Do Ventures Led by Women Set Different Target Margins?

Evidence from Emerging Markets

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Abstract

In recent decades, the number of female entrepreneurs has grown substantially, particularly in low- and middle-income countries. However, the characteristics and performance of female-led ventures differ significantly from those of ventures led by men. A potential reason for this is the lack of clearly defined venture goals, including the profit margin that ventures target. We study the relationship between gender and target margins using a large dataset of ventures located in Latin America and the Caribbean and Sub-Saharan Africa. We find that ventures led only by women are almost five percentage points less likely than male-led ventures to establish target margins, even after controlling for observable venture and founder characteristics. In addition, ventures with only female founders tend to set lower target margins than those with only male founders. These results suggest that policymakers, accelerators, and incubators, can play a major role in supporting female entrepreneurs as they grow their businesses by encouraging women to set clear and realistic target margins to be more successful at raising funds for their ventures.

Keywords Gender gap | Venture target margin | Venture performance | Gender composition

JEL Classification J16 | L21 | M13

1 Introduction

In recent decades, the number of female entrepreneurs has increased substantially. However, this growth has not had the expected impact on global economies due to the disparity between the performance of male- and female-led businesses (Elam et al., 2021). Previous studies have investigated the performance of female-led ventures in terms of the return on owner's equity, the return on total assets (Johnsen & McMahon, 2005), survival, revenue, profit, sales (Bardasi et al., 2011; Fairlie & Robb, 2009), and employment (Guzman & Kacperczyk, 2019). The general conclusion of these studies is that female-led ventures are more likely to close and have lower performance than those led by men[1].

Another indicator of the difference in performance between male- and female-led ventures is the rate of return on equity in the face of grants. Fafchamps et al. (2014) find that the equity stock of female-led ventures increases more when it comes from in-kind grants than cash grants. In most

[1] Elam et al. (2021) find that, in Latin America and the Caribbean (LAC), female-led ventures are 1.3 percent more likely to close, and the reason cited most frequently is a lack of profitability.

cases, women use most of the cash incentive for household expenses, rather than on improving their businesses, which affects the success of their ventures (Sittenthaler & Mohnen, 2020). As Marlow and Patton (2005) find, women experience additional disadvantages associated with gender ascription as opposed to men. These disadvantages translate into limited accumulation of social, cultural, human, and financial capital and thus limit women's ability to accumulate personal savings, generate credit histories attractive to formal lenders, or attract the interest of venture capitalists.

As documented by Bloom and Van Reenen (2007), setting clear profit targets is an important predictor of venture's success. If women are less likely than men to set target margins for their ventures, then that might explain why ventures led by women have lower chances of survival (Fafchamps et al., 2014; McKenzie & Paffhausen, 2019). In turn, the latest report on the Women's Entrepreneurship Monitor finds that the regions with the highest rates of business closure are Latin America and the Caribbean (LAC) and Sub-Saharan Africa (SSA)[2] (Elam et al., 2021).

In this paper, we study whether a difference exists in setting target margins and the level of the target margins across ventures by the gender composition of venture founders. We use the Global Accelerator Learning Initiative (GALI) cross-sectional dataset, focusing our attention on the SSA and LAC regions. We find that female-led ventures are almost five percentage points less likely than male-led ventures to establish target margins, even after controlling for observable venture and founder characteristics. Moreover, ventures with only female founders tend to set lower target margins than those with male founders. In addition, the distribution of ventures shows that female-led ventures tend to specialize in low value-added sectors, where target margins are usually lower. Regarding the characteristics of female entrepreneurs, we find that they have less experience than their male counterparts, especially in management positions.

Given that entrepreneurship has been encouraged as a solution for female unemployment, it is important to understand how women make business decisions. Future research on the topic should focus on exploring the mechanisms behind the gap we find—specifically, whether entrepreneurial confidence, more realistic expectations, or greater hesitancy to set a target explain the findings. Policymakers and governments, as well as accelerators and incubators, can play a major role in supporting female entrepreneurs as they grow their businesses, especially in developing countries.

The article is structured as follows. The next section presents the most relevant literature on target margin setting and its relationship to entrepreneurial success; it also presents the main differences in performance between male- and female-led ventures. From this literature review, four related hypotheses are developed during the development of section two. The third section describes the method and composition of the data used for the analysis. In the fourth and fifth sections, the paper presents the results and an exercise to test the robustness of the results obtained. Finally, the last section details conclusions, policy implications and future research questions.

2 Theorical background and hypotheses

[2] According to the most recent Global Entrepreneurship Monitor (GEM) report, lower-middle-income countries have the highest rate of total early-stage entrepreneurial activity (TEA) by women. In LAC, women account for 24 percent of TEA and female-led ventures are 40 percent more likely than male-led ventures to be sole proprietors. Likewise in Sub-Saharan Africa, one in three women is a sole proprietor of a business (more than twice as many as men) (Elam et al., 2021).

Previous literature has extensively documented that businesses led by women perform worse than those owned by men (De Mel et al., 2008; Hardy & Kagy, 2020; Nichter & Goldmark, 2009). This gender performance gap has recently become an important area of political and academic debate. In this section, we outline some of the reasons behind this difference in performance and the hypothesis that we can test econometrically in relation to these determinants based on the data we have.

Business planning is the process of gathering and analyzing information, evaluating the actions needed, identifying risks and strategy, projecting financial developments, and drafting a written plan using these inputs (Castrogiovanni, 1996; Sexton & Bowman-Upton, 1991). Included in business planning is determining a target margin for the business, which should guide the viability of the venture. Delmar & Shane (2003) argue that "business planning helps firm founders to undertake venture development activities because planning facilitates goal attainment in many domains of human action". Min-Yen & Siong-Choy (2007) find that motivations and goals setting within the venture, such as profitability and sales growth are related to the performance and success of ventures. In turn, Brinckmann et al. (2019) perform a meta-analysis of determinants of business planning and find that education and work experience are important predictors of business planning.

In our sample, founders of female- and male-led ventures have similar levels of education, but founders of male-led ventures are more likely to have previous experience as CEOs and Senior Management positions, while founders of female-only ventures are more likely to have held support staff positions. This means that male entrepreneurs have wider work experience that female entrepreneurs, and hence may be more likely to set up a business plan.

Given this scenario and the lack of research on the relationship between the gender composition of ventures and the decision to set a target margin, we propose the following hypothesis to be tested in the econometric analysis.

Hypothesis 1: Ventures led by only female founders are less likely to set target margins than those led by male-founders only.

Some factors that can affect whether ventures have a business plan, and particularly a target margin, are unobserved to researchers. The founders' ability, for instance, is difficult to elicit. However, these determinants influence certain aspects of the venture, such as its size and economic sector of operation. For example, female-led ventures tend to be smaller than male-led ones (Bardasi et al., 2011), and are concentrated in sectors with low added value (Allen et al., 2007; Orser et al., 2006). This implies that female-led ventures in traditionally male sectors will be different from those in traditionally female sectors, both along observable and unobservable characteristics of the founders. In particular, we would expect female-led ventures in traditionally male sectors to look and behave more similarly to male-led ventures, including the layout of a business plan and the setting of a target margin (i.e., women in traditionally male sectors will be positively selected).

Hypothesis 2: The probability of setting a target margin in ventures founded only by women will be higher in sectors where they are underrepresented.

Finally, prior literature has considered which founder characteristics are associated with venture success. The entrepreneur's age, their levels of education (Kobeissi, 2010) and cultural factors (Kalafatoglu & Mendoza, 2017) are linked to better outcomes. In addition, Schiller & Crewson (1997) and Bernstein et al. (2017) establish prior industry experience and years of self-employment as the most important predictors of female entrepreneurial success. They find that since women tend to have less work experience and focus on relatively new small businesses, they often lack networks, contacts, socialization practices that limit not only the performance of their

ventures but also long-term survival and growth. In addition, Min-Yen & Siong-Choy (2007) find that women with little or non-technical and professional training may face financial constraints, such as barriers to accessing credit or funding, and personal constraints that limit their entrepreneurial activities and corporate performance. As Kobeissi (2010) find, entrepreneurship is about recognizing opportunities, and education is the key to being able to take advantage of these opportunities for growth.

Besides socioeconomic factors, the entrepreneurial literature has identified psychological traits as an important predictor of business success. Recent studies have documented the relationship between entrepreneurial cognitive biases, entrepreneurial orientation and the performance of entrepreneurial firms (see for example, Lechner & Gudmundsson (2014) and Linton & Kask (2017). Specifically, Fatma et al. (2021) and Fatma & Ezzeddine (2019) argue that optimism and overconfidence can directly influence business success. A higher level of confidence and previous experience coupled with an older entrepreneur increase entrepreneurial success rates. Importantly, behavioral factors seem to have a greater impact among female entrepreneurs than among male entrepreneurs (Kirkwood, 2009).

Hypothesis 3: Given the existence of behavioral biases and the fact that female venture founders tend to have lower managerial experience, female-only led ventures set lower target margins than male-only founded ventures.

3 Method and data

3.1 Sample

The data used to test the hypotheses of this study comes from the Global Accelerator Learning Initiative (GALI)[3] between 2013 and 2019. If a venture applies for one of the GALI programs, the founder will be asked to complete a survey on the socio-economic characteristics of the venture and up to three founders. These include, but are not limited to, the manufacturing department, the venture's headquarters and geographical location, funding sources and amounts, profit targets, workforce size, and whether the venture exists on social media. The data on up to three founders includes their educational level, previous work experience, gender, and if they were accepted into the program.[4]

This study focuses only on the baseline data collected from each venture at the time of applying for a program, regardless of whether it was accepted by the GALI program, and restrict our attention to for-profit ventures, as they are the ones that tend to set a profit margin.

We limit our study to for-profit ventures located in either Latin America and the Caribbean (LAC) or Sub-Saharan Africa (SSA).[5] Thus, our final sample consists of 7,683 ventures in 70 countries: 4,813 ventures are located in 28 LAC countries and 2,870 ventures in 42 SSA countries.

3.2 Variables

[3] GALI is a research initiative that seeks to explore key questions about business acceleration. GALI data is based on Emory University's Entrepreneur Database Program, which works with accelerator programs around the world to collect data describing the entrepreneurs they attract and support. GALI data is a public database. To learn more about GALI and access related publications, visit www.galidata.org

[4] If the venture is accepted into a program, they are further surveyed once a year.

[5] We define the location of the venture using the geographic location of the headquarters.

3.2.1 Dependent variable

The differences in behavior when defining a profit margin and its magnitude are given by two variables. The first variable, called *Venture has a target margin*, is a dichotomous variable that takes the value of 1 if the venture set a target margin in year *t* or the value of 0 if it did not. The second variable, called *Target margin*, is a variable created for the interval regression analysis based on the magnitude of the target margin set for year *t*, where the lower bound is given by a zero percent profit margin and the upper bound by a profit margin of more than 20 percent.

3.2.2 Independent variables

Based on the variables that describe the gender of the three main venture founders, we create three new dichotomous variables that allowed us to test the hypotheses of this study. The dummy variable *Only female founders* is equal to one if all venture founders self-report being female (either one or more founding members) and zero otherwise. The variable *Some female founders* tells us whether there is at least one male and one female founder among the founding members or not. And finally, the variable *Zero female founders* will be equal to one if none of the members self-declare as female and zero otherwise.

These dummy variables are the ones used throughout the study to analyze the relationship between the decision to set a target margin and the gender composition of the founders.

3.2.3 Control variables

Based on past literature, several control variables are included in order to capture possible interfering effects on the decision to set a target margin. There are variables for venture and founder characteristics in the analysis. According to venture characteristics, the venture's size[6] variable was included since it is a factor that can influence ventures' costs and profits as well as the profit margin. The primary sector to which the venture is dedicated is included as a control variable since, as the literature review showed us, the sector to which the enterprises belong affects their access to credit and financing, thus affecting the success of the enterprise. The age[7] of the venture is also included, since a very young venture will have very different profit objectives than a mature.

In the case of the characteristics of the founders, given that several ventures only report information for founder 1, for the subsequent estimations we will use the variables age, last level of education and previous work experience only for founder 1.

3.3 Model

We chose two types of regressions: a linear and an interval regression. With the linear regression, we first identify whether female-led ventures are less likely than male-led ones to set a target margin. Secondly, with the interval regression, we will identify whether the magnitude of target margins of exclusively female-led ventures differs significantly from the target margins of male-led ventures. To test the hypotheses of this study, we estimate equations of the form:

$$Y_{isjt} = \alpha + \beta_1 OnlyFemale_i + \beta_2 SomeFemale_i + \theta_s + \mu_j + \nu_t + \Gamma \boldsymbol{X}_{isjt} + \epsilon_{isjt}$$

[6] This variable was calculated based on the classification of companies according to the number of employees from the World Bank's website. Which is: Micro enterprises with less than 9 employees, small enterprises with more than 10 and less than 49 employees, medium enterprises with between 50 and 249 employees, large enterprises with more than 250 employees.

[7] This variable is obtained by subtracting the year in which the venture was founded and the year in which the venture filled out the GALI form.

where i indexes venture, s venture's primary sector, j venture's country and t program year of application to a GALI program. The variable $OnlyFemale$ take the value of one if venture's founders are only women, $SomeFemale$ is equal to one if venture founders' gender is mixed, θ_s, μ_j, ν_t are sector, location and time fixed effects. The X represents a vector of controls according to venture and founder 1 characteristics.

The dependent variable Y are various measures of venture´s target margin, described above.

3.4 Descriptive statistics

Table 1 summarizes the statistics of venture's characteristics used in this analysis by the gender composition of the founders and maintaining the restrictions imposed on the data, such as geographic location and the fact that they are only for-profit ventures.

We find no statistically significant differences for the venture size variables and the variable that accounts for the decision to set or not to set a target margin. We identify artisanal, culture, education, and health as the sectors with the highest share of female-led ventures. While financial services, information and communication technologies, energy and housing and infrastructure development services have more representation in male-led ventures. Thus, female-led ventures are concentrated in traditional sectors with little value added, while male-led ventures are in sectors that generate value added and are at the forefront of current market needs.

Table 2 presents descriptive statistics for the main characteristics of founder 1, according to gender composition and the restrictions imposed on the database. We see that in the case of female-led ventures, their participation rate in work roles such as CEO is almost half compared to the other groups, while their participation in operational and support roles is 8% higher, an expected result according to the literature. There seem to be no significant differences between only-gender and mixed-gender ventures in the variables of educational level and age.

4 Results

We start by analyzing gender differences in setting target margins. We regress an indicator that takes the value of one if the venture has a target margin on two indicators that take the value of one if the venture was founded only by women or if the founders are of mixed gender, respectively. The base category are ventures in which all founders are men. We include controls for venture's age and for the number of founders in the venture, since ventures with mixed-gender founders must have at least 2 founders, while those with only male or only female founders can have only one founder. The results for testing *Hypothesis 1* are shown in Table 3, for all ventures in the sample and then separately for ventures headquartered in Sub-Saharan Africa and Latin America and the Caribbean. Columns 1, 3 and 5 present a linear regression model with fixed effects for venture's primary sector, venture's location, and the year in which the venture completed the survey to apply to a GALI program, while columns 2, 4 and 6 we also include controls for ventures and main founder characteristics. The latter includes previous work experience, highest educational level achieved and age for founder 1. The characteristics of the venture are given by venture's size, its operating model and whether venture is invention based.

The coefficient for female-only ventures is always negative and significant (except when we restrict the sample to ventures located in Sub-Saharan Africa), even when we include controls for venture and founders' characteristics. In this case we have that female-led ventures are 5 percentage points less likely than male-only founders to set target margins. Therefore, we can state that *Hypothesis 1* is proved. Since the definition of a target margin is related to the success potential

and survival rate of ventures, the lack of target margins could be a sign that the venture is not sufficiently prepared or solidified, which would have repercussions when it comes to fundraising.

In Table 4 we show the results of regressing the target margin in the indicators for female-only and mixed-gender founders for testing *Hypothesis 3*. The sample here is restricted to those ventures that set a target margin. Because in the data target margin is expressed as a range, we use an interval regression model. We find that female-led ventures set target margin a 0.7 percentage points lower than male-led ventures when controlled by the characteristics of the venture and the founder 1, so we can affirm that *Hypothesis 3* is proven. In the case of ventures led by mixed-gender founders, we see that their target range is 0.49 percentage points below that of ventures led by male-only.

Since we find that ventures differ in their target margin setting and range by the gender composition of the founders, we examine whether these results are driven by particular sectors of the economy, or more generally whether there is heterogeneity across economic sectors of the ventures, as we suggested in *Hypothesis 2*. To this end, in Table 5 we estimate the likelihood of setting target margins and the target margin size, separately for each sector of the economy. The base category are again ventures in which all founders are male.

We find that our results regarding target margin setting are driven mostly by ventures in the Tertiary sector. Female-led ventures in the Tertiary sector are 8 percentage points less likely to set a target margin than those founded solely by men. While the coefficient for female-only founders is negative for the Primary sector, it is small and not statistically different from zero. In turn, the coefficient for mixed-gender founders is always positive, but not statistically significant.

When we look at the target margin range, we find that ventures with only female founders set lower target margins in the Primary and Tertiary sectors than ventures with only male founders. For the Primary sector of the economy, target margins in ventures with only female founders are 1.26 percentage points lower than those of male-only founders. In the Tertiary sector the difference is of an insignificant 0.67 pp.

To summarize our results, we find that women are less likely to set target margins in sectors where they are underrepresented, while they set lower target margins than men in sectors where women are more likely to entrepreneur. These results confirm our *Hypothesis 2*.

5 Robustness checks and limitations

To account for the fact that the order of the founders may not indicate any difference in relevance or responsibility, we performed regressions of target margin setting and target margin range replacing the characteristics of founder 1 by the average across all founders. The results are presented in Table 6, where we show that the results do not change significantly with this new specification in the controls, suggesting robust results.

A limitation of this study is a possible endogeneity bias due to omitted variables in the model. One such variable is the quality and advancement of the venture, which although within the analysis we included the age of the venture as a proxy, this variable may be underestimated. Likewise, as mentioned in the literature review, variables linked to attitudinal behavior may also affect the decision to set a target margin within the venture, however, there are no such variables in the GALI database used.

Another drawback and possible source of bias in the analysis is given by the structure of the GALI survey, from which we took the data, since we only see information on three founders, but we do not know the total number of founders or their genders, and we cannot identify the role of the

founders for whom information is reported. This may mean that groups that have been determined to be composed of only one gender are mixed groups due to the founders that we did not observe in the sample.

6 Conclusion

Female entrepreneurs make important contributions to the global economy, yet they continue to face significant barriers to business creation and growth. Our study adds to the body of research that illustrates the main obstacles faced by female entrepreneurs, especially in low/middle income regions, such as LAC and SSA. Our econometric analysis shows that female-led ventures are less likely to set a target margin, and, when they do, their targets are lower than those of male-led ventures. As shown in regression 2 of Table 4, on average women set a profit margin 0.76 percentage points lower than that of male-led ventures, even after characteristics that affect the success and survival of their ventures, such as their level of education, prior experience, and age, are controlled for. In addition, women`s tendency to be solo entrepreneurs means that their ventures tend to be much smaller and focus on local markets in the primary and secondary sectors of the economy.

All these factors suggest that women are overrepresented in the ventures that are most susceptible to market shocks and economic downturns. These structural barriers can be addressed through incubators, accelerators, and entrepreneurial networks that support funding for female entrepreneurs, especially in male dominated environments, so that these female-led ventures can more easily make decisions about defining a target margin and have the ability to define higher profit margins. Our findings provide important insights into gender differences and similarities in setting a target margin, its magnitude, and the gender gap as policy inputs. Our recommendation for policy makers is to encourage the creation of networks of female investors, so that their resources do not go only to sectors in which female entrepreneurs are underrepresented, and the capital level of ventures led only by women can be raised. This, in turn, should be accompanied by support for female business owners in male dominated sectors. In this case, incubators and accelerators are key to ensuring that women are properly supported to create strong ventures that have a lasting impact on markets and industries.

Research Data Policy and Data Availability Statements: The datasets analyzed during the current study are available in the ANDE repository https://www.galidata.org/data-request/ upon reasonable request.

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Declarations

Conflict of interest: The authors declare that they have no conflict of interest.

Table 1 Panel A Venture characteristics

	Full sample			Only female founders			Some female founders			Zero female founders		
	Mean	Std. Dev	Obs	Mean	Std. Dev	Obs	Mean	Std. Dev	Obs	Mean	Std. Dev	Obs
Categorical variables												
Venture has target margin	0.72	0.45	7,683	0.69	0.46	1,016	0.74	0.44	2,946	0.70	0.46	3,721
Venture size												
Micro	0.87	0.33	7,641	0.93	0.26	1,013	0.85	0.35	2,922	0.87	0.34	3,706
Small	0.11	0.32	7,641	0.06	0.25	1,013	0.13	0.34	2,922	0.11	0.32	3,706
Medium size	0.01	0.11	7,641	0.01	0.08	1,013	0.02	0.12	2,922	0.01	0.12	3,706
Large	0.00	0.04	7,641	0.00	0.03	1,013	0.00	0.04	2,922	0.00	0.04	3,706
Venture is invention based	0.53	0.50	7,683	0.39	0.49	1,016	0.53	0.50	2,946	0.58	0.49	3,721
Venture's primary sector												
Agriculture	0.18	0.38	7,683	0.14	0.35	1,016	0.23	0.42	2,946	0.15	0.35	3,721
Artisanal	0.03	0.16	7,683	0.08	0.28	1,016	0.03	0.16	2,946	0.01	0.10	3,721
Culture	0.01	0.12	7,683	0.03	0.18	1,016	0.01	0.11	2,946	0.01	0.10	3,721
Education	0.08	0.27	7,683	0.10	0.31	1,016	0.08	0.27	2,946	0.07	0.26	3,721
Energy	0.05	0.21	7,683	0.02	0.15	1,016	0.05	0.21	2,946	0.05	0.23	3,721
Environment and water	0.08	0.28	7,683	0.08	0.27	1,016	0.09	0.29	2,946	0.08	0.26	3,721
Financial services	0.09	0.29	7,683	0.03	0.16	1,016	0.06	0.24	2,946	0.13	0.33	3,721
Health	0.08	0.28	7,683	0.11	0.31	1,016	0.09	0.28	2,946	0.08	0.26	3,721
Housing development and Infrastructure development	0.03	0.17	7,683	0.02	0.14	1,016	0.03	0.18	2,946	0.03	0.18	3,721
Information and communication technology	0.11	0.32	7,683	0.04	0.21	1,016	0.09	0.29	2,946	0.15	0.35	3,721
Supply chain services and technical assistance services	0.04	0.20	7,683	0.04	0.20	1,016	0.04	0.20	2,946	0.04	0.21	3,721
Tourism	0.03	0.16	7,683	0.02	0.15	1,016	0.03	0.17	2,946	0.03	0.16	3,721

Table 2 Panel B Founder 1 characteristics

	Full sample			Only female founders			Some female founders			Zero female founders		
	Mean	Std. Dev	Obs	Mean	Std. Dev	Obs	Mean	Std. Dev	Obs	Mean	Std. Dev	Obs
Role at the most recent job												
CEO	0.27	0.44	7,683	0.17	0.38	1,016	0.26	0.44	2,946	0.30	0.46	3,721
Senior Management	0.27	0.44	7,683	0.24	0.42	1,016	0.29	0.45	2,946	0.26	0.44	3,721
Support Staff	0.30	0.46	7,683	0.38	0.49	1,016	0.30	0.46	2,946	0.28	0.45	3,721
Highest level of education completed												
Less than 9th grade	0.01	0.09	7,683	0.01	0.09	1,016	0.01	0.09	2,946	0.01	0.09	3,721
High school	0.06	0.23	7,683	0.04	0.20	1,016	0.05	0.23	2,946	0.06	0.24	3,721
Some graduate degree	0.03	0.17	7,683	0.02	0.14	1,016	0.03	0.18	2,946	0.03	0.17	3,721
Associate technical	0.14	0.35	7,683	0.13	0.33	1,016	0.14	0.35	2,946	0.14	0.35	3,721
Bachelor’ s degree	0.49	0.50	7,683	0.52	0.50	1,016	0.47	0.50	2,946	0.49	0.50	3,721
Master’ s degree	0.25	0.44	7,683	0.27	0.44	1,016	0.26	0.44	2,946	0.25	0.43	3,721
PhD	0.02	0.15	7,683	0.02	0.13	1,016	0.03	0.16	2,946	0.02	0.15	3,721
Founder 1 age	34.78	9.88	7,683	34.74	9.48	1,016	35.71	10.50	2,946	34.05	9.42	3,721

Table 3 Results of linear regression with fixed effects and controls

	Venture has a target margin					
	(1)	(2)	(3)	(4)	(5)	(6)
Only female founders	-0.046***	-0.039**	-0.009	-0.007	-0.069***	-0.052**
	(0.017)	(0.017)	(0.026)	(0.026)	(0.023)	(0.023)
Some female founders	0.009	0.010	-0.013	-0.010	0.016	0.018
	(0.012)	(0.012)	(0.020)	(0.020)	(0.015)	(0.015)
Constant	0.701***	0.826***	0.658***	1.032***	0.727***	0.741***
	(0.018)	(0.157)	(0.028)	(0.268)	(0.024)	(0.196)
Observations	7,649	7,607	2,857	2,837	4,792	4,770
Region	All	All	SSA	SSA	LAC	LAC
Controls						
Headquarter country FE	Yes	Yes	Yes	Yes	Yes	Yes
Program Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Primary sector FE	Yes	Yes	Yes	Yes	Yes	Yes
Venture's characteristics	No	Yes	No	Yes	No	Yes
Founder 1 characteristics	No	Yes	No	Yes	No	Yes

Note: The dependent variable is an indicator that take the value of 1 if the venture has target margins. Regressions include a control for the number of venture founders and venture's age.

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table 4 Results of interval regression with fixed effects and controls

	Magnitude of the venture's target margin					
	(1)	(2)	(3)	(4)	(5)	(6)
Only female founders	-0.693	-0.763*	-0.786	-0.948	-0.813	-0.819
	(0.425)	(0.428)	(0.618)	(0.625)	(0.587)	(0.588)
Some female founders	-0.404	-0.490*	-0.724	-0.830*	-0.210	-0.274
	(0.295)	(0.296)	(0.450)	(0.454)	(0.391)	(0.392)
Constant	20.838***	18.718***	22.575***	58.847	51.428	59.472
	(3.277)	(4.748)	(3.261)	(974.5)	(2,005.2)	(1,640.4)
Observations	5,458	5,429	2,126	2,115	3,332	3,314
Region	All	All	SSA	SSA	LAC	LAC
Controls						
Headquarter country FE	Yes	Yes	Yes	Yes	Yes	Yes
Program Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Primary sector FE	Yes	Yes	Yes	Yes	Yes	Yes
Venture's characteristics	No	Yes	No	Yes	No	Yes
Founder 1 characteristics	No	Yes	No	Yes	No	Yes

Note: The dependent variable is the value of the target margin, measured in intervals. The sample is composed of all for-profit ventures that set a target margin. Regressions include a control for the number of venture founders and venture's age.

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table 5 Primary sector effects on setting a target margin

	Venture has target margin			Target margin size		
	Primary sector	Secondary sector	Tertiary sector	Primary sector	Secondary sector	Tertiary sector
Only female founders	-0.039	0.033	-0.080***	-1.263*	0.465	-0.671
	(0.032)	(0.061)	(0.027)	(0.726)	(1.399)	(0.724)
Some female founders	0.015	0.088	0.003	-0.437	-0.234	-0.478
	(0.020)	(0.055)	(0.018)	(0.453)	(1.230)	(0.469)
Constant	0.706***	0.629***	0.688***	56.999	52.059	21.025***
	(0.033)	(0.078)	(0.028)	(1,445.3)	(1,763.0)	(4.284)
Observations	2,339	418	3,443	1,764	317	2,352
Region	All	All	All	All	All	All
Controls						
Headquarter country FE	Yes	Yes	Yes	Yes	Yes	Yes
Program Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Sector FE	Yes	Yes	Yes	Yes	Yes	Yes

Note: The dependent variable is the value of the target margin, measured in intervals. Primary sector corresponds to Agriculture, Environment and Water, and Energy. Secondary sector includes Artisanal and Housing and Infrastructure. Tertiary sector corresponds to Culture, Education, Financial Services, Health, Communication, Supply chain and technical services and tourism. Regressions include a control for the number of venture founders and venture´s age.

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table 6 Results of linear and interval regressions using the average of the founders' characteristics

	Venture has target margin			Target margin size		
	(1)	(2)	(3)	(4)	(5)	(6)
Only female founders	-0.038**	-0.011	-0.050**	-0.724*	-0.998	-0.737
	(0.017)	(0.026)	(0.023)	(0.428)	(0.626)	(0.590)
Some female founders	0.011	-0.013	0.021	-0.490*	-0.846*	-0.260
	(0.012)	(0.020)	(0.015)	(0.296)	(0.452)	(0.392)
Constant	0.759***	0.949***	0.685***	16.802***	57.258	48.946
	(0.161)	(0.274)	(0.201)	(4.825)	(973.8)	(1,639.3)
Observations	7,607	2,837	4,770	5,429	2,115	3,314
Region	All	SSA	LAC	All	SSA	LAC
Controls						
Headquarter country FE	Yes	Yes	Yes	Yes	Yes	Yes
Program Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Primary sector FE	Yes	Yes	Yes	Yes	Yes	Yes
Venture's characteristics	Yes	Yes	Yes	Yes	Yes	Yes
Average founder's characteristics	Yes	Yes	Yes	Yes	Yes	Yes

Note: The dependent variable for columns 1 to 3 is an indicator that take the value of 1 if the venture has target margins. For columns 4 to 6 the dependent variable is the value of the target margin, measured in intervals. Regressions include a control for the number of venture founders and venture´s age.

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

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