Factors of Survival in Silicon Valley

Do Only Young, White, Male Stanford Students
Get into Y Combinator and Succeed?

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Abstract

This paper analyzes founders’ characteristics in the Y Combinator batches of 2010 and 2020 regarding gender, race, age, and education. We create a weighted diversity score for each start-up consisting of the respective diversity criteria and find that diversity, on average, has increased from 2010 to 2020. Using probit and multiple linear regression models, we conduct several regression analyses and examine the effect of diversity on a start-up’s success, operationalized by a start-up’s raised funding, and its status, regarding being active, inactive, public, or acquired. Through this data analysis, we find that a higher weighted diversity score decreases a start-up’s probability of being successful and its funding sum. We additionally derive that being headquartered in Silicon Valley increases a start-up’s success, whereas having more founders decreases a start-up’s raised funding.

Keywords: Venture Capital, Silicon Valley, Accelerator, Discrimination