MIND THE (FUNDING) GAP

A qualitative study exploring the role of gender in startup investments in Sweden

Emmy Nordgren & Linnéa Ingwall

Abstract

This study explores how the gender of startup founders impacts the capital-raising journey, examining both their perceptions and actual experiences. In the dynamic entrepreneurial landscape, securing capital is crucial for startup success and growth. Economic challenges have intensified the struggle for funding, affecting founders regardless of gender. By combining existing theories on gender disparities in fundraising with insights from 14 in-depth interviews with male and female startup founders, the findings reveal that the gender of the founder influences how they perceive and experience capital raising. Female founders, in particular, experience unique challenges due to a fundraising environment often biased in favour of male-led strategies. Many participants were well-informed about the funding gap for external capital, which further influenced their perceptions that women are treated differently in fundraising. However, the findings underscore a gap between the perceptions and actual experiences concerning gender disparities in access to capital. The study concludes that a plausible explanation for these discrepancies could be a narrowing of the gender gap. While this may hold some truth, it appears to be more influenced by overarching economic trends rather than direct improvements in funding access for female founders. Therefore, monitoring this trend presents an opportunity for future research. The valuable insights gathered from the founders are condensed into practical implications useful for aspiring entrepreneurs navigating their fundraising journey.

Keywords: Startup, Fundraising, External Capital, Gender Disparities, Funding Gap

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1. Introduction

In this section, an overview of the entrepreneurial ecosystem and the gender gap will be provided, the purpose of the study will be highlighted, gaps within the literature will be identified, and the delimitations and disposition of the thesis will be outlined.

1.1 Background

The year 2021 marked a successful phase in the entrepreneurial ecosystem, characterised by an upswing in fundraising opportunities. Startups regardless of size, sector, or business model, found it relatively easy to attract investments, often at inflated valuations (Szkutak, 2024). However, this trend did not last for long. This situation changed as economic and global challenges made it harder to find funding, emphasising how important it is for startups to have solid business plans and recurring profits (Zunino, 2023).

In the ever-changing landscape of entrepreneurship, access to capital is a crucial determinant of a startup's success and scalability (Prohorovs et al., 2019). Startups, typically defined as companies in their early stages of operations with significant growth potential, often seek external funding to fuel their growth and innovation (Grant, 2024). This external capital is obtained through various sources such as venture capitalist (VC)[1] and angel investors[2]. VC funding, despite being accessible to a small fraction of startups, is instrumental in providing the necessary infrastructure for growth and attracting subsequent investments (Janeway et al., 2021; Zider, 1998). Angel financing serves as another vital source, by providing smaller investments consequently improving startups' chances of securing venture capital (Croce et al., 2016; Ganti, 2023).

Research indicates that female-led ventures are 63% less likely than male-led ventures to secure external funding (Guzman & Kacperczyk, 2019). In Sweden, a country known for its progressive stance on gender equality, females constitute 31% of new company founders. Yet, the pace of growth in female entrepreneurship is modest, with only a 3% increase observed over 16 years (Tillväxtverket, 2023). This gains further significance when we note that

[1] **Venture capitalist** is an investor usually investing large sums in promising early-stage companies, in exchange for ownership stakes. With the aim of fostering their growth through strategic support and financial backing (Zider, 1998).
[2] **Angel investors** are individuals with the financial means and desire to provide funding in terms of informal capital to startups, usually in return for equity and a seat on the board (Ganti, 2023).

female-led firms secure 1.3% of venture capital funding and typically have to give up a larger share of equity than their male counterparts to secure investment (Johnson et al., 2018). This suggests that the issue is beyond the mere proportion of female startups securing funding, to encompass the amount of funding they receive and the conditions under which it is obtained.

1.2 Previous Research & Research Gap

There is a lack of research on the actual experience and perception of fundraising from a gender perspective. Previous studies predominantly analyse fundraising from a gender perspective using quantitative data. There is research examining how female-led businesses secure venture capital funding compared to male-led ones, arguing that a large part of the funding gap can be explained by differences in companies' growth strategies at the outset (Aernoudt & De San José, 2020). However, several other studies find that a significant portion of this gap is due to venture capitalists' gender biases (Guzman & Kacperczyk, 2019; Kanze et al., 2018). This suggests the need for further exploration into this aspect of the issue.

Other research on the topic is centred around specific aspects of entrepreneurship. Some focus on whether emphasising social and environmental benefits, traits associated with femininity, can reduce gender-based evaluation penalties. Concluding that such framing benefits female-led ventures by aligning with gender role expectations (Lee & Huang, 2018). Additionally, other studies explore whether the gender of the investor influences the funding success for startups, revealing that female entrepreneurs backed by female investors face greater challenges, suggesting a bias in perceptions of competence (Snellman & Solal, 2023). While both of these studies focus on gender disparities in entrepreneurial funding, none of these studies examine the firsthand experiences of startup founders in navigating these challenges.

The existing studies that explore founders' experiences tend to focus on aspects of the fundraising process such as information asymmetry (Glücksman, 2020), success factors (Prohorovs et al., 2019), or crowdfunding dynamics (Johan & Zhang, 2020), while overlooking the gender dimensions. Additionally, much of the research has focused mainly on the biases and investing patterns of investors, examining the issue from an investor’s perspective rather than that of the founders. Ultimately, there is a need to examine the

personal experiences of founders while also exploring how these experiences differ across genders.

1.3 Purpose and Research Question

To deepen the understanding of the critical area of fundraising, this study aims to clarify if the gender of a founder affects the capital-raising process, distinguishing between founders' perceptions and their actual experiences of fundraising. By focusing on this differentiation, this approach intends to reveal not only if founders believe gender influences their chances of securing investment but also how these beliefs compare with their actual experiences. Ultimately, the goal is to explore if there is any variation based on gender, if present, whether the findings can explain how these differences manifest. This approach will fill a critical gap in existing research, which has largely focused on quantifying investor biases without exploring the subjective nuances that shape a founders fundraising journey. This study will specifically examine subjective experiences and perceptions of male and female startup founders to identify and analyse gender-specific challenges and advantages in fundraising.

The expected contribution of this research is to deliver actionable findings that can be used to develop more effective support systems for female founders, thus addressing an important societal issue. By ensuring equal fundraising opportunities, society can better utilise its entrepreneurial potential and avoid substantial economic and social losses. By exploring deeper insights into the fundraising process, this study aims to bridge the existing research gap and offer a more comprehensive understanding of the dynamics at play. Ultimately, the goal is to answer the research question: *"Does the gender of the startup founder influence how they perceive and experience the capital-raising process?"*

1.4 Delimitations and Scope

To be able to thoroughly address the research question, a set of delimitations have been made for the study. Narrowing down the scope will enable a more thorough analysis despite the limited time frame of a bachelor thesis.

The study concentrates on startup founders operating within the technology sector[3] in Sweden. The selection criteria for companies targeted in the study include those exhibiting growth potential, actively seeking external funding or that have sought funding previously and those founded within the last five years. This focus allows for an exploration of early-stage challenges and opportunities. The decision to focus on Sweden is pragmatic, driven by the authors' location in the country.

Another delimitation of the study is the decision to refrain from focusing on the amount of capital raised, opting instead to explore the subjective processes throughout the fundraising process. By delving deeper into this aspect, the aim is to gain a nuanced understanding of the challenges and perceptions encountered by male and female founders. Emphasising qualitative aspects rather than purely quantitative outcomes. Furthermore, in the data analysis phase, the emphasis was placed on objectively examining each founder's perception and experience of the entire capital-raising process. Subsequently, the data was structured to pinpoint the key factors contributing to gender differences, with the overarching goal of determining the effect of gender within the fundraising landscape.

The resulting scope is therefore Sweden-based startups within the technology sector. These companies play a pivotal role in the modern economy, as one of the fastest-growing industries (Strawser et al., 2021), understanding gender disparities within the tech sector can provide valuable insights into broader trends. The reliance on external capital in this sector makes them an appropriate scope of study.

1.5 Disposition

The structure of this study is organised into seven sections. It begins with a background of the current entrepreneurial ecosystem and the gender gap, together with the purpose of the study and the gap within the literature. Following this, there is a review of conceptual frameworks from literature that highlights significant prior research in relevant fields. Thereafter the research methodology is described, which includes a description of the research method and approach utilised, as well as an explanation of how data was gathered and analysed. This

[3] The founders discussed in this thesis are involved in various niches within the technology sector, including insurance tech, legal tech and food tech. Due to their similar growth potential, we will collectively refer to them within the technology sector for simplicity.

section is followed by the presentation and analysis of data from 14 interviews, where findings are analysed and compared with prior studies. The thesis is concluded by answering the research question and outlining the study's contributions, limitations and recommendations for future research.

2. Conceptual Framework

In this section, literature will be combined from relevant topics to create an understanding of the subject and provide a background to the reader. Despite the lack of research regarding this topic, literature regarding gender bias, social roles and stereotypes, homophily and social networks will be presented and discussed.

2.1 The Concept of Gender Bias

Gender bias, defined as prejudiced actions or thoughts based on the gender-based perception that women are not equal to men in rights and dignity (IPS, 2010), lies in the centre of the ongoing debate regarding funding disparities. This debate centres on whether such disparities result from investor bias favouring male entrepreneurs or from female entrepreneurs seeking less funding, leading to smaller investments in their ventures (Kanze et al., 2018). These disparities include biases related to speech patterns, nonverbal gestures, social competence, attractiveness and gender, with a traditional perspective linking successful entrepreneurship with masculine characteristics (Kanze et al., 2018; Ladge et al., 2019).

Recent studies further illustrate how deep-rooted gender biases can be. For instance, research indicates that an entrepreneur's gender influences the regulatory focus of questions from investors, asking more prevention-focused questions[4] to female entrepreneurs while male entrepreneurs receive promotion-focused questions[5]. This revealed a tendency for both male and female venture capitalists to exhibit gender biases unfavourable to women (Kanze et al., 2018).

Contradicting the allegations of gender biases, publications were found claiming that the differences in funding success between women-led startups seeking funding versus those that

[4] **Prevention-focused questions** focus on maintaining non-losses and not changing to a worse state (Kanze et al., 2018)
[5] **Promotion-focused questions** focus on attaining gains and changing to a better state (Kanze et al., 2018)

receive it are comparable to those of male-led startups (Aernoudt & De San José, 2020). The authors argue that while there appears to be a gender-related issue within the funding ecosystem, this phenomenon can be traced back to various other factors than gender. It is further emphasised that female entrepreneurs often find themselves concentrated in sectors that may be perceived as less lucrative for investors, while also being underrepresented in the technology sector.

Nevertheless, contrasting viewpoints are present, such as those articulated by Guzman & Kacperczyk (2019). Their study conducts a rigorous statistical analysis of female-led businesses and their venture capital financing, in comparison to their male-led counterparts. They deem that two-thirds of the gender financing gap can be explained by observable differences in the growth orientation of companies at their inception, aligning with the assertions made by Aernoudt & De San José (2020). However, their findings suggest that the remaining third of this gap is explained by statistical discrimination by venture capitalists. This residual bias can be partly attributed to gender expectations and negative stereotypes, influencing investor preferences and gender biases.

These residual investor biases might contribute to the misconception that women-led ventures yield lower returns than those led by men. However, recent research by Khurana et al. (2023) and others has debunked this myth. Taking a gendered perspective, they explore the entrepreneurial performance of women entrepreneurs relative to their male counterparts and conclude that women are not a uniformly underperforming group, contrary to previous findings. This claim is supported by a study conducted by BCG (Abouzahr, 2018), which found that despite receiving less funding, companies founded or co-founded by women generated over twice the value per dollar invested compared to those founded by men. Moreover, aligning with existing research, evidence suggests that women in top management positions positively impact various business metrics, including firm profitability, managerial effectiveness, survival rates and shareholder wealth (Kanze et al., 2018).

2.1.1 Mitigating Gender Disparities

In light of the gender disparities in entrepreneurship, governments and institutions have taken steps to influence gender imbalances. The Swedish government has introduced proposals aimed at systematically and sustainably improving the conditions for women to start, build,

and own businesses. As part of this initiative, 8 million SEK per year has been allocated to the Swedish Agency for Economic and Regional Growth (Tillväxtverket) for the years 2024–2026 to support women's entrepreneurship. (Regeringskansliet, 2024).

There are other Swedish initiatives targeting inclusion in specific sectors, such as Women in Tech Sweden, a non-profit organisation committed to empowering women in the male-dominated tech industry through various avenues like conferences, events, and networking opportunities (Women In Tech, n.d.) However, the effectiveness of these types of initiatives are up for debate.

Research indicates that, while state initiatives are a step in the right direction, they often fall short in effectively achieving gender equality. The OECD report "Fast Forward to Gender Equality" highlights that while many countries have introduced policies to promote gender equality, their impact can be limited due to insufficient implementation, accountability and monitoring. The report underscores that merely implementing policies isn't sufficient; concerted efforts must ensure tangible changes. This implies the necessity of addressing underlying social structures to genuinely promote gender equality (OECD, 2019).

2.2 Social Roles and Stereotypes

When the concept of gender was first introduced, it was used to categorise individual behaviour, leading to expectations that men act in ways deemed masculine while women are expected to think and behave in a feminine manner. These stereotypical assumptions are also reflected in the field of entrepreneurship, where literature often portrays entrepreneurs as possessing assertive and risk-taking behaviours, traits traditionally associated with masculinity (Cardella et al., 2020). Additionally, in a study aimed to investigate how academics contribute to the sustainment of stereotypes about female entrepreneurship, the findings concluded that in all analysed text reviews, female entrepreneurs were considered secondary to men (Ahl, 2004).

Studies indicate that human capital, risk attitudes and preferences, are plausible explanations for the gender gap (Kanze et al., 2018; Kanze et al., 2020). Furthermore, these studies note that women are more likely to engage in less capital-intensive businesses and exhibit a lower

tolerance for risk, which could limit their pursuit of aggressive growth. These factors may explain why women might not be as drawn to entrepreneurship or why they choose to participate with different motivations and in various industries. Other studies reinforce this perspective by indicating that individual-level barriers such as gender norms and stereotypes, directly impact women's self-efficiency and entrepreneurial choices (Alsos & Ljunggren, 2017). It emphasises that societal expectations and the acceptance of traditional gender roles may discourage women from taking entrepreneurial risks and being innovative. Additionally, a study by Neal et al. (2008) underscores that women often lack confidence in their abilities, which has implications for their long-term success and impact on society.

2.2.1 Industry Fit

"Lack of fit" is a phenomenon that illustrates that women-led businesses in male-dominated industries, such as tech, struggle more to secure investment than those in female-dominated sectors, whereas male-led businesses do not face such funding or valuation disparities. Gender-based perceptions about which industries are appropriate for male versus female leadership can influence investor decisions, affecting how a venture's leadership aligns with its industry (Kanze et al., 2020).

A study by Aernoudt & De San José (2020) states that an argument as to why venture capitalists are reluctant to invest in women-led businesses is that female entrepreneurs primarily operate in sectors that are low in technology and are unattractive to investors. The researchers further elaborate that approximately 35% of all women-led businesses are in the health sector, a sector generally characterised by low revenue figures. Moreover, only 12% of the businesses founded by women are involved in the sectors with the largest turnover figures, financial technology and insurance technology.

2.3 Homophily

The term homophily is described as the tendency of people to interact with people who are similar to themselves. The literal translation of the term is “love of sameness”. These similarities can take the form of having the same gender, economic situation, ethnicity, interests or other traits (McPherson, 1987).

The entrepreneurial ecosystem often portrays the successful entrepreneur as male, influenced by a strong preference for homophily among predominantly male investors. This impacts the evaluations and support for female-led ventures. Despite equivalent performance, these biases skew investment away from women, creating substantial funding challenges for female entrepreneurs (Guzman & Kacperczyk, 2019). Consequently making it harder for women to access necessary resources, particularly within fields like entrepreneurship where their representation is disproportionately low (Snellman & Solal, 2023).

A study by Ewens & Townsend (2020) revealed that female founders encounter significantly less success in attracting interest and securing funding from male investors than observably similar male founders. The study found the opposite when founders interacted with female investors. Importantly, these discrepancies do not appear to stem from variations in startup quality, industry focus, or risk factors according to the authors. The suggestion is that male and female investors are symmetrically biased in favour of their own gender, potentially indicating homophily.

The investment industry in Sweden has historically been male-dominated. Only 3 out of 92 partners in Swedish private equity firms are female (Allbright, 2017), making these tendencies of observed homophily disproportionately disadvantage women. Moreover, a study by Snellman and Solal (2023) demonstrates that when female founders report receiving investments from fellow women, they often face less favourable evaluations from male investors. Conversely, this phenomenon does not occur for male founders who receive backing from investors of any gender.

Distinctiveness theory, a psychological concept, suggests that when certain attributes are particularly rare in a group, people are more inclined to favour others who share those attributes (Levinson et al. 2022). This offers a valuable understanding of why homophily is prevalent in the startup ecosystem. For instance, Di Tommaso et al. (2020) found that homophily based on gender and rank was stronger for the minority: executive men tended to connect with other executives rather than other men and non-executive women tended to connect with other women rather than non-executives. This highlights instances where women exhibit homophily, contrasting with the expectation that it is primarily men who apply this behaviour.

2.4 Social Networks

Aldrich (1989) emphasises the significance of networks in the entrepreneurial journey, highlighting how they facilitate connections with individuals who can provide support in establishing and managing businesses. This is also important for VCs as they prefer synchronising their investments with other VCs rather than investing alone (Hochberg et al, 2007). Showcasing the importance of entrepreneurs gaining initial contacts with one VC in order to secure full funding.

Banerji & Reimer (2019) looked at whether the social networks of startup founders affected the tangible financial outcomes of their startups. Their research revealed that founders with larger LinkedIn networks tended to secure more funding for their companies. While founder experience was also linked to fundraising success, the findings suggested that the founder's social connections were a more accurate predictor for annual fundraising amounts. Ultimately, suggesting that investing time and effort in networking can enhance fundraising efforts. This provides empirical backing that "who you know" may be more important than "what you know".

In the realm of venture funding, the evidence underscores the challenges faced by entrepreneurs lacking strong networks. Gompers (2020) reveals that a substantial portion of deals (58%) originate from venture capitalists' personal networks, with only 30% initiated by VCs reaching out to entrepreneurs directly. This disparity disproportionately affects minorities, including founders of colour and women. Aldrich (1989) further points out that a significant portion of the gap in opportunities between men and women can be attributed to women having smaller circles and less access to personal and social networks compared to men. Moreover, according to the OECD (2023), female entrepreneurs are less inclined to lead fast-growing businesses and engage in hiring. This is attributed to their limited access to networks, skills and external capital necessary for growth.

The conceptual framework has explored concepts such as gender bias, social roles, homophily and social networks to thoroughly analyse the capital-raising experiences of startup founders. These concepts surfaced during data collection and required deeper examination, highlighting the need for further exploration in relation to the research question.

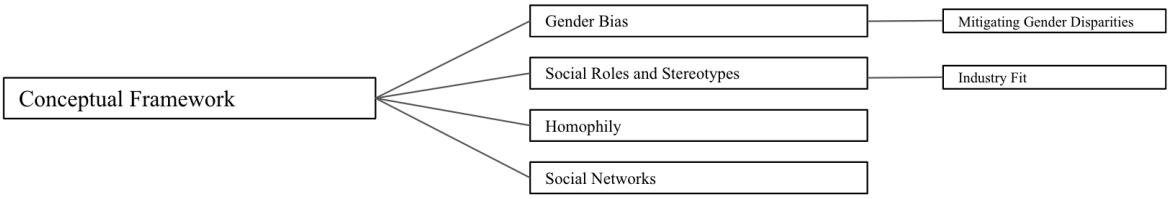


Figure 1. The conceptual framework

3. Methodology

The following section outlines the research methodology employed for the thesis, detailing the selection criteria for participants to be interviewed. The qualitative nature of the study and the selection of the Gioia method will be motivated, subsequently describing the process of analysis, ending with evaluating the trustworthiness of the study while also addressing the ethical concerns.

3.1 Selection of Research Methodology

This research adopts a qualitative methodology, which offers flexibility in both the collection and analysis of the interview data. This approach enables the exploration of participants' experiences, meanings and perspectives from their personal standpoints (Campbell et al., 2020). The objective is to examine the personal experiences of both male and female entrepreneurs, aiming to attain a comprehensive understanding of their funding experience to determine if gender played a substantial role in the process. Employing a quantitative method would thus challenge the flexibility needed for each participant. This arises from the fact that quantitative methods often rely on standardised questionnaires or surveys with predetermined response options, limiting the ability to delve deeply into the unique perspectives and experiences of each participant (Bell et al., 2019). Therefore, selecting a qualitative approach allows for a more nuanced exploration of the subject, giving the authors the flexibility to adapt the interview process to the specific context and responses of each participant. During the interviews, the founders shared their experience of raising capital from their point of view. Through the open-ended interviews, participants were allowed to express themselves freely, which facilitated our process of capturing nuanced insights that may not be easily quantifiable.

Abductive research was chosen for this thesis, mainly due to the extensive data collection process and the necessity for simultaneous analysis. This approach is a combination of inductive and deductive research, where the analysis and conclusions are built upon empirical findings and previous research (Andersen & Andersson, 1998). This choice reflects the understanding that the overall analytical process in the Gioia Method evolves from an inductive reasoning method towards a more abductive one. Magnani and Gioia (2023) emphasise the importance of systematically integrating emerging field data with existing theory, which aligns with our research objectives. *Figure 2* displays the sequence of steps for the methodology.



Figure 2. The course of action for the methodology

3.2 Selection of Participants

Participants were selected for our study through a stratified purposive sampling method. This is a method where a small and deliberate sample of participants is chosen because of the qualities the participant possesses (Bell et al., 2019). We aimed to reach out to both male and female entrepreneurs who were either founders or co-founders of a startup in Sweden, within the tech industry. The selected entrepreneurs have varied experiences, ranging between 4 months and 5 years. This diversity in experience levels was intentional, capturing a broader range of insights into the challenges and strategies related to raising external capital.

A total of 42 startup founders were contacted through LinkedIn, utilising the platform's networking capabilities and our contacts to directly connect with potential participants. Moreover, it was decided before the study that the number of interviews should be based on whether theoretical saturation is achieved, to ensure the topic was thoroughly understood and to minimise repetition (Bell et al. 2019). This resulted in 14 interviews, with an equal share of women and men. A drawback of interviewing established entrepreneurs is the difficulty of reaching them due to their demanding schedules. Several potential participants expressed interest in participating but did not have the time. An overview of the participants can be seen in *Table 1*.

Table 1
Overview of participants

Participant	Gender	Role	Interview Time
1	Male	Co-founder & COO	38 min
2	Female	Founder & CEO	60 min
3	Male	Co-founder & CEO	33 min
4	Female	Co-founder & CEO	50 min
5	Female	Co-founder & Co-CEO	59 min
6	Female	Founder & CEO	34 min
7	Female	Co-founder & COO	50 min
8	Female	Founder & CEO	42 min
9	Male	Co-founder & COO	35 min
10	Male	Co-founder & CEO	44 min
11	Male	Founder & CEO	59 min
12	Male	Co-founder & CTO	58 min
13	Female	Co-founder & CEO	37 min
14	Male	Co-founder & CEO	45 min

3.3 Data Collection

The study initiated its data collection process by thoroughly examining the various aspects of qualitative research methodologies. It paid particular attention to the insights provided by Bell et al. (2019), thus establishing a solid groundwork for understanding the complexities of qualitative research. This was done to gain essential information about interview techniques and how to ask the right questions. This knowledge was then accompanied by insights from a meeting with a female founder with extensive experience in the startup industry. We established contact with her during an entrepreneurial event, where she offered her assistance on the topic. Recognizing her expertise to be beyond the scope of our study, we leveraged her insights to refine our interview questions, thereby shedding light on aspects we had not previously considered.

Following this meeting, 14 semi-structured in-depth interviews were conducted. The interviews were structured using predetermined open-ended questions, with potential changes and additional questions emerging throughout the interviews. Given the need to cover specific areas comprehensively, the semi-structured interview approach has been selected over an unstructured one (Bell et al., 2019).

The duration of the interviews ranged from 33 to 60 minutes, the time was influenced by the amount of time the participant had scheduled for the interview and the comprehensiveness and length of the answers. Both authors were present throughout all interviews, with one mainly being responsible for navigating the interview and the other responsible for keeping track of the questions asked and the recordings, as well as taking notes.

The interviews were conducted from March 9th to April 4th 2024. The insights gained from the initial interviews informed the approach to the following ones, influencing both the selection and sequence of the questions. Gioia et al. (2012) advocate for this approach as it ensures that the interviews evolve alongside the research, capturing a comprehensive range of insights as the study progresses.

The interviews were all held online through Microsoft Teams, due to accessibility and convenience, allowing participants to join from any location, which enhanced participation rates. Additionally, the platform's recording and transcribing feature ensured data to be captured smoothly, which was crucial for the analysis. The interviews were transcribed verbatim using the AI tools in Microsoft Teams to facilitate the process and accurately capture the participants' formulations.

The majority of the interviews were conducted in Swedish, however, according to the preference of the participants, several interviews were conducted in English. The interview questions were prepared in Swedish and English to ensure coherence and comparability *(See Appendix A & B)*. With regards to quotations, any segments from the Swedish transcripts were translated into English for citation using Chat GPT-4.

3.4 Interview Guide

An interview guide was prepared beforehand, which consists of six different parts. All questions within the guide were intentionally open-ended, allowing participants to express their thoughts and experiences freely. Additionally, follow-up questions were posed throughout the interviews to delve deeper into specific topics as needed. The questions were structured to cover various aspects of the participant's background, fundraising experiences, challenges, success factors, gender-related experiences and future perspectives. For background questions, participants were asked to introduce themselves, provide details about their background to understand their characteristics and explain their current company's industry, structure and stage of business.

Questions related to raising capital focused on understanding the participant's experience with fundraising, including the impact of their network or support system, the amount of capital aimed for, types of investors approached, questions received from investors, challenges faced, lessons learned and successful fundraising strategies.

In the section addressing gender-related topics, participants were asked about their experiences with fundraising, as well as those of other entrepreneurs. The questions were designed to explore their thoughts on how a founder's gender might impact investor decisions. Notably, this aspect was not known to the participants beforehand and was purposely put towards the end of the interview so that knowledge of this aspect would not influence their previous responses.

Finally, future-oriented questions addressed advice for other founders seeking capital, desired changes in the startup ecosystem and reflections on the role of gender in support systems and network access. The complete interview guide is presented in *Appendix A and B*.

3.5 Analytical Approach

This section will describe the analytical methods utilised and clarify how they were applied in the analyses. The objective is to ensure that readers gain a thorough understanding of the study's structure and its alignment with both the Gioia Method and Grounded Theory.

3.5.1 Gioia's Approach to Grounded Theory

This thesis employed the Gioia method to collect and analyse data, a method which is an implementation of grounded theory. Grounded theory was first developed by Glaser and Strauss in 1967 and later revised in a paper by Strauss and Corbin (1998). It is a common qualitative research method focused on deriving theory from systematically gathered and analysed data. The Gioia Method (GM), developed by Giovanna Dell'Atti and Roberto Di Pietra, addresses the need for a more structured qualitative analysis method, particularly in management and organisational research (Gioia et al., 2012).

The Gioia Method uses three-level coding as a foundation, similar to grounded theory. The first step entails identifying first-order concepts from the data, a similar approach to open-coding in grounded theory. This step involves breaking down the data into groups that share similar codes, using empirical indicators to describe what the data reveals. The second step in the GM is to categorise these first-order concepts into second-order themes, similar to axial coding in grounded theory. The data is then constructed into second-order themes using an abductive approach, with "constant comparison" techniques comparing the newly discovered data to previous literature (Magnani & Gioia, 2023). Conversely, grounded theory emphasises that the theory generation should come from the data itself (Strauss & Corbin 1998). The final step in the GM is to form aggregated dimensions, where you increase the level of abstraction by combining them under overarching dimensions (Gioia et al., 2012). This step in grounded theory is called selective coding, which entails integrating axial codes to develop a grounded theory (Strauss & Corbin 1998).

The Gioia method evolves from being grounded in inductive reasoning in the first step, to then becoming a more abductive one, as opposed to grounded theory which is primarily inductive. This supports the transition from interview data to the development of new theories and allows for more flexibility as it systematically integrates emerging data with existing theories. The Gioia method is frequently used to ensure that rigorous standards of trustworthiness are upheld (Magnani & Gioia, 2023), which is essential for the credibility of the thesis.

3.5.2 The Data Analysis in Practice

Following the completion of all interviews, a thorough examination of the data was completed, a process that demanded the majority of the time and effort invested in this thesis. The transcriptions were read several times to ensure the authors' familiarity with the text. Then followed a rigorous process of finding lower-level meanings to represent the first-order code (representative quotes can be found in *Appendix C*). The open coding was conducted with a focus on discovering similarities and differences in the data regardless of its connection to gender disparities.

Since the interviews primarily focused on the fundraising process overall, a second analysis was required to identify which factors were influential across genders. The code was organised into second-order themes, divided into gender-influenced and gender-independent categories. The categorization was determined by identifying recurring concepts in the literature and assessing whether they contributed to addressing our research question. Once the second-order themes were found, the level of abstraction was increased and these subsequently got transformed into our two aggregate dimensions; dividing the second-order themes into intrinsic and extrinsic factors. These factors help explain what aspects of the fundraising process entrepreneurs can influence directly and which are beyond their control.

The 2x2 matrix in *Figure 3* emerged through an iterative process of identifying key themes and refining them based on deeper insights from the interviews. Various models were created in an effort to ensure our framework accurately and effectively captured the complexities of the data. Ultimately, the 2x2 format was chosen to emphasise how the data related to the research question. This helped organise the findings clearly while reflecting the emergent nature of the analysis, where theory and data evolved together. Despite the data not being displayed like the traditional data structure commonly associated with Gioia, the concept remains the same. Higher-order themes have been extracted from more granular concepts and as the data structure was assembled, the theory was built simultaneously, reflecting the emergent nature of the analytical process.

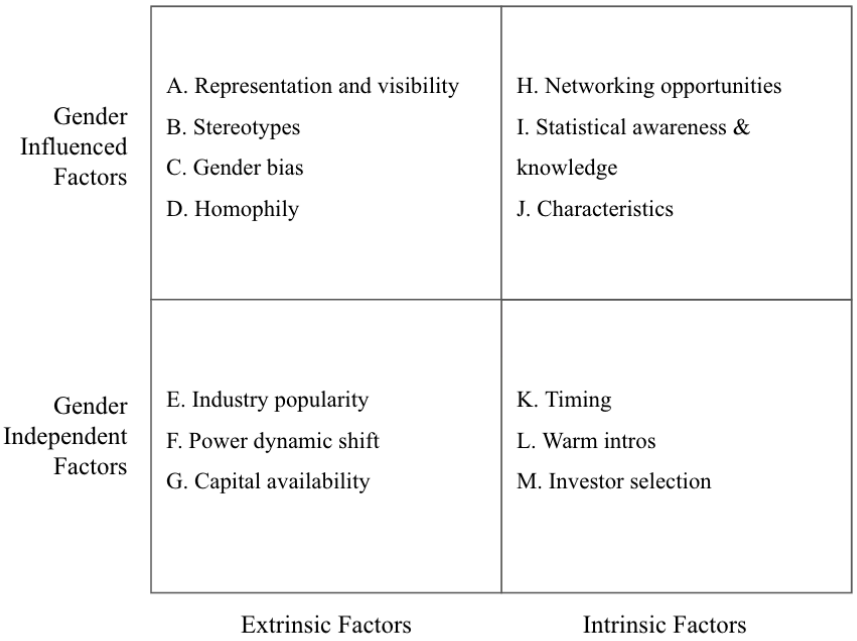


Figure 3. Visualisation of how data was structured and analysed

3.6 Reliability and Validity of the Study

Validity and reliability is crucial in ensuring the credibility and trustworthiness of research findings. In this study, several measures were taken to uphold these principles. The validity and reliability of the transcribed data were carefully ensured by comparing all transcripts with the original voice recordings. Bell et al. (2019) point out that external reliability, which pertains to the replicability of the study, often faces challenges due to unique social settings and circumstances. Despite these challenges, we aimed to enhance replicability by clearly defining and describing the study process.

Furthermore, internal reliability, measured by the consistency with which researchers perceive the data (Bell et al., 2019), was maintained through continuous discussions and both collaborative and independent work. Additionally, internal validity, crucial for ensuring alignment between collected data and resulting theory, was enforced using the Gioia method, ensuring that the developed theory emerged directly from the data. However, it's important to acknowledge the limitations inherent in the study, particularly in generalising findings to other sectors due to its specific focus. Bell et al. (2019) also highlight the challenge of external validity in qualitative research, particularly with smaller sample sizes, which is pertinent in this study.

3.7 Ethical Considerations

Ethical standards were maintained throughout the entire research process. Informed consent was obtained from all participants for both recording and transcribing their interviews, with the assurance of anonymity. Participants were informed about the use and secure storage of their data, which was accessible only to the authors. They had the option to withdraw at any time and could contact the authors with any inquiries post-interview. Measures were implemented to ensure that any published findings would exclude personal or identifiable information, maintaining the confidentiality of all participants throughout the study. By doing this, emphasis is directed towards the answers themselves rather than the individuals providing them (Bell et al., 2019).

4. Findings

The following section will present the study's findings obtained from the 14 conducted interviews. The findings will be structured around empirical themes identified through the Gioia methodology, as illustrated in Figure 4, with a particular emphasis on gender-influenced factors. This section will explore the nuances in the participants' responses, highlighting both variances and similarities among the answers of the participants. The gender of each participant will be denoted as (M) for males and (F) for females.

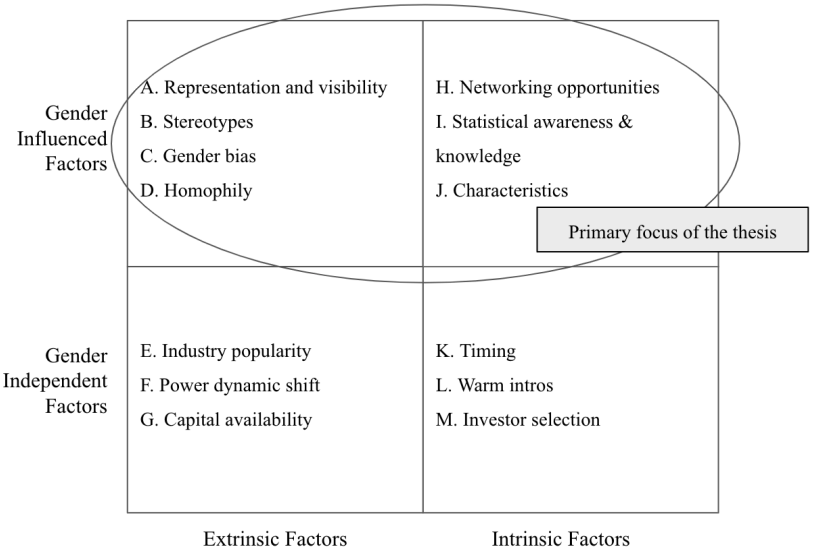


Figure 4. Visualisation of findings

The section “Intrinsic Factors” will cover topics that entrepreneurs can control themselves, while the “Extrinsic Factors” involve factors beyond the entrepreneurs' control. Furthermore, this division will explore gender-independent factors alongside gender-influenced factors. These themes were chosen to enhance the understanding of the fundraising process, the factors influencing it and the role gender plays in this context. Initial analysis revealed that some first-order concepts were directly related to gender, as evident in the differing ways male and female entrepreneurs discussed the topic, while others showed no gender impact. This method of structuring the data facilitated addressing the research question and identifying the study’s practical implications.

The examination of gender-independent factors will be comparatively concise, as no notable disparities were detected between genders in these domains. Nevertheless, this part is still essential to the thesis, as it contributes to the broader picture of the startup environment. The four quadrants are all essential to understanding the full spectrum of the fundraising process. However, discussions mainly focused on extrinsic factors when participants were asked about the fundraising process, underscoring their predominant influence. Furthermore, female participants in the study tended to emphasise gender-influenced factors more than male participants, suggesting differing impacts based on gender.

4.1 Extrinsic Factors

4.1.1 Gender-independent Extrinsic Factors

The participants were asked to share what challenges and barriers they faced throughout their fundraising process. All participants noted the economic climate as a major challenge in various ways. Both male and female entrepreneurs expressed a unanimous concern regarding the current economic downturn, which has resulted in limited capital availability. Consequently, investors have become more cautious about making investments (Zunino, 2023). *Participant 1 (M)* highlighted the recent power shift within the startup landscape, emphasising how this heightened caution has given investors more leverage. Consequently, investors can now negotiate terms more beneficial to themselves, while potentially disadvantageous to entrepreneurs in the process.

A change in funding dynamics was suggested by *Participant 5 (F)* who shared an anecdote regarding how a declining economic climate levelled the playing field for male and female entrepreneurs. She noted that, a few years ago, a male entrepreneur could typically close a funding round in six weeks, whereas women should expect a closing period of at least six months. What was once a "wishful dream" for women to achieve in six weeks has now become a "wishful dream" for all entrepreneurs in the current economic climate.

The COVID-19 pandemic had a disproportionately negative impact on female-founded businesses in 2020-2021, severely affecting the startup landscape. Despite this, the number of self-employed women has bounced back to normal, while the number of self-employed men has not (OECD, 2023), suggesting a narrowing in the gender gap in entrepreneurship. The participants continued explaining the shifts in the startup landscape by highlighting the current economic challenges. Noting the contrast between the ease and over-evaluations that were possible a few years ago, compared to the current scenario, which is described as the opposite.

> *"Generally speaking (...) around 2021-2022, halfway into 2023, it was an extremely unique situation within the entire startup ecosystem where companies received crazy valuations." Participant 10 (M)*

It is evident that the participants who raised capital during the flourishing period perceived the fundraising process as easier. Nevertheless, many have experienced the challenges of the present economic climate. Those who have the capability express their intention to postpone securing more capital until the market conditions improve.

> *“The company is doing very well. It's fortunate in this market when it's difficult to find new capital. We're truly in the position where we don't need more external capital. This allows us to wait out the winter until the market starts to improve a bit.” Participant 9 (M)*

Several participants highlighted the crucial role the popularity of their industry plays, on their ability to attract capital. Despite all participants operating within the tech sector, the specific industry niche appeared to exert considerable influence. *Participant 4 (F)* particularly

emphasised the current popularity of green tech and how the industry's popularity can be a notable factor for fundraising success. Meanwhile, two participants focusing on social impact expressed the hardships concerning raising capital within their niche.

4.1.2 Gender-influenced Extrinsic Factors

Representation and Visibility

Several female participants emphasised the importance of women being visibly represented, underscoring the need to change the current narrative around gender roles. Conversely, none of the male participants addressed this concern, possibly due to the prevalent representation of men within the startup landscape. This reflects findings in educational settings, where the presence of female role models significantly influences women's choices to take on traditionally male-dominated fields (Porter & Serra, 2020).

> *"So, I really believe in role models. And that goes for everything, universities should be showcasing female role models even in the entrepreneurial world, which has been extremely dominated by guys starting unicorn companies. To normalise." Participant 6 (F)*

Despite the limited representation of women in the start-up industry, one female participant saw potential advantages in this disparity. *Participant 4 (F)* highlighted that being a female founder in the tech sector may have led to increased media coverage for her company. However, she also acknowledged how this visibility might be linked to her participation in various competitions, which initially gave her media coverage.

Participant 8 (F) discusses how the lack of female representation affects her approach in the startup environment. She describes feeling happy when approached by female industry members, particularly investors, highlighting the usual male prevalence in her industry. Her awareness of the lack of representation has prompted her to adopt more traditionally masculine behaviours to better align with the people in her surroundings. A quote from *Participant 8 (F)* will be further explored in the subsequent section, which will delve into her ongoing thoughts, focusing on breaking stereotypes (see section *"Stereotypes"*).

Stereotypes

Both male and female participants discussed the stereotypes and characteristics commonly associated with each gender. Most notably emphasised was the differing level of risk aversion, with a consensus that males tend to exhibit more overconfidence and a greater tendency for risk-taking compared to females. It was further stated that relatively few women attempt entrepreneurship due to the perceived risk involved, particularly in startups requiring external capital funding. This observation aligns with the existing literature on social role theory, suggesting that behaviours traditionally seen as masculine, such as risk-taking, are not associated with femininity (Heilman, 2001).

Notably, our female participants have embarked on the entrepreneurial journey, embracing the risks inherent in creating startups. While Neal et al. (2008) emphasise in their study that women often struggle with confidence in their abilities, potentially impacting their long-term success and societal impact, this claim may not fully apply to the female participants in our empirical study. Instead, some participants highlighted how they have learned to confront these stereotypes and adapt practices to better integrate into the entrepreneurial landscape.

> *"I have definitely adapted to these very male-dominated structures. And it shows in my language. It shows in how I present certain things. And it shows, I believe, in how much more strategic and sometimes, lacking a better word, devious I have had to become in my networking and various steps to progress." Participant 8 (F)*

An alternative perspective on the stereotype issue emerged from *Participant 2 (F) ,* pointing out an ongoing shift in today's young generation of entrepreneurs. While acknowledging the historical pressure for women to adopt more masculine traits in the startup landscape, she indicates that this trend will evolve as her generation matures, suggesting that the traditional masculine traits will hold diminishing importance. Notably, *Participant 8 (F)* and *2 (F)* belong to different generations, which could account for their differing viewpoints.

Gender Bias

During the interviews, the participants were asked if they believe gender influences the investor decision in terms of investments. The female participants acknowledged the

existence of gender biases in the process, however, they mostly referred to existing literature and statistics rather than to personal experiences. The investigation into perceptions and statistical references will continue (see section *"Statistical Awareness & Knowledge"*), meanwhile, this section will delve deeper into participants' experiences of gender bias.

Participant 5 (F) expressed the belief that there is a constant subconscious bias towards women, along with expectations of gender roles that work against female entrepreneurs. Another female participant explicitly mentioned refraining from seeking venture capital due to her understanding that men and women are not treated equally in the process.

> *"It's difficult to approach a VC [Venture Capitalist] as a woman. And then there are five men sitting there listening to you. It's really difficult. And it's difficult to talk about. Because if you say this, it's a bit like swearing in church. And somehow we have a consensus that it's the same for everyone." Participant 7 (F)*

The majority of the male participants expressed some form of discomfort when questioned about the presence of gender biases in the startup scene. *Participant 3 (M)* conveyed his response by expressing a sense of unease, describing that he felt like "walking on thin ice" answering the question. Another male participant suggested that discrimination is a universal experience when asked about whether gender bias was present in fundraising. He highlights that individuals have the autonomy to perceive and interpret instances of discrimination in their lives.

> *" I think everyone is discriminated against at some point in their lives. Everyone can choose to find the way they are discriminated against if they want to. Everyone can choose to see themselves as a victim if they want to, but if you're going to run a business, I think you have to quickly deal with that mentality. Even though it can be comforting sometimes to push away the responsibility, it's not going to work in the long run." Participant 10 (M)*

Interestingly, there were a few instances where male participants avoided answering questions regarding the matter. Instead, their responses tended to focus on challenges posed by the economic climate, sector-specific difficulties or elaborations on their personal business

endeavours. Noteworthy is that neither of these participants had any females in leadership positions within their companies.

Furthermore, it is essential to consider how gender biases can influence interactions within the entrepreneurial landscape. Existing literature has pointed towards that gender can affect the questions asked by investors (Kanze et al., 2018). However, overall the results of this study did not indicate any major differences in the type of questions the participants were asked from investors. Most questions were stated to be centred around profitability, expansion and growth, regardless of gender. Only *Participant 13 (F)* clearly stated that she believed there to be a prominent difference between male and female entrepreneurs.

> *"Questions from investors more on like the risk side of the business, like they want to know what could go wrong? What is the worst-case scenario? Like what are my biggest challenges? Rather than a lot of my male friends, I would say, my male friends who are entrepreneurs, they get a lot of questions from investors that are rather pivoted towards the opportunity." Participant 13 (F)*

Homophily

During the interviews, several participants described their perceptions of how men and women behave towards one another. This showed patterns of homophily, with several female participants clearly stating a preference towards female investors. There were no clear indications of gender preference among male participants, as they generally avoided using gender-specific language. However, one male participant shared an instance where his female CEO and co-founder had been subjected to differential treatment compared to him.

> *"If my colleague and I pitch together, it's common that if we are pitching to a man, he talks to me, even though I'm not the CEO. Even if she asks a question, they respond to me." Participant 9 (M)*

Homophily can be a factor in shaping interactions between individuals of the same gender, with the investor in this case, presuming that the man is in charge, even though he is not.

The lack of expressed preferences among male investors can be attributed to the distinctiveness theory, which posits that it is primarily the minority within a group who tend to favour one another (Levinson et al., 2022). Ultimately, this should indicate that homophily is experienced to a greater extent by females, who are the minority in the startup landscape. However, *Participant 7 (F)* offered an additional perspective that further complicates the assumption of solidarity among women and reinforces the perception of greater respect for men. Indicating that homophily may not be that strong among all women.

> *" I really think men listen to men. Women listen to men. Unfortunately, women do not listen to women." Participant 7 (F)*

The findings indicate that the relationship between women appeared to be complex. *Participant 9 (M)* continued to share an anecdote where older female investors behaved poorly towards his female co-founder, while younger female investors were more pleasant.

> *"If it's a young woman, they speak directly to her. Positively. It's very encouraging, pleasant, polite. But if it's an older woman, it can be the exact opposite. Then they might be somewhat condescending towards her." Participant 9 (M)*

This contradicts the concept of homophily, which suggests that women would naturally favour other women. It further underscores the complexity of female relationships, indicating that there is not a universal tendency toward homophily among women.

4.2 Intrinsic Factors

4.2.1 Gender-independent Intrinsic Factors

Many participants emphasised the critical role of a warm introduction in securing investment opportunities. A warm introduction refers to the act of facilitating a connection between two parties through a mutual contact or acquaintance, often to establish a positive and favourable starting point for further interaction or collaboration (O'Brian, 2019). It was noted that such introductions could enhance one's chances of obtaining funding. *Participant 10 (M)* highlighted this, stating that the majority of capital is allocated through warm introductions, thereby underscoring the difficulty of securing funding without them. Echoing this point,

Participant 13 (F) revealed that all of her investments had originated from her existing network and through warm introductions.

Concerning the appropriate time to consider fundraising, two participants explicitly claimed that when they felt less desperate for funding, the entire process got a lot easier. Claiming that the investors can sense the desperation and highlighting how important timing is in fundraising.

> *"So yeah, always fundraise after momentum, never when you have to. If you don't have momentum if you're running out of cash, it's going to be a no from investors every time." Participant 13 (F)*

In considering another aspect, our study demonstrated a tendency whereby teams composed entirely of males or mixed genders secured more venture capital funding than those composed solely of females. However, what specific type of funding they sought was predominantly dictated by the company's business model rather than gender. The participants discussed their different opinions regarding preferences in the selection of investors. In general, the majority of the participants preferred angel investors over venture capitalists, highlighting how angels are better aligned with their business models. They argued that venture capitalists often fail to offer the appropriate amount of funding under favourable terms, indicating a mismatch in expectations. *Participant 7 (F)* specifically criticised venture capitalists for rigidly adhering to investment templates that demand a "hockey stick effect" in growth, which can lead to substantial challenges if such expectations are not fulfilled.

4.2.2 Gender-influenced Intrinsic Factors

Networking Opportunities

When the participants were questioned about success factors in the process of raising capital, each one emphasised the crucial importance of creating a strong network. A strong network could be vital in terms of securing capital and for some participants, the only way to secure capital was through networking and existing contacts. *Participant 13 (F)* emphasised this by noting the varying sizes of networks among her entrepreneurial friends, which affected their access to resources and opportunities.

> *“I have some friends who are really highly connected and they can raise like $10 million in one week from their network. And then I have other founders who are not so connected actually and they really struggle.” Participant 13 (F)*

For the most part, participants conveyed that success in securing capital is accessible to anyone who can establish a robust network. Many of the participants emphasised the notion that “it is what you make it”, highlighting that it is each individual's responsibility to actively engage in networking to the greatest extent possible.

Moreover, several participants highlighted the helpful nature of the majority. They noted that this is a community where people are willing to assist each other. *Participant 11 (M)* underscored this sentiment, discussing how his extensive network has aided him in his entrepreneurial journey and how he frequently leverages his network to connect other founders. This narrative of helpfulness was also shared by other participants, with this following quote capturing the essence of their willingness to help.

> *"I think you could take an area you know nothing about. I've never been involved, never studied it or anything. Just start getting into that network and talk to people, then you learn so incredibly fast and figure things out with the help of others." Participant 4 (F)*

However, when asking about gender differences regarding networking opportunities two female participants proposed that males have an easier way of finding networks from an early age. One example is when *Participant 8 (F)* suggested that men find it less scary to take risks, as they have a broader support network to fall back on in case of failure. She describes it as a safety net less available to women, who ultimately feel more exposed. Having a strong network to begin with can offer numerous advantages as empirical evidence suggests that only 30% of connections are initiated by venture capitalists reaching out directly to entrepreneurs (Gompers, 2020). This disparity can disproportionately affect minorities, who don't have the same access to networks, confirming the thoughts of *Participant 8 (F)*.

In addition to this, a handful of women pointed out that they would potentially have stronger networks if they were men, while others didn't perceive any noticeable disparities. However,

a few mentioned the existence of closed-door environments where it's seemingly easier for men to navigate and build connections.

> *"So, even though I really think that we have completely gained such a good network, truly where people connect us both men and women alike. But there are many closed rooms that, still, I think are easier for guys to get into. We would probably have even more, an even better network, I still believe that. But it's not like there are astronomical differences." Participant 6 (F)*

As mentioned previously, there is a notable disparity in the number of male entrepreneurs seeking funding from venture capitalists compared to their female counterparts *(*see section *"Gender-independent Intrinsic Factors")*. Since entrepreneurs seeking venture capital investments require more extensive networks to facilitate those transactions, this requirement may explain why males seek broader networks. This aligns with the study conducted by Hochberg et al. (2017) which underscores the significance of networking in securing funding from venture capitalists.

Nevertheless, although some of the responses suggested that men might have an inherent advantage in terms of building networks, the consensus among participants was not that women are deliberately excluded from the entrepreneurship ecosystem. Instead, the size and reach of one's network seem to be primarily influenced by the individual's initiative and willingness to network.

Statistical Awareness & Knowledge

Statistical awareness and knowledge is referred to in this section as one's awareness of statistics, specifically regarding gender disparities in funding. In general, female participants demonstrated a greater awareness of statistical data regarding the proportion of external capital allocated to female-founded companies compared to their male counterparts. This familiarity with existing data and current trends seemed to influence certain aspects of their responses. As mentioned in previous sections, several arguments regarding gender disparities primarily relied on existing statistics and literature they had encountered, rather than personal experiences. This reliance makes it challenging to differentiate between perceptions and

actual experiences. One participant, although not personally experiencing any gender-based discrepancies in the capital raising process, indicated that statistical data suggests otherwise.

> *"Whether you're an all-male team or a female or a mixed team, I haven't heard anybody be like, 'Man, fundraising was like the best experience I've ever had'. I don't think anybody really likes it. The statistics show that it's harder to be a female team that's fundraising." Participant 5 (F)*

Participant 8 (F) acknowledged the prevailing lack of awareness regarding these issues in the capital-raising process, describing the tech spaces as "narrow-minded" and "having blinders on". At the individual level, enhancing knowledge about entrepreneurship not only increases interest but also fosters the desire to initiate businesses. This involves gaining a deeper understanding of specific tools for business development and networking, which has played a significant role in promoting entrepreneurship in Sweden over time (Tillväxtverket, 2023).

Reflecting on the interviews it appears that this awareness of statistics predominantly resonates with women, whereas men seem less informed. Indicating that individuals tend to prioritise matters directly relevant to themselves. Nonetheless, this observation may indicate the need for a broader knowledge of the statistics of fundraising allocation. Probst (2003) highlights that increasing knowledge about diversities, through education, positively affects the perceived equality of gender roles. This implies that well-informed individuals are better equipped to identify and address inequalities, fostering a more inclusive environment.

Nonetheless, a few participants highlighted the ongoing issue of gender bias within the startup industry. The majority of male entrepreneurs who were open to discussing the gender dynamics within the startup industry and the challenges faced by female entrepreneurs were found to have female co-founders with whom they closely collaborated. *Participant 12 (M)* highlighted the importance of diversity in the workplace and the value of working closely with individuals from different backgrounds. He acknowledges that he may not fully understand the challenges faced by women or people of different backgrounds daily. However, it was emphasised that by collaborating with individuals from diverse backgrounds, they can become more aware of these struggles and gain a deeper understanding of them.

Characteristics

The participants were asked how they believe their colleagues would describe them, aiming to identify the self-attributed characteristics of each gender. Generally, male participants described themselves as “fast”, “impatient” and “communicative”, while female participants often described themselves as “structured”, “ambitious” and “discerning”. Overall, there was a tendency towards females describing themselves as more risk-assertive than their male counterparts and several females mentioned how they were the “risk-avoidant” ones within their funding team.

These self-depictions align with findings in existing literature, which often emphasise that societal expectations and traditional gender roles may discourage women from taking entrepreneurial risks and being innovative (Alsos & Ljunggren, 2017). Entrepreneurship literature often portrays entrepreneurs as possessing assertive and risk-taking behaviours, traits traditionally associated with masculinity (Cardella et al., 2020). While the results of this study predominantly reflect this, it is noteworthy that a few female participants did characterise themselves as “risk-taking”. Interestingly, no male participants characterised themselves as “risk-avoidant”, aligning with the existing literature and male stereotypes.

The intrinsic factors just outlined; *Timing, Warm Introductions, Investor Selection, Networking Opportunities, Statistical Awareness & Knowledge and Characteristics* will be further explored in the section on managerial implications, as deeper knowledge regarding these aspects can provide considerable benefits to entrepreneurs.

5. Conclusion

In this section, the key findings of the study will be presented, the research question will be addressed, and broader implications of the results for the entrepreneurial ecosystem and gender disparities in fundraising, will be discussed.

The aim of the thesis has been to address the research question; *"Does the gender of the startup founder influence how they perceive and experience the capital-raising process?”*. The study concludes that the gender of the startup founder does influence their perception and experience during the capital-raising process. The capital-raising process is complex and

influenced by a countless number of factors, but gender specifically plays a major role, as shown by the differing challenges and biases reported by participants based on gender. Female founders, in particular, face a fundraising environment that is often not tailored to their experiences and strategies, but rather those commonly associated with male founders. This divide can lead to additional hardships for female founders.

Both male and female founders recognize common extrinsic challenges like the economic climate and market valuations. However, female founders also face additional challenges like insufficient representation and visibility as well as experiences of gender bias, stereotypes and exclusion, which were not reported by any of the male founders within this study. While the participants did not specifically mention any governmental initiatives, it is important to acknowledge them as a step in the right direction and recognize their potential contribution to broader social change. Various initiatives are actively working to address the current situation for women. However, it is evident that merely implementing policies is not enough; there is a need to ensure tangible changes through concerted efforts.

The findings revealed that the discrepancy in actual experiences was not as pronounced as statistical data and prior research might suggest. Many participants were well-informed about the funding gap for external capital, which further influenced their perceptions that women are treated differently in fundraising. Consequently, perceptions of the gender funding gap appeared more pronounced than the actual disparities experienced. Nonetheless, the study conclusively demonstrates a noticeable difference in both the perception and experience of founders regarding the capital-raising process.

A plausible explanation as to why gender differences are more pronounced in perceptions than in actual experiences could stem from gender becoming a secondary factor in fundraising during economic downturns. In such times, factors like the business model or expected profitability might overshadow any gender considerations as investors focus on making the most qualified and profitable investment possible. Conversely, during flourishing economic times, investors have the luxury to be more selective and have preferences, potentially emphasising gender differences more.

There is a potential trend suggesting a narrowing of the gap between genders in terms of access to capital. This shift may not necessarily stem from improved conditions specifically for females, but rather from a levelling of the playing field due to overall economic downturns, which have made raising capital more challenging for everyone, particularly affecting males. Women previously showed the ability to bounce back faster after the economic downturns compared to men. There is a possibility that this trend could continue following this economic downturn. The narrowing funding gap could offer a plausible explanation for the fact that the magnitude of the funding gap seems to rely more on statistics rather than personal experiences, as statistical data often lags behind real-time changes. This may lead entrepreneurs to perceive discrepancies as larger than they truly are. Nonetheless, further investigation is warranted over time to fully understand these dynamics.

6. Contributions

This section outlines the theoretical and practical contributions of the research, explaining its impact on both academic discourse and real-world applications.

6.1 Theoretical Contributions

This thesis contributes to the area of gender disparities within entrepreneurship. Especially regarding the subjective nature of how the funding gap is perceived and experienced by entrepreneurs. Based on the empirical evidence the study provides insights into what affects the capital-raising process, as displayed in *Figure 3*. The interviews revealed both intrinsic and extrinsic factors that affect the fundraising process. Acknowledging the nature of these different factors, the thesis offers a comprehensive view of how gender is one of several variables impacting the fundraising process. This contributes to the literature by providing a detailed exploration of the subjective dimensions of fundraising often overshadowed by quantitative analyses.

By contributing with empirical evidence regarding that the perception of gender disparities are more pronounced than the actual disparities experienced, the study contributes with a stepping stone to further research. This will hopefully contribute to further debate of underlying assumptions that shape our understanding of entrepreneurship as asked for by

Marlow & McAdam (2013). This thesis further adds to the findings from Kanze et al. (2020), who discussed the concept of "industry-fit" and highlighted that female-led ventures in male-dominated industries face funding challenges due to their gender and industry norms. By concentrating on the technology sector, which is male-dominated, this study added depth to this stream of research through subjective interpretations of the subject.

Moreover, this thesis also contributes to various streams of research. It extends findings from studies that demonstrate that female entrepreneurs receive less venture capital funding due to gender bias and stereotypes (Guzman & Kacperczyk, 2019; Balachandra, 2020) by offering a nuanced view that challenges some of the existing assumptions and highlights the complexity of gender effects in fundraising.

6.2 Practical Implications

The study provides valuable insights and implications for entrepreneurs. Especially acknowledging the *intrinsic factors* found in this study *(*see *Figure 5)*, which entrepreneurs can directly influence themselves. Despite the intrinsic factors being divided into gender-influenced and gender-independent factors, the following practical implications remain the same irrespective of gender. The implications will help to facilitate the fundraising process, regardless of the prerequisites.

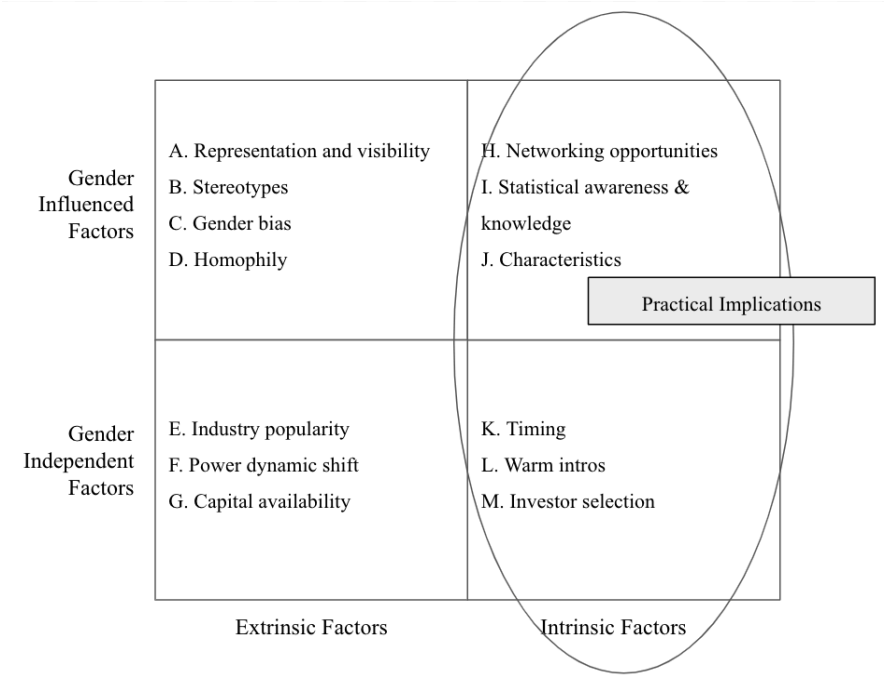


Figure 5. Visualisation of managerial implications

The importance of a strong network cannot be overstated. Entrepreneurs are urged to actively expand their networks within and beyond their industry. This will facilitate access to capital, collaborations and mentorship, which is crucial in the startup phase. Awareness of gender funding disparities empowers entrepreneurs to anticipate biases and challenges, fostering transparency and openness in discussions. By openly sharing fundraising experiences, entrepreneurs can cultivate a more informed and supportive community. Personal traits such as resilience, adaptability and ambition are also pivotal in attracting investments, underscoring their importance in the entrepreneurial journey.

Another crucial factor is the timing of fundraising. Entrepreneurs should aim to initiate capital raising activities when their businesses demonstrate clear growth potential or momentum, rather than out of financial desperation, to better appeal to investors. Further, utilising warm introductions through trusted and mutual connections can substantially increase the likelihood of securing funding. Thus entrepreneurs should cultivate relationships within their industry to facilitate such introductions. Lastly, selecting the right investor is just as crucial as securing the investment itself. Entrepreneurs should align with investors who not only fit their business model but also share the vision and can offer strategic insights and resources beyond mere funding.

In *Appendix D* we provide a short list of advice for aspiring entrepreneurs to consider before raising venture capital for the first time, based on suggestions from our participants in this study.

7. Limitations and Future Research

In this section, we will outline the limitations of our study, discuss how these might affect the interpretation of our findings, and propose directions for future research to further explore gender dynamics in fundraising.

The focus of this thesis is confined to the tech startup scene in Sweden. Focusing solely on startups in Sweden, recognized for its advancements in gender equality, provides limitations since it may not yield insights that are transferable to regions with different cultural, economic, or regulatory environments. Therefore, the results might not reflect the wider

global challenges encountered by entrepreneurs. Additionally, by concentrating exclusively on the technology sector, the study might overlook the unique challenges and dynamics that exist in other sectors. Especially for secors like healthcare or education, which are predominantly female-dominated, unlike the tech industry.

Our recommendation for future research is to investigate the role of gender in the fundraising process across different geographical markets as well as industries, as perceptions and experiences might vary. When exploring different industries, future research should examine the role of gender in female-led sectors, as the results might differ from those in this study and to further evaluate if the concept of “industry-fit” is present. It would be beneficial to analyse whether industries traditionally dominated by women face different challenges and biases compared to those dominated by men. Additionally, researchers should consider cultural and economic factors that might differ in various regions. Understanding these nuances could provide a more comprehensive picture of the funding gap and offer targeted strategies to support female entrepreneurs globally.

Further, the sensitivity surrounding funding and capital, both at the individual and startup level, could introduce response or interview bias, as participants may be hesitant to disclose certain information or may provide socially desirable responses. However, measures to maintain anonymity may have mitigated some of these concerns by providing confidentiality and reducing the fear of repercussion.

Additionally, this study uses a small number of participants chosen through a selective process to explore a specific topic. While the interviews continued until reaching empirical saturation, the sample size may still be considered too small to capture the full spectrum of experiences and perceptions. This could potentially introduce selection bias, limiting the breadth of the insights and possibly skewing the results. A quantitative methodology, with a larger sample size could provide more objectivity and generalizability. This type of research would also delve deeper into the development of the gender funding gap by examining whether it is shrinking and identifying the reasons behind any changes. This requires collecting comprehensive data on the amounts of funding received by different genders, facilitating a detailed analysis of trends over time and enabling a better understanding of how male and female entrepreneurs' fundraising experiences differ.

In this study, the insights regarding the gender funding gap and differences in the fundraising process are solely based on the entrepreneurs' perceptions, thoughts and opinions, without any direct commentary from investors. This indirect approach might not fully capture the investors' perspectives or the actual biases affecting investment decisions. To confirm the evidence from this study, it can be replicated when the economy stabilises to see any persistent changes.

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9. Appendix

Appendix A. List of interview questions in English

Background questions

- Could you start by briefly telling us about yourself?
  - What education and background do you have?
  - How do you think colleagues would describe you?
- Why did you decide to become an entrepreneur?

- Can you tell us something about the company/ies you have been involved in?
  - What about the company that you are active in now?
    - What industry is the company in? How would you rank your company within your sector?
    - What role do you have within the company? What is your specific decision area?
    - How is the company structured?
- What stage of business would you consider yourself and your company in?

Raising capital

- How has your network or support system impacted your startup journey?
- Can you describe your experience with fundraising for your startup?
  - How much capital were you aiming to raise and what was the outcome?
  - Was it your first time raising money? If not, did you experience any differences between the times?
- What types of investors have you worked with (e.g., angel investors, venture capitalists) and how did you come in contact with them?
  - What kind of investors have invested in your company?
  - What kind of investors have not invested in your company? Why do you think that is the case?
- What type of questions have you received from investors? Please give us some examples.

Challenges and barriers

- Did you face any barriers or challenges during the fundraising process, please elaborate.
  - How did you address these challenges?
- What were the key lessons you learned during the fundraising process?
  - How have these lessons influenced your approach to business and future fundraising efforts?

Success factors

- What strategies have you found to be most successful in your fundraising processes?
- Have you adopted any specific approaches or made adjustments based on your experiences or feedback from potential investors?

Gender

- Have you had discussions with other founders about their experiences with fundraising?
  - Did you notice any patterns or differences based on gender?
- Can you share any specific experiences where you felt that your gender influenced interactions with investors or the fundraising process?
  - If yes, did this affect your approach?
- Do you think the gender of a founder influences investor decisions or the terms of investment? Why or why not?

    - How much of venture capital funding do you think is going towards female entrepreneurs in Sweden?
- We asked you a bit earlier about your support system, do you believe gender plays a role in the kind of support or network access that you have had?

Future
- What advice would you give to other founders who are seeking capital?
- Looking forward, if you could change anything in the startup ecosystem, what would you change?

Appendix B. List of interview questions in Swedish

Bakgrund
- Kan du börja med att kort berätta om dig själv?
    - Vilken utbildning och bakgrund har du?
    - Hur tror du dina kollegor skulle beskriva dig?
- Varför bestämde du dig för att bli entreprenör?

- Kan du berätta något om företagen du har varit involverad i?
    - Hur ser det ut för det företag du är aktiv i nu?
        - Vilken bransch verkar företaget inom? Hur skulle du ranka ditt företag inom er sektor?
        - Vilken roll har du inom företaget? Vad är ditt specifika ansvarsområde?
        - Hur är företaget strukturerat?
- Vilken affärsfas skulle du betrakta dig själv och ditt företag i?

Kapitalanskaffningsprocessen
- Hur har ditt nätverk eller ditt skyddsnät påverkat din start-up resa?
- Kan du beskriva din erfarenhet av att resa kapital för din start-up?
    - Hur mycket kapital strävade du efter att samla in, och vad var resultatet?
    - Var det första gången du samlade in pengar? Om inte, upplevde du några skillnader mellan gångerna?
- Vilka typer av investerare har du arbetat med (t.ex. ängelinvesterare, riskkapitalister), och hur kom du i kontakt med dem?
    - Vilken typ av investerare har investerat i ditt företag?
    - Vilken typ av investerare har inte investerat i ditt företag? Varför tror du att det är så?
- Vilken typ av frågor har du fått från investerare? Vänligen ge några exempel..

Utmaningar och hinder
- Stötte du på några hinder eller utmaningar under kapitalanskaffning processen?
    - Hur hanterade du dessa utmaningar?
- Vilka var de viktigaste lärdomarna du lärde dig under kapitalanskaffningsprocessen?
    - Hur har dessa lärdomar påverkat ditt tillvägagångssätt till verksamheten och framtida kapitalanskaffning insatser?

Framgångsfaktorer
- Vilka strategier har du funnit vara mest framgångsrika i dina kapitalanskaffningsprocesser?
- Har du antagit några specifika tillvägagångssätt eller gjort justeringar baserat på dina erfarenheter eller feedback från potentiella investerare?

Kön

- Har du haft diskussioner med andra grundare om deras erfarenheter med kapitalanskaffning?
    - Märkte du några mönster eller skillnader baserade på kön?
- Kan du dela med dig av specifika upplevelser där du kände att ditt kön påverkade interaktioner med investerare eller kapitalanskaffningsprocessen?
    - Om ja, påverkade detta ditt tillvägagångssätt?
- Tror du att grundarens kön påverkar investerarens beslut eller investeringsvillkoren? Varför eller varför inte?
    - Hur stor del av riskkapitalfinansieringen tror du går till kvinnliga entreprenörer i Sverige?
- Vi frågade dig lite tidigare om ditt stödsystem, tror du att kön spelar en roll i vilken typ av stöd eller nätverksåtkomst du har haft?

Framtiden

- Vilket råd skulle du ge till andra grundare som söker kapital?
- Framåt, om du kunde ändra något i startupecosystemet, vad skulle du ändra på?

Appendix C. Representative quotes

Second-order themes and first-order categories	**Representative quotes**
Overarching dimension: Extrinsic factors	
1. Gender-influenced factors	
A) Representation and visibility	A1: “So, I really believe in role models. And that goes for everything, universities should be showcasing female role models even in the entrepreneurial world, which has been extremely dominated by guys starting unicorn companies. To normalize.” Participant 6 A2: "Probably you get influenced by the fact that it's just guys everywhere. And that's what you see. I got a question in a form application thing the other day, where it was, who is your role model? And I wanted to choose someone entrepreneurial in tech, hardware, who has really succeeded, gone far. And then I wanted a woman who was international, very big. Because that was the context. And there really isn't one. It's like, you think of people like Bill Gates, Steve Jobs, Elon Musk." Participant 4
B) Stereotypes	B1: "if you look at how men sell and how men like to be selling more than they have and like we're kind of like oh man we're going to take over the world, very like high just big talk and like big ego kind of being coming to play whereas my cofounder she's doing it it's a much more like soft and maybe a more like um a more social type of like sell" Participant 6 B2: "And women generally have a much higher average in empathy than men do. So there is research that supports that women have more sympathy, empathy, conscience. That we are more like, yes. And I also think that can be applied here too. And then on top of that, they might have a bit less self-doubt and that sort of thing” Participant 2 B3: “I think it's about how boys and girls are perceived, which then translates into how men and women are treated. Unfortunately, I believe that there's differential treatment and rewards for different types of people in society based on their characteristics." Participant 7
C) Gender bias	C1: “Questions from investors more on like the risk side of the business, like they want to know what could go wrong? What is the worst case scenario? Like what are my biggest challenges? Rather than a lot of my male friends, I would say, my male friends who are entrepreneurs, they get a lot of questions from investors that are rather pivoted towards the opportunity.” Participant 13 C2: "It feels like I'm on thin ice here, but since men start more companies and it's an incredibly risky activity. So and it can. Yes, it can have to do with a lot of different things." Participant 3 C3: “To be honest, I think that we can push it like closer, but I think that there's always going to be these like subconscious biases that that exist and expectations of like gender roles and gender norms that are always going to be working against women as well” Participant 5
D) Homophily	D1: "If my colleague and I pitch together, it's common that if we are pitching to a man, he talks to me, even though I'm not the CEO. Even if she asks a question, they respond to me." Participant 9 D2: "So, we have faced a group of 20 men who only let us speak for 30 seconds before they interrupted

	us and started throwing their own questions and then began pitching their own ideas in the middle of everything. I don't think that would have happened if we were men." Participant 6 D3: "Absolutely when it comes to angel investors. For me, it's only women that matter." Participant 2 D4: "And then, conversely, when it's a woman. It would be interesting to conduct a study on investors' behaviors. If it's a young woman, they speak directly to her. Positively. It's very encouraging, pleasant, polite. But if it's an older woman, it can be the exact opposite. Then they might be somewhat condescending towards her." Participant 9
2. Gender-independent factors	
E) Industry popularity	E1: “I believe there's a great interest in specifically green solutions now. So, it's probably good timing to seek capital in that regard.” Participant 4 E2: "When we get newspaper articles and people want to be extra trendy or timely. Like with Cleantech in Stockholm right now which is booming and batteries are booming." Participant 4 E3: "If you want to do something quickly, like an economic exit and so on, then you've backed the wrong horse if you think that's going to happen with a social impact company, I believe. It's probably harder to do. Then you should perhaps sell uranium or cars or something like that." Participant 7
F) Power dynamic shift	F1: “So I think in Sweden, large scale university investors are too conservative and hold too much power over their startups right now” Participant 5 F2: "So during this year, the economy was really bad, very few investors willing to invest at all, so they were really in the driver's seat and could therefor negotiate quite good terms for them." Participant 1
G) Capital availability	G1: "There are few who have a slam-dunk case where investors line up to put in money. I think everyone finds it extremely tough to get this money in some way." Participant 10 G2: “In situations like these, when it's so difficult to obtain capital, one must quickly demonstrate how one can make money in a simple, logical manner, without complicating things too much. I believe it's beneficial for us.” Participant 11
Overarching dimension: Intrinsic factors	
3. Gender-influenced factors	
H) Networking opportunities	H1: “I have some friends who are really highly connected and they can raise like $10 million in one week from their network. And then I have other founders who are not so connected actually and they really struggle.” Participant 13 H2: "So, even though I really think that we have completely gained such a good network, truly where people connect us both men and women alike. But there are many closed rooms that, still, I think are easier for guys to get into. We would probably have even more, an even better network, I still believe that. But it's not like there are astronomical differences." Participant 6 H3: "It's damn so much easier to take risks if it's then a dude and surrounded by all your buddies or your network that somehow catches you. And there, women are much more exposed." Participant 8
I) Statistical awareness & knowledge	I1: “So this again is based on statistics and all the the literature that's out there, but a lot of times because there aren't as many seats at the table for women, women tend to gatekeep because they feel threatened by other women” Participant 5 I2: “Whether you're an all male team or a female or a mixed team, I haven't heard anybody be like, man, fundraising was like the best experience I've ever had. I don't think anybody really likes it. This statistics show that it's harder to be a female team that's fundraising.” Participant 5 I3: “ like I don't necessarily know the struggles that women go through on a day-to-day basis, just as I don't know what it might be for someone of a different color or a background. I'm only going to be made aware of that if I'm working with them and I think that's also a huge thing. That diversification is important” Participant 12 I4: "I think that part of the capital-raising world within the tech space is very narrow-minded. There are blinders on. And I actually think it's a bit of a knowledge gap. Specifically, the inability to understand other types of businesses or industries, for example." Participant 8
J) Characteristics	J1: "It's always this thing about women perhaps not daring to take risks and all that. I'm so torn about it. Because on one hand, it's true that women don't take as many risks. And then I'm sometimes praised for it. Because I am quite prone to taking risks." Participant 8 J2: “I would say that I'm not afraid to get down and dirty, like to lead from the front, want to do everything myself and be involved and be on the floor a lot. There is nothing beneath when running a business. It's super important. Then, I hope people find me good and clear in my communication.” Participant 10 J3: “My co-founder appreciate that I might slow down sometimes. Taking time to discuss by reconsidering or questioning. Because he is very quick to seize opportunities, so we compliment each other in the best way possible” Participant 4

5. Gender-independent factors	
K) Timing	K1: “So yeah, always fundraise after momentum, never when you have to. If you don't have momentum, if you're running out of cash, it's going to be a no from investors every time.” Participant 13 K2: "You have to go to investors and somehow convince them that this is going to be really successful, in a way that is truly convincing and have some form of assurance that this company is going to be very big and not appear too desperate." Participant 3
L) Warm intros	L1: "Because it's essentially like this: the majority of the capital is allocated, I would say, through getting a warm introduction. It's difficult without warm intros." Participant 10 L2: "It absolutely matters with our incubator that they can make introductions to VC firms or to business angels that you come into contact with in a much easier way than if you were to send emails or make calls or visit a reception without getting a warm intro." Participant 1 L3: "Networking does a lot. Around investors, it plays a super important role that you have connections to people." Participant 1
M) Investor selection	M1: "Where we see that we can achieve the greatest success while still maintaining our integrity in the company is with angels. Because with VCs, no offense to VCs, but they have their template and they want a hockey stick effect and it has to be done in a very classic way. And if you commit to that, then that's what you need to deliver. And if you don't, it can lead to very big problems." Participant 7 M2: “We've had quite a few interested VC’s over the years but have felt that it's not the right money for the right terms. But we want to build a different type of company and then it fits much better with angels.” Participant 9

Appendix D. 7 things to consider before you raise venture capital for the first time

- **Pitch for the future you:** Even if you're not ready to raise capital yet, start pitching early to refine and perfect your pitch.
- **Reach out:** Don't hesitate to contact anyone who can help. Share your contacts and be open to receiving advice and tips.
- **Don’t be afraid to build a network** even if you don’t have one initially. Many entrepreneurs are willing to connect and support you simply because you’ve chosen this path. Just by choosing this path, you can access an incredible network without needing to prove yourself first.
- **Don’t do it alone:** Avoid fundraising by yourself; seek support and collaboration. This is a journey you want to do with someone else.
- **Consider external investors carefully:** Thoroughly evaluate whether taking investments from VCs or serious angels is the right move. Weigh the pros and cons of bringing in external investors.
- **Get lots of feedback:** Start with a good idea and discuss it with many people from different industries. Don’t lock yourself into one perspective and be open to listening rather than constantly defending your idea. Consider feedback seriously, even if it’s critical.

- **Get a mentor:** Find a mentor, it will help tremendously to have someone to exchange thoughts. and be willing to talk to people for guidance and support - they will help you.

Appendix E. AI Appendix

Chat GPT-4 has been the only additional AI-tool used in the process of conducting this thesis, except for the tools provided by Mictosoft as mentioned in the methodology. Chat GPT-4 has been used as a language tool, specifically for translating quotes from Swedish to English. This was done to ensure that the translations were performed in a more unbiased manner than if done manually. These translations were then reviewed by the authors. Additionally, it has also been used as a more efficient tool for searching for synonyms or looking up different words, which proved to be more effective than using any online dictionary. Furthermore, it has been used for improving conciseness and formality of sentences. This has enhanced the quality of our thesis by helping us be clear and concise in our arguments.

There is always a risk associated with using ChatGPT-4, such as the potential for unreliable sources. Therefore, we have strictly used it as a facilitative tool and not for gathering information. By leveraging AI in these ways, we have learned that it can significantly aid in writing more concisely and is an excellent tool for translation.