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Gender stereotypes and fundraising: A qualitative study on female entrepreneur's experience of raising external capital in the Swedish market

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Authors: | Anousha Parvaneh 50598 | Carolina Westin 50676 |

Tutor: | Johan Nilsson |

Abstract

More capital than ever is invested in Swedish tech startups, but only 1% of the capital goes to female-founded companies. The same trend is observed on the global level. Research regarding this huge gap, the underlying reasons, and female entrepreneurship is emerging, but studies investigating women's own experiences of the process of raising capital are almost non-existing. Hence, this study aims to investigate how women in the tech industry perceive the fundraising process through venture capital firms and business angels. In addition, it outlines their expressed success factors and the changes they believe are needed in order to decrease the male-female gap in the world of entrepreneurship. To answer the research questions, a qualitative method is used and ten interviews with female founders within the tech industry are conducted. The findings of this study confirm the existing barriers proven by previous research and highlight the presence of gender stereotypes and their effects. Further, the positive consequences of increased diversity, gender equality, context-specific knowledge, empowering and inspiring women by focusing on their success stories are discussed.

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1. Introduction

This section gives a background to the study and presents previous research, followed by the research gap. Further, the purpose and research question with delimitations are introduced, and a disposition of the thesis is presented.

1.1 Background

One of the fastest growing markets where women today shine in their absence is the tech industry. This means that most female entrepreneurs are missing out on the industry where much of the capital and development are focused today (Joyce et al., 2021). The Swedish tech scene is also red-hot, and the money invested in startups has reached new levels during the last couple of years. From January to March 2022, over 10 billion were invested in Swedish tech companies (Hansson Brusewitz & Caesar, 2022). However, one part is still obsolete; the capital invested in female founders. In 2020, 44 billion SEK were invested in Swedish tech companies. Out of these billions, 1% of the capital was invested in teams with only female founders and 11% in mixed teams with both female and male founders, and the remaining 88% went to male-only founded companies (Olsson Jeffery, 2021).

For decades, there have been inequalities between men and women, and the gap is stated as the male-female gap. To completely close this gap would take 99,5 years starting in 2020. This number increased during the pandemic, and in 2021, to 135,6 years. This number mirrors inequalities in different sectors, from health and education to wages and business (Global Gender Gap Report, 2021). Further, the Global Entrepreneurship Monitor 2021/2022 also shows a clear gap between female and male entrepreneurs. The report measures “Total Entrepreneurial Activity” and shows that the number is twice as high for men as women in most countries, and in some countries, females do not even reach 5%. In the startup sector, the numbers of women in C-positions are slightly higher, 43%, but female entrepreneurs are still missing; only 17% of co-founders are females (Cardella et al., 2020).

In recent years, equality has become a hot topic, and female entrepreneurs and women in business are not excluded, likely because gender equality is expected to contribute to economic growth (Cardella et al., 2020). Therefore, female or women entrepreneurship is a growing phenomenon studied as its own field. The subject has been neglected for a long time in research and should be highlighted (Ascher, 2012). Specific research on female entrepreneurship has been conducted since 1950, but a significant increase has been seen since 2006. Researchers study female entrepreneurship as a new field, investigating subjects regarding social networks, role models, culture, entrepreneurship education, women empowerment, social entrepreneurship, family support, empowerment, social capital, and self-efficacy. The intention behind these studies is to understand the reasons behind the male-female gap within entrepreneurship and how to overcome them (Cardella et al., 2020).

Several underlying barriers faced by female entrepreneurs primarily lead to the male-female gap. First of all, female entrepreneurs lack education and experience, leading to fewer women starting their businesses and those who do experience slow growth (Raghuvanshi et al., 2017). Females also have a more limited spatial mobility and support from the family than men do. This means they do not take as much risk and close down businesses earlier and more often. The support is also limited from the institutional side, causing the same barriers. Women do not have the same experience in entrepreneurial management, which leads to many female entrepreneurs running small businesses that are not as financially profitable as more extensive and complex ones (Raghuvanshi et al., 2017). Females themselves also do, more often than men, decide not to become entrepreneurs because they do not perceive they have the right skills and knowledge, as well as that it is not a preferred career path for women (Cardella et al., 2020). Lastly, female entrepreneurs have more difficulty acquiring financial support for their businesses. This leads to fewer women taking the risk of starting a company, and later that more female-funded companies are shut down or do not get the same financial results as male-founded companies (Raghuvanshi et al., 2017). Further, OECD/ the European Commission (2019) also concludes that female entrepreneurs are less likely to run fast-growing companies and employ others. This is because they do not have the same network and skills and access to external capital to grow.

1.2 Previous research and research gap

The literature examining the reasons and the underlying drivers of this huge gap and the barriers female investors face in raising capital is extensive. Neal et al. (2008) show that women, to a greater extent than men, tend to describe victories by factors they cannot control and failure by personal attributes. This makes them more vulnerable in the challenging process of raising capital. Men view risks as something more positive than women do. As many risks are associated with funding a business, this less positive attitude to risk leads to fewer women deciding to start a company (Dawson & Henley, 2015).

Gender stereotypes are another factor that contributes to the male-female gap and have been examined by previous research. Brush et al. (2018) confirm the effects of gender stereotypes in fundraising. Kleinert & Mochkabadi (2021) show that gender congruency is one crucial factor that affects the amount of capital raised in crowdfunding. Buttner & Rosen (1988) investigate whether, in debt financing, the gender stereotype and difference in perception of the potential for success give male entrepreneurs an advantage when applying for bank loans to fund a business.

When raising external capital through VCs and business angels, only a small part goes to female founders. Research shows that gender affects which companies get funded and which do not (Greene et al., 2001). Hebert C. 2018 also implies that male dominance among VC firms and business angels leads to difficulties selecting and advising female entrepreneurs. Context-dependent stereotypes have disadvantages for female entrepreneurs in male-dominated industries. Other barriers such as difference in questions asked to male vs female entrepreneurs during pitching sessions and the effects of this difference (Kanze et al., 2017), uneven access to social capital and network (Aldrich, 1989), and the effects of gender homophily theory on the probability of male investors investing in female-lead companies (Brush et al., 2018), are already concluded. But it is crucial to mention that the research conducted by Hebert (2018) has also proven that female entrepreneurs are not systematically at a disadvantage in raising external capital through VCs and angel investors but in male-dominated industries have lower chances of receiving funding than in female-dominated industries.

Another field of research has investigated entrepreneurship through the lenses of gender stereotypes. Bird and Brush, 2002 try to understand what attributes are connected to entrepreneurship. Further research is done to understand gender roles, stereotypes, feminine and masculine attributes (Cardella et al., 2020), and what attributes are considered required for succeeding in the process of raising capital (Brush et al., 2018).

Last but not least, some studies have been focusing on how entrepreneurs describe their interactions with equity investors, how they are treated, how they feel about these meetings and their process of raising capital through VC and angel investors. The study conducted by Larsson et al. (2017) concludes that there are differences in how male and female entrepreneurs in Sweden experience how they are treated based on their gender. They suggest that women are exposed to sexism, they need to be aware of their appearance to a greater extent, and they need different strategies to cope with these unstable situations. They also express that women find raising capital more challenging than men.

Despite all efforts made to understand the male-female gap and promote equal opportunities, inequalities remain in the start-up world and the level of capital allocated between different groups. Today, few studies focus on how the process of raising capital is experienced and perceived by female entrepreneurs. What aspects do they focus on when they are asked about how the investors perceive them, and what is the factor they believe is missing or needs improvements to invest more capital in a start-up with solely female founders or mixed teams?

1.3 Purpose and research question

This thesis aims to investigate how female entrepreneurs in the tech industry experience the process of raising external capital especially during the pitching processes, whether they are aware of the barriers presented in the previous research, and what are the success factors and changes needed according to them. Since Sweden is assumed to be one of the frontiers in the equality question, it is even more interesting to study the Swedish market. Further, the study will provide insights into what factors they mention as their success factors and the changes they mean are needed to minimize the male-female gap and increase the share of funding that

goes to companies with female-only or mixed founders. The research on how gender stereotypes and gender stereotype susceptibility affect women's performance in other cognitive contexts and how the harmful effects of stereotype threats can be reduced suggests further research within the fundraising context.

The research questions that will be answered are:

- How do female entrepreneurs in Sweden experience the process of raising external capital?
- What are the success factors and changes needed in order to increase the share of capital to female founders?

1.4 Delimitations

The study focuses on the Swedish market and entrepreneurs within the tech industry. In addition, this thesis focuses only on equity investments from venture capitalists or angel investments, and not on crowdfunding, debt lenders, or other capital alternatives.

1.5 Disposition

This thesis is composed of six parts. The first part introduces the background, problem area, and purpose of the study. Part two complies with a literature review regarding different types of external capital, barriers for female entrepreneurs while raising external capital through VCs and angel investors, effects of gender roles and stereotypes, stereotype susceptibility, and how to decrease the harmful effects of stereotype threats. In the third part, the method used in the study is described. This follows the fourth part, where the study results are presented. Part five then analyzes the crucial findings from the study and connects them to the literature review. Lastly, the sixth part concludes the results and answers the research question. It also discusses the managerial implications of the conclusions and the study's limitations and suggestions for future research.

2. Literature review

This section outlines existing theories of female entrepreneurship, masculinity and femininity, barriers and success factors of female entrepreneurs, diversity, networking, and different questions to male and female entrepreneurs.

2.1 Different types of external capital

There are different ways to fund a startup. Often, the company is first funded by the entrepreneurs themselves until a point where it needs external capital to enable continuous growth. It is then typical for a business angel, venture capitalist (VC), or crowdfunding organization to supply the company with money with equity in exchange (Janaji et al., 2021). The advantage of equity-based investments is that the investors contribute with not only money but also knowledge, as well as that the company's financial success is not dependent on if it can pay the interest on a loan or not. However, there are also debt-based investment alternatives, such as loans of different kinds. Looking into business angels and venture capital, business angels are private persons with money and often knowledge within the startup industry. They invest their own money into early-stage startups and often take an active role in developing the company. Angel investments are, on average, done when the company has operated for ten months, and in Sweden, the average investment is 135k SEK. Further, venture capital firms are companies that invest in other companies with high growth potential that can easily be scaled. Due to this, venture capitalists mainly invest in technological companies or businesses developing innovations. To obtain venture capital is hard, and less than 1% of Swedish companies raise it (Söderblom & Samuelsson, 2014).

2.1.1 External capital to female-founded startups

Even if only a minority of companies obtain venture capital, the amounts invested in them are high. In 2020, globally, 300.5 billion USD were invested in startups only by venture capitalists which was an increase of 4% from 2019 despite the pandemic. Out of these

billions, 2% went to female founders, 11% to founder teams with mixed genders, and the remaining 87% to male founders (Eli, 2021). In Sweden in 2020, the percentage of capital to female founders followed the same pattern. In total, 44 billion SEK were invested, with 1% going to female founders, 11% to mixed founder groups, and 88% to male founders (Olsson Jeffery, 2021). The majority of venture capital is thus invested in companies with male founders.

2.2 Barriers for female entrepreneurs raising external capital through VCs and angel investors

Research has investigated barriers that could affect the skewed distribution of the capital and outlined gender itself as an essential factor for this (Greene et al., 2001). Hence, being a female decreases the chance of obtaining capital, regardless of how competent the entrepreneur is. This is confirmed by Guzman and Kacperczyk (2019), who also show that females have 63% less chance to acquire external capital. This male-female gap within fundraising is structural, which in the investment process is shown by different questions asked to entrepreneurs based on gender, the level of network and social capital, and diversity (Brush et al., 2018).

2.2.1 Different questions

Studies show that female and male entrepreneurs get different questions while pitching their cases to investors. There are promotive and preventive questions. Promotion-based questions look into potential achievements and profits, and preventive questions look into potential losses. For example, an investor's promotive question will inquire how the entrepreneur will acquire users for their services, while a preventive question could be how many users the company has and how active they are. The type of question mirrors the answer. A promotive question gets a promotive reply and vice versa. Entrepreneurs who get asked promotive questions in an investor setting get seven times more capital than entrepreneurs who get preventive questions. Research has shown that male founders mostly get promotive questions while female founders receive preventive questions. However, the entrepreneur will get a better outcome if answering preventive questions with promotive answers (Kanze et al., 2017).

2.2.2 Network and social capital

Female entrepreneurs do not have the same networks as males, which is particularly important in fundraising situations since it makes them miss out on social capital. Generally, women have smaller networks than men and are different because they do not have as much experience in the financing sector (Aldrich, 1989).

2.2.3 Diversity

Diversity is also a factor that might affect the process. Diversity is when a group consists of members that differ from each other. Biological diversity by gender, age, and ethnicity is the most mentioned part of diversity, but it can also deal with diversity in attributes such as values and sexual orientation (Gonzales, 2015). Having a diverse team in the workplace is identified as a competitive advantage by Cox & Blanke (1991). It also contributes to more creativity, better problem-solving, and the use of resources. Teams consisting of both men and women perform better than male-only teams. The failure rate for mixed teams was eight percentage points lower, and the IRR was 12 percentage points higher than for male-only teams (Hammer et al., 2020). Diverse teams thus perform better than teams consisting of only men or women.

The investment industry has since the beginning been male-dominated, and Sweden is not an exception. In 2017, Allbright, an organization working for a diverse business industry, performed a study on Swedish private equity firms, where only 3 out of 92 partners were female. Looking at both the partners and the whole investment team, 14% of the positions were filled by women (Hammer et al., 2020). According to the gender homophily theory, people are more likely to connect and relate to people similar to themselves, which makes male investors more likely to invest in male entrepreneurs (Brush et al., 2018). This explains the low percentage of capital invested in female-owned businesses.

2.3 Gender roles and stereotypes

There is a distinction between sex and gender, where sex is defined by biology, while gender also considers social and psychological aspects (West & Zimmerman 1987). When “gender”

as a term first was introduced, it described how physical attributes would determine behavior. The behavior could be either masculine or feminine, and men are expected to behave masculine while women are expected to behave feminine. Some roles are more related to men due to the required behavior, making women and men suitable for different positions. This could be partially why fewer females run businesses (Cardella et al., 2020). Further, the process of raising external capital is assumed to be more suitable for men since the process is competitive and requires high levels of risk-taking and persuasion; these attributes are most often considered masculine and belong to the male stereotype (Brush et al., 2018).

2.3.1 Gender stereotypes and clothing

There are different ways of expressing oneself, from clothes, attitude, and makeup. Clothing is one way to express different social classes, wealth, and genders (Arvanitidou & Gasouka, 2013). Historically, gender roles have played an essential part in how people dress. It was, for example, one way to show which social class one belonged to; the wife's dress could determine how wealthy the family was (DeLong et al., 1983). Over time, the general norm has been that females should dress feminine and males masculine to differentiate the genders (Whisner, 1982). Lindemuth et al. (2011) concluded that femininity is linked to long hair, use of a purse, skirts, and dresses. Masculinity is congruent with short hair, trousers, and not putting as much effort into the clothes.

2.3.2 Gender stereotypes and entrepreneurship

Historically, entrepreneurs have been described as “men” in literature. An entrepreneur is characterized by not being afraid to take risks and initiative, being a capitalist, assertive, aggressive, and innovative (Bird and Brush, 2002). These terms are generally seen as masculine and adequate to men. Gupta et al. (2009) concluded the existence of a strong correlation between the traits and attributes of a man and an entrepreneur. This correlation was experienced both in men and women. The correlation between entrepreneurs and female attributes was almost nonexistent; however, stronger among females than men. The study also showed that women with predominantly masculine traits had higher entrepreneurial intentions than women with mostly feminine traits. Another study suggests that companies can be divided into three different groups: high-growth firms that grow fast and maximize profit, the opposite; low-growth firms, and social firms that work for social values. Looking

into gender stereotypes, the entrepreneurs running high-growth firms are considered masculine and feminine in low-growth firms. In contrast, social firms can be run by entrepreneurs with both masculine and feminine traits (Gupta et al., 2019).

2.3.3 Gender stereotypes affecting fundraising

There is an established belief that entrepreneurs that succeed are men, which creates a bias favoring male entrepreneurs in raising external capital and makes the gender stereotype an influential factor (Brush et al., 2018). Although different ways of raising capital seem to have unique characteristics and barriers.

2.3.3.1 Gender stereotypes in crowdfunding

Crowdfunding means raising capital from the public, the startup pitches its case through an online platform, and everyday people can invest (Söderblom & Samuelsson, 2014). Looking into female and male entrepreneurs that receive funding through crowdfunding, men raise about double the amount as females. The difference between men and women is most significant in the tech sector, where female entrepreneurs have a much harder time getting funded. Kleinert & Mochkabadi (2021) show that gender congruency is one crucial factor that affects the amount of capital raised. If a female entrepreneur has masculine traits, such as previous experience from managing positions, those traits are counted as contradictory to how women are perceived. This contradiction results in less money invested. This means a female entrepreneur without management experience raises more money than one with, only because it is more congruent with the female gender.

2.3.3.2 Gender stereotypes in debt-based funding - bank loans

In debt-based funding and bank loans, a study investigated how bank men who worked with granting loans to entrepreneurs perceived the stereotype of “a successful entrepreneur”. The results showed that men were perceived as more successful entrepreneurs than women. According to the loan givers, men who had more of the attributes of the stereotyped “successful entrepreneur” should have; risk-taking, leadership, autonomy, and self-perpetuating. At the same time, females were seen as more emotional. This stereotype of how a successful entrepreneur is and behaves creates a bias that gives male entrepreneurs an advantage when applying for bank loans to fund a business. The study also showed that the

gender biases were smaller among female bank employees, who did not experience a big gap between a perceived “successful entrepreneur” and females (Buttner & Rosen, 1988).

2.3.3.3 Gender stereotypes in venture capital and angel investors

In high growth entrepreneurship mainly funded by venture capital and business angels, the representation of female entrepreneurs is approximately 30% of the total number of start-up founders across time and countries. Out of these, 10-15% of them succeed in receiving private equity (PE) and venture capital (VC) financing. One explanation for this could be that the VC investors to 90% consist of men, which results in difficulties in selecting and advising female entrepreneurs (Hebert, 2018).

However, the research conducted by Hebert (2018) also shows that female entrepreneurs are not systematically at a disadvantage in raising external capital through VC and angel investors across industries. It was proven that although female entrepreneurs are significantly less likely to raise external equity in male-dominated sectors, in female-dominated sectors, they are 8.6% more likely to raise external equity relative to their male counterparts. Nevertheless, investors could still follow their rational expectations about gender abilities across sectors. This implies that in sectors in which, according to context-dependent stereotypes, male entrepreneurs are perceived to do better than female entrepreneurs, the female entrepreneurs have a lower chance of receiving capital. This is based on the belief that women are better at female activities than at male activities and men are better at male activities than at female activities. Other studies point out that investors underestimate the abilities of entrepreneurs when they belong to a minority and select entrepreneurs according to their expectations about the average ability of gender in the industry (Hebert 2018). The study further shows that the effects of stereotypes are weakened when genders are equally distributed within a sector. This helps to rationalize policy interventions that aim to reach gender equality by increasing women’s participation in sectors in which they are underrepresented.

2.4 Stereotype susceptibility

Several research studies have shown that activation of negative stereotypes can decrease adults’ cognitive performance, and positive stereotypes can facilitate their cognitive

performance (Ambady, Shih, Kim, & Pittinsky, 2001). Academic performance is one area that is susceptible to the activation of sociocultural stereotypes (Steele, 1997). Research on stereotype threats also pointed out that activation of a negative stereotype connected to an individual's group membership can substantially affect one's academic performance among minorities and women (Aronson, Quinn, & Spencer, 1998). Although, activation of positive stereotypes can boost performance significantly. This was proven by Shih et al. (1999) study, where Asian-American women performed better on a mathematics test after their Asian (ethnic) identity was activated but worse when their gender identity was activated. The results were compared to a control group who had neither identity activated. The study was based on the common socio-cultural stereotypes that Asians have superior quantitative skills than other ethnic groups and that women have inferior quantitative skills compared with men (Shih, Pittinsky, & Ambady, 1999). The development of stereotype susceptibility to social identity groups has been critical for understanding the connection between stereotypes, individual behavior, and performance (Ambady, Shih, Kim, & Pittinsky, 2001). Research has also shown that the activation of different stereotypes, such as gender and age, affects how people perceive other individuals (Kernahan & Davis, 2007).

2.5 Decreasing the harmful effects of gender stereotypes

However, more recent studies have pointed out that there are several ways to decrease or counteract the harmful effects of gender stereotypes and the activation of the chronic low status of women (Pillaud et al., 2015). For instance, if multiple identities were identified before a math test, women in a stereotype-threatening condition performed better. The study done by Gresky et al. 2005 suggests that optimism and reminding oneself about many aspects of one's self-concept can subsequently increase the level of performance in women. In cognitive activities such as mathematical tests, women perform as well as men by adapting this technique, even in situations when they are exposed to gender stereotype threats. Stereotype threats create stress. Mentally reviewing all the essential roles one plays in life, one's many competent social identities including "family" and "friends", reminds women of their social support networks, lowers perceived stress in threatening situations, reduces the severity of stress-related illness, and speeds recovery. Focusing on women on an individual level before performing a mathematical test increases their level of performance. A study done by Ambady et al. 2004 confirms that individuation works as a protective measure

against the harmful effects of gender stereotype activation. Last but not least, self-affirmation, which reminds individuals about the characteristics and values that are important to them, counteracts the effects of negative stereotypes. By securing the self through self-affirmation, women can push away and suspend the negative stereotype-related thoughts, which frees cognitive resources such as working memory capabilities and improves performance (Martens et al. 2006). Therefore in the future, the focus should be on increased gender equality (Hebert 2018), reduction of group comparison, increased individuation, and self-affirmation, as well as working on the content of stereotypes and weakening their importance (Pillaud et al., 2015).

3. Methodology

This section describes the research methodology and reasoning and how the data collection was done. The analysis process is outlined, and common criticisms of a qualitative method are pointed out.

3.1 Selection of Research Methodology

This thesis investigates how female entrepreneurs experience the process of raising external capital, their success factors, and the changes that are needed according to them. In order to answer the research question, personal experiences from people that have been in the process will be investigated, and hence a qualitative method will be used. A qualitative method is considered the primary choice when an actual event is investigated and helps to narrate how individuals perceive their reality from different perspectives (Bryman & Bell, 2017).

Further, the study uses abductive reasoning, which combines inductive- and deductive reasoning. This study aims not to investigate a hypothesis but to draw conclusions on how female entrepreneurs experience the process of raising external capital based on the empirical data from interviews. This excludes the use of deductive reasoning. The abductive method allows for iteratively gathering empirical data and theory during the whole research process (Bell et al., 2018). In the author's case, this meant the ability to simultaneously gather empirical data from interviews and, by theory, understand the underlying reasons for it (Mantere & Ketokivi, 2013). Using an abductive method rather than an inductive or deductive can also give a deeper understanding of the subject.

3.2 Selection of respondents

A purposive sampling method was used when selecting respondents. This allows for strategic sampling of respondents relevant to the study (Bryman & Bell, 2015). The requirement was

that the interviewee should be located in Sweden, identify as a woman and be a founder or co-founder of a tech company. The person should be or have been in the process of raising external capital from venture capitalists or angel investors (equity investment). The sourcing of candidates were done through LinkedIn, Breakit and DI, as well as career networks for female entrepreneurs. When a suitable candidate was found, the person was contacted through email or LinkedIn. The candidate received information about the subject and the purpose, and the participants were anonymous and that name, title, and other personal information would be removed to ensure the entrepreneur would not be recognized. The interviewees work in different sectors; however, all in the tech industry. By studying respondents from different sectors, broader insights will be generated, and the heterogeneity will give a deeper understanding of the thoughts and answers (Alvehus, 2013).

Table 1 shows a compilation of the respondents included in the study. The respondents are assigned a number from 1 to 10 to keep them anonymous. The table also complies with information regarding the entrepreneur's position in the company, the amount of money raised, what kind of capital was raised, whether the teams were mixed-gender or female-only, and the interview length.

Respondent	Position	Money raised	Type of capital	Team	Length
Entrepreneur 1	Co-Founder, CEO	In the process of raising 5 MSEK	Searches for all types of capital	Mixed	56 min
Entrepreneur 2	Co-Founder	Failed to raise money	Dialogues with both business angels + VC	Female only	30 min
Entrepreneur 3	Co-Founder, COO	Closed 2 MSEK	Business angels	Female only	26 min
Entrepreneur 4	Co-Founder, CEO	Closed 12,5 MSEK	Business Angels	Mixed	25 min
Entrepreneur 5	Co-Founder, CEO	In the process of raising 20 MSEK	Dialogues with both business angels + VC	Mixed	38 min

Entrepreneur 6	Co-Founder	Closed 4,1 MSEK	Business Angels + VC	Mixed	26 min
Entrepreneur 7	Co-Founder, CEO	Closed 5,5 MSEK	Business Angels + VC	Mixed	Notes
Entrepreneur 8	Co-Founder	Closed 1 MSEK	Business Angels	Mixed	26 min
Entrepreneur 9	Co-Founder, COO	Closed 4,5 MSEK	Business Angels + VC	Mixed	Notes
Entrepreneur 10	Co-Founder, COO	Closed 5 MSEK	VC	Mixed	26 min

Table 1.

3.3 Data collection

Ten in-depth interviews were conducted, using a semi-structured interview approach. Semi-structured interviews are flexible since they are structured around open-ended questions that allow the respondents to elaborate on their answers and speak freely, resulting in a deeper understanding of their experiences (Bryman & Bell, 2017). The semi-structured interviews also allow the authors to ask follow-up questions. These questions open up for the respondents to elaborate on their answers, which helps the authors to get a more comprehensive understanding (Kvale, 1994). The authors can also ensure to cover all topics that answer the research question. Based on this, the authors assessed semi-structured interviews as the most appropriate approach. An alternative would be using questionnaires that had measured differences and similarities more exactly (Bryman & Bell, 2015). However, the authors decided to go with a semi-structured approach to be able to catch personal experiences in more detail.

All interviews were conducted using the digital software Zoom or Google Meet. Using web meetings for interviews might involve technical difficulties (Archibald et al., 2019), although the authors nevertheless the respondents did not experience any issues regarding the digital meeting software during the interviews. Both authors participated in all interviews, where one author took the leading role in asking the questions and leading the conversation. At the same time, the other was responsible for the recording and note-taking. The interviews were

conducted between March 11, 2022, and April 12, 2022. The length of the interviews varied between 25 and 56 minutes. The variety mainly depended on the length and the details in the answers. The first interview was significantly longer than the others; this interview helped the authors to understand how to carry the interviews in the best way, in regards to, for example, the order of the questions, and to narrow down the interview guide to cover all essential topics that help answer the research question.

All interviews, except for two due to technical issues with the recording software, were after consent from the interviewees recorded from start to finish to ensure the data collection was proper. All interviews were transcribed verbatim to capture the respondent's formulations and assure reliability. Interviews were conducted in either Swedish or English based on the interviewee's preference. When the interview transcript was in Swedish, the citations were translated into English to be presented in the report. For the two interviews that were not recorded, extensive notes were taken. In total, the transcript amounted to approximately 140 pages of empirical data. The transcription process was done continuously, which in combination with the abductive reasoning, gave additions to the theory review during the interview process.

3.3.1 Interview guide

The interviews were based on five different parts. First, a background section to understand whom the respondent was, followed by questions about female entrepreneurship. Then they were asked about their background in raising capital and how they had experienced the funding process. Finally, one section followed regarding success factors, experienced barriers, and what changes they believed were needed. Before the interview started, the respondents were asked for consent to record the interview for transcription purposes, which all respondents agreed on. The respondents were also informed that the answers were anonymous and that name, title, and other personal information would be removed to ensure the entrepreneur would not be recognized. As the subject might be sensitive to the respondents, this was done to create trust and show respect (Bryman & Bell, 2015).

The first part of the interview helped to get an overview of the person being interviewed, such as age, role at the company, and industry operating. The second part explained how the

respondent thinks female entrepreneurs are generally treated and whether they identify as a “female entrepreneur” or just “entrepreneur”. The third part investigated whether the respondent has raised money, the number of times, how much capital was raised, and in which companies, while the fourth and most comprehensive part examines how the process of raising external capital as a woman is experienced. Finally, they were asked to talk about their success factors, what barriers they faced, and what changes are needed to allocate more capital to female founders. The complete interview guide is presented in Appendix 8.1.

3.4 Method of analysis

When the interviews were transcribed, the empirical data were analyzed to conduct a thematic analysis. When doing a thematic analysis, the data is analyzed to search and identify different themes (Bell et al., 2018). The analysis in this study was done in two steps. First, by analyzing the transcripts and outlining themes from each interview in a matrix. The themes from the interviews were then compared to perceive similarities and differences between the interviews. In this process, common themes necessary for answering the research question were found. Afterward, the themes were linked to literature, and additional themes based on the literature were identified, as suggested by Ryan & Bernard (2003). Seven themes emerged; entrepreneur vs. female entrepreneur, femininity and masculinity, questions asked, female and male investors, advantages and obstacles, success factors, and changes needed. The result section presents the data and quotes that reflect the standard option on the different themes.

3.5 Criticism of Qualitative Methodology

Using a qualitative method is sometimes criticized because it is subjective, hard to duplicate and generalize, and lacks transparency. It is essential to be aware of this, and the main points of criticism are elaborated on in the following section. First, one common criticism is that the qualitative method is subjective since the findings are based on the author's view of what is significant and what is not. However, the qualitative method allows for starting with an open question and narrowing it down during the interview. This is based on a relationship between the respondent and interviewee, which is hard to obtain using a quantitative method (Bryman & Bell 2015). Further, the process is unstructured, which makes it hard to replicate. Social

circumstances such as the interviewer's personality, age, and gender might influence the results and are hard for another interviewer to imitate (Bell et al., 2018). It will hence be hard to get the same outcome once again. Bryman and Bell (2015) also spell out difficulties in generalizing results in studies made with qualitative methods. However, this thesis does not aim to generalize the results but to give a nuanced explanation of how women experience the process of raising external capital in Sweden and what they believe can decrease the male-female gap in fundraising. It is impossible to determine whether the results apply to other markets; that needs to be further validated. Lack of transparency is the fourth criticism often raised. It is about how information regarding the planning and execution of the study is conveyed; how the respondents have been chosen, and the analysis itself (Bryman & Bell, 2017). After deep consideration of the pros and cons of the different methods and the fact that this study aims to evaluate a personal experience, the qualitative method is considered the best method to answer the research questions.

4. Results

The result section outlines the key findings in the empirical data regarding how female entrepreneurs perceive the process of raising capital through VC and angel investors and the success factors and barriers present according to them.

4.1 Entrepreneur vs. female entrepreneur

To better understand whether the research subjects agreed upon entrepreneurship being treated as a separate phenomenon based on the gender of the entrepreneur, they were asked if they defined themselves as “entrepreneurs” or “female entrepreneurs”. Another question asked was whether they have a positive or negative attitude towards the expression “female entrepreneur”. All of the participants responded that they define themselves as entrepreneurs. For them, they are, first of all, entrepreneurs who also happen to be women. The unified perspective was that being an entrepreneur is more about the personality and the choice that one makes and is regardless of being a man or a woman. However, some mentioned differences between how they define themselves and how others perceive them depending on the context. Despite their wish, in the context of raising capital, they were perceived as female entrepreneurs, and their biological sex did matter, unlike the day-to-day operations.

“ I'm an entrepreneur first and I happen to be a woman. But at the same time, now that I'm slowly starting to raise capital, I do realize that I am perceived as a female entrepreneur. “

Entrepreneur nr 5

Despite the unified response to how they identified themselves, the attitude towards the expression “female entrepreneurship” or “woman entrepreneurship” varied, from being neutral to negative. Interestingly, even though some participants were entirely against the expression, they could still agree on the benefits of treating and studying female entrepreneurship as a separate phenomenon. The respondents viewed this differentiation as a

way of making the male-female gap and the inequalities more tangible, hence easier to talk about and focus on.

“ I am against the concept of Female Entrepreneurship, She-E-O, and femtech. We are all entrepreneurs. However, I also understand that it has been necessary to highlight these aspects and it is part of the struggle so that more women should be allowed to come in and succeed as entrepreneurs. This is just like we had to fight for women's voting rights and women's equal rights.”

Entrepreneur nr 3

4.2 Feminine vs. masculine attributes and clothing

During the interviews, the respondents were also asked whether they have consciously or unconsciously felt the need to exaggerate or tone down some particular attributes of their personality or change the way they dress for their meetings with the investors. Further, they were asked whether they believe that having feminine or masculine attributes or style impacts their chance of succeeding in raising capital and or being perceived as a professional entrepreneur. According to the data, all respondents agreed that women are expected to be more aware of how they dress and how they are perceived; But this issue is not as noticeable for men.

“ I feel it does matter that my hair looks good, I have put on make-up and I have a nice style but as a guy, you can go to a meeting (with investors) in jeans and a t-shirt and still get their respect no matter what he is wearing. ” Entrepreneur nr 3

Generally, the results did not find any indication about the understanding that dressing feminine impacts the outcome of the fundraising process. However, it appeared to be clear that the research subjects who declared themselves to have more masculine attributes and a more masculine style were not concerned about this topic as much. The masculine style was referred to as having jeans or trousers and a t-shirt. Some participants believe that acknowledging a woman's outfit choice and commenting on it seems to be an accepted and typical behavior. At the same time, the same phenomenon is not at all expected or accepted by male entrepreneurs.

“Sometimes I have received kind compliments from some investors such as: “God, what a crisp outfit you are wearing today!”. This is while they would never say something like that to my co-founder, a 40-year-old man. I did not see the comment as threatening, but my observation was that it might feel more acceptable to make such a personal comment about what I chose to wear because I am a woman!” Entrepreneur nr 10

4.3 Questions asked

It became clear that the entrepreneur's perception of receiving different questions depended on their mindset, attitude, and previous experiences. The founders who had read previous studies that showed that women tend to receive more preventive questions than male investors and thereby receive less capital were almost sure that they had been victims of this phenomenon during their own process and were highly eager to enlighten us about it during the interviews.

“As a woman, you may feel that you are often asked how to minimize the risk, but male entrepreneurs may more often be asked how much potential they have and how much market share they estimate they are able to get. As a woman, it happened often to hear: But can you really succeed to get such a large market share? Is that really realistic?” Entrepreneur nr 3

Interestingly, those entrepreneurs who used this knowledge from previous studies as a guide for being more prepared and saw the opportunity to use the result of previous research for their benefit happened to have much more confidence in their chance of success, and it changed their way of handling the meetings.

“I was aware of the problem before starting our process, then I did a bit of research to understand how I can be smarter than the system and actually go around this problem. I found out that for example if an investor asks some certain question, which usually is a pessimistic one, as I mentioned, you could answer the question as if it was an optimistic question with an optimistic answer.” Entrepreneur nr 5

A fascinating finding in our study was that those who had a long and successful background in their fields (within tech or as an entrepreneur) and were sure about their products, their competence, and the future potential of their company had a different attitude toward the

questions that were asked; this was regardless of their knowledge about the previous studies. Among these individuals, the threat of gender stereotypes was low. If they got unprofessional, dominantly pessimistic, and merely risk-related questions, they did not perceive it as gender stereotype threats or as criticisms of discrimination based on their gender. Instead, they believed that the questions proved that the investor was not a suitable match for their company.

“I have gotten quite a lot of flesh on the bones from my roles and the work I have done, which has made me feel quite confident in myself and what I am trying to create. I feel that this generally leads to not getting stupid questions or questions that are not necessary. Those times that it has happened, I have felt that the investor is a bad match both for me and the company.” Entrepreneur nr 4

4.4 Female vs. male investors

The empirical study pointed out that all investors whom the participants had been in contact with, regardless of gender, were professionals and had a similar approach in their processes. However, there were few differences between the interactions with male vs. female investors. A difference mentioned was that those female investors are perceived as more open toward female entrepreneurs. There was also a common belief among the founders that women, in general, need to prove themselves more to be accepted as competent and professional entrepreneurs. Five research subjects (explicitly) mentioned that this issue was also noticeable in the process of raising external capital, especially interacting with male investors.

“We have much experience with brittle male investors, which we have chosen not to go further with, where we have been questioned into every detail. It is more often with male investors that you have to have all the calculations ready, and it feels like as a woman you have to prove yourself in such an enormous way.” Entrepreneur nr 3

4.5 Being a woman an advantage or obstacle?

The impression regarding whether being a woman was an obstacle or an advantage in the process of raising capital did differ a lot. The requirements that VC firms have in their

corporate policies and the general expectation that they should invest in diverse teams, especially giving female entrepreneurs equal treatment and possibilities as male entrepreneurs, have created a significant change in the industry. However, the situation is still far from perfect.

“I'm sure that I'm more attractive right now because more people want to invest in female founders and they might be looking a little extra for it, so it's rather said that it has been an advantage for me to be a woman in tech.” Entrepreneur nr 4

On the other hand, even the entrepreneurs who themselves had not been experiencing any particular challenges connected to their gender were careful not to neglect that others may be experiencing this issue. It can still be a fact that not everyone on the investment side has the same values and does not put the same focus on equality and diversity. It seemed clear to us that the experience varied depending on what investor/VC firm the entrepreneurs came in contact with, and it was not a fact for everyone that their gender was an issue.

“Within my field (fin-tech / legal-tech) it's fairly easy in day-to-day work because regardless of gender, you're professional. It is true that there are fewer female entrepreneurs in fin-tech and legal-tech but still, you can conduct business as usual. But in the process of raising capital, it feels like it's slightly different because the investors are mostly old men with old values.” Entrepreneur nr 5

4.6 Success factors

When the entrepreneurs were inquired about their success factors in raising capital, a few common aspects were mentioned during most interviews. Being assertive and having the attitude of never giving up combined with communication skills such as being able to prove one's point under stress without getting frustrated or intimidated by difficult questions were factors that were frequently mentioned or indirectly implied. Another skill is to sell and convince the investors that one's company has the potential needed for them to take the risk. It also implies that the entrepreneur needs to believe in her capacity and ability enough to be confident that she will be able to solve the challenges that may come up along the way even if she does not have the information/solution at the moment. This ability has several times

been referred to (by six entrepreneurs) as having a masculine attitude that is assumed to be needed to succeed.

“You have to sell a future and then you have to believe in it very much and perhaps dare to promise more than you actually know at the moment.” nr 4

Having a background within the industry and previous positions that increase one's liability were seen as hygiene factors for success. Moreover, having a broad network that includes both male and female investors and a rich social capital was another success factor. Even though many expressed their wish regarding getting in contact with more female investors and an easier way to get in touch with them, it was also mentioned that only focusing on female investor networks is not enough.

“I think it is a great effort to get support from other women in the same situation and that you feel that there is a sisterhood. But so far it is still to a large extent men who own the majority of the capital, so you need to have the whole network!” Entrepreneur nr 4

4.7 Changes needed

During the interviews, the entrepreneurs were also asked about the changes they believed were needed so that more women could get access to capital and be more successful in their journey as an entrepreneur.

4.7.1 Attitude of the entrepreneurs

The matter of changing one's attitude towards the process and accepting that it will be challenging was one of the aspects brought up by the female entrepreneurs who have succeeded in raising capital. It became clear that those who were not as sensitive to the activation of gender stereotypes had much more resilience and energy in facing the obstacles that appeared in their way and finally found a way to overcome them instead of giving up. It has been mentioned that one's response to the situation is often decisive about the outcome of the process.

“I say this but I hope it is not misinterpreted, but I think you may just have to be tough and accept that it is a tough process with difficult questions that need to be answered.”

Entrepreneur nr 3

Another aspect mentioned was feeling comfortable with selling. Being an entrepreneur is all about seeing opportunities that others do not see and convincing others why the opportunities that you see are actually there. Being modest and cautious when raising capital regarding future potential is not seen as a successful approach.

“If you do not dare to sell, then you may not get the same capital either because it is very much about selling a vision and a dream when you start a company.” Entrepreneur nr 4

4.7.2 Attitude of investors

Entrepreneurs are usually concerned about being victims of unconscious bias and not being heard or given an honest chance because of factors other than their competence. The majority of the founders that we interviewed mentioned that they wish to be evaluated only based on their product, idea, and their competence and nothing else.

“I think many investors need to work harder to be more open when they meet entrepreneurs whom they do not know from a previous workplace or they meet a person whose father they have not worked with before. The process should not depend on whether the pitch looks good or whether you as an investor have previous experience in that area. I think you (the investor) should actually make an effort to familiarize yourself with the founder, the problem, and the product.” Entrepreneur nr 3

The fact that many who work with venture capital do not have the same mindset or first-hand experience from entrepreneurship and are not familiar with the challenges involved was another concern during interviews. Having investors from different backgrounds and with different perspectives and understanding the challenges that one faces as an entrepreneur was mentioned as one step towards having more open and constructive communication between these groups. Moreover, women believe that more education and information are needed in

society in general, especially in the investor community, and that women can be as successful as men. This is not limited to any segment, branch, or industry.

“We need to educate investors that women can run companies in all areas, not just within femtech.” Entrepreneur nr 7

4.7.3 Structural changes and increased diversity

Female entrepreneurs believe that the most efficient way to decrease the massive gap in the allocation of funds is to create new platforms that do not favor or disfavor any groups. In addition, nine out of ten entrepreneurs who participated in the interviews expressed the need for more female investors and easier ways to get in contact with them. They all agreed upon the importance of diversity in all aspects of their business, even diversity and gender equality among their investors. Increasing the share of women in different positions in all industries and focusing on gender equality in all stages of starting and running a company is the suggested solution.

“We have brought in two female business angels, which I think is extremely important. Gender equality should be reflected in the entire company, in the team, in the ownership structure and also at the board level.” Entrepreneur nr 6

4.7.4 Emphasizing the success of female entrepreneurs more

The general picture of success and whom it belongs to needs to change. It is not enough to just say that women are welcome to become entrepreneurs; they need to have the same conditions and possibilities. The conscious and unconscious belief that women can and have the capacity to be as successful as men should be established in society and among investors. In order to achieve that, it is crucial to start telling the success stories of female entrepreneurs more often and on a broader scale.

“The more we talk about it and the more we highlight women who succeed in business and build companies up to unicorn status, the more investors believe that female entrepreneurs will succeed. People need to talk about it more because I think it is some kind of established

norm that only Wall Street guys in suits are the ones who make money and succeed, but the world is changing. Now anyone can succeed!” Entrepreneur nr 10

Motivation and positive reinforcement, especially by giving female entrepreneurs the chance to be inspired by those who have made it, could be the activation energy needed for the transformation. Highlighting the problem is crucial but empowering and encouraging is even more powerful.

5. Analysis

In this section, the empirical findings and their links to theory will be discussed. The section is divided into an analysis of the experience of raising capital as a woman, and success factors and changes needed in the future.

Raising external capital was a new challenge for most entrepreneurs participating in this study. Overall, the process was considered stressful due to a few challenges mentioned in this chapter and took a considerable amount of time and energy from the daily operations. However, when the process was completed and the investment was confirmed, the entrepreneurs felt empowered.

5.1 The experience of raising capital

The reason behind the importance of studying female entrepreneurship as a phenomenon is discussed by the study done by Ascher in 2012. Therefore the interview question, whether respondents identified themselves as “entrepreneurs” or “female entrepreneurs”, was designed to understand how they perceived this differentiation and if their self-image is affected by it. Everyone who participated agreed that they identified themselves as “entrepreneurs” and mentioned that being an entrepreneur is more connected to one’s personality and choices one makes than being a man or a woman. Interestingly, even though some had an entirely negative attitude towards the expression “female entrepreneur” and this differentiation, they could also see some benefits. One of the benefits mentioned was that treating female entrepreneurship as a separate phenomenon could highlight the issues of inequality and be a first step toward solving the problem and helping more women succeed in the startup world. Thereby one could argue that they agreed with the research field. However, the effects of studying and discussing entrepreneurship differently based on the biological sex and, or the gender of the entrepreneur are, as far as we know, still unknown.

A subgroup of the respondents believed they were perceived as female entrepreneurs while raising capital and confirmed that gender stereotypes and their harmful effects are noticeable in fundraising. One could argue that these effects may make the process more challenging for women. This is aligned with the studies showing that in raising capital through VC and angel investors in male-dominated industries, such as tech, female entrepreneurs have lower chances of getting equity funding. This is due to context-dependent stereotypes and investors underestimating entrepreneurs' ability when they belong to minority groups (Hebert, 2018). Therefore women in tech may need to put more effort into convincing investors about their competence, ability, and the growth potential of their start-ups which was also explicitly mentioned during the interviews by five respondents.

Talking about gender stereotypes, they do not always need to be connected to the sex of the individual but also the gender role, attitude, and attributes that one has. Our results show a varied attitude to how gender and attributes matter in the investment process. We look into both personal- and physical attributes. First, looking into personal attributes, the empirical data shows that the entrepreneurs who had the most accessible investment processes perceived themselves as quite masculine. This could be the effect of the general belief resulting from the fact that an entrepreneur has historically been described as a man in literature (Bird and Brush, 2002). There is a high correlation between the attributes connected to the male gender and being an entrepreneur (Gupta et al. 2009). Hence, our results confirm that having masculine attributes such as risk-taking and being assertive makes obtaining external capital as a female entrepreneur easier.

Looking into the physical attributes, such as clothing and style, almost all respondents confirmed the existence of the belief that female entrepreneurs are judged based on their appearance, even though they personally may not be affected by it. While, for men, the way they appear and dress is not as important or relevant. When one referred to how a man would dress during the interviews, they mentioned the garments, jeans, and t-shirt. Entrepreneurs who saw themselves as more masculine described their choice of outfits as similar to what men would wear. These entrepreneurs who defined themselves with more masculine attributes also believed that they had not felt any need to change their style for meetings with investors. This awakens the question of whether having clothes consistent with the male

stereotype in male-dominated industries will smoothen the process of fundraising through VC and business angels. Future research could also look into whether this aspect could affect the outcomes of the level of investments.

A subgroup of entrepreneurs participating in this study felt that the questions investors asked them differed from the questions male entrepreneurs were asked. These entrepreneurs experienced receiving more challenging and detailed questions and needed to know more numbers and backgrounds than men. The questions were perceived to be more about preventing risks than about their vision and the company's future potential. The study concocted by Kanze et al., 2017, showed the difference between promotive or preventive questions and that women are often asked the preventive ones and men the promotive ones. Thereby we could argue that the empirical data is aligned with the previous research. One explanation for this phenomenon could be that entrepreneurs have been historically described with personality traits perceived as masculine by Bird and Brush, 2002, implying that the stereotypical entrepreneur is seen as a man. As some women with feminine traits do not match the stereotype, they may receive questions to ensure the investors that they have the personality traits that lead to success. We also observed that entrepreneurs who knew about the previous research regarding the differentiation in the questions had an increased tendency to experience it in their own processes. Thus, future research on bigger sample sizes needs to confirm this tendency. The results also found that female entrepreneurs with extensive tech or entrepreneurship backgrounds sure about their product, market and potential did not experience the questions as discriminating. They could answer the tough questions with confidence, and if the investor did not accept the answers, the entrepreneur considered the investor a wrong match. Being self-confident, assertive, and aggressive are masculine personality traits (Gupta et al., 2009), which concludes that women with masculine traits have higher entrepreneurial intentions than the more feminine ones.

The empirics show that entrepreneurs are more likely to feel criticized when talking to male investors. When talking to female investors, the entrepreneurs experience the investor as more open and that they do not have to prove themselves in the same way. This confirms the gender homophily theory (Brush et al., 2018); Female entrepreneurs can more easily connect personally with female entrepreneurs. Generally, the correlation between being a woman and

an entrepreneur is low. However, Gupta et al., 2019, show that the correlation is stronger among women, leading to female investors being more likely to perceive a woman as a successful entrepreneur than male investors. This can describe why female investors are perceived as more open in meeting with female entrepreneurs. Earlier, it has been concluded that when searching for debt-based funding from bank loans, it is favorable for female entrepreneurs to speak with a female loan giver (Buttner & Rosen, 1988). Our results suggest the same applies to equity-based funding.

Further, the mindset appeared essential in how different individuals experienced the fundraising process. Based on the empirical evidence, it can be suggested that the founders' mindset, previous experiences, and personal bias decide how they perceive and react differently to the same phenomena. To elaborate on this suggestion, we observed that those entrepreneurs who believed that being a woman in the tech industry and especially in raising equity-based funding is beneficial had a lower tendency to see themselves as victims of gender stereotypes. The same pattern was observed among those who believe that their personality is more similar to the male stereotype than the female stereotype. This tendency could be explained as follows; Those who have a strong belief that they have attributes and characteristics that are in their favor and are aligned with the stereotype of a successful entrepreneur may experience the same process differently than those who have the opposite belief. Individuals who are not as sensitive to the activation of gender stereotypes had much more resilience in facing the obstacles that appeared in their way and finally found a way to overcome them instead of giving up. There is another way of looking at this tendency. The research done by Ambady, Shih, Kim, & Pittinsky (2001) indicates that activation of negative stereotypes can affect adults' cognitive performance, and activation of positive stereotypes can boost their cognitive performance. Another research conducted by Aronson, Quinn, & Spencer (1998) on stereotype threats also pointed out that activation of a negative stereotype connected to an individual's group membership can substantially negatively affect academic performance among minorities and women. Therefore, if being a woman in the tech industry or in the context of raising capital is seen as unfavorable, individuals who experience the activation of a negative stereotype connected to their gender affiliation could be affected in the same way as in academic performance. These assumptions could be used as a base for

future research to examine whether the activation of gender stereotypes in raising capital also affects women's performance.

5.2 Success factors and changes needed

5.2.1 Success factors

The respondents mentioned that being determined, assertive, and not giving up are essential success factors. Additionally, the respondents who have had the most effortless processes mentioned that their personality has played an important role. They describe traits such as being less sensitive, not backing down from hard questions, being outgoing, being able to steer the discussion, and having the confidence to sell as crucial to their success. These could be described as masculine personality traits, which correlate more with the stereotype of an entrepreneur, leading to easily connecting with male investors (Gupta et al., 2019; Brush et al., 2018). Also, all respondents were more or less aware of how small a portion of the capital goes to female founders, but our results show that the ones that did not consider this during their fundraising process were more successful. If an entrepreneur goes into the fundraising process with the mindset that it would be harder since she is a woman, she may lose focus and waste cognitive energy and capacity on irrelevant details. Instead, women need to develop the skills and knowledge needed in the industry to compete with men. The need for changing the focus to education and gaining crucial skills is highlighted by Cardella et al. (2020), showing how females perceive themselves as not having the right skills needed.

In addition to the mindset, having experience in the industry and an extensive network was important. This can be described by the male-female gap within funding, which Brush et al., 2018 consider structural. Many female entrepreneurs do not have an extensive network with both women and men and people with access to capital. The respondents in this study that had worked in the industry before and had a network of other business people, entrepreneurs, and investors had an easier time raising the money. This also goes hand in hand with the research done by Aldrich (1989) that shows the importance of social networks in the context of raising capital.

5.2.2 Changes needed

The results from the interviews regarding what changes these entrepreneurs felt were needed to average out the male-female gap were: Changes in the attitudes of both entrepreneurs and investors, looking over structural differences, and emphasizing the success of more and more women in the world of entrepreneurship. First, female entrepreneurs need to change their attitude towards the problem. Instead of being portrayed as victims while raising money in a male-dominated industry, women need to devote all their energy to succeed in the fundraising process. For investors, it is crucial to change the stereotype of who an entrepreneur is and what typical personality one should have. Investors should see all entrepreneurs as individuals and base their evaluation on their competencies to eliminate the harmful effects of gender stereotypes (Ambady et al., 2004). Entrepreneurs who are stuck in the victim mindset and keep believing that they will have a more challenging time obtaining capital due to their gender stereotypes will be helped by knowing and getting advice from others in the same position who did succeed. Telling success stories and inspiring and empowering women is the key takeaway here.

There is also a need for structural changes; the investor industry needs to be more diverse. The empirical data showed the need for gender equality on the investment side, which will make it easier for women to obtain capital according to the gender homophily theory and experiences in the bank industry (Brush et al., 2018; Buttner & Rosen, 1988). A more diverse industry will also lead to less context-dependent stereotypes and will, with time, reduce the negative stereotype and make the industry more equal (Hebert, 2018). Further, our empirics show that female entrepreneurs would like more female investors due to their more open approach in investor meetings and to create diversity throughout all aspects of the business and the ownership. Many entrepreneurs point out that it is hard to find female investors, which also is concluded by Allbright (2017), which shows that less than 3% of partners at Swedish venture capital firms are women. Also, diversity in the startup team is essential for the respondents and something crucial in the fundraising process. Today, the issue of a small amount of funding going to women and other minorities is highlighted, and some investors actively look for diverse startups to invest in. Hence, some entrepreneurs point out that they believe it benefits to be female. Having a diverse team is concluded to perform better than

uniform ones, and having gender equality in the team leads to a lower failure rate and a higher rate of return (Hammer et al., 2020). Hence, it is noticeable that more investors seek to invest more in diverse and female-founded companies.

The literature review regarding how to decrease the negative effects of gender stereotypes during cognitive activities such as mathematics suggested several solutions. For instance, increased individuation has been shown to counteract the effects of negative stereotypes (Ambady et al. 2004). This could also be applied in raising capital to investigate whether it can effectively increase the number of female entrepreneurs who succeed in raising external capital. A few respondents mentioned that they wish to be perceived as competent individuals regardless of their gender or sex, which is aligned with the strategy recommended by Ambady et al. (2004). Therefore, further research on this approach and others, such as reducing group comparison and self-affirmation and working on the content of stereotypes, and weakening their importance (Pillaud et al., 2015), is recommended.

6. Conclusion

This study aimed to investigate how female entrepreneurs experience the process of raising external capital from business angels and venture capitalists. First, raising external capital as a woman is considered stressful and challenging, partially due to the differentiation in how they are perceived, but the entrepreneur feels empowered when the deal is sealed. All entrepreneurs participating in the study were, to some extent, aware that only a minority of the external capital is going to female investors and that it might be a barrier aggravating the process. However, the study showed that the entrepreneurs who were not focused on the inequalities and the existing barriers during the investment process experienced an easier time raising capital. Individuals who portrayed themselves as victims of a negative gender stereotype perceived the process as more complicated and had a longer process of succeeding in raising the money.

The process is primarily affected by gender stereotypes and the common belief that a successful entrepreneur has masculine traits. The study shows that the entrepreneurs with masculine attributes more similar to men had easier obtaining capital. This means the sex itself is not the most important; gender and attributes play the more significant role. Further, the gender stereotype of a successful entrepreneur being a man is not as strong among female investors as male investors. Hence, pitching to both female and male investors might also increase the chance of raising capital.

The second aim of this study was to determine the success factors and changes needed to increase the share of capital for female founders. On a personal level, entrepreneurs need to turn their entire focal points to the process of raising capital instead of the potential barriers and obtain the skills needed. The entrepreneurs who do this are more empowered by the process and experience fewer barriers. This may explain why individuals who identify themselves as members of a social identity group may unconsciously accept the typical stereotypes connected to that group and behave and perform according to those stereotypes. Hence, the link between gender and success should be removed to treat all entrepreneurs equally and as empowered individuals. Another way is to tell the success stories of female

entrepreneurs more often and on a broader scale by empowering and encouraging them. Striving for diversity and gender equality in currently male-dominated industries such as tech will make a huge difference.

6.1 Practical Implications

To decrease the effect of gender stereotypes that today, to a large extent, affect the process of raising capital for women within tech, there is a need for more diversity in the industry, both among entrepreneurs and investors. To reach this, we need to share more stories with females who have succeeded, proactively work with equality of resources and possibilities, make the necessary structural changes, and work on the content of stereotypes and weakening their importance and impact.

Further, investors need education about gender stereotypes in entrepreneurship, context-dependent stereotypes, the unconscious bias that may exist among them, and how to decrease their effects. At the same time, entrepreneurs should be given the toolbox they need in terms of skills and education to have the foundations for success. They need to be seen as competent individuals regardless of gender and be evaluated based on their competencies. Women also need to believe in themselves, their business, and their competencies, stay away from the victim mentality, and put all their focus and energy on winning and moving forward.

6.2 Limitations and Future Research

This study consists of a sample of 10 entrepreneurs, a sample size that makes it hard to generalize findings or use them in other social contexts. The results mirror the experience of ten Swedish entrepreneurs and hence indicate the perception of fundraising in the Swedish market only. Lastly, this study was limited to the experience of fundraising as a woman in the tech industry. There are many business situations, from being in an incubator program to sales meetings. It can be supposed that female entrepreneurs experience situations differently than male equivalents, which is also a field for future research to investigate.

The effects of feminine and masculine clothing, as well as the effects of prior knowledge of research mapping differences in questions asked on the outcome of fundraising processes

through venture capitalists and business angels could be examined with a larger sample size. Further research can examine how gender stereotype susceptibility affects performance within the fundraising context. Whether the reduction of group comparison, increased individuation, self-affirmation, and weakening of the content and importance of stereotypes can be used to reduce the harmful effects of activation of negative gender stereotypes in fundraising. Further, the effects of studying and discussing female entrepreneurship as a separate phenomenon on maintaining the effects of gender stereotypes in the entrepreneurial world could be investigated.

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8. Appendixes

8.1 Interview guide

Background questions

- Could you please tell us briefly about yourself?
- How old are you?
- What education and background do you have?
- Why did you decide to become an entrepreneur?
- What's your role in the startup?

Entrepreneur vs Female Entrepreneur

- Do you identify yourself as an “entrepreneur” that happens to be a woman or a “female entrepreneur”?
 - What is your attitude towards the expression “female entrepreneurship” or “woman entrepreneurship”?
 - Do you believe that women and men have equal opportunities within entrepreneurship in Sweden? Please elaborate on your answer.
 - Do you believe that women and men are treated equally within the start-up context? Please elaborate on your answer.
 - Do you believe that you have equal opportunities to others in becoming a successful entrepreneur regardless of your gender?
- Do you believe that there are specific barriers in entrepreneurship that affect only you as a woman? If yes, please elaborate on how you face these challenges.

Background questions regarding fundraising

- Which company/companies have you been involved in raising money for?
- How much capital have you been involved in raising? How much capital did you succeed to raise?
- Was it your first time raising money? If not, did you experience any differences between the times?
- What kind of capital have you been involved in raising? (Business angels, VC, etc)

-What kind of investors have invested in your company?

Questions regarding the experience

-Did you face any barriers or challenges in your process that you believe was because you were a woman?

-Was there any differences in iterating with male vs female investors?

-Do you believe that women in tech have any advantages or disadvantages while raising capital?

-What types of questions did you receive from investors?

-Do you believe that your competence and previous engagements and experiences were decisive in the outcome?

-Was the process empowering or stressful and discouraging?

-Would you do anything different the next time?

Success factors, barriers, and changes needed

-What are your success factors in your entrepreneurship and fundraising process?

-what are the barriers that women need to overcome?

-What changes do you believe are needed so that more capital can be invested in companies with female founders?