

# Gender diversity in the startup ecosystem: Evidence from an online survey in Japan

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Open Policy Lab Initiative  
“Diversity, Equity & Inclusion in the  
Financial Sector” \*1) \*2) \*3)



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\*2) The Financial Services Agency's (FSA's) [Open Policy Lab Initiative](#) is a framework for voluntary submission of policy proposals by its employees outside of their regular assignments.

\*3) Any contents and views/opinions expressed in this deliverable are those of the authors and do not necessarily reflect those of the employer (FSA) or any other associated parties.

## Background and purposes

- | In recent years, startups have drawn significant attention as a potential key player for revitalizing the Japanese economy. In November 2022, the Japanese government unveiled its "[Startup Development Five-year Plan](#)," with an ambitious target of increasing the number of startups tenfold within the next five years. Moreover, there has been notable progress in gender-related initiatives within the corporate sector. For instance, efforts are underway to gather data on such things as gender gaps in wages and representation in managerial positions. Overall, the visibility of gender diversity is on the rise, with measures being implemented to address gender inequality.
- | On the other hand, **Japan's startup community is facing the general perception of a lack of gender diversity. At this moment, however, discussions on this topic may be taking place without the backing of comprehensive statistical data.** In July 2022, the Financial Services Agency's (FSA's) Policy Open Lab Initiative, "Diversity, Equity & Inclusion in the Financial Sector," published a report, titled "[Proposals to Solve Gender Diversity Challenges in Japan's Startup Ecosystem](#)." The report emphasizes the government's role in data collection to accurately capture the current state of gender diversity in the startup sector.
- | In response to this, the Startup Ecosystem Association Japan and EY Japan Co., Ltd. proposed to the FSA's Policy Open Lab Initiative that they would jointly develop statistical data based on the report's recommendations. The three parties agreed to launch an online questionnaire survey, in consultation with the Gender Equality Bureau of the Cabinet Office.
- | **The survey is groundbreaking as it probes into both startups and the wider stakeholders within the community, aiming to holistically analyze the ecosystem's challenges.** Notably, the survey for major stakeholders (e.g., venture capitals, auditors, accelerators) extends beyond their organizations to also encompass their clienteles. Building on the responses, the survey assesses the challenges confronting female entrepreneurs and concludes with forward-looking considerations.

## Main results and implications

### Startups

- | **Half of female CEOs do not have a plan for an IPO** (as opposed to 30% for male CEOs). Other gender-related differences in the fundraising phase exist in: ① circumstances around external evaluation (28% of females have been asked about personal questions, such as on marriage and children, while only 5% of males are aware of such circumstances) and ② a reliable network to ask for advice (half of males have sufficient access, while 60% of females consider theirs insufficient). Nonetheless, many males believe that females receive preferential treatment compared to males.
- | **Lack of awareness and unconscious biases may have affected smooth fundraising by female entrepreneurs.** This highlights the need for additional assistance to change the status quo. (P7 – 13)

### Venture capitals

- | Venture capitals and their portfolio companies have low female representation. Particularly, **in 70% of VCs, there is no female member in their investment committees.** (P14 – 17)

## Future considerations

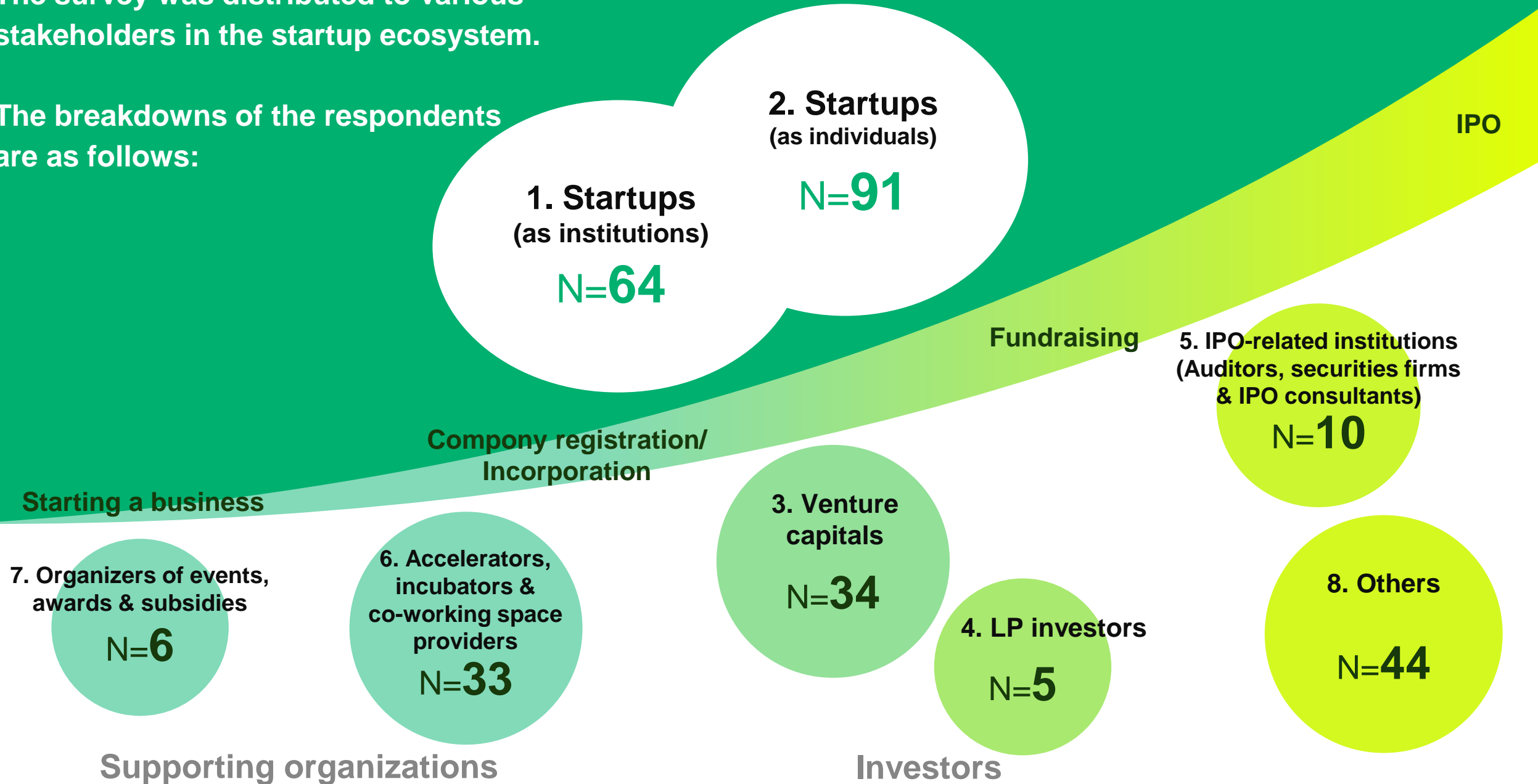
- | Continuous efforts for data collection are critical because an accurate statistical understanding of the status quo serves as a basis for future policy discussions in public and private sectors. Given the limited number of the respondents in the survey, additional measures for enhancing data quality and quantity could be explored.
- | In the medium to long term, specific actions need to be implemented based on the status quo discovered from data. Expanding collaboration to include stakeholders who did not participate in the survey (e.g., educational institutions, media, think tanks) could be added to a set of comprehensive action plans.
- | It will be ideal to strengthen engagement in the ecosystem as a whole through conducting surveys and proposing solutions by enhancing cooperation among various stakeholders.

\* According to the "[Proposals to Solve Gender Diversity Challenges in Japan's Startup Ecosystem](#)," large gender gaps exist, where companies attempt to scale up with external funding (e.g., the amount of funding raised by female founders/CEOs in top 50 companies only account for 2%; So do female CEOs that experienced IPOs.)

## Survey scope

The survey was distributed to various stakeholders in the startup ecosystem.

The breakdowns of the respondents are as follows:



# Methodology

When:	May 17 – June 19, 2023
How:	Online survey using Google Forms
	The URL to the survey was shared directly with potential respondents and distributed via social network services.
#:	A combination of 287 institutions and individuals responded to the survey. See the table on the right for a breakdown of the stakeholders.

## Note:

- Stakeholder-specific analysis was not conducted for "investors (2)" or "supporting organizations (2)" due to the fact there were only less than 10 respondents in each segment.
- The possibility for biases in data cannot be rejected for the following stakeholders:
  - Investors (1): Although the size and the industry variety of the respondents are broad, there are only 34 respondents.
  - IPO-related institutions: Although the size and the industry variety of the respondents are broad, there are only 10 respondents.
  - Supporting organizations (1) : Although the industry variety of the respondents is broad and there are 33 respondents, accelerators account for a large part, some of whom specialize in female-led startups. Some universities, professional services, non-financial businesses and general incorporated associations classify themselves in this category.

1. Startups (responded as institutions)	64	<b>22.3%</b>
2. Startups (responded as individuals)	91	<b>31.7%</b>
Investors (1):		
3. Those who invest in startups directly, such as venture capitals (VCs) (responded as institutions)	34	<b>11.8%</b>
Investors (2):		
4. LP investors, who invest in VC funds, such as large corporates and institutional investors (responded as institutions)	5	<b>1.7%</b>
IPO-related institutions:		
5. Auditors, securities companies & IPO consultants (responded as institutions)	10	<b>3.5%</b>
Supporting organizations (1):		
6. Accelerators, incubators and co-working space providers (responded as institutions)	33	<b>11.5%</b>
Supporting organizations (2):		
7. Organizers of events, awards and subsidies (responded as institutions)	6	<b>2.1%</b>
8. Others (responded as individuals)	44	<b>15.3%</b>
Total	287	<b>100%</b>

Note: The total does not add up to 100%, given respondents replying as both institutions and individuals.

# Results **1**

## Startups

### Willingness to scale up through IPO

Half of startups led by female CEOs have no plans to go public, compared to only one third of those led by male CEOs

### Communication outside the company

When interacting with people outside the company, 46% of females respond they have been treated differently based on gender, while only 29% of males do. Specifically, females tend to recognize that males are treated favorably, while males think otherwise.

### Conversations at fund raising opportunities

At fundraising opportunities, 28% of females have been asked personal questions, such as on marriage and children, while only 5% of males are aware of such circumstances. Moreover, 38% of females tended to recognize they were treated differently based on gender, while only 13% of males did.

### Reliable network to ask for advice

Only 29% of females answer that they knew plenty of people whom they could consult with during challenging times like the fundraising process, whereas 47% of males did.

### Diverging views between males and females

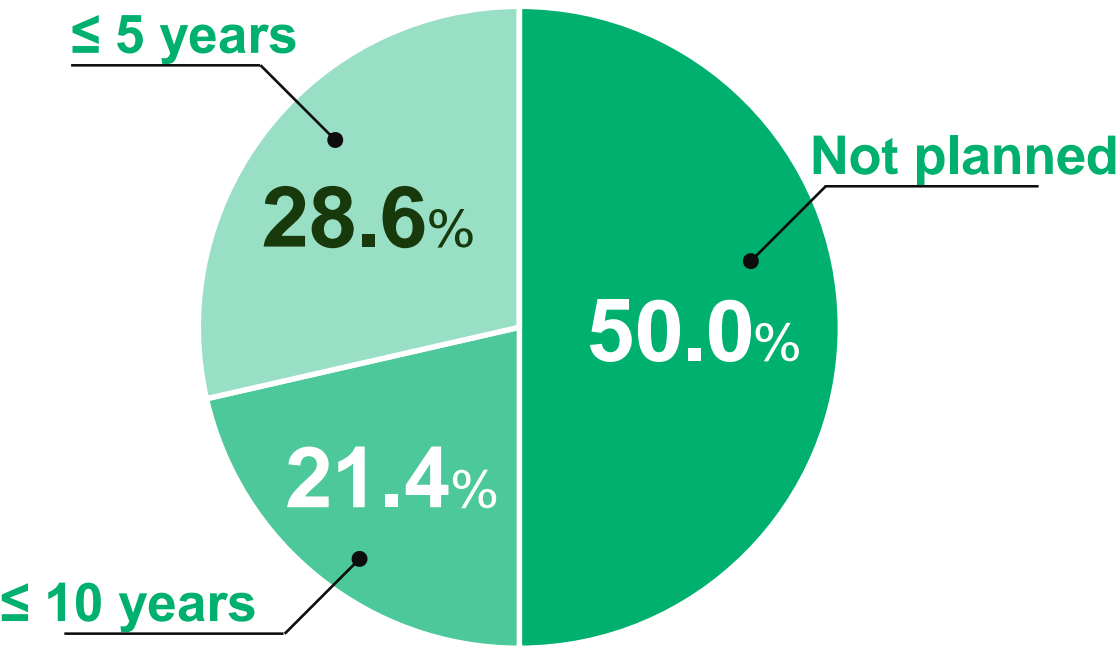
The most common male view is that giving preferential treatment for women is a problem. On the other hand, females believe that financial institutions such as VCs are dominated by men and have less understanding on female perspectives and female-centered business needs.

# Startups: Willingness to scale up through IPO

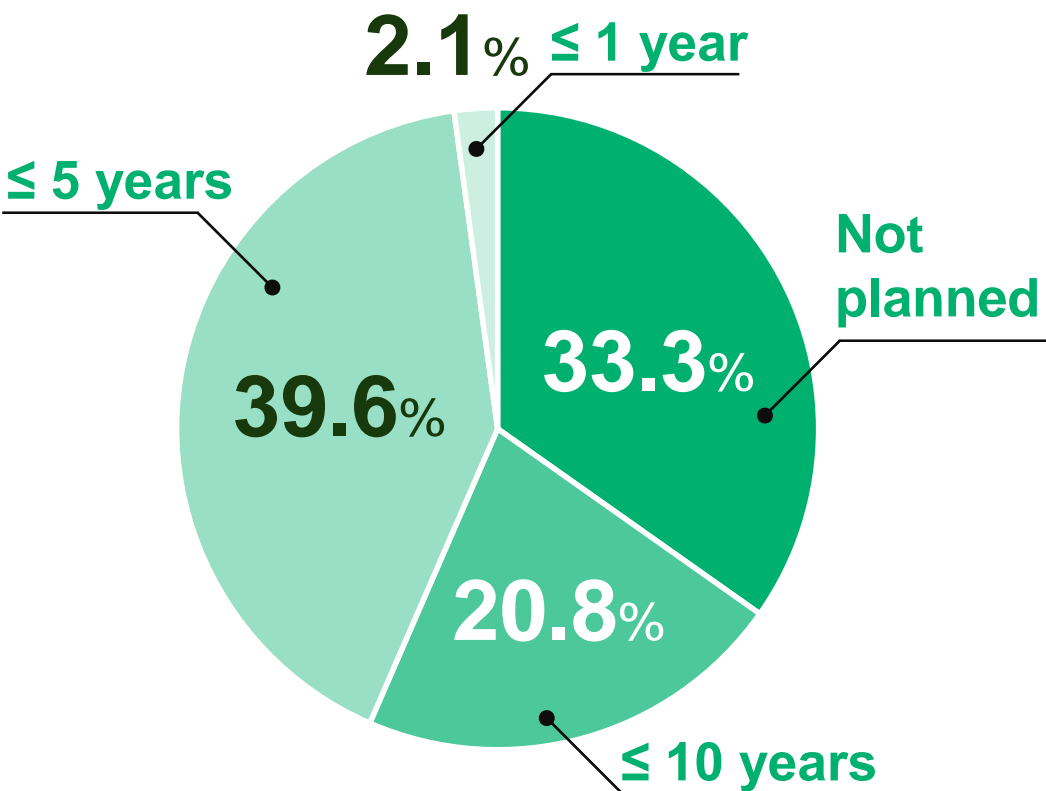
Half of startups led by female CEOs have no plans to go public, compared to only one third of those led by male CEOs.

**Q** Do you have a plan for an IPO?

Startups led by female CEOs (n=14)



Startups led by male CEOs (n=46)

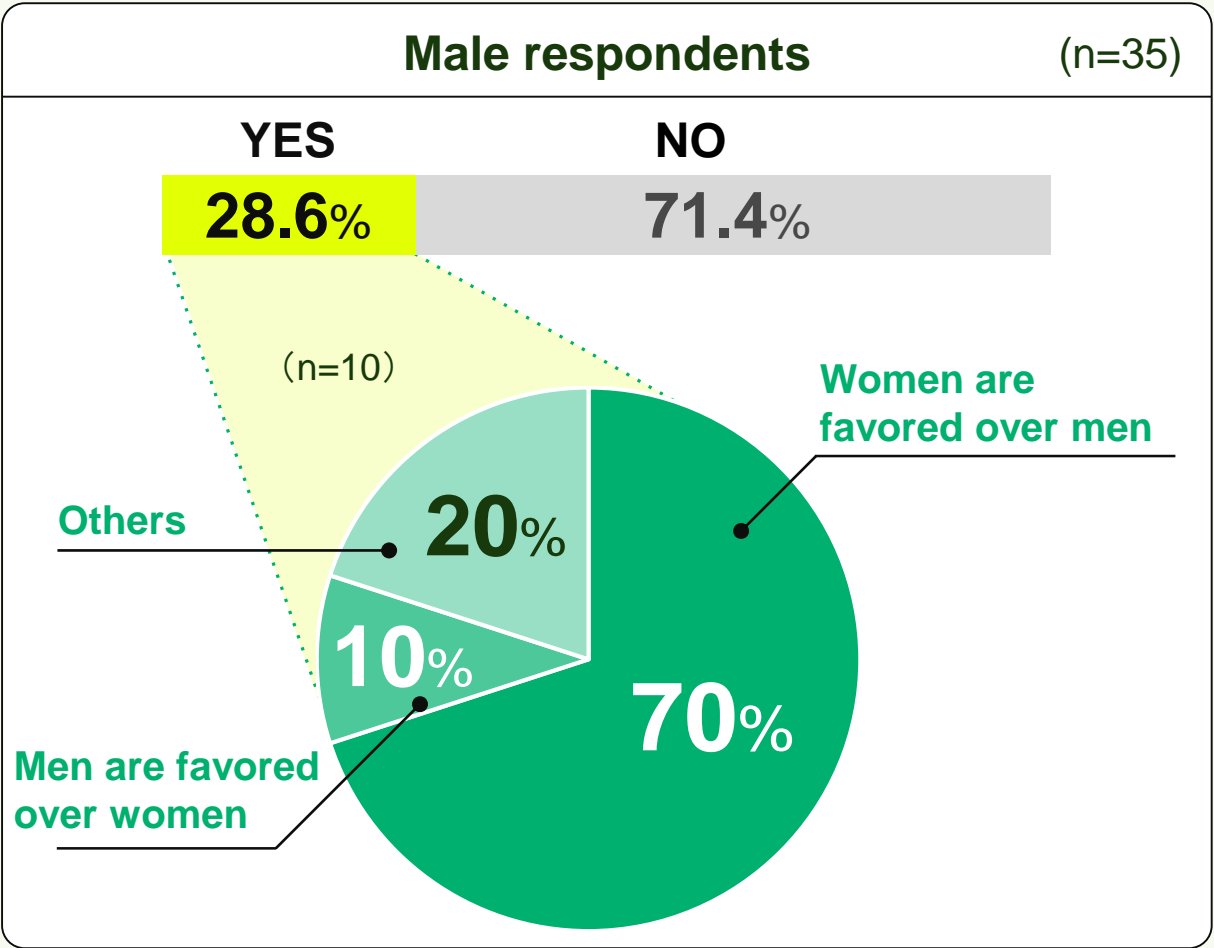
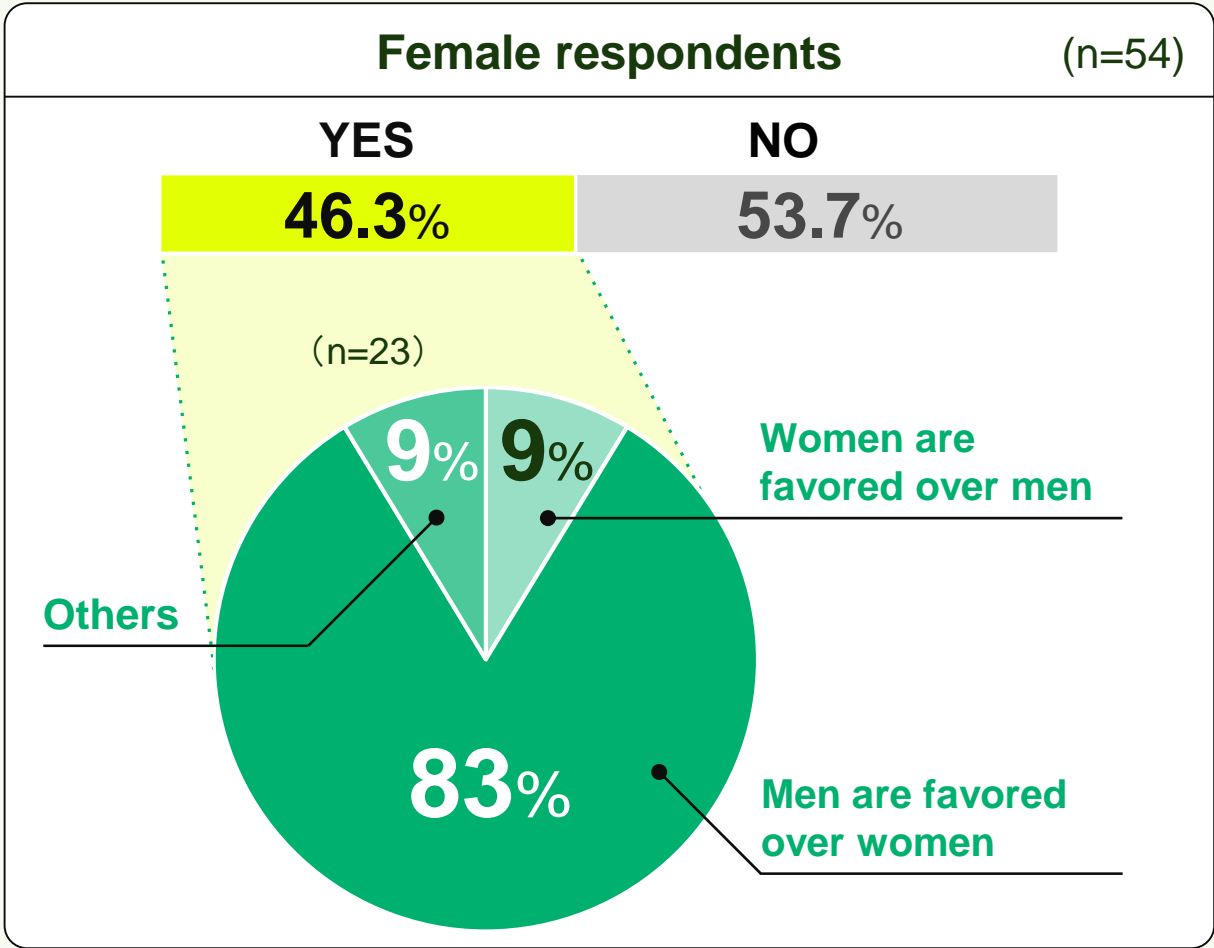


Note: 60 out of the 64 responses as “Startups (responded as institutions)” are collected as valid in this question (See Page 5 or after for details).

# Startups: Communication outside the company

When interacting with people outside the company, 46% of females respond that they have been treated differently based on gender, while only 29% of males do. Specifically, many females tend to recognize that males are treated favorably, while males think otherwise.

**Q** Have you been treated differently based on gender by people outside the company?



Note: 89 out of the 91 responses as "Startups (responded as individuals)" are collected as valid in this question here (See Page 22 or after for details). The authors make interpretation of qualitative descriptions.

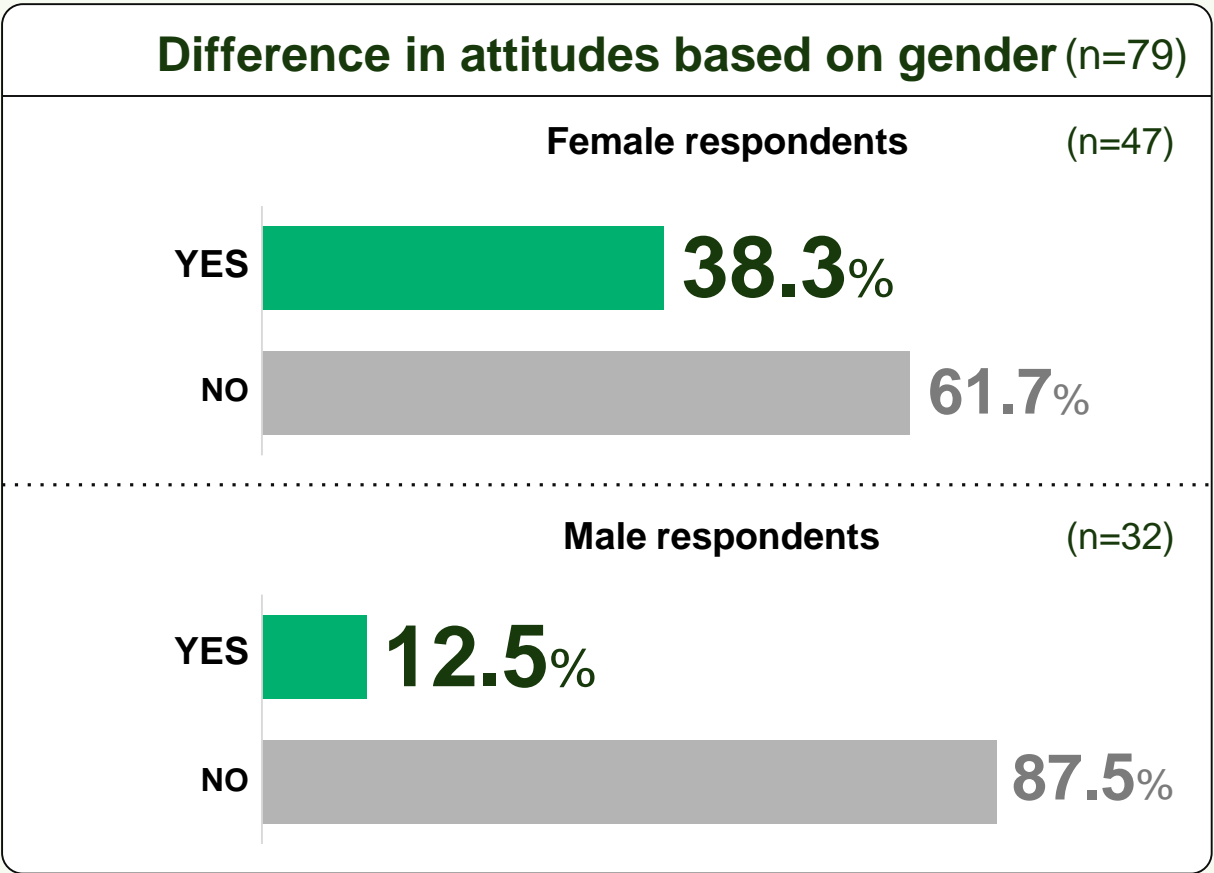
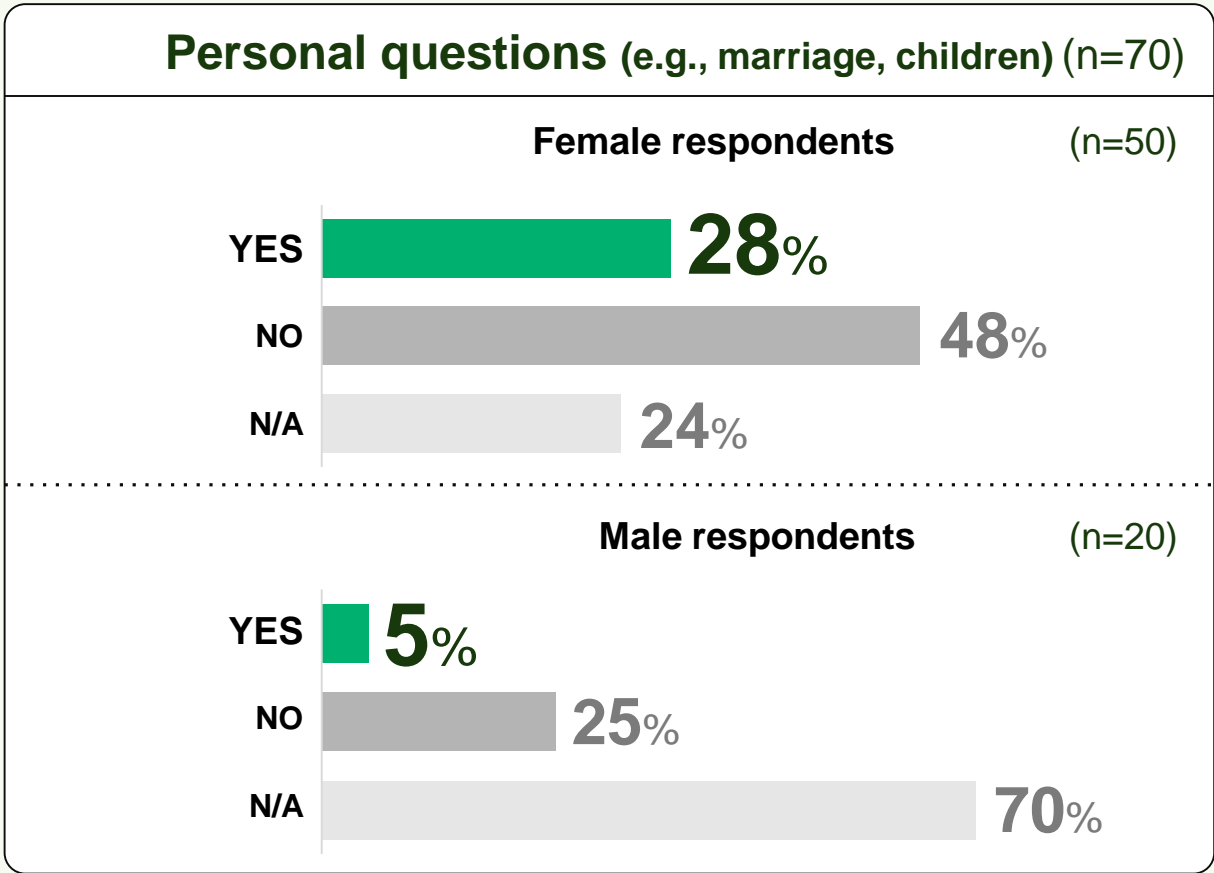


# Startups: Conversations at fundraising opportunities

At external evaluation events, such as fundraising, 28% of females have been asked personal questions, such as on marriage and children, while only 5% of males are aware of such circumstances. 38% of females recognized they were treated differently based on gender, while 13% of males did.

**Q** **To women:** Have you ever been asked personal questions, such as on marriage and children?  
**To men:** Have you ever seen or heard of any circumstances like the above?

**Q** Have you ever felt a difference in attitudes by others based on gender? (e.g., male investors tend to talk only to male founders.)

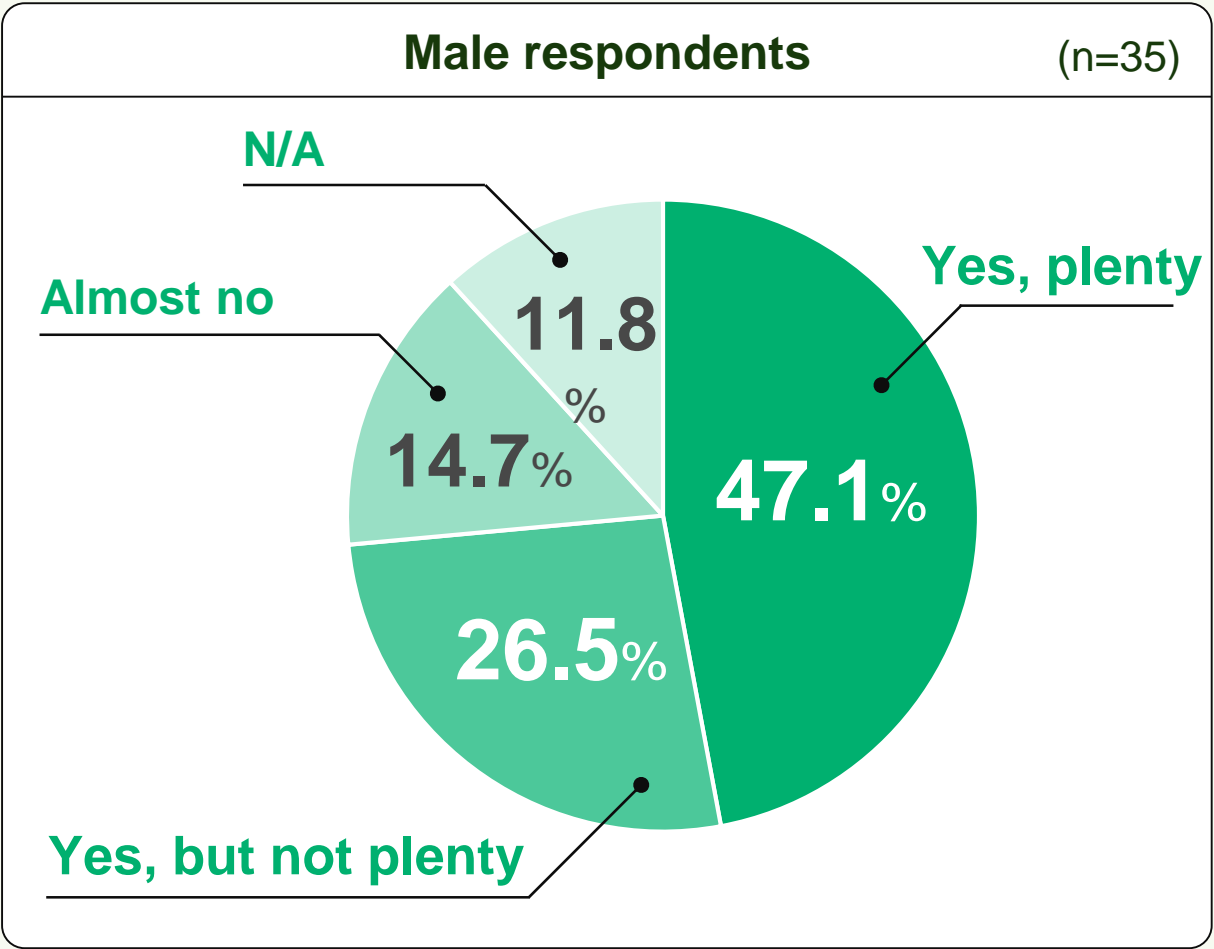
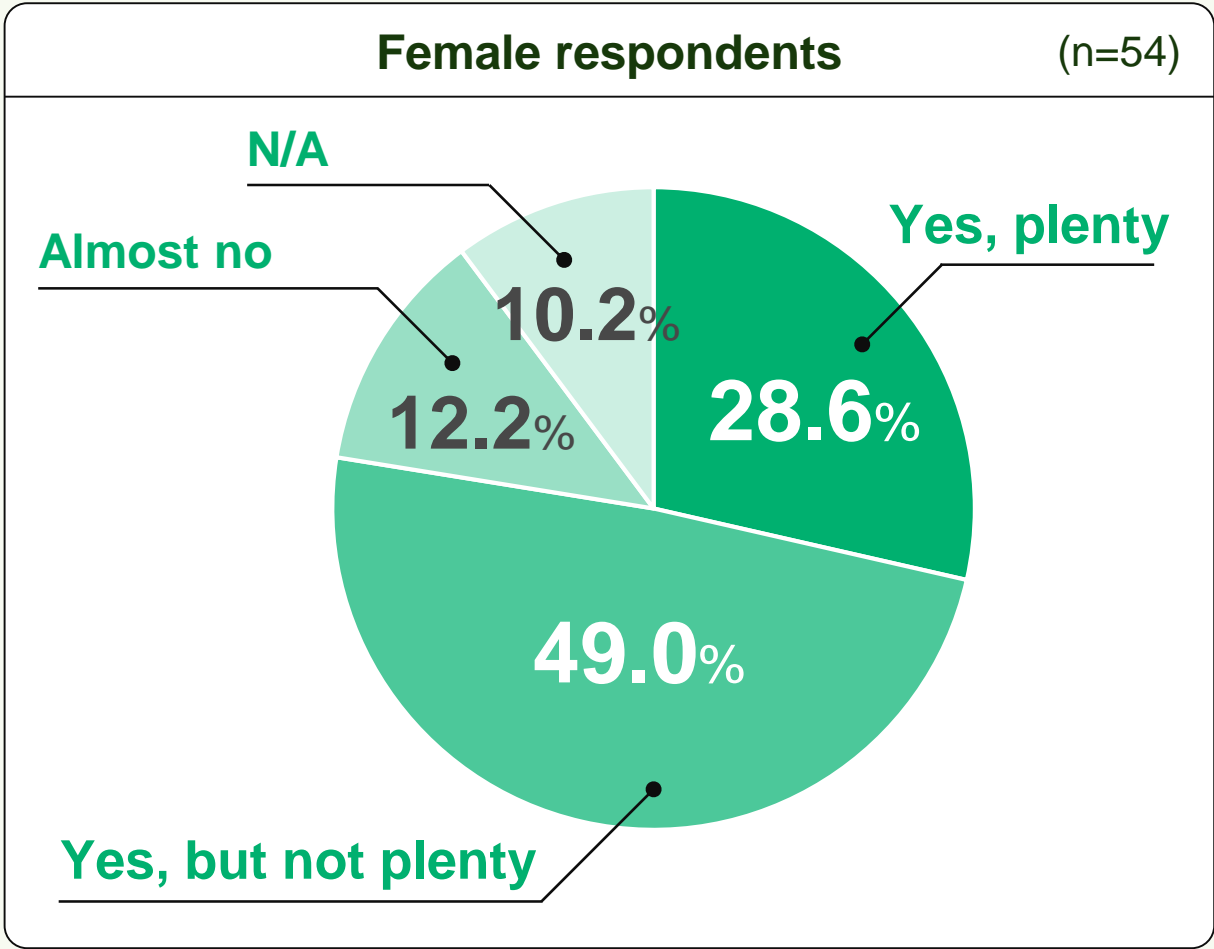


Note: The numbers above out of the 91 responses as "Startups (responded as individuals)" are collected as valid in these questions here (See Page 26 or after for details).

# Startups: Reliable network to ask for advice

Only 29% of females answer that they knew plenty of people whom they could consult with during challenging times, such as the fundraising process, whereas 47% of males did.

**Q Did you know anyone you could easily ask for advice during the challenging times?**



# Startups: Diverging views – Male perspectives

The most common male view (5 respondents) is that favoring women is a problem. On the other hand, 4 males raise concerns about slow progress in women’s career progression.

Views (n=14)	#	
Preferential treatment for women is a problem (e.g., business ideas and skills, not gender itself, have to be prioritized)	5	<div>In male-dominant sectors, mostly men are chosen if based on skills and track records. To achieve the gender parity target, organizers are forced to increase female participation, which is problematic. (CEO)</div> <div>From time to time, women are not discriminated but favored. The governments look into gender, not business models and people. (Founder/CEO)</div>
An extremely low number of females are in startups and VCs	4	<div>An extremely low number of females participated in accelerator programs. Insufficient are female mentors and judges. (Founder/CEO)</div>
Structural challenges (e.g., hard work, VCs’ strong influence) exist under male-dominant environments	3	
Awareness of diversity is on the increase	2	

Note: For editing purposes, the authors revised some expressions without changing the intents, and made classification into the categories above.

# Startups: Diverging views – Female perspectives

Female respondents answer that financial institutions, such as VCs, are dominated by men and have less understanding of female perspectives and female-centered business needs.

Views (n=31)	#	
VCs are dominated by men and have less understanding of female perspectives and female-centered business needs.	10	<div>Male capitalists, accounting for the majority, tend to look down on females. Some males treat female founders as a “trophy.” Females have not attained an equal status to men yet. (Founder/CEO)</div> <div>The VC community in Japan is exclusive and intolerant to females. Thus, Europe has a negative impression of Japan. (Board member/Non-Japanese)</div>
Males account for the majority of presenters and judges.	6	<div>The vibes at large-scale startup events in Japan signify old-fashioned boys’ clubs. (Board member)</div> <div>I am hesitant to participate in events where the judges, mentors and investors of business contests and accelerator programs are all men. (Founder)</div>
There are many males in startups; less female engineers.	4	
The number of female role models is insufficient.	2	

Note: For editing purposes, the authors revised some expressions without changing the intents, and made classification into the categories above.

## Results **2**

*Investors (1): those who invest in startups directly*

# Venture Capitals (VCs)

### Female ratios of VCs' investment teams

71% of VCs have no female representation in their investment committees, while 30% of them have no female employees in their investment teams.

### Ratio of female-led portfolio companies

For 77% of VCs, 10% or lower of their portfolio companies are led by females. Nonetheless, 65% of them have already set, are aware of, or are considering setting numerical targets for female-led companies in their portfolios.

### Ongoing efforts to improve diversity

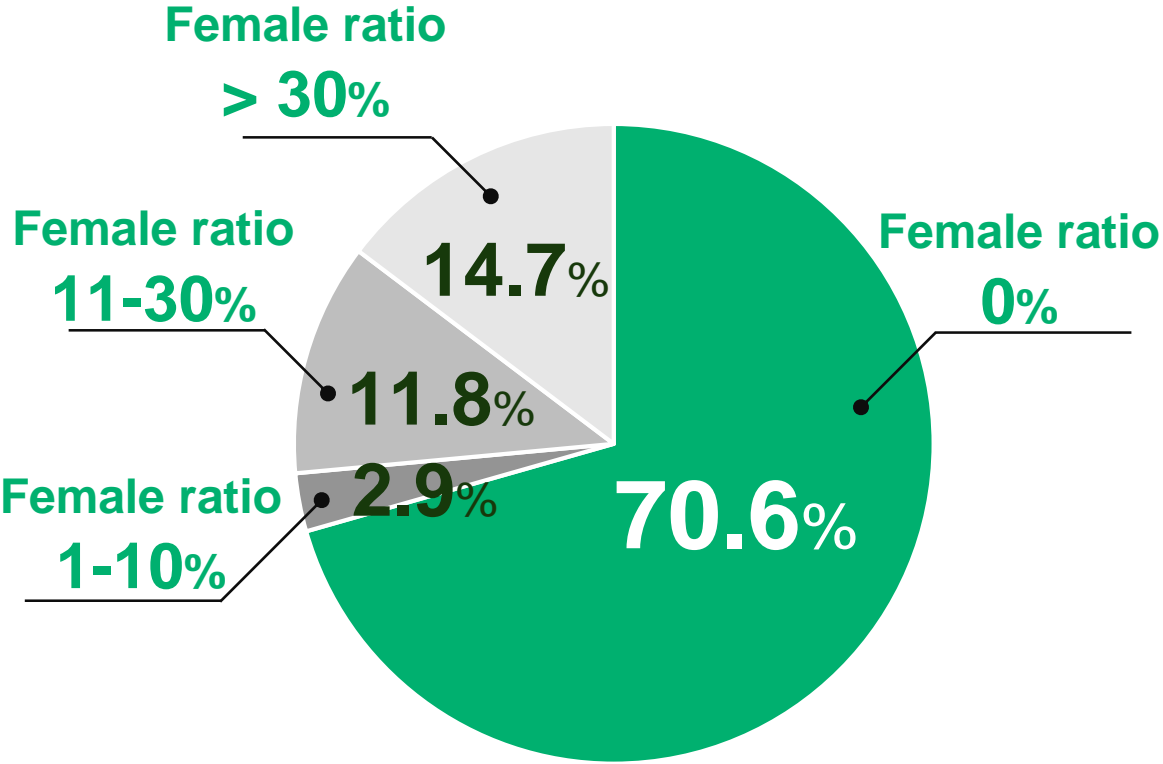
68% of the respondents develop measures to assist investment staff in balancing caregiving and work responsibilities, and 47% of them have employees balancing them. Moreover, 38% of them work on hiring and training of female capitalists. Building on these efforts, gender diversity is expected to improve.

Note: Although the sample and industry variety are broad, there are only 34 respondents.

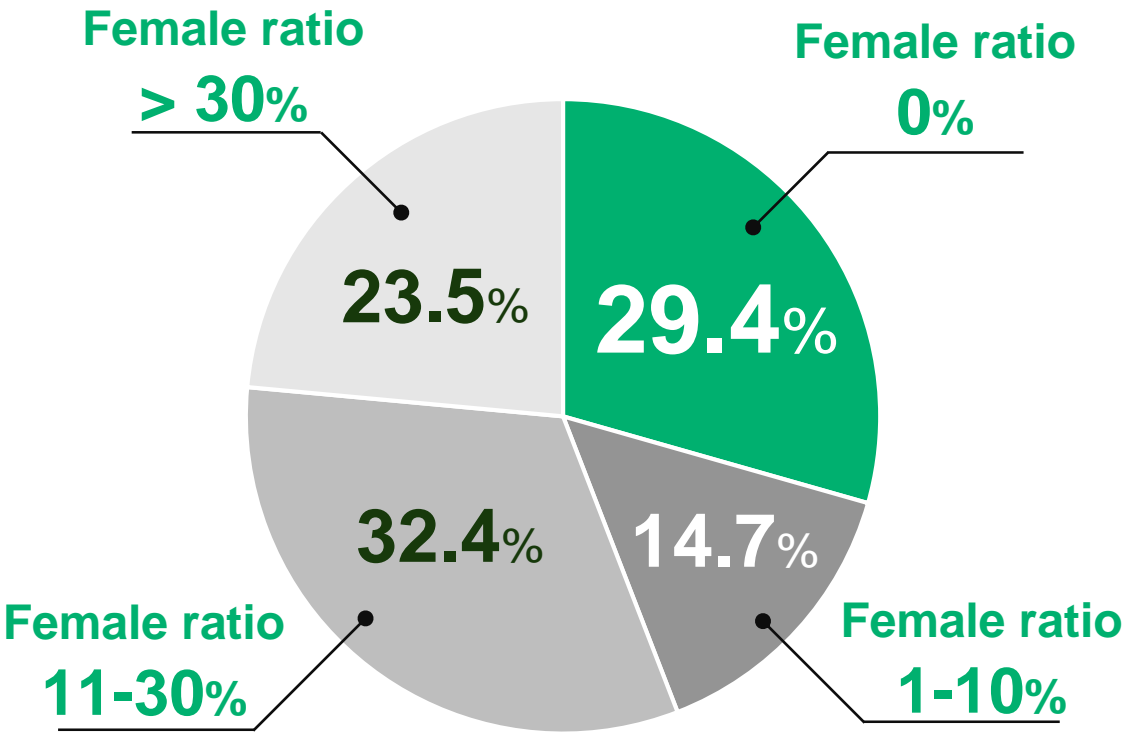
# VCs: Female ratio of investment teams

71% of VCs have no female representation in their investment committees, while 30% of them have no female staff in their investment teams.

Female ratio of investment committee (n=34)



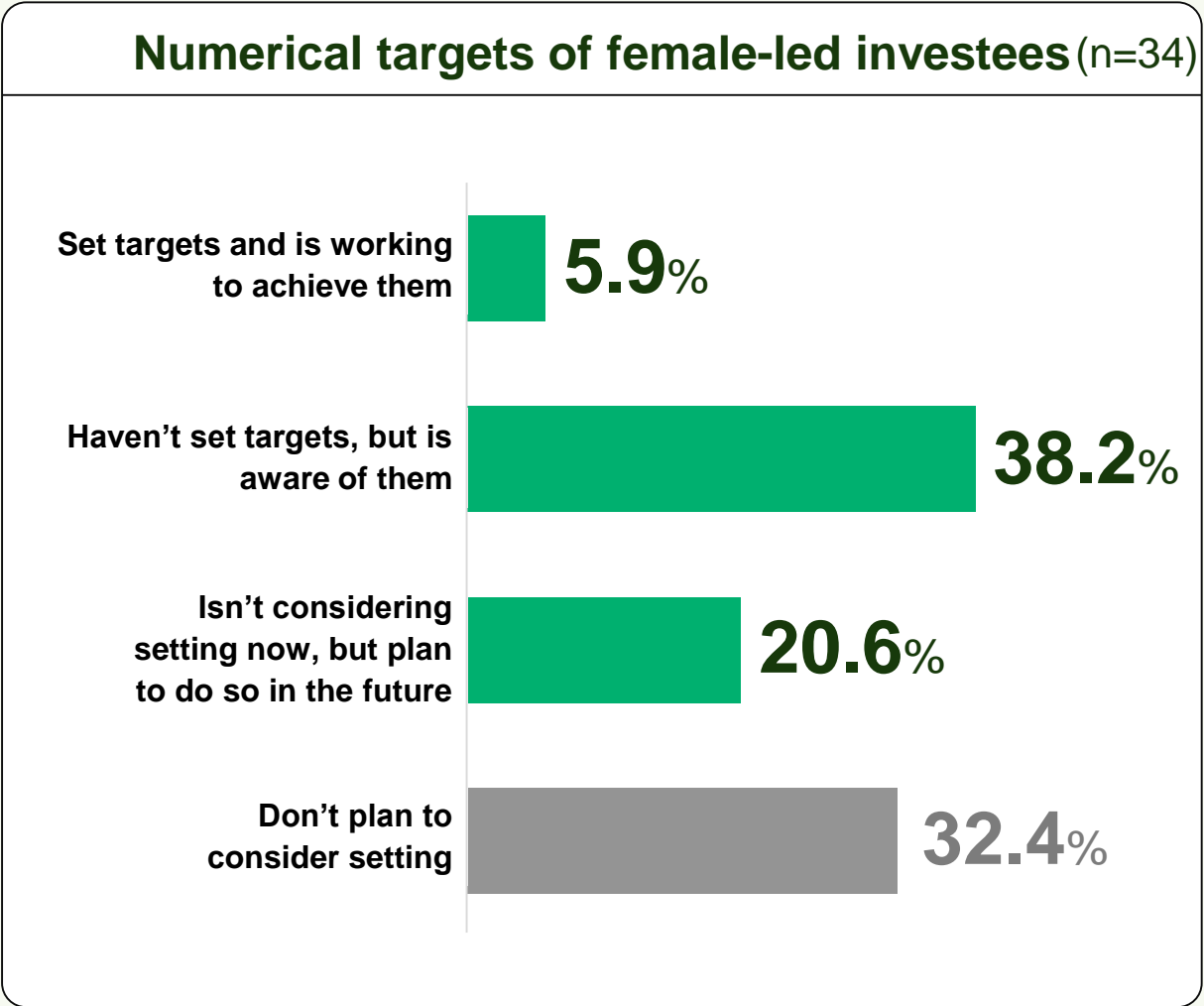
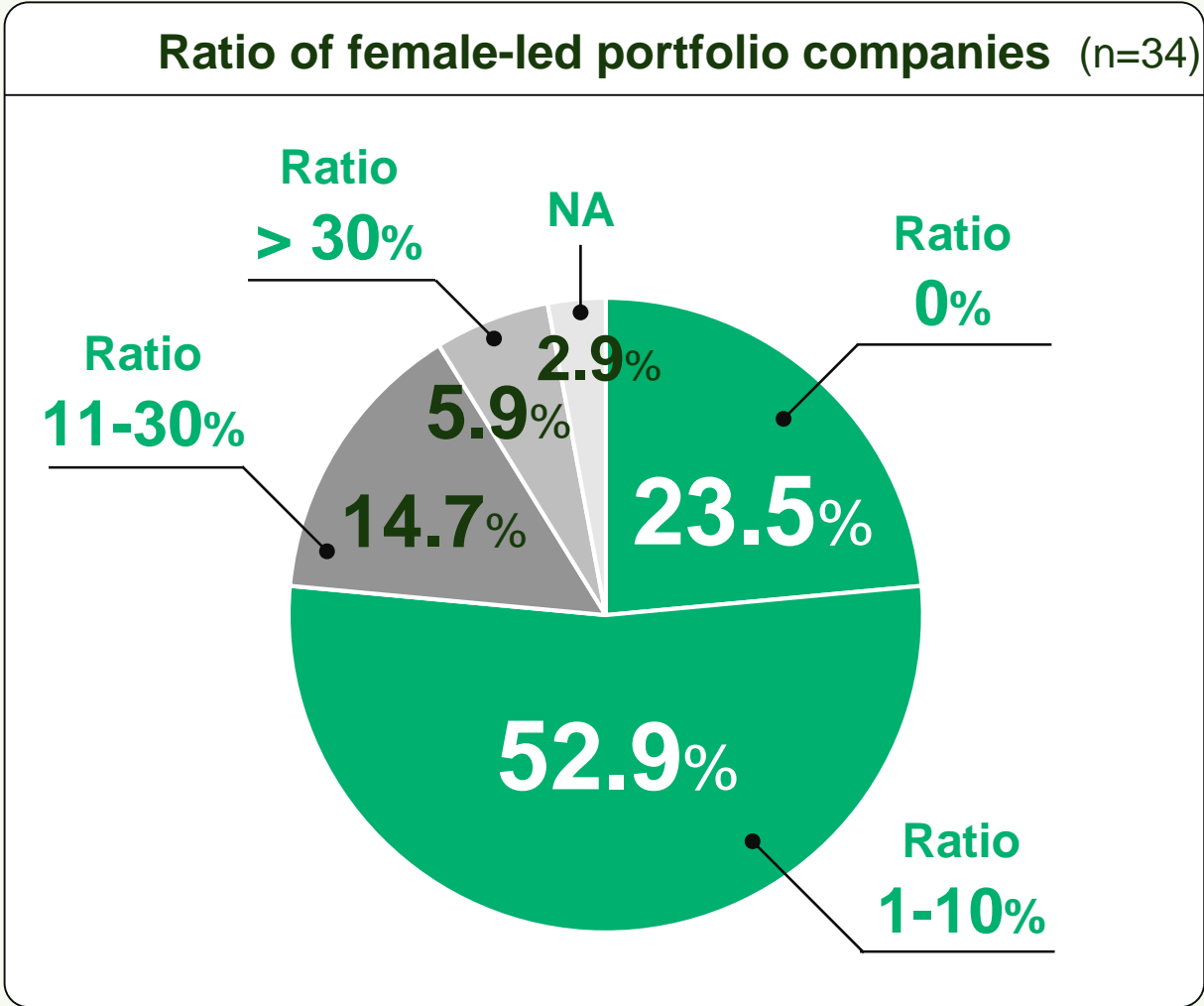
Female staff ratio of investment team (n=34)



Note: 34 out of the 34 responses as “Investors (1)” are collected here (See Page 33 or after for details).

# VCs: Ratio of female-led portfolio companies

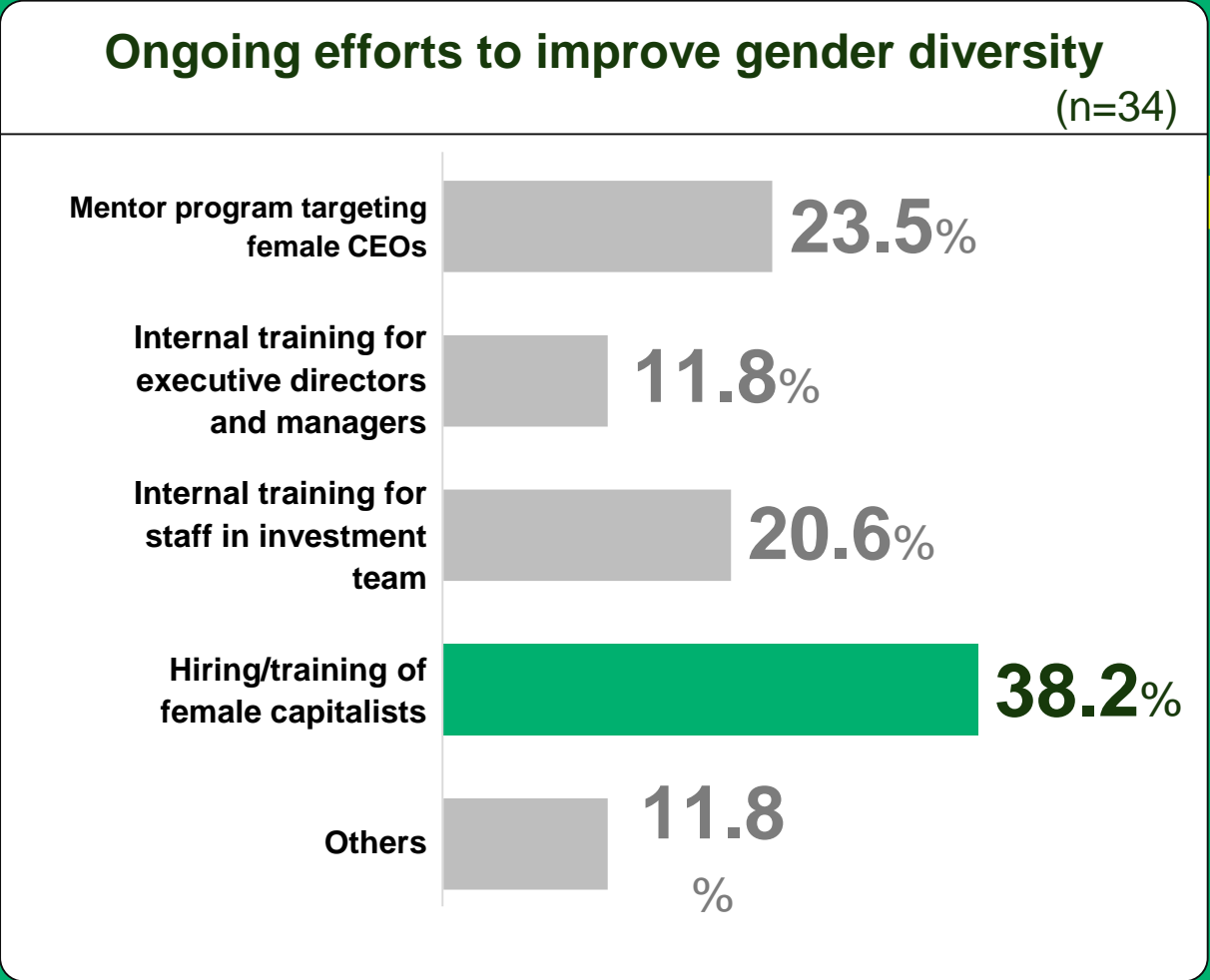
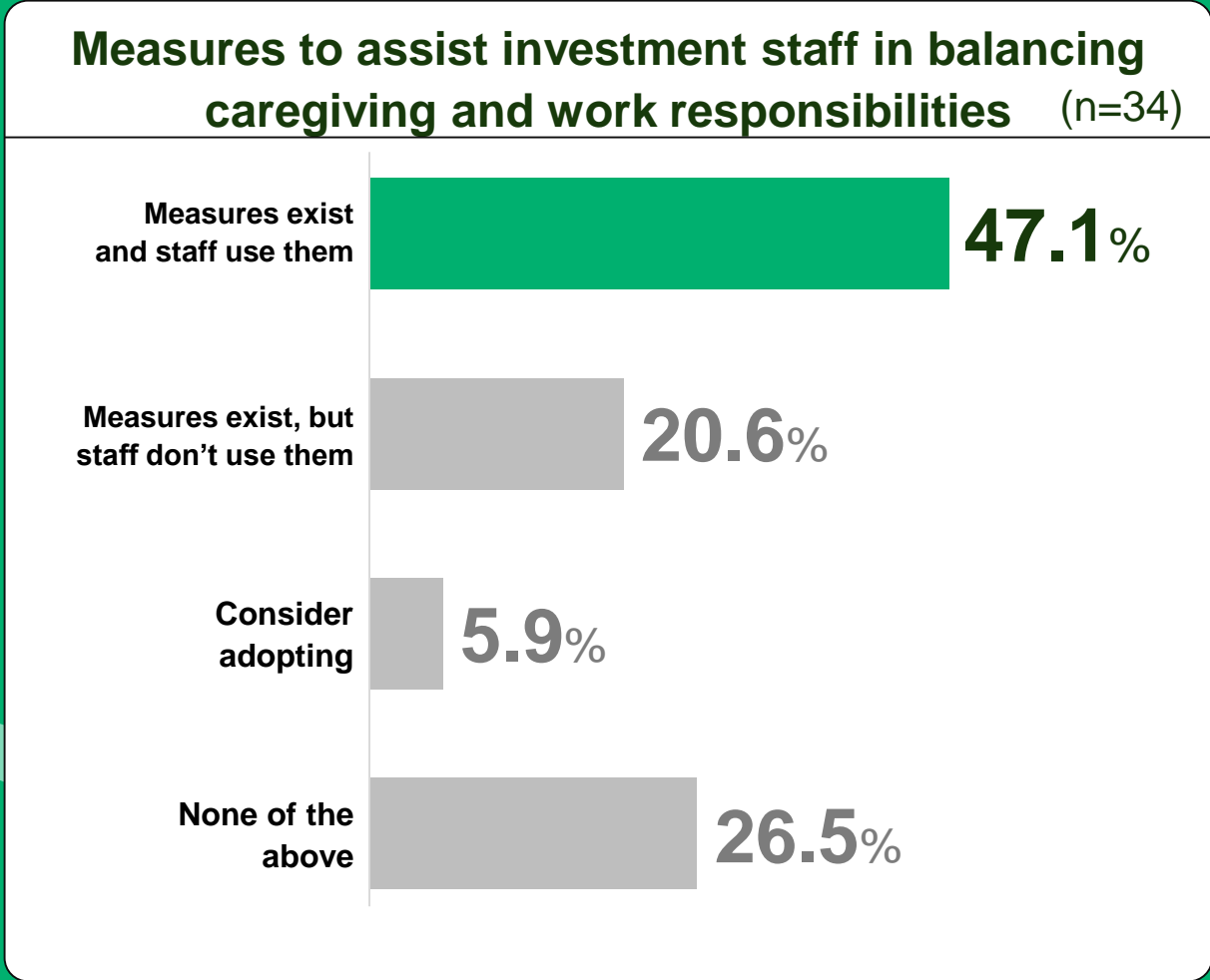
For 77% of VCs, only 10% or lower of their portfolio companies are led by females. Nonetheless, 65% of them have already set, are aware of, or are considering setting numerical targets for female-led companies in their portfolios, which is a positive sign.



Note: 34 out of the 34 responses as “Investors (1)” are collected here (See Page 37 or after for details).

# VCs: Ongoing efforts to improve diversity

68% of VCs develop measures to assist investment staff in balancing caregiving and work responsibilities, and 47% of them have employees balancing them. Moreover, 38% of them work on hiring and training of female capitalists. With these developments, positive changes are expected to take place.



Note: 34 out of the 34 responses as "Investors (1)" are collected here (See Page 35 or after for details).



## Results **3**

# *IPO-related institutions* **Auditors, securities companies & IPO consultants**

### **Female ratio of decision-making body and staff**

For 60% of the institutions, 10% or lower of their decision-making members in their teams which support startups and help their contract reviews are females.

### **Ratio of client startups led by females**

For 80% of the institutions, 10% or lower of their client startups are represented by females.

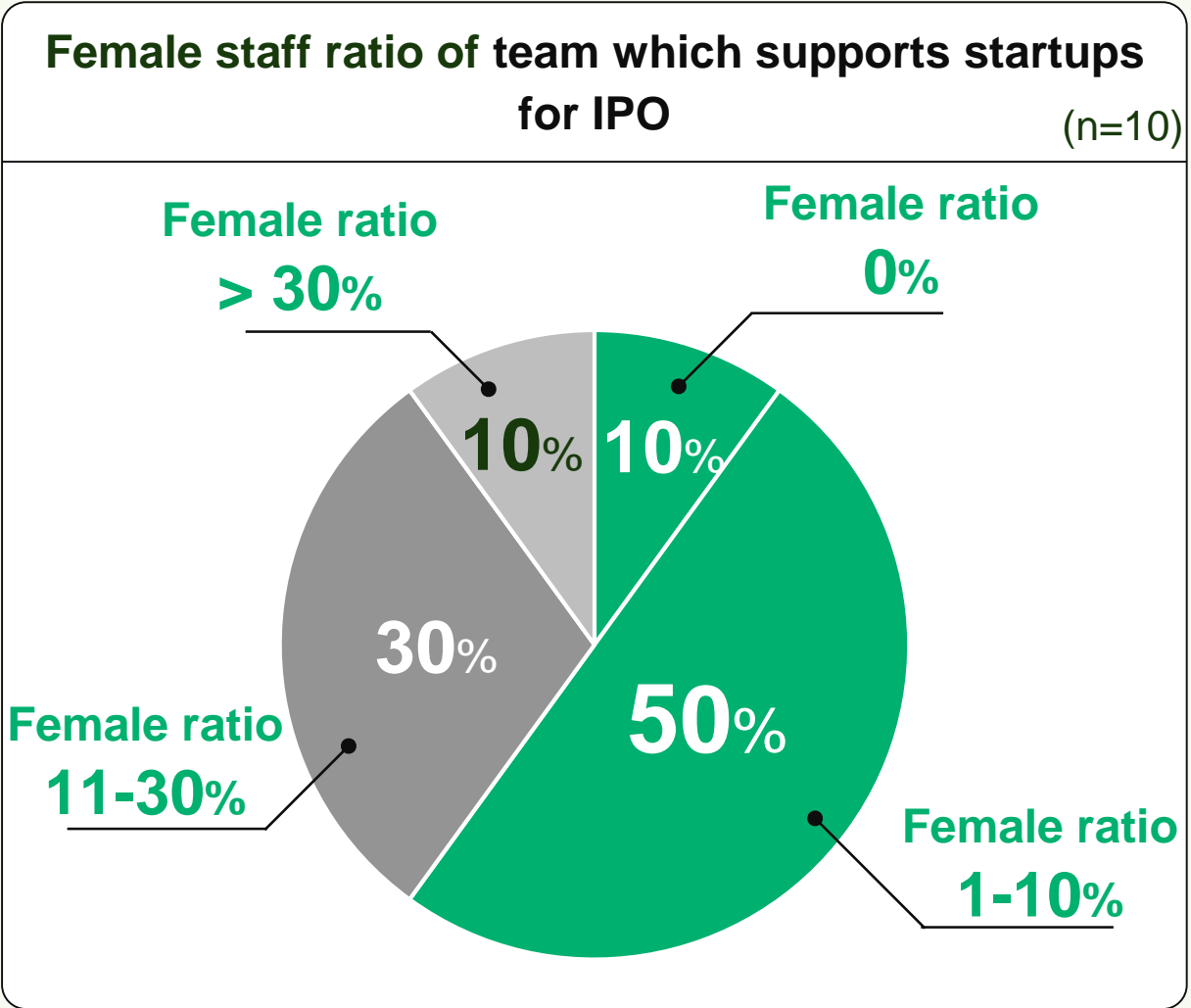
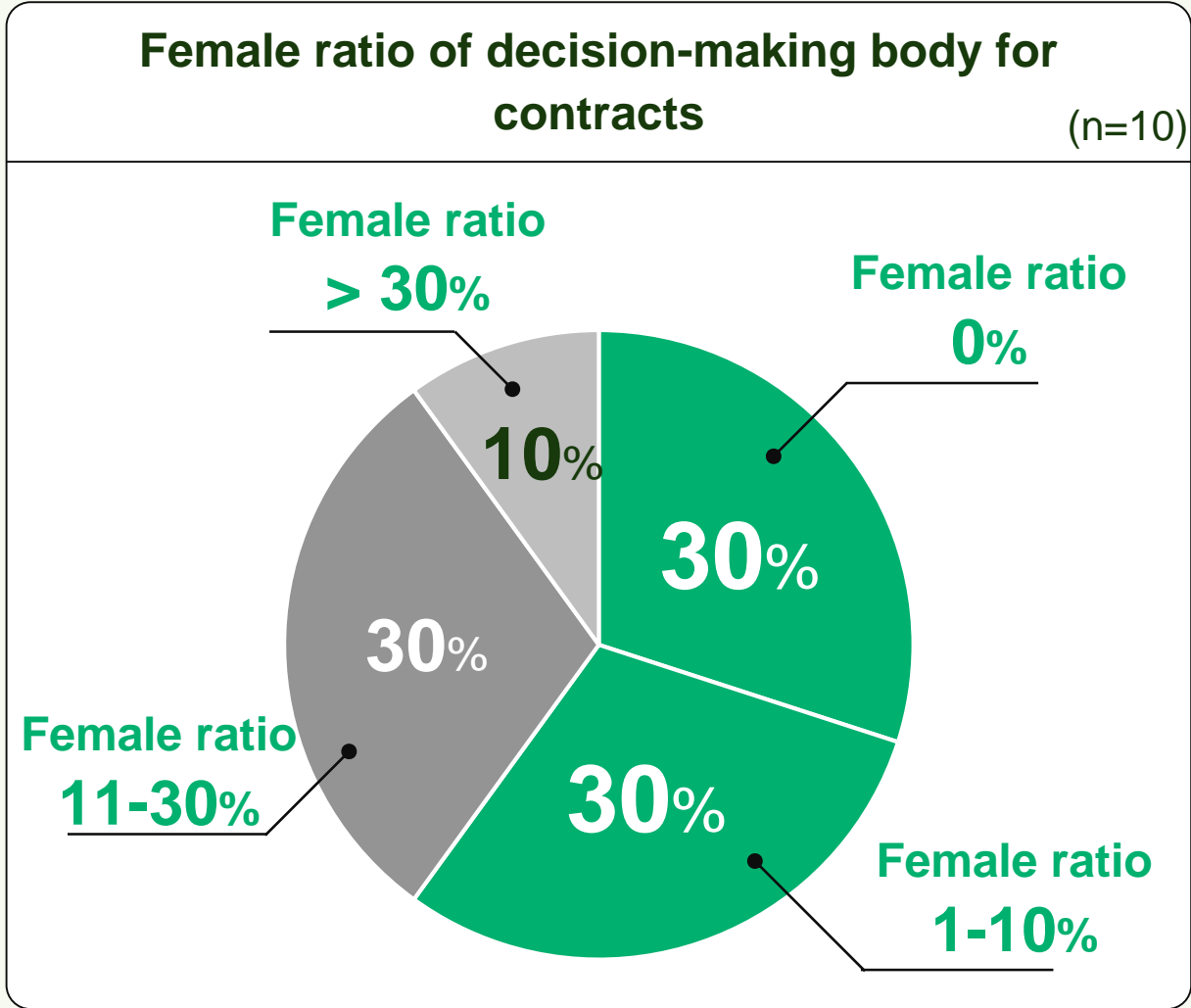
### **Ongoing efforts to improve diversity**

Half of the respondents launched mentoring programs targeting female CEOs. Half have also either already set, or will consider setting, the numerical targets for assisting female-led startups with IPOs. Moreover, 60% of them plan to increase the number of female staff members in their teams to support startups. With these developments, positive changes are expected to take place.

Note: Although the size and the industry variety of the respondents are broad, there are only 10 respondents.

# IPO-related institutions: Female ratio of decision-making body and staff

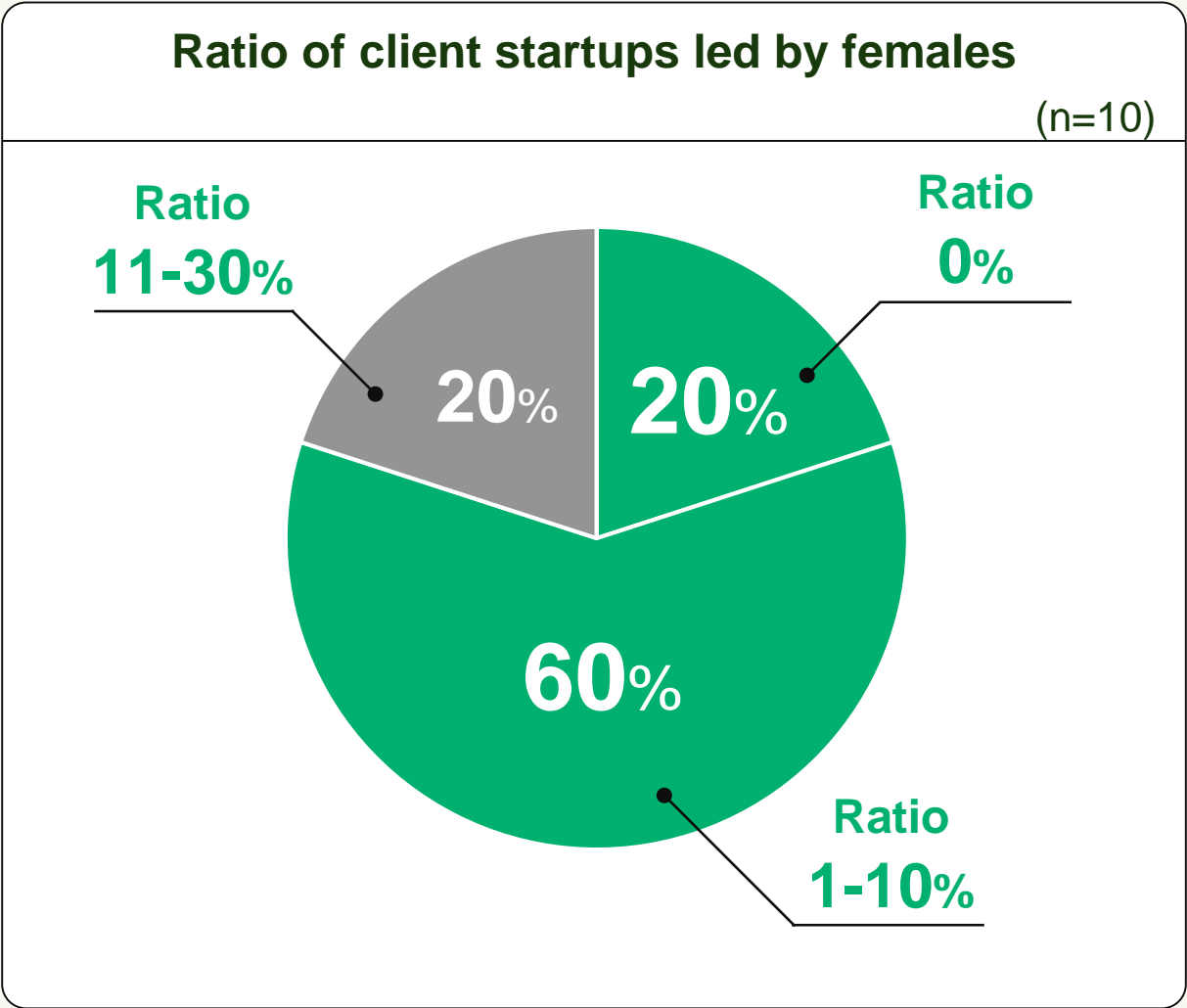
For 60% of the institutions, 10% or lower of their decision-making members in their teams which support startups and help their contract reviews are females.



Note: 10 out of the 10 responses as “IPO-related institutions” are collected as valid here (See Page 43 or after for details).

# IPO-related institutions: Ratio of client startups led by females

For 80% of the institutions, 10% or lower of their client startups are represented by females.



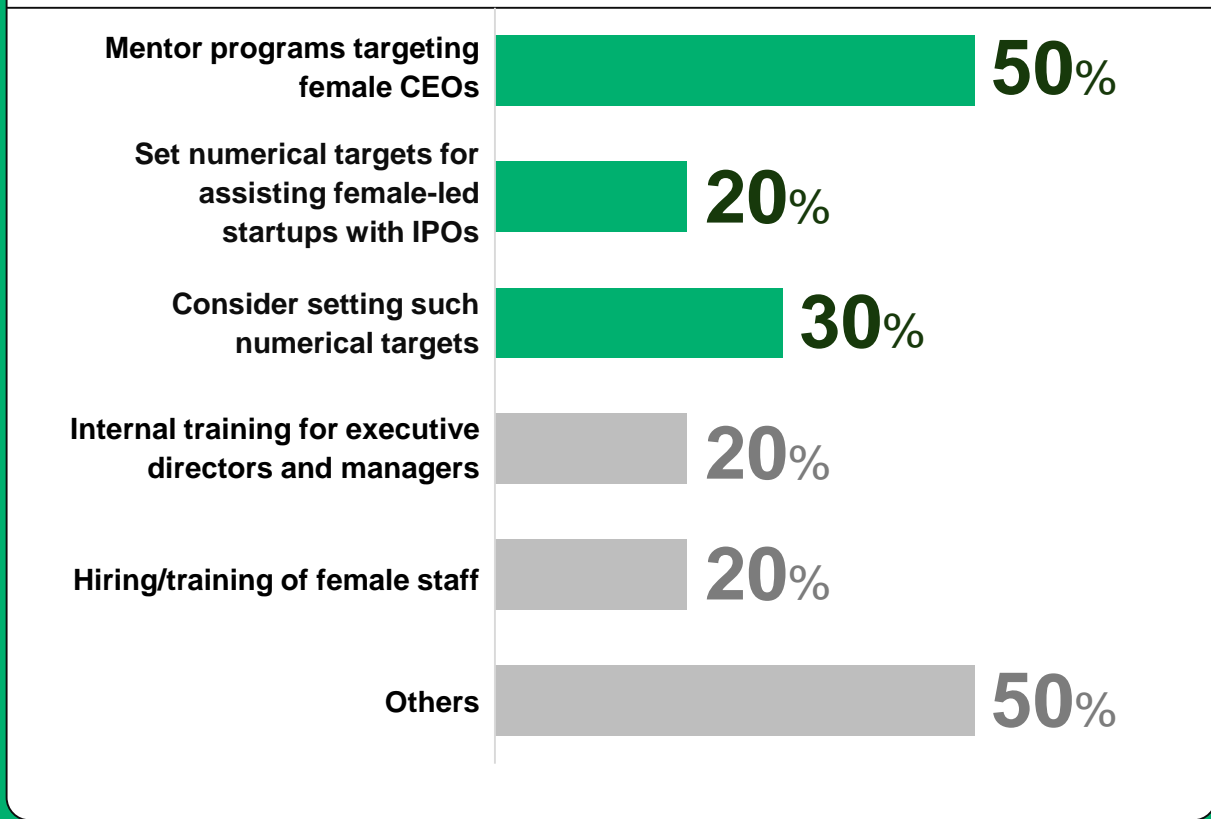
Note: 10 out of the 10 responses as “IPO-related institutions” are collected as valid here (See Page 46 or after for details).

# IPO-related institutions: Ongoing efforts to improve diversity

Half of the respondents launched mentoring programs targeting female CEOs. Half also either have already set, or are considering setting numerical targets for assisting female-led startups with IPOs. Moreover, 60% of them plan to increase the number of female staff members in their teams which support startups. With these developments, positive changes are expected to take place.

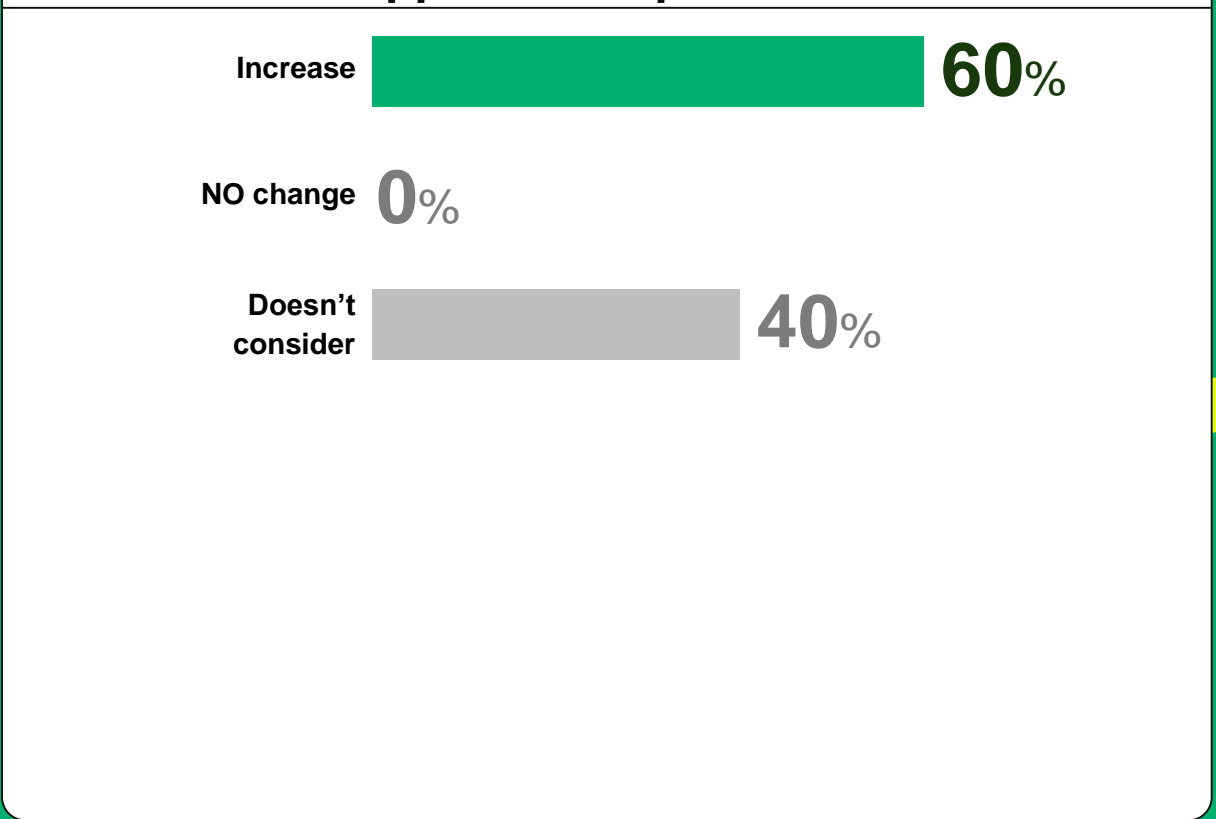
## Ongoing efforts to improve gender diversity

(n=10)



## Plans to increase female staff in teams which support startups for IPO

(n=10)



Note: 10 out of the 10 responses as “IPO-related institutions” are collected as valid here (See Pages 44 and 47 for details).

## Results **4**

# *Supporting Organizations (1)* Accelerators, incubators & co-working space providers

### **Female ratio of management and staff**

One third of the institutions have 10% or lower female ratios in their managerial positions. One fifth have 10% or lower on the staff level.

### **Ratio of client startups led by females**

For 27% of them, 10% or lower of their client startups are represented by females, while 76% of them either have already set, or are considering setting numerical targets for assisting female-led startups.

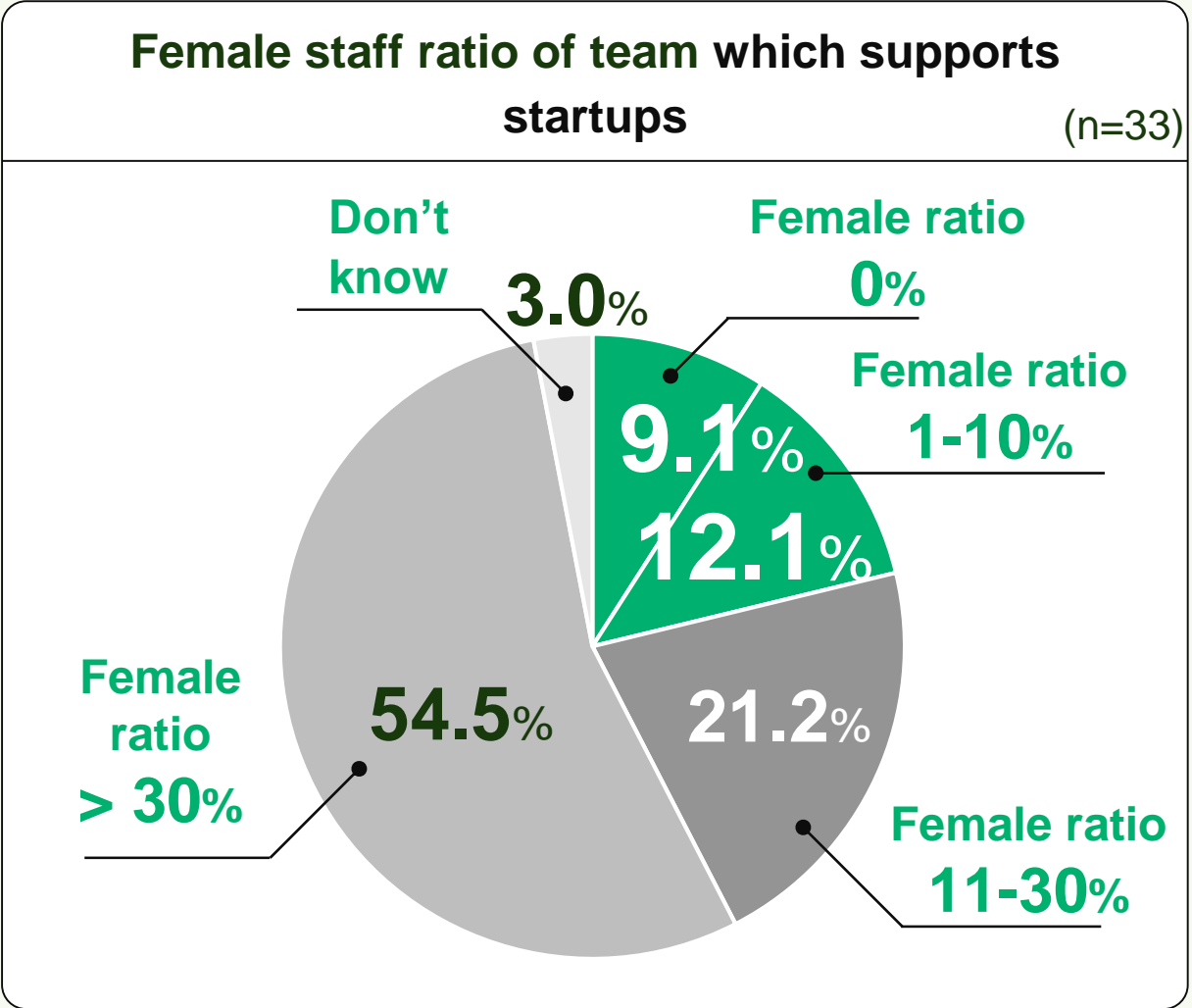
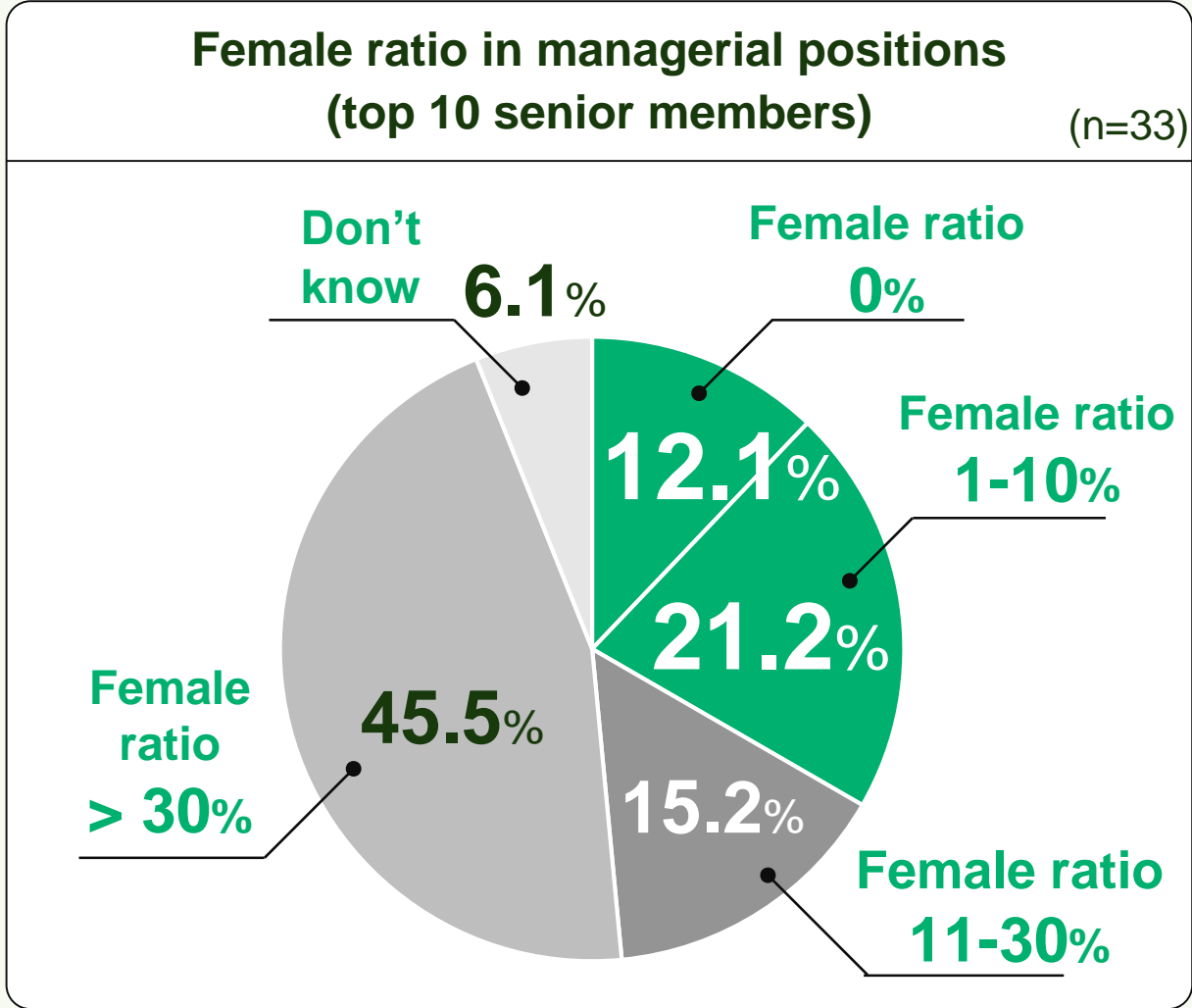
### **Ongoing efforts to improve diversity**

24% of the supporting organizations provide training related to gender diversity, while 46% don't. More efforts will be needed.

Note: Although the industry variety of the respondents is broad and there are 33 respondents, accelerators take account for a large part, some of whom specialize in female-led startups. Some universities, professional services, non-financial businesses and general incorporated associations classify themselves in this category.

# Accelerators+: Female ratio of management and staff

One third of the institutions have 10% or lower female ratios in their managerial positions, and one fifth have 10% or lower on the staff level.



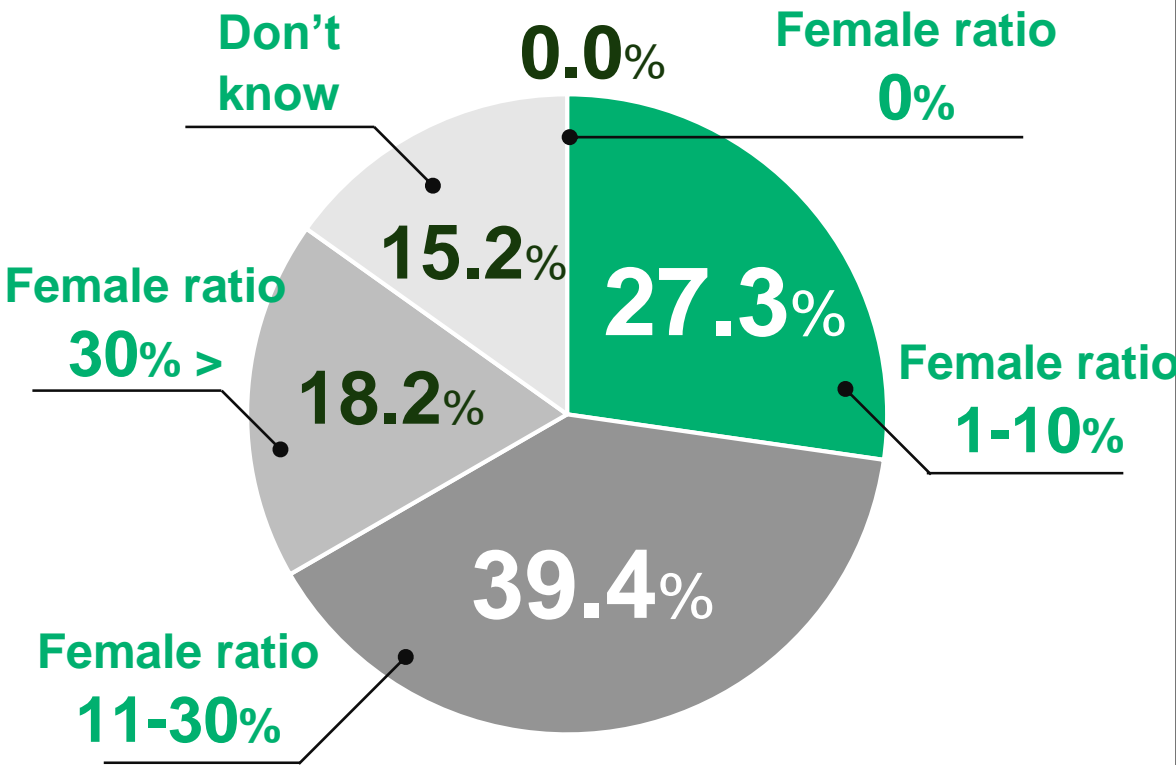
Note: 33 out of the 33 responses as “Supporting organizations (1)” are collected as valid here (See Page 56 or after for details).

# Accelerators+: Ratio of client startups led by females

For 27% of them, 10% or lower of their client startups are represented by females, while 76% of them either have already set, or are considering setting numerical targets for assisting female-led startups.

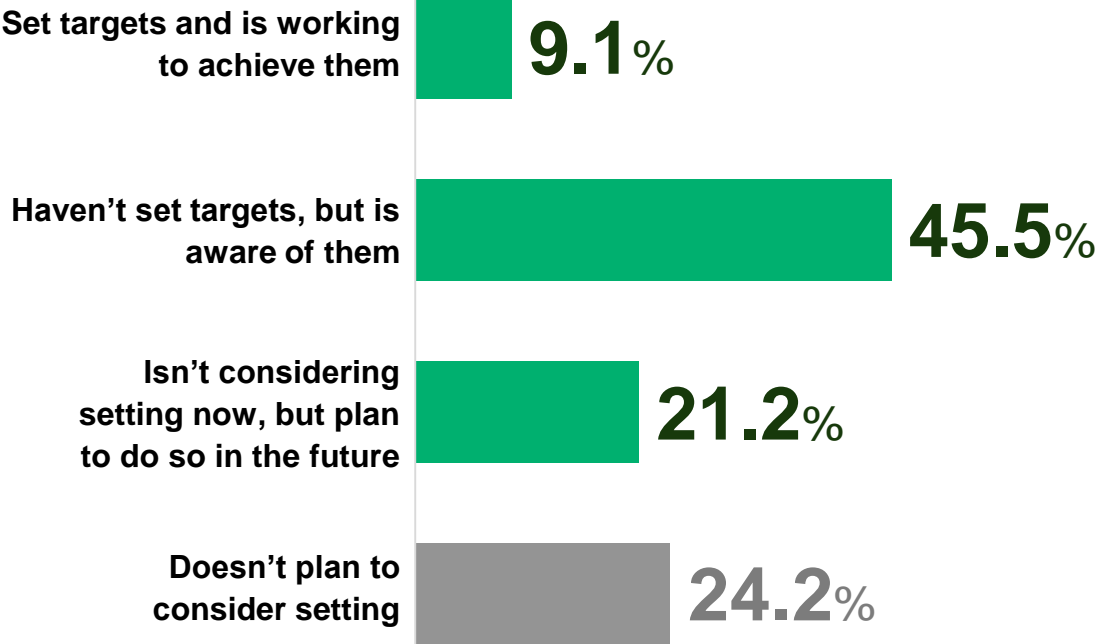
## Ratio of client startups represented by females

(n=33)



## Numerical targets for assisting female-led startups

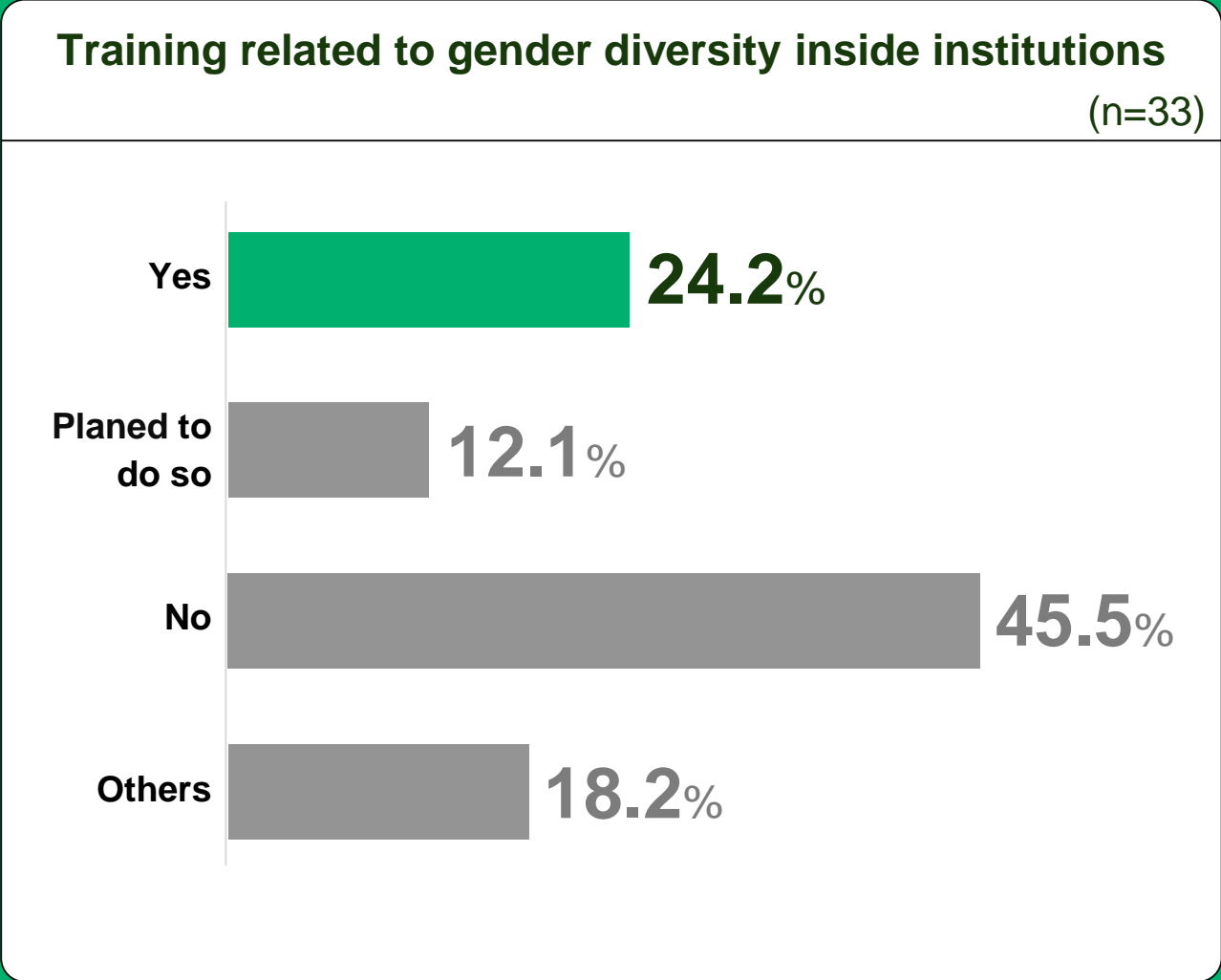
(n=33)



Note: 33 out of the 33 responses as "Supporting organizations (1)" are collected as valid here (See Page 54 of after for details).

# Accelerators+: Ongoing efforts to improve diversity

24% of the institutions provide training related to gender diversity, while 46% don't. More efforts will be needed.



Note: 33 out of the 33 responses as “Supporting organizations (1)” are collected as valid here (See Page 58 or after for details).



## Ongoing efforts for data collection

Efforts for data collection are critical because an accurate statistical understanding of the status quo serves as a basis for future policy discussions in the public and private sectors. Moreover, ongoing monitoring will encourage additional assistance to startups and raise awareness towards addressing unconscious biases.

Building on the survey, this deliverable suggests the following items be closely monitored:

### Startups

- Circumstances associated with fundraising by female entrepreneurs;
- The level of engagement from various stakeholders(e.g., Social awareness towards women's career advancement.), and the improvement in the situation for both males and females without aggravating social divide.

### Others

- Progress of ongoing efforts to improve gender diversity

## How to enhance data accuracy

The number of the respondents in the survey is insufficient given the size of Japan's startup ecosystem. The following points are particularly conspicuous.

- Startups: even though 155 institutions and individuals combined responded to the survey, more could have done so;
- LP investors and supporting organizations (organizers of events, awards and subsidies): the survey was not able to gather sufficient responses;
- There is a possibility that stakeholders who take gender initiatives favorably responded to the questionnaire (resulting in better responses than the current situation).

Going forward, broader collaboration with industry groups could be explored to increase the number of the respondents.

### Survey scope

- The survey narrowed its focus to men/women among various gender diversity challenges. This could be justified given the resource constraints of the authors as well as the fact that half of the Japanese population is women and Japan is lagging behind women's career advancement.
- On the other hand, the scope of diversity tends to be broader in other economies. Going forward, the scope of the survey could be recalibrated if needed.

### From analyses to actions

- In the medium to long term, specific actions need to be implemented based on the status quo discovered from data.
- A comprehensive set of measures will lead to steady progress. One measure could be to expand collaboration in the ecosystem further beyond the respondents of this survey to such entities as educational institutions, media, and think tanks.