

DIVERSITY VC



The Equity Record UK

2023 Edition



Contents



Foreword from Diversity VC

Venture capital funding is the catalyst for innovation. Today, **8 of the 10 largest companies in the world have raised venture finance at some point in their journey.** As VCs, we pride ourselves on spotting and nurturing groundbreaking innovation. Yet in our pursuit of transformative ideas, we sometimes overlook a transformative concept within our own industry - the power of diversity. In 2016, we initiated critical dialogue with the formation of Diversity VC, to challenge norms and advocate for the advancement of DE&I to unlock venture capital's full potential for our economy.

In recent years, we've observed notable progress in actions taken to improve enhancing gender and ethnic diversity which are foundational to a more inclusive industry. These achievements should be celebrated, but they are just part of the diversity equation. Another critical aspect remains shadowed in the background - socioeconomic diversity.

Entrepreneurship is often lauded as a meritocratic industry where anyone, regardless of background, can ascend based on talent and determination. However, this romanticised view masks a less palatable truth. Our research indicates the scales of opportunity and success are unfairly tipped. Over 70% of venture capital partners in the UK hail from affluent upper-class backgrounds and whilst the dominant demographic overwhelmingly believes enough is being done to tackle DEI in their funds, this is in stark contrast to the opinions within underrepresented groups.

Venture capital thrives on identifying the outliers, taking a non-consensus view on the future of industry by backing diverse ideas. Yet internally, venture capital suffers from a significant homogeneity, this is not just about similarity of people; it's about similarity of perspectives. When investors predominantly come from similar homogenous groups, their investments reflect and reinforce their own experiences and biases, inadvertently sidelining a vast pool of untapped entrepreneurial potential.

The UK's tech economy is rich in talent and potential, we are poised to lead globally and drive significant economic growth. However, its full potential is hindered by systemic barriers within the venture capital and entrepreneurship landscape. Exclusivity in venture capital, coupled with socioeconomic inequities, limits access to vital resources and opportunities. To truly tap into our nation's diverse talent pool, discussion on diversity must go beyond gender and ethnicity to include demographics such as socioeconomic background. Addressing these challenges is not just a matter of fairness; it is crucial for unleashing the complete innovative capacity and economic power of the UK tech sector.

The venture capital industry stands at a pivotal juncture, with the opportunity to evolve beyond comparing depth of one demographic against another, to genuinely embracing intersectionality where all facets of diversity, including socioeconomic background are considered. It is time for us, as a community of venture capitalists, tech entrepreneurs, and policymakers, to not just acknowledge but actively challenge and change the homogeneity in our ranks. Only then can we truly claim to champion the spirit of entrepreneurship - a spirit that thrives on diversity, in every sense of the word.



David Houghton
Head of Data & Research
Diversity VC

Foreword from our Sponsor



Innovation needs different: the business case for driving diversity

As the financial partner to the innovation economy, we have the privilege of seeing this extraordinary ecosystem in action every day. It also means we have a responsibility to help build a more diverse and inclusive community.

The work that Diversity VC are doing is crucial in driving tangible change, because what's measured can be managed. Understanding the impact that gender, ethnicity, socioeconomic and educational background have on someone's prospects within venture capital is the first step in improving representation.

And there is considerable work to be done.

Although it is positive that this report finds that there has been an increase in the representation of people from different ethnic backgrounds within VC, figures around both inclusion and equity suggest more focus is needed to ensure people feel supported, valued, and ultimately more likely to succeed in their roles.

Female representation is also flat. Recent reports by Ada Ventures and European Women in VC respectively show that 10 times more LP capital goes to funds owned by men – and that just 15% of VC GPs are women. There is a commercial imperative to address this imbalance, as VC performance demonstrably increases when there are more women in fund ownership positions.

HSBC Innovation Banking is proud to support Diversity VC on this report as part of our ongoing commitment to creating a more diverse and equitable UK venture ecosystem. We are also a founding partner of the Newton Venture Program which, to date, has supported over 450 aspiring and practicing VCs with learning and development opportunities to help ensure that the next generation of investors better represents the world we live in – because innovation needs different perspectives to thrive.

“Inspired thinking should never be invisible. By building a more inclusive ecosystem, we can reveal the diverse perspectives needed to find solutions to the complex problems ahead.”

“We are fully committed to supporting underrepresented founders and funders at every stage of their journey, because we know that innovation needs different perspectives to thrive.”



Erin Platts
CEO
HSBC Innovation Banking UK

Highlights

Zero

No change in Gender demographics of UK VCs since 2019 - female representation is completely flat at 30%.

71%

of VC partners are from affluent upper socioeconomic backgrounds. That is more than 1000% overrepresentation. Less than 7% of the UK population is privately educated vs 71% of UK VC partners.

100%+

growth in ethnic demographic representation across Asian, Black, and Mixed-ethnicity VCs in the UK since 2019. However women of color in investment roles are scarce.

Divergent perspectives

Men are the most likely to 'feel their fund is contributing towards a more inclusive technology ecosystem' (75%), vs 60% of women and even lower further down the socioeconomic spectrum. In contrast, 56% of ethnic minorities disagree with this statement.

2X

Women are almost twice as likely to be in non-investment positions such as platform or community-building roles when compared to men, and thus less likely to have significant influence over investment decisions.

UK Research Team



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Methodology Overview

Questionnaire

Diversity VC, in collaboration with sponsors and partners, drafted a survey to collect information from individuals working in VC in the UK. That survey is outlined briefly below; specific questions can be seen in the [survey link](#). The majority of questions were required, however, all multiple-choice questions included the ability to select “Prefer not to answer.”

Areas of investigation included:

- **Demographics:** ethnicity, gender identity, sexual orientation, age, socioeconomic status, educational attainment
- **Work history:** prior operating or founding experience
- **Experience:** how much respondents felt they had influence and respect at work; how often they were asked to do “office housework”, whether their contributions were valued

The survey was conducted from May to July 2023. Individuals were reached through a combination of direct email, LinkedIn posts, Slack and WhatsApp communities, and strategic partner communications. We received more than 300 unique responses from individuals.

Not every respondent has answered every question, so percentage data is presented on a respondents-only basis. Further, given the sensitive nature of the data we collected, some respondents opted to forgo answers to some questions.

Finally, in our reporting, we will make reference to prior reports done by Diversity VC as a way to measure progress towards a more diverse ecosystem. However, the comparison is not perfect: while previous reports have collected and analysed data from publicly available sources, this version of the survey was entirely self-reported and we recognise that there is a high probability of selection bias in this survey. In other words, those willing to fill out our survey may be more likely to be more diverse compared to a survey of all VCs.

Supplementary Data

To supplement the survey data, we have also collected an updated dataset from public sources on VCs at UK funds that have made investments in the last 12 months to assess DEI improvements over time. We used [Gender API](#) to assess an individual’s gender based on their name and location.

Key Terms



Diversity, Equity, and Inclusion.



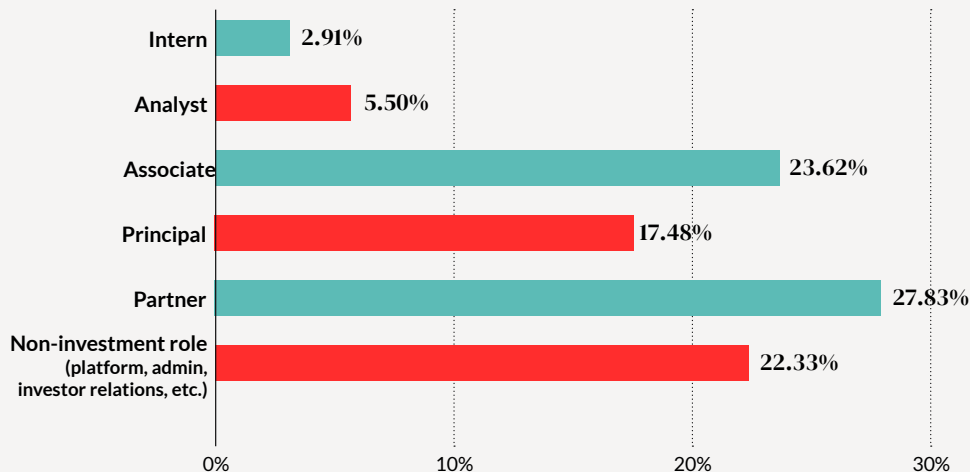
Underrepresented minority. For the purposes of this report, an underrepresented minority is defined as any person not identifying as a man or white. In most instances through this report, we use URM to signify nonwhite. It is important to note that while these individuals are underrepresented in the VC sector, they represent the majority of the global population and the Latin American population. This delta presents both a problem and an opportunity.

Results Summary

Overall Demographics

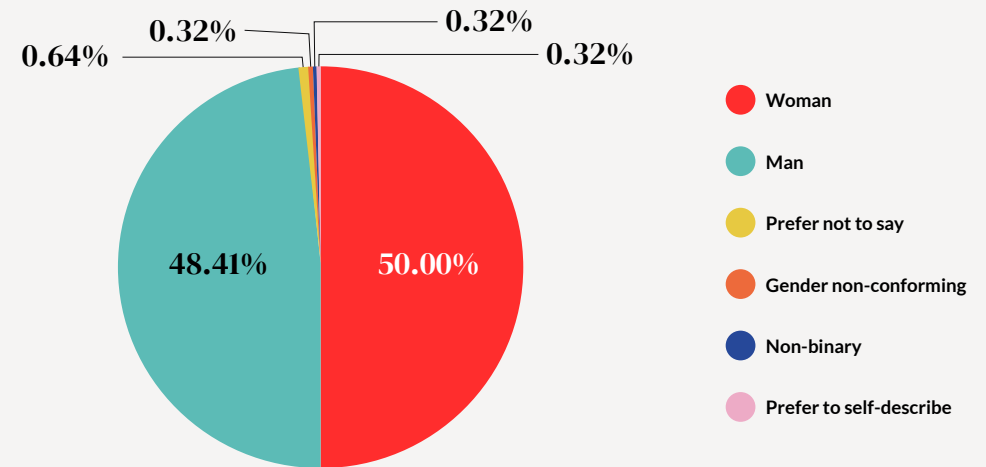
We received 305 unique responses representing 189 unique funds in the UK ecosystem. To lay the foundation for our analysis, we've compiled below some high-level figures around who those respondents are before digging deeper into differences.

Chart 1: What is the role split of Equity Record respondents?



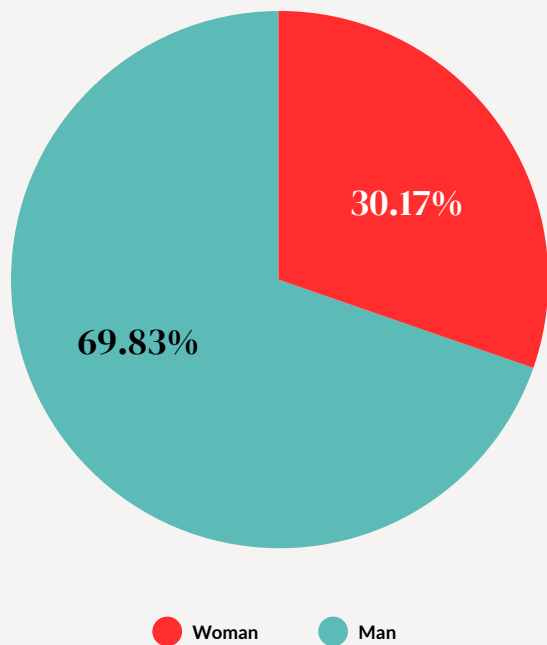
Respondents were fairly evenly distributed across different roles in VC, with a slight overrepresentation of Partners (27.83%). Typically more junior roles of analyst and intern were the least represented, with 2.91% and 5.5% of all responses. Non-investment roles were well represented in our survey, coming in at just under one-quarter of all responses.

Chart 2: What is the gender split of Equity Record respondents?



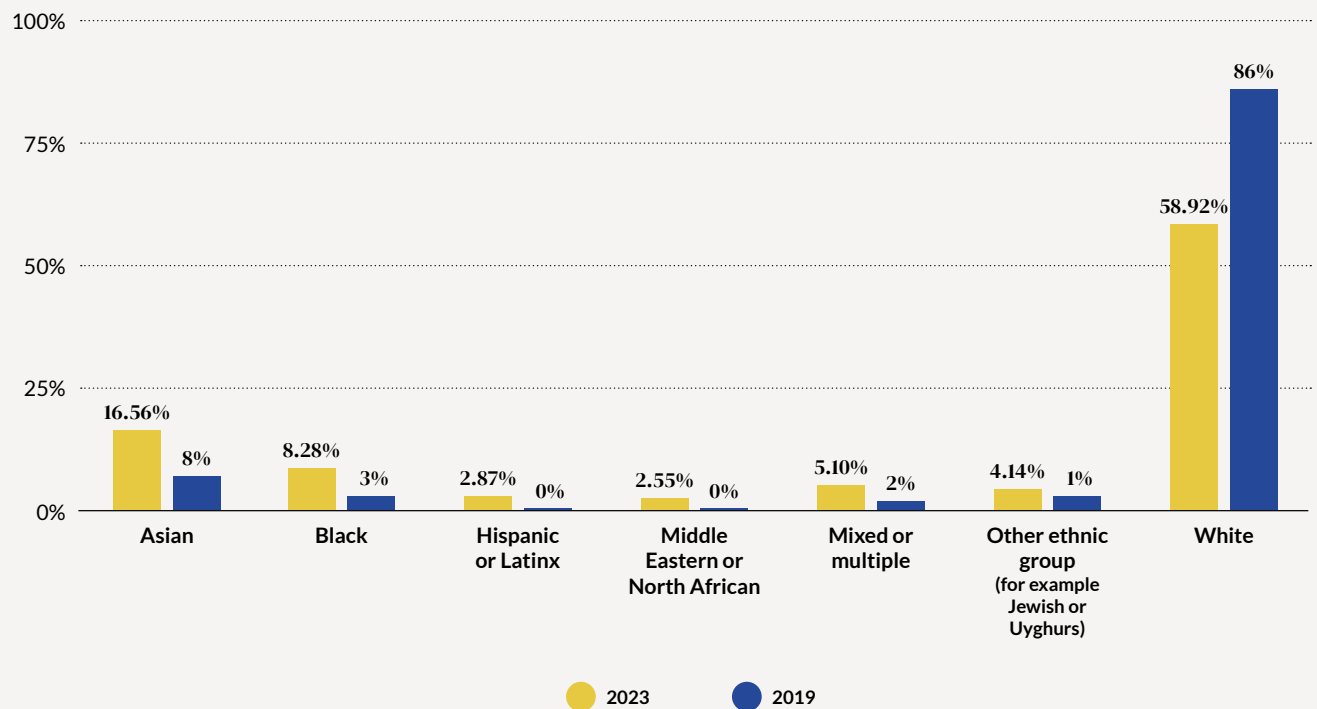
The vast majority of respondents identified as women (50%) or men (48.4%), with a small percentage identifying as nonbinary (0.32%) and gender non-confirming (0.32%). More on this gender split below; we expect that selection bias played a part in our survey results, so we compared our results to LinkedIn data to get an ecosystem-wide view of this information. When we last did our survey in 2019, women made up 30% of VC roles; this trend is certainly encouraging overall.

Chart 2b: Gender split of UK VCs - LinkedIn Data



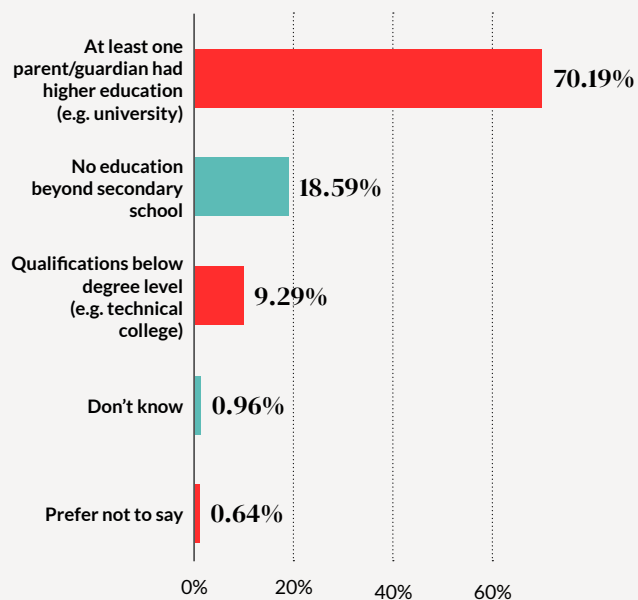
However, the LinkedIn data indicates that growth in female representation in VC is flat from 2019 to 2023.

Chart 3: What is the ethnicity split of Equity Record respondents?



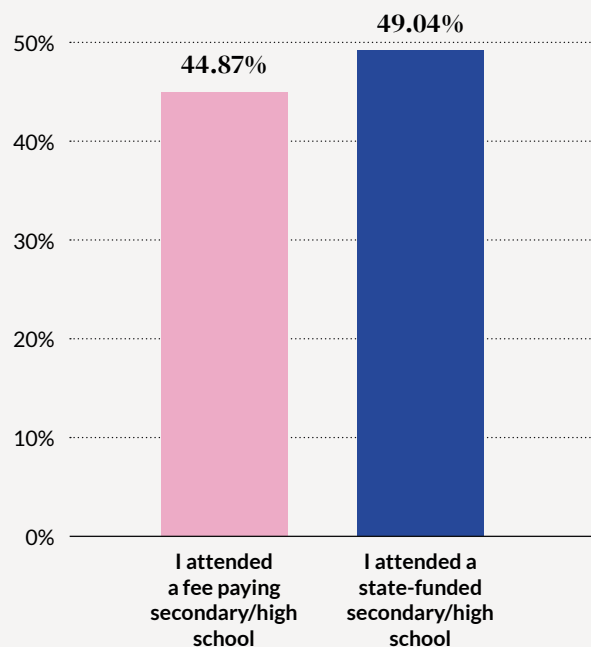
Our survey suggests that VC is still majority White, but less so than it has been in past years. 58.92% of respondents identified as White in our 2023 survey; Asian was the second most popular with 16.56%, and Black at 8.32%. These are certainly improvements over the 2019 numbers, showing far more diversity across the region.

Chart 4a: What is the socioeconomic split of Equity Record respondents?



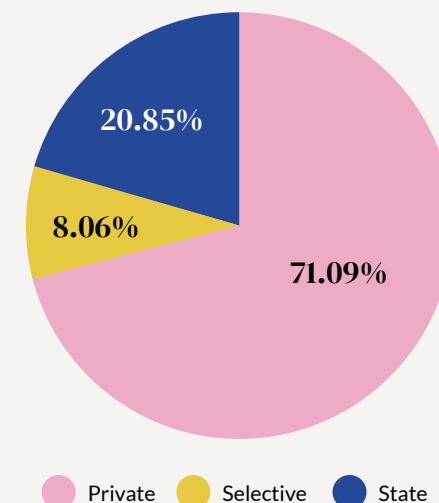
One new area of investigation for Diversity VC was socioeconomic background, which was evaluated based on a respondent's parents' educational attainment and the type of secondary education that they received (fee-paying vs. state-funded). 70.19% of respondents have at least one parent who completed university, while 18.59% said their parents had no education beyond secondary school.

Chart 4b: What is the educational background of Equity Record respondents?



Equity Record respondents were split evenly as to whether they attended a state-funded secondary school vs. a fee-paying one, according to our research. As expected, they were more likely to have attended a state-funded school if their parents had no education beyond secondary school.

Chart 4c: Socioeconomic background of VC partners in the UK

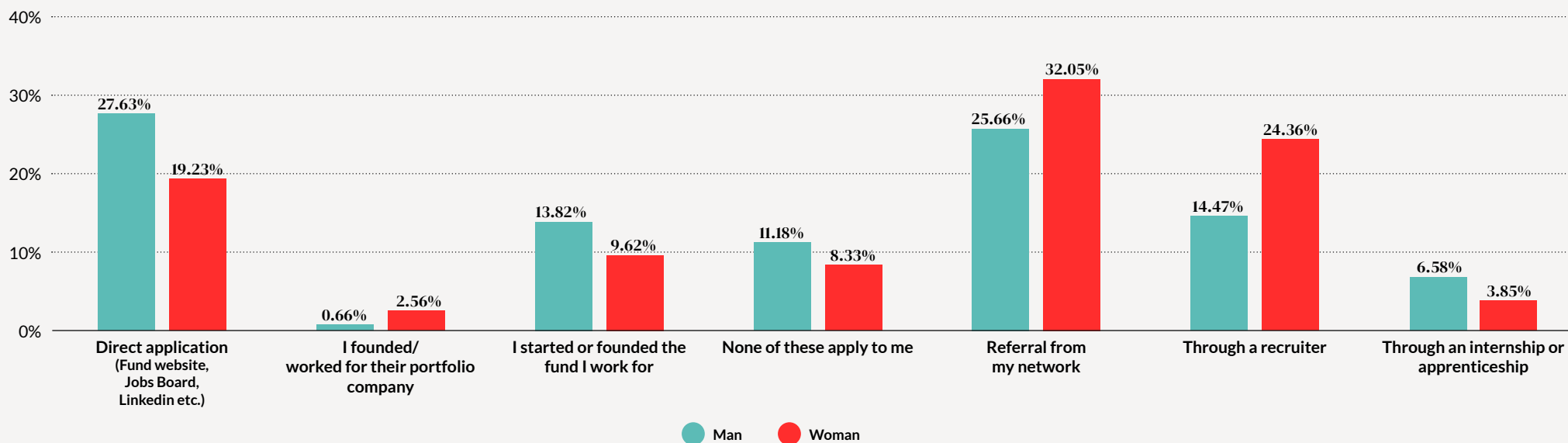


Similarly, with gender, we don't believe this to be truly representative of the UK VC industry, and so we compared our results to LinkedIn data, and external data kindly provided by Edward Keelan of Octopus Ventures. A staggering 71% of partners in VC funds were educated in private schooling. In the UK, approximately 7% of individuals are educated in private schools, this indicates more than 1000% over representation of upper socioeconomic classes in venture capital. Despite making up 93% of the UK population, only 21% of VCs were educated in state-funded schools.

Deep dive: Gender

To better understand how people from different genders experience VC, we split our analysis by gender identity and looked at the relative difference in responses between them. Those findings continue below. Given the small number of responses for other gender groups, we have limited this analysis to those genders for which we have significant data - men and women - itself a suggestion there is underrepresentation of nontraditional genders in VC.

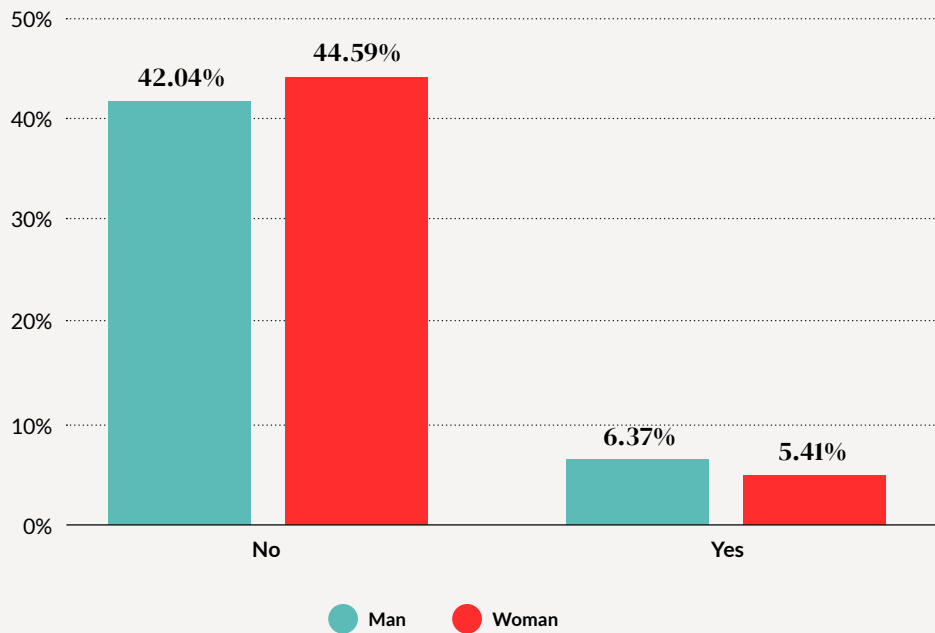
Chart 5: How do different genders typically find their job in VC?



While men and women both followed somewhat similar patterns for finding their roles in VC, there were some noticeable deviations between the groups. Women were more likely to find their role through their network (32.05%) or through a recruiter (24.36%), while men found more luck through direct applications. Meanwhile, women were less likely to have gotten to their role through founding a fund (9.62%) or doing an internship (3.85%).

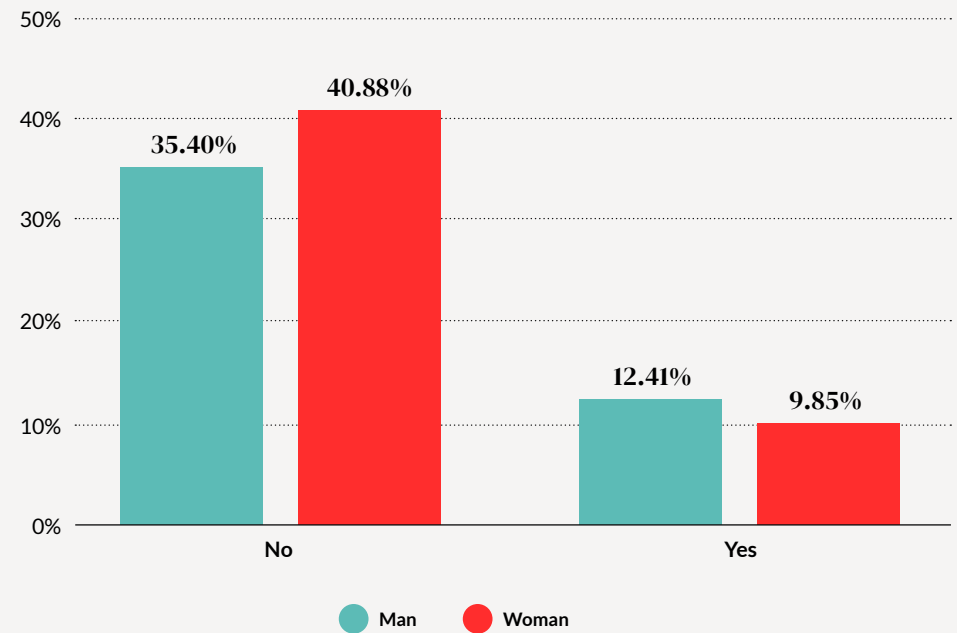
Across the board, network and warm introductions still rule for breaking into VC. Direct applications account for at most 27.63% of job placements for men. However, the increase in the percentage of women finding their role through a recruiter suggests that more effort is being made to reach outside existing networks to find more diverse talent.

Chart 6: Are different genders more likely to have previously founded a VC-funded startup before going into VC?



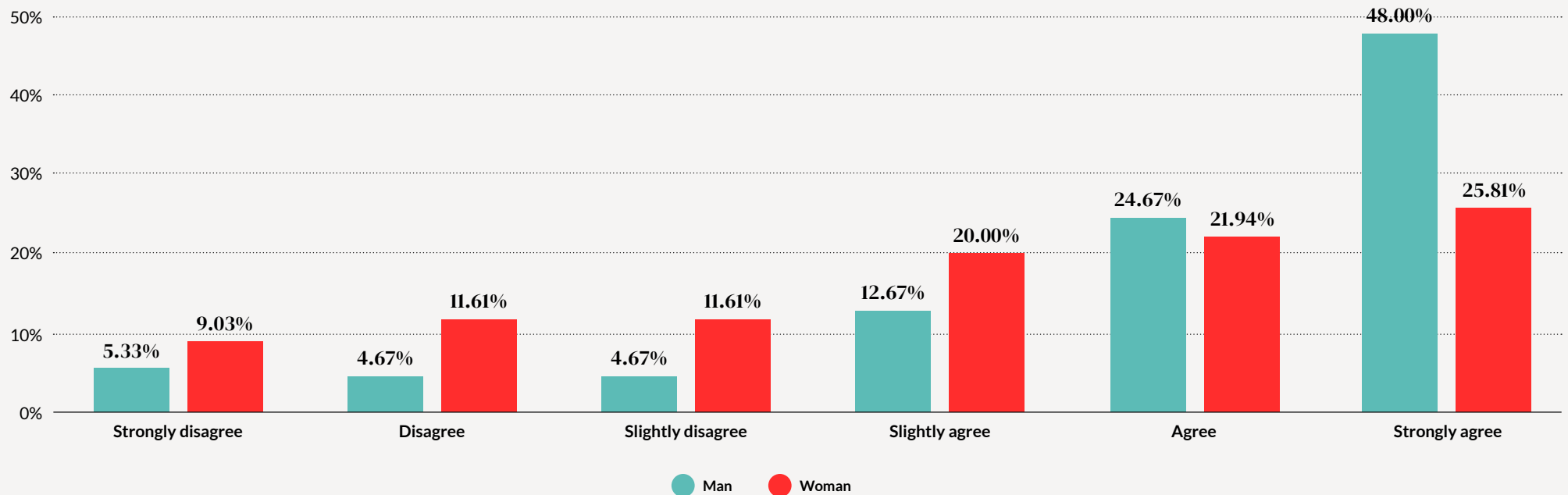
Men were ever so slightly more likely than women to have founded a VC-backed startup prior to working in VC. In line with the overall market, prior experience founding a startup was not an especially common attribute for either group.

Chart 7: Are different genders more likely to have worked in a VC-funded startup before going into VC?



The gap widened slightly between men and women in terms of prior operating experience, with 12.41% of men saying they had worked at a VC-backed company before compared to 9.85% of women.

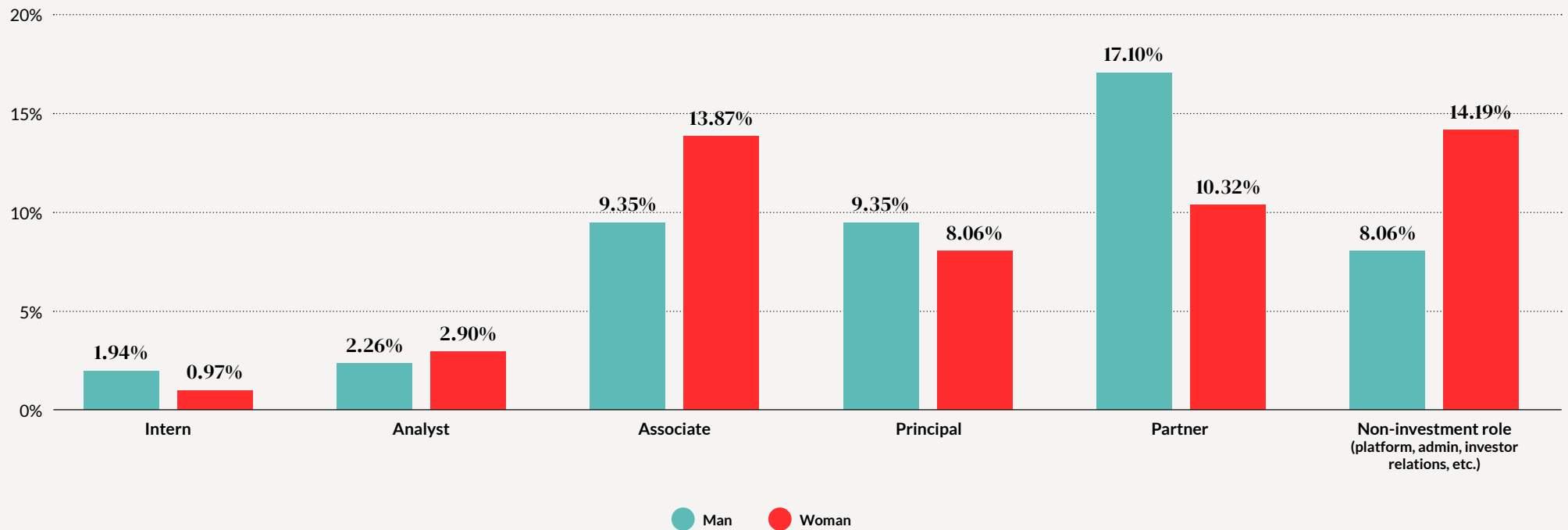
Chart 8: Are there any trends with the level of influence different genders feel they have over investment decisions at their fund?



We asked respondents to rank on a scale of 1-5 (Strongly Disagree - Strong Agree) their agreement with the following statement: I have an influence on how investment decisions are made in my company. We wanted to see if there was a difference between genders - and the result was fairly striking.

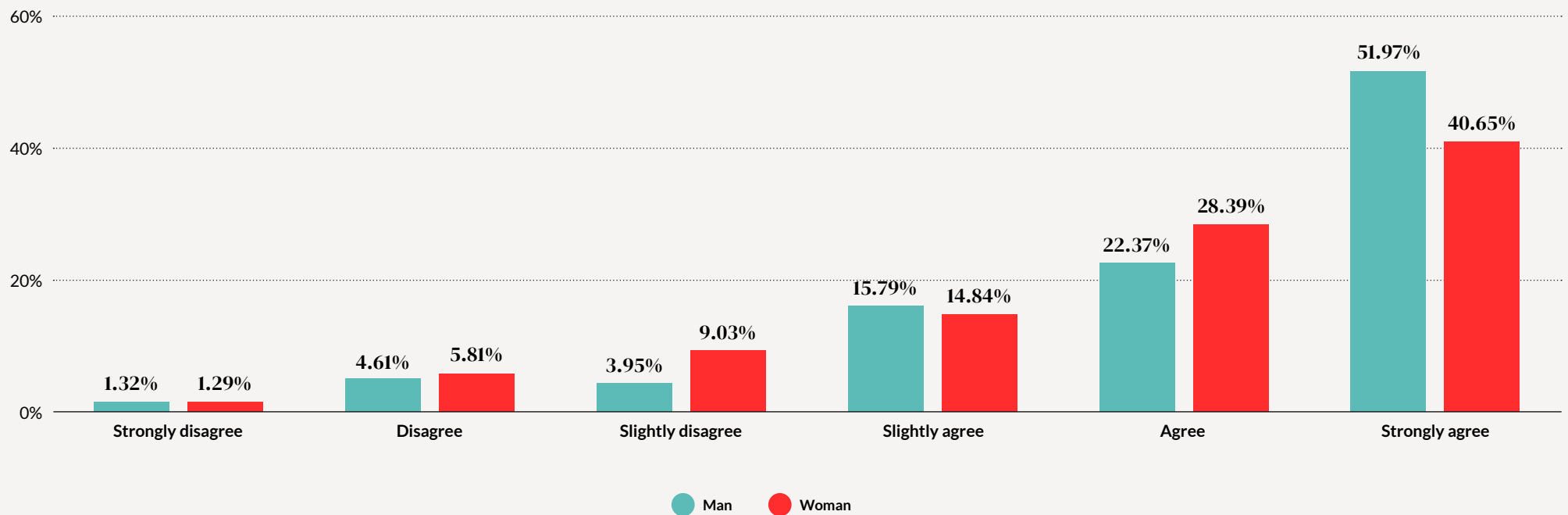
While 72.67% of men answered with a 4 or higher, only 47.74% of women did; 14.67% of men gave a 2 or less, compared to 32.26% of women. This strongly suggests that women do not feel they have any influence over investment decisions - a feeling we have long inferred from the fact that far fewer women hold investment decision-making roles at funds.

Chart 9: Are there any trends among gender and the roles that different people have within VC funds?



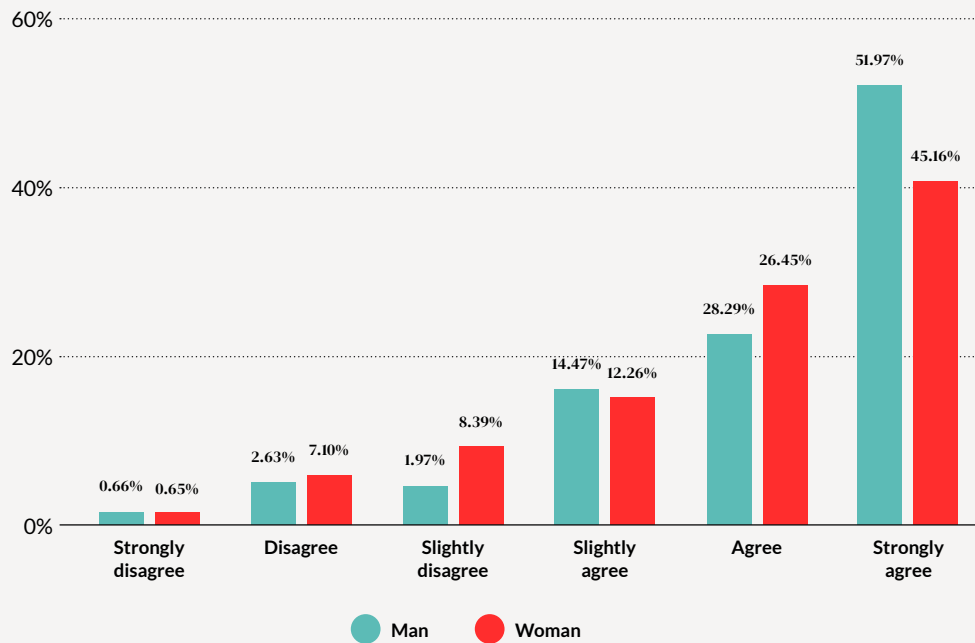
In fact, women were almost half as likely to be a Partner as men in responding to our survey - despite the fact that we saw quite a significant overrepresented of women respondents. They were nearly twice as likely to be in non-investing roles, where it is unlikely they have any influence over investment decision-making. Interestingly, women were slightly more represented at the analyst and associate roles, suggesting that there have been efforts to bring in more women into junior positions. However, we have yet to see these junior employees graduate into more senior roles with investment decision-making power.

Chart 10: Are there any trends among gender and whether individuals feel they have always had the same amount of opportunities as colleagues in VC?



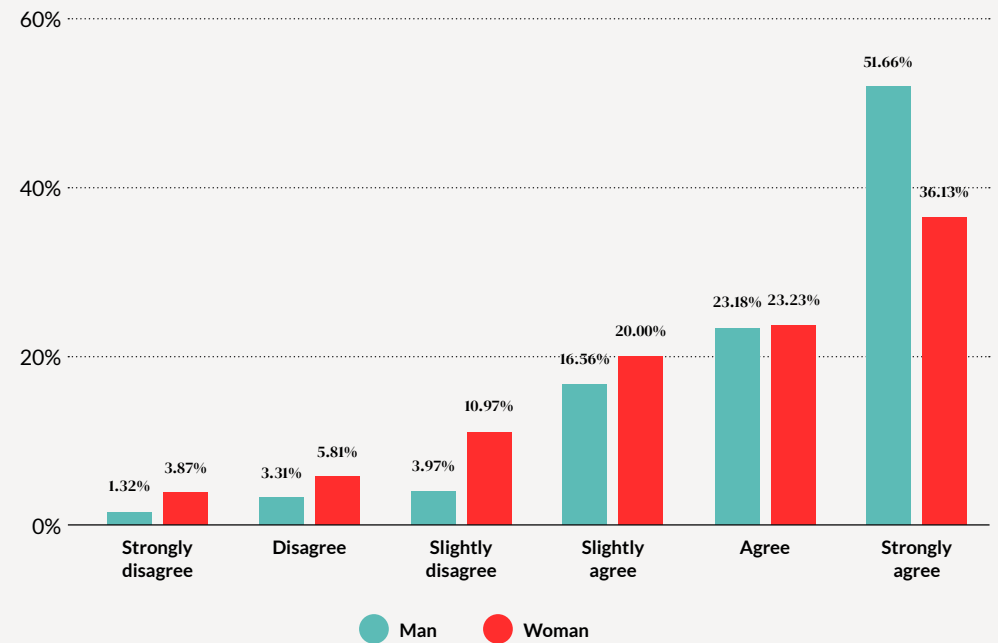
Next, we asked respondents to rank on a scale of 1-5 (Strongly Disagree - Strong Agree) their agreement with the following statement: I've always been given the same amount of opportunities as colleagues with similar skills & experiences. Here, men and women were far more aligned in their answers, with the majority in both cases saying they agreed. Women were slightly more likely to disagree, with 16.13% giving an answer of 2 or less compared to 9.87% of men. This distribution indicates that men and women in the UK VC ecosystem do feel that there is equity in the workplace, at least so far as opportunity goes.

Chart 11: Are there any trends among gender and the level of respect and understanding people feel within their fund towards them?



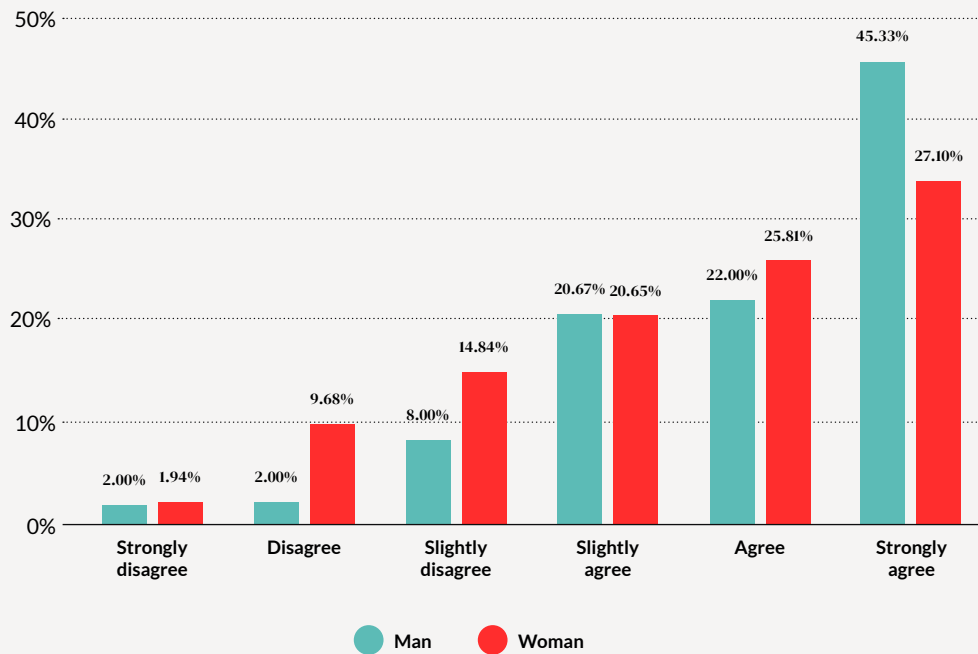
The next statement for ranking was: I feel respected and understood in my company. Once again, men and women were fairly aligned with women being slightly less likely to say they felt respected.

Chart 12: Are there any trends among gender and whether individuals feel their fund is contributing towards a more inclusive technology ecosystem in the UK?



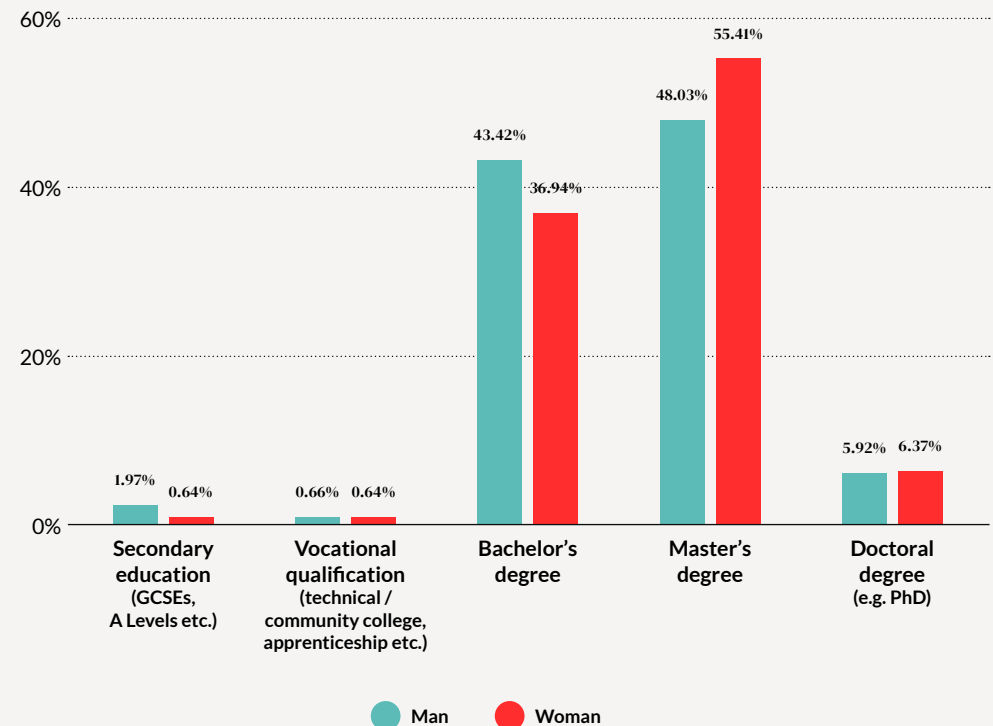
The two groups' responses deviated when asked to answer, My fund is contributing towards creating a more representative and equitable technology ecosystem in the UK. The distribution was very similar to that of the question about investment decision-making influence: 59.36% of women agreed their fund was contributing, compared to 74.84% of men. While we did not collect specific commentary from respondents, this is an interesting point of difference to potentially investigate further; why do men feel that what we're doing today is enough, while women think their funds can do more?

Chart 13: Are there any trends among gender and whether individuals feel everyone is asked to do their fair share of 'office housework' at their fund?



By far the biggest deviation of all between men and women was in response to the prompt: Everyone is asked to do their fair share of “office housework”. More than 2/3 of men said they agreed or strongly agreed with this statement, compared to 52.91% of women. These responses suggest that women are often asked to do office housework more frequently than men - a trend consistent with data from other research such as child and family care. We encourage funds to implement very clear rules around responsibilities for office housework to both increase transparency and distribute work equitably.

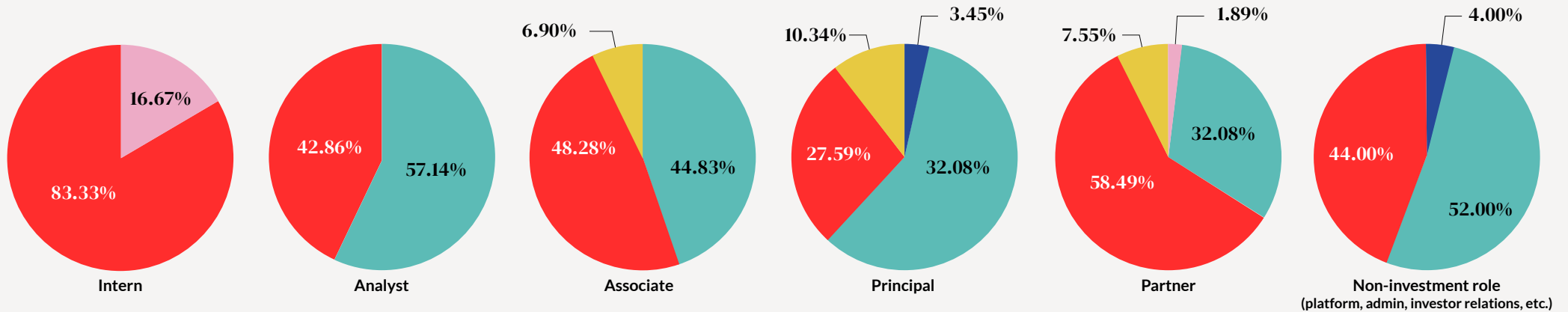
Chart 14: Are there any trends among gender and the highest level of education achieved among UK VCs?



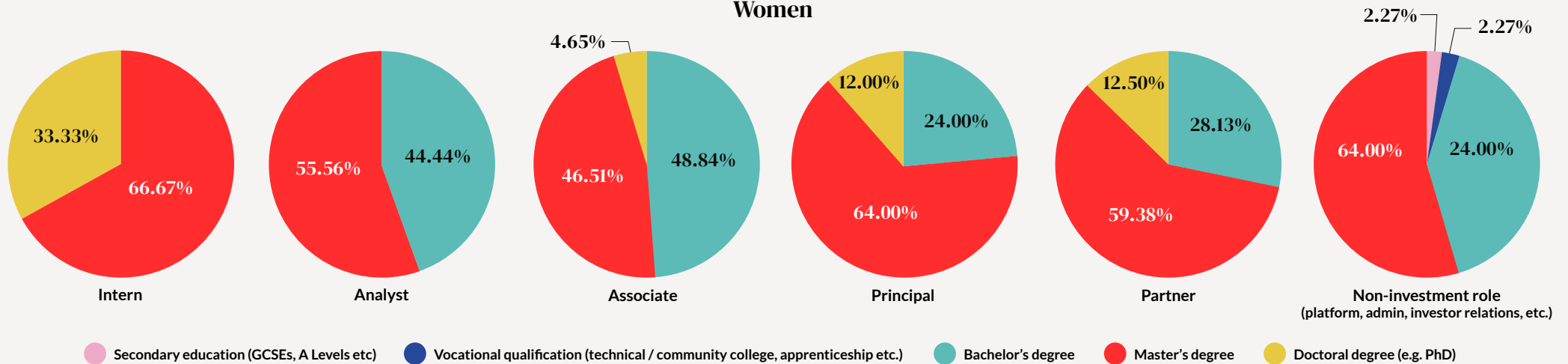
Women were more likely to hold a Master's degree than men (55.41% vs. 48.03%), but both groups were very highly educated; more than 90% in both cases had completed at least a Bachelor's degree. A small number of men said that their highest educational level was secondary education, compared to even fewer women. Overall, it appears there is a slight education premium for women in VC.

Chart 15: Are there any trends between gender, educational attainment and role within VC funds?

Men



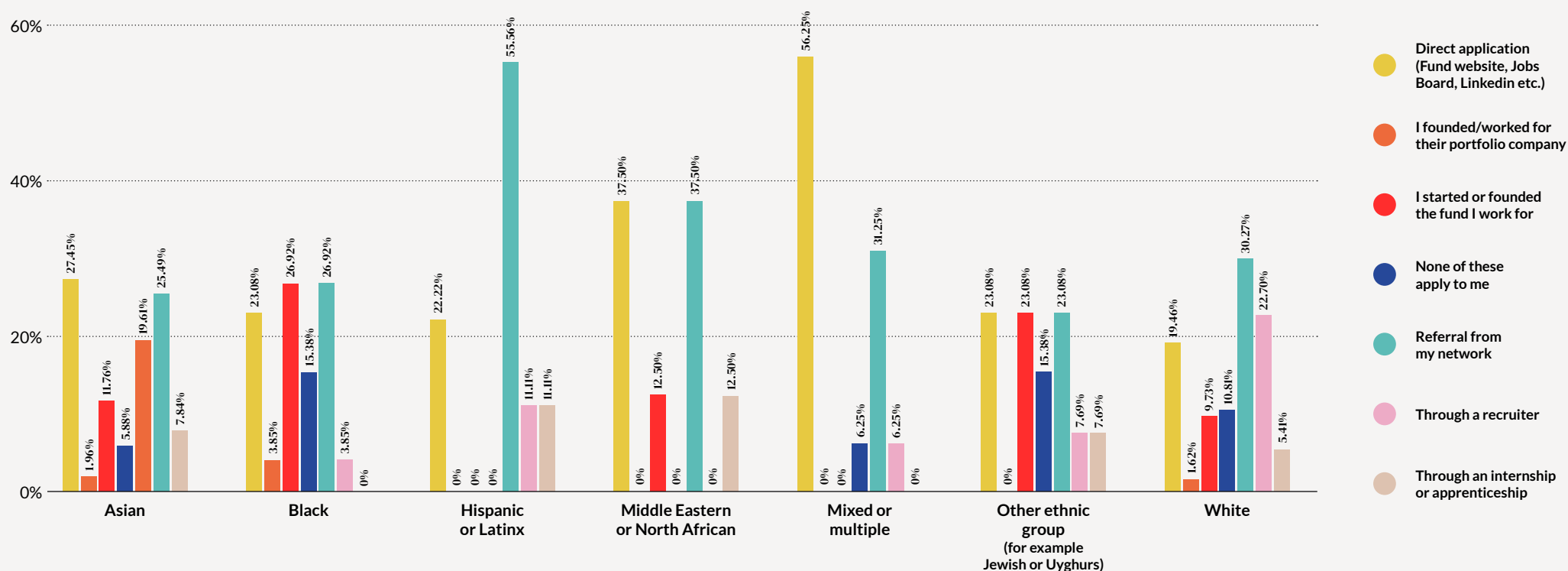
Women



In contrasting gender, educational attainment, and role, we found that women Partners were actually less likely to have a Master's degree than men (6.13% vs. 10%) - but women in all other roles (apart from Intern) were more likely to have a Masters' degree. Once again, this suggests that women often need more education to break into VC - but not necessarily to reach the top.

Deep dive: Ethnicity

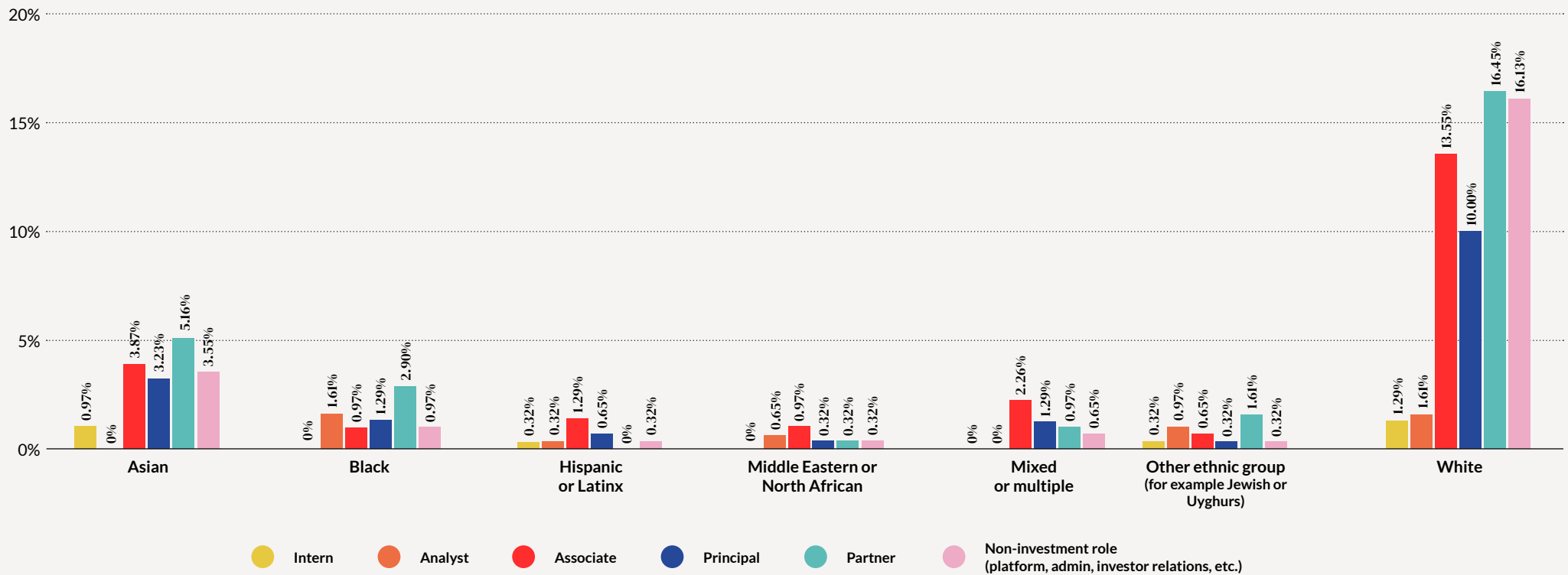
Chart 16: How do people with different ethnic backgrounds typically find their job in VC?



Similar to the discrepancies we found across gender, people from different ethnic backgrounds found their roles in largely similar ways - with some notable differences. Direct applications and network referrals were most common on average, though White and Asian respondents were more likely than others to say they found their path through a recruiter.

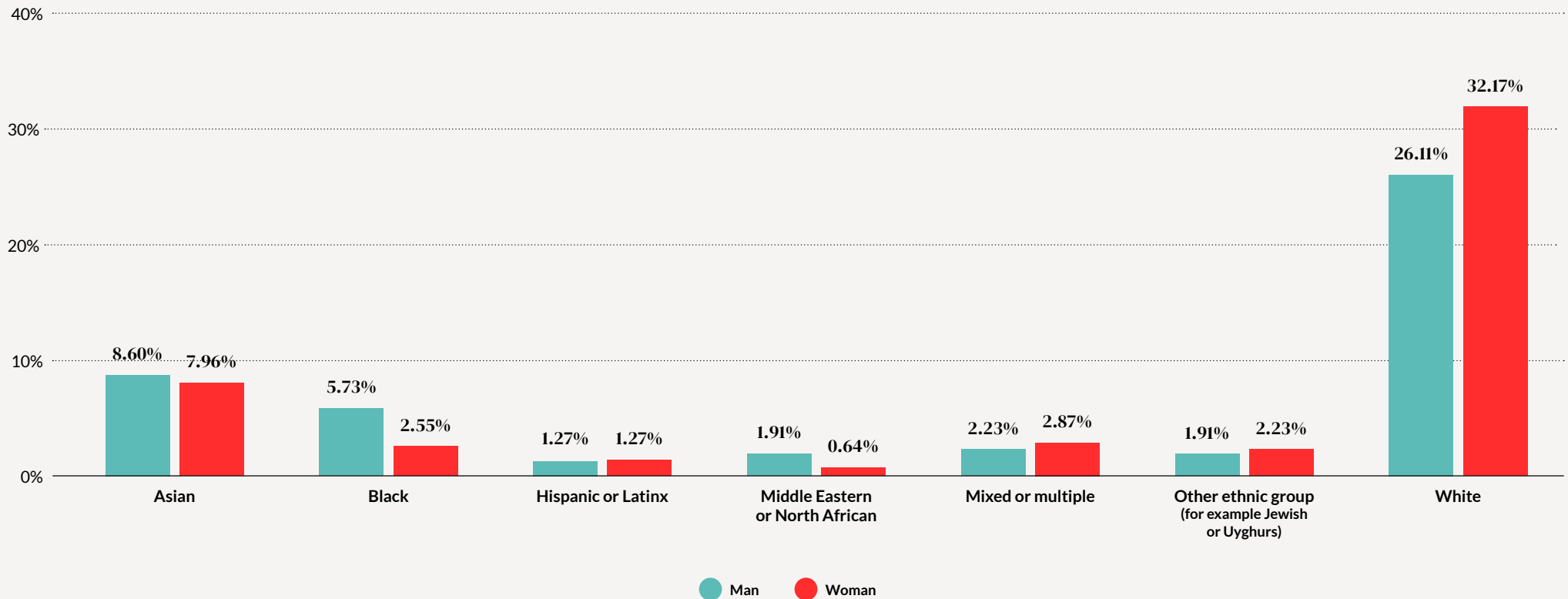
Perhaps the difference that stands out the most is that while just 9.73% of White respondents started or founded the fund they work for, 26.92% of Black respondents said the same. In fact, White respondents were the least likely to report that they'd started their fund, suggesting that starting a fund is a more common entry point for non-White VCs.

Chart 17: Are there any trends across ethnicity and roles within VC funds?



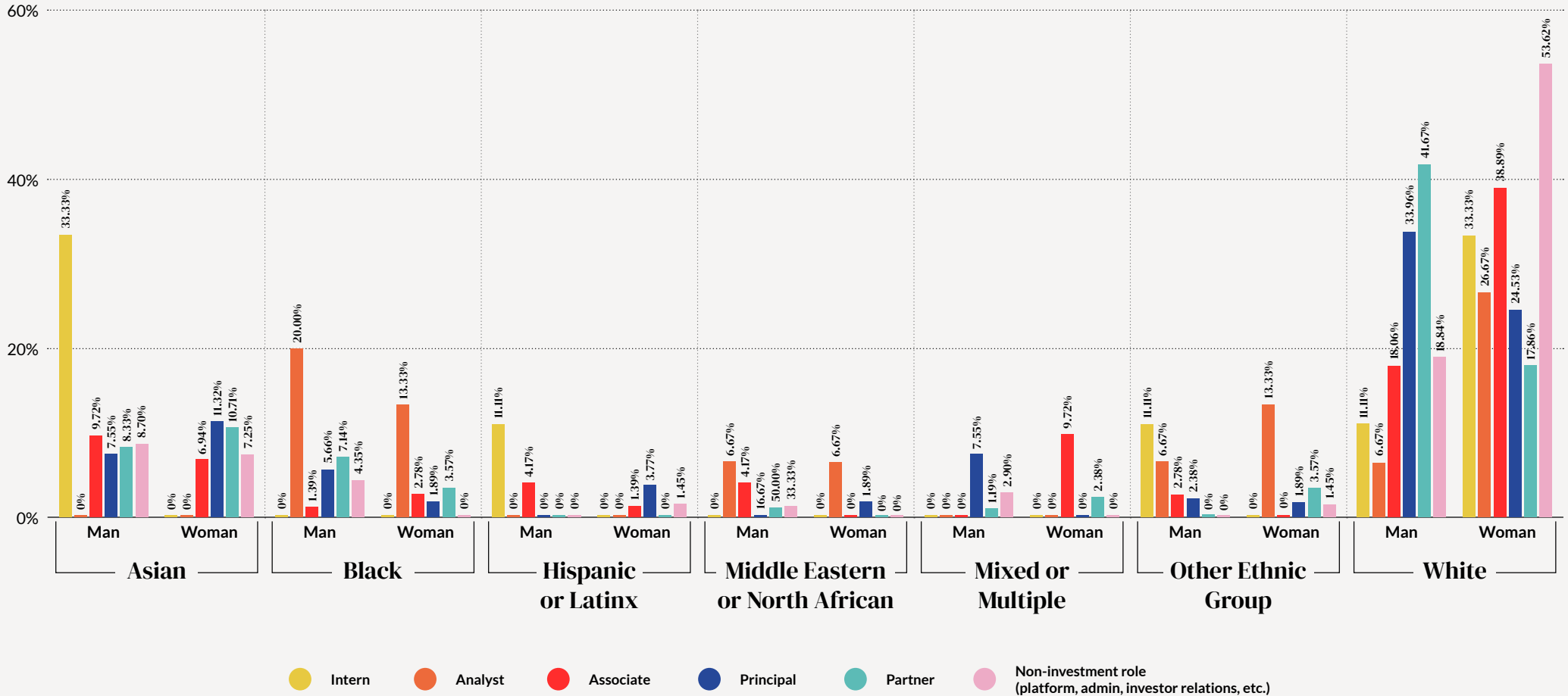
As the majority of the workforce, it is no surprise that White respondents made up the largest group of any individual role in our survey. They were more than 3x likely to say they were a Partner, Principal, or Associate compared to the next largest group (Asian); by the same token, they were more represented in non-investment roles as well. Analysts were the most diverse role, indicating that VCs are likely finding diverse candidates for more junior roles - but struggling to fill senior roles similarly. Increasing the funnel of trained talent into these more senior positions - either through promotion to higher levels or lateral recruiting - will continue to be important for seeing more diversity in investment decision-making positions.

Chart 18: Are there any trends across ethnicity and gender within UK VC?



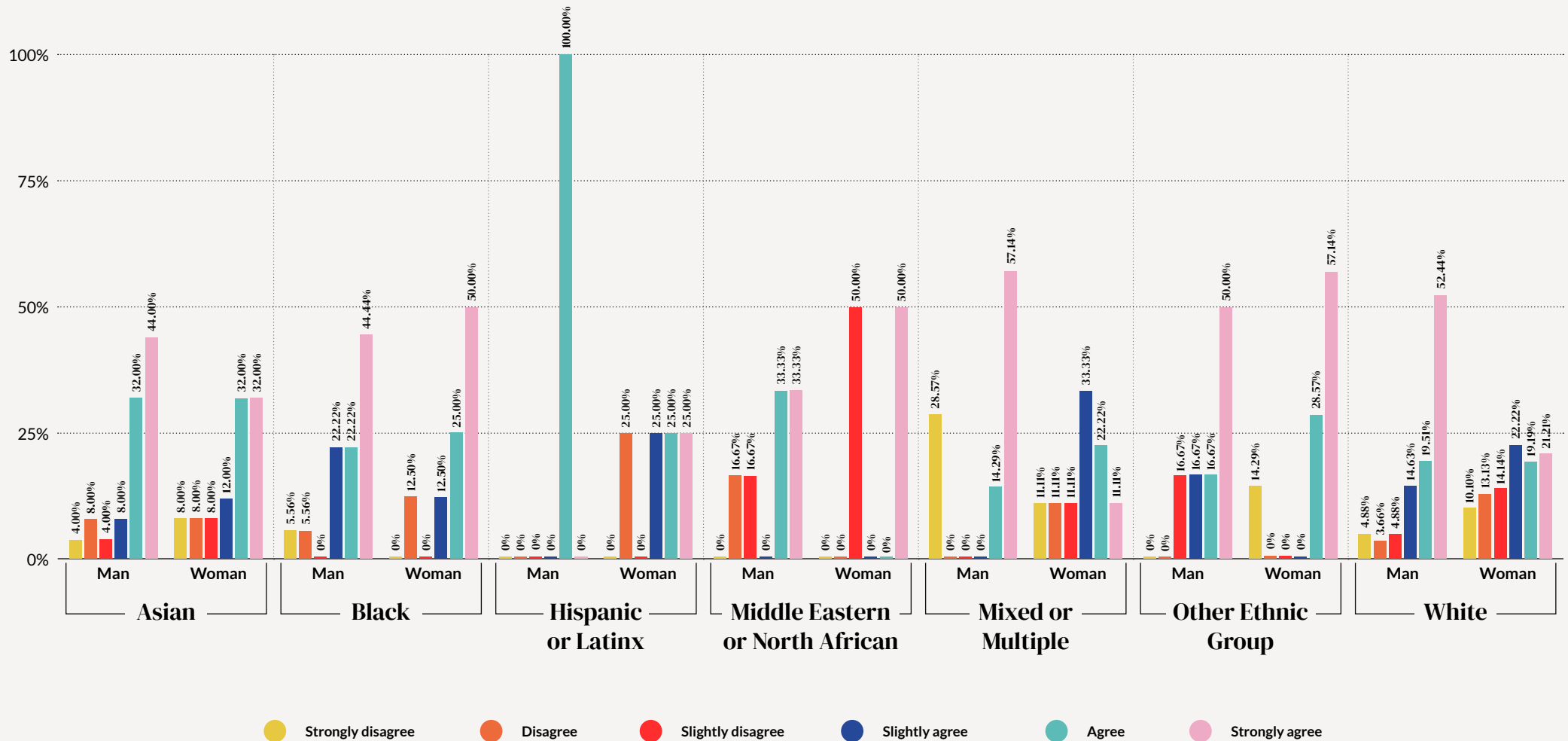
The men represented in our survey were more diverse than the women respondents in terms of ethnicity - a trend we've seen in other markets and other industries. White women made up 32.17% of all our respondents, and all women made up 50%; comparatively, White men were 26.11% out of 48.41%. Black and Middle Eastern or North African women are especially underrepresented compared to their counterparts identifying as men. This data suggests that a more concerted effort is necessary to find more women of colour for VC roles - something aided by greater representation among men and greater representation of women overall.

Chart 19: Are there any trends across ethnicity, gender, and the roles that people have within UK VC?



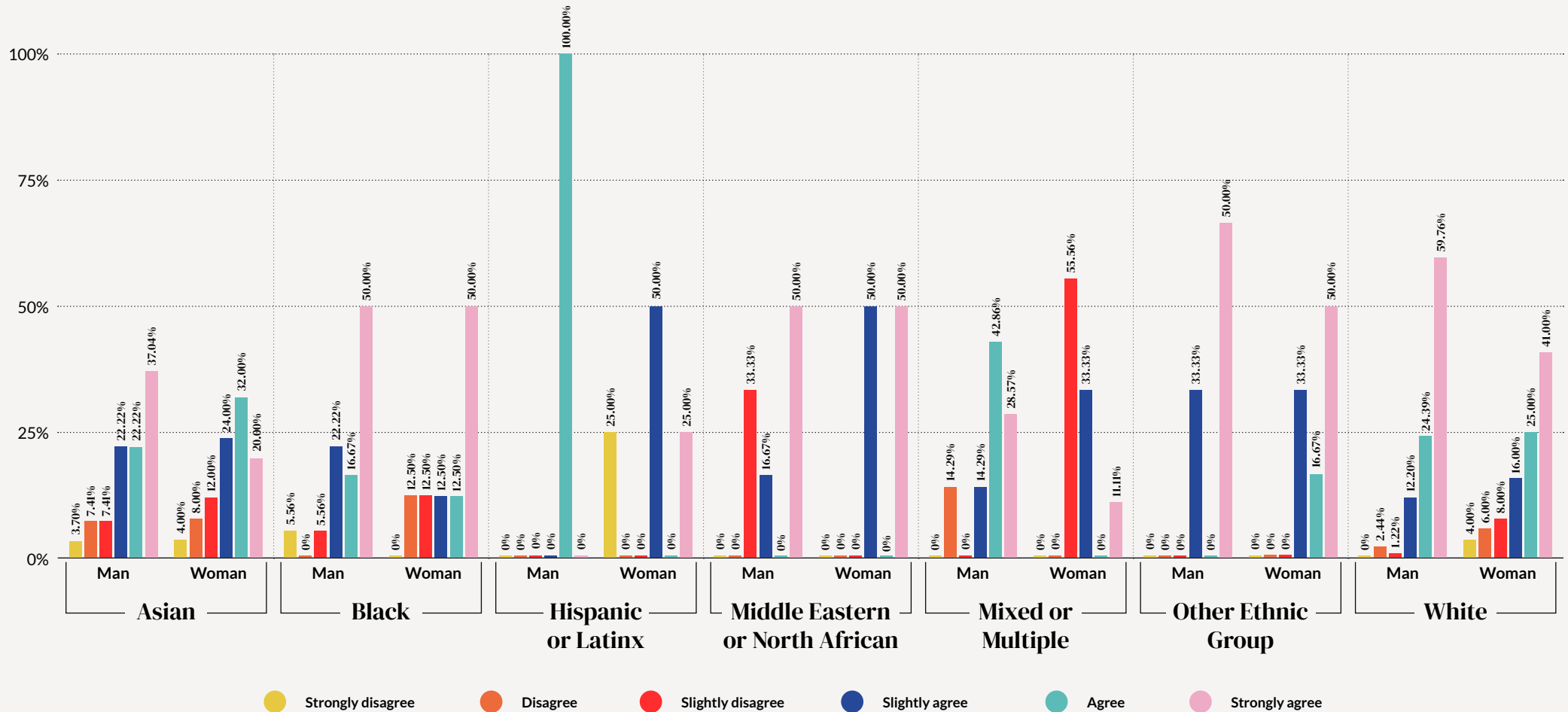
When we cross-referenced gender, ethnicity, and role, some interesting trends began to emerge. First, across the Asian population of respondents, men were actually more likely to be represented at the junior levels than women, who were more likely to be Partners or Principals. The reverse was true for White men and White women: the men were more than twice as likely to be senior than women, while women were twice as likely to be junior. Black men were more likely to be in all roles than women except for Associate but were also twice the population size overall.

Chart 20: Are there any trends across ethnicity and the level of influence individuals feel towards investment decisions?



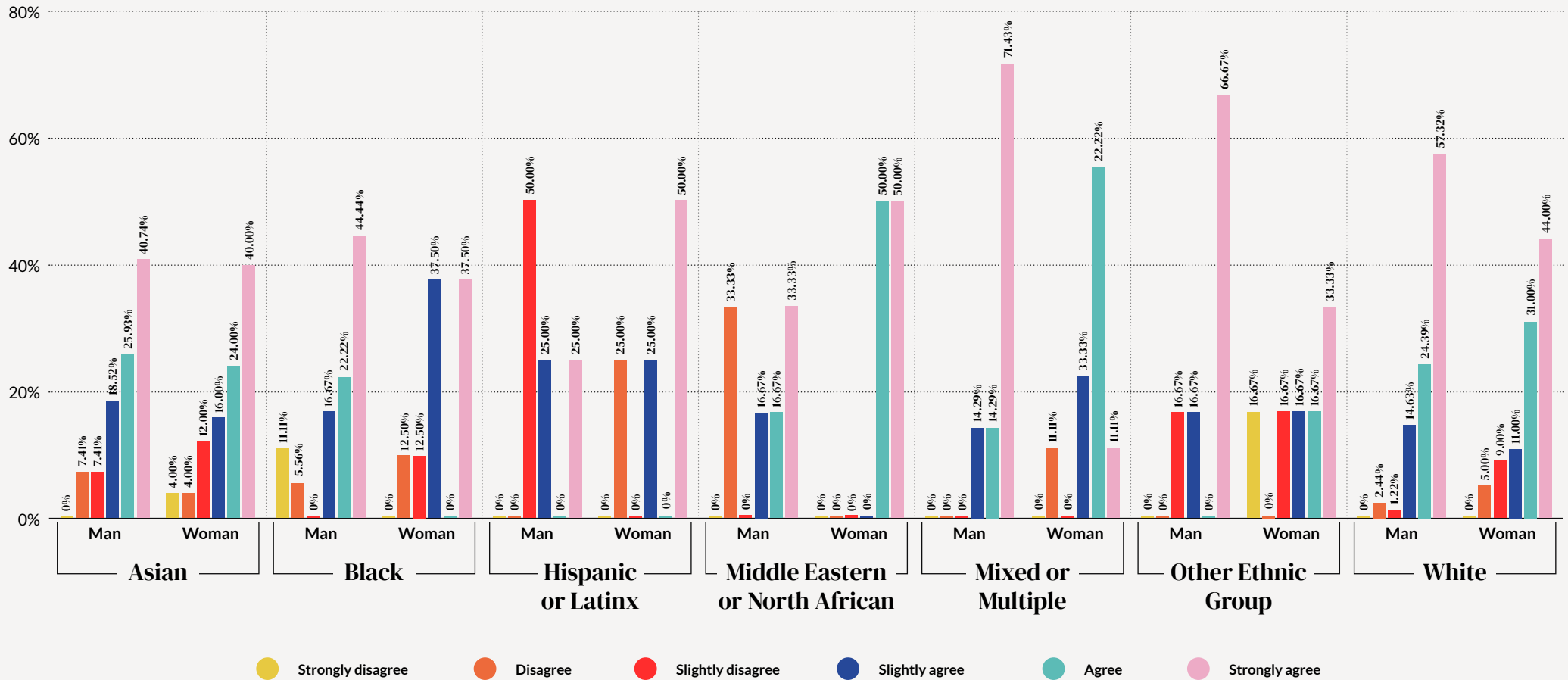
Women were generally more negative about their level of influence than men as we covered above. Women of colour, however, were actually more likely than White women to say that they felt they have an influence on how investment decisions are made in their company. Men were very similar across all ethnicities, with Asian men being slightly more likely to say they agreed with the statement.

Chart 21: Are there any trends across ethnicity, gender, and whether individuals feel their fund is contributing towards a more inclusive technology ecosystem?



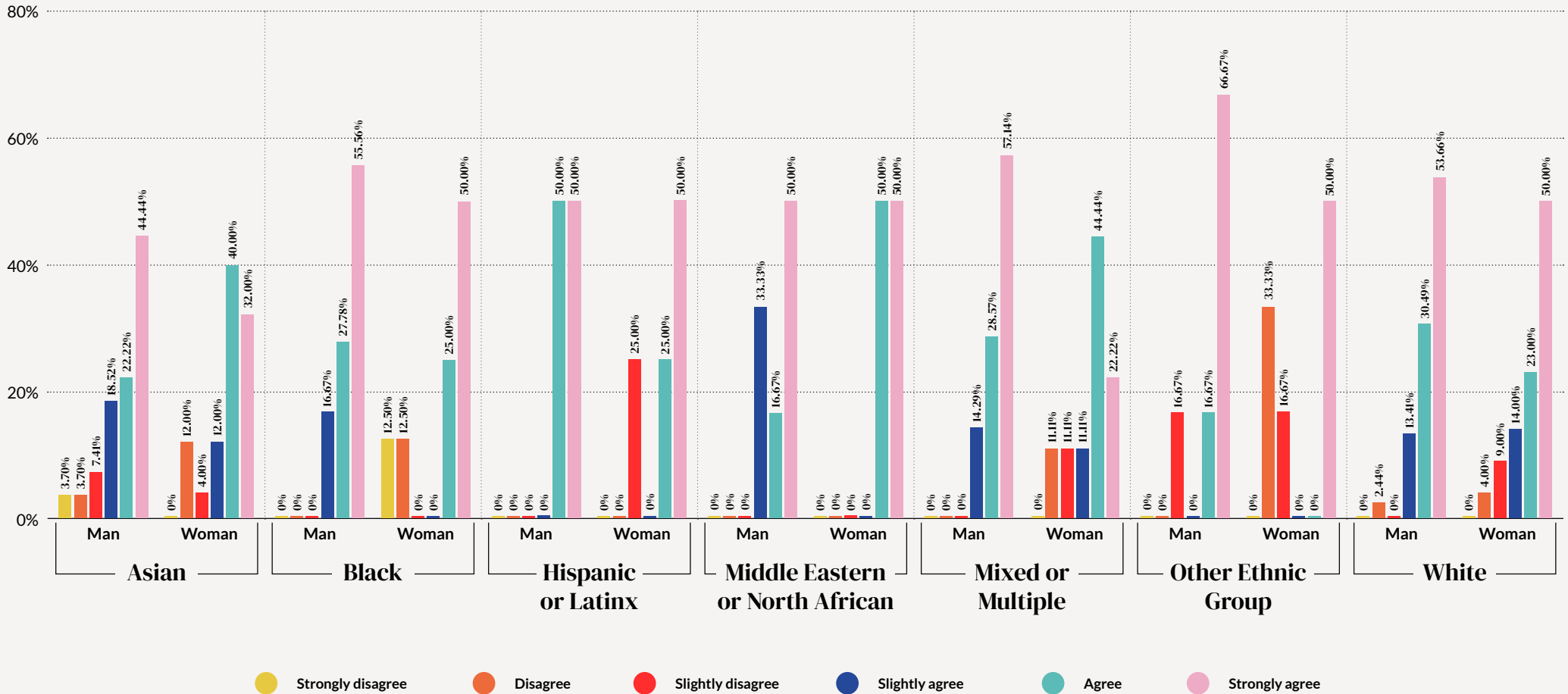
Once again, men were more likely to agree (or strongly agree) that their funds contributed to a more inclusive ecosystem. Women were also generally positive, with the exception of women who identified as mixed or multiple ethnicities; only 11.11% agreed their fund was contributing, versus 55.56% who disagreed. White men agreed the most with the statement of all the groups, while Middle Eastern and North African men agreed the least. Similarly, white women were the most likely to agree (84.15%) and women of mixed or multiple ethnicities disagreed the most.

Chart 22: Are there any trends across ethnicity, gender, and whether individuals feel they have access to the same opportunities within their fund?



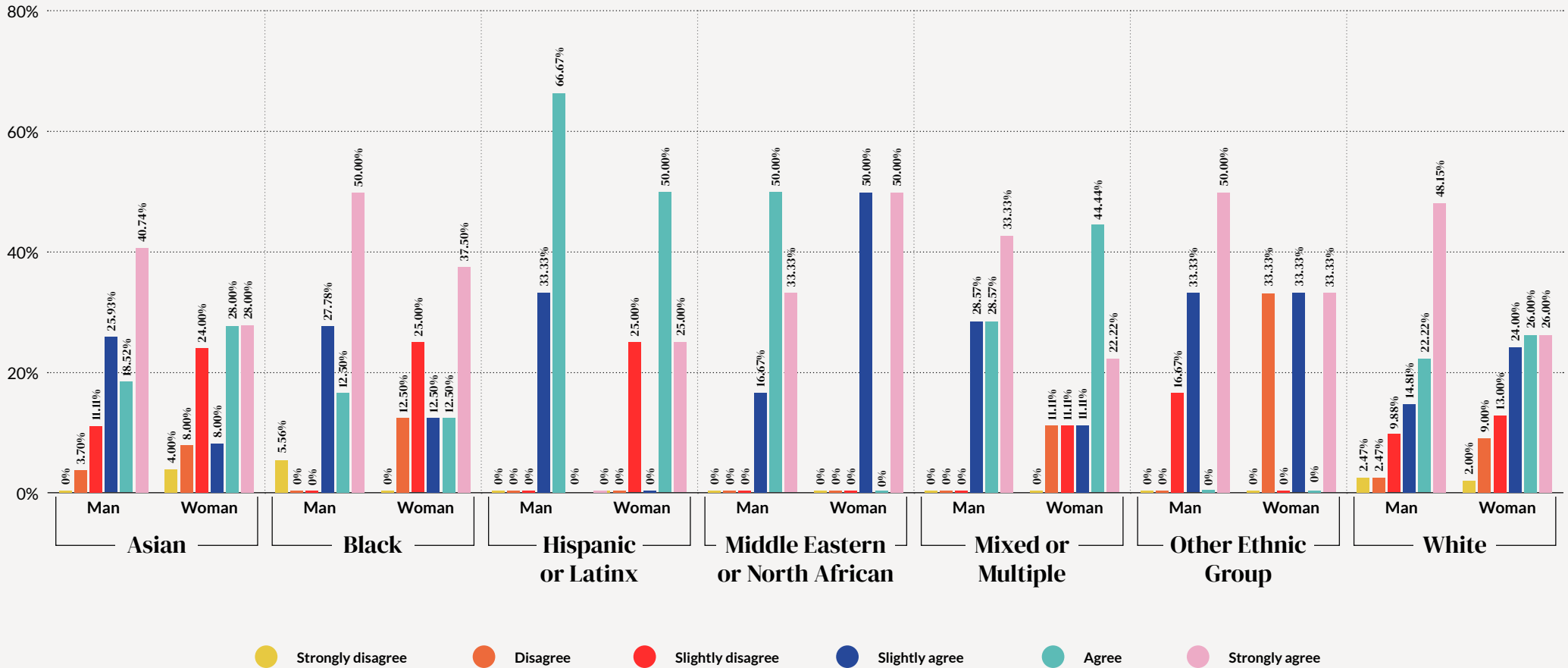
The responses to the question about access to opportunities had fairly similar responses across ethnicities, with some notable exceptions. Across all races and genders, 50% or more of respondents said they either agreed or strongly agreed that they had access to the same opportunities; that is, except for Black women and Hispanic or Latinx men, were 37.5% and 25% of respondents (respectively) agreed with the statement. On the contrary, 25% of Black women and 50% of Hispanic or Latinx men said they disagreed or strongly disagreed with the statement. Given the lack of senior women of colour in the industry, though, it is not surprising. Funds need to actively support underrepresented talent and make clear what expectations are for accessing different opportunities; without that transparency, this trend is likely to continue.

Chart 23: Are there any trends across ethnicity, gender, and whether individuals feel they are respected within their fund?



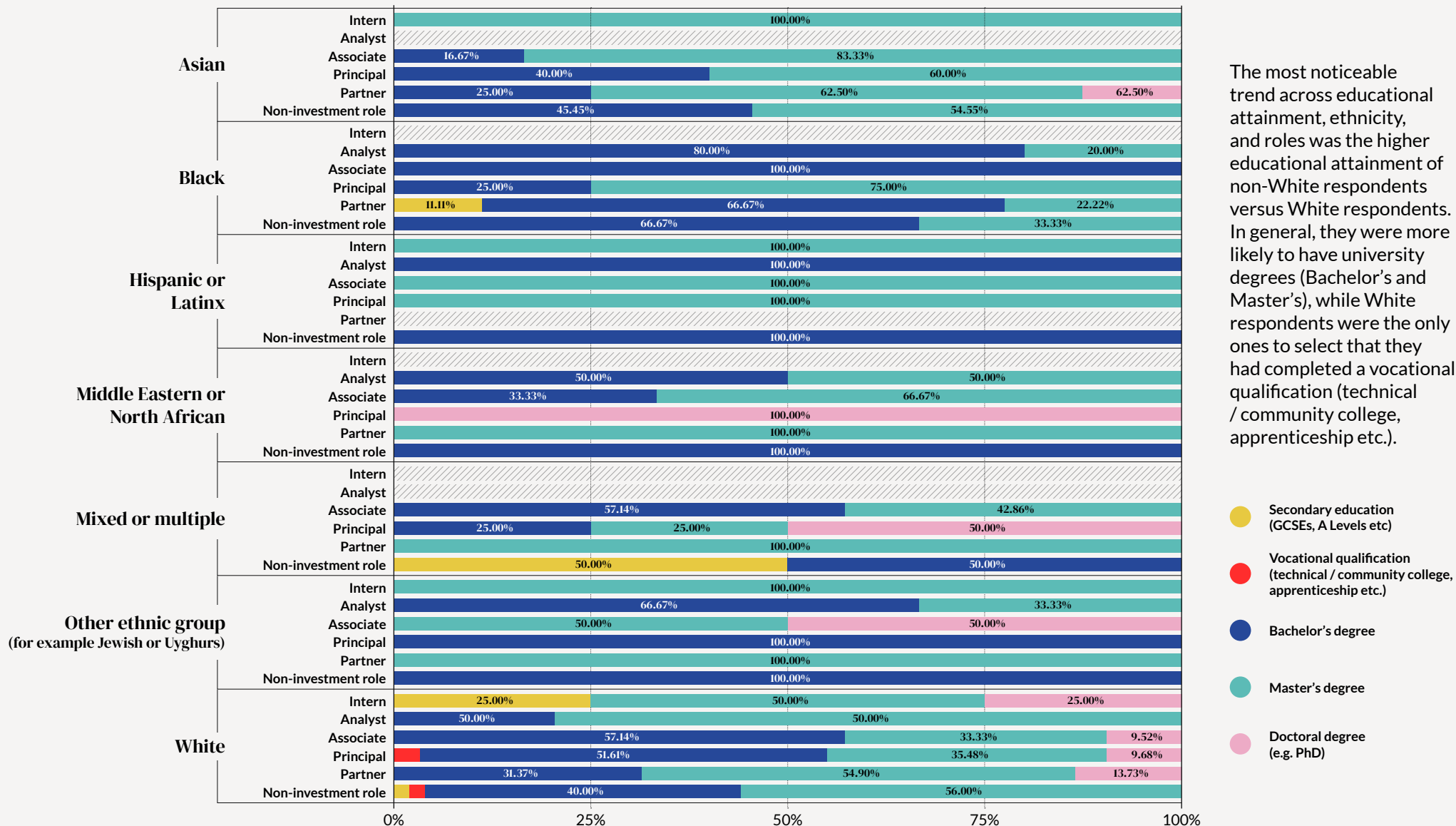
Interestingly, and somewhat counterintuitively to the prior data point, the majority of all respondents said they agreed or strongly agreed that they are respected within their fund. However, unsurprisingly, the groups most likely to disagree were women - and in particular, Black, Hispanic, and mixed-ethnicity women. Respect is another factor in psychological safety at work, and likely an influential factor on some of the other metrics measured here - but is not felt the same by everyone.

Chart 24: Are there any trends across ethnicity, gender, and whether individuals feel everyone is asked to do their fair share of 'office housework' in their fund?



On the topic of housework, most (>50%) of ethnicities and genders agreed or strongly agreed that everyone was asked to do their fair share. However, there were far more men who agreed or strongly agreed than those who disagreed; women, in contrast, were more evenly spread across their rankings. Hispanic or Latinx women were the most likely to agree, while Black and Asian were the most likely to disagree. White women were the most likely to disagree, showing some difference in the experience of women of different ethnicities in the office.

Chart 25: Are there any trends across ethnicity, educational attainment and the role individuals have within their funds?



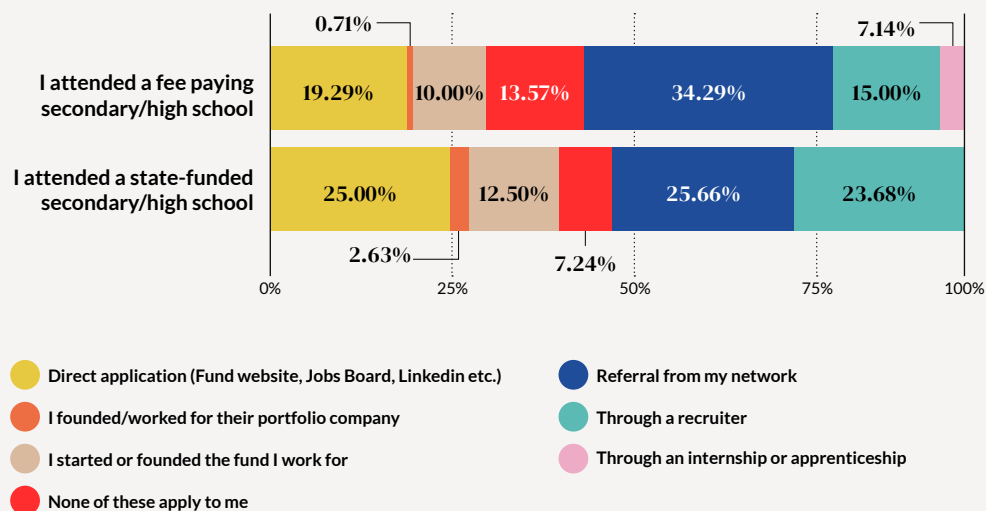
The most noticeable trend across educational attainment, ethnicity, and roles was the higher educational attainment of non-White respondents versus White respondents. In general, they were more likely to have university degrees (Bachelor's and Master's), while White respondents were the only ones to select that they had completed a vocational qualification (technical / community college, apprenticeship etc.).

- Secondary education (GCSEs, A Levels etc)
- Vocational qualification (technical / community college, apprenticeship etc.)
- Bachelor's degree
- Master's degree
- Doctoral degree (e.g. PhD)

Deep dive: Socioeconomic diversity

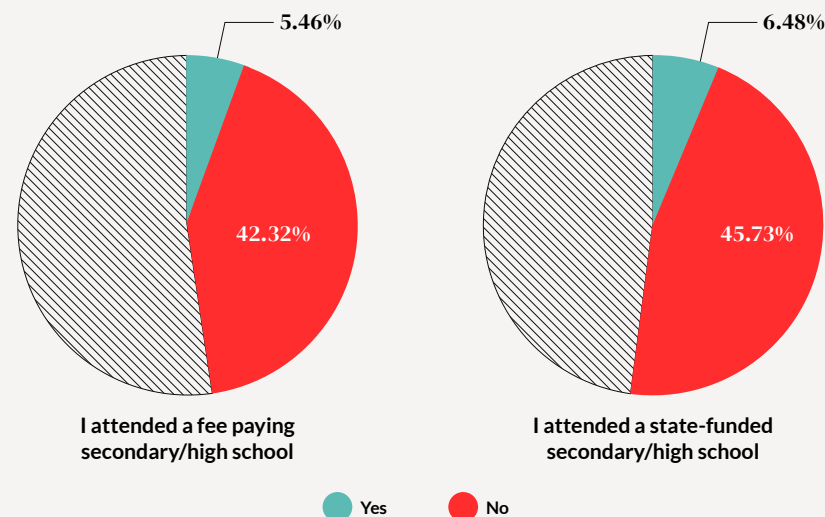
To better understand how people from different socioeconomic backgrounds experience VC, we split our analysis by schooling and parents' educational attainment and looked at the relative difference in responses between them. Research indicates that parents' educational attainment is a leading indicator of socioeconomic status for their children. Private education significantly impacts the trajectory of an individual's career with the structural advantages it creates and the networks it grants access to. In the UK, **93% of the population is educated in state-funded schools**. Despite this, there is a huge overrepresentation of individuals from affluent upper socioeconomic backgrounds in venture capital. We want to understand why this is and what the impact is on which groups receive venture capital funding.

Chart 26: How do people with different socioeconomic backgrounds typically find their job in VC?



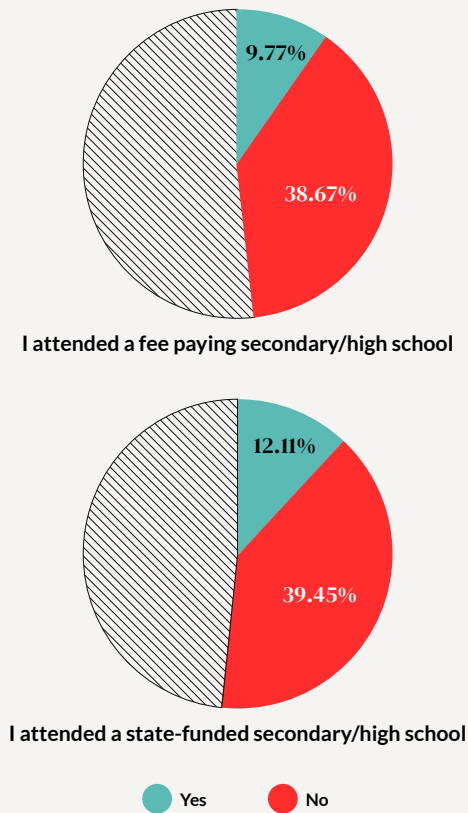
Similar to the discrepancies we found across gender and ethnicity, people from different socioeconomic backgrounds found their roles in largely similar ways - with some notable differences. Those who attended a fee-paying school were more likely to have found their role through a referral from their network (35%) compared with those who attended a state-funded school (25%).

Chart 27: Are those from different socioeconomic backgrounds more likely to have previously founded a VC-funded startup before going into VC?



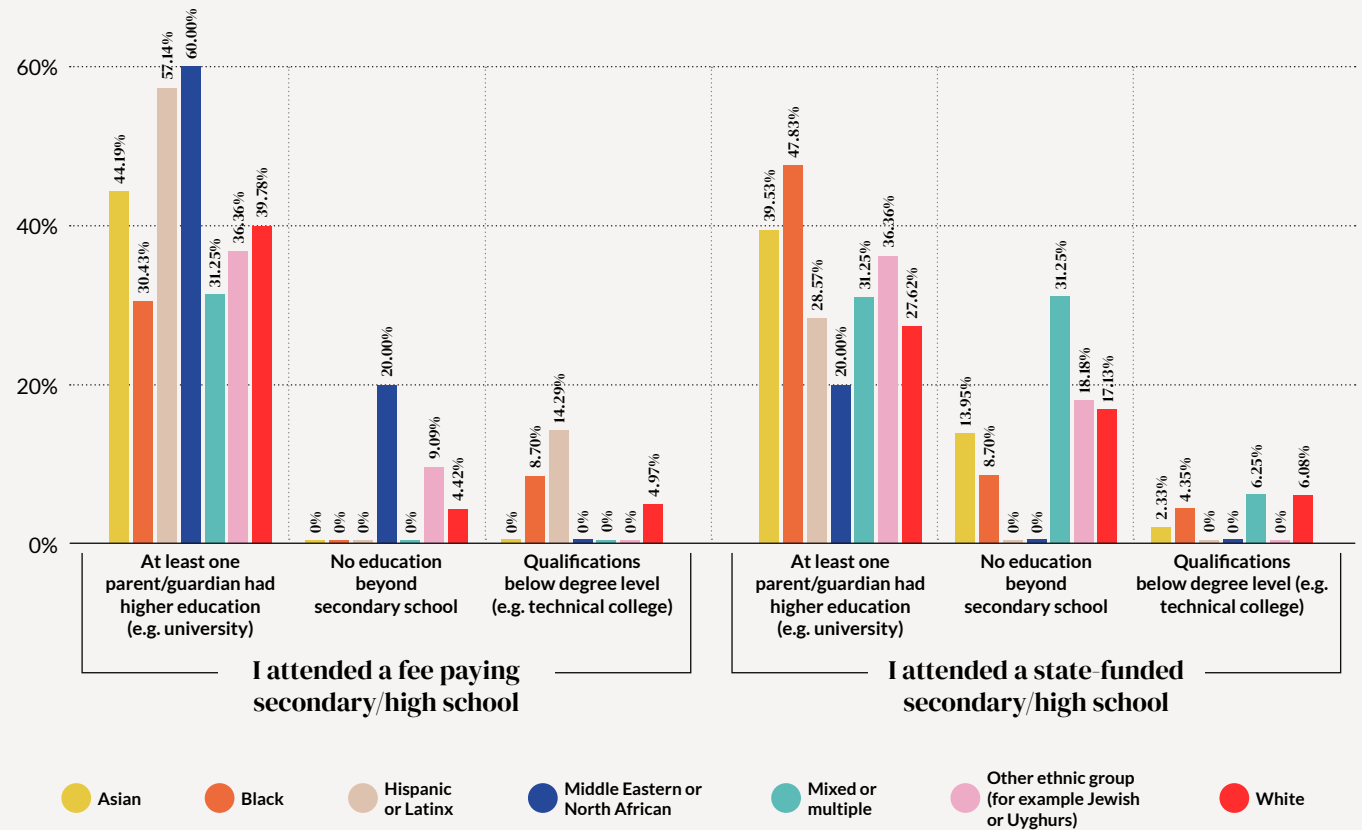
Those from state-school education were slightly more likely to have founded a VC-funded startup before going into VC. However, the sample size of founders turned VC in the UK is very small.

Chart 28: Are those from different socioeconomic backgrounds more likely to have previously worked at a VC-funded startup before going into VC?



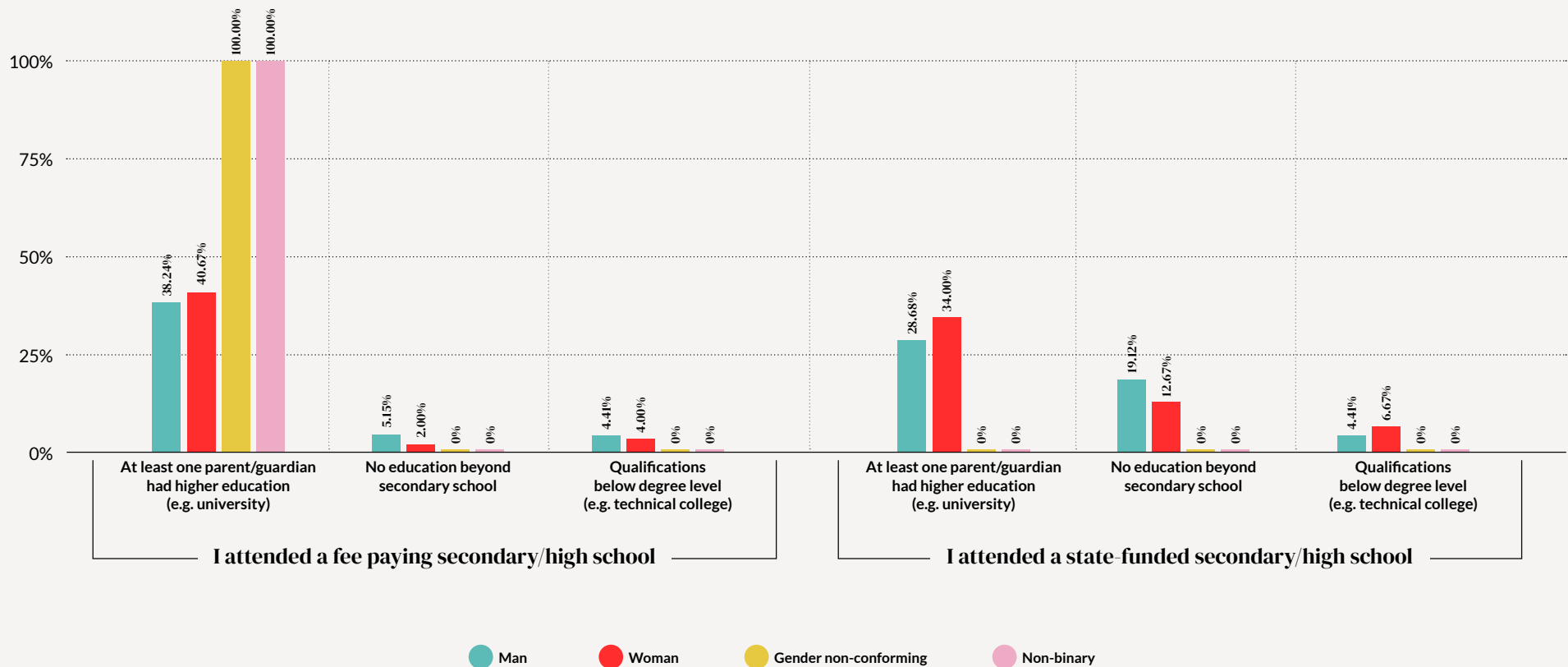
Similarly to founders turned VCs, those from state education are more likely to have held operator roles within startups prior to joining venture capital funds

Chart 29: Are there any trends in socioeconomic status and ethnicity of VCs in the UK?



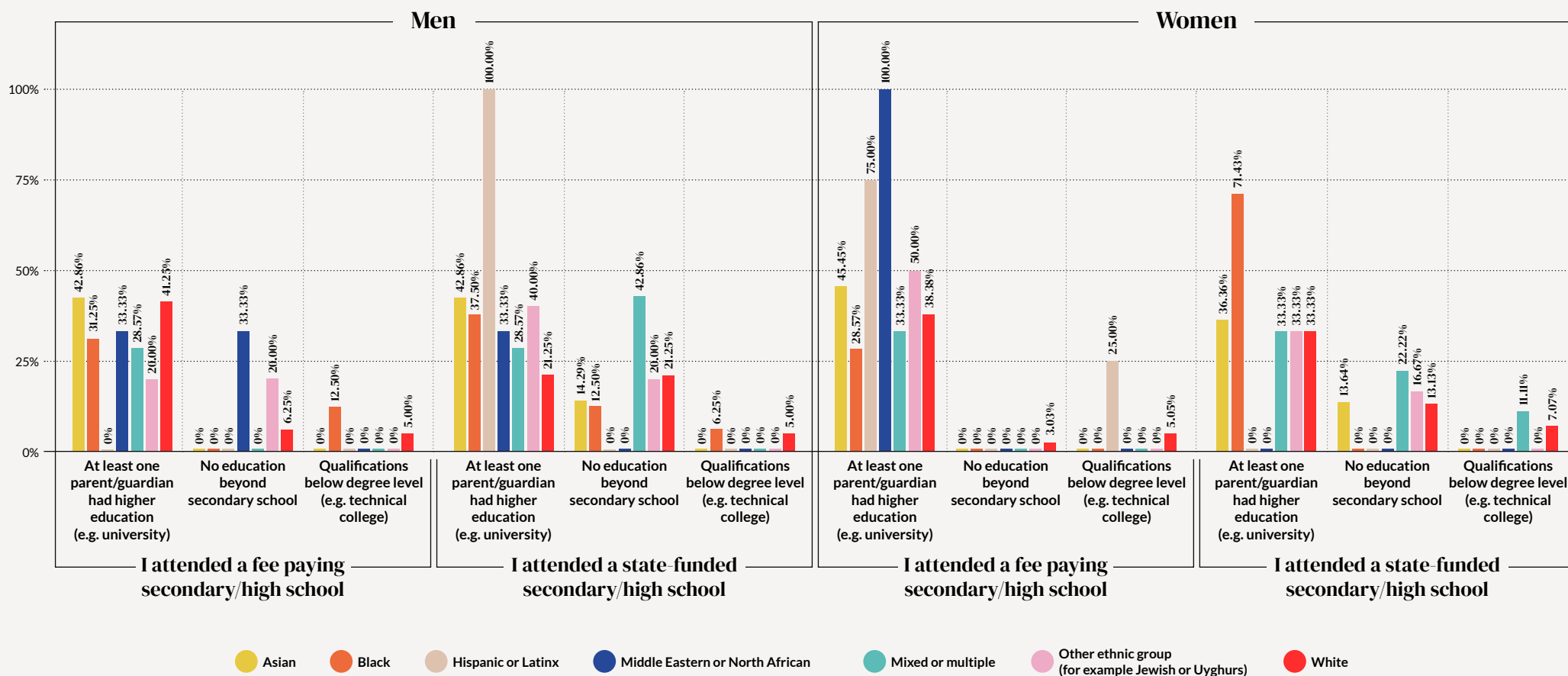
As an industry, we have made positive movements towards hiring more people into VC from different ethnic backgrounds, but the data indicates that across the board we are hiring those from upper socioeconomic backgrounds. For each ethnic group, those with state education and parents with no education beyond secondary school are the least represented.

Chart 30: Are there any trends in socioeconomic status and gender of VCs in the UK?



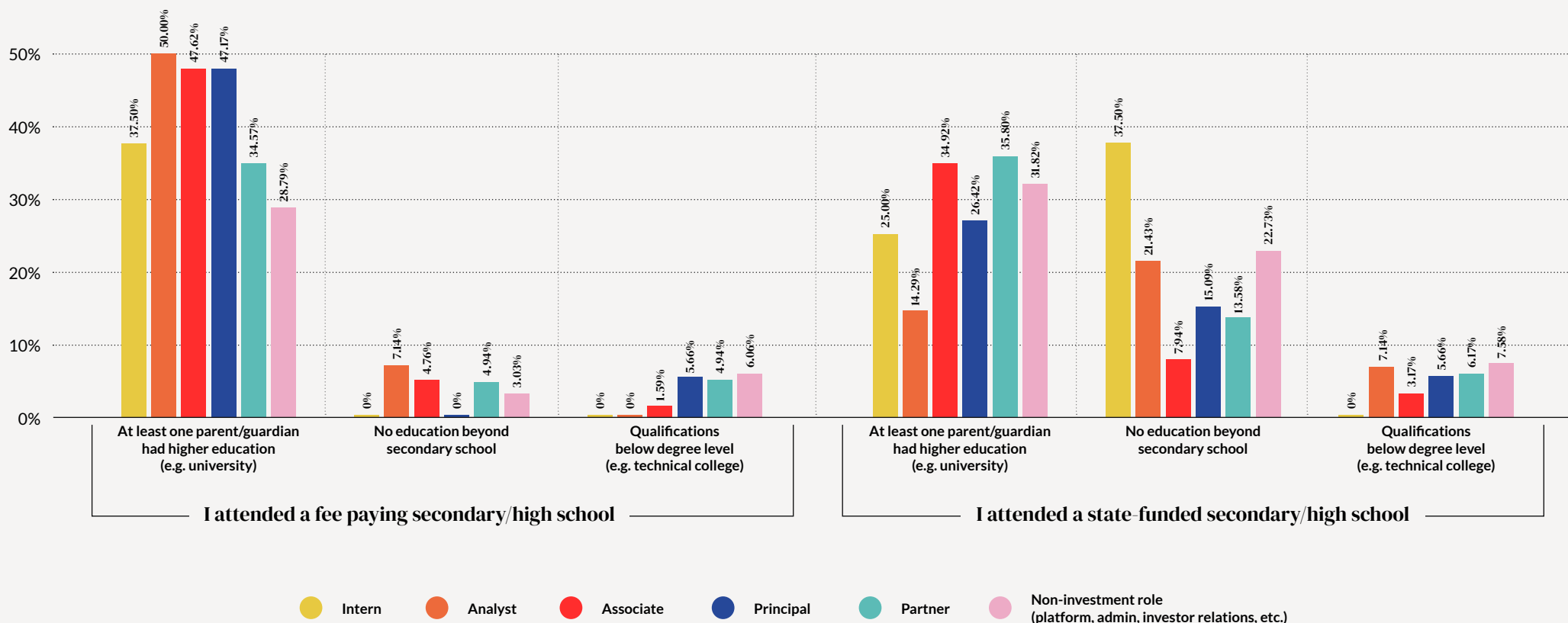
Similarly to ethnicity, for both men and women in UK VC, those from lower socioeconomic backgrounds where they neither attended a fee-paying school nor their parents had any further education beyond secondary school are the least represented. Whilst we are hiring more women into VC we must be cautious of socioeconomic representation and also, not leave behind males from working-class backgrounds.

Chart 31: Are there any trends in socioeconomic status, ethnicity, and gender of VCs in the UK?



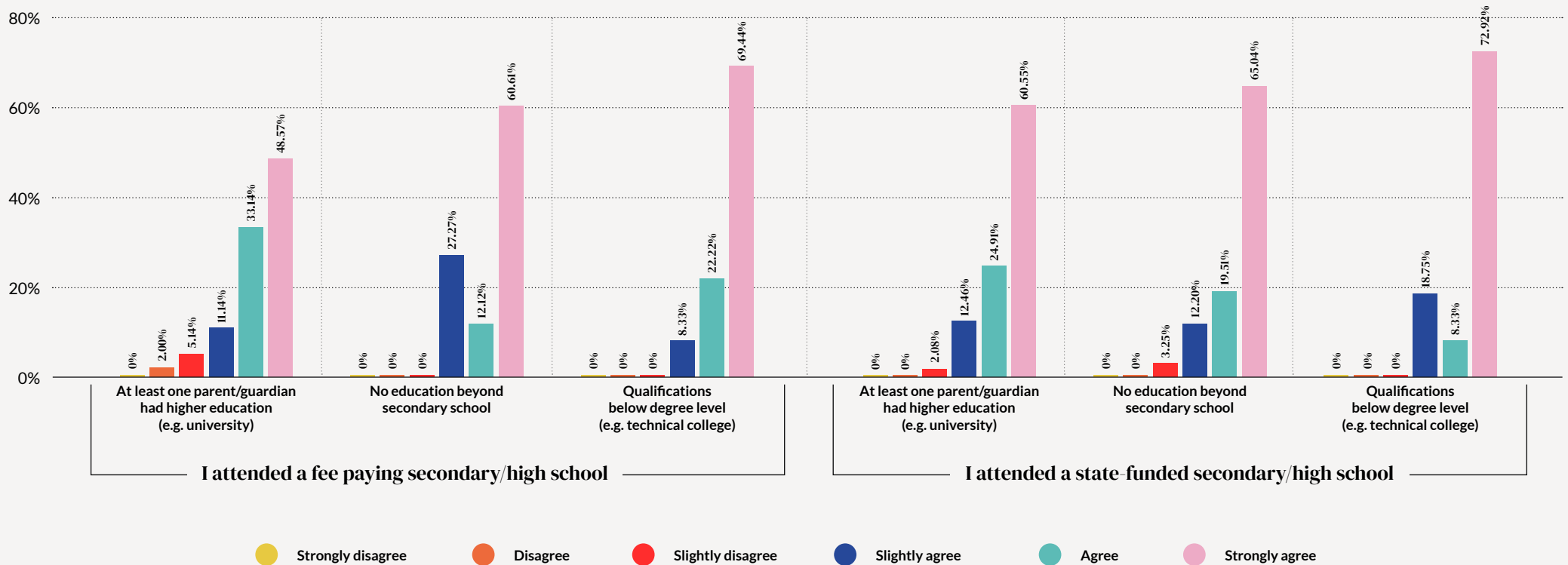
Across all ethnic groups, there is an under-representation of those from lower socioeconomic backgrounds in all genders. However, this disparity is most pronounced in already marginalised URM groups. For example, there are no black women from lower socioeconomic backgrounds working in venture capital in the UK.

Chart 32: Are there any trends in socioeconomic status and the roles individuals hold within UK funds?



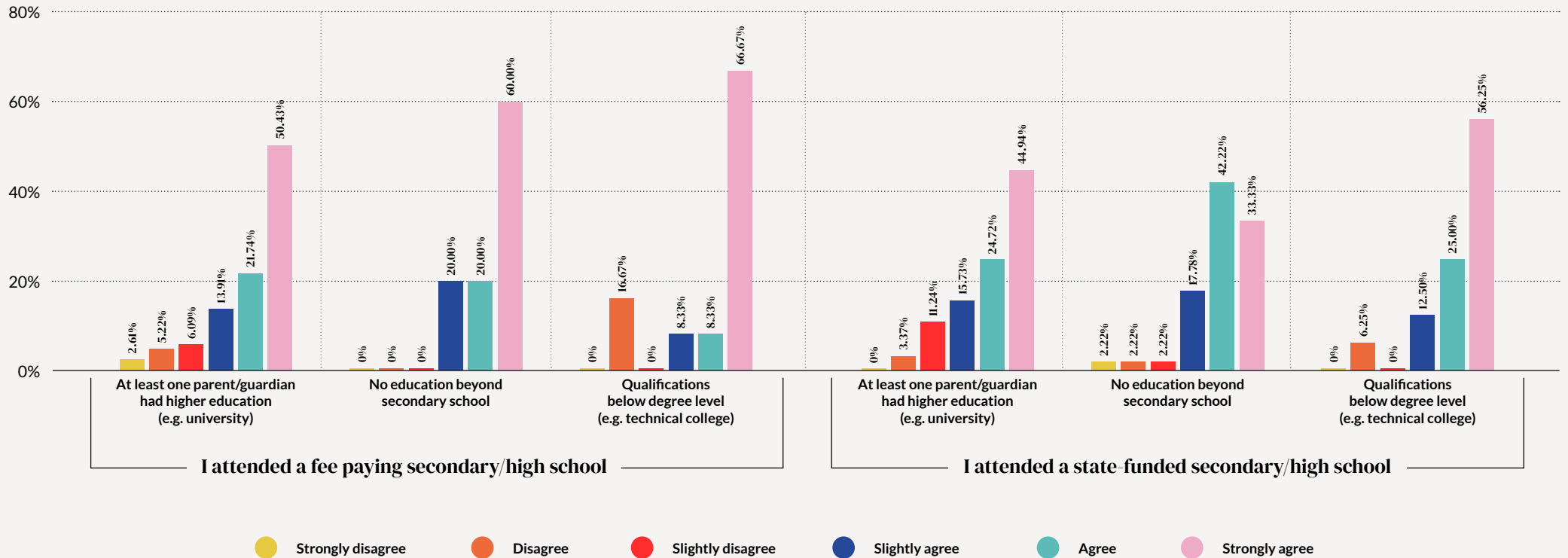
Those from lower socioeconomic backgrounds are more likely to work in non-investment roles such as platform or community and those from upper socioeconomic backgrounds are more likely to work in investment roles from Analyst through to Partner. This is a challenge when considering the flow of capital into URM founder communities. However, perhaps encouraging is that in more junior roles (intern, analyst), the percentage of individuals from lower socioeconomic backgrounds is higher than in senior roles (Principal & Partner) which indicates that more individuals from lower socioeconomic backgrounds are entering the industry. Despite this, they still make up a significant minority of the total workforce at each seniority level.

Chart 33: Are there any trends in socioeconomic status and the level of influence individuals feel they have in investment decisions?



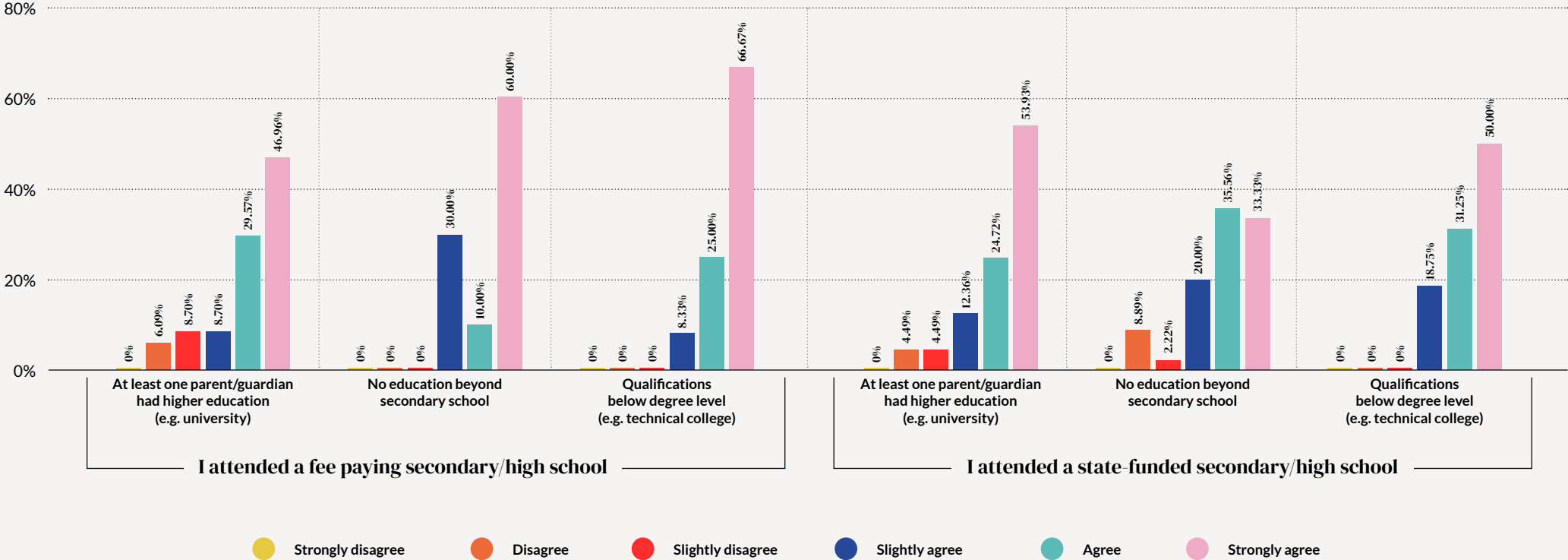
There is minimal impact on socioeconomic status and the level of influence individuals feel with regard to making investments in their funds.

Chart 34: Are there any trends in socioeconomic status and whether individuals feel they have been given the same opportunities as colleagues?



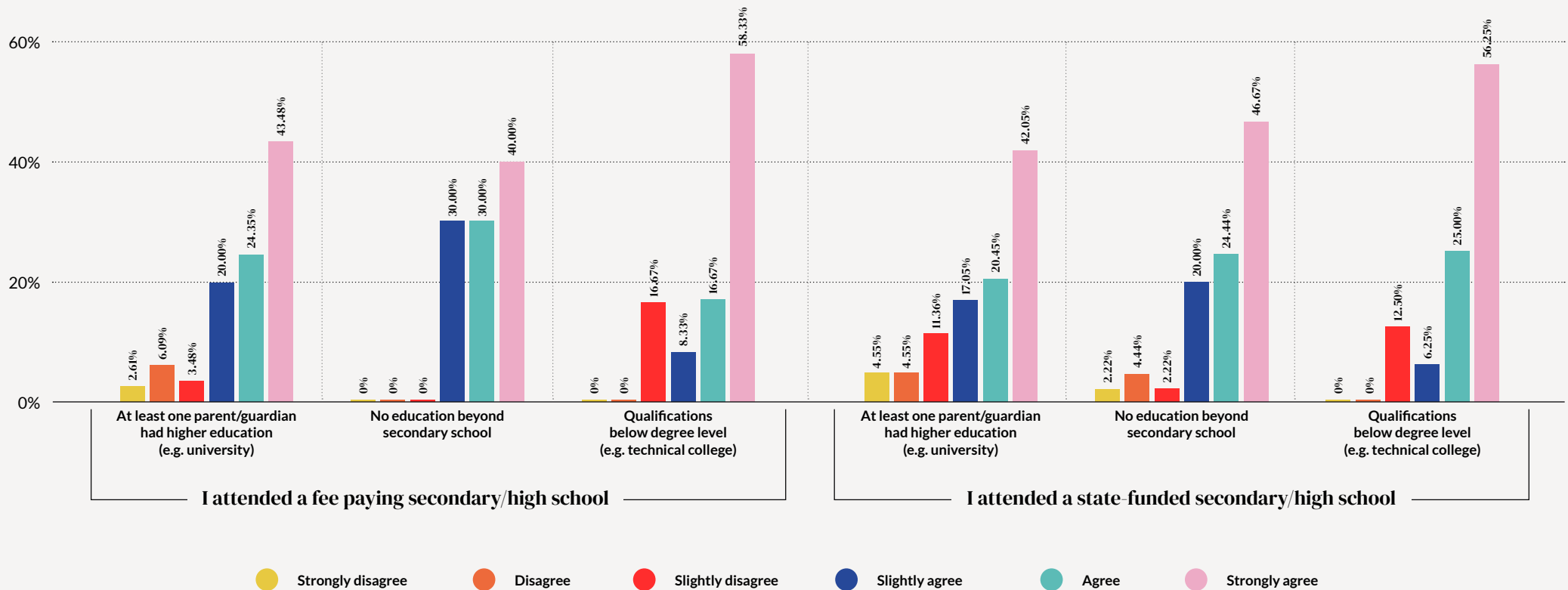
There is minimal impact on socioeconomic status and whether individuals feel they have been given the same opportunities as colleagues.

Chart 35: Are there any trends in socioeconomic status and whether individuals feel they are respected within their funds?



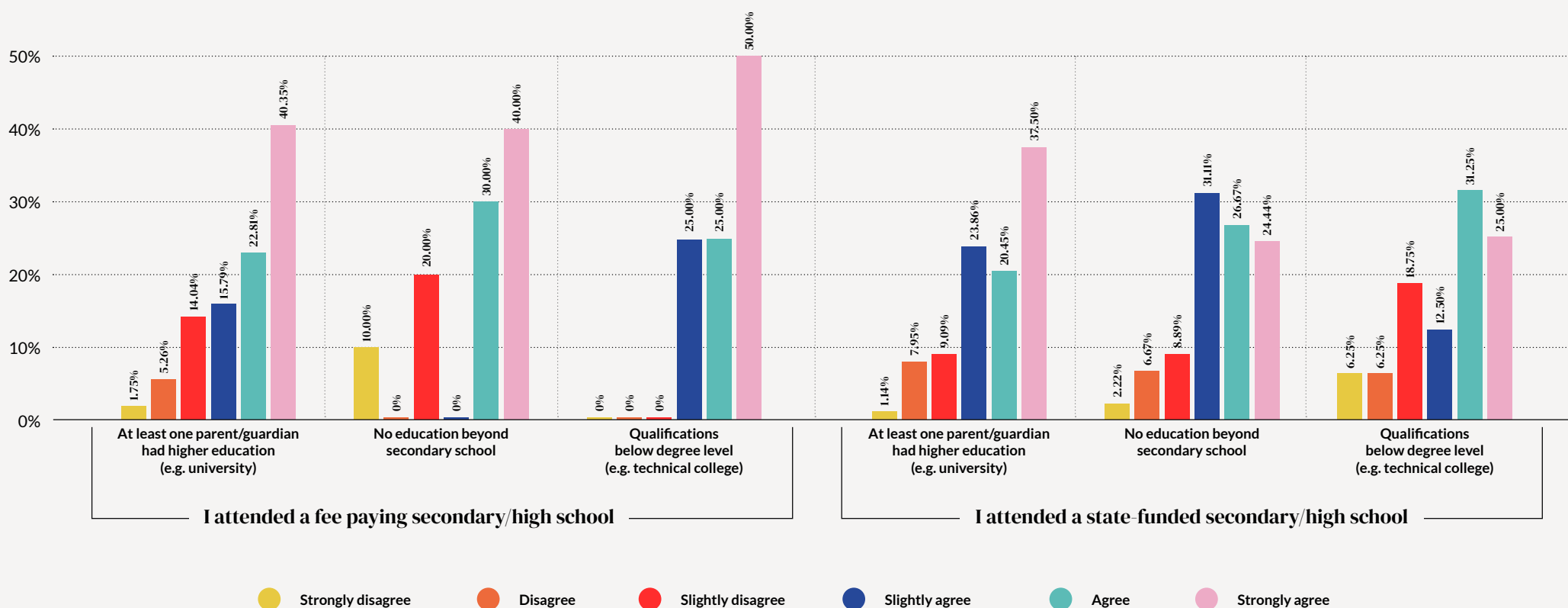
There is minimal impact on socioeconomic status and whether individuals feel they are respected in their funds.

Chart 36: Are there any trends in socioeconomic status and whether individuals feel their fund is contributing towards a more inclusive technology ecosystem?



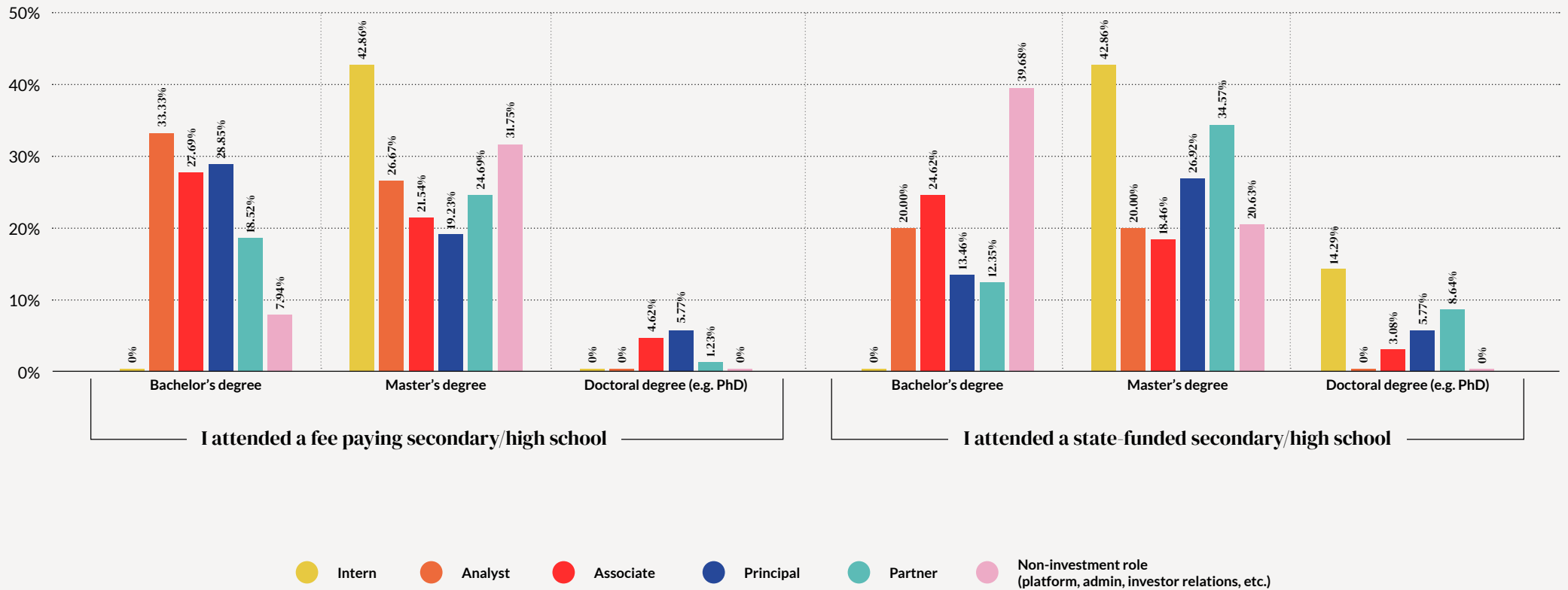
Those from lower socioeconomic backgrounds (8% of total respondents) are more likely to think that their funds are not contributing towards a more inclusive technology ecosystem when compared with those from upper socioeconomic backgrounds (5% of total respondents).

Chart 37: Are there any trends in socioeconomic status and whether individuals feel everyone is asked to do their fair share of 'office housework'?



Those from lower socioeconomic backgrounds are more likely to feel that not everyone is asked to do their fair share of housework when compared with those from upper socioeconomic backgrounds.

Chart 38: Are there any trends in socioeconomic status, role, and highest level of educational attainment?



Those from lower socioeconomic backgrounds are significantly more likely to have advanced degrees (Master's and Doctoral degrees) in senior positions within UK venture capital (Principal and Partner) than their counterparts from upper socioeconomic backgrounds, indicating a higher threshold for reaching such positions for those from lower socioeconomic backgrounds.

Takeaways

The increasing representation of diverse ethnic backgrounds in UK venture capital is a commendable achievement, particularly in a climate where DEI and ESG efforts are sometimes met with skepticism. This shift is not merely a trend but a testament to the fact that diverse teams enhance business efficacy. As the venture capital ecosystem evolves from its historically white, male-dominated affluent composition, we're witnessing tangible strides towards a more equitable environment.

While ethnic diversity has seen notable improvements, it's crucial to remember that representation is just one facet of a much larger diversity equation. As we progress in this aspect, our focus must also intensify on inclusion and equity. A truly diverse venture capital environment is one where individuals from all backgrounds - including varying socioeconomic statuses - feel supported, valued, and effective in their roles.

The discussion of diversity often centres around gender and ethnicity, yet socioeconomic diversity remains a crucial, albeit less visible, component. It's imperative that we understand that an individual's socioeconomic background significantly influences their access to opportunities and networks. By integrating socioeconomic factors into our diversity initiatives, we can begin to dismantle the systemic barriers that have long hindered true inclusivity in the VC sector.

Inclusion and equity mean more than just having a diverse workforce; it's about how the team operates and interacts. All genders, ethnicities, and socioeconomic backgrounds should have equal opportunities to learn, invest, and influence. This approach ensures that diversity is not just about faces in the room but also how decisions are made and who gets to make them.

The responsibility of fostering an inclusive and equitable environment extends beyond venture capitalists. Limited Partners (LPs) play a pivotal role in shaping the industry's culture and practices. The metrics surveyed regarding VCs' perceptions of their contributions and the respect they receive at work are not just internal metrics but valuable insights for LPs. We encourage LPs to use findings as a lens through which to assess investment opportunities and push for more inclusive practices in their portfolio.

Our industry's journey towards a fully inclusive and diverse ecosystem is far from over. However, the progress we have made serves as a beacon of hope and a call to action. As we continue to break down barriers and open doors, we must remember that diversity in venture capital is not just a goal to aspire to - it's a continuous process that enriches our industry, our investments, and the society we aim to serve.

Next Steps - Calls to Action

As venture capitalists, tech innovators, and policymakers, it is our collective duty to ensure that every facet of diversity, including socioeconomic background, is not only embraced but championed. Inclusivity is key to economic prosperity. We must take pride in our progress but resist complacency and continue to fight for meritocracy in VC. We implore the vanguards of venture capital – General and Limited Partners – to empower every talent and dismantle systemic barriers.



Ladi Greenstreet
Co-CEO, Diversity VC

Calls to Action

1.

Champion Intersectional Diversity & Data

We must delve deeper than gender and ethnic demographics if we are to truly shatter the static state of disparity in our industry. Our challenge is compounded by overrepresentation of individuals from affluent backgrounds. This calls for a commitment to more equitable inclusion, leveraging comprehensive data and deliberate actions to eliminate barriers associated with socioeconomic status.

2.

Importance of Diverse Thought for Economic Progress

We need to confront and reshape prevailing views, particularly within the dominant demographic, to deepen our commitment to inclusivity at every tier. Venture capital's strength lies in leveraging diverse ideas to drive innovation. Yet, current homogeneity and inaction within the industry limits the scope of entrepreneurial opportunity and economic growth. By embracing individuals from a vast array of backgrounds, we can unlock the full innovative potential of our nation's diverse talent pool.

3.

Critical Role of Limited Partners as agents of Change

Limited Partners have a pivotal role in driving diversity within venture capital. They are uniquely positioned to shape the culture and operational norms of the funds they invest in, advocating for diversity not just in theory but in practice. We implore all LPs to pledge their commitment to DEI codes of conduct.

4.

Collective Responsibility for Inclusivity

The responsibility to advance inclusivity reaches beyond individual VCs to encompass the entire ecosystem, including tech entrepreneurs and policymakers. A collaborative effort is essential to dismantle systemic barriers and create an ecosystem where diversity is not just present but is a cornerstone of success.

5.

Commit to Specific, Actionable Steps

Our call is not merely for recognition but for action.

We propose:

- Implementing DEI strategy that focuses on addressing systemic bias and improving overall business performance.
- Structuring transparent pathways for career progression that mitigate existing barriers for underrepresented talent.
- Establishing a venture capital task force dedicated to ensuring ALL General and Limited Partners track data that includes socioeconomic diversity.
- Promoting VC as an equitable force for good by actively expressing support for DEI, recognising positive strides towards enhancing business outcomes.

We stand at a pivotal moment in the venture capital landscape, one rich with opportunity yet marred by disparities that demand our immediate attention. Let's unite to construct a venture capital ecosystem that truly reflects the dynamism and diversity of the society we serve. Together, we can redefine the industry and uphold the true spirit of entrepreneurship.

Acknowledgements

Our work would not be possible without the incredible support of our partners, sponsors, and volunteers.

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Juanita Gonzalez-Urbe

Associate Professor at the London School of Economics and Political Science (LSE)

She serves as the co-director of Financing the Real Economy at the Financial Markets Group. Her research concentrates on entrepreneurship, innovation, and private equity, with her work appearing in leading academic journals. Additionally, she is a member of the research advisory group for the British Private Equity and Venture Capital Association (BVCA) and the steering committee of the Startup Coalition.



Edward Keelan

Partner at Octopus Ventures

“Social mobility within Venture Capital is an often-overlooked topic. My hope is that this report kick-starts that conversation, and shines a light on the structural changes needed to change the status quo. As Venture Capital funding continues to grow, it’s important that the next generation of talented UK entrepreneurs are backed by investors from a broad range of backgrounds.”



Check Warner

Co-founder, Ada Ventures
Co-founder, Diversity VC

“Unless the venture capital industry becomes more representative of the demographics of the UK it is destined to deliver weak results to LPs and to remain uncompetitive on a global stage. I hope this report is read by every VC and LP and leads to tangible actions from every firm to increase diversity of all kinds at every level of their firms.”



Finally, we’d like to thank our Diversity VC UK team who made this report possible.

Thank you to our Sponsors



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