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BUSINESSES

Study Shows Venture Capital Investments also Help Women Create Business Wealth

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Venture capital firms that invest in women-led businesses see positive returns, according to a new report issued today by the [U.S. Small Business Administration](#) (SBA) Office of Advocacy. The report, called *Venture Capital, Social Capital, and the Funding of Women-led Businesses*, focuses on women entrepreneurs' access to equity funding and how social networks influence venture capital firms' decisions to invest.

In the report, the authors, Joy Godesiabo and Lawrence Plummer, find that social capital ("who you know and how you know them") affects funding of women-led firms in different, sometimes conflicting ways.

Venture capital firms tend to invest with familiar social networks that may not include women entrepreneurs. Yet this study shows that when venture capital firms do invest in women-led businesses, they generally improve their bottom line. And venture capital firms that regularly invest as a group in the same businesses tend to invest more often in businesses led by women entrepreneurs, according to the report.

"As investors look for new opportunities, and as we focus on ways to grow our economy, we should look to women entrepreneurs for a good share of new growth," said Dr. Winslow Sargeant, Chief Counsel for Advocacy. "Policies that encourage venture capital networks to be more inclusive will create the environment for new high-growth innovative businesses."

The Office of Advocacy, an independent office that serves as the voice for small business within the federal government, sponsored the report. The full report is available on the Office of Advocacy website at <http://www.sba.gov/advocacy/7540>.

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