

Startups beat corporates in gender inclusivity race

Women account for 35% of people employed in startups, compared to 19% in the corporate sector, shows a study

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India's startup universe outperforms the corporate sector in terms of gender inclusivity and can play a crucial role in accelerating the trend, a survey shows.

The survey comes at a time when the low level of women's participation in the workforce has become a growing cause for concern among economists and policy-makers.

Called the Women in India's Startup Ecosystem Report or WISER, the study has been conducted by Indian philanthropy platform ACT for Women and Udaiti Foundation in collaboration with McKinsey as knowledge partner, and LEAD and Krea University as research partner.

More than 200 startups participated in the study, which included such names as Urban Company, Meesho and Zomato.

The study shows that women accounted for 35 per cent of the 860,000 people employed in startups in 2022, compared to 19 per cent in the corporate sector.

The granular data shows that startups outperform the corporate sector at every organisational level in terms of gender inclusivity.

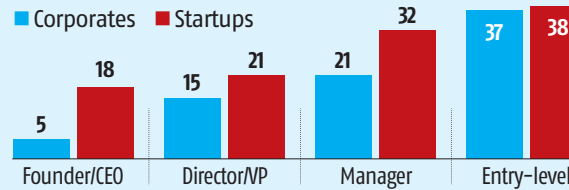
Though the proportion of women hired at entry levels is almost same for both sectors (38 per cent for startups and 37 per cent for the corporate sector), the difference widens as women move up the organisational ladder.

For instance, in startups, women account for 32 per cent of manager-level employees compared to 21 per cent in the

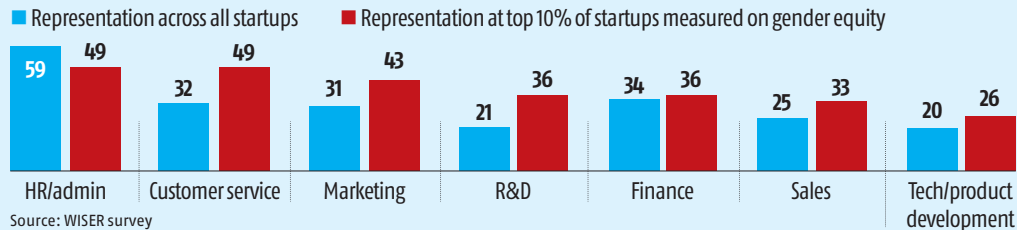


TAKING A LEAD

THERE ARE MORE WOMEN IN SENIOR ROLES AT STARTUPS (IN %)



WOMEN'S REPRESENTATION BY FUNCTIONAL ROLES (IN %)



Source: WISER survey

corporate sector.

At director/vice president level, the representation of women stand at 21 in startups and 15 per cent in corporate sector.

At founder/CEO level, the gap is stark. While 18 per cent founders/CEOs of startups are women, the representation falls to 5 per cent in the corporate sector.

The survey shows that experienced women (with work experience of 10 years or more) join startups to advance their careers and break the glass ceiling that holds them back in conventional corporations.

"It's the single-most important factor for 72 per cent of them," the survey states.

Women's participation in the startup sector has also increased

steadily, the study shows.

In 2022, women led 18 per cent of the 80,000-odd startups in India and 17 per cent of the country's 105 unicorns, up from 10 and 8 per cent, respectively, in 2017.

More importantly, women-led startups account for 20 per cent of the startup funding, up from 11 per cent in 2017.

The WISER report projects that by 2030, employment in startups would rise to 4.8 million, and women would account for half the number.

Though the Indian startup universe offers a more conducive growth environment, the report also delineates the challenges going forward.

As is the case in the corporate sector, women and men in startups

start their careers together but tenure and seniority don't keep pace for women.

For instance, ten years into their careers, eight out of ten men in startups occupy director-level positions or higher compared to only five in 10 for women.

This lag could typically be explained by women taking maternity or caregiver-related breaks.

But the survey's examination of the gender dynamics of startup founders suggest that women-led startups perform better on gender equality, pointing to a positive correlation between the prevalence of women founders and women's career progression in the startup universe.

Women account for 23 per cent

of employees in men-led startups compared to 48 per cent for startups with at least one woman founder.

The former trail the latter in all functions – sales, tech and product development, research and development (R&D), and customer service.

For instance, in R&D — which is often considered a male bastion — women account for just 14 per cent in men-led startups compared to 25 per cent in women-founded startups.

The study also finds that startups with a woman founder have 2.5X women in senior positions compared to male-founded startups.

The key reason for this is an acute difference in the perception of barriers for women between male and female founders.

For instance, at the hiring level, though, men as well as women founders see intense work environment as a barrier, but more women founders understand the need for maternity leave or the importance of investment in safety and care infrastructure for women.

Such organisations were, therefore, more likely to introduce policies to address the needs of women employees in terms of flexible workdays, working hours and return to work programmes.

Significantly, the survey shows that there is no difference in the motivation for women or men to join startups.

Both men and women score almost equally on such parameters as wealth creation, innovation, sense of ownership, accelerated learning, advancement and fast-paced work.