



The State of Diversity, Equity, Inclusion, and Social Impact Among Los Angeles Venture Capital

PledgeLA VC Survey Results 2020

by the Annenberg Foundation

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PledgeLA is a groundbreaking coalition of venture capital firms and tech companies supported by the Annenberg Foundation and Mayor Eric Garcetti that is working to advance access and opportunity for all Angelenos.

Diversity • Equity • Inclusion • Social Impact • Accountability & Measurement

PledgeLA members commit to increasing diversity, equity, inclusion and community engagement within their own organizations, for the benefit of Los Angeles.

To measure change over time and ensure progress, all members commit to participating in an annual survey on these outcomes.

This report reflects the second annual self-reported data on a region's venture capital industry -- the only effort of its kind in the nation. Year one baseline results are [here](#).

Core Findings

- Diversity: PledgeLA VCs fail to reflect the diversity of Los Angeles both within firms and in their investments. Latinx founders and investors, Black founders, and women founders are among the most underrepresented groups.
- Equity: PledgeLA VCs show a gender pay gap larger than the national average ([U.S. Census Bureau, Current Population Survey 2019](#)), meaning women VCs earn significantly less than their male peers.
- Inclusion: PledgeLA VCs are overwhelmingly positive about their workplaces, with 55% describing themselves as feeling “comfortable” or 31% feeling “awesome” on most days.
- Social Impact: Between Year 1 and Year 2, PledgeLA VCs have dramatically increased their community engagement activities. More VCs mentor, volunteer, donate, and serve on boards than before, with room to connect these efforts more deliberately to investment outcomes.

Diversity

Compared to the LA County population, PledgeLA VCs are significantly less racially and ethnically diverse, younger, have fewer caregiving responsibilities and are more highly-educated.

However, a larger share of VCs identified as LGB+ or reported living with a disability than average County estimates.

Comparing responses from survey year 1 and year 2, PledgeLA VCs have slightly increased the number of women in venture, display more educational diversity, include more people with disabilities, report more LGB+ identified people, and feature more native Angelenos.

Los Angeles County Demographics

74%

Non-White

34%

Have Children

5%

LGBTQ+*

51%

Women

34%

Immigration: Foreign-born

4%

Veterans

75%

Under 55

68%

< Bachelor's Degree

7%

People with Disabilities**

2019 U.S. Census Population Estimates

*2015 Gallup U.S. Daily Survey; data on LA region

**Census categorization of disabilities is different from Pluto definition

PledgeLA VC Firm Demographics 2020

44%

Non-White

27%

Have Children

15%

LGBTQ+

45%

Women or Non-Binary

28%

Immigration: 2nd
Generation or Earlier

0%

Veterans

86%

Under 50

10%

< Bachelor's Degree

29%

People with Disabilities

PledgeLA VC Demographics 2019

45%

Non-White

?

Have Children

7%

LGBTQ+

40%

Women or Non-Binary

22%

Foreign-Born

1%

Veterans

89%

Under 50

2%

< Bachelor's Degree

10%

People with Disabilities

opt-out/blank responses removed.

2019 survey did not include question about caregiving responsibilities.

PledgeLA VC Additional Demographics 2020

43%

Hometown: LA

49%

Commute to Work
Above LA average (31 min)*

68%

Parent's Education:
≥ Bachelor's Degree

32%

Prior or Recent
Housing Insecurity

34%

Personality: Introverted

opt-out/blank responses removed.

*U.S. Census Bureau, American Communities Survey

PledgeLA VC Additional Demographics 2019

14%

Hometown: LA

78%

Parent's Education:
≥ Bachelor's Degree

opt-out/blank responses removed.

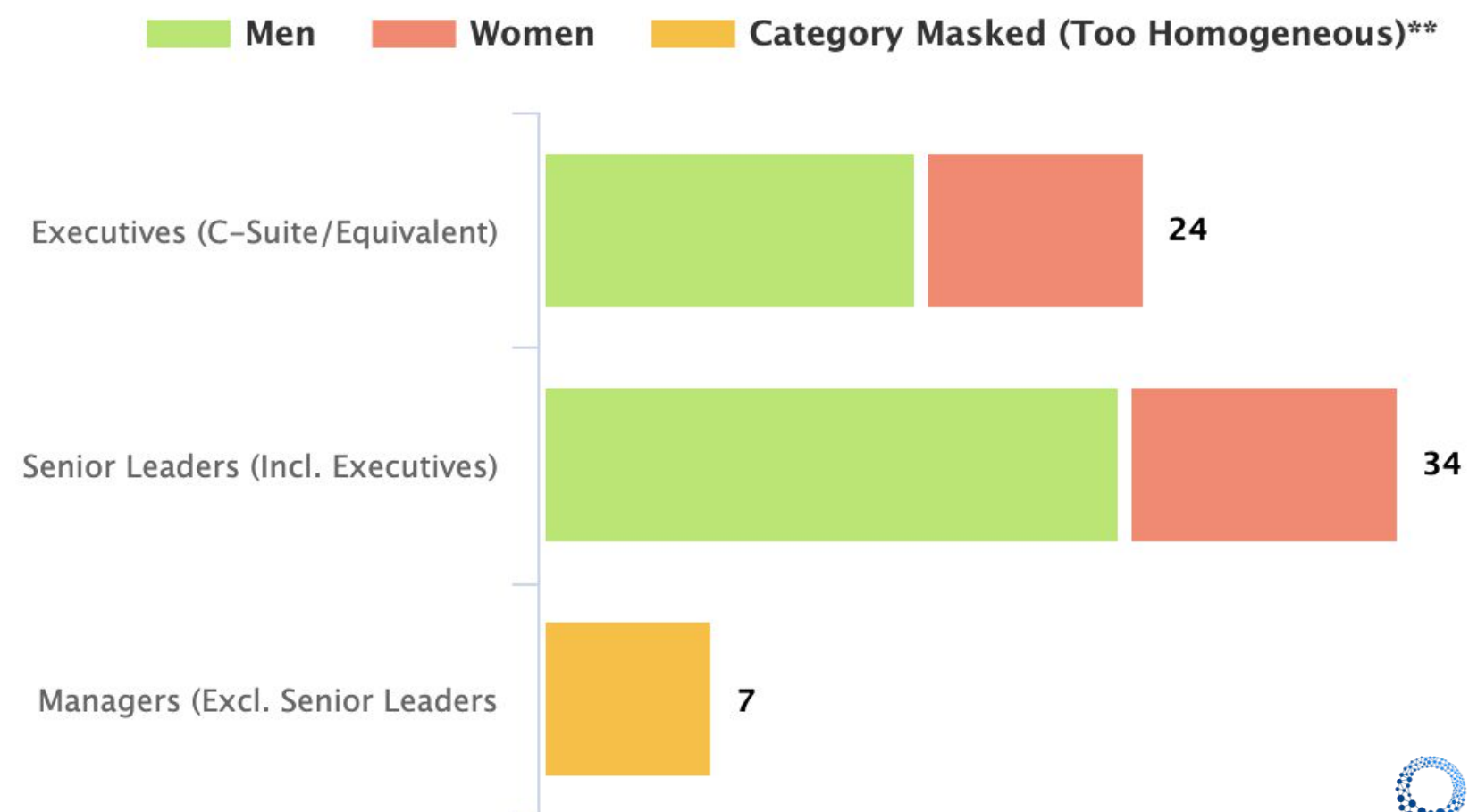
*U.S. Census Bureau, American Communities Survey

LEADERSHIP (MANAGEMENT TO MANAGERS)

BY GENDER ▾

PLEDGELA FIRMS OVER-REPRESENT MEN AND WHITE VCS IN LEADERSHIP

Among senior leaders and executives, men
comprise 58% of all leadership; white VCs make up
52%.

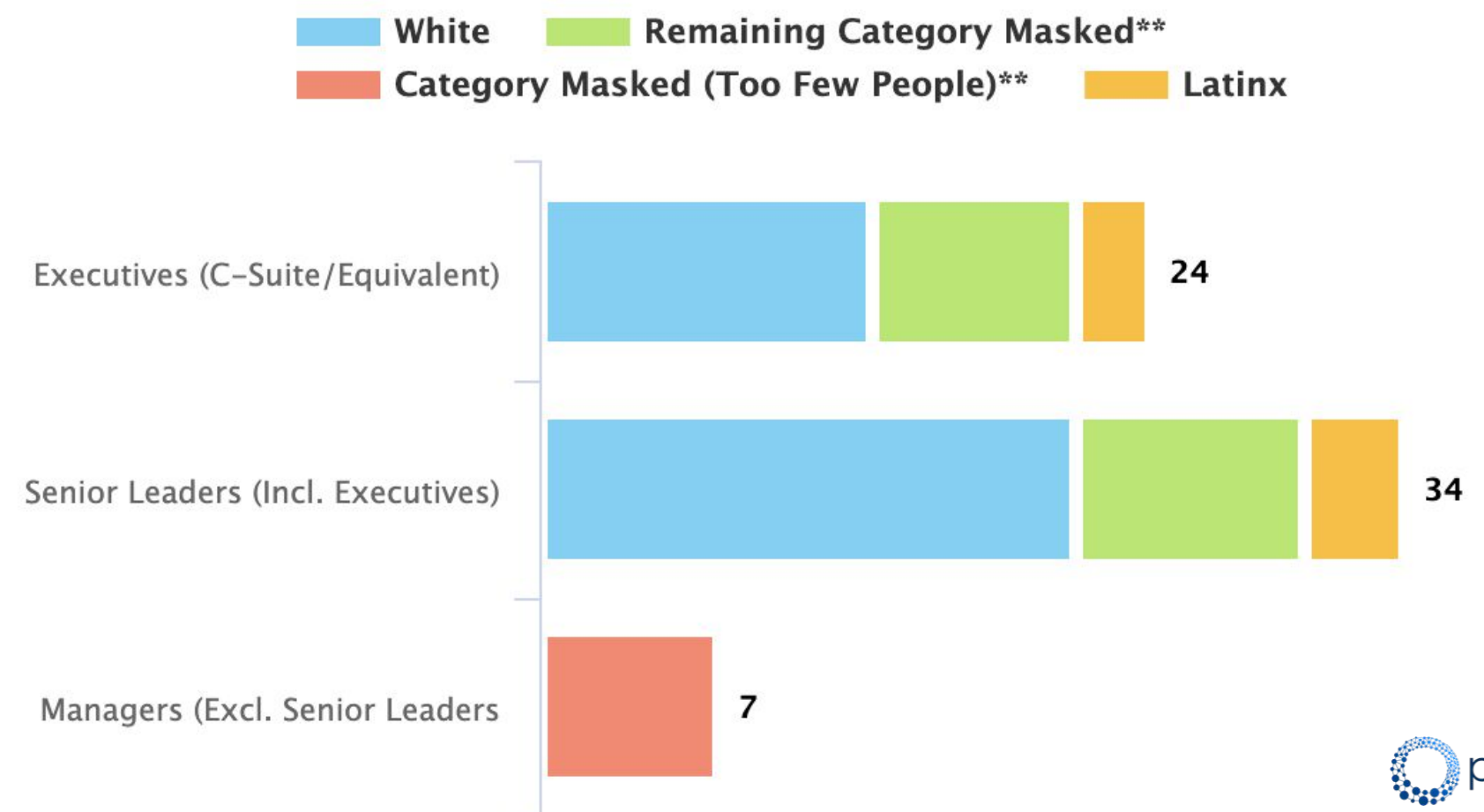


LEADERSHIP (MANAGEMENT TO MANAGERS)

BY RACE / ETHNICITY ▾

PLEDGELA FIRMS OVER-REPRESENT MEN AND WHITE VCS IN LEADERSHIP

Among senior leaders and executives, men
comprise 58% of all leadership; white VCs make up
52%.



What about portfolio companies?

In venture capital, perhaps even more important than who *makes* investment decisions is who *receives* investment to start new companies. PledgeLA exists to promote opportunity and access for all Angelenos -- a goal which requires benchmarking how equitably investment capital is deployed in Los Angeles.

In addition to collecting proprietary self-reported data on the composition of VC firms, this year PledgeLA used publicly available administrative data to analyze the demographic composition within PledgeLA VC's portfolios. For the 70+ investment firms in our membership, we estimated the racial background and gender of all founders who received investment over the last five years. Using validated APIs to categorize founders by their first and last names, we are within a 90% degree of confidence on the accuracy of our data (for more information on the NamSOR API visit [here](#)). Collecting data on startup headquarters, we also consider how much investment goes to LA-based founders specifically.

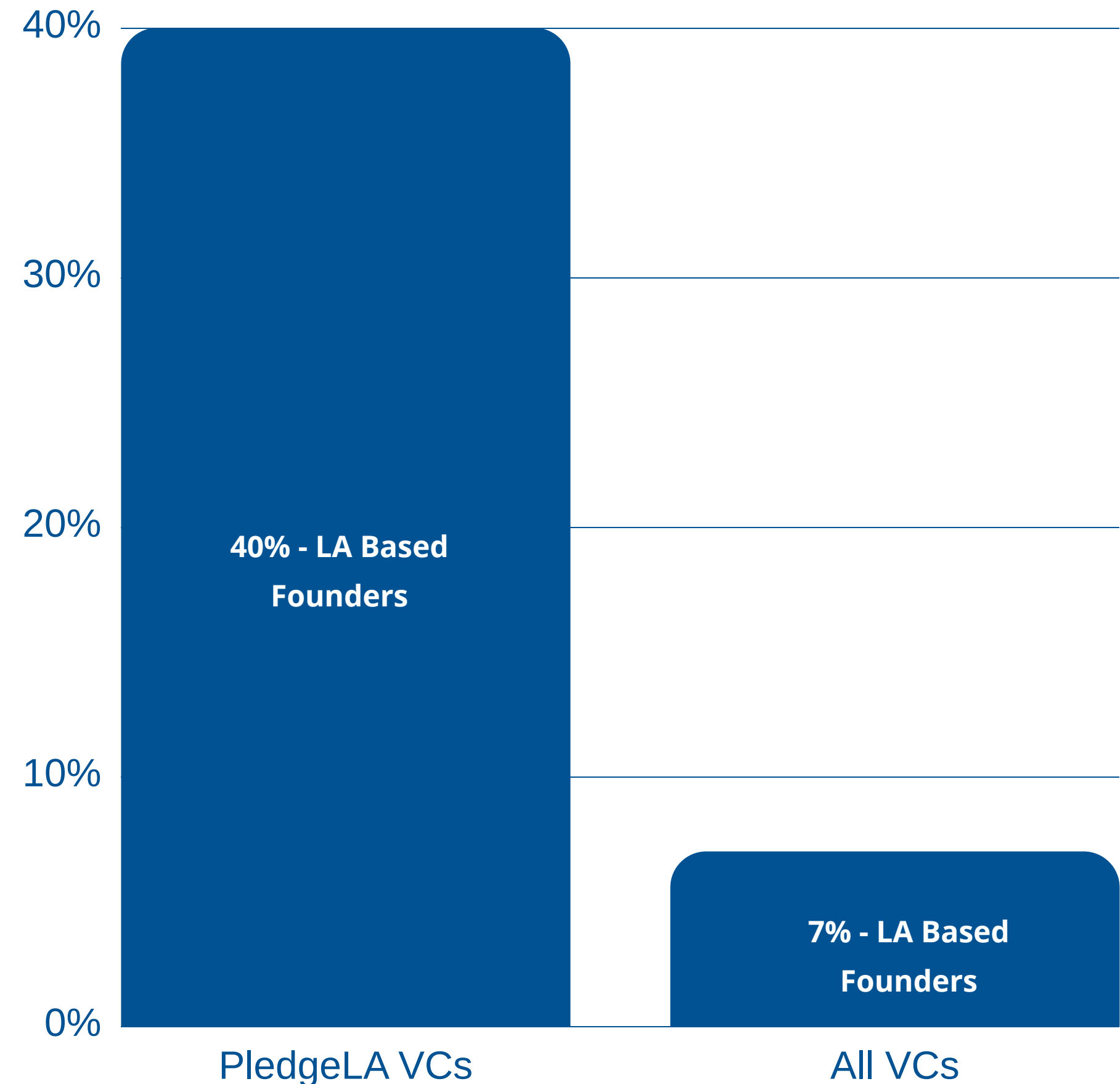
While not as in depth as our survey data, this approach allows us to measure how diversity and community engagement is enacted in the investment decisions of our members.

But how does PledgeLA VCs compare to other investment communities? Unfortunately, to our knowledge, no other regional efforts capture these types of analyses so we rely on reports which aggregate investment data from VC firms across the country. Based on their use of similar methods, we use the [2019 RateMyInvestor Diversity in US Startups Report](#) for our national comparisons, which analyzed the investments of 135 non-overlapping firms.

PledgeLA VC Portfolios: Headquarters Location

40% OF PLEDGELA FOUNDERS ARE LA-BASED

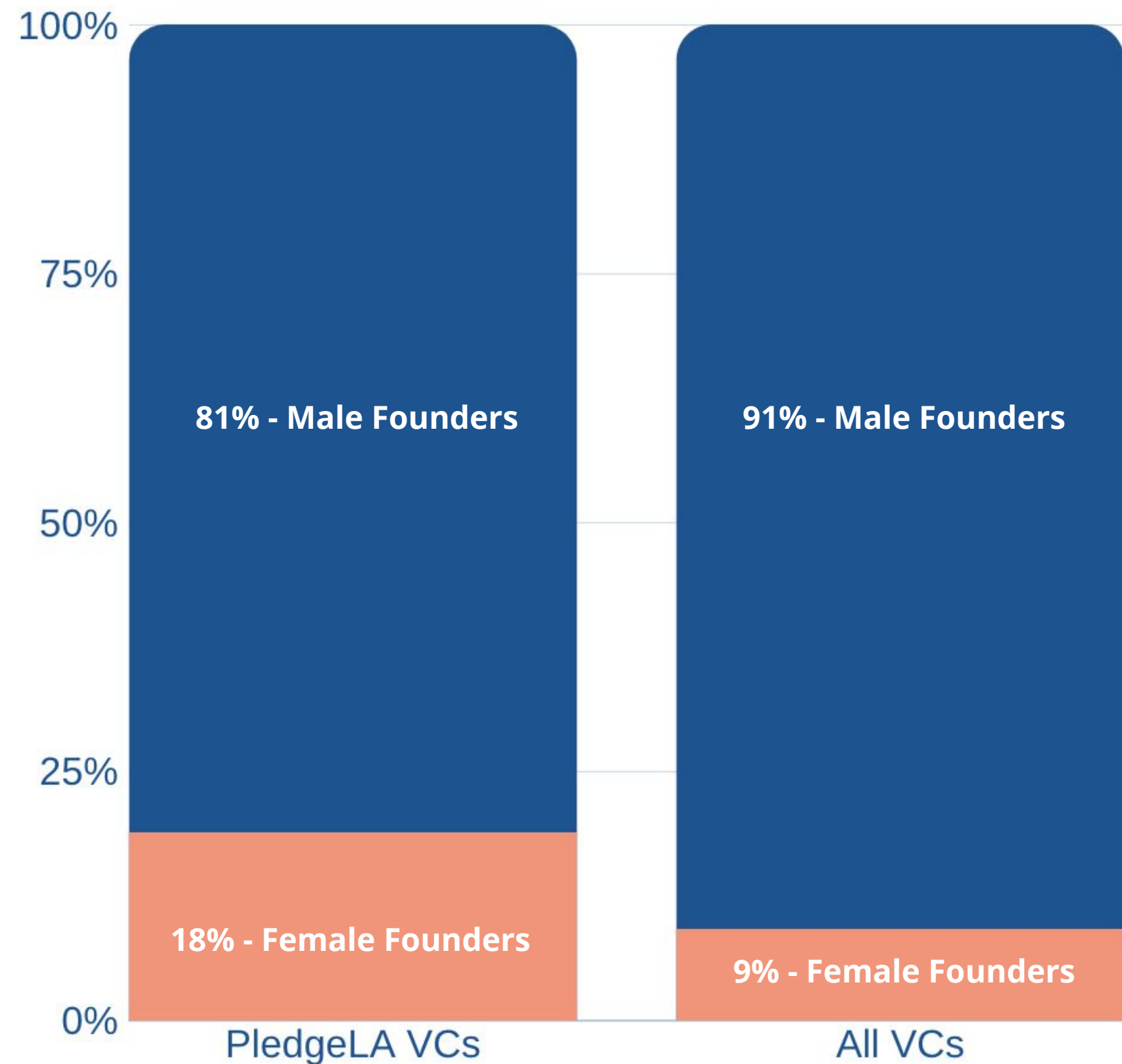
PledgeLA VCs are deeply connected to the startup ecosystem in the Greater Los Angeles region, with rates of investment much higher than investors elsewhere.



PledgeLA VC Portfolios: Gender Parity Among Founders

18% OF PLEDGELA FOUNDERS ARE FEMALE

Efforts to support female founders have led to **PledgeLA VCs being 2x more likely to fund female founders** compared to investors elsewhere. Still, women make up less than 20% of PledgeLA-backed founders.

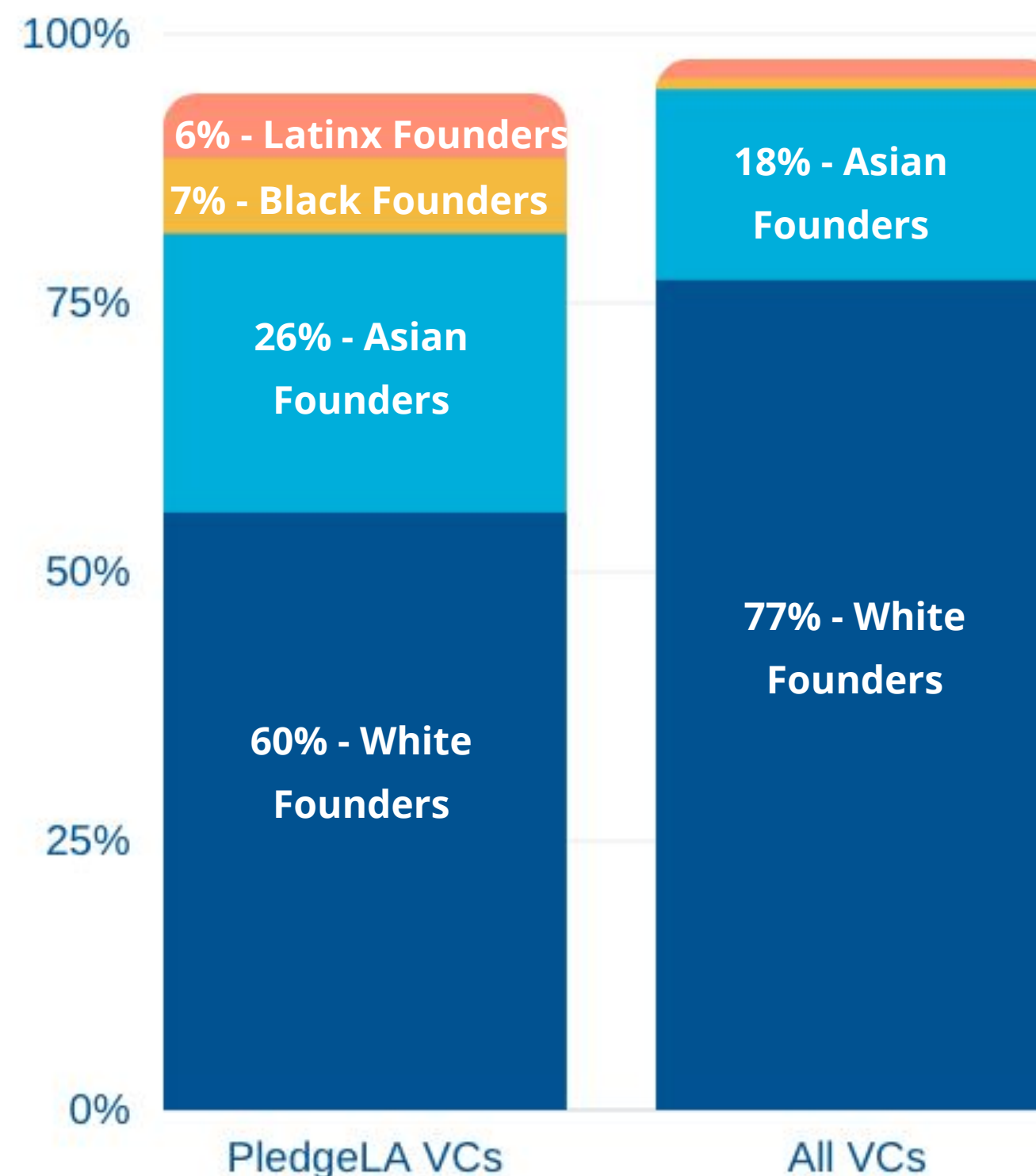


PledgeLA VC Portfolios: Racial Diversity of Founders

LATINX, BLACK FOUNDERS ARE DEEPLY UNDERREPRESENTED IN LA & BEYOND

Considering their share of the LA and US population, Latinx & Black founders are extremely underrepresented within PledgeLA VC portfolios. Based on their populations in LA (26% and 15%), white and Asian founders are overrepresented.

Still, efforts to diversify portfolios have had some success in LA, with PledgeLA portfolios being significantly more diverse than those of other investors.

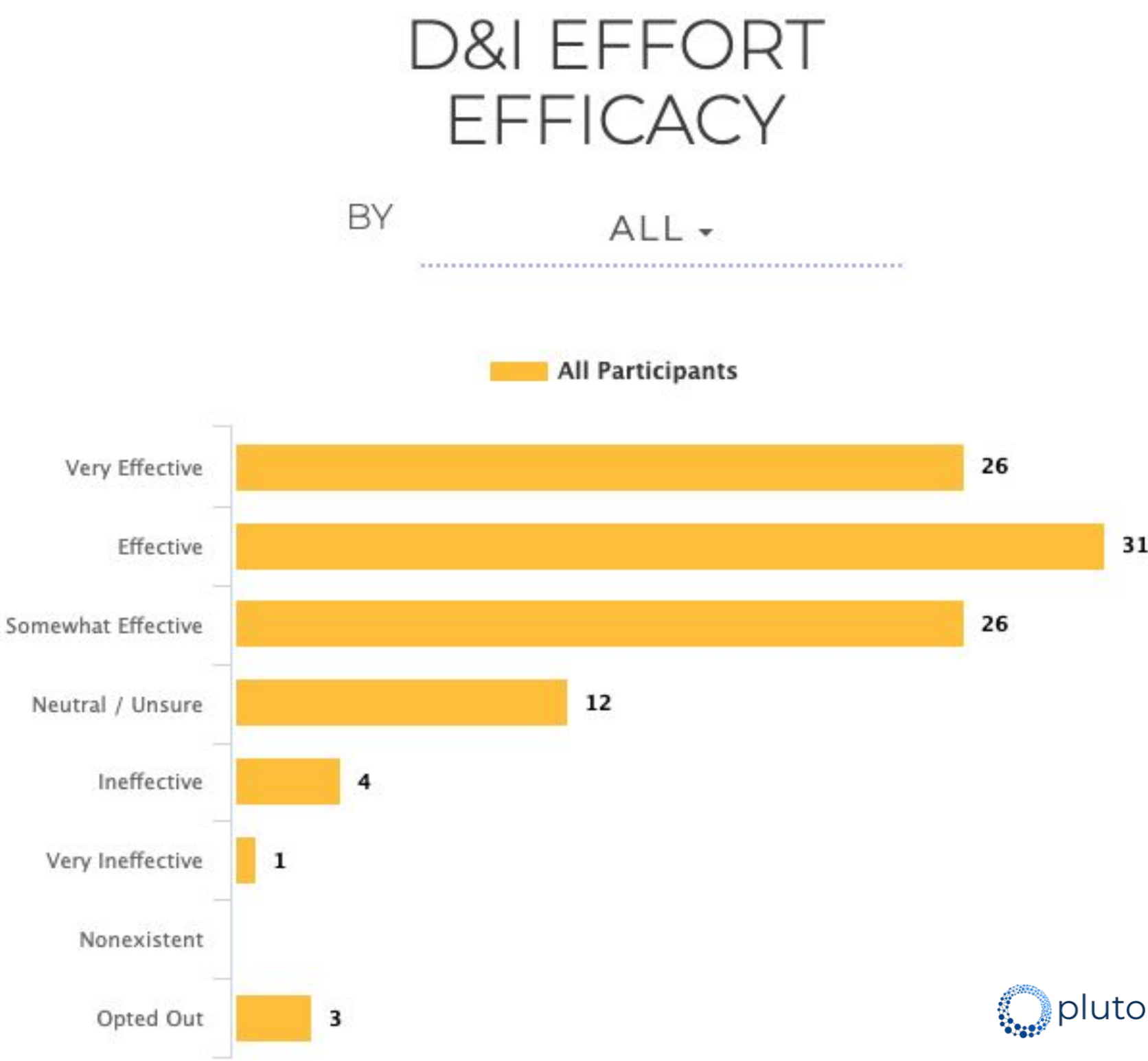


*PledgeLA data presented within a 75-95% degree of certainty.

PledgeLA VC Perceptions

DESPITE REAL REPRESENTATION CHALLENGES, PLEDGELA VCS BELIEVE THEIR EFFORTS ARE SUCCESSFUL

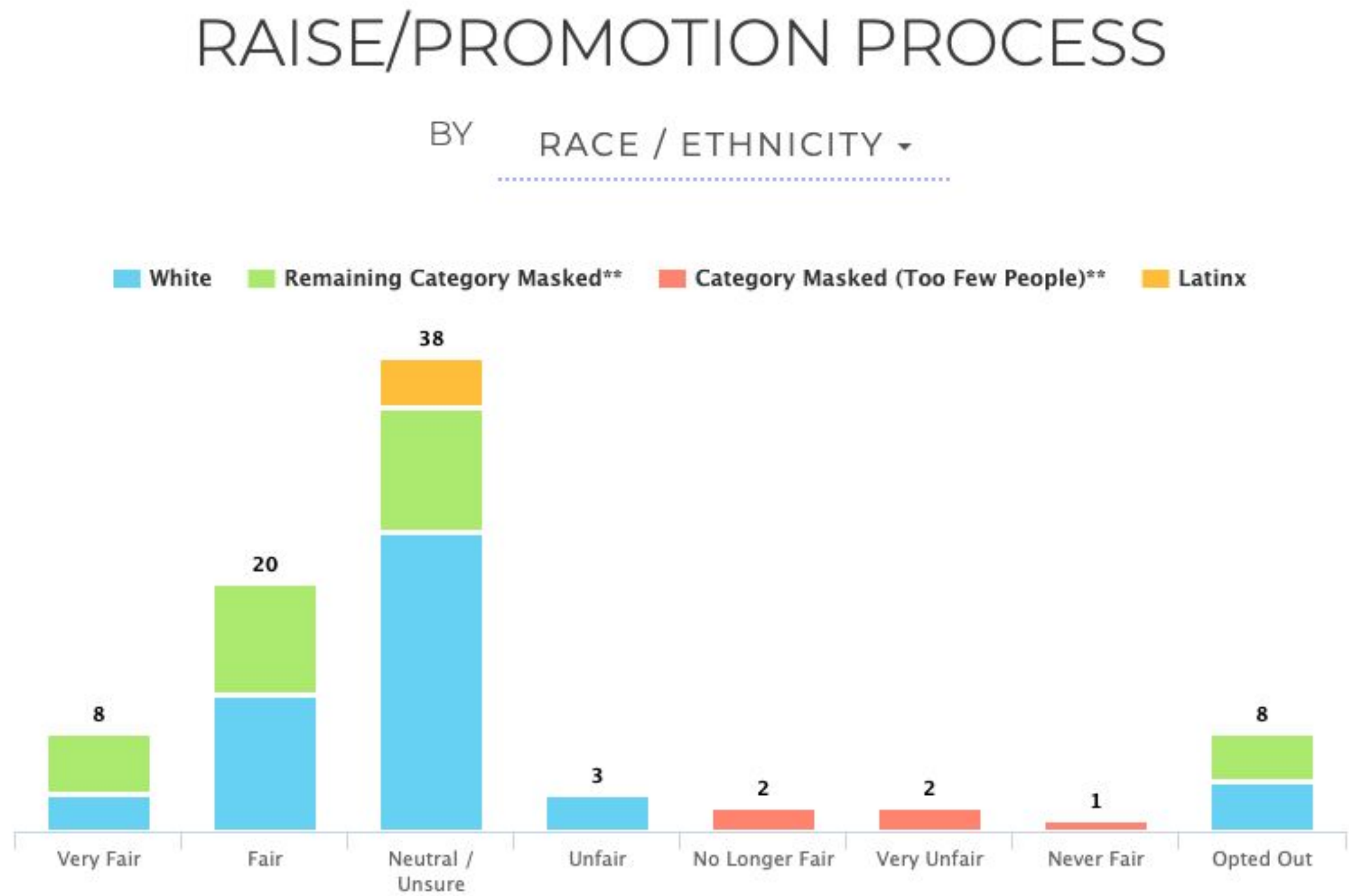
Returning to our survey data, VCs largely describe efforts of their internal diversity and inclusion efforts effective or very effective (57%) even given large challenges in the representation of women and Latinx founders in their portfolios.



Equity

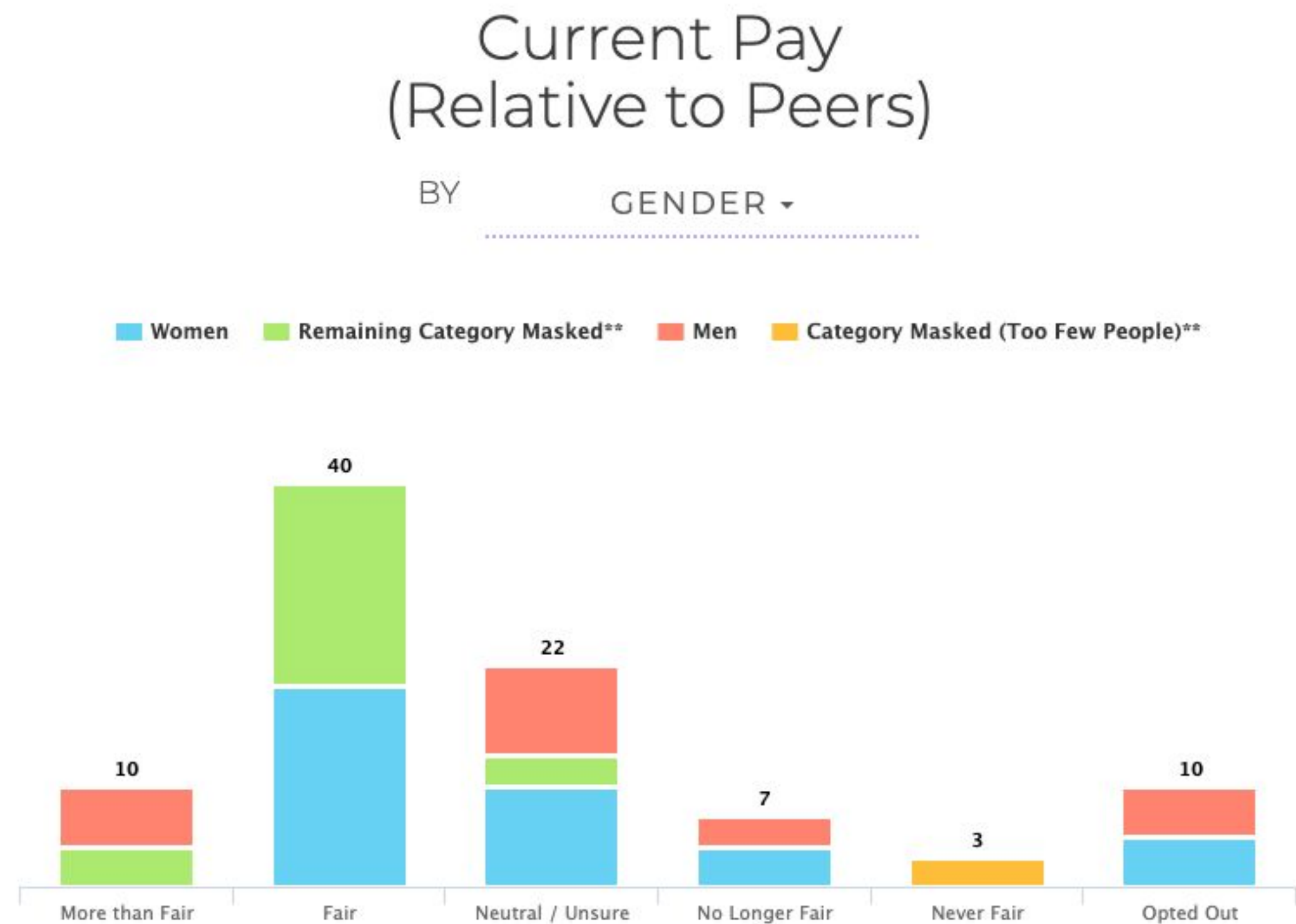
THE MAJORITY OF VCS ARE UNSURE ON THE FAIRNESS OF THE RAISE & PROMOTION PROCESS

There are also noticeable distinctions by race, with the majority of non-white VCs (noted as Latinx and Remaining Category Masked) stating uncertainty around how fairly raises and promotions are distributed.



WOMEN ALSO STATE UNCERTAINTIES ON THE FAIRNESS OF PAY

There are slight differences by gender in the perception that the current pay is fair, with a significant number of respondents feeling uncertain if their salary is commensurate with their peers.

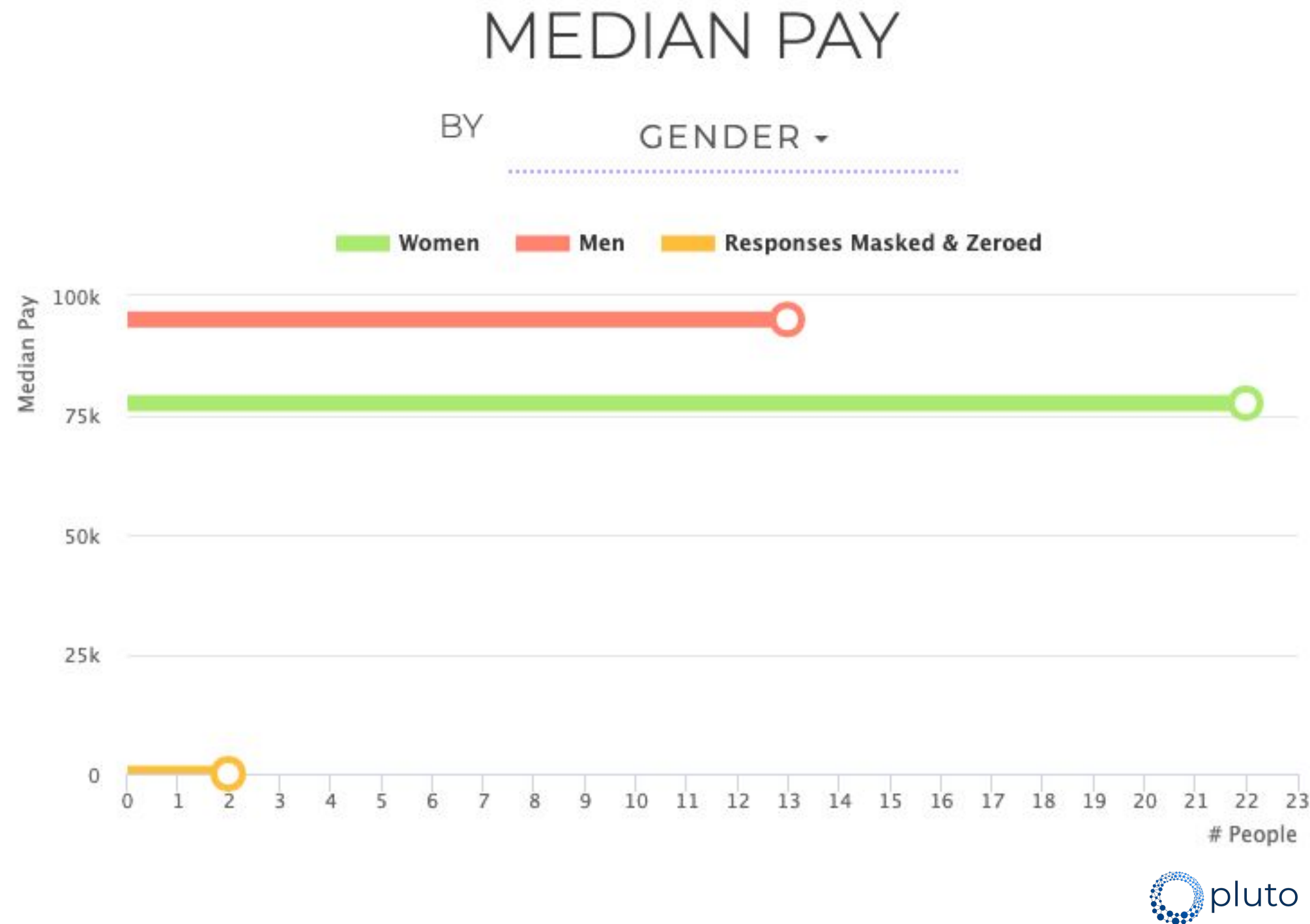


WOMEN VCs ARE PAID SIGNIFICANTLY LESS THAN MALE VCs

This lack of transparency holds real consequences - women VCs earn about \$18,000 less than their male peers.

The overall gender pay gap demonstrates that women VCs at PledgeLA firms earn 82 cents per \$1 for men, a gap similar than the national average (81 cents per \$1; source: [U.S. Census Bureau, Current Population Survey 2019](#)).

Not enough data were available on other demographics to effectively monitor other pay gaps.

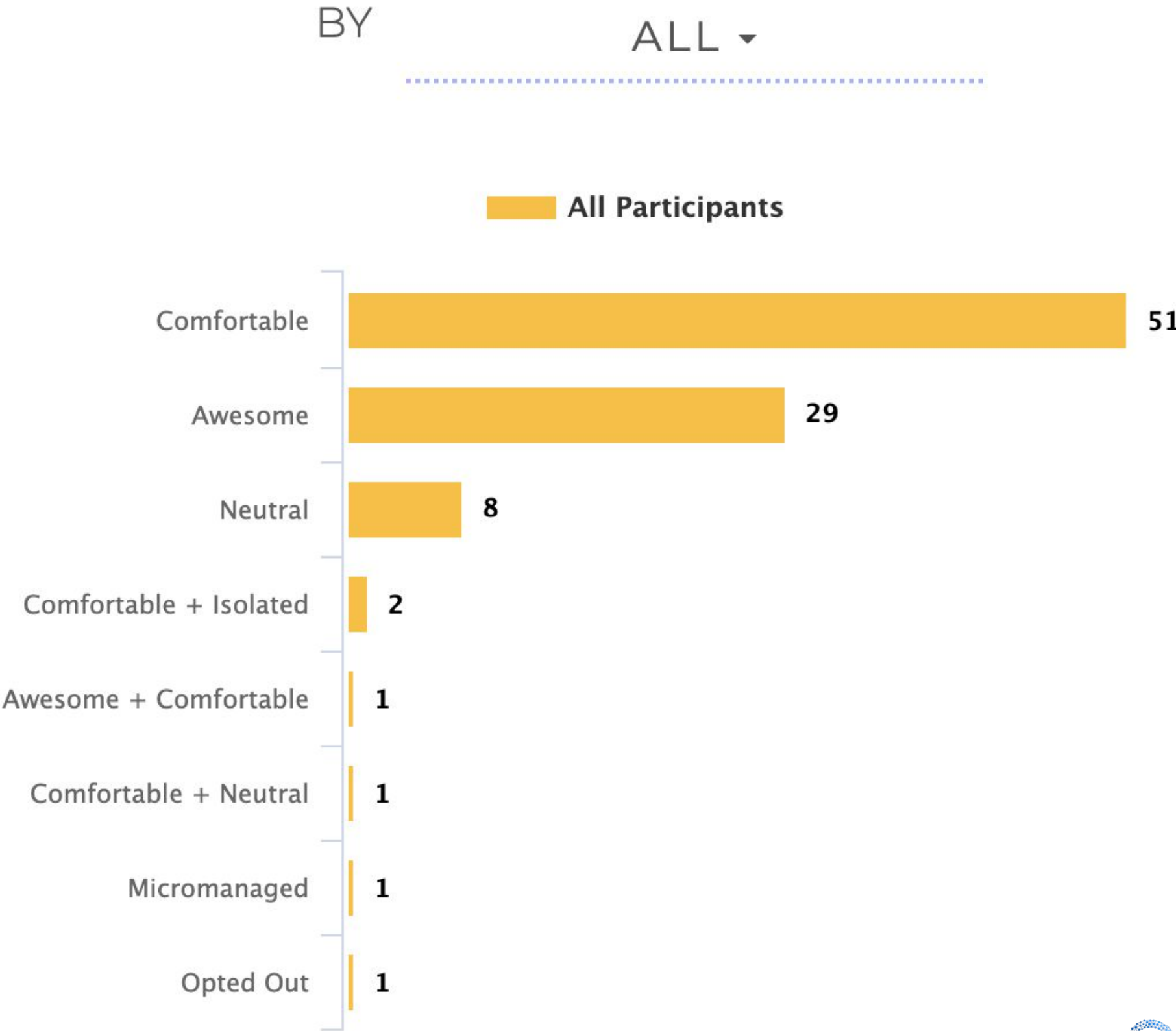


Inclusion

VCs OVERWHELMINGLY ENJOY THEIR WORKPLACE CULTURE

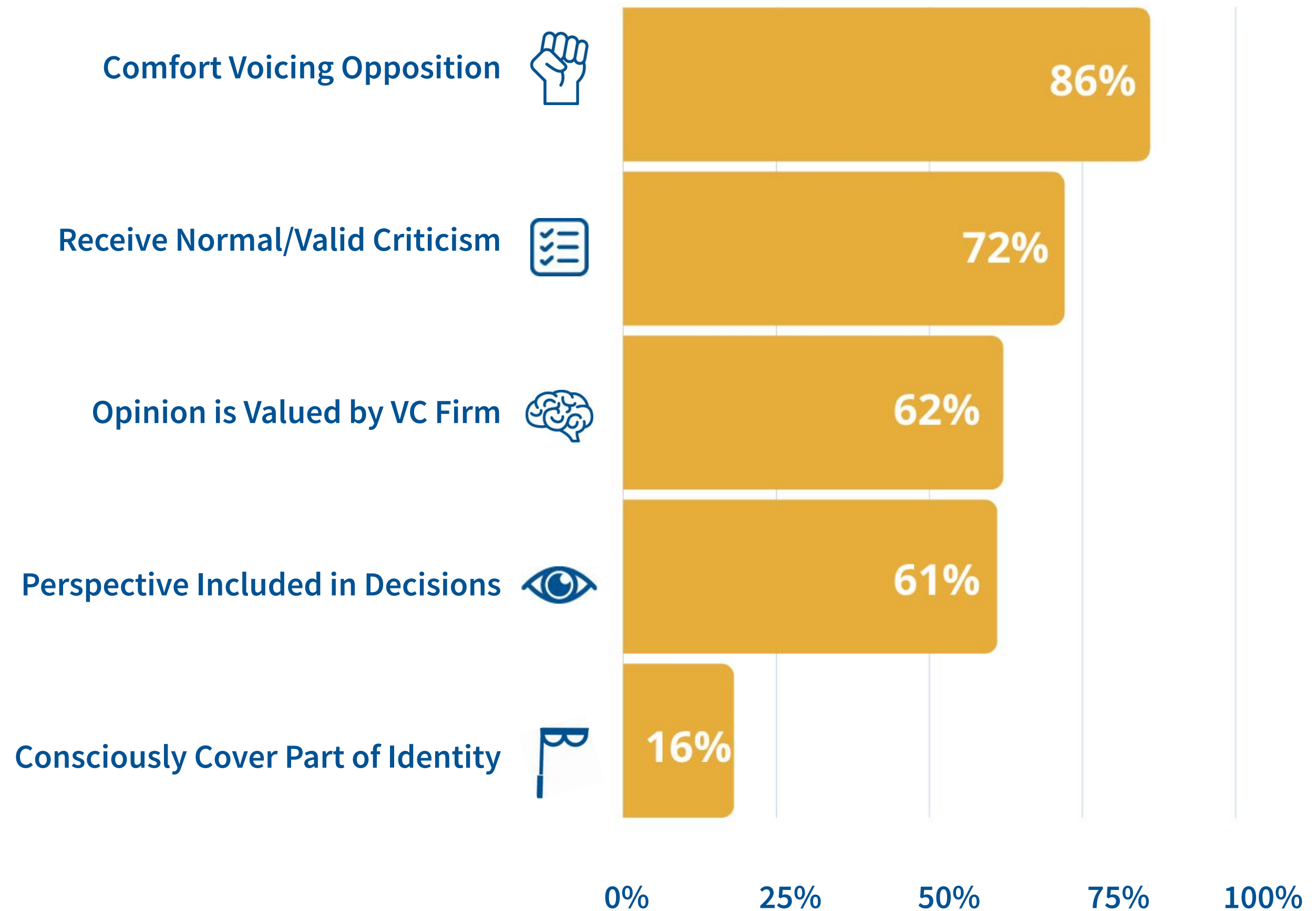
PledgeLA VCs are overwhelmingly positive about their workplaces, with 55% describing themselves as feeling “comfortable” and 31% feeling “awesome” on most days.

WORKPLACE SENTIMENT (MOST DAYS)



Despite challenges in equity, PledgeLA VC firms generally foster environments where employees feel comfortable voicing opposition, receive a fair amount of criticism, and feel their voice is heard and valued.

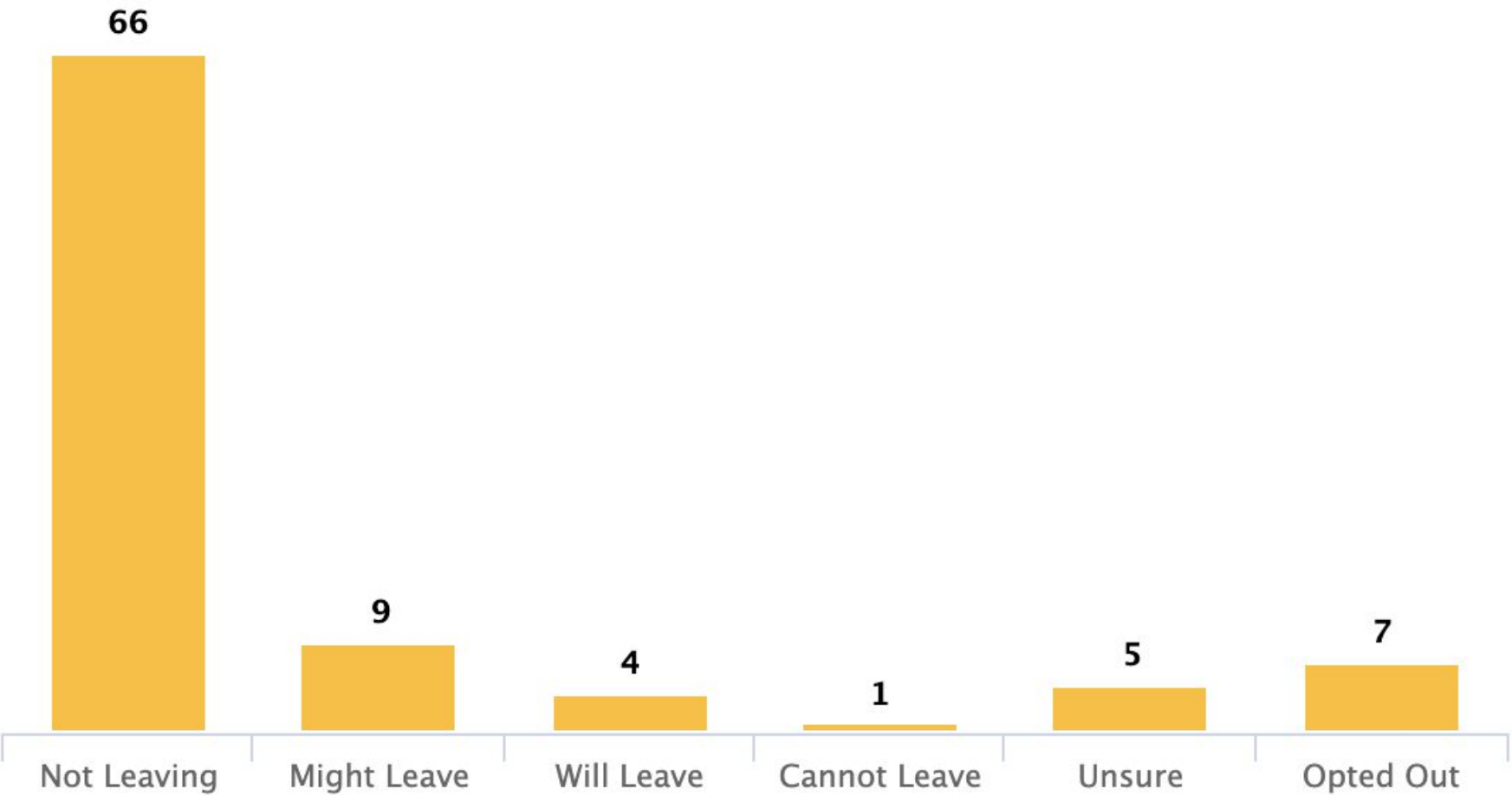
Few consciously cover part of their identity, and for those who do, the most common response was covering mental health challenges in the workplace (not pictured).



LEAVING LIKELIHOOD (NEXT 6 MONTHS)

BY ALL ▾

■ All Participants

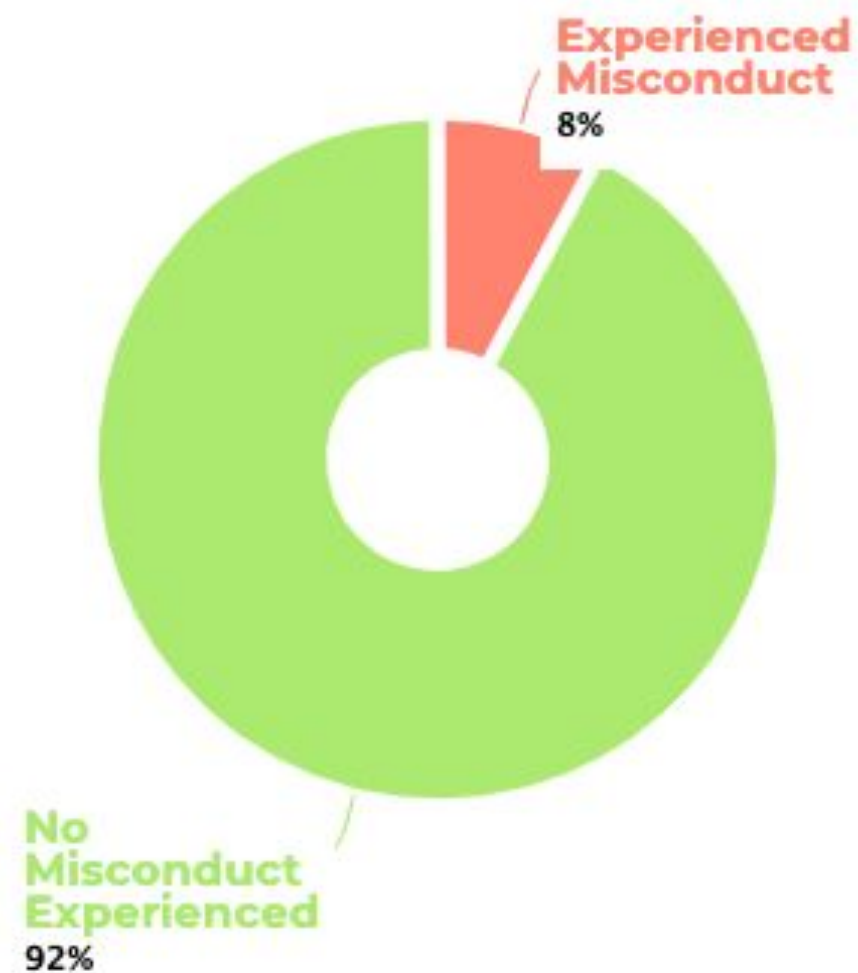


Considering another indicator of firm culture, 78% of respondents report that they are not leaving their jobs.

TEAMWIDE

BY MISCONDUCT ▾

■ No Misconduct Experienced ■ Experienced Misconduct ■ Opted Out



89% of VCs trust or strongly trust their firms (not pictured).

Workplace harassment and misconduct policies are generally well-known among PledgeLA members (79% are aware or very aware of how to report an incident; not pictured).

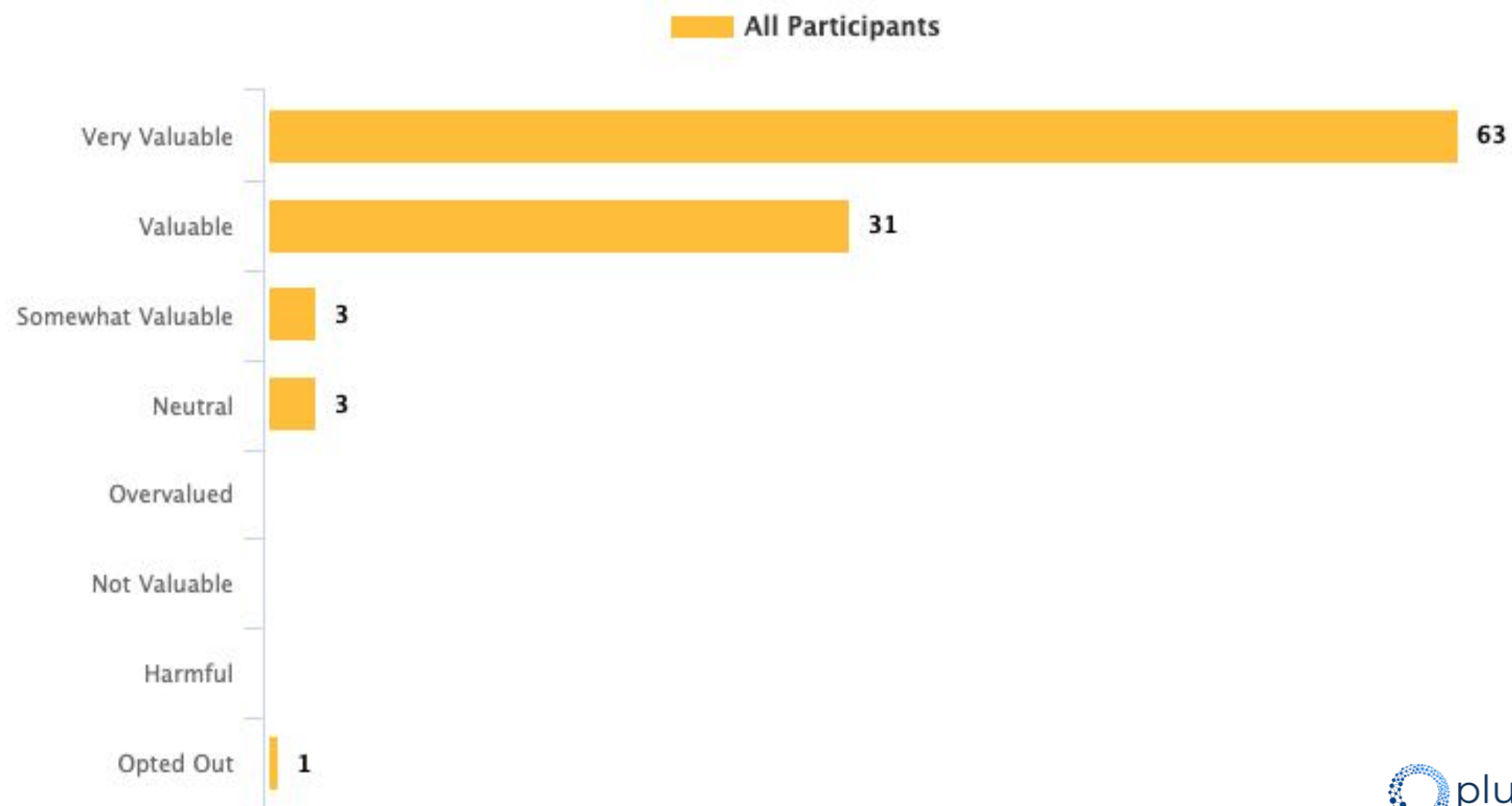
Still, 8% reported experiencing misconduct at the job or a work-related event.

Social Impact

COMMUNITY ENGAGEMENT (IMPORTANCE)

BY

ALL ▾

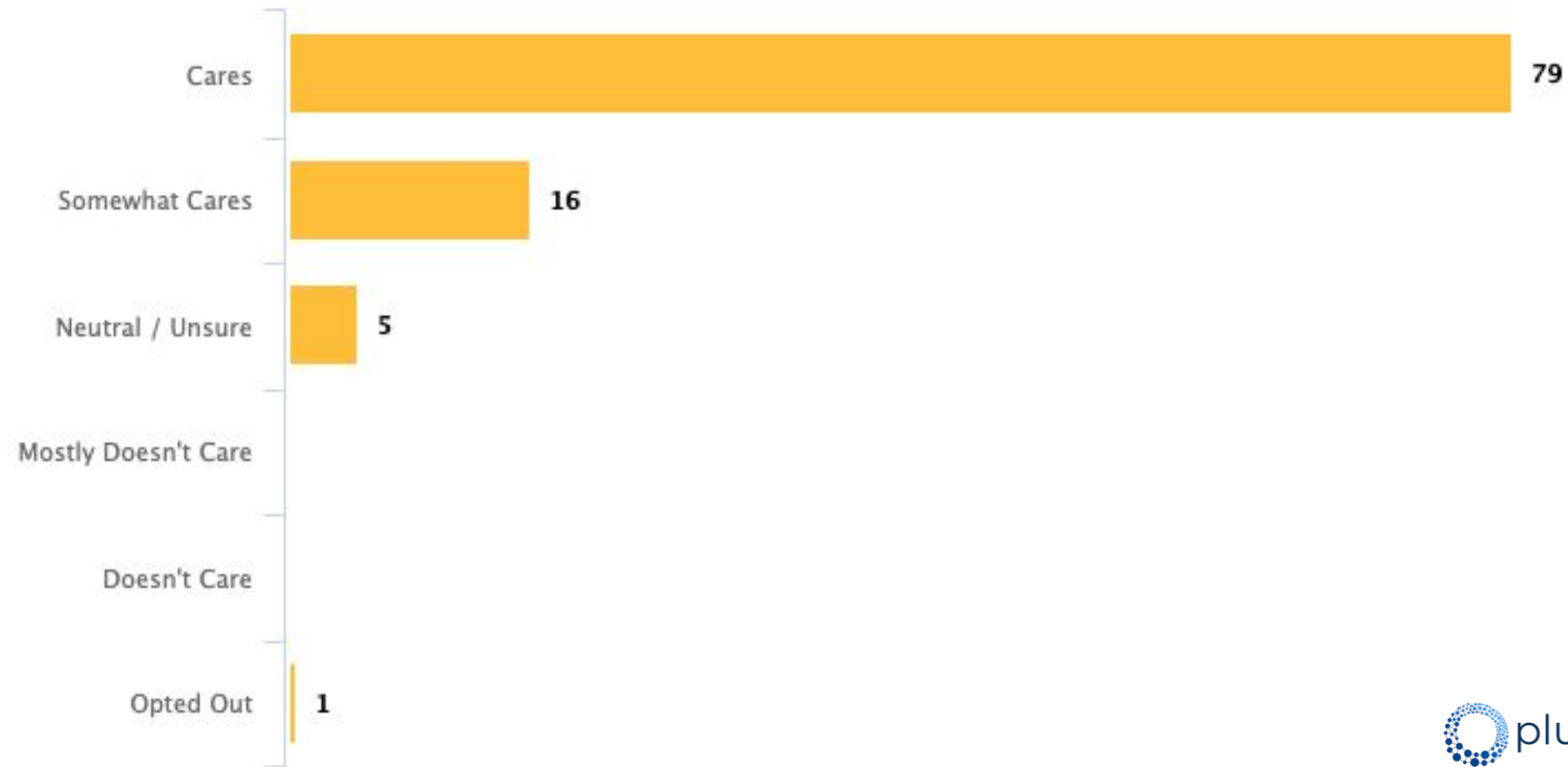


PledgeLA VCs feel that community engagement is important and agree their firms also care.

COMMUNITY ENGAGEMENT (LEADERSHIP CONCERN LVL)

BY ALL ▾

All Participants

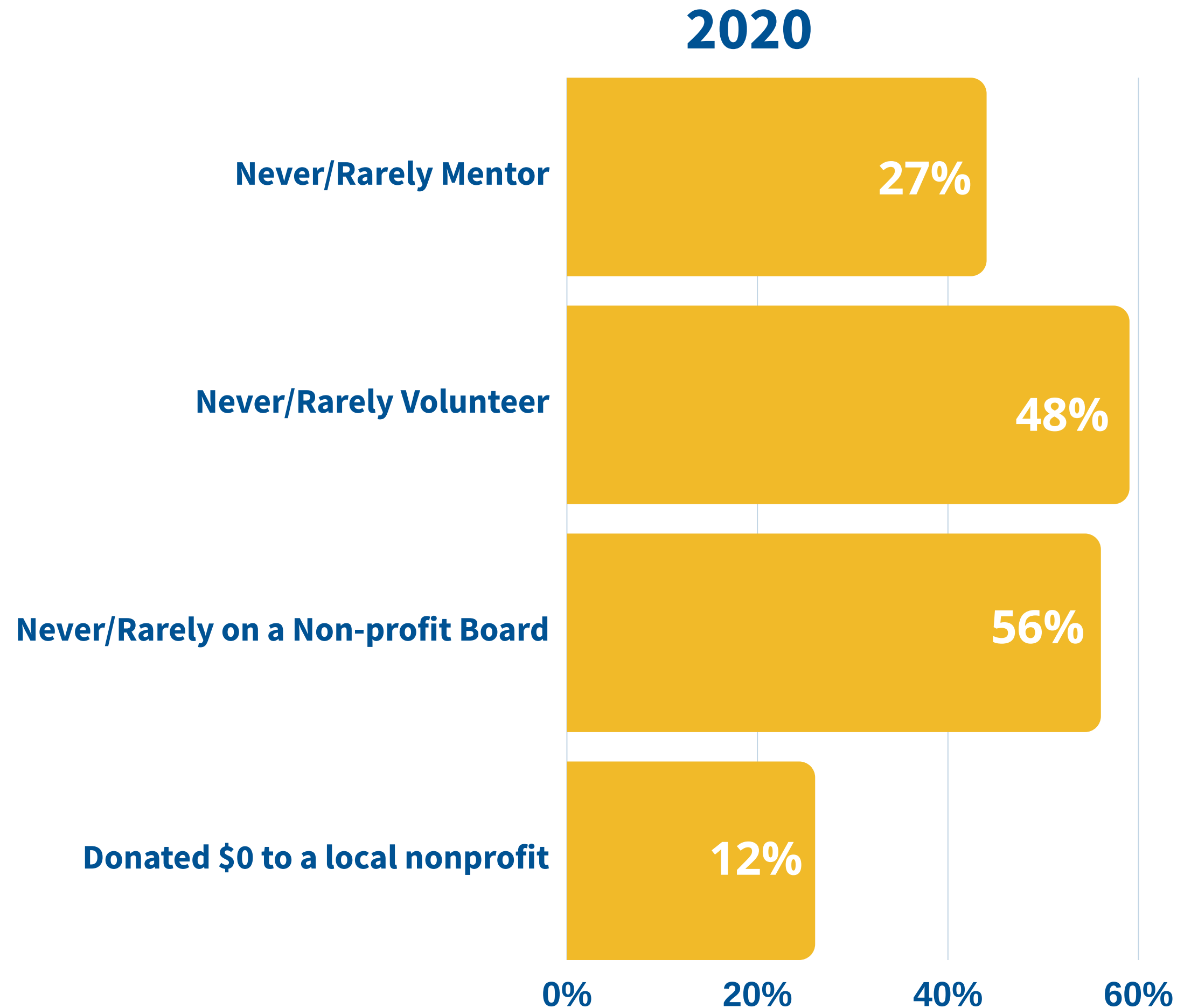


PledgeLA VCs feel that community engagement is important and agree their firms also care.

PLEDGELA VCS HAVE DRAMATICALLY INCREASED COMMUNITY ENGAGEMENT

The majority of PledgeLA VCs mentor and most have donated to a nonprofit in the past 12 months.

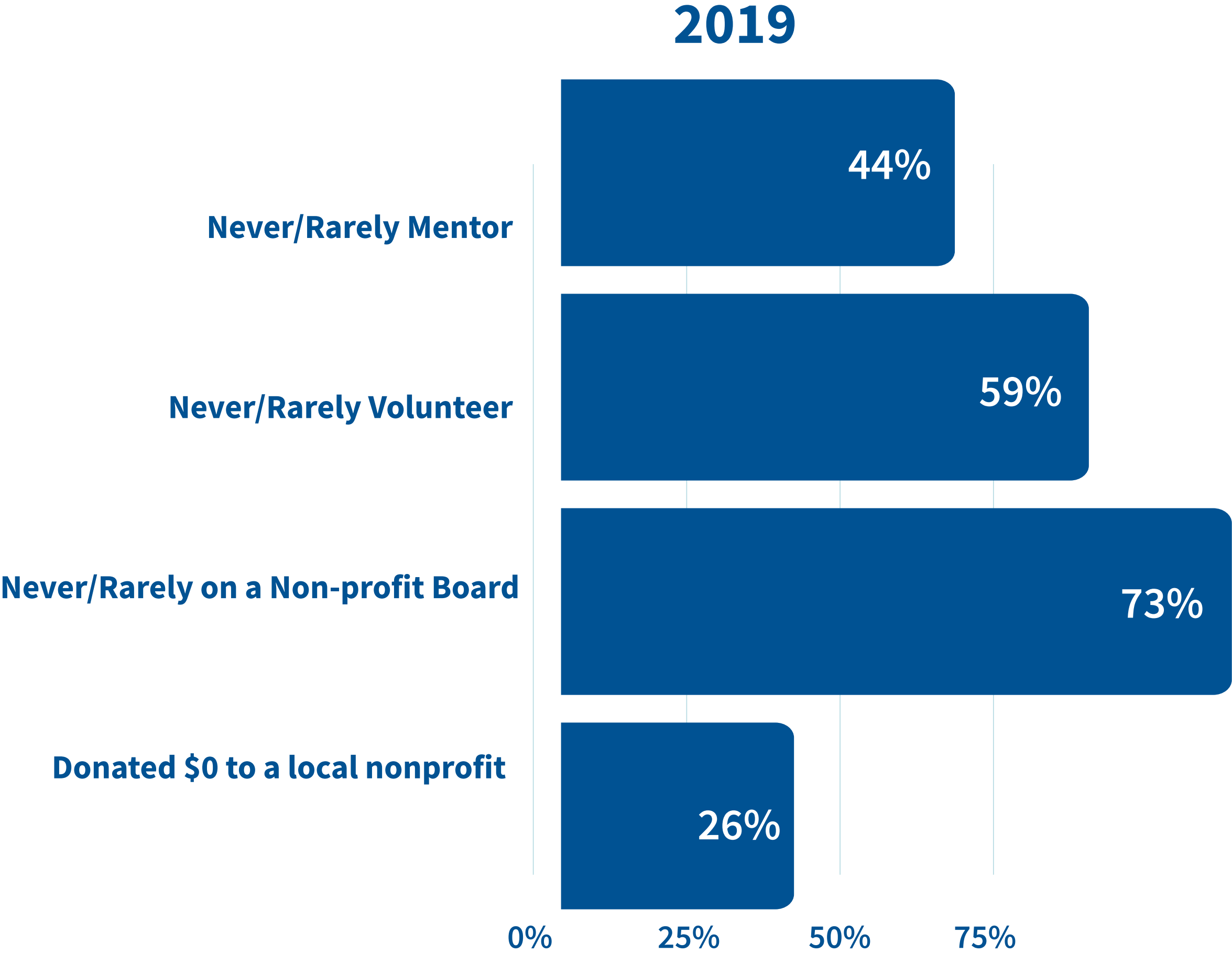
Compared to 2019 survey results, PledgeLA VCs who never mentor, volunteer or serve on a board have dramatically reduced. We believe these impressive improvements reflect efforts by PledgeLA throughout the year to offer more community engagement opportunities.



**PLEDGELA VCs HAVE DRAMATICALLY
INCREASED COMMUNITY ENGAGEMENT**

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Compared to 2019 survey results, PledgeLA VCs who never mentor, volunteer or serve on a board have dramatically reduced.



In 2019, The VC survey recorded data about community engagement slightly different to include different types of mentoring and volunteering. These estimates reflect the average percent of VCs who never or rarely mentored or volunteered in any form.

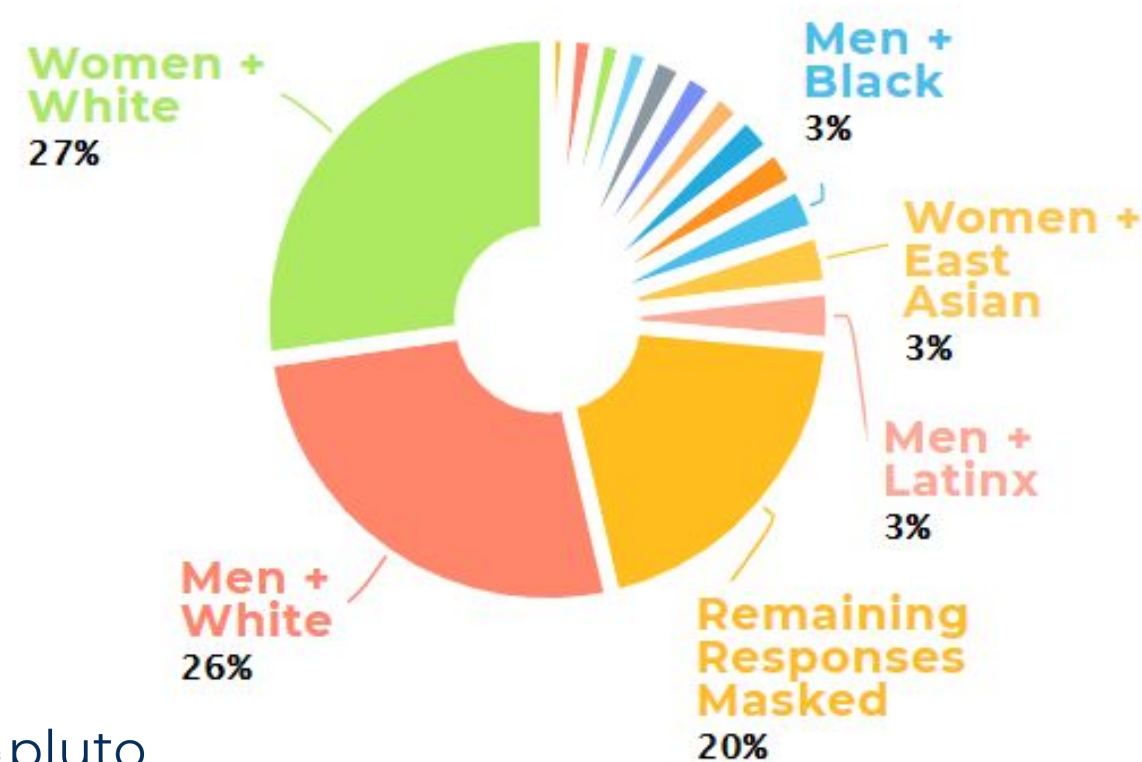
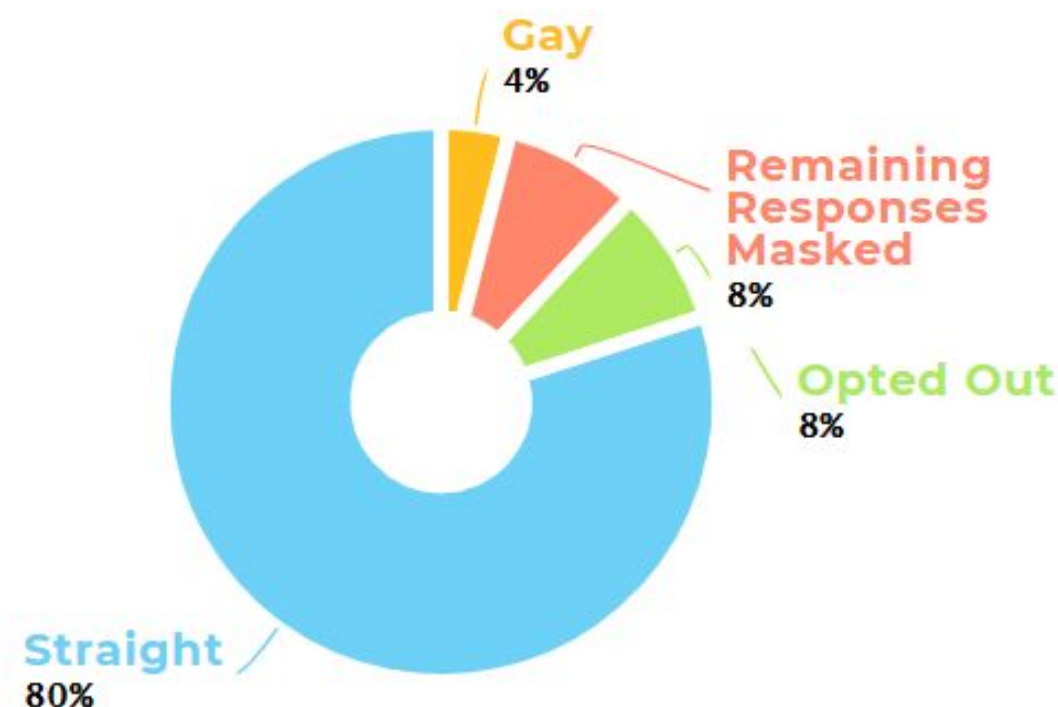
CALL TO ACTION

- **Celebrate Existing Diversity:** LA tech has a unique opportunity to celebrate the diversity it already has to demonstrate its commitment to inclusion. Efforts to celebrate LGB+ identities, support people with disabilities, aid parents, and elevate discussions around mental health highlight the presence of these communities and leverage existing diversity. Amidst the COVID-19 pandemic, it may be easy to consider diversity and inclusion efforts superfluous. However, the virus impacts minority communities disproportionately. Employees from these communities need your care, acknowledgement and support now more than ever.
- **Invest in Latina Founders & Investors:** Los Angeles under-invests in women and Latinx founders, while also under-representing these populations in venture firms. VC firms need to invest in and participate in programs like the PledgeLA VC internship to recruit new talent to make investment decisions, particularly supporting Latinas. Firms need to build deeper organizational ties to entities preparing and supporting founders from these backgrounds in order to truly represent the diversity of Los Angeles.
- **Connect Community Engagement & Diversity Efforts:** VCs already participate in lots of social impact work - but it has yet to materialize into more diverse investments. VCs are most likely to volunteer with a nonprofit, while just 7% give their time to local accelerators and incubators. VCs need to work alongside the accelerator and incubator communities to prepare diverse founders, particularly women and Latinx-led startups for investment. To increase diversity and engage more local startups, VCs need to direct their social impact efforts towards volunteering and mentoring that will produce diverse investments.

CALL TO ACTION

- **Measure Regularly & Make an Equity Plan of Action:** With large challenges around equity, firms must commit to closing the gender pay, raise and promotions gap. Doing so requires developing greater transparency around these processes for employees, setting goals internally around closing the gap, working to level-set employee compensation, and committing to participate in the PledgeLA evaluation annually to measure impact over time.
- **PledgeLA Members - Take Action Now:** Take time to review your individual firm data to see how your results compare. Use the results to set goals with your team and implement a plan to address your particular strengths and weaknesses before next year's survey. Visit pluto.life to review your private results and see tailored recommendations for your firm.

Methodology



What We Collect: To measure the firm culture, demographic composition, pay equity and social impact of its members, PledgeLA used diversity & inclusion data platform [Pluto](#) to survey leaders of venture capital firms, tech companies and their employees.

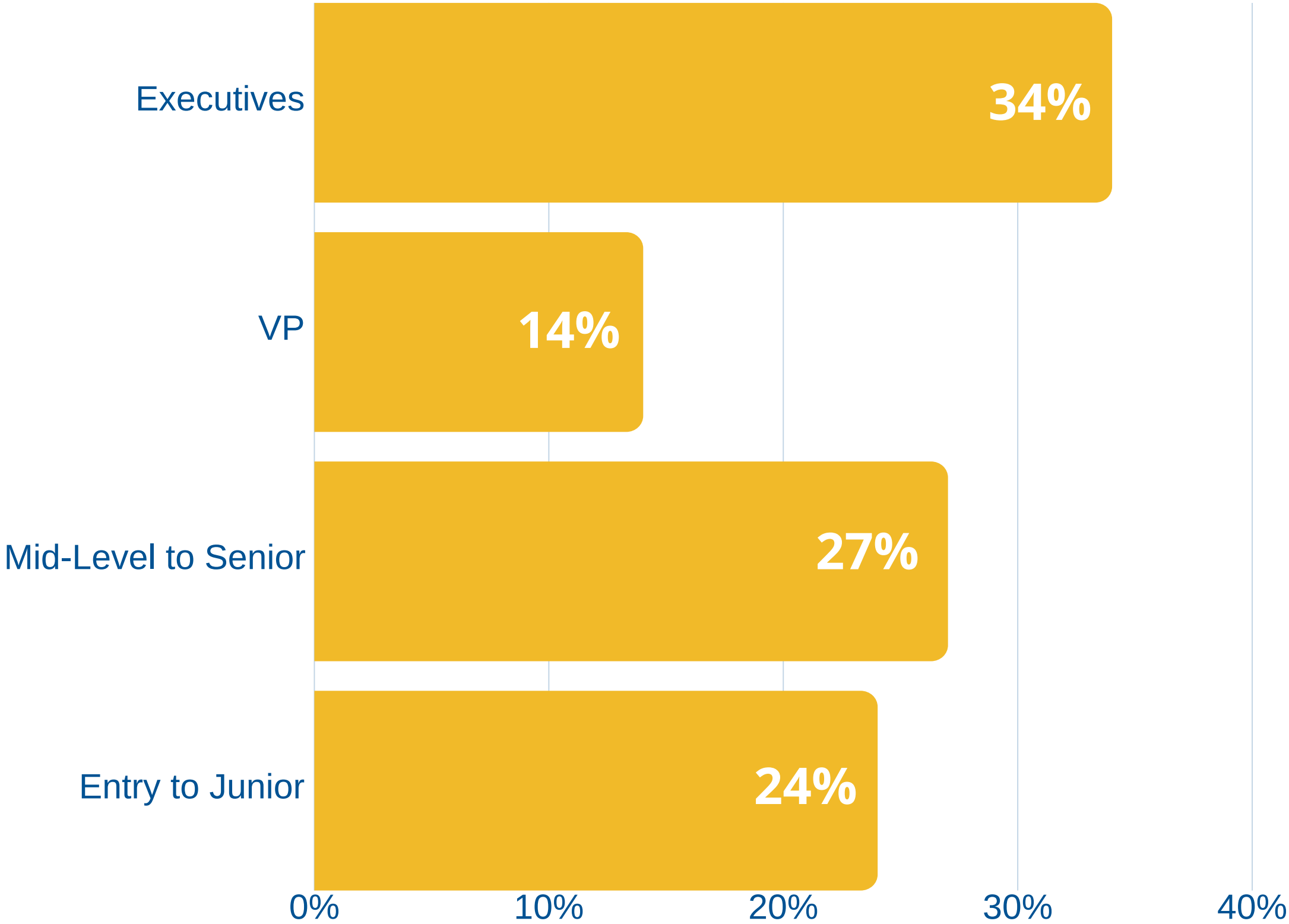
Adaptive Privacy: Pluto offers comprehensive DEI metrics, advanced intersectional analytics within and across companies, and proprietary privacy measures that protect respondent identities regardless of firm size.

For example, Pluto's analytics require a critical mass of respondents with a certain response to show that response as a distinct category. In the first example chart to the left, categories with many respondents (straight and gay) are visible, but the category bisexual remains masked and combined with other minority responses (in this case, lesbian) to protect employees. Each question could also be skipped, as noted by the "Opted Out" label.

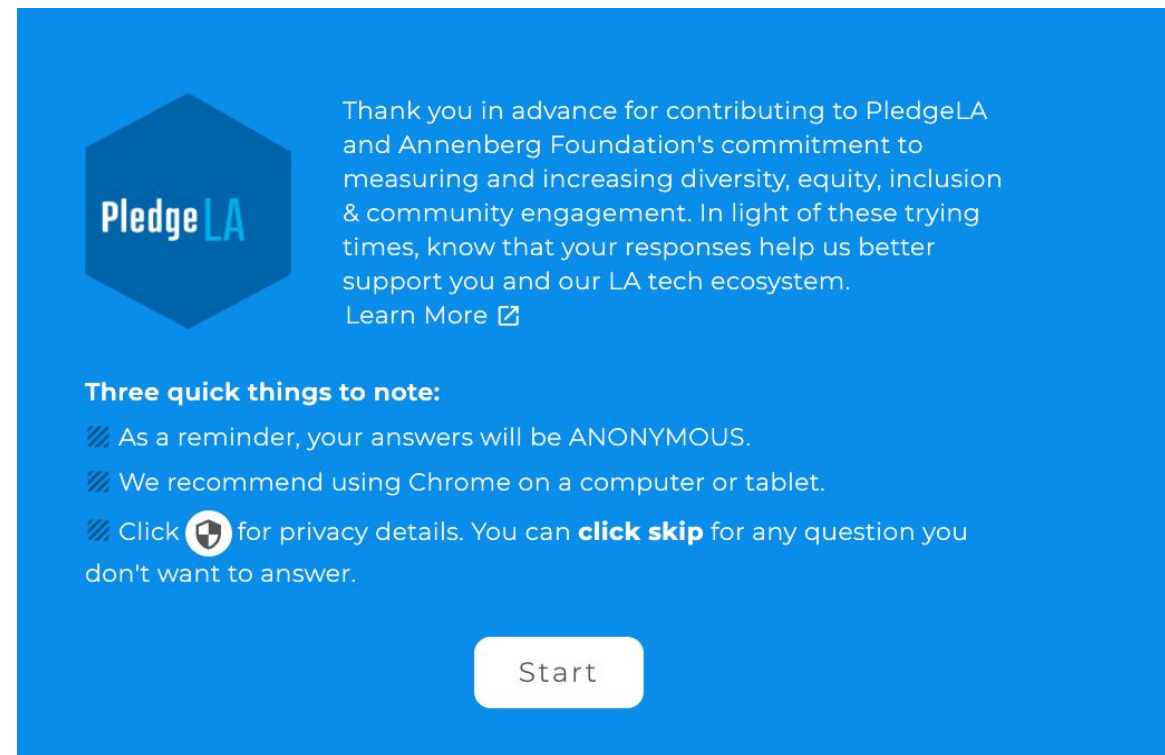
With these protections, VC leaders had a personalized dashboard to confidentially view their firm's unidentified results in real-time, respond to any anonymous employee comments, and review tailored recommendations for improvement; PledgeLA also had access to aggregate results across all member companies.

Methodology

Responses reflect the perspectives of a robust cross-sample of different levels of VC firm leadership: from executives to entry-level employees.



Methodology



The screenshot shows the PledgeLA survey introduction screen. It features the PledgeLA logo on the left. The main text reads: "Thank you in advance for contributing to PledgeLA and Annenberg Foundation's commitment to measuring and increasing diversity, equity, inclusion & community engagement. In light of these trying times, know that your responses help us better support you and our LA tech ecosystem. Learn More [link icon]". Below this, under the heading "Three quick things to note:", there are three bullet points: "As a reminder, your answers will be ANONYMOUS.", "We recommend using Chrome on a computer or tablet.", and "Click [lock icon] for privacy details. You can **click skip** for any question you don't want to answer." At the bottom center is a "Start" button.

PledgeLA

Thank you in advance for contributing to PledgeLA and Annenberg Foundation's commitment to measuring and increasing diversity, equity, inclusion & community engagement. In light of these trying times, know that your responses help us better support you and our LA tech ecosystem. [Learn More](#)

Three quick things to note:

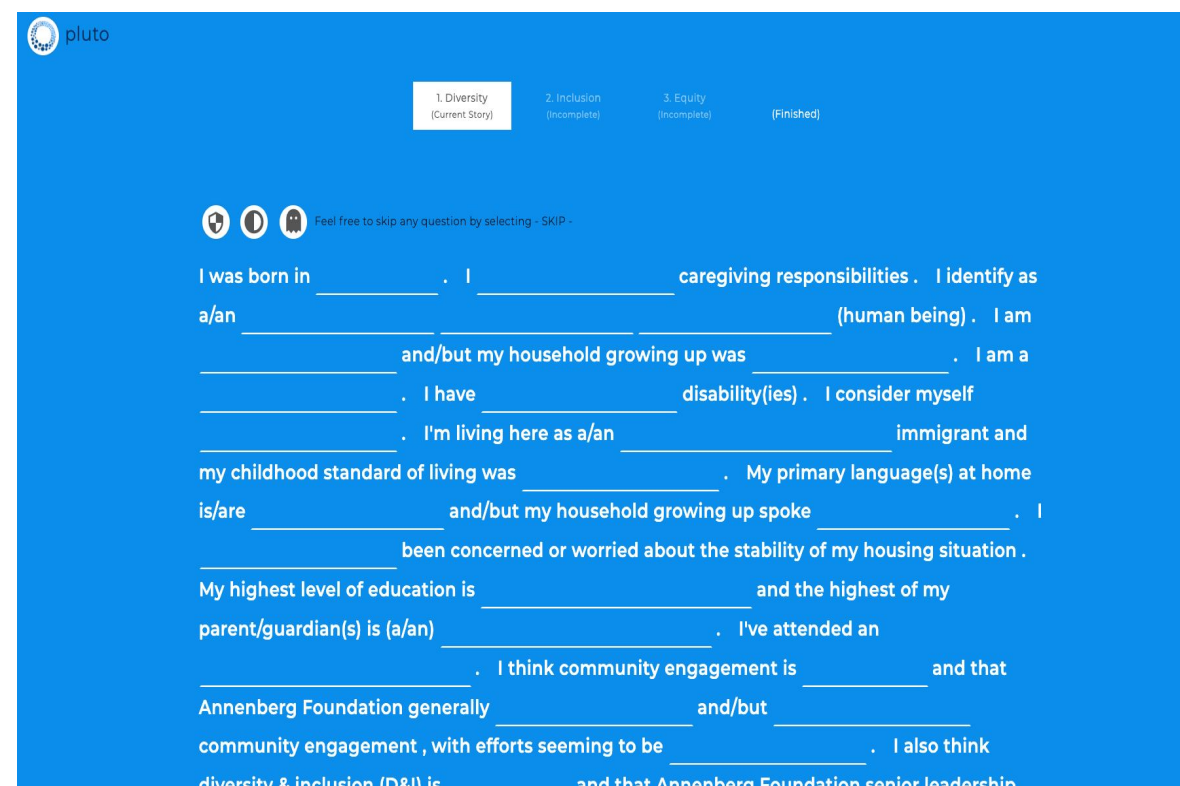
- As a reminder, your answers will be ANONYMOUS.
- We recommend using Chrome on a computer or tablet.
- Click [lock icon] for privacy details. You can **click skip** for any question you don't want to answer.

Start

The 20-minute anonymous survey covered over 100 metrics and was taken by more than 100 people across the LA venture capital ecosystem.

Data were collected between November 2019 and March 2020.

40% of PledgeLA member VC firms, ranging from 1 to 43 employees, participated in the evaluation as of April 1, 2020.



The screenshot shows the Pluto survey progress bar and the first question. The progress bar at the top indicates four steps: "1. Diversity (Current Story)", "2. Inclusion (Incomplete)", "3. Equity (Incomplete)", and "(Finished)". Below the progress bar, there are three icons (a lock, a person, and a speech bubble) and the text "Feel free to skip any question by selecting - SKIP -". The first question is a series of fill-in-the-blank statements: "I was born in _____. I _____ caregiving responsibilities. I identify as a/an _____ (human being). I am _____ and/but my household growing up was _____. I am a _____. I have _____ disability(ies). I consider myself _____. I'm living here as a/an _____ immigrant and my childhood standard of living was _____. My primary language(s) at home is/are _____ and/but my household growing up spoke _____. I _____ been concerned or worried about the stability of my housing situation. My highest level of education is _____ and the highest of my parent/guardian(s) is (a/an) _____. I've attended an _____. I think community engagement is _____ and that Annenberg Foundation generally _____ and/but _____ community engagement, with efforts seeming to be _____. I also think diversity & inclusion (D&I) is _____ and that Annenberg Foundation senior leadership _____".

pluto

1. Diversity (Current Story) 2. Inclusion (Incomplete) 3. Equity (Incomplete) (Finished)

Feel free to skip any question by selecting - SKIP -

I was born in _____. I _____ caregiving responsibilities. I identify as a/an _____ (human being). I am _____ and/but my household growing up was _____. I am a _____. I have _____ disability(ies). I consider myself _____. I'm living here as a/an _____ immigrant and my childhood standard of living was _____. My primary language(s) at home is/are _____ and/but my household growing up spoke _____. I _____ been concerned or worried about the stability of my housing situation. My highest level of education is _____ and the highest of my parent/guardian(s) is (a/an) _____. I've attended an _____. I think community engagement is _____ and that Annenberg Foundation generally _____ and/but _____ community engagement, with efforts seeming to be _____. I also think diversity & inclusion (D&I) is _____ and that Annenberg Foundation senior leadership _____

Finally, to capture the diversity of PledgeLA VC portfolio companies, we collected publicly available data on our members investments. Using these data in combination with proprietary algorithms, allowed us to capture the company headquarters, founder's gender and race within a 90% degree of confidence.



CONTACT

To explore these results more, visit pluto.life/pledgela

For questions or inquiries about PledgeLA, visit
pledgela.org.

info@pledgela.org

To learn more about the survey platform and
methodology, visit pluto.life

info@pluto.life