Spotlight
by CeFEO

Is rapid growth quietly pushing women out of the pipeline?

How founders' HR education and HR experience shape gender bias when startups scale

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Many growth stories celebrate speed: hiring sprees, rapid restructuring, new layers of management. Yet the human side of scaling is messy. Founders face time pressure, uncertainty, and constant tradeoffs—exactly the conditions where people tend to rely on heuristics (mental shortcuts) rather than careful, consistent evaluation.

This paper focuses on a "scaling paradox": ventures need talent more than ever during scale-up, but the same urgency can push decision-makers toward biased shortcuts. The authors highlight gender as a particularly "available" cue in decision-making, often standing in for assumed competence or leadership fit—even in contexts that are relatively gender-equal.

Rather than treating gender bias as something that mainly happens in old, tradition-heavy organizations, the study asks a sharper question: **Can bias actually intensify as brand-new ventures scale?** And if it does, what helps founders avoid it?

WHAT WE STUDIED

The authors test their ideas with **matched employer–employee register data** in Sweden, which allows them to link founders, firms, hires, and managerial appointments over time.

The main analyses focus on **new ventures founded and led by solo male founders in Sweden (2004–2018)**, chosen to isolate specific gendered mechanisms in decision-making.

Their final samples are large enough to pick up meaningful patterns in real hiring behavior, not just stated intentions:

- **224,970 newly occupied job positions** across **31,646 ventures** (for hiring analyses)
- **28,617 new managerial appointments** across **12,174 ventures** (for managerial appointment analyses)

What "scaling" means here

Instead of defining scaling as "any growth," the study treats scaling as a **substantial positive deviation from a venture's prior growth trajectory**—capturing moments when firms accelerate beyond what their history would predict.

The authors also stress-test the scaling concept using alternative measures (including binary "scaling stage," and faster "hyper-scaling" definitions) and find the core story holds up across operationalizations.

Key variables: HR knowledge and HR experience

The proposed buffers against bias are:

- **Founder HR education** (formal HR-related education)
- **Founder prior HR experience** (prior HR-related job experience)

The logic is straightforward: HR knowledge and experience can provide founders with structured tools (e.g., competency-based selection, structured interviews), making them less likely to "wing it" under scaling pressure—and therefore less likely to default to stereotypes.

KEY INSIGHTS

The scaling paradox shows up in real hiring data

The headline result is uncomfortable: **scaling reduces the likelihood that women are hired into job positions and appointed to managerial positions**.

Importantly, this isn't presented as a tiny statistical quirk. The paper interprets the magnitude in practical terms:

- A one standard deviation increase in scaling is associated with roughly an **18% drop in the odds of hiring a woman**.
- The same change in scaling corresponds to about a **22% drop in the odds of appointing a woman as manager**.

At the firm level, these repeated decisions accumulate into measurable composition shifts (e.g., percentage-point declines in women employees and women managers within the same firm over time).

HR education is the strongest "bias dampener"

A core contribution is distinguishing what helps—and what helps less.

The study finds that **founder HR education mitigates the negative effects of scaling on both (a) female hiring and (b) female managerial appointments**.

The effect sizes are meaningful: founders with HR education experience a sizable increase in the odds of hiring a woman (and a smaller but still positive increase in appointing women as managers) under the same scaling conditions.

Why might HR education matter so much? The authors' argument is that formal HR knowledge offers frameworks and routines that are easier to apply under pressure—especially when new ventures don't yet have the internal capacity to build sophisticated systems while scaling ("Penrose effect").

HR experience helps hiring, but doesn't fully fix the managerial "glass ceiling"

Founder HR job experience also helps, but more selectively:

- **HR experience mitigates the scaling penalty for female hiring**,
- but **does not show the same mitigating effect for female managerial appointments** in the main results.

That difference matters in practice. It suggests that even if founders become more balanced in general hiring, the "step up" into leadership may remain shaped by deeper stereotypes about who "looks like" a manager.

The mechanisms: when founders go fast, stereotypes and networks take over

The paper doesn't stop at "bias exists." It tries to unpack *how* scaling conditions can produce it.

One pathway is representativeness: under time pressure, founders may judge candidates by how closely they match a mental prototype of the "ideal worker" or "ideal manager"—and those prototypes are often gendered.

Another pathway is availability: when scaling, founders may hire or appoint from their networks because it's faster. But if networks skew male, women become less cognitively "available," compounding disadvantage even when women are qualified.

Together, these mechanisms paint a coherent picture: scaling pushes founders toward speed; speed increases reliance on shortcuts; shortcuts amplify bias—unless a founder has the tools to slow the decision down *without slowing the company down*.

TAKEAWAYS

Treat HR capability as a scaling capability, not an afterthought

The simplest practical implication is also the most strategic: founders shouldn't treat HR structure as something you add once the company is "big enough." The study suggests the opposite: **the scaling moment is precisely when structured people-processes become risk controls**—not just efficiency tools.

If your venture is entering a high-growth phase, ask: *Which decisions are becoming more frequent and more rushed?*Those are the decisions most likely to drift toward heuristics.

Build "fast fairness" into your hiring process

Speed doesn't have to mean chaos. The paper's argument about HR knowledge points to a specific design principle: **create simple, repeatable routines that are quick to run but hard to bias**.

Examples that align with the study's logic:

- structured interviews with consistent questions,
- competency-based scoring rubrics,
- clear minimum evidence requirements before appointment decisions,
- and standardized shortlists (so networks don't silently dominate).

This is consistent with the authors' emphasis that HR frameworks help founders rely on objective criteria rather than intuitive judgments under pressure.

Don't assume hiring parity will automatically translate into leadership parity

A key nuance is that HR experience helped female hiring more reliably than female managerial appointments.

So if you're watching gender diversity metrics, don't stop at overall hiring shares. Track:

- the share of women in first-line management,
- promotion/appointment rates by level,
- and time-to-promotion patterns.

In other words: watch the "glass ceiling" while you're still building the building.

Pressure-test your network-based hiring during scale-up

If scaling increases reliance on networks, and networks are skewed, then "culture fit" and "people we know" become bias multipliers.

A practical countermeasure is to intentionally diversify sourcing channels *before* the growth surge:

- broaden referral programs beyond founder-led networks,
- require at least one non-network finalist,
- or rotate independent reviewers into managerial appointment decisions.

These ideas flow directly from the availability-heuristic evidence: scaling magnifies disadvantage for female candidates when founders hire disproportionately from male-dominated networks.

IMPACT

This study reframes gender bias as not only a cultural problem, but also a **scaling systems problem**. Bias isn't presented as purely intentional discrimination; it can arise from perfectly "reasonable" founder behavior under time pressure—choosing speed, familiarity, and mental shortcuts to survive the pace of growth.

That matters because it implies bias is preventable through design. If scaling amplifies heuristics, then scaling strategy should include the mechanisms that counter heuristics: structure, routines, accountability, and better decision architecture.

The authors also acknowledge limitations and future directions, including the Sweden-specific context (high gender equality overall but male-dominated private sector) and the need for complementary methods (e.g., interviews, surveys) to capture nuanced decision processes behind register patterns.

RECOMMENDATIONS

If you're a founder (or advising one) planning to scale, treat this as a "pre-mortem" for people decisions:

1. **Install standardized, gender-fair hiring protocols before the hiring wave hits**—so urgency doesn't erode fairness.
2. **Define transparent promotion and managerial appointment criteria early**, and audit them during scaling sprints.
3. **Invest in HR competence as founder human capital**—either through formal learning (HR education) or by adding HR expertise into the leadership system.

Notably, the authors recommend building professional HR systems that are equal across genders (standardized protocols, clear promotion criteria, transparent evaluation) and encourage prospective entrepreneurs to develop HR-related experience as part of foundational preparation.

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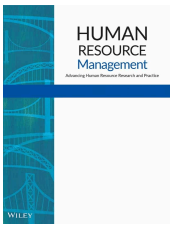
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