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Amid heightened efforts to promote increasingly diverse, equitable and inclusive workforces over the past year, venture capital (VC) firms are taking note of their social and corporate responsibility in achieving greater gender, racial and ethnic diversity. These key findings are from the third edition of the “VC Human Capital Survey,” powered by the National Venture Capital Association (NVCA), Venture Forward and Deloitte.

Information was collected from 378 VC firms, a significant increase from 203 firms

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The survey reinforced findings from past years that firms with a human capital strategy have greater numbers of women and Black professionals than firms without a strategy. According to the 2020 data, VC firms surveyed with a diversity or inclusion strategy (or both) report that 25% of investment professionals are women compared to 20% at firms surveyed with neither strategy. In addition, 5% of investment professionals were Black employees at firms with one or both strategies compared to 3% at firms with neither strategy.

“Many VC firms across the ecosystem have been prioritizing DEI and it was encouraging to see the high uptick in firms participating in the 2020 survey compared to 2018.” said Bobby Franklin, president and CEO of NVCA. “Firms acting with urgency and intentionality are leading the way. Overall, the industry is moving in the right direction; however, the representation of women and people of color in investment decision making positions remains low. We hope firms can use the survey results to reassess and prioritize human capital strategies to accelerate industry progress.”

### **Gender diversity registered modest gains since 2018**

While women appear to remain underrepresented on investment teams and as investment decision makers at VC firms, their numbers continue to slowly trend upward. Nearly one-quarter (23%) of investment professionals in the industry are women, up just two points from 21% in 2018. Women also hold slightly more senior-level roles at VC firms, representing 16% of investment partners today compared to 14% in 2018. The greatest increase was recorded among junior-level female investment professionals, where representation increased to 33% (up from 28% in 2018).

New to the 2020 study, data collected on leadership responsibilities for investment professionals found that female employees represent 24% of those who originate

deals, 21% of those who represent the firm on the boards of portfolio companies, 21%

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embracing diverse talent if they are to build a workplace environment and culture that is truly equitable and inclusive.”

### **Racial and ethnic minorities may not be benefiting from DEI efforts at the same rate as other demographics**

Despite the progress identified in this year's survey, much work remains because there appears still to be a lack of racial and ethnic diversity in the VC industry. The rate at which change is taking place is slow and by no means equitable across surveyed firms: gender saw the most — although small — improvements, whereas progress for racial and ethnic minorities was limited and even retrenched in some instances.

The number of investment professionals among racial and ethnic minorities historically underrepresented in VC barely moved since the 2018 survey: VC firms reported 4% Black investment professionals (compared to 3% in 2018) and 4% Hispanic or Latino investment professionals (down from 5% in 2018). The percentage of investment partner positions held by Black employees was 3% (unchanged from the prior survey) and Hispanic or Latino employees accounted for 4% of investment partners (compared to 3% in 2018).

“Low turnover at firms, long investment cycles, financial risk, inherent industry failure rates and a network-driven ecosystem have made entering and succeeding in VC a challenge for anyone, but particularly for those from historically underrepresented groups,” said Maryam Haque, executive director of Venture Forward. “NVCA publicly launched Venture Forward last year to help address some of these challenges with resources for both industry newcomers and established investors to access. Recognizing the barriers to entry and success and acting with intentionality when making talent recruitment, retention and promotion decisions can drive long-term change.”

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they are to build a workplace environment and culture that is truly inclusive. VC firms should be looking across the VC lifecycle and stakeholders with a critical lens and strong appetite to drive systemic change.”

Similar to the first and second editions, this year's report also identifies strategies to increase DEI to help VC firms continue moving the needle forward. This includes collecting data, setting goals for the firm and implementing a process to achieve those goals. Robust recruitment programs with an expanded network, policies for retention and requirements for promotion may also provide more opportunity to increase the diversity of a workforce.

Read the full report [here](#).

Access the interactive dashboard [here](#).

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