

Why startup support strategies cannot be gender-blind

*Entrepreneurial support strategies—including finance, mentors, and advisers—are experienced differently by each gender. Women-owned firms are still in the minority worldwide. To level the playing field, the support provided to start-ups require a specific focus on gender. **Christian Linder** and **Sonja Sperber** write that this affects the way the new ventures are managed and has important theoretical and practical implications.*

On paper, things have never looked better for female entrepreneurs. The number of self-employed women has steadily increased over the past three decades ([114% in the U.S. over the past 20 years](#)) and Arianna Huffington, Rebecca Minkoff, Sara Blakely, Huda Kattan or Tory Burch are only some of the female entrepreneurs who have become household names. With currently [41% of all entrepreneurs worldwide](#), women-owned firms are however still in the minority and [“face hurdles which are vast and often very different than those experienced by their male counterparts”](#). Of the 48 economies surveyed by the 2018 Global Entrepreneurship Monitor, only six show roughly equal Total Early-Stage Entrepreneurial Activity (TEA) rates between women and men.

The obstacles female founders of start-ups face become very obvious when observing the financial barriers: As the [British Business Bank](#) recently reported, all-female founder teams in total receive less than one penny for every £1 of venture capital (VC) investment in the UK, while their male counterparts get the majority, with 89 pence. The situation is mirrored across [the US](#), where funding for female founders stalled at a stunningly low 2.2% of venture capital dollars invested in 2017 as well as in 2018, and [Europe](#), where all-male founding teams receive 93% of the capital invested. “This is a loss for the investors and for the world. Diversity fuels innovation, and the evidence shows that startups founded or cofounded by women make for [significantly better financial investments](#)”, write Imperial College’s President Alice Gast and the founder and managing partner of the female-funding VC firm Merian Ventures, Alexis de Raadt St. James, in an article [published by the Guardian](#).

As the figures prove, women entrepreneurs overall have poor access to financial capital, but [according to Inc.com](#) only a third say lack of capital is a constraint. More importantly, what almost half of female founders (48 %) cite as holding them back is a lack of available mentors or advisers. Based on this insight, we [investigated](#) the female and male entrepreneurs’ perceived environmental support.

Ecosystem support is vital and influences start-up strategy

Earlier entrepreneurial research placed focus on the entrepreneur’s personal factors, predominantly on personality traits and skills. However, this research neglected the implications resulting from the sphere located outside the entrepreneurial self. Yet especially this outside sphere – the ‘ecosystem’ – is regarded [as highly important for entrepreneurial actions also by other scholars](#), as it has a major impact on shaping the entrepreneur’s evaluation of prospects that can potentially be realised with the new venture. Hence, entrepreneurial decisions are inevitably dependent on how individuals judge their entrepreneurial ecosystem.

Even though previous studies have shown the ecosystem's positive effect on elementary decisions in the context of a new venture foundation, surprisingly little is still known on how the chosen start-up strategy actually depends on the perceived ecosystem's support. Because, however, the entrepreneur's feeling of environmental support is among the most important factors that foster individual initiatives to start a business ([as shown by University of Victoria's Boyd Cohen](#)), the level of support is decisive in reference to the individual entrepreneur's demands. Important differences exist in this context, especially between female and male entrepreneurs, as they face specific challenges related to their particular life situation and their different societal roles. In consequence, the specific challenges faced supposedly affect the way the ecosystem's support is perceived. Accordingly, the impact of support – either from personal networks or from informal and formal institutions – must be regarded in respect to the particular gender-specific situation, as an ecosystem might prove supportive for one entrepreneur but not for another. Thus, decision-making processes potentially differ between genders due to the dissimilarly perceived support, which affects the choice of strategy. Our study thus examines the extent to which female and male strategic choices in starting a venture reflect gender-specific perceptions, which so far has been neglected by entrepreneurial research. However, gaining knowledge on why the genders choose specific strategies and due to which reasons the choice is made, can add crucial understanding to future female entrepreneurial endeavours.

Women have a different perception of the ecosystem support, and take strategic decisions accordingly

Since current entrepreneurial research fails to regard start-up strategies as a gender-specific expression, this prevailing gap has been addressed by conducting a configurational analysis (a method developed and popularised [by Charles C. Ragin](#)) to examine the degree to which the choice of strategy is shaped by expectations regarding the ecosystem's support. Indeed, we demonstrated that perceptions of the support differ according to sex: while women tend to mobilise more resources than men in order to overcome support constraints, men are more confident of their capabilities.

Our study contributes to the debate on entrepreneurial ecosystems and start-up strategies from a configurational perspective, highlighting that strategic choices are best understood as an interaction of three components: the perceived environmental support, the entrepreneur's estimation of feasibility, and the individual goals pursued.

Theoretical as well as practical implications

Firstly, strategic decision-making is a permanent balancing act of entrepreneurs attempting to find a feasible solution between performance and the attainment of a certain goal. It is shown that this process cannot be analysed without taking the entrepreneurial ecosystem into account, as the decisions are based on expectations regarding informal and formal environmental support. As numerous basic decisions occur during the founding phase, the ecosystem's support presumably shapes the future business, even long after the founding process. For future research, this insight is especially important as exclusively founder-focused studies on entrepreneurial actions neglect the highly influencing potential of the entrepreneur's ecosystem.

Secondly, it becomes obvious that gender-specific differences require more frequent and especially more profound investigation in the research of entrepreneurship. The conducted configurational study clearly indicates that females and males differ in their support expectations and, thus, apply gender-specific founding strategies. Its significance is far-reaching: The sole (empirical) investigation of "the (genderless) prototype entrepreneur" is hence not only at risk of missing focus, but also in fact can provoke results which actually do not pertain to the one (female) or the other (male) gender. Even though both genders beyond doubt can pursue the same founding intentions, the goals set by the individual depend on the perceived ecosystem's support and the associated probability of success. Accordingly, the perceived support combined with entrepreneurial goals and the individual current life situation serves as a predictor for the eventual success of the chosen start-up strategy. Since these strategies, however, are gender-specific, support policies for females cannot be advanced by solely considering the needs and requirements of males (and vice versa) and necessarily require a specific focus on the gender in order to be successful.



Notes:

- *This blog post is based on [Gender-specifics in start-up strategies and the role of the entrepreneurial ecosystem](#), *Small Business Economics*.*
- *The post represents the views of its author(s), not the position of LSE Business Review or the London School of Economics.*
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