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While much is still left to be done to boost diversity and inclusion (D&I) in the venture capital (VC) industry, the second edition of the *National Venture Capital Association (NVCA)-Deloitte Human Capital Survey* found that VC firms are beginning to make some important—albeit small—gains in implementing strategies to attract and retain top diverse talent.

This year's report found that about one-third of VC firms have a diversity strategy (32 percent) or an inclusion strategy (31 percent), a slight improvement from the [first edition of the survey](#) published in 2016, in which less than 20 percent of firms

reported having either a diversity or inclusion strategy. Venture capital firms that

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President and CEO of NVCA. “The challenge, however, is that diversity and inclusion is a critical issue, and it demands continued and sustained changes that have yet to materialize across the industry. The findings from this survey are just one tool we can use to engage with the industry and help firms continue to work toward creating more inclusive cultures that take full advantage of the wide talent pool available to them.”

Despite progress, women remain underrepresented in investment positions and in leadership

Women comprised 45 percent of the workforce at participating firms, the same percentage as in the 2016 survey. While women remain underrepresented on investment teams and as investment decision makers at VC firms, their numbers are slowly trending upward. Roughly one-fifth (21 percent) of investment professionals in the industry are women, up 6 percentage points from 15 percent in 2016. Women also hold more senior-level roles at VC firms, representing 14 percent of investment partners today compared with 11 percent in 2016. Despite their growing roles, 68 percent of firms said they did not have any female investment partners, compared with 79 percent in the 2016 survey. Among those firms that did have one or more women investment partners, 74 percent reported they only have a single woman partner.

“Diversity and inclusion are powerful growth levers for venture capital firms, regardless of their size or focus,” said Heather Gates, National Managing Director, Emerging Growth Company practice, Deloitte & Touche LLP. “Studies have shown that hiring more female investment professionals is correlated to enhanced returns, better recruiting, and talent retention, as well as more profitable exits and overall improved financial health for funds. Our job is to continue raising awareness of this

in the market and provide VC firms with tools they may use to support diversity and

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investment partners, compared with 6 percent in the previous survey.

“We’re seeing a generational changing of the guards happening right now in which millennials are taking on significant leadership roles, and we believe this will have important implications on the trajectory of diversity and inclusion efforts in the industry,” said Franklin. “Millennials view inclusion as a business imperative that should be central to a fund’s value proposition. Today’s workforce of VC professionals has the potential to use this viewpoint as a key catalyst in accelerating adoption of diversity and inclusion strategies in the years ahead.”

Inclusive cultures are emerging slowly at VC firms

Of all surveyed demographics, the needle on racial diversity and inclusive cultures is moving the slowest. This year’s survey found only slight improvements for Black and Hispanic representation since 2016. Four percent of employees at surveyed firms are Black, comprising only 3 percent of investment partner positions. Meanwhile, Hispanic employees account for 5 percent of the workforce and 3 percent of investment partner positions.

According to the findings, a general lack of diversity and inclusion business strategies or intentions to develop such strategies is creating a drag effect on enabling inclusive cultures. Relatively few VC firms reported having a diversity and inclusion strategy, however, firms that did have more diverse leadership than those without a strategy.

The second edition of the survey also uncovered new insights into HR policies and practices at VC firms, with most VC firms reporting having a series of policies and processes in place to address harassment, such as an employee handbook, anti-harassment policy, and code of conduct. However, only 44 percent have an internal contact identified to report alleged misconduct, while just 17 percent have an external contact identified. Despite the prevalence of policies around anti-

harassment and discrimination, only 29 percent of VC firms reported having

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diversity and inclusion a high-priority agenda item for organizations across industries, venture capital included. Those firms that succeed at creating more inclusive cultures that actively solicit and value the contributions of all professionals, regardless of background, will find themselves with the greatest competitive advantage in the market.”

Read the full report [here](#).

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