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## GIRLS JUST WANNA HAVE FUNDS: VENTURE CAPITAL, SOCIAL CAPITAL AND THE FUNDING OF WOMEN-LED BUSINESSES (SUMMARY)

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## ≈ SUMMARY ≈

**GIRLS JUST WANNA HAVE FUNDS: VENTURE CAPITAL, SOCIAL CAPITAL AND THE FUNDING OF WOMEN-LED BUSINESSES***Joy Godesiabois, Colorado School of Mines, USA**Kip Kiefer, University of Colorado at Boulder, USA***Principal Topic**

Prior research indicates that Women-led Businesses (WLBs) have lower levels of overall funding and receive significantly less VC funding than companies led by men (MLBs). VCs typically invest in high-growth companies in growing markets (Gompers & Lerner, 2001) and WLBs tend to not be in these markets (Brush et.al., 2004). Additionally, women's social networks consist primarily of other women (Aldrich, 1989) and because there are very few women VCs, women entrepreneurs' networks have a much smaller likelihood of including VCs (Brush et.al., 2001). In this paper we assess 1) whether VC firms' performance is associated with investing in WLBs, 2) whether VC firms' social capital is associated with investments in WLBs, and 3) whether future VC firm investment in WLBs by VCs that previously invested in WLBs is associated with an increase in VC firm performance and limited network ties.

**Method**

Using the Thomson Reuters Private Equity (VentureXpert) database, we have collected data for all US VC investments from 2000-2010. A company is coded as a WLB when a woman is a member of the senior executive management team (Brush et.al., 2004) and our measure of structural holes is defined by Burt (1992) as structural autonomy. Similar to Hochberg et al. (2007) our measure of firm performance is the ratio of portfolio companies that complete a liquidity event (percentage of portfolio companies that complete IPOs or are subsequently sold or merged). Preliminary results demonstrate a negative relationship between investing in WLBs and structural holes and a positive relationship between investing in WLBs and improved VC firm performance

**Results and Implications**

Our study integrates two related streams of research—women entrepreneurs' access to equity funding and the influence of social networks on VC investment decisions—and extends this research by considering their effects on firm performance. In practice, WLBs may hold untapped potential for innovation and job creation, limited only by access to VC funding. Our study provides a discussion of *why* differences occur in private investments in WLBs compared to MLBs and may provide women entrepreneurs with insights as to the characteristics of VC firms that may be more inclined to invest in WLBs.

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