



## ADVANCING GENDER EQUALITY IN VENTURE CAPITAL: EVIDENCE-BASED INSIGHTS FOR ENTREPRENEURS

Entrepreneurs, women and men alike, have a lot to gain from greater diversity and inclusion of women in the venture capital and startup world. In particular, entrepreneurs are in a position to build inclusive and equitable organizations that bring more women into the venture ecosystem at all levels and set them up for future careers as investors, founders, and industry influencers. Tapping into 100% of the talent pool is the smart thing and the right thing to do, but deeply ingrained venture culture, structural factors related to fundraising, and unconscious biases at the organizational and individual level can get in the way. Yet, research shows that it is far easier to create a diverse and inclusive organization from the ground up than it is to fix a homogeneous behemoth later on, so entrepreneurs should prioritize healthy organizational processes that foster equality and fairness from the get-go. The following evidence-based recommendations will help entrepreneurs to (re)design their companies and practices to minimize bias and promote diversity and inclusion – and in so doing, create a level playing field for everyone to thrive.

1

### **BUILD GENDER DIVERSE AND INCLUSIVE COMPANIES (FOR DETAILED ACTIONS, SEE THE COMPANION DOCUMENT, *ADVANCING GENDER EQUALITY IN VENTURE CAPITAL: EVIDENCE-BASED INSIGHTS FOR VENTURE CAPITAL FIRMS*)**

**Advancing diversity and inclusion is the primary responsibility of companies, not individuals.** The research evidence is clear that changing organizational structures is a more efficient and effective way to bring about culture and behavior change than attempting to convert individual hearts and minds. Entrepreneurs and founders should embed diversity and inclusion into their organizational processes from the start to ensure they attract, develop, and retain the best of the best.

In setting up hiring procedures, create formal and well-thought-out job descriptions; pre-determine evaluation and selection criteria before considering specific candidates; insist on diverse slates and balanced short lists for all roles; implement structured interviews and use work sample tests; and consider hiring for multiple positions simultaneously in a centralized, bundled process.

Within your startup, pay attention to work allocation – who does what – and ensure that resources and opportunities to succeed, like stretch assignments and speaking slots at conferences, are distributed equally. Also make sure that employees have support networks (mentors, sponsors, coaches) both internally and externally.

From the get-go, track diversity and inclusion data and set internal targets for both workforce composition and other metrics. Consider sharing some data, targets, and/or progress publicly. And assign specific accountability for meeting targets to a person or a group in order to maximize follow-through.

**Evidence:**

Bohnet, I. (2016). *What works: Gender equality by design*. Cambridge, Massachusetts: The Belknap Press of Harvard University Press.



## 2

**EXPOSE FEMALE EMPLOYEES TO LEADERS, BOARDS, AND VCS TO BUILD PIPELINE**

**Bringing more women into all parts of the venture ecosystem needs to be a collective effort among venture capitalists, VC firms, founders, and other actors.** Entrepreneurs have a key role to play in filling the pipeline by nurturing female talent in their companies. Today’s start-up employees are tomorrow’s founders, investors, board members, and industry influencers, and relationships are critical to reaching those positions. Entrepreneurs can accelerate progress toward gender diversity and inclusion in the whole industry by exposing their female employees – at all levels, but especially at the mid-to-senior levels – to investors, other founders, and board members. Besides simply making connections or bringing employees along to meetings and events, give younger talent a chance to showcase their skills through actual work, such as presentations and pitches.

**Evidence:**

Beshears, J., Bohnet, I., & Sanford, J. (2017). *Increasing Gender Diversity in the Boardroom: The United Kingdom in 2011 (A)* (Harvard Business School Case 918-006).

Gompers, P. A., & Kovvali, S. (2018, July-August). *The Other Diversity Dividend*. *Harvard Business Review*.

## 3

**SERVE AS A VISIBLE ROLE MODEL FOR FUTURE FOUNDERS, INCLUDING IN THE MEDIA**

**Seeing is believing.** The importance of representation and role models cannot be overstated, and the positive effects of female role models on women’s sense of belonging and persistence in traditionally male-dominated fields like entrepreneurship has been documented by a large body of academic research. Increasing the number of women in the venture capital ecosystem is crucial not only to make the environment better for women in the short term, but also to change stereotypes about entrepreneurship as well as the attitudes of people in the industry in the long term. Moreover, research indicates that the more women in the venture ecosystem, the easier it will be to attract future generations of them. Female entrepreneurs should leverage opportunities to be featured and highlighted at industry events, conferences, panel discussions, and in the media, in addition to serving as first-hand role models to the people immediately around them by simply being themselves. Likewise, male entrepreneurs should act as role models of inclusive leadership to encourage their peers to promote diversity and inclusion in their own startups.

**Evidence:**

Bertrand, M., & Duflo, E. (2016). *Field Experiments on Discrimination* (National Bureau of Economic Research Working Paper Series, No. 22014).

Master, A., Cheryan, S., & Meltzoff, A. N. (2016). *Computing whether she belongs: Stereotypes undermine girls’ interest and sense of belonging in computer science*. *Journal of Educational Psychology, 108*(3), 424–437.