



ASPEN NETWORK
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ENTREPRENEURS

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WHAT WE LEARNED ABOUT WOMEN-LED VENTURES AND ACCELERATION:

Examining Evidence from Four New Studies

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This knowledge brief draws insights from four research projects supported by the Aspen Network of Development Entrepreneurs. The research papers and authors are as follows:

Accelerating Women-Owned Businesses in Male-Dominated Sectors: South African Case Study
Entrepreneurship to the Point

Do Ventures Led by Women Set Different Target Margins? Evidence from Emerging Markets
Maria Natalia Cantet and Brian Feld

Grammar of Inclusion: Languages of Accelerators and Women Entrepreneurship
Carla Bustamante, Elizabeth Tracy, Jeffrey Pollack, and Garima Sharma

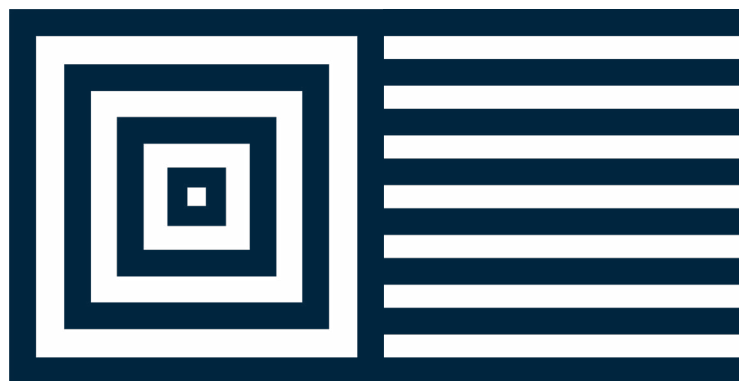
In Search of What Is Behind the Gender Finance Gap: A Case Study of Four Latin American Countries
Jana Schmutzler, Gianni Romani, Patricia Marquez-Rodriguez, Patricio Meza, Tales Andreassi, and José-Luis Sampedro.

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About ANDE

The **Aspen Network of Development Entrepreneurs (ANDE)** is a global network of organizations that propel entrepreneurship in developing economies. ANDE members provide critical financial, educational, and business support services to small and growing businesses (SGBs) based on the conviction that SGBs will create jobs, stimulate long-term economic growth, and produce environmental and social benefits. Ultimately, we believe that SGBs can help lift countries out of poverty.

With a U.S. team based in Washington, DC and eight chapters across Asia, Africa, and Latin America, ANDE staff work hard to support members globally and locally, while building strong ecosystems for entrepreneurial growth. ANDE develops unique initiatives to address systemic challenges and seize opportunities that can only be approached through collective action. ANDE was founded in 2009 and is a program of the Aspen Institute, a global nonprofit organization committed to realizing a free, just, and equitable society.





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Introduction

In the past fifteen years, hundreds of business accelerators – programs designed to propel entrepreneurs on their path to scale – have launched around the world. Investors, development agencies, and governments are backing these programs in the hopes of spurring innovation, solving social problems, and creating jobs in developing economies. A growing body of research has shown that these programs can indeed be effective in helping ventures move to the next stage of growth.¹

However, despite evidence of accelerators' positive impacts on ventures, further examination has revealed that women entrepreneurs do not experience the same benefit as their male counterparts. Not only are women under-represented in accelerator cohorts (reflecting a broader discrepancy in entrepreneurship rates), but they raise significantly less investment, a key focus of the accelerator experience.² There is also emerging research on the shortcomings of business support interventions for women entrepreneurs, indicating that these programs often do not address the constraints specific to women founders.³

The problem is clear – women are underrepresented and underperforming in accelerator programs.⁴ However, the answer to these challenges is murky. There is a need for more rigorous evidence on the needs of women entrepreneurs and in what ways accelerators can address key barriers. To help fill this evidence gap, in 2020, ANDE partnered with the International Development Research Centre (IDRC) to support researchers based in Africa and Latin America to build on the existing evidence base on gender and acceleration. This brief synthesizes the key findings of the four selected research projects and draws actionable insights for practitioners.

The full research papers can be accessed using the links below:

[*Accelerating Women-Owned Businesses in Male-Dominated Sectors: A South African Case Study*](#)
Entrepreneurship to the Point

[*Do Ventures Led by Women Set Different Target Margins? Evidence from Emerging Markets*](#)
Maria Natalia Cantet and Brian Feld

[*Grammar of Inclusion: Languages of Accelerators and Women Entrepreneurship*](#)
Carla Bustamante, Elizabeth Tracy, Jeffrey Pollack, and Garima Sharma

[*In Search of What Is Behind the Gender Finance Gap: A Case Study of Four Latin American Countries*](#)
Jana Schmutzler, Gianni Romani, Patricia Marquez-Rodriguez, Patricio Meza, Tales Andreassi, and José-Luis Sampedro.

1 Davidson, A. et al. 2021. [*A Rocket or a Runway? Examining Venture Growth during and after Acceleration*](#). Aspen Network of Development Entrepreneurs and Emory University.

2 Davidson, A. and Hume, V. 2020. [*Accelerating Women-led Start-ups: A Knowledge Brief by the Global Accelerator Learning Initiative*](#). Aspen Network of Development Entrepreneurs.

3 For a summary of evaluations of these programs and their shortcomings in Africa, see the World Bank's [*"Profiting from Parity: Unlocking the Potential of Women's Businesses in Africa."*](#) ANDE also summarized this and other relevant research in the Issue Brief "Gender Equality in the SGB Sector."

4 The authors acknowledge that not all entrepreneurs conform to binary gender identities. For the purposes of this report, binary gender terms are used to reflect available data.

KEY FINDING 1: WOMEN'S PARTICIPATION IN MALE-DOMINATED SECTORS HAS IMPROVED, BUT STRUCTURAL BARRIERS STILL HOLD THEM BACK.

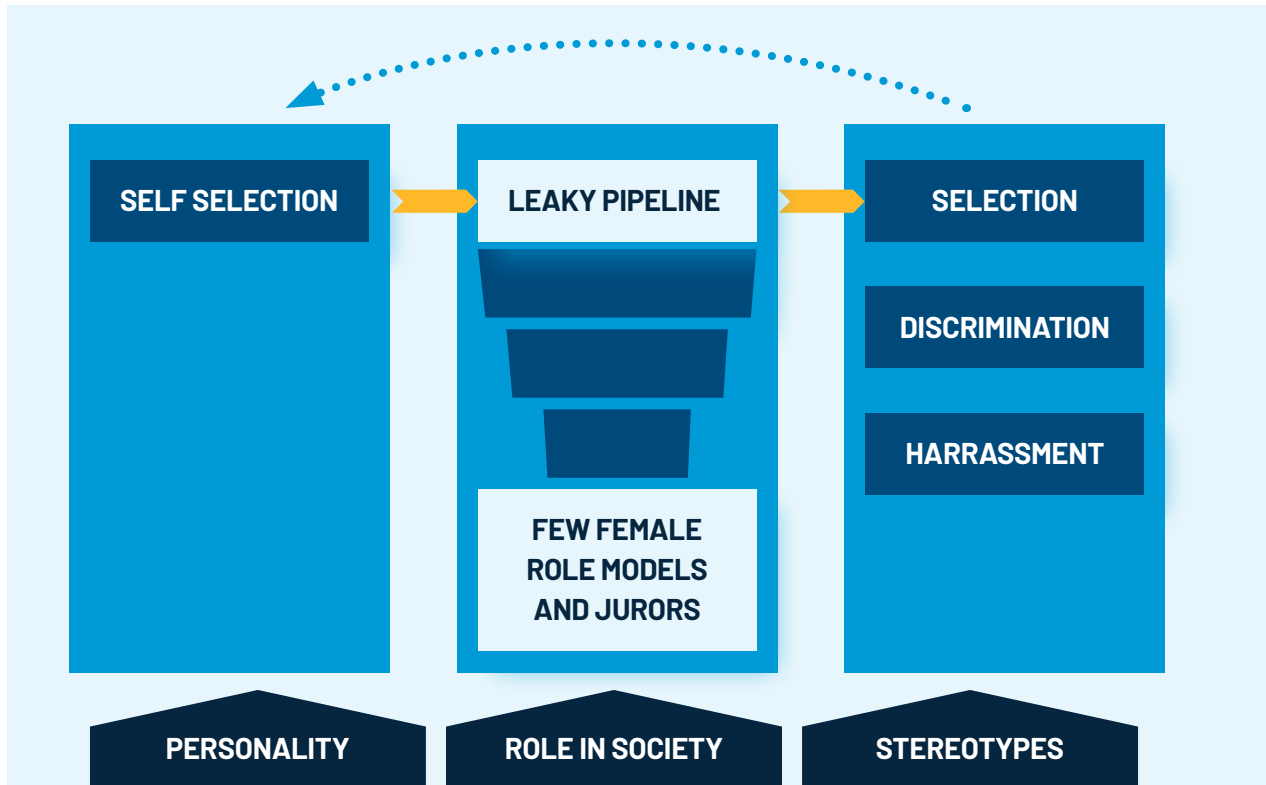
Two of the featured papers in this brief examine the topic of women-led ventures that operate in men-dominated sectors. Schmutzler and her coauthors look specifically at entrepreneurs and accelerators in four Latin American countries (Brazil, Chile, Colombia, and Mexico), and their interviewees noted that more and more women are operating in technology-based sectors with high growth potential. Similarly, the majority of women entrepreneurs in South Africa report a "slight improvement" in women's participation in the male-dominated sectors of agriculture, manufacturing, and construction, according to the original surveys collected by the Entrepreneurship to the Point (eTTP) research team. However, interviewees of the eTTP team's study also reported that women often take up a "second-tier role" within the company. The majority (68%) of South African women in male-dominated sectors still perceive the sectors as predominately male-dominated.

Interestingly, the eTTP team found that South African women entrepreneurs in male-dominated sectors do not view their self-confidence, access to information, or technological skills as a barrier to starting or scaling up their businesses. They noted that it is rather their client's lack of confidence in their technical ability and leadership due to their gender that is a challenge. Thus, the perceptions of women entrepreneurs provide additional layers of hardship for women founders.

The lack of women entrepreneurs in male-dominated sectors creates a vicious cycle. The Schmutzler et al. study shows how the lack of women entrepreneurs in tech-heavy sectors perpetuates the gender gap (Figure 1). The insufficient number of women entrepreneurs in male-dominated sectors leads to a lack of women in decision-making positions, creating an environment more prone to selection bias, discrimination, and sexual harassment. This, in turn, further discourages women from joining the sector. The Schmutzler et al. study also argues that having women on selection committees is especially important as men have more difficulty relating to "feminine" business ideas and understanding market potential (further exacerbating unconscious bias). Throughout this cycle, social norms play a role in defining the "ideal" personality traits of an entrepreneur as well as the roles and expectations of women. Women tend to exhibit lower self-confidence or risk-loving behaviors than men, which is contrary to the high confidence and risk-taking associated with entrepreneurship by many societies.⁵

5 Kwapisz, A., & Hechavarría, D. M. 2018. [Women Don't Ask: An Investigation of Start-up Financing and Gender](#). *Venture Capital*, 20(2), 159-190.

Figure 1: Vicious Cycle of Male-Dominated Sectors
Source: Schmutzler et al. (2022), p.35.



Despite these challenges and societal setbacks, women entrepreneurs continue to find their place in male-dominated sectors. eTTP's study in South Africa finds that both self-fulfillment and market opportunities are the main motivating factors for women entering male-dominated sectors. Many women mentioned "seeing the market opportunity" and "having a passion for the sector" as their main motivations, and notably, exposure is significant: the majority of female entrepreneurs in male-dominated sectors had early exposure to entrepreneurship.



KEY FINDING 2: ACCELERATORS DO NOT EXHIBIT GENDER BIAS IN THEIR MARKETING AND SELECTION, BUT OTHER FACTORS MAY DISSUADE WOMEN FROM APPLYING.

One potential area of exclusion for women-led ventures is the way that opportunities are communicated to entrepreneurs and how these are perceived by women founders. Based on [Global Accelerator Learning Initiative \(GALI\)](#) data, women-led ventures make up only 13% of applications to accelerators globally.⁶ To understand the role that accelerator program marketing may play in discouraging women, Bustamante and her coauthors investigated over 200 accelerators' calls for applications across Africa, Asia, Europe, Latin America, and North America. Counter to a priori expectation that accelerator advertisements adopt more masculine language and therefore signal male entrepreneurs' better fit for programs, the authors find a higher percentage of feminine words in most regions globally.⁷ Masculine and feminine words were categorized based on attributed commonly associated with men and women (Tables 1 and 2).

Table 1: Masculine Words

Source: Bustamante et al. (2022)

author*	courag*	ambitio*	Expert	launch	structured	building	initiative	pioneer
mission	technical	independen*	Guide	impact	risk	challeng*	catalyst	robust
instruct	success	scalable	opport*	disruptive	visionary	experienc*	driven	investor
innovat*	critical	analyz*	Lead	accomplish	management	analy*	strategic	technology
progress	motivat*	impactful	Power	competence	leadership	manage	strong	investment

Table 2: Feminine Words

Source: Bustamante et al. (2022)

support	validat	serve	mentor	dedicat*	adapt	share	partner*	fair
contribut*	involvement	open	potential	collaborative	engage	connect*	flexibility	sustainable
commun*	passion	peer	learn	creat*	believe	relationship	advice	equitable
team	diverse	commit*	care	social	considerate	grow	inclusiv*	trust
inspir*	empower*	communal						

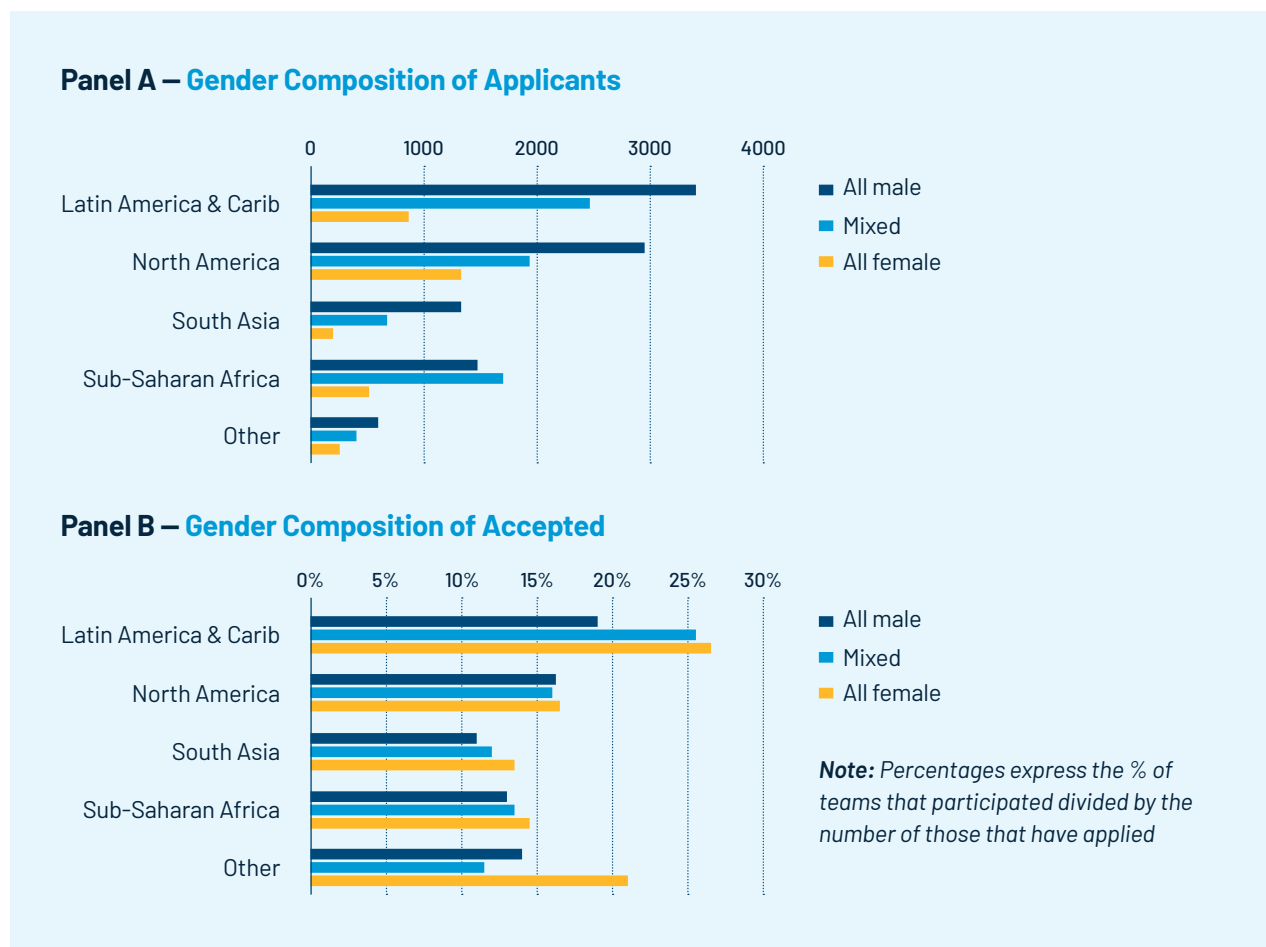
In addition to accelerators using words typically associated with feminine traits, there is evidence that accelerators prioritize women entrepreneurs when making selections for their cohorts. Schmultzer and coauthors used the GALI dataset to examine acceptance rates, finding that start-ups with all male founders apply to accelerator programs at the greatest number but are not most likely to be admitted

6 Davidson, A. and Hume, V. 2020. [Accelerating Women-led Start-ups: A Knowledge Brief by the Global Accelerator Learning Initiative](#). Aspen Network of Development Entrepreneurs.

7 It is worth noting that the analyzed sample is made up largely of impact-focused accelerators and that there may be more gendered language in more mainstream business accelerators.

to accelerator programs in most regions (Figure 2). While the application rate of women-led start-ups is lower than that of comparison groups (i.e., ventures led only by men or by both genders), women-led ventures have the highest acceptance rate in all regions (see Panel B in Figure 2). Interviewees of Schmutzler and her coauthors’ study also attested that accelerators actively seek out female entrepreneurs. Thus, both quantitative and qualitative data corroborate the growing conscience about the lack of female entrepreneurs and preference for women regarding their acceptance into acceleration programs.

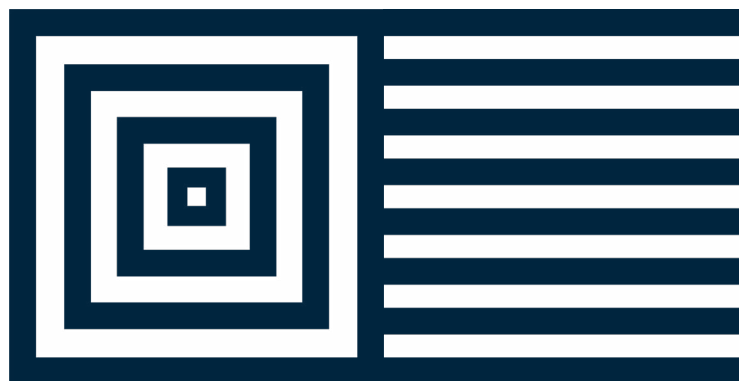
Figure 2: Gender Composition of Accelerator Program Applicants and Participants



The findings from these studies do not necessarily indicate that accelerator programs do not exhibit gender bias but rather that the barriers preventing more women from participating are more nuanced. For example, women entrepreneurs surveyed by Schmutzler and coauthors often mentioned that the extremely demanding nature of high-growth entrepreneurship (e.g., working late nights and being available at any hour) often clashes with their care responsibilities at home. It is reasonable to assume that entrepreneur support, while helpful for business growth, requires too much of a time burden for many women founders.

Further investigation is also needed to examine whether and how programs consider the specific needs of women entrepreneurs, such as the number of women involved in program management,

flexibility around timing, and availability of childcare at evening events. Further awareness is needed when developing accelerator advertisements, not just to avoid traditionally masculine language but to purposefully design and communicate programs that take societal barriers and the needs of women into consideration. A 2020 report by the International Finance Corporation (IFC) and Village Capital highlights this nuance in their examination of access to finance for women-led ventures, concluding that “effective interventions will need to be more holistic, reaching beyond addressing start-up behaviors and focusing on influencing the behavior of investors, and that to more effectively address the gender gap, accelerators have a role to play in helping mitigate investors’ bias and risk perception.”⁸



8 Women's Entrepreneurial Finance Initiative (We-fi), Village Capital, and the International Finance Corporation. 2020. [Venture Capital and the Gender Financing Gap: The Role of Accelerators](#).



KEY FINDING 3:

WOMEN-LED VENTURES ARE LESS LIKELY TO SET TARGET PROFIT MARGINS AND HAVE MORE LIMITED FUNDRAISING EXPECTATIONS.

ANDE's 2020 GALI study examining the gender financing gap finds that women-led ventures applying to accelerators have lower average investment levels than their male counterparts pre-acceleration and report lower fundraising targets in their applications.⁹ Cantet and Feld further examined this discrepancy by exploring the set target profit margins set by accelerator applicants. Establishing profit targets is an important factor for a venture's productivity, profitability, and survival rates¹⁰ and could also be considered a reflection of founder expectations and confidence levels (though further research is needed to understand the interaction of confidence and target setting more clearly).

Examining for-profit ventures in Latin America and Sub-Saharan Africa, Cantet and Feld find that women-led ventures are almost five percentage points less likely than men-led ventures to report target margins on acceleration applications, even after accounting for the differing characteristics between the two groups.¹¹ Interestingly, ventures with both women and men founders (referred to as "mixed gender teams") are as likely as men-led ventures to set target margins pre-acceleration, even though, in nature, they look more similar to women-led ventures; they focus not only on sectors dominated by men entrepreneurs, such as housing and infrastructure but also those dominated by women entrepreneurs such as artisanal. However, men-led ventures still set the highest target margins on average.

These findings are worth investigating further because there appears to be a mismatch between what financing women entrepreneurs need to survive and scale and their stated expectations around financial growth. This may reflect how men and women entrepreneurs have different confidence levels or how women adjust their expectations based on the structural gender bias they have witnessed in the ecosystem. For example, according to the eTTP team, women entrepreneurs in male-dominated sectors report limited access to finance as a primary barrier to growth. The women entrepreneurs do not attribute the cause of the barrier to their unawareness of funding opportunities but cite a lack of significant collateral and stringent funding requirements. This may explain why less than 30% of women applying to an accelerator listed securing funding as a primary benefit they sought through the program. While accelerators can prepare entrepreneurs for investment, they cannot necessarily relieve more structural gender bias. However, breaking down the structural gender bias is important as prior research has tied gender bias within the financing system with the unequal investment for women and men-led ventures.¹²

9 Davidson, A. and Hume, V. 2020. [Accelerating Women-led Start-ups: A Knowledge Brief by the Global Accelerator Learning Initiative](#). Aspen Network of Development Entrepreneurs.

10 Bloom, N., & Van Reenen, J. 2007. [Measuring and Explaining Management Practices Across Firms and Countries](#). *The Quarterly Journal of Economics*, 122(4), 1351-1408; Fafchamps, M. et al. 2014. [Microenterprise growth and the flypaper effect: Evidence from a randomized experiment in Ghana](#). *Journal of Development Economics*, 106, 211-226; McKenzie, D., & Paffhausen, A. L. 2019. [Small Firm Death in Developing Countries](#). *The Review of Economics and Statistics*, 101(4).

11 Women-led ventures tend to focus on low value-added sectors, have few employees, and have founders without previous entrepreneurial experience.

12 Brush, C. et al. 2008. [The Diana Project: Women Business Owners and Equity Capital: The Myths Dispelled](#). SSRN Scholarly Paper. Rochester, NY.

KEY FINDING 4: MENTORS AND COACHES ARE KEY TO ACCELERATOR PROGRAM VALUE, AND WOMEN NEED SUPPORT FROM BOTH GENDERS.

The eTTP study finds that women entrepreneurs in South Africa prioritize access to mentors and business coaches as a primary benefit of participating in an accelerator or incubator program. Interviewees reported seeking women mentors owing to their shared experiences. Yet, they highlighted that male mentors also provide invaluable insights into running successful businesses in male-dominated industries. This explains why a substantial proportion (33%) of South African women entrepreneurs in male-dominated sectors have mentors of both genders, whilst some have only male mentors (39%) and least commonly have only female mentors (29%).

Mentors play various roles in an entrepreneur's journey – from coach to technical advisor to broker/connector¹³ – so it is logical that women need support from both genders. A 2018 field experiment found that women entrepreneurs mentoring entrepreneurship students results in greater entrepreneurial self-efficacy and boosts attitudes towards entrepreneurship,¹⁴ and GALI data show that accelerators with more than 40% female representation among mentors are associated with significantly more women-led ventures in applicant pools.¹⁵ On the other hand, multiple studies have found that women supporting women is not sufficient for entrepreneurial growth. A World Bank report finds that both male role models and mentors help women in male-dominated sectors by providing introductions and network information.¹⁶ Similarly, a report from SCORE also finds that women entrepreneurs with mentors – regardless of mentors' gender – lead their venture to greater success.¹⁷

13 Roberts, P. et al. 2018. [Accelerating the Flow of Funds into Early-Stage Ventures: An Initial Look at Program Differences and Design Choices](#). Aspen Network of Development Entrepreneurs and Emory University.

14 Czibor, E. 2019. [Business mentoring – How strong is the evidence?](#) Innovation Growth Lab by Nesta.

15 Davidson, A. and Hume, V. 2020. [Accelerating Women-led Start-ups: A Knowledge Brief by the Global Accelerator Learning Initiative](#). Aspen Network of Development Entrepreneurs.

16 World Bank Group. [Breaking Barriers: Female Entrepreneurs Who Cross Over to Male-Dominated Sectors](#). 2021.

17 SCORE. [The Megaphone of Main Street: Women's Entrepreneurship](#). 2018.

Conclusion and Recommendations

RECOMMENDATIONS FOR CAPACITY DEVELOPMENT PROVIDERS

+ Do more to encourage women's participation than using gender-inclusive language.

Although accelerator program advertisements do not show gender bias in their language, women are still less likely to apply for accelerator programs than men. Evidence shows that incorporating more women in the acceleration process – as selection committee members and mentors – is associated with higher participation rates,¹⁸ and women's self-efficacy can be boosted by working with a group of women.¹⁹ Program managers should also consider whether the program is designed for men's or women's lifestyle factors. For instance, consider if childcare, daytime hours, or other adjustments would make networking events and training sessions more accessible to women.

+ Support women in strengthening their financial models and work closely with investors to help women navigate the financing journey.

Women entrepreneurs struggle more with securing finances pre- and post-acceleration than their male counterparts. Capacity development providers can address this gap by increasing demand for such investment (supporting women entrepreneurs in setting target profit margins and fundraising goals) and by reducing barriers on the supply side (working closely with investors to ensure there are realistic financing options available to program graduates).

RECOMMENDATIONS FOR DONORS AND POLICYMAKERS

+ Consider ways to address structural inequalities that the private sector cannot.

The eTTP team's research identifies government policy and legislation, such as the South African government's Women Empowerment and Gender Equity Bill (2013), as a key driver of the increased women's participation in male-dominated sectors. The continuation of such concerted efforts – manifested by dedicated resources and advocacy – promotes a gender-equal ecosystem.

+ Offer grant funding to help women entrepreneurs prepare for commercial investment.

Even after acceleration, many women are unable to access investment or feel they are not ready. Grant funding can help businesses grow to a point where commercial investment is a more viable option and allows women to gain confidence without taking on significant risk at an early stage.

18 N. Dutt and S. Kaplan. [Composition of Selection Committees and Outcomes for Women-led Ventures: Evidence from Social Enterprise Accelerators](#). 2020.

19 X. Neumeyer. 2022. [Inclusive High-Growth Entrepreneurial Ecosystems: Fostering Female Entrepreneurs' Participation in Incubator and Accelerator Programs](#), in IEEE Transactions on Engineering Management, vol. 69, no. 4, pp. 1728-1737.

RECOMMENDATIONS FOR RESEARCHERS

- + **Conduct more rigorous studies on the differences between women and men entrepreneurs and the impacts of these differences on venture performance.** While research indicates that gender influences risk tolerance, less is understood about confidence and how it affects fundraising targets and the ability to scale. Further evidence is needed not only to properly support women entrepreneurs but also to identify which traditionally feminine characteristics are associated with business success to change mindsets and biases long held by decision-makers in the field.
- + **Design experiments to understand the effect of having women investors.** Some studies suggest that women investors show a tendency to support women entrepreneurs,²⁰ while others indicate that women are gender biased in similar ways as men. Concrete evidence is needed to understand how increasing the number of women investors can improve outcomes and how to train both men and women in decision-making positions to understand and mitigate their own unconscious biases.

20 Greenberg & Mollick. 2017. ["Leaning In or Leaning On? Gender, Homophily, and Activism in Crowdfunding."](#) Academy of Management Proceedings.



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