activity in the past year. Attended the live education session (%) is a dummy variable that equals one if the entrepreneur attended the live contract knowledge education session, instead of receiving a recorded version of the session in MP4 video format. Interacted with the instructor (%) is a dummy variable that equals one if the entrepreneur interacted with the contract knowledge instructor during the live session, or sent emails or social media messages to the instruction team regarding specific questions from the class.

Table 2: Effect of Contract Education on Entrepreneurial Outcomes

	(1) Continue Startup Full-Time	(2) Switch to Employment	(3) VC/Seed Funding
Panel A. Intent-to-Treat Estimates			
Contract Education (Treatment)	-0.142***	0.131***	-0.028**
	(0.041)	(0.029)	(0.011)
Observations	4,059	4,059	4,059
Mean of Dep. Var. (Control)	0.618	0.264	0.137
Controls	Yes	Yes	Yes
Recruitment fixed effects	Yes	Yes	Yes
Cohort fixed effects	Yes	Yes	Yes
R^2	0.22	0.20	0.18
Panel B. Treatment-on-the-Treated (Complier Average)			
Contract Education (Complier)	-0.170***	0.157***	-0.032**
	(0.042)	(0.031)	(0.014)
Observations	4,059	4,059	4,059
Controls	Yes	Yes	Yes
Recruitment fixed effects	Yes	Yes	Yes
Cohort fixed effects	Yes	Yes	Yes
R^2	0.23	0.21	0.19

Notes: Panel A reports results for the full sample, including those who received the education session, free legal consulting, or both. Panel B also reports results for the full sample, but defines entrepreneurs as having actually received treatment if they either attended the live educational curriculum, confirmed receipt of the education module via video and interacted with the instruction team, or received the free legal consulting service. Those who did not confirm any participation after signing up are not considered as having received the treatment. Dependent variables are binary indicators measuring (1) whether the entrepreneur continued operating the startup full-time, (2) whether the entrepreneur transitioned to salaried employment, and (3) whether the entrepreneur obtained initial VC or seed funding. The results are based on the survey conducted one year after the treatment. Estimates are from linear probability models with pre-treatment covariates (age, education, prior startup experience, and risk preferences), as well as recruitment-channel and cohort fixed effects. Robust standard errors are reported in parentheses. $^{***}p < 0.01$, $^{**}p < 0.05$, $^{*}p < 0.10$.

Table 3: Effect of Contract Education on Subsequent Funding and Exit Outcomes
(Conditional on Entrepreneurs Receiving Initial VC Funding)

	(1) Follow-on Funding	(2) Valuation	(3) Cash-out Success	(4) Cofounder Retained
Panel A. Intent-to-Treat Estimates (VC-Recipient Sample)				
Contract Education (Treatment)	0.183***	4.247**	0.067	0.112***
	(0.057)	(2.120)	(0.049)	(0.041)
Observations	371	189	371	371
Mean of Dep. Var. (Control)	0.392	10.701	0.255	0.780
Controls	Yes	Yes	Yes	Yes
Recruitment fixed effects	Yes	Yes	Yes	Yes
Cohort fixed effects	Yes	Yes	Yes	Yes
R^2	0.16	0.24	0.18	0.20
Panel B. Treatment-on-the-Treated (Complier Average)				
Contract Education (Complier)	0.187***	4.321**	0.068	0.115***
	(0.055)	(2.162)	(0.051)	(0.043)
Observations	371	189	371	371
R^2	0.17	0.26	0.19	0.21
Panel C. PSM				
Contract Education	0.213***	4.782**	0.071	0.105**
	(0.059)	(2.298)	(0.055)	(0.047)
Observations	320	162	320	320

Notes: This table restricts the sample to entrepreneurs who successfully obtained initial venture or seed funding. Panel A reports results for the full sample, including those who received the education session, free legal consulting, or both. Panel B also reports results for the full sample, but defines entrepreneurs as having actually received treatment if they either attended the live educational curriculum, confirmed receipt of the education module via video and interacted with the instruction team, or received the free legal consulting service. Those who did not confirm any participation after signing up are not considered as having received the treatment. Panel C reports results for the propensity score matched (PSM) sample using the variables used in for the initial randomization. Dependent variables are: (1) indicator for obtaining at least one subsequent VC round, (2) valuation in millions of RMB, (3) indicator for a positive cash-out event, and (4) indicator that the founder remains listed as a cofounder or board member. The results are based on the survey result within three year after the treatment. Standard errors are in parentheses. $^{***}p < 0.01$, $^{**}p < 0.05$, $^{*}p < 0.10$.

Table 4: Robustness Checks: Inverse-Probability Weighting and Lee Bounds

	(1) VC/Seed Funding	(2) Continue Startup	(3) Switch to Employment	(4) Follow-on Funding	(5) Valuation	(6) Cash-out Success	(7) Cofounder Retained
Panel A. Inverse-Probability–Weighted (Selection-Adjusted ITT)							
Contract Education	-0.024*	-0.151***	0.125***	0.187***	4.451**	0.071	0.125***
(IPW)	(0.013)	(0.032)	(0.041)	(0.062)	(1.932)	(0.058)	(0.043)
Panel B. Lee Bounds (95% Confidence Intervals)							
Contract Education (Lee Bounds)	[–0.041, –0.007]	[–0.214, –0.064]	[0.061, 0.238]	[0.052, 0.219]	[1.327, 5.964]	[0.019, 0.143]	[0.031, 0.154]
Observations	4,059	4,059	4,059	371	189	371	371

Notes: This table reports robustness checks for the main entrepreneurial outcomes and the subsequent outcomes among VC funding recipients. Columns (1)–(3) use the full experimental sample; columns (4)–(7) restrict to entrepreneurs receiving initial VC/seed funding. Panel A presents inverse-probability–weighted intent-to-treat estimates. The weighting is based on recruitment cohort/year, recruitment channel, gender, education level, startup stage, industry, and prior funding condition. Panel B shows Lee (2009) bounds under monotone selection, reported as 95% confidence intervals. All models include the same pre-treatment covariates and fixed effects as the corresponding main tables.

Table 5: Mechanism: Effect of Contract Education on Observed Negotiation and Legal Behavior

	(1) Identify Unfavorable Terms	(2) Negotiation Initiative	(3) Use Legal Consulting Service
Contract Education (Treatment)	0.281***	0.243***	0.312***
	(0.035)	(0.032)	(0.069)
Observations	1,253	1,253	1,253
Mean of Dep. Var. (Control)	0.012	0.037	0.071
Controls	Yes	Yes	Yes
Recruitment fixed effects	Yes	Yes	Yes
Cohort fixed effects	Yes	Yes	Yes
R^2	0.30	0.28	0.39

Notes: Column (1) indicates whether entrepreneurs successfully identified and questioned at least one unfavorable clause (e.g., full-ratchet anti-dilution, multiple liquidation preference, or missing founder vesting) during the funding process. Column (2) measures negotiation initiative—whether the founder proposed counter-terms, requested clarifications, or initiated revisions in contract drafts. Column (3) captures actual take-up of any professional legal consulting service. The results are based on ITT regressions. All regressions include pre-treatment covariates and recruitment-channel fixed effects. Robust standard errors clustered by recruitment source are in parentheses. $^{***}p < 0.01$, $^{**}p < 0.05$, $^{*}p < 0.10$.

Table 6: Common Contractual "Traps" Identified in Legal Consulting Reviews

	Share of Contracts (%)	Typical Consequence
Convertible notes and SAFEs	87.2	Debt or rights to future equity.
Full and partial-ratchet anti-dilution	41.3	Severe founder dilution in down rounds.
Multiple liquidation preference	36.8	Investors recover $>1\times$ before founders.
Investor repurchase of founder shares	28.9	Loss of equity if founder exits early.
Board control / supermajority rights	27.1	Investor-controlled board can remove or sideline founders.
Drag-along / call options tied to conduct	23.6	Forced sale or buyback of founder shares upon "cause."
Milestone-based founder replacement	21.4	Founder removed if performance targets unmet.
Founder reverse-vesting / vesting reset	19.7	Unvested founder equity forfeited if removed or if reset.
Weak or missing vesting terms	18.2	No protection from cofounder exit.
Bad-leaver repurchase at nominal value	16.3	Founder equity clawed back cheaply if exit labeled "bad."
Unclear dilution or share rules	15.9	Founders misjudge ownership after funding.
Uncapped participation rights	12.7	Investors receive double payouts.
Undefined exit valuation	10.6	Disputes over payout calculation.

Notes: Rows related to founder removal reflect control or payout mechanisms that may allow investors to replace, dilute, or sideline founders through governance or contractual triggers. Percentages denote the share of reviewed contracts (483 submissions) containing each issue; categories may overlap.

Table 7: Heterogeneous Effects of Contract Education on Venture Progression

Outcome	**Ctrl Mean**	**Group 1**	**Group 2**	**Group 3**	**p-value (equal effects)**
Panel A. Treatment Arm Heterogeneity					
		Edu Only	**Legal Only**	**Edu + Legal**	
Continue startup full-time (0/1)	0.618	−0.180***	−0.038	−0.191***	0.094
		(0.039)	(0.036)	(0.043)	
Switch to salaried employment (0/1)	0.264	0.151***	0.052	0.190***	0.179
		(0.058)	(0.049)	(0.063)	
Initial VC/Seed funding (0/1)	0.137	−0.031**	−0.008	−0.045***	0.199
		(0.016)	(0.013)	(0.017)	
Follow-on funding (0/1)	0.392	0.112	0.135	0.302***	0.416
		(0.097)	(0.109)	(0.116)	
Valuation	10.701	3.985**	2.176*	6.580***	0.200
		(2.033)	(1.280)	(2.131)	
Founder retained at exit (0/1)	0.780	0.101	0.059	0.175***	0.456
		(0.072)	(0.065)	(0.067)	

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Outcome	Ctrl Mean	Group 1	Group 2	Group 3	p-value (equal effects)
Panel B. Recruitment Source					
		Bloggers	**Business Assoc.**	**Students**	
Continue startup full-time (0/1)	0.618	−0.125***	−0.084**	−0.167***	0.508
		(0.044)	(0.036)	(0.041)	
Switch to salaried employment (0/1)	0.264	0.123**	0.098	0.171***	0.721
		(0.052)	(0.064)	(0.066)	
Initial VC/Seed funding (0/1)	0.137	-0.026	-0.021	−0.042**	0.727
		(0.022)	(0.018)	(0.020)	
Follow-on funding (0/1)	0.392	0.241***	0.198**	0.120	0.672
		(0.082)	(0.091)	(0.108)	
Valuation	10.701	3.768*	4.039**	4.934***	0.912
		(2.216)	(2.061)	(1.898)	
Founder retained at exit (0/1)	0.780	0.157**	0.099	0.150**	0.811
		(0.071)	(0.069)	(0.067)	
Panel C. Gender					
		Male	**Female**		
Continue startup full-time (0/1)	0.618	−0.127***	−0.159***		0.232
		(0.039)	(0.047)		

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Outcome	Ctrl Mean	Group 1	Group 2	Group 3	p-value (equal effects)
Switch to salaried employment (0/1)	0.264	0.104**	0.158***		0.504
		(0.053)	(0.061)		
Initial VC/Seed funding (0/1)	0.137	-0.022	−0.034**		0.607
		(0.016)	(0.017)		
Follow-on funding (0/1)	0.392	0.178**	0.221**		0.734
		(0.081)	(0.097)		
Valuation	10.701	3.253*	5.241**		0.545
		(1.914)	(2.674)		
Founder retained at exit (0/1)	0.780	0.097	0.147***		0.563
		(0.065)	(0.057)		
Panel D. Venture Stage at Baseline					
		Idea/Prototype	**Revenue Stage**		
Continue startup full-time (0/1)	0.618	−0.181***	−0.073**		0.066
		(0.049)	(0.031)		
Switch to salaried employment (0/1)	0.264	0.170***	0.092**		0.190
		(0.045)	(0.039)		
Initial VC/Seed funding (0/1)	0.137	−0.039**	−0.017		0.268
		(0.015)	(0.013)		

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Outcome	Ctrl Mean	Group 1	Group 2	Group 3	p-value (equal effects)
Follow-on funding (0/1)	0.392	0.164**	0.202**		0.746
		(0.084)	(0.082)		
Valuation	10.701	3.773*	4.721**		0.772
		(2.219)	(2.409)		
Founder retained at exit (0/1)	0.780	0.093	0.131**		0.658
		(0.065)	(0.056)		

Notes: Panels report heterogeneity by treatment arm, recruitment source, gender, and baseline venture stage. Each coefficient is estimated within the indicated subgroup with robust standard errors in parentheses. The final column reports p-values for tests of equality across subgroup coefficients (three-group tests use a Wald χ^2 with 2 d.f.; two-group tests use a two-sided z-test), assuming independence across subgroup estimates. The results are based on ITT regressions. $^{***}p < 0.01$, $^{**}p < 0.05$, $^{*}p < 0.10$.

Table 8: Effect of Contract Education on Placebo Outcomes (Risk-Taking and Optimism Proxies)

	(1) Stock Market Participation	(2) Speculative Trading (Equity/Crypto)	(3) Lottery Purchase	(4) Insurance Uptake
Intent-to-Treat Estimates				
Contract Education (Treatment)	0.011	0.014	0.001	-0.010
	(0.015)	(0.020)	(0.017)	(0.019)
Observations	3,139	3,139	3,139	3,139
Mean of Dep. Var. (Control)	0.125	0.148	0.023	0.081
Controls	Yes	Yes	Yes	Yes
Recruitment fixed effects	Yes	Yes	Yes	Yes
Cohort fixed effects	Yes	Yes	Yes	Yes
R^2	0.08	0.07	0.06	0.09

Notes: This table reports intent-to-treat estimates of the effect of contract education on placebo outcomes related to optimism and risk-taking. Outcomes include: (1) stock market participation dummy, (2) speculative trading in equities or cryptocurrencies dummy (3) lottery purchase dummy, and (4) insurance purchase dummy. Stock market participation is a dummy variable equal to one if the entrepreneur held any equity investments during the past year. Speculative trading is a dummy variable equal to one if the entrepreneur adjusted their equity or cryptocurrency positions at least once per week in the past year. Lottery purchases is a dummy variable equal to one if the entrepreneur bought lottery tickets at any point in the past year. Insurance uptake is a dummy variable equal to one if the entrepreneur purchased any non-mandatory health, property, or vehicle insurance in the past year. All regressions include the full set of pre-treatment covariates used in the main specifications, as well as recruitment-channel and cohort fixed effects. The results are based on ITT regressions. Robust standard errors are reported in parentheses.

Table 9: Alternative Financing Choice

	(1) Fintech Credit	(2) FFD (Family/Friends Debt)	(3) Bank Credit	(4) Crowdfunding
Intent-to-Treat, Conditional on Running a Startup				
Contract Education (Treatment)	0.079**	0.052*	0.067**	0.091**
	(0.033)	(0.030)	(0.032)	(0.037)
Observations	1863	1863	1863	1863
Mean of Dep. Var. (Control)	0.236	0.174	0.203	0.152
Controls	Yes	Yes	Yes	Yes
Recruitment fixed effects	Yes	Yes	Yes	Yes
Cohort fixed effects	Yes	Yes	Yes	Yes
R^2	0.15	0.13	0.16	0.14

Notes: This table restricts the sample to entrepreneurs who pursued their startup during the follow-up period. Dependent variables are binary indicators measured over the follow-up window: use of fintech credit, debt from family and friends (FFD), bank credit, and use of crowdfunding platforms. Regressions report intent-to-treat estimates from linear probability models including pre-treatment covariates (age, education, prior startup experience, risk tolerance, sector, and venture stage), as well as recruitment-channel and cohort fixed effects. Robust standard errors are reported in parentheses. $^{***}p < 0.01$, $^{**}p < 0.05$, $^{*}p < 0.10$.

Table 10: Heterogeneity by Legal Regime: Mainland China vs. Hong Kong

	(1) VC/Seed Funding	(2) Continue Startup	(3) Switch to Employment	(4) Follow-on Funding	(5) Valuation	(6) Founder Retained
Treatment (Mainland)	-0.027**	-0.114***	0.129***	0.186***	4.243**	0.116***
	(0.011)	(0.033)	(0.027)	(0.038)	(2.120)	(0.031)
Treatment × Hong Kong	-0.003	-0.008	0.010	-0.019	0.571	-0.024
	(0.036)	(0.039)	(0.028)	(0.042)	(1.118)	(0.032)
Observations	4,059	4,059	4,059	371	189	371
R^2	0.18	0.22	0.20	0.16	0.24	0.20

Notes: Columns (1)–(3) report results for the whole sample. Columns (4)–(6) report *Subsequent Outcomes (VC Funding Recipients Only)*. This table compares treatment effects between mainland China and Hong Kong by interacting treatment assignment with a Hong Kong indicator. The results are based on ITT regressions. All regressions include pre-treatment covariates, recruitment-channel fixed effects, and cohort fixed effects. Robust standard errors are reported in parentheses. $^{***}p < 0.01$, $^{**}p < 0.05$, $^{*}p < 0.10$.