Having a Social Mission Benefits Women Entrepreneurs

Highlighting a venture’s social impact can help female entrepreneurs overcome gender bias.

The road to entrepreneurial success is never easy, but it is harder for female entrepreneurs relative to their male counterparts. Society expects successful entrepreneurs to be aggressive and ambitious – qualities that it associates with men. By contrast, women are largely expected to be warm and caring. In the noisy, ultracompetitive world of securing funding and other resources, these mismatched stereotypes put female entrepreneurs at a distinct disadvantage.

Conventional wisdom suggests that female founders can overcome this obstacle by projecting a persona that fits the conventional image of an entrepreneur. But while women who employ this strategy may be viewed as more competent, they also may face a backlash for violating female-gender norms. Sheryl Sandberg describes this dynamic in Lean In: “Acting in stereotypically feminine ways makes it difficult for women to reach for the same opportunities as men, but defying expectations and reaching for those opportunities leads to being judged as undeserving and selfish.”

In our paper “Gender Bias, Social Impact Framing, and Evaluation of Entrepreneurial Ventures”, forthcoming in Organization Science, we examine a different, more subtle path for averting gender bias. We show that for female entrepreneurs who have a social mission at the heart of their ventures, emphasising this mission can make gender stereotypes work to their advantage.

A way to avoid the gender penalty

Our investigation started with the observation that a growing number of ventures are promoting themselves by talking about their social impact. At the same time, it seemed to us that a disproportionately high number of these ventures were founded by women. It is possible that women founders simply care more about social issues. But these patterns also led us to wonder if social impact framing had strategic benefits specific to women founders.

For our research, we partnered with an incubator that supports sustainable businesses. This gave us access to a database of applications from a global pool of early-stage ventures and their corresponding evaluations by panels of qualified judges. Even though all founders had a social mission, some hardly mentioned it in their business plans, while others chose to describe it at length.

Our analysis of 43 ventures, individually evaluated by an average of 10 judges, confirmed that female-led ventures were overall perceived as less viable than male-led ventures. However, female-led ventures with greater social impact framing experienced a significantly smaller gender penalty. When male entrepreneurs made reference to their
social mission, it had no effect on the perceived viability of their ventures. The gender of the evaluators (nearly half of the judges were female) made no difference in these findings.

When a woman pitch a venture

We decided to further probe these findings by conducting a controlled experiment based on evaluations of a fictional venture. We created two similar versions of a pitch. They had identical descriptions of the commercial objectives of the business, but only one included extra information highlighting its social mission. Both versions of the pitch were audio-recorded using either a male or a female voice. Over 200 MBA students were then randomly assigned to evaluate the different versions of the pitch (with or without social framing, read by a male or female voice).

Consistent with our earlier findings, the strictly commercial venture was perceived to be more viable when it was pitched by the man, but the gender penalty vanished when the pitch also included information emphasising its social mission. Social framing allowed a venture to be perceived as equally viable whether it was pitched by a man or a woman.

Further statistical analysis showed that the benefits of social impact framing occurred because it made these founders appear personally warmer – and therefore more consistent with female gender stereotypes. One might expect this to put male entrepreneurs at a disadvantage, but we found no such effect. Consistent with this finding, past research has shown that male professionals are less bound by gender norms in the workplace.

By no means a panacea

In short, our work suggests a new tool that female founders with a social mission may use to avoid gender discrimination. A common worry of our students and other social entrepreneurs is that they will not be taken seriously if they talk about their desire to positively impact society. But as our research shows, for women, talking about social impact can be a significant source of strategic advantage.

However, these findings should be taken with a dose of restraint. Social impact framing could backfire if it is not authentic to the aspirations of the entrepreneur. If used disproportionately by women, it also risks reinforcing gender stereotypes. While social impact framing offers a tool that some female entrepreneurs can use, broad and sustainable change will need to go beyond framing to change the mindsets of funders, customers and employees.

Matthew Lee is an Assistant Professor of Strategy at INSEAD.

Laura Huang is an Associate Professor of Business Administration at Harvard Business School.

The research paper, "Gender Bias, Social Impact Framing and Evaluation of Entrepreneurial Ventures" was financially supported by the INSEAD-Wharton Alliance.

Find article at https://knowledge.insead.edu/entrepreneurship/having-a-social-mission-benefits-women-entrepreneurs-8708

Download the Knowledge app for free

Visit INSEAD Knowledge http://knowledge.insead.edu