Do Universities Close the Gender-Funding Gap in Entrepreneurship?

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Summary of Findings

This white paper analyzes data from over 26,000 ventures founded by university students and recent alumni and suggests that universities do little to address gender-based disparities in entrepreneurship. Indeed, our data show that only about 1 in 25 women-led ventures receive venture capital, while about 1 in 15 male-led ventures attract funding. In short, even though male and female university students have similar human capital, participate in ecosystems that promote high-growth entrepreneurship, and have access to the same training and support programs, male entrepreneurs are still over 70% more likely than women to attract funding.

Gender Inequities in Venture Funding

Women-led startups continue to face an uphill battle when it comes to raising venture capital (VC). Despite modest gains in recent years, studies show that only a small portion of VC backed startups are women-led and, even when these ventures receive funding, they tend to attract less money than their male-led counterparts.[1 2 3]

These discrepancies are highly consequential. Women are overall less likely than men to succeed as entrepreneurs,[4] and they are much less likely to build companies that achieve high-growth outcomes like acquisitions or IPOs.[5] Beyond fairness and social justice considerations, funding inequities also have serious economic implications. While U.S. data is unavailable, the U.K. government estimates that closing the gender funding gap would add in the range of £250 billion ($330 billion USD) per year to the British economy.[6]

Like any large-scale social issue, there are many reasons why funding inequities persist. Women are less likely than men to pursue entrepreneurship, overall,[7] and the ventures they launch are often in lower-growth sectors like education, personal services, and retail that have limited VC appeal.[8] Women also have less access to entrepreneurial training and mentorship programs, and tend to be excluded from the informal male-dominated networks that drive early-stage venture capital deal flows.[9 10] Finally, there is evidence that implicit and explicit biases can lead some investors to favor men versus women in their investment decisions.[11 12]

> “Only a small portion of VC backed startups are women-led and, even when these ventures receive funding, they tend to attract less money than their male-led counterparts.”

Universities as Potential Equalizers

Many programs and initiatives seek to address gender inequities in entrepreneurship, and there are reasons to expect that universities may play an important role as gap-closing institutions.

For one, universities are hotbeds of innovation and venture creation. Between 2013 and 2024, PitchBook estimates that U.S. universities produced 167,000 entrepreneurs who collectively raised over $2.5 trillion in VC investment.[13] Even more notably, women now outnumber men on campuses nation-wide and there is close to gender parity in business schools, where entrepreneurship and finance are traditionally taught.[14] Entrepreneurship content is also increasingly being integrated in female-dominated majors like education, healthcare, and life sciences.

In addition, many universities are investing heavily to develop co-curricular entrepreneurial supports such as incubator programs, maker spaces, startup workshops, and mentorship events. College alumni networks also give students access to successful founders and investors. These resources are equally available to all students and, in theory, should help level the playing field for female founders.

However, while logical, this argument has yet to be empirically tested.

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Research Methods

We investigate if universities help to address gender-based funding gaps using a novel dataset of university student and recent alumni entrepreneurs that we created through the following steps:

1. **In conjunction with The Bright Initiative,** we gathered profile data for every person on LinkedIn who reports that they attended or graduated from one of the top 85 U.S. universities (based on the *US News & World Report* rankings) in the past five years.

2. **We searched each profile for evidence of entrepreneurship** by flagging the following work roles (and derivations thereof): “founder,” “entrepreneur,” “dark mode,” “stealth mode,” “CEO,” “president,” “disruptor,” or “visionary.”

3. **When a profile claimed one of these roles,** we coded the associated organization to determine if it was a new venture or an established company. Overall, this search uncovered approximately 26,000 unique startups.

4. **We cross-matched each venture** with Crunchbase data to identify VC funding events.

5. **We coded each founder’s gender** using the Genderize.io name algorithm and manually consulted profile pictures and other LinkedIn cues to code ambiguous cases.

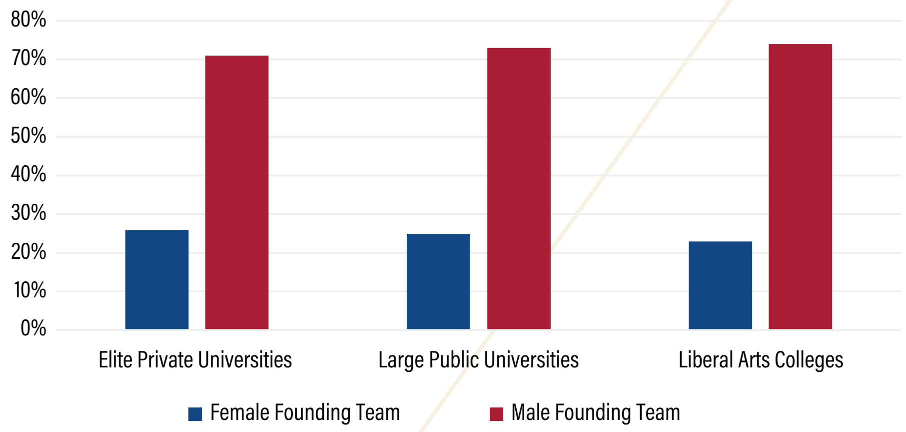
Key Findings

As with all ventures, very few university-founded startups attract venture capital. Overall, about 6.5% of the ventures in our data received an investment. This figure is notably higher than the estimated funding rate for all ventures — which studies peg at < 1% — but it nonetheless suggests that fundraising is difficult for all types of founders. In addition, there is little to suggest that this funding-likelihood bump helps to close the gap between male and female founders.

Gender Discrepancies in Entrepreneurship Mirror the General Public

Prior research shows that women represent about 22% of all U.S. founders, with a lower portion in high-growth sectors.[15] Although there are many examples of women who launch high-growth, impactful ventures from universities,[16] our data show that overall founding rates mirror the general public. Women represent about 24% of the founders in our data, and the rate is similar for elite private universities like Harvard and Stanford, large public schools like Indiana and Michigan, and liberal arts colleges like Swarthmore and Williams.

FIG. 1 **Percentage of Male vs. Female Led Ventures**



Female Founders DO Account for a Larger Portion of Funded Startups

Our data show more encouraging results with respect to overall funding amounts and events. Indeed, as compared to oft-quoted figures that show women receive 2% to 4% of venture capital dollars,[17] [18] we find that women receive about 8% of the venture capital allocated to university startups across all funding rounds (i.e., pre-seed, seed, series A, etc.).

We see a similar pattern for the portion of funding events for women-led ventures. In the overall population, about 10% to 13% of VC investments across all funding rounds go to women-led ventures.[19] [20] This essentially doubles to 22.5% for ventures that launch from universities. Thus, while there are still large gender funding gaps for university founders, these figures are better than for all entrepreneurs.

Funding Likelihoods are Less Encouraging

While it is interesting to look at overall funding figures, the most relevant and revelatory analysis considers the extent to which women are disadvantaged as compared to men when they try to raise the initial funding for their ventures.

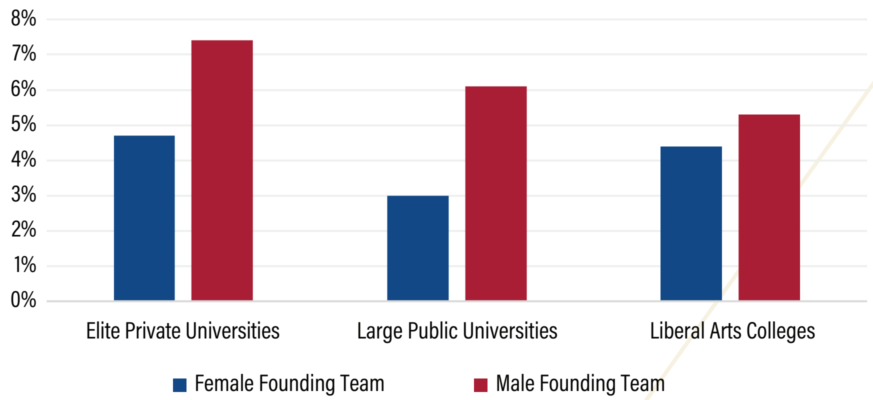
Many studies tackle this question, but the strongest analysis is arguably from Jorge Guzman (Columbia University) and Olenka Kacperczyk (London Business School) who show that, when controlling for venture quality, men are approximately 32% more likely than women to obtain VC funding.

While our data do not directly address venture quality like Guzman and Kacperczyk, university attendance should logically minimize the quality gap between male- and female-led ventures. All aspiring founders have similar human capital, participate in ecosystems that promote high-growth entrepreneurship, and have access to the same training and support.

> “We find little evidence that universities close the gender funding gap… Men are about 70% more likely than women to attract venture capital.”

Despite this, we find little evidence that universities close the gender funding gap. In our data, about one in twenty-five women-led venture receives funding, as compared to about one in fifteen male-led ventures. Put another way, men are about 70% more likely than women to attract venture capital.

FIG. 2 **Funding Likelihood by Team Composition**



> "Intentional action is required. Universities should undertake early, active, and targeted outreach efforts to encourage women to pursue entrepreneurship."

The pattern is slightly better at elite private universities, but it is notably worse at large public universities, where only about one in thirty-five women-led ventures receives funding vs. one in fifteen male-led ventures. This means that, at these universities, men are over 100% more likely than women to receive venture capital. There is some evidence that the funding gap closes at Liberal Arts colleges, but there is so little venture capital at these schools that we urge caution when looking at this data.

What to Make of This and What's to be Done?

Despite recent investments to support entrepreneurship at universities across the U.S., these efforts do not seem to be paying significant dividends for female founders, at least when it comes to raising venture capital.

The top-line data is encouraging with respect to overall funding dollars and the portion of venture capital investments across funding rounds that go to women. It is also worth noting that ventures that launch from universities are overall more likely than other ventures to attract funding. Despite this, though, our data reveal large gender disparities with respect to pursuing entrepreneurship and obtaining initial funding. Male and female students may have access to the same classes, professors, support structures, and networks, but university women still pursue entrepreneurship at rates that mirror the general public. There are also large discrepancies in the likelihood of attracting initial investment even though university founders are more likely than the general public to pursue high-growth entrepreneurship.

Clearly, something needs to change. It is not enough to adopt an "if we build it, they will come" approach. Intentional action is required. Universities should undertake early, active, and targeted outreach efforts to encourage women to pursue entrepreneurship. There is also value in engaging with diverse alumni and creating opportunities for female students to hear from and interact with successful women entrepreneurs and investors. There is also clearly value in early intervention efforts that promote business and STEM majors to young women.

There is much work to do, and the burden should not fall on universities alone. Still, we hope that through focused and intentional action, universities will begin to better fulfill their promise as gap-closing institutions in entrepreneurship.

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The Impact Investing Research Lab conducts rigorous research to assess and advance impact investors' effectiveness in generating financial value alongside positive societal impact. Informed by this research, we offer 10+ courses that MBA and undergraduate students can assemble into the Social and Governance factors for Business (SOGO) major or concentration, over a dozen co-curricular experiences, four Executive certificate programs, and an expanding array of industry and policy convenings. We advance Wharton's best-in-class education of current and future leaders, equipping them with the tools, skills, and perspectives needed to navigate a world in which investing for impact is increasingly prominent.