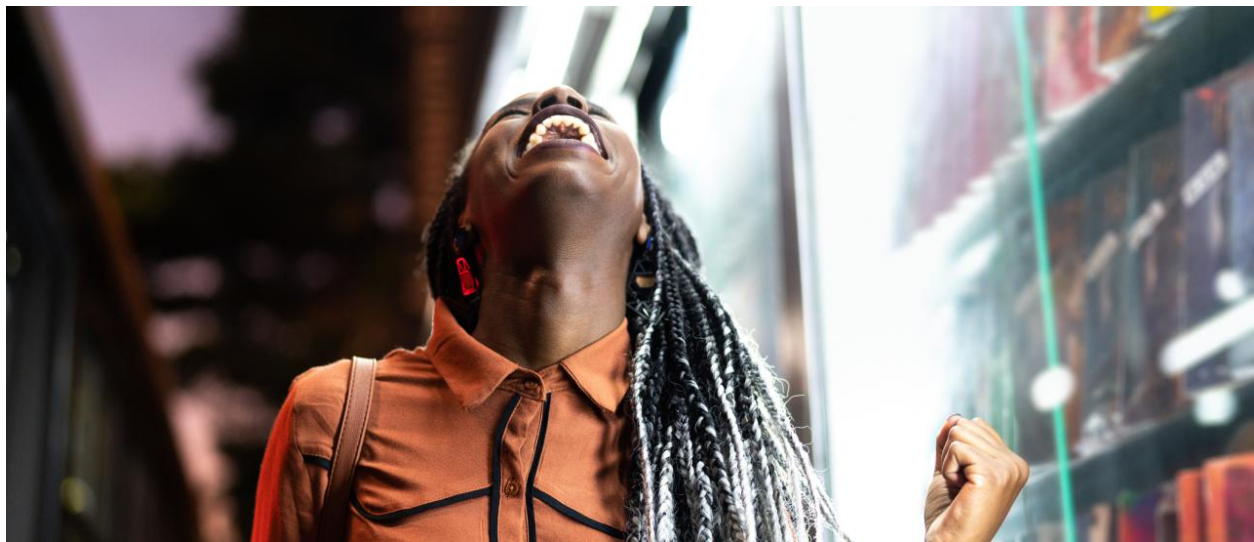




Women Are Risk-Takers, Too: Busting Gender Myths in the Start-up Space



By [Chengyi Lin](#) , INSEAD Affiliate Professor of Strategy, and [Dilara Gurcu](#) , Author and INSEAD Project Manager, Online Programmes

A tissue of stereotypes and pseudo-science forms the “rational” basis for gender bias in entrepreneurship.

“You know, this is just adorable.” This [comment from a VC](#) after her pitch, kept ringing in the ears of Jennifer Hyman, CEO and founder of the highly successful fashion company Rent the Runway. “*I was in a state of shock. I didn’t understand if it was a joke,*” she says. In an interview on an [NPR podcast](#), Hyman publicly opened up about her disbelief and some frustrating situations she has had to face. As a female entrepreneur, she has had to continuously overcome challenges, such as her ideas not being taken seriously and male VCs struggling to evaluate a product or service aimed at female customers.

While her success in the start-up world is exceptional, the difficulties Hyman has faced as a woman entrepreneur unfortunately are not. Last year, **only 8 percent of Series A rounds** in Silicon Valley went to female-led companies, according to Female Founders Fund. And a Harvard, MIT and Wharton study found that VC pitches narrated by a male voice were **more than twice as likely to be successful** at securing funding from investors than identical pitches with a woman's voice.

In this day and age, when women often make more purchasing decisions than men, especially in a family setting, how can the start-up and VC industry continue to ignore the power of women?

Two shaky assumptions

One answer is that, though sexism is entirely irrational, it is well hidden by socially acceptable, superficially "rational" male and female stereotypes. In the entrepreneurship space, one extremely pervasive and powerful stereotype is that women are **too risk averse** to create and lead their own companies. According to this pseudo-logic, timidity, a trait stereotypically attributed to women, renders them incapable of making the gutsy decisions necessary to push their venture to the head of the pack.

Let's look a little deeper at this rationalisation. There are two shaky assumptions here. The first is that risk taking is absolutely essential for entrepreneurship success. It's true that business annals are stuffed with legends of swashbuckling leadership derring-do. Yet scholars have suggested that **"survivorship bias"** results in a disproportionate focus on gambles that paid off and a convenient amnesia regarding failed bets. Risk taking, therefore, may be considerably overvalued.

The second assumption that needs to be analyzed is that women take fewer risks than men. This simple yet popular argument started from the belief that risk taking is essentially a masculine trait. **One evolutionary theory** suggests that when men portrayed risk-taking behaviors such as fighting for food and territory to oust their rivals, they were rewarded with more mates and domination. After the discovery of hormones, this theory started to take deeper roots as levels of testosterone, a stereotypical "male hormone" which men and women both have, were found to be **associated with risk taking.**

These arguments were welcomed by public opinion and in the male-dominated business world. Books such as **Men Are from Mars, Women**

Are from Venus employ stereotypes to reinforce the false belief that men and women are simply born with differently functioning brains -- that gender differences are fundamental and innate.

Is this true?

A growing body of scientific evidence suggests that it is not. Risk-taking behaviours are more complicated than we initially believed. Women's excessive caution (if it exists at all) could perhaps be better ascribed to their relatively disempowered status than to biology. Already disadvantaged relative to men in the workforce, many women will think twice before risking what little they have. In addition, research from the fields of social psychology, physiology, and medicine suggest that:

- testosterone exists in female bodies;
- testosterone correlates to aggression and certain risk-taking behaviour but does not serve as a predeterminant;
- women and men may engage in different types of risk-taking behaviours and such behaviours may be domain specific;
- women and men may perceive the same risk in different ways and thus make different trade-offs;
- traditionally defined risk-taking behaviours are biased towards men while risk-taking behaviours engaged by women were less defined or studied.

Navigating roadblocks to change

These findings are critical in helping us understand how risk-taking behaviours relate to gender. More importantly, they make an even stronger case for welcoming more female entrepreneurs into the industry.

However, even with ample scientific evidence, we understand that changing belief is difficult. How do we get out of this cycle? How can we empower women entrepreneurs and support women-led start-ups? And how can we encourage VCs to fund women entrepreneurship?

We interviewed over 30 VCs, entrepreneurs and managers of start-up hubs and incubators. This is some of their advice:

- First and foremost, recognise that women do NOT take less risk.
- At the population level, women may display a slightly different risk-taking profile compared to men. At the individual level, however, there

is huge variance in risk-taking preference.

One VC commented on this: "I have interacted with many women entrepreneurs. They are as good as the men, determined, driven and willing to take risks. The only difference is that there are fewer women."

- Be aware of cognitive bias against women entrepreneurs. Rely on data to make decisions.
- Evaluate the idea, the business potential and the capabilities of the funders, not the "gender".

One business development manager of a large multi-national said, "In the end, it is not about gender – men or women. It is about ideas and the business those entrepreneurs have built. (To make acquisition or licensing decisions,) we look at their business performance and (whether they) fit with our strategy... (it is) as simple as that."

- Do the "blind-fold" test by asking a simple question: would I fund this project if the founder was a man?

One VC said, "When I have doubt (about a women entrepreneur), I would challenge myself to imagine the presenter was a guy. But in fashion, women sometimes have advantages, they know what they are talking about."

- Always be respectful and stay professional.

One incubator manager said, "We are here to help our start-ups. We have many men and women. We listen to their needs and help them make connections. Caring for the entrepreneurs is basic."

- Proactively manage the gender imbalance in the industry.

One start-up sourcing manager said, "We did not sit here and wait for start-ups and entrepreneurs to just come to us. We actively and continuously reach out to, and source, diverse start-ups across Europe."

After her struggle and success, Jennifer Hyman (along with her co-founder Jennifer Fleiss) started Rent the Runway Foundation, an organisation to support women entrepreneurs and fund their ideas. Through role models like Hyman and Fleiss, but more importantly through an engaged entrepreneurial ecosystem, we can re-balance the start-up world together.

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About the series

The INSEAD Gender Initiative

INSEAD launched "iW50" in 2017 as a year-long celebration of the anniversary of the first female students to attend the school's MBA programme. Our research reflects INSEAD's ambition to achieve a gender-balanced business world.

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