

Women entrepreneurs still lag behind men in accessing new business funding

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Women entrepreneurs are finding it increasingly difficult to access venture capital funding for start-up businesses and remain much less

likely to attract funding than male entrepreneurs, according to a new study published in *Venture Capital: An International Journal of Entrepreneurial Finance*.

Researchers compared the proportion of [venture capital](#) funding received by men and women entrepreneurs in the US between 2011 and 2013, analyzing variation across sector, investment stage, region, and outcome. Despite some signs of progress, they revealed that all-men teams were four times more likely to receive funding from venture capital investors than companies with even one woman on the team. This [gender gap](#) was even greater when leadership positions were considered: 97% of the total venture capital [funding](#) during the period studied went to companies with a man as the CEO.

The figures were especially surprising given the similarity in performance between venture-backed companies with women CEOs and those with men CEOs.

Entrenched male-dominated networks within the venture capital industry and well-established institutional ties, with few new firms being founded, were noted as two of the leading restrictions on women participation. The venture capital model in the US was therefore deemed unsuited to women entrepreneurs, illustrating the difficulty women in the country face in pursuing entrepreneurial careers.

As the authors warned, this could have significant economic implications. A lack of access to venture capital could constrain growth in women-led businesses, which could further reduce the number of women pursuing entrepreneurial careers.

The study marks the first time that women's access to venture capital has been studied on such a large scale. Researchers analyzed a database of US-based companies which received [venture capital funding](#) between

2011 and 2013. Building on a framework first used by a similar study in 1999, they examined management team biographies for mentions of the word 'she'. By studying venture capital from the perspective of firms seeking [venture](#) capital, rather than that of the [venture capitalist](#), the authors pioneered a social science approach.

However, lead author Professor Candida Brush emphasized the need for further research from a similar social science perspective to encourage a full understanding of the reasons behind the gender gap. "Future research might consider the extent to which deals are sourced through networks that include women entrepreneurs, or whether companies that have [women](#) on the teams must go through a tougher screen to succeed."

More information: Candida Brush et al, The gender gap in venture capital- progress, problems, and perspectives, *Venture Capital* (2017). [DOI: 10.1080/13691066.2017.1349266](https://doi.org/10.1080/13691066.2017.1349266)

Provided by Taylor & Francis

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