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Inside Investors and Female-Founders Minds: From Seeking to Negotiation

A Qualitative Study Unpacking the Influence of Gender, Industry, and External Pressure Across the Venture Capital Investment Process

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Venture Capital (VC) serves as a central mechanism for scaling innovation, and despite increasing pressure for gender diversity and ongoing societal debates about the underrepresentation of female entrepreneurs in VC-backed ventures, gender disparities in VC funding allocation persist. Prior research has paid limited attention to when in the investment process these disparities emerge, how they differ across industry contexts, and to what extent external pressure influences funding outcomes. This study addresses these gaps through a qualitative analysis of the Nordic VC ecosystem, based on interviews with female founders and VC investors across emerging and established industries. To interpret the findings, this thesis develops a process-based framework combining Role Congruity Theory (Eagly & Karau 2002) and Expectancy-Value Theory (Eccles, 1983), to analyze how gendered expectations and founder motivations shape VC interactions. The analysis shows that gender disparities arise across all stages of the VC process, from seeking funding through sourcing, screening, evaluation, and negotiation, and that they differ markedly between industry types. In emerging industries, external pressure appears to reshape investor behavior and founder strategy, occasionally resulting in a reversed bias in favor of female founders. In established industries, the top of the funnel has improved because of external pressure, but deeper stages remain influenced by traditional expectations around risk and growth. By unpacking how gender dynamics interact with structural and contextual factors, this thesis extends theoretical understandings of gender in entrepreneurship and offers practical insights for policymakers, VC investors, and founders seeking more equitable VC ecosystems.

Keywords: Venture Capital, Gender Funding Gap, Female Entrepreneurship, External Pressure

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Definitions

Term	*Definition*
Emerging industries	New, fast-growing sectors with high uncertainty and evolving market norms, such as AI.
Established industries	Mature sectors where firms operate within stable market structures, but where individual ventures may still pursue high-growth, scalable business models aligned with venture capital logic.
Term sheet	Non-binding agreement that outlines the key terms and conditions under which a VC investor agrees to invest in a startup and typically includes Valuation, Investment amount, Equity stake, Board structure, Liquidation preferences etc.
Disproportionate gender funding gap	The unequal distribution of VC funding, where female founders receive significantly less total capital than male founders, even when accounting for the number of women-owned businesses.
External pressure	Influence exerted on VC firms by external actors such as limited partners, policymakers, and media to increase diversity and inclusion in funding decisions and portfolio composition.
Reversed bias	The perceived advantage experienced by female founders when investors actively seek to diversify portfolios, especially in response to external pressure.
Warm introduction	A referral or recommendation made through a trusted mutual contact, often required for gaining initial access to VC decision-makers.
Female-founded startup	A startup in which at least one of the founding members identifies as female.
EVT	Expectancy-Value Theory.
RCT	Role Congruity Theory.

1. Introduction

1.1 Background

Venture Capital (VC) serves as a cornerstone of entrepreneurial success, enabling startups to drive innovation, disrupt industries, and contribute to global economic growth (Gompers & Lerner, 2001). Despite its role in fostering transformative ideas, the VC industry continues to demonstrate disproportionate disparities in funding allocation, with female founders receiving significantly less capital than their male counterparts (Brush et al., 2003). The Nordic region, despite its reputation for gender equality, paradoxically showcases some of the most pronounced gender disparities in VC funding. While it ranks among the highest in gender parity (World Economic Forum, 2023), only 1% of total Nordic VC funding is allocated to all-women founding teams, compared to 5% across Europe (The Funding Report, 2023; Atomico et al., 2024).

Extensive research has documented that women-led startups receive disproportionately less VC investment than male-led ventures (Brush et al., 2003; Coleman & Robb, 2009; Kanze et al., 2017). Explanations commonly focus on investor biases (Malmström et al., 2017), unequal access to networks (Tinkler et al., 2015), and differences in types of businesses (Gompers et al., 2017). However, comparatively little research has examined where in the investment process these disparities emerge, or how they might differ between emerging and established industries. This is interesting, as established industries may reinforce biases through already existing norms, while in emerging industries, the formation of such patterns remains less understood.

At the same time, the debate around investing in female founders has gained momentum, driven by increasing external pressure on VC firms from their investors, as well as broader societal debates around the underrepresentation of female-founded start-ups (Principles for Responsible Investment, 2022; Venture Capital Journal, 2021). These actors are increasingly demanding greater diversity in VC portfolios, pushing firms to reconsider their investment strategies. This evolving landscape makes the study of gender funding disparities particularly relevant, as external diversity pressures push for change, while existing literature suggests

that structural biases persist. Beyond fairness, these disparities also represent a missed economic and innovation opportunity. Research shows that women-led businesses could unlock an estimated $5 trillion in global GDP (Unnikrishnan & Blair, 2019).

Given these complexities, this thesis investigates where disparities arise, focusing on differences between emerging and established industries, and how these differences are shaped by growing diversity and inclusion efforts. This approach offers a more nuanced understanding of the disproportionate gender funding gap and frames gender inclusion not only as a matter of equality, but also as a strategic lever for innovation and investment outcomes.

1.2 Purpose and Expected Contribution

Gendered disparities in VC funding remain, with women-led ventures still receiving significantly less capital than male-led ones. While this gap is well-documented (Brush et al., 2003; Coleman & Robb, 2009; Kanze et al., 2017), less attention has been paid to where in the VC investment process these disparities emerge and how they vary across industries. At the same time, the VC landscape faces growing pressure from policymakers, investors, and society to improve diversity and inclusion. The purpose of this study is to examine both investor and founder perspectives to understand how unequal outcomes are shaped by industry norms and external pressure. By comparing emerging and established industries, it explores whether gender disparities are reinforced in industries where expectations around leadership and legitimacy may be more deeply embedded.

Theoretically, the study contributes by applying Expectancy-Value Theory (Eccles, 1983) and Role Congruity Theory (Eagly & Karau, 2002) to the context of VC decision-making. Expectancy-Value Theory offers a lens to understand how perceptions of *cost*, *expectancy* and *value* shape strategic behavior for both investors and founders, while Role Congruity Theory explains how traditional gender stereotypes influence assessments of leadership and risk. By combining these perspectives, the study provides a more integrated framework for understanding how structural, symbolic, and behavioral factors shape gendered investment outcomes, especially in relation to rising external diversity expectations. Practically, the study offers insights for VC firms aiming to develop more inclusive practices. It also informs female-founders about the dynamics they may face when engaging with investors, and provides a foundation for investors and policymakers to design initiatives that respond to

increasing demands for diversity in capital allocation. These expected contributions frame the examination of how gendered patterns emerge throughout the VC process and how they are shaped by external pressure and leads to the core question explored in this thesis.

1.3 Research Question

This thesis seeks to open up the "black box" of the VC investment process to understand how gendered outcomes are shaped at each stage, from seeking capital, to sourcing, screening, evaluation, and negotiation, and how these dynamics vary across emerging and established industries. Moreover, it explores the extent to which external pressure influences investor and founder behaviour. By doing so, this thesis aims to investigate:

Where in the VC investment process do gendered funding disparities arise, how do these differ between emerging and established industries, and to what extent are they influenced by external pressure?

1.4 Delimitations

To maintain a focused scope, this thesis is delimited to the Nordic region, where strong gender equality policies contrast with persistent gaps in VC funding. The study focuses on traditional VC firms, excluding other funding sources. It is further delimited to early and growth stage investments, where access to external capital is most critical. The authors of this thesis chose to interview only female founders. This decision was based on the premise that female entrepreneurs have more direct experience reflecting on and navigating gendered dynamics in the VC landscape. In contrast, both male and female VC investors were interviewed to capture a broader range of perspectives from the decision-making side of the investment process.

2. Literature Review

2.1 Venture Capital

2.1.1 Historical Development of Venture Capital

The VC industry has emerged as a powerful engine for innovation, economic growth, and technological advancement (Lerner & Nanda, 2020). Originating in the United States after World War II, VC was established to fund high-risk startups in exchange for equity (Nicholas, 2016). Over time, VC has evolved from a niche financing model into a global industry, fueling startups across diverse sectors and has become a defining feature of the modern economy (Guzman & Kacperczyk, 2019; Carnahan et al., 2012). The worldwide expansion of VC has increased financing opportunities for growing entrepreneurial ventures, highlighting its important role in fostering innovation and driving economic growth (Lerner & Nanda, 2020).

2.1.2 Key Features and Mechanisms of Venture Capital

To understand the root causes of the gender gap in VC funding, it is essential to first explore the key mechanisms of VC. VC investments are structured as equity investments, meaning that VCs receive an ownership stake of the companies they fund (Gompers et al., 2021). This approach aligns the interests of the VCs and the entrepreneur, as both parties benefit from the company's success.

Understanding the VC Investment Model

The VC investment model is unique, characterized by its high-risk, high-reward structure, a strong focus on early-stage companies, and an active approach to guiding portfolio companies toward growth (Gompers et al., 2016). The high-risk tolerance enables the VC firms to back disruptive ideas that have a low probability of success but offer exceptional returns if successful (Strebulaev & Dang, 2024). While the majority of VC-backed startups fail or yield modest returns, the few that succeed can deliver exponential gains, justifying the overall risk profile (Grieco, 2023). VCs typically invest in stages, funding companies in multiple rounds contingent on meeting specific milestones. According to Hochberg et al.

(2007), the funding rounds are structured from pre-seed and seed investments through Series A, B, C and subsequent rounds. Each round typically involves additional capital to fund further development.

The Role of Limited Partners and General Partners in VC Decision-Making

In a typical institutional VC fund structure, Limited Partners (LPs) provide the capital, while General Partners (GPs), or fund managers, manage the investments and are responsible for delivering returns (Gompers et al., 2016). Given the nature of the LP-GP relationship, LPs cannot directly pressure GPs but can influence their operations by tracking diversity metrics, investing in funds with specific mandates, or prioritizing those that meet certain targets, creating an indirect form of external pressure (Da Rin et al., 2011). Figure 1 illustrates a typical LP-GP relationship, offering a foundational understanding of how fund structures shape the VC criterias.

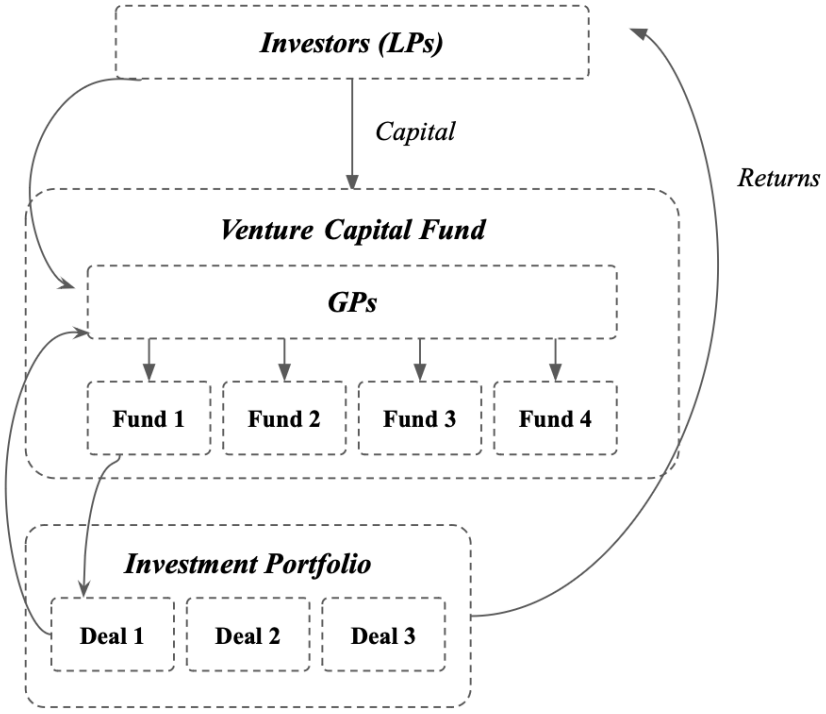


Figure 1: *Venture Capital fund structure*

Adopted from Gompers et al. (2016)

2.1.3 The Investment Process

The investment process typically involves a sequence of stages designed to evaluate the potential investments. Tyebjee and Bruno (1984) outline this process as a five-step approach: deal origination, sourcing, screening, evaluation, negotiation, and post-investment activities, that has been adapted by the authors of this thesis, where post-investment activities are beyond the scope (Figure 2*)*.



Figure 2: *Venture Capital investment process*

Adapted from Tyebjee & Bruno (1984)

VCs make investment decisions through this process, applying distinct criteria at each phase, from sourcing to negotiation. According to Gompers et al. (2021), VCs employ various sourcing strategies to identify promising investment opportunities, with networks and referrals remaining the most prominent channels for deal flow. Furthermore, during the evaluation step, VCs assess startups based on a range of criterias that indicate their potential for success. Kaplan and Strömberg (2004) identify key considerations such as the quality of the management team, the target market or industry, competitive dynamics, the product or technology, and the business model. Kaplan and Strömberg (2004) further describe the negotiation stage as the phase where key terms, including valuation and ownership stake are negotiated. Understanding how these criteria are applied throughout the investment process is essential for exploring the gender funding gap.

2.2 Gender Funding Gap

2.2.1 Understanding the Gender Funding Gap

Previous research has shown that females are less likely than men to receive funding from VCs and has primarily focused on early-stage investments (Canning et al., 2012; Brush et al., 2003; Sørensen & Sharkey, 2014). While the underrepresentation of women as founders partly explains this disparity, it does not fully account for its scale. Across Europe, all-women teams received just 5.0% of total seed funding from 2021 to 2024, a marginal increase from

4.1% in 2013-2016, while mixed-gender teams saw their share decline from 17.8% to 16.1% (Atomico et al., 2024). In the Nordics, this gap is even wider, with only 1% of VC funding allocated to all-women teams and 4.6% to mixed-gender teams (The Funding Report, 2023).

2.2.2 Seeking or Not Seeking VC Funding

While VC could be a critical resource for scaling start-ups, not all entrepreneurs choose to pursue it. For female entrepreneurs, this decision is influenced by a range of aspects beyond financing, including risk tolerance and the presence of role models (Jianakoplos & Bernasek, 1998; Croson & Gneezy, 2009; Lafuente et al., 2007). The following sections examine the initial stage of the VC investment process, focusing on the reasons that influence whether or not founders choose to seek VC funding.

Risk Aversion

Risk perception plays a crucial role in determining whether entrepreneurs seek and get access to VC funding. Research suggests that women tend to be more risk-averse than men in financial decision-making (Jianakoplos & Bernasek, 1998; Croson & Gneezy, 2009), which influences their likelihood of seeking high-stakes funding options. However, other studies highlight that risk attitudes are not uniform among women and can be influenced by external contexts (Fisher & Yao, 2017; Booth & Nolen, 2012). According to Fisher and Yao (2017), financial security has been shown to increase women's willingness to take risks, and Booth and Nolen (2012), found that female-dominated environments can foster greater risk tolerance. Moreover, cultural norms also shape women's risk-taking behaviors and Belcourt (1991), Cliff (1998), and Loscocco and Leicht (1993), argues that women often take on a larger share of domestic responsibilities, which can limit their ability to grow their businesses.

Role Models

Beyond risk aversion, the lack of role models can discourage female founders from pursuing VC, reinforcing their underrepresentation in the funding landscape (Lafuente et al., 2007). Akerlof & Kranton (2000) argues that individuals often look to the successes of others when making career choices, and entrepreneurs frequently cite influential business figures or family as motivation for starting their ventures (Van Auken et al., 2006). Further, BarNir et al.

(2011) shows that role models foster entrepreneurial intentions, while Chlosta et al. (2012) found that individuals with entrepreneurial parents are more likely to start businesses themselves. Studies also show that role models reduce fear of failure and inspire confidence during the entrepreneurial process (BarNir et al., 2011; Wyrwich et al., 2016; Zozimo et al., 2017). However, female entrepreneurs in high-growth, VC-backed sectors have historically lacked visible role models, limiting relatable examples and reinforcing stereotypes through dominance of male figures (Lafuente et al., 2007).

2.2.3 Sourcing and Screening

VC funding rarely begins with formal applications. Usually, VCs actively seek entrepreneurs or receive referrals through their networks, including other VCs and angel investors, a stage known as sourcing (Tyebjee and Bruno, 1984). Once a pitch deck or opportunity arises, VCs screen the company to decide whether to proceed to the evaluation stage.

Networks and Founder Visibility

The sourcing and screening phases are previously shown to be highly network-driven, with Gompers et al. (2021) estimating that VCs spend approximately 40% of their time networking to identify promising deals. Informal relationships with investors help entrepreneurs gain visibility and consideration for funding, making networks a crucial dynamic in these stages. Research consistently shows that strong social ties with investors increase an entrepreneur's legitimacy and likelihood of securing funding (Tinkler et al., 2015). However, according to Gompers and Wang (2017), traditional VC networks remain male-dominated, with over 90% of VC investors being men. According to Balachandra (2020), this imbalance affects networking opportunities, as male entrepreneurs generally have greater access to informal investor circles, allowing them to form relationships that facilitate the initial stages. Furthermore, Howell and Nanda (2019) found that men benefit more from VC connections, while Lewis (2006) showed that women are often excluded from key investor networks, limiting their chances in the funding process. Tinkler et al. (2015) further emphasized that unequal access to investor networks is a key factor behind the funding gap for women-led ventures.

2.2.4 Evaluations

After the sourcing and screening stage, investors conduct in-depth evaluations of ventures, focusing on leadership potential, market opportunity, and scalability (Tyebjee and Bruno, 1984). While these assessments are intended to be objective, research suggests that biases related to communication style, gender stereotypes, and the presence of female investors within VC firms influence decision-making (Kanze et al., 2017; Malmström et al., 2017). This section explores the dynamics shaping the evaluation process.

Communication Styles

Effective communication is critical in securing VC funding, and research shows that investors interpret language differently based on gender (Kanze et al., 2017; Malmström et al., 2017). Verbal style, gestures, and social competence are shown to influence investor perceptions across pitch events and experimental settings (Balachandra et al., 2013; Clark, 2008; Gorbatai and Nelson, 2015; Huang et al., 2013). The linguistic style used in pitches affects how entrepreneurs are perceived. According to Karlin et al. (2002) and Ahl (2006), language associated with confidence aligns closely with what investors value. In contrast, language linked to care, collaboration, and nurturing, often associated with femininity, is less often reflected as high-growth potential (Bird & Brush, 2002; Cejka and Eagly, 1999). The broader entrepreneurial setting prioritizes boldness and risk-taking (Gupta et al., 2009; Lewis, 2006). Lewis (2006) found that entrepreneurs that resonated more with male investors improved their chances of funding. Investor questioning also reflects these biases. Kanze et al. (2017) show that male founders are asked promotion-focused questions about opportunity, while women are asked prevention-focused ones about risk. Malmström et al. (2017) also found that male founders were described using positive terms like “competent,” while female founders were evaluated more cautiously. These communication-related patterns influence how entrepreneurs are evaluated, and are shown to disadvantage women. The next section examines how gender stereotypes further shape investor assessments.

Gender Stereotypes

Building on the role of communication style, research shows that gender stereotypes influence how investors assess entrepreneurial potential (Bird & Brush, 2002; Gupta et al., 2009). Entrepreneurship is frequently linked with traits such as assertiveness, risk-taking, and

decisiveness. These traits are viewed as important in high-risk contexts, reinforcing perceptions of men as stronger leaders. In uncertain situations, stereotypes shape evaluations. According to Heilman et al. (2007), and Ridgeway (2011), investors tend to favor masculine traits when little concrete information is available. During early-stage evaluations, subjective impressions often guide decisions. Bernstein et al. (2017) and Gompers et al. (2021) suggest that these assumptions can reduce investor confidence in female founders. Tinkler et al. (2015) found that non-technical male entrepreneurs were perceived as stronger leaders, while non-technical women were judged as less competent. This shows how competence and leadership are filtered through gendered assumptions. Research also points to the influence of VC team composition on negotiation outcomes. This will be explored in the next section.

2.2.5 Negotiation

After the evaluation stage, deal structuring determines the specific terms under which investment is granted, shaping ownership distribution, valuation, and long-term financial commitments (Tyebjee and Bruno, 1984). While this phase is expected to be based on objective assessments, Kray and Thompson (2004), and Fraser (1976), suggests that gender dynamics influence negotiation outcomes and capital-seeking behavior. The following sections explore how these dynamics contribute to funding disparities, with a focus on gender differences in term sheet negotiations and capital requests.

Term Sheet Negotiation

Negotiation plays a crucial role in securing VC funding, influencing deal terms, ownership structure, and overall investment conditions (Thompson, 2010). However, research suggests that gender dynamics shape negotiation outcomes, contributing to funding disparities (Kray & Thompson, 2004; Fraser, 1976). Kray and Thompson (2004) found that men, on average, achieve better economic outcomes in negotiations than women. Bowles et al. (2007) emphasize that this disparity is not necessarily due to differences in negotiation skills but rather to external aspects such as societal expectations and gender norms. Consequently, women may be perceived as less assertive or more risk-averse in negotiations.

Capital Raising

Beyond negotiation disparities, differences in capital-seeking behavior also contribute to the gender funding gap. Research shows that female entrepreneurs tend to request smaller

amounts of capital than their male counterparts, which may limit their access to VC funding (Coleman & Robb, 2009; Morris et al., 2006). This pattern stems from various dynamics, including risk perception, expectations of rejection, or a preference for alternative financing options. As a result, women-led startups often receive lower levels of investment, reinforcing structural barriers that hinder their ability to scale and compete in high-growth industries. Yet, despite these constraints, women-led businesses continue to make contributions to economic growth, social progress, and sustainability (Naveed et al., 2023; Douglas & Shepherd, 2000; Cohen et al., 2008; Guzman & Kacperczyk., 2019).

2.3 The Strategic Value of Women

According to Unnikrishnan and Blair (2019), closing the gender funding gap could add five trillion dollars to the global economy. Naveed et al. (2023) further shows that stronger women's economic rights are linked to national GDP growth. Research highlights that women entrepreneurs often prioritize sustainability, social value, and innovation (Douglas & Shepherd, 2000; Cohen et al., 2008; Guzman & Kacperczyk., 2019; Hechavarria et al., 2012), show greater environmental awareness (Davidson & Freudenberg, 1996; Zelezny et al., 2000), and are overrepresented in the nonprofit sector (McCarthy, 2001). Moreover, gender-diverse teams also improve innovation outcomes (Capozza & Divella, 2023), reinforcing the long-term performance benefits of inclusive entrepreneurship.

In response, VC firms are increasingly expected to reflect these values in their investment decisions. Gender diversity and ESG criteria have become central with many VC firms now actively tracking and working to improve the representation of female founders (Principles for Responsible Investment, 2022). Furthermore, diversity-focused funds such as RadCap, BackingMinds, and Pale Blue Dot have emerged, while traditional firms are encouraged or in some cases required to report diversity metrics (Venture Capital Journal, 2021). As a result, gender representation is no longer seen only as a social responsibility but as a strategic investment factor. Building on this evolving perspective, one important dimension in understanding funding disparities between male- and female-led ventures is the role of industry context, which will be explored in the following section.

2.4 Emerging and Established Industries

Although gender disparities in VC have been increasingly documented (Gompers et al., 2017; Chilazi, 2019), existing research has primarily focused on explaining the types of industries female entrepreneurs are more likely to establish businesses in, rather than on how gendered disparities unfold within different industry contexts. According to Gompers et al. (2017), women tend to launch businesses more often in industries like consumer goods and healthcare, representing 19.7 percent and 13.6 percent of female-founded ventures, while only around 6 percent operate within the IT sector. According to Guzman and Kacperczyk (2019), this sectoral distribution has been linked to a misalignment with VC investment preferences, which tend to favor capital-intensive, high-growth industries more commonly associated with emerging industries. Industry context is therefore considered an interesting aspect in understanding gender differences in VC. However, how these gendered patterns differ between emerging and established industries remains largely unexplored.

2.5 Research Gap

Previous research has pointed to a disproportionate gender funding gap, attributing it to factors such as biases in investor decision-making (Kanze et al., 2017; Malmström et al., 2017), limited access to networks (Tinkler et al., 2015), and gendered negotiation behaviors (Bowles et al., 2007). While some studies have examined how disparities play out at different stages of the VC process (Canning et al., 2012; Brush et al., 2003; Sørensen & Sharkey, 2014), few have offered a comprehensive, stage-by-stage analysis. Moreover, existing literature has largely overlooked the existing role of diversity pressures from LPs, policymakers, and societal expectations, and how such pressure may influence investor behavior differently in emerging versus established industries.

In light of the growing societal attention to gender equality, along with increasing external pressure to promote diversity in investment decisions (Principles for Responsible Investment, 2022; Venture Capital Journal, 2021), it is timely to revisit these findings. The landscape of VC has evolved in recent years, suggesting that changes in behavior due to this external pressure should have occurred. However, it remains unclear how this external pressure translates into actual changes in investor and founder behavior, at what stage in the VC process any change is occurring, or whether the effects differ between industries. Given these

uncertainties, a new examination is necessary to assess whether intended progress has materialized, and where gaps may still persist.

Furthermore, as more women-led startups emerge in certain industries and remain underrepresented in others, it becomes essential to examine how this momentum manifests differently across industries. In established industries, investment patterns and norms may have evolved over time in ways that reinforce existing biases, while in emerging industries, such biases may not yet have taken root. Therefore, it becomes interesting to compare these sectors and raise the question of whether these industries may respond differently to external pressure. Also, it becomes essential to examine whether diversity efforts have already led to progress and how this progress unfolds across the various stages of the VC investment process.

To address this, the study adopts a qualitative research design to explore how gendered funding outcomes unfold across the VC investment process, how these dynamics vary between emerging and established industries, and the extent to which external pressure influences investor and founder behavior. A qualitative approach is well-suited for capturing the nuanced, context-dependent experiences of both founders and investors, insights that quantitative methods alone often miss. By connecting these dynamics and opening up the "black box" of the VC process stage by stage, this thesis addresses the identified research gaps by specifically investigating:

Where in the VC investment process do gendered funding disparities arise, how do these differ between emerging and established industries, and to what extent are they influenced by external pressure?

3. Theory

3.1 Introduction to Theory

The study of gender biases in VC funding has been explored through various theoretical lenses. This thesis applies Role Congruity Theory (Eagly & Karau, 2002) to understand how societal expectations shape evaluations of female entrepreneurs in the VC ecosystem. To complement this, Expectancy-Value Theory (Atkinson, 1957; Eccles, 1983) is used to examine how perceived *expectancy* of success and *value* from securing VC funding influence both VC investor decisions and entrepreneurial behavior. Together, these frameworks offer a more complete understanding of how gender disparities arise throughout the VC investment process and how these dynamics may differ between emerging and established industries.

3.2 Role Congruity Theory

Role Congruity Theory has been applied to explain gender disparities in leadership and entrepreneurship (Eagly & Karau, 2002). It suggests that individuals are evaluated more favorably when their behavior aligns with societal expectations for their gender. In VC, this theory helps explain how gendered perceptions shape investor evaluations of female entrepreneurs, contributing to disparities in funding allocation (Butticè et al., 2023). This thesis assesses the usefulness of Role Congruity Theory in explaining these biases within the VC ecosystem.

3.2.1 Theoretical Foundation of Role Congruity Theory

Role Congruity Theory, developed by Eagly and Karau (2002), builds on the foundations of Role Theory (Biddle & Thomas, 1966), which highlights how societal expectations shape behavior within defined roles. In this framework, expectations are mutual and individuals influence the roles they inhabit through their behavior, while at the same time, they are influenced and constrained by how others expect them to behave. When these expectations are linked to gender, they tend to be especially persistent and resistant to change. Individuals who act outside of socially prescribed gender roles often face increased scrutiny, biased evaluations, and social pushback, processes that can contribute to a self-fulfilling prophecy (Biddle, 1986). Role Congruity Theory examines how individuals are evaluated based on the

fit between gender norms and the expectations of their social or professional roles. It posits that favorable judgments are more likely when behavior aligns with both gender and role expectations. The theory identifies two key forms of bias: *descriptive* prejudice*,* which refers to the belief that women lack the attributes generally associated with roles that are culturally coded as male, and *prescriptive* prejudice, which involves penalizing women for displaying traits that contradict traditional femininity. These forms of prejudice help explain the challenges faced by women in roles traditionally seen as masculine. Earlier work by Eagly (1987) through Social Role Theory further supports this by showing how the gendered division of labor gives rise to internalized expectations that pressure individuals to behave in line with traditional gender norms. More recent contributions, such as del Carmen Triana et al. (2024), emphasize that these expectations are reinforced by both psychological and structural processes, helping to sustain gendered patterns of evaluation and behavior even as societal conditions evolve.

3.2.2 Limitations of Role Congruity Theory

While Role Congruity Theory helps explain gender biases in VC through its *descriptive* and *prescriptive* lens, it overlooks institutional barriers like investor risk aversion and industry segmentation (Nelson, 2012). It also assumes women are inherently perceived negatively, which may be less relevant today as external diversity pressures increase (Principles for Responsible Investment, 2022). The theory does not account for how incentives to invest in female founders may shift investor behavior (Naveed et al., 2023). Moreover, the theory primarily addresses structural and societal-level biases, and does not fully capture the individual-level perspectives of investors or founders. Therefore, Expectancy-Value Theory (Eccles, 1983) complements this by focusing on how perceptions of *expectancy* of success and *value* influence both entrepreneurs and investors decisions. Together, the two frameworks offer a broader understanding of gender disparities in VC.

3.3 Expectancy-Value Theory

The authors propose Expectancy-Value Theory as an additional theoretical lens to complement Role Congruity Theory in explaining the gender funding gap in VC. While Role Congruity Theory (Eagly & Karau, 2002) highlights how societal expectations and stereotypes about entrepreneurship disadvantage female founders, Expectancy-Value Theory (Eccles, 1983) provides insight into how individuals' *expectancy* of success and the *value*

people assign to entrepreneurial activities shape their motivations and decision-making. Expectancy-Value Theory is well-suited for a processual perspective, as it captures how motivation evolves depending on situational expectations, opportunity structures, and costs at different stages. Importantly, it also helps explain how external pressures, such as diversity incentives from LPs, can shape individual choices. This makes it an effective complement to Role Congruity Theory in analyzing how gendered dynamics unfold across different industry contexts and phases of the VC investment process.

3.3.1 Theoretical Foundation of Expectancy-Value Theory

Expectancy-Value Theory, introduced by Atkinson in 1957, explains that an individual's motivation is determined by their *expectation* of success and the *value* they place on the outcome (Atkinson, 1957). Eccles (1983) expanded this framework, emphasizing how *expectancies* for success and *values* shape an individual's choices and performance. Later, Wigfield and Eccles (2000) refined the *value* component to include not only the positive aspects, such as intrinsic enjoyment, perceived importance, and utility for future goals, but also the negative aspects, conceptualized as *costs*. The *cost* component addresses potential downsides of engaging in the task, and Eccles (2005) categorizes the cost component into three subtypes: *effort cost* which reflects the physical or mental effort required to complete an activity or a task, *opportunity cost* referring to the trade-off of choosing one activity over another, and *emotional costs,* which encompasses feelings of anxiety, stress, or fear of failure. These three components interact to shape whether a person perceives a task as worth pursuing (Eccles & Wigfield, 2020).

3.4 Relevance and Application of Role Congruity and Expectancy-Value Theory

To lay the foundation for the theoretical framework guiding this thesis, this section reviews how Role Congruity Theory and Expectancy-Value Theory have been applied in previous research to understand gendered dynamics in leadership, entrepreneurship, and VC. Given their application in related contexts, the theories are considered promising for exploring the research question of this study.

Role Congruity Theory has been used to examine gender disparities in leadership, entrepreneurship, and investment decisions (Eagly & Karau, 2002; Butticè et al., 2023). Butticè et al. (2023) draw on Role Congruity Theory to explain how gendered expectations shape the dynamics between investors and entrepreneurs. Their findings suggest that both *descriptive* and *prescriptive* prejudice influence investment outcomes. Female founders often perform better when backed by male investors because this dynamic aligns with traditional role expectations where men are seen as decision-makers and women gain legitimacy through mens support. Yang et al. (2020) extend this by focusing on *prescriptive* prejudice, demonstrating that startups are more likely to be selected when their signals align with gendered expectations of how men and women should behave. While men are often rewarded even when defying these norms, women are penalized for the same incongruity, reinforcing unequal standards in evaluative contexts.

Expectancy-Value Theory complements this by focusing on how individuals assess the likelihood and *expectancy* of success and the perceived *value* of an activity (Eccles, 1983; Wigfield & Eccles, 2000). It provides a useful lens for understanding not only investor decisions but also how female entrepreneurs navigate the funding landscape. Wang and Degol (2013), for example, show how *expectations* of success and *value* influence entry into STEM careers, a dynamic relevant to high-growth, male-dominated sectors in VC. In the entrepreneurship context, Wigfield and Eccles (2000) found that motivation increases when individuals both *expect* to succeed and perceive high *value* in the outcome. Conversely, perceived barriers, including high *emotional* or *opportunity costs*, reduce participation. Although Expectancy-Value Theory has not been extensively applied to VC, the authors of this thesis believe it offers valuable insights into how gendered expectations affect both investor behavior and founder decisions. The strength of the theory lies in the capacity of capturing the contextual variation, how gender disparities may differ across emerging and established industries or shift in response to external pressure. The previous applications from these two theories along with the literature in the field form the foundation for the theoretical framework presented in the following section.

3.5 Theoretical Framework

This thesis proposes a processual theoretical framework to guide the analysis and address the research question through the lens of Role Congruity and Expectancy-Value Theory (Eagly & Karau, 2002; Eccles, 1983). While the theories have been applied separately in research on leadership, entrepreneurship, and motivation (Wang & Degol, 2013; Butticè et al., 2023), this thesis combines them to develop a more processual and contextual understanding of how such disparities unfold.

Building on insights from literature and previous application of the theories, the authors of this thesis have developed the theoretical framework (Figure 3), illustrating each stage of the VC investment process (Figure 2). The framework includes selected components from the two theories, applied in the investment process where prior research has indicated their relevance. For example, *expectancy*, *value*, and *cost* from Expectancy-Value Theory, (Wigfield & Eccles, 2000) seem to be particularly important in the early stage of the investment process, where entrepreneurs evaluate the likelihood of success and the perceived benefits or barriers of pursuing VC. Female entrepreneurs might avoid pursuing VC funding because they expect or have experienced bias. Expectancy-Value Theory captures this process, as *expectations* of lower success rates and heightened *emotional*, *effort* or *opportunity costs* can significantly influence whether a founder chooses to seek external investment at all. This is supported by existing research on gendered self-assessments in high-risk, male-dominated domains (Correll, 2001).

In contrast, *descriptive* and *prescriptive* prejudice, drawn from Role Congruity Theory, seem to be prominent throughout the entire investment process, especially during stages where investor assessments of leadership traits and credibility come into play (Eagly & Karau, 2002). This is supported by prior research showing that female entrepreneurs are more positively evaluated when backed by male investors, as this aligns with traditional role expectations (Butticè et al., 2023). Importantly, the two theories are not only complementary but also conceptually interconnected. Role Congruity Theory can help explain how societal expectations around gender and leadership give rise to perceptions that become embedded in the *expectancy*, *value*, and *cost* assessments central to Expectancy-Value Theory (Wigfield & Eccles, 2000). In this way, external bias and internal motivation become intertwined.

This theoretical framework allows for a nuanced analysis of how gendered dynamics unfold across VC process stages. It also recognizes that external pressure may shape these dynamics differently depending on industry context. However, there is limited research on how such external pressures influence VC decision-making, or how their effects may vary between emerging and established industries. Consequently, it remains an open question how exactly external pressure manifests in practice, whether it shifts investor or founder expectations, changes the perceived *expectancy*, *value* or *cost* of engaging with VC, or operates differently across stages of the investment process. It is also unclear how such pressure may influence investors perceptions of female founders, including whether it mitigates or reinforces *descriptive* and *prescriptive* biases, and whether these effects vary across emerging and established industries (Eagly & Karau, 2002). Where external pressure is present, VCs may adjust their behavior in ways that are not yet well understood. Some may dedicate more resources to sourcing female-led ventures, spend additional time evaluating them, or prioritize them in visibility and reporting. These are underexplored shifts that this framework is positioned to help identify and interpret.

Figure 3 illustrates the theoretical framework guiding this thesis, developed through the author's interpretation of how existing literature and prior applications of theoretical components are positioned across the VC investment process. By mapping theory components into distinct stages of the VC investment process, it contributes to a more comprehensive view and highlights key areas for investigation. A more detailed breakdown of how theoretical components are divided and applied across the different stages of the investment process, based on earlier literature and previous applications of the theories, is provided in Appendix 1. The theoretical framework introduces an industry-level dimension, capturing potential variation between emerging and established sectors. In addition, the framework incorporates external pressure as a dynamic factor, reflecting its underexplored and evolving role in the existing literature. It is used to explore how such pressures differently shape behavior across both stages and industry contexts. Although the framework (Figure 3) presents *cost* as a single component of Expectancy-Value Theory for simplicity, the analysis distinguishes between its three subdimensions: *effort cost, opportunity cost, and emotional cost* (Eccles, 2005). These distinctions are not visually represented for conciseness, but are explicitly addressed in the analysis to better capture how different types of perceived *costs* influence funding outcomes.

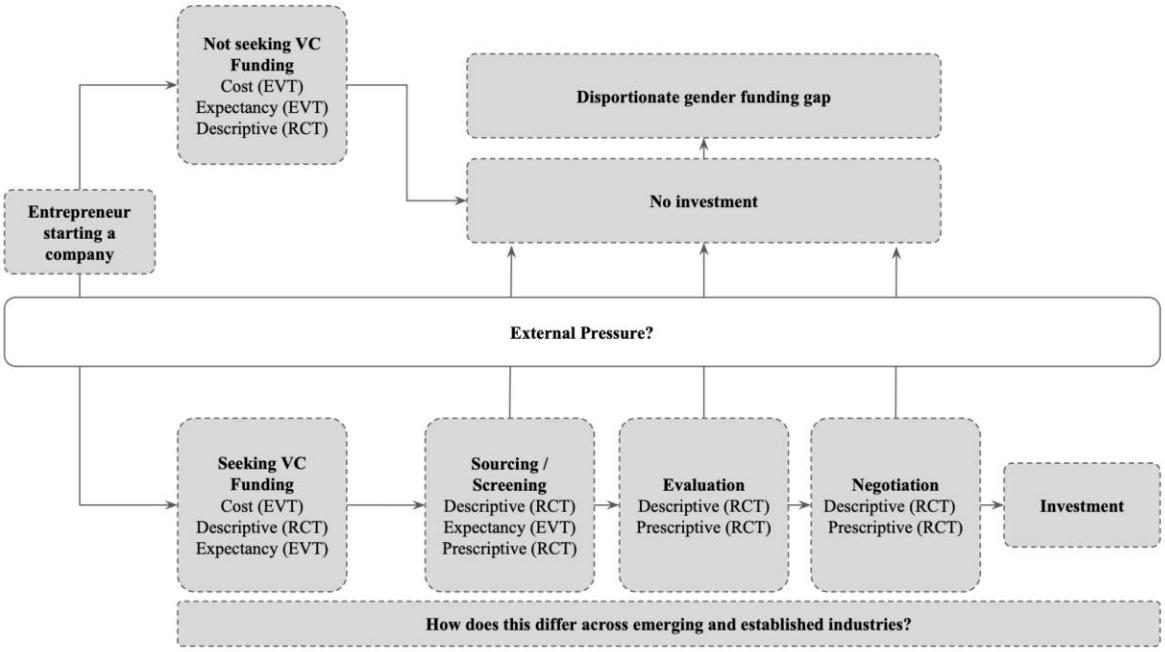


Figure 3: Theory framework by Williams and Dellborg (2025)

4. Method

The Research Onion model by Saunders et al. (2023), is used to illustrate the rationale behind the study's methodology. This model breaks down the research process into manageable layers, providing a clear framework for explaining the selection of specific methods. Figure 4 below visually represents the methodology through the lens of this model.

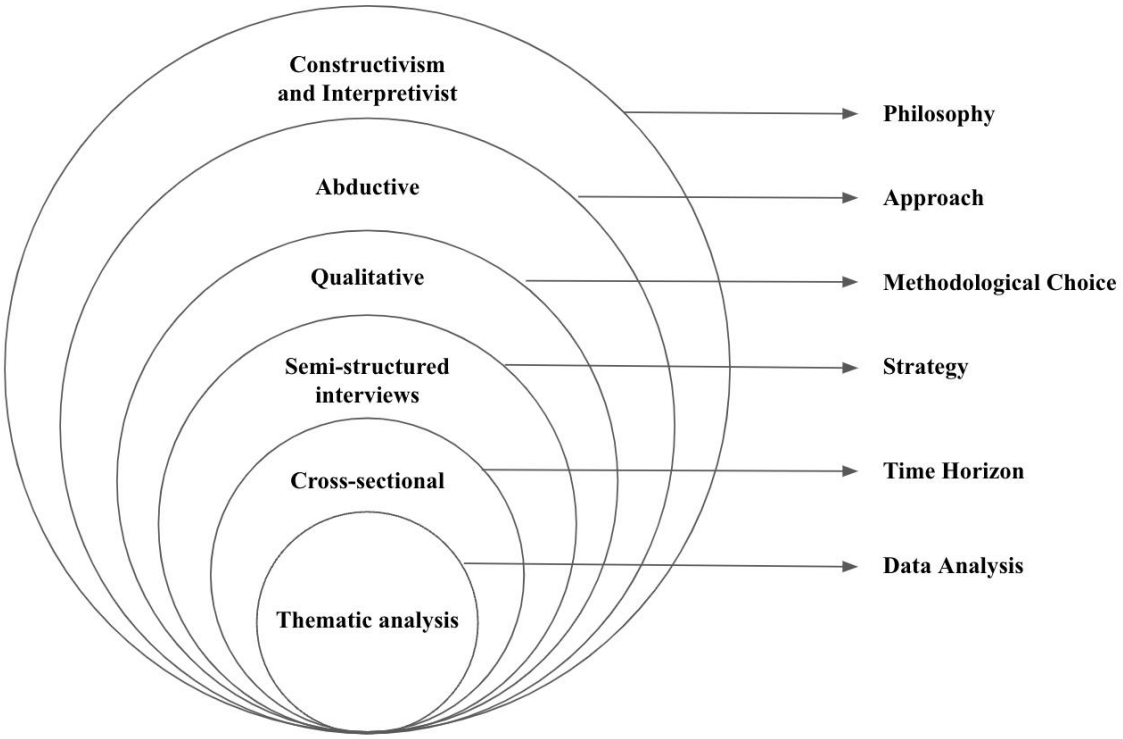


Figure 4: Research design
Adapted from Saunders et al. (2023)

4.1 Research Design

4.1.1 Research Philosophy

This thesis adopts a constructivist ontological perspective, recognizing that reality is shaped by subjective social interactions and constructions that are continuously evolving and deeply influenced by their context (Saunders et al., 2023; Bell et al., 2019). This ontological view is well-suited to exploring the complex and socially embedded dynamics of the gender funding gap. It acknowledges that the experiences of both researchers and interviewees are socially constructed and fluid. Aligned with this view, the study takes an interpretivist

epistemological stance, focusing on understanding the subjective meanings individuals assign to their experiences, which emphasizes understanding the subjective meanings individuals assign to their experiences and the human actions that shape their realities (Saunders et al., 2023). This interpretivist approach provides the necessary framework for capturing the nuanced and context-specific perspectives of VCs and female founders as they navigate the funding landscape.

4.1.2 Research Approach and Methodological Choice

To address the research question this study adopts a qualitative research design. This approach aligns with the thesis's exploratory aim, enabling a deep understanding of complex phenomena that may be overlooked by quantitative methods (Gill et al., 2008). Qualitative methods are especially suited to capturing detailed, context-specific experiences and perceptions, which are central to understanding socially constructed issues like gender disparities in funding (Flick, 2018; Bell et al., 2019).

To complement this exploratory design, an abductive research approach is employed. Abduction blends inductive reasoning, drawing insights from empirical observations, with deductive reasoning grounded in existing theory (Saunders et al., 2023). The study begins with a theoretical understanding informed by literature on gender, VC funding, and industry dynamics, which is then developed through empirical data collection. This iterative process allows for the identification of patterns and outliers that may fall outside established frameworks. The abductive approach is particularly valuable for investigating underexplored phenomena, such as how industry context and external pressures intersect with the funding gap in the VC landscape, and helps uncover where in the investment process these disparities emerge. This method enables the study to begin with theoretical guidance while remaining open to new insights that emerge during data collection.

4.1.3 Time Horizon

This thesis adopts a cross-sectional research design, collecting data at a single point in time to identify patterns and variations across industries. This approach supports a nuanced understanding of the intersectional processes that contribute to funding disparities (Bluhm et al., 2010). Interviews, a common method in cross-sectional research, are used to enable in-depth exploration of the research question (Gill et al., 2008).

4.2 Data Collection

Data is collected through semi-structured interviews with VC investors and female entrepreneurs. This method allows for open-ended questions within a flexible framework, enabling in-depth exploration of participants' experiences and perspectives (Bell et al., 2019). It balances the need for comparability across interviews with the flexibility to capture diverse viewpoints, making it especially effective for discussing sensitive topics such as systemic and interpersonal challenges in VC.

4.2.1 Interview Sampling

To ensure relevance to the research question, a combination of purposive and snowball sampling was used to identify participants with direct experience in the Nordic VC ecosystem. Purposive sampling allowed for the strategic selection of individuals who could provide rich, meaningful insights (Robinson, 2014), while snowball sampling enabled initial participants to refer to additional contacts within their networks (Bell et al., 2019). This approach expanded the sample and improved access to hard-to-reach stakeholders, further enriching the diversity of perspectives captured in the study.

In total, 30 interviews were conducted, 15 with VC investors and 15 with female founders. Some founders had received funding from VCs also interviewed, while others had no direct connection. This balance enabled the study to capture both sides of the funding dynamic, offering insights from decision-makers and recipients alike. Participants included a mix of VCs and female entrepreneurs operating across different industries in the Nordic region. All founder interviews were conducted with individuals who had successfully raised funding at the Pre-seed, Seed, or Series A stages, qualifying them as startup founders. Their companies are all incorporated in the Nordic region. Similarly, all interviewed VCs actively invest at these early stages within the Nordic startup ecosystem. We achieved a high response rate, as many participants were eager to share their experiences. To preserve confidentiality, company names are not disclosed. A summary of the founder interviews is provided in Table 1 and more detailed in Appendix 2, while VC interviews are summarized in Table 2 and more detailed in Appendix 3.

Table 1: *Interview sample founders*

Interview Name	Industry	Last funding round	Age
Founder 1	Established	Seed	25
Founder 2	Established	Pre-seed	36
Founder 3	Established	Series A	37
Founder 4	Established	Series A	42
Founder 5	Established	Seed	55
Founder 6	Established	Seed	29
Founder 7	Established	Pre-seed	28
Founder 8	Established	Series A	34
Founder 9	Emerging	Pre-seed	34
Founder 10	Emerging	Seed	35
Founder 11	Emerging	Seed	40
Founder 12	Emerging	Series A	44
Founder 13	Emerging	Seed	45
Founder 14	Emerging	Series A	37
Founder 15	Emerging	Pre-seed	31

Table 2: *Interview sample VCs*

Interview Name	**Investment Focus**	**Investment Stage**	**Age**
01. Elin	Tech/Software	Pre-seed, Seed	44
02. Maja	Tech/Software	Pre-seed, Seed	47
03. Oskar	Tech/Software	Seed, Series A	32
04. Axel	Tech/Software	Series A and beyond	40
05. Emil	Consumer/Retail	Series A	39
06. Agnes	Consumer/Retail	Seed, Series A	37
07. Alva	Consumer/Retail	Seed, Series A	28
08. Nora	Consumer/Retail	Pre-seed, Seed, Series A	29
09. Erik	Consumer/Retail	Pre-seed, Seed, Series A	34
10. Julia	Life Science	Pre-seed, Seed, Series A	36
11. Isabelle	Renewable energy	Pre-seed, Seed	43
12. Matilda	Renewable energy	Seed, Series A	28
13. Jonathan	Industry agnostic	Pre-seed, Seed	48
14. Jacob	Industry agnostic	Series A	55
15. Selma	Industry agnostic	Pre-seed, Seed, Series A	33

4.2.2 Interview Procedure

An interview guide was developed to ensure consistency across interviews while allowing flexibility for follow-up questions and deeper exploration. Informed by theoretical frameworks and prior literature, two tailored guides were created, one for VCs (Appendix 4) and one for founders (Appendix 5), to reflect the distinct roles and contexts of each group. The guide remained flexible throughout (Patton, 2002), with the sequencing of questions adjusted based on the flow of conversation to foster trust and encourage authentic responses.

A total of 30 semi-structured interviews were conducted between February 3 and 26, 2025 each lasting approximately 45 minutes. Interviews were held either in person or digitally, depending on participant preference. Prior to each session, participants received a consent form and a brief overview of the study to ensure informed participation. Two pilot interviews, one with a VC and one with a founder, were conducted to refine the guide, leading to adjustments such as rewording questions to better address industry-specific barriers. During the interviews, one researcher conducted the conversation while the other took notes to capture key insights and ensure no important details were missed (Bell et al., 2019).

4.3 Data Analysis

Data analysis followed Braun and Clarke's (2006) thematic analysis framework, combined with an abductive approach to uncover patterns while remaining open to new insights (Dubois & Gadde, 2002). All interviews were transcribed within four hours using the Artificial Intelligence (AI) tool Sana Labs. Transcripts were carefully reviewed and corrected by both authors to capture non-verbal cues. In general, AI tools were used for transcription and phrasing support, as outlined in Appendix 6.

The thematic analysis proceeded in five steps: familiarization with the data, initial coding, grouping codes into broader themes, refining themes by revisiting transcripts, and finally defining and naming themes to ensure alignment with the research questions (Braun and Clarke, 2006). This process produced 20 first-order codes, grouped into four second-order themes and three aggregate dimensions that structured the findings presented in the analysis. To ensure reliability, both researchers independently coded the data and later compared and refined their themes together. This approach helped minimize bias and ensured the themes

were grounded in the actual data. An overview of the data analysis in this study is presented in Appendix 7.

Figure 5 illustrates the structure of the thematic analysis and serves as an example of how the coding process was conducted. The full coding framework and complete thematic analysis are provided in Appendix 8.

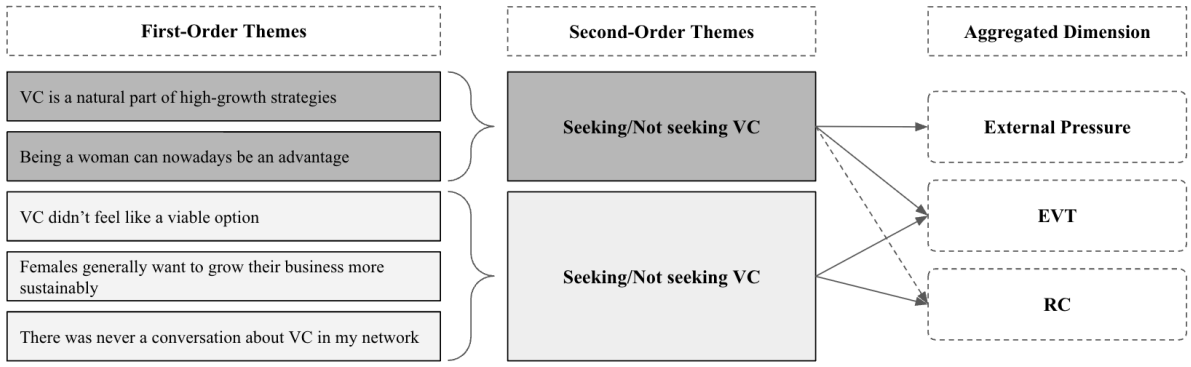


Figure 5: Example of thematic coding process

4.4 Ethical Considerations

Ethical considerations were carefully addressed throughout the research, given the sensitivity of examining gender disparities. The study followed established ethical guidelines for qualitative research (Bell et al., 2019) and considered the nine ethical principles outlined by King et al. (2019).

Participants were informed of the study's purpose and scope during initial outreach and again prior to interviews. Informed consent was obtained via digitally signed or verbally recorded forms, outlining the voluntary nature of participation, the right to withdraw at any time, and the steps taken to ensure anonymity and data protection. Participants were assured their data would be de-aggregated and were offered the opportunity to review their contributions before publication (Flick, 2018). Interviews were recorded only with consent, and participants were reminded of their right to pause or withdraw at any point. These measures ensure transparency, protected participant privacy, and upheld research integrity (Bell et al., 2019).

4.5 Method Quality

To ensure the trustworthiness of the study, the research process was guided by the principles of credibility, dependability, confirmability, and transferability (Lincoln & Guba, 1985). These criteria were applied throughout the research design, data collection, and analysis stages to maintain transparency and rigor.

4.5.1 Credibility

Credibility refers to how accurately findings reflect participants' experiences (Pemer & Skjølsvik, 2019). This was enhanced by the use of semi-structured interviews, which allowed for detailed, nuanced responses and follow-up questions to clarify meaning (Eisenhardt et al., 2016). To preserve context, all interviews were transcribed shortly after completion (Bell et al., 2019). Given the limitations of automated tools, transcripts were manually reviewed against recordings to ensure accuracy. In line with Lincoln and Guba's (1985) emphasis on triangulation, participants were invited to review their contributions to confirm that their perspectives were accurately represented, further reinforcing the credibility and trustworthiness of the findings.

4.5.2 Dependability

Dependability refers to the stability and traceability of the research process over time (Pemer & Skjølsvik, 2019). To support this, detailed documentation of the research design, sampling strategy, interview procedures, and data analysis was maintained, enabling future replication or extension of this study (Bell et al., 2019). Consistency in data collection was ensured through structured interview guides, Appendix 4 for founders and Appendix 5 for VCs, which provided a common framework while allowing flexibility to explore individual experiences. The guides were refined after pilot interviews to better align with the study's objectives (Saunders et al., 2023), ensuring a systematic and responsive approach throughout the research.

4.5.3 Confirmability

Confirmability ensures that findings are rooted in the data rather than shaped by researcher bias (Bell et al., 2019). To strengthen objectivity, both researchers independently coded the data before comparing and refining themes. This collaborative process minimized individual interpretation bias and enhanced the reliability of the results (Pemer & Skjølsvik, 2019). Direct participant quotes were incorporated into the findings to demonstrate that conclusions were rooted in actual contributions rather than subjective analysis. While raw data cannot be shared due to confidentiality, oversight from the thesis supervisor provided an additional layer of accountability, ensuring adherence to ethical and methodological standards.

4.5.4 Transferability

Although this study focuses on the disproportionate gender funding gap in the VC ecosystem, steps were taken to enhance the transferability, that refers to the extent to which results can apply to other contexts (Lincoln & Guba, 1985). This was enhanced by purposive and snowball sampling across diverse industries and business models, capturing a broad range of perspectives. Additionally, descriptions of the research setting, participant demographics, and industry contexts were provided to enable readers to judge the relevance of the findings in other settings (Geertz, 2008). While qualitative insights are context-specific, these measures strengthen the study's contribution to wider discussions on gender disparities in VC.

4.6 Method Discussion

The chosen methodology, particularly the use of semi-structured interviews, presents certain limitations. Since interviews rely on participants' perspectives, the findings are shaped by their subjective experiences, which may affect replicability (Bell et al., 2019). While an interview guide was used to provide structure and enhance comparability, responses still varied based on individual viewpoints and experiences.

Additionally, the Nordic sampling of the study may affect transferability, as the region's policies on gender equality and innovation may not fully reflect VC dynamics in other markets (Lincoln & Guba, 1985). While the findings contribute to the understanding of gender disparities in funding, they should be interpreted with this contextual nuance in mind.

Finally, the abductive research approach means that analysis was influenced by both theoretical frameworks and empirical findings (Dubois & Gadde, 2002). This iterative process allowed for flexibility but also meant that the researcher's prior knowledge shaped

the interpretation of the data. Despite these limitations, this approach was appropriate for capturing the complexity of the research topic.

5. Empirical Findings

This section presents key interview findings and the results are structured in the VC investment process stages; seeking, sourcing and screening, evaluation, and negotiation, with each stage comparing established and emerging industries. This approach identifies critical points where gender influences funding opportunities across contexts and the VC investment process.

5.1 Seeking or Not Seeking VC Funding

Introduction

This section explores what influences whether founders choose to seek VC funding. Interviews with female founders and investors highlight key considerations such as risk tolerance, access to growth-focused networks, and alignment with VC investment criteria. By examining these early-stage decisions in both emerging and established industries, this section highlights where disparities in access to VC funding may begin to form.

Established Industries

The VC model, centered on high risk, scaling, and high-return expectations, does not always align with the business realities of established industries, where companies more often have clearer paths to profitability without relying on VC, which was mentioned in many VC interviews.

> *"From my perspective, female founders are often better at growing their businesses on their own cash flow, which is also more common in retail and consumer companies."* - Agnes, VC 6

Companies that prioritize organic growth or stability may struggle to the VC model, influencing both founder decisions and investor interest. Many founders in established industries recognize these trade-offs and choose to avoid VC funding altogether.

> *"As a founder, once you take on VC funding, you're signing up for a growth path that isn't just about having a sustainable and profitable business model, it's about scale, fast. If I were to start another company, I would delay taking VC money for as long as possible."* - Founder 1, established industry

Furthermore, exposure to investment-related discussions and high-growth strategies plays a key role in shaping how founders approach VC funding. Informal conversations about investment opportunities tend to occur more frequently among males, contributing to greater familiarity and confidence. One interviewee mentioned:

> *"When I am with my female friends, we do not talk about startups, new businesses, or emerging markets. However, my husband and his male friends regularly discuss these topics. This makes me think that many women might not even consider VC funding as a viable option"* - Founder 3, established industry

Emerging Industries

While in established industries VC funding may be less essential due to more stable business models and clearer paths to profitability, in emerging industries, challenges are more often described less by a strategic rejection. Media representation plays a role in shaping perceptions of who fits the VC-backed founder profile. Many success stories highlight male entrepreneurs and founder 9 described how media narratives influence how females are positioned in the industry.

> *"I am basically the only female founder in the AI sector in Stockholm, but in the media, I am portrayed as an up-and-comer, while my male counterparts in the same*

> *space are called geniuses [...] If women are not portrayed as role models or success stories, they may be less likely to pursue VC funding, and also, VCs may be less inclined to invest. After all, investors are more likely to back hyped AI geniuses rather than perceived up-and-comers. "* - Founder 9, emerging industry

In addition to media narratives, the lack of visible, successful female entrepreneurs in venture-backed startups can discourage women from considering VC as a viable strategy.

However, female founders operating in these spaces increasingly recognize growing investor interest in diversity. All founder interviewees in emerging industries acknowledged that their gender can be perceived as an advantage in the current VC landscape.

> *"I know that being a female founder is definitely an advantage when deciding to pursue VC funding. You can feel that there's a real appetite now from investors to back female-led startups, especially in tech. But, I still feel that I have to prove my idea and my capability as an entrepreneur more than a male counterpart would."* - Founder 15, emerging industry

5.2 Sourcing and Screening

Introduction

Once founders decide whether to pursue VC funding, the next critical stage is sourcing and screening, where VC firms identify which startups enter the investment pipeline. This section explores how external pressures shape this stage of the process. By examining these dynamics across emerging and established industries, this section highlights how access to funding is shaped at the sourcing and screening stage, and ultimately who enters the investment pipeline.

Established Industries

In established industries, some VC investors perceive the underrepresentation of female founders in sourcing and screening as a market reality rather than a structural problem.

> *"We rarely come across female founders in our screening process, but when we do, we make an effort to give them an opportunity. However, when it comes to the final*

decision, their businesses not as often align with the VC growth model. It's not about exclusion, it's just how the industry operates." - Maja, VC 2

Traditionally, VC sourcing has relied on personal networks and warm introductions, channels that have been less accessible to underrepresented founders. However, both founders and VC interviewees note that this dynamic is slowly shifting as firms become more conscious of the need to diversify their pipelines.

"We make efforts to source deals through incoming pitch decks and outbound outreach to underrepresented entrepreneurs. That said, if the idea is strong enough or the founder is from an underrepresented group, I wouldn't say that network access is a deciding factor anymore." - Jacob, VC 14

While some firms are making efforts to expand beyond these traditional pathways, most founders in established industries remain skeptical of how inclusive these efforts really are.

"We always manage to secure a first meeting with investors, but sometimes, it feels like they take the meeting just to boost their diversity statistics. In reality, they often seem to have already made up their minds, knowing they don't like the idea and have no intention of investing" - Founder 3, established industry

The likelihood of a female founder entering the VC pipeline seems to vary significantly by industry. According to many VCs, there are more female-led startups in established industries such as consumer goods and retail, while emerging industries such as AI remain male-dominated.

"In industries like AI, female founders are rare. It's not that we don't want to invest in them, they're just not in the pipeline." - Axel, VC 4

"On the consumer side, we see a much higher number of women-led startups. These established sectors seem to attract more female founders." - Alva, VC 7

In addition, some female founders in established industries feel they face heightened examination during screening, particularly around the perceived scalability of their business models.

> *"It feels like the bar is set higher for us. Investors question the scalability of our model, but I've seen similar businesses led by men get funded without hesitation."* - Founder 2, established industry

Emerging Industries

While female founders in established industries sometimes feel that meetings are taken to check a diversity box rather than out of genuine investor interest, those in emerging industries report a different dynamic. Here, growing external pressure has shaped more active efforts to diversify the pipeline. Many VC firms now track diversity metrics in sourcing, reflecting increasing pressure from LPs and industry-wide initiatives. According to most VCs, investors recognize the value of diverse teams and seek ways to integrate diversity into their sourcing strategies.

> *"Ten years ago, this wasn't even a topic of discussion. Now, LPs are demanding data, setting diversity targets, and making it clear that a diverse portfolio is a priority. We track basically everything that we can when it comes to diversity."* - Jacob, VC 14

There is also growing awareness among investors that mixed-gender founding teams often outperform their peers. According to all VCs except one, the push to invest in female-led companies results in VCs being more inclined to take meetings with women entrepreneurs, even if their startups might not initially fit the standard investment criteria.

> *"If a female founder reaches out, I almost always take the meeting. It's well-documented that startups with mixed-gender founding teams outperform their peers. We also know how underfunded women-led startups are. So to be honest I might give it more of a chance than I would with a male founder."* - Elin, VC 1

Despite these efforts, all VC interviewees note that female founders remain underrepresented in their sourcing and screening stage. Female founders in male-dominated emerging industries experience what they perceive as a "reversed bias," in these stages, where investors actively seek them out to improve diversity metrics.

> *"Being a woman who has founded an AI company has been a significant advantage. There are investors actively seeking to back female founders, especially in these*

fields. I've had to turn down multiple investment offers." - Founder 10, emerging industry

These industry-based differences highlight the complexity of sourcing and screening strategies and how gender interacts with industry-specific investment trends.

5.3 Evaluation

Introduction

Following the sourcing and screening stage, VC firms move into evaluation, where they assess startups based on criterias such as the founding team, business model, market potential, financial projections, and scalability. The evaluation stage is important in shaping funding outcomes, as decisions are influenced not only by quantitative data but also by subjective judgments.

Established Industries

Risk tolerance plays a crucial role in how entrepreneurs structure their businesses and approach scaling. In established industries, several founders noted that the expectation of scaling does not always align with their approach to building sustainable businesses.

> *"I always get the answer that my company is not scalable enough to be the next unicorn, and that's why they don't invest, which I don't agree with."* - Founder 5, established industry

As one founder noted, even within the same founding team, women are often asked to defend the risks while men are invited to explore the opportunities:

> *"My male co-founder gets different questions than I do, I get questions about the problems, he gets questions about the potential."* - Founder 8, established industry

Some VCs also report observing different attitudes toward risk. Female founders are often seen as more cautious, which may affect how their growth potential is perceived.

> *"In my experience, female entrepreneurs often make a strong initial impression, but during the business plan evaluation after the first meetings, we notice a tendency toward a more cautious approach to growth. They typically prioritize stability over scaling, which makes them appear more risk-averse."* - Erik, VC 9

These examples illustrate how, in established industries, both risk framing and communication style can influence how female founders are evaluated. The way founders present their businesses when pitching, along with how investors respond to these presentations, appears to play a role in shaping funding outcomes.

Emerging Industries

In contrast to established industries, female founders in emerging sectors often adopt a pitch style more closely aligned with traditional VC expectations, emphasizing growth potential and financial performance. Several founders in emerging industries described modifying their approach to meet investor expectations around metrics that are particularly strong.

> *"I know that investors ask female founders different questions and care mostly about the big numbers. Just being aware of that and using it as a strength, pushing for numbers and practicing those male traits, makes male investors see me as an outlier and leaves them impressed instead."* - Founder 14, emerging industry

These accounts reflect how founders in emerging industries strategically adapt their communication styles to match investor expectations. Rather than challenging the dominant growth narrative, many respond by reshaping the pitch in order to be seen as competitive.

However, perceptions of risk can extend beyond business strategy and into personal circumstances. One founder described how her pregnancy was seen as a liability by investors, and how this feedback led to the decision to appoint a male CEO, a change that immediately shifted investor response.

> *"When we raised money with Company X, I was the CEO and pregnant. We couldn't secure funding because investors told us my pregnancy was seen as a significant risk. However, after we replaced me with a male CEO, we secured substantial funding across multiple rounds."* - Founder 12, emerging industry

This example highlights how evaluations are not only shaped by business fundamentals but also by gendered assumptions around leadership, availability, and long-term commitment. It also demonstrates how female founders may adjust their roles or visibility in response to such biases in order to move forward in the funding process.

5.4 Negotiation

Introduction

After passing evaluation, the final stage before securing VC funding is negotiation, where deal terms, valuations, and ownership stakes are finalized. This section explores whether gender disparities occur during negotiations and attention is given to differences across emerging and established industries, highlighting how founders' approaches, confidence levels, and experiences with investor expectations may influence outcomes at this critical point in the funding process.

Established Industries

Some VCs highlighted that female founders in established industries tend to be more conservative in valuation discussions, often undervaluing their businesses compared to male founders. This cautious approach can lead to giving away a larger ownership stake than necessary.

> *"When looking at female-founded companies, there is a clear pattern that they are more cautious in valuation negotiations and often are willing to give away a larger share of the company."* - Jonathan, VC 13

Another recurring pattern is that female founders in established industries frequently view securing investment as a major achievement in itself. As a result, they tend to be less assertive in negotiating term-sheet conditions, often agreeing to investor terms rather than pushing for more favorable conditions.

> *"We have never had difficulties negotiating term sheets with female founders, as they tend to agree to a greater extent to our terms than male founders, who often challenge us during negotiations."* - Selma, VC 15

This tendency to accept less favorable terms reinforces disparities in ownership and long-term financial returns, affecting female founders' ability to retain control of their companies. As one interviewee mentioned, even within the same founding team, she advocated for more conservative targets:

> *"When we planned our next round, I suggested raising SEK 30 million, but my male co-founder insisted on raising SEK 100 million."* - Founder 6, established industry

Emerging Industries

However, according to founders in emerging industries, they perceive their gender as an advantage rather than a disadvantage in term-sheet negotiations. Particularly in male-dominated sectors, being a woman can serve as a point of differentiation that founders actively leverage when negotiating deal terms or forming partnerships. A female-founder in the AI sector explained the advantage of being a woman in negotiations.

> "*As one of the few women in the AI sector, I see my position as a competitive advantage. It's empowering to enter term sheet negotiations knowing that this differentiation can work in my favor. I certainly don't view it as a disadvantage - quite the opposite*" - Founder 10, emerging industry

From a VCs perspective, requesting larger sums signals confidence in a company's potential for rapid growth, which may positively impact funding outcomes. This was highlighted by many VCs.

> *"Asking for more money can indicate belief in the company and an ambition to scale quickly, which is not necessarily a bad thing."* - Elin, VC 1

6 Analysis

6.1 Overview of Revised Theoretical Framework

This section presents the revised theoretical framework, adapted in response to the empirical findings, see Figure 6 for established industries and Figure 7 for emerging industries. While the original model (Figure 3) included an interpretation of how Role Congruity Theory (Eagly & Karau, 2002) and Expectancy-Value Theory (Eccles, 1983), might apply based on previous research, it treated external pressure as an undefined influence throughout the investment process. The revised framework is instead grounded in empirical findings and reflects how these mechanisms actually unfold across different stages of the VC investment process and how they vary between emerging and established industries. It also adds more detail to when external pressure influences investment behavior. Rather than treating external pressure as a general force, the revised framework shows that the effect is dependent on context and timing. It varies between emerging and established industries and differs from the original framework by showing that external pressure can actively reshape gender dynamics throughout the VC process. This contributes to previous studies that investor decisions are shaped not just by personal bias but also by broader societal debates (Gompers et al., 2017; Atomico et al., 2024).

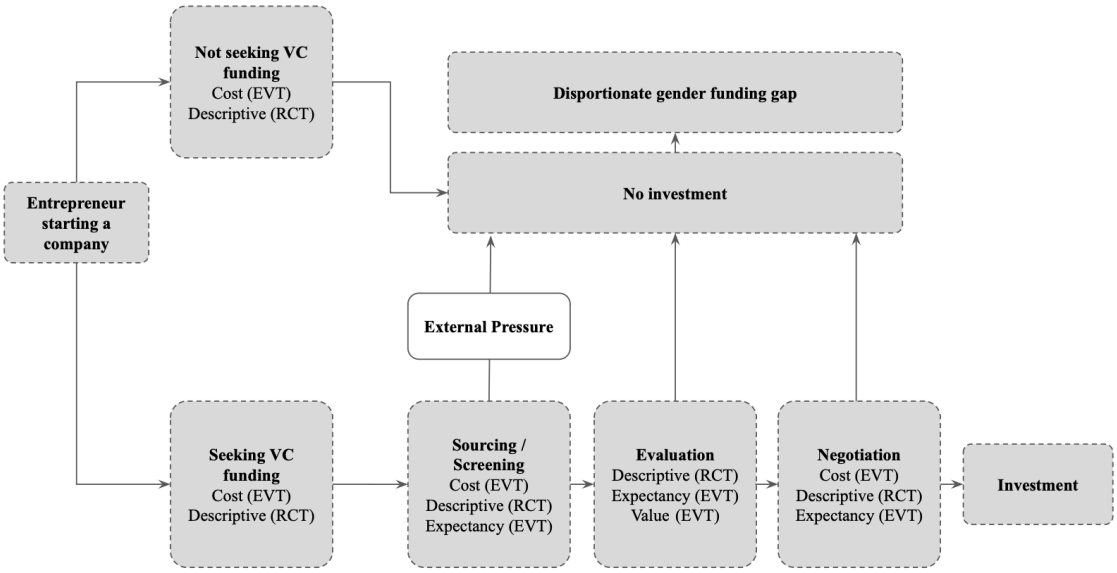


Figure 6: Revised theoretical framework established industries

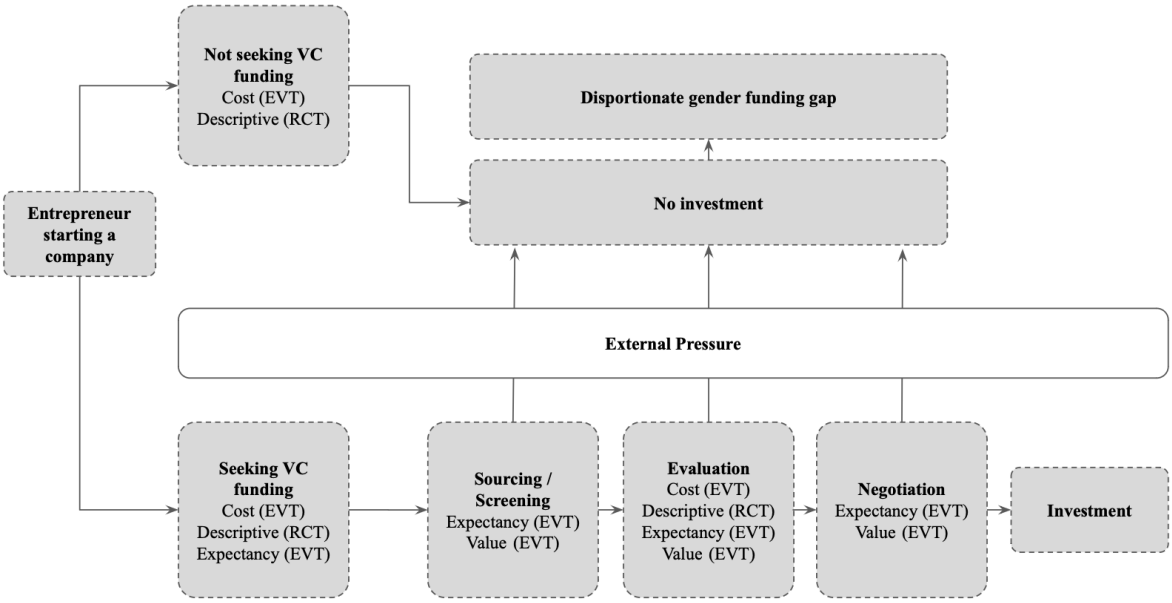


Figure 7: Revised theoretical framework emerging industries

The findings confirm that gender bias is still present in seeking VC funding, sourcing, screening, evaluation, and negotiation, but manifests differently across stages and varies depending on industry context. An overview of the revised reallocation of theoretical components is summarized in Appendix 9. The revised framework also highlights how different mechanisms become relevant at different points in the process. Figure 6 shows that in established industries, Role Congruity Theory remains important throughout the VC investment process. Here, *descriptive* prejudice shapes perceptions of leadership, ambition, and growth potential, while Expectancy-Value Theory helps explain why some women choose not to enter the VC pipeline at all, as perceived high *costs* discourage participation (Wigfield & Eccles, 2000; Jianakoplos & Bernasek, 1998). Figure 7 shows that in emerging industries, perceived *value,* lowered *costs* and higher *expectancy* of success are strongly shaped by external pressures. Incentives from LPs and broader societal trends create stronger beliefs among founders that VC is worth pursuing, and among VCs that backing female entrepreneurs is both valuable and necessary. The following sections apply the revised theoretical framework to each stage of the VC investment process in established and emerging industries.

6.2 Seeking or Not Seeking VC Funding

Whether or not founders choose to pursue VC is a critical early-stage decision that shapes who ultimately enters the VC pipeline. This choice is not purely individual but shaped by perceptions of fit, growth models, and the social narratives around entrepreneurship. While prior research has emphasized that access to networks shape funding disparities (Gompers et al., 2017; Malmström et al., 2017), empirical findings from this study suggest that gender disparities in the seeking stage manifest differently depending on the industry.

Established Industries

In established industries, gender disparities in the decision to seek VC funding are often shaped less by direct exclusion and more by evaluations of fit. Female founders in these industries frequently describe prioritizing long-term stability, sustainable growth, and profitability, business orientations that often diverge from the VC model's focus on rapid scaling and high-risk returns. This sense of misalignment reflects *descriptive* prejudice as outlined in Role Congruity Theory (Eagly & Karau, 2002), where female founders are perceived, and often perceive themselves, as better suited to cautious, risk-averse, or sustainable-driven business approaches. These traits are still often seen as incompatible with what VC investors look for. These findings align with earlier research showing that women tend to lead smaller ventures, pursue slower growth, and value autonomy over external capital (Cliff, 1998; Belcourt, 1991).

At the same time, many of these founders describe making a strategic trade-off that can be understood through the lens of Expectancy-Value Theory, as a *cost* assessment weighing the perceived benefits of VC funding against its related costs (Wigfield & Eccles, 2000). Founders weigh the *effort* required to navigate the VC space, the *emotional cost* of rejection, and the risk of losing control over their business, and in many cases decide that other financing options offer better returns, and the *opportunity cost* is considered too high. This supports previous findings on how women evaluate funding options differently (Jianakoplos & Bernasek, 1998; Coleman & Robb, 2009), but also challenges the idea that opting out is always about confidence or capability. The decision not to seek VC in these industries often reflects an evaluation of what VC offers relative to what it demands.

Emerging Industries

Female founders in emerging industries continue to encounter visible external barriers in the seeking stage. While their business models often align with expectations around scalability, many still report underrepresentation in media and networks, a lack of representation that aligns with previous research highlighting the importance of role models and symbolic representation (Lafuente et al., 2007; Akerlof & Kranton, 2000). This also reflects the *descriptive* component of Role Congruity Theory (Eagly & Karau, 2002), as cautious and risk-averse behavior is often associated with stereotypically feminine traits, which in turn leads to perceptions that female founders are less suited for high-growth, high-status entrepreneurial roles. The media reinforces this perception by framing female founders as up-and-comers rather than as dominant industry leaders. As a result, female founders face more questioning from the media and investors alike, not necessarily about their businesses, but about whether they fit the mold of a VC-backed founder.

However, female founders in emerging industries are actively redefining this misalignment by reframing their position within an evolving VC environment. All interviewees acknowledged that their gender can now be seen as an advantage in a funding environment with more external pressure on diversity. This signals a growing *expectancy* of success, in line with Expectancy-Value Theory (Eccles & Wigfield, 2020). As external conditions shift through diversity initiatives and evolving investor priorities, female founders increasingly perceive VC as a viable and worthwhile path. Rather than being discouraged by representational gaps, founders are beginning to leverage their underrepresented advantages, perceiving gender not as a disadvantage but as a differentiator. Furthermore, aligned with Expectancy-Value Theory (Eccles & Wigfield, 2020), founders evaluate not only the potential *expectancy* of VC funding but also its *effort* and *emotional costs*. While these *costs* have traditionally been high, requiring founders to constantly justify their presence, they are beginning to diminish as external pressures seem to ease the path to credibility.

These findings build on earlier work showing that fear of failure can act as a barrier to participation, and that role models help reduce this effect (BarNir et al., 2011; Wyrwich et al., 2016), but also contradicts previous research and suggest that *expectancy* of success can override such barriers. Compared to established industries, female founders in emerging sectors are more likely to view VC funding as an opportunity, partly because they perceive

that VCs *value* gender diversity as a strategic asset. This perceived openness helps legitimize the *emotional* and *effort costs* required to succeed. This challenges earlier work that treats women's funding preferences as relatively static (Croson & Gneezy, 2009) and instead shows how willingness to pursue VC is shaped by how necessary and attainable it appears within a given industry.

6.3 Sourcing and Screening

Earlier research has positioned the sourcing and screening phase as a major barrier for female founders, emphasizing limited access to networks and informal pathways to funding (Lewis., 2006; Balachandra, 2020; Tinkler et al., 2015). Gompers et al. (2021) estimate that VCs spend a large portion of their time sourcing deals through networks, and Howell and Nanda (2019), as well as Gompers and Wang (2017) point to the male dominance of these networks as a structural disadvantage for women. However, the findings in this study suggest that this dynamic is beginning to shift. Female founders confirm that getting a first meeting is now more achievable, even without a warm introduction. While this represents progres, the way access is experienced still differs between emerging industries and established industries.

Established Industries

In established industries, founders often describe a sourcing and screening experience that appears inclusive on the surface but lacks depth. Most VCs now take first meetings with female founders, and external pressure has clearly influenced investor behavior, opening the door to initial meetings. However, many founders in established industries still express skepticism about the seriousness of these meetings. Several describe conversations where investors seemed to have already made up their minds, and where early critiques centered on scalability or market size. This reflects *descriptive* prejudice as outlined in Role Congruity Theory (Eagly & Karau, 2002), whereby traits commonly associated with female founders are perceived as incongruent with prevailing investor expectations in high-growth contexts. Although formal access to funding may appear available, many women report that their ventures are not taken seriously beyond initial contact, suggesting that symbolic inclusion can conceal more substantive structural barriers. Coleman and Robb (2009) similarly note that many female entrepreneurs experience the process as fundamentally misaligned with their ventures and qualifications, leading to perceptions of limited legitimacy and low return on

engagement. From the perspective of Expectancy-Value Theory (Eccles, 1983), such experiences diminish the *expectancy* of a successful outcome and increase *emotional* and *effort* cost.

Emerging Industries

In contrast, the sourcing and screening landscape in emerging industries is shaped by more active outreach from investors. Rather than simply accepting inbound pitches, many VCs now describe intentionally seeking out female founders to diversify their portfolios. This is shown to be both performance-driven, consistent with prior research showing that mixed-gender teams can yield strong outcomes, and as a response to external pressures (Gompers et al., 2017; Atomico et al., 2024). Founders in these industries describe feeling that they are genuinely in demand, and some even refer to their gender as a strategic asset during sourcing and screening. This notion of reversed bias stands in sharp contrast to earlier literature that portrays investor networks, particularly in the sourcing and screening stages, as exclusionary and male-dominated (Lewis, 2006; Tinkler et al., 2015; Balachandra, 2020).

These findings challenge earlier research that portray network access as the most important gatekeeper and network exclusion as a structural barrier (Lewis, 2006; Tinkler et al., 2015). While networks remain important, they are no longer the sole gateway to investor access. Founders describe receiving inbound interest from investors and being approached without needing a warm introduction. This suggests that the importance of informal connections may be shifting in some sectors, particularly with external pressure and diversity goals more pronounced. In this context, investor behavior appears less driven by traditional referral-based sourcing and more by an active effort to find underrepresented founders. From the perspective of Expectancy-Value Theory (Wigfield & Eccles, 2000), this shift in investor behavior increases both *expectancy* and *value* for founders. When VCs demonstrate interest, signal belief in female founders, and actively seek them out, the perceived *expectancy* and *value* of engaging in the VC process increases. Importantly, VCs themselves are also beginning to perceive greater *value* in backing female-led ventures, as diversity metrics become more visible and LPs increasingly demand accountability. This external pressure has not only broadened access but has also started to reshape how investors evaluate the strategic potential of diverse founding teams.

6.4 Evaluation

Although the sourcing and screening stage shows signs of increased inclusivity, gendered disparities become more apparent during evaluation. At this stage, investor attention shifts toward assessing credibility, scalability, and risk. Across industries, female founders continue to face unequal evaluations shaped by gendered assumptions about leadership, ambition, and business potential. However, the way these biases appear, and how female founders respond, differs between established industries and emerging industries.

Established Industries

In established industries, female founders often face skepticism. Their business strategies are frequently seen as incompatible with the VC model, which favors rapid scaling and high-risk, high-reward ventures. This misalignment reflects *descriptive* prejudice as outlined in Role Congruity Theory (Eagly & Karau, 2002), where women are perceived as less suited for aggressive growth paths traditionally expected in VC-backed ventures.

Investor questioning style also reinforces these patterns. The empirical findings confirm earlier research, in line with Kanze et al. (2017), showing that female founders are more frequently asked prevention-focused questions related to risks and limitations, whereas male founders are asked promotion-focused questions centered on potential and growth. Founders in established industries describe conversations where they were asked to defend the challenges of their business models, while male peers were invited to speak about ambition and scale. This supports that gendered assumptions shape not only how founders are evaluated, but also what kinds of stories they are encouraged to tell. Such experiences contribute to a lower sense of *expectancy* of success, as described in Expectancy-Value Theory (Eccles, 1983). Founders report anticipating skepticism and adapting accordingly, often over-preparing or focusing on reducing perceived risk rather than highlighting vision. In line with earlier findings (Malmström et al., 2017), even when performance metrics are strong, female founders often sense that investor confidence remains lower. As a result, both the perceived *value* of the opportunity and *expectations* of success stay low, which weakens investor confidence and diminishes the founder's own belief in their chances of success (Eccles, 1983).

Emerging Industries

In emerging industries, external pressure appears to increase investor interest in female-led ventures. Founders describe how this leads to more openness and engagement at the start of the evaluation phase. This raises perceived *expectancy* and *value*, in line with Expectancy-Value Theory (Eccles & Wigfield, 2020), and encourages greater confidence early in the process. However, this early interest does not always persist. As evaluations deepen, founders report skepticism around ambition, leadership style, and long-term availability. These dynamics reflect *descriptive* prejudice from Role Congruity Theory (Eagly & Karau, 2002), where women are still seen as less suited for high-growth leadership, even when performance indicators are strong. This also confirms earlier findings by Malmström et al. (2017) and Kanze et al. (2017), who show that investor perceptions of founder competence remain shaped by gendered expectations.

However, several founders describe adjusting their approach to increase investor interest by modifying their pitch, highlighting scalability, or involving male team members. These strategies aim to reduce the perceived *cost* of rejection, and enhance investors' *expectations* of the company's likelihood of success, aligning with Expectancy-Value Theory (Wigfield & Eccles, 2000). Interestingly, founders describe being positively received when demonstrating confidence and assertiveness, something that challenges previous assumptions in Role Congruity Theory about *prescriptive* prejudice, where women should be penalized for acting outside gender norms. This also stands in contrast to previous literature, such as Bird and Brush (2002), suggesting that stereotypically masculine traits are often viewed as incongruent with femininity in entrepreneurial contexts. However, it remains unclear whether this shift reflects a genuine change in investor evaluation patterns, a strategic adaptation by female founders to meet expected behaviors, or a combination of both.

6.5 Negotiation

While gender disparities in VC have been widely studied in earlier stages of the VC investment process, relatively little research has focused specifically on the negotiation stage. Prior research suggests that women are generally less assertive in negotiations and receive less favorable deal terms as a result (Kray & Thompson, 2004; Bowles et al., 2007). However, the findings in this study suggest that these patterns vary depending on industry context.

Established Industries

In established industries, female founders often approach negotiation more conservatively. Many report accepting lower valuations and giving up larger ownership stakes to secure the investment. This cautious approach is frequently interpreted by investors as aligning with traditional gender norms, where risk-aversion and modesty are expected. These dynamics reflect *descriptive* prejudice as described in Role Congruity Theory (Eagly & Karau, 2002), where women are assumed to prioritize stability over aggressive scaling.

From the lens of Expectancy-Value Theory (Eccles, 1983), this behavior is partly shaped by low *expectancy* of success. Founders describe how the perceived *opportunity cost* of pushing too hard in negotiations, risking the deal or being labeled as difficult, can outweigh the potential upside. This supports earlier findings by Kray and Thompson (2004), who argue that social expectations shape both behavior and outcomes in negotiation settings. Similarly, Coleman & Robb (2009) show that women tend to ask for less capital, a pattern that also appears in this study. Founders often moderate their asks not because they lack ambition, but because they anticipate how investors will interpret them.

Emerging Industries

In emerging industries, negotiation dynamics look different. Founders describe entering discussions with more leverage, often because investors are actively seeking to add diversity to their portfolios. This increases *expectancy* of success and the *value* of negotiating favorable terms, in line with Expectancy-Value Theory (Eccles & Wigfield, 2020). Founders in these contexts are more likely to push back, ask for higher valuations, and challenge terms they see as unfair. Several founders also report that being a woman in this space can be a strategic asset, which gives them confidence to negotiate more assertively. This stands in contrast to earlier research suggesting that women tend to be more cautious in negotiations or experience penalties for assertiveness (Fraser, 1976; Bowles et al., 2007). Instead, the findings here suggest that external pressure has made investors more receptive to diverse leadership, allowing female founders to engage more confidently and set higher expectations in negotiation. Interview findings also suggest that when female founders ask for more capital, VCs interpret it as a strong signal of confidence in the business. This response not only strengthens the VCs *expectancy* of success of the start-up, as outlined in Expectancy-Value Theory, but also challenges *prescriptive* prejudice in Role Congruity Theory by

reframing female assertiveness and risk-taking as indicators of strong and credible leadership (Eccles, 1983; Eagly & Karau, 2002).

6.6 Conclusion of Analysis

Gendered funding disparities in VC remain, but the expression differs by industry context and is shaped by how external pressures influence each stage in the investment process. In established industries, traditional gender norms continue to shape investor perceptions throughout the investment process. Although external pressures have increased interest and outreach efforts in the sourcing and screening stage, many female founders perceive these initiatives as largely symbolic. These dynamics illustrate the dominance of Role Congruity Theory and *descriptive* prejudice in established sectors, where traits associated with women are seen as misaligned with the ideal entrepreneurial profile (Eagly & Karau, 2002). At the same time, internal evaluations of *expectancy*, *value* and *cost* discourage many women from pursuing VC all together, where low *expectancy* and high *cost* reduce motivation (Eccles & Wigfield, 2020).

In emerging industries, external pressure from LPs, policy makers, and broader societal debates appear to have a stronger influence. These pressures not only increase investor engagement with female founders but also reshape how founders perceive the *value*, *expectancy* and *cost* of VC. Many female entrepreneurs report higher *expectancy* of success and lower perceived *costs*, aligning with Expectancy-Value Theory (Eccles, 1983). Gender is increasingly viewed as a potential advantage rather than a liability, with several founders describing a reversed bias where being a woman is seen as strategically beneficial. This shift is evident in how assertiveness and traditionally male-associated traits, once penalized and discouraged in women, as suggested by Role Congruity Theory (Eagly & Karau, 2002), are increasingly viewed as signals of competence. This challenges the assumptions rooted in *prescriptive* prejudice, which holds that women should not behave in ways typically associated with men (Eagly & Karau, 2002).

7. Discussion

7.1 Disproportionate Gender Funding Gap

This section discusses the findings in relation to the revised theoretical framework, focusing on where in the VC investment process gendered funding disparities arise and how these are shaped by industry context and external pressures. The discussion is presented in two parts: first gender disparities in established industries are examined, followed by findings from emerging industries.

The discussion is guided by the following research question:

- *Where in the VC investment process do gendered funding disparities arise, how do these differ between emerging and established industries, and to what extent are they influenced by external pressure?*

By integrating Expectancy-Value Theory with Role Congruity Theory, this study provides a more nuanced understanding of funding disparities. Role Congruity Theory highlights how *descriptive* prejudice influences perceptions of leadership and entrepreneurial competence (Eagly & Karau, 2002), while Expectancy-Value Theory explains how perceptions of *expectancy*, *value* and *cost* shape both founders and investors decisions and behaviour (Eccles, 1983). Incorporating the influence of external pressure from LPs, policymakers, and broader societal expectations shifts the focus beyond individual-level biases to a broader high-level perspective, illustrating how both industry context and external forces collectively shape funding dynamics across the VC investment process.

The findings reveal that gender disparities have evolved in response to external pressure but manifest differently across all stages of the investment process: seeking, sourcing, screening, evaluation, and negotiation. Moreover, the nature and intensity of these disparities vary significantly depending on the industry context.

7.1.1 Gender Disparities in Established Industries

In established industries, gender disparities remain more persistent compared to emerging industries. At the seeking stage, many female founders hesitate to pursue VC funding due to

concerns of misalignment with VCs growth-driven model, reflecting the higher *emotional* and *opportunity costs* emphasized in Expectancy-Value Theory (Eccles, 1983). While external pressure has lowered barriers at the sourcing and screening stages, these improvements often feel superficial. Founders perceive initial meetings as symbolic, motivated more by diversity targets than genuine investment interest.

During evaluation, gendered perceptions are particularly pronounced. Investors often apply different standards when assessing leadership potential, risk tolerance, and scalability, aligning with *descriptive* prejudice in Role Congruity Theory, explaining how stereotypical expectations of leadership continue to disadvantage women (Eagly & Karau, 2002). Furthermore, negotiation outcomes tend to be less favorable in this context. Simply securing funding is often perceived as a success in itself. As a result, unlike in emerging industries, founders are less likely to strategically leverage their underrepresented status during negotiations. Consequently, differences in valuation and growth expectations are often penalized, further reinforcing existing *descriptive* biases. (Eagly & Karau, 2002).

In established industries, external pressure has proven less effective in meaningfully changing these dynamics, as investor focus remains on traditional VC metrics, criteria often misaligned with the types of businesses women founders pursue. As this study shows, external pressure appears to influence only the sourcing and screening stages, with limited impact on seeking VC funding, evaluation and negotiation stages.

7.1.2 Gender Disparities in Emerging Industries

In emerging industries, where uncertainty and rapid growth expectations dominate, gender disparities manifest differently compared to established sectors. At the seeking stage, female founders are relatively scarce, reflecting both sectoral self-selection and structural barriers, however, those who do enter these fields often encounter stronger external support. This aligns with Expectancy-Value Theory, as female founders may perceive their gender not as a barrier but as a differentiator that increases the *expectancy* of success, thereby justifying the *emotional* and *effort costs* of pursuing VC funding (Eccles & Wigfield, 2020). External pressure has been more effective in encouraging proactive sourcing of female founders, and many VC firms now seek to diversify portfolios by engaging underrepresented teams. In response, female entrepreneurs have adapted strategically, modifying how they frame their business models, communicate value, and present leadership. This reflects Expectancy-Value

Theory, when founders perceive increased *expectancy* of success and recognize that VCs see greater *value* in investing in women, they are more likely to engage and adjust their behavior accordingly (Eccles & Wigfield, 2020).

During the evaluation stage, gendered perceptions around leadership and scalability, reflecting *descriptive* prejudice as outlined in Role Congruity Theory, remain present (Eagly & Karau, 2002). However, the increased visibility of female founders in emerging industries appears to mitigate some traditional biases, with investors more open to offering opportunities to female-led teams. This mitigation, however, is not without cost. Aware of existing biases, many female founders strategically adapt their pitching and business framing. This behavior aligns with Expectancy-Value Theory, while bias persists, founders perceive a higher likelihood of success and judge the *cost* of adaptation as worth the potential *value* (Wigfield & Eccles, 2000). By doing so, founders improve their chances of progressing to the negotiation stage. This adaptation, however, reflects a strategic response to existing gender norms rather than a shift in the evaluation stage itself. As such, it raises the question of whether continued progression through the VC funnel results from change driven by external pressure, or from female founders adapting to meet expectations.

Negotiation dynamics also reflect the influence of external diversity pressures. Female founders increasingly recognize gender as an advantage and leverage it during negotiation. This aligns with Expectancy-Value Theory, as a higher perceived *expectancy* of success encourages more engagement (Eccles, 1983), and female founders in these sectors report greater confidence in advocating for favorable terms compared to those operating in established industries. Overall, in emerging industries, external pressure appears more effective in mitigating gender disparities across the entire VC process, although full equality has not been achieved.

7.2 Theoretical Contribution

This study contributes to research on gender disparities in VC by addressing how and when gender disparities arise throughout the VC investment process, vary across emerging and established industries, and to what extent it is shaped by external pressures. While prior literature has treated gender bias, structural barriers, and investor behavior separately, this study integrates them to offer a more processual and industry-specific perspective, filling a

key gap in understanding gendered investment dynamics. This contribution is especially important given the recent shift in the diversity discourse, where LPs increasingly demand diverse portfolios, and societal debates continue to intensify around the underrepresentation of female-founded start-ups in VC. By combining Role Congruity Theory and Expectancy-Value Theory, the study explains how gendered perceptions shape investor decisions, and how female founders view and navigate the current investment landscape, assessing the *value* of pursuing VC, trade-offs and *costs* associated with VC funding, and interpreting their *expectancy* of success.

In combining these theories, this thesis contributes to theory by connecting founder and investor experiences to higher level structural dynamics, offering a framework for understanding how gender disparities are reshaped across industry contexts. This includes examining how external pressures interact with existing norms and expectations, highlighting the complex and sometimes contradictory effects of these forces through the lens of Role Congruity and Expectancy-Value Theory.

7.3 Practical Implication

The findings of this study offer practical guidance for stakeholders in the VC landscape. For female founders, the results clarify how challenges arise at specific stages of the funding process, and how these challenges differ depending on industry context. Understanding when investor involvement is mostly symbolic and when investors tend to be more cautious and risk-averse can help founders navigate relationships and set more realistic expectations. In emerging industries, the study shows how founders can use increased investor interest to strengthen their strategic positioning. For VC firms, the results provide insight into where diversity efforts have shown impact and where structural barriers remain. Investors seeking to improve inclusion practices can use these findings to reflect on their evaluation processes and ensure that engagement with diverse founders is followed by standards throughout the investment process. LPs and policymakers can use the findings to assess how and where external pressure influences investor behavior. While initial access to VC has improved, lasting change requires that diversity expectations are supported by internal shifts in investment logic. These insights can support more effective policy design and targeted capital allocation.

7.4 Limitations

Despite its contributions, this study has several limitations. It is geographically bound to the Nordic VC context, where strong gender equality policies coexist with persistent funding gaps. While this provides a relevant setting, the findings may not fully apply to other VC markets with different cultural or regulatory conditions. The study is based on qualitative interviews, offering rich insights but limited by self-reported data and potential bias. Although both investors and female founders are included, the sample remains relatively small and subjective, which may overlook unconscious bias or structural factors. Moreover, time constraints prevent a longitudinal view of how gender dynamics evolve as external pressures increase. Finally, while the study applies Role Congruity Theory and Expectancy-Value Theory, it does not incorporate alternative frameworks, which future research could explore to broaden the theoretical understanding.

7.5 Future Research

Future research could expand the geographical scope beyond the Nordic region to examine how cultural, economic, and regulatory differences shape gender disparities in VC funding. Comparative studies across Europe, North America, and emerging markets could highlight regional variations in investor decision-making and entrepreneurial behavior. A mixed-methods approach combining qualitative insights with quantitative investment data could also help establish clearer links between investor perceptions, decision-making, and actual funding outcomes. Furthermore, analyzing firm-level data could reveal whether female-led startups systematically face different terms, valuations, or exit opportunities. Future research could also explore why external pressure manifests differently across emerging and established industries, investigating whether this variation is linked to the nature of the industry, prevailing gender norms, or other structural and cultural factors that shape investor behavior. Finally, given the role of perceived fit in female founders' strategic decisions, future studies could explore how support mechanisms such as mentorship, investor-founder matching programs, and alternative funding models influence access to VC across sectors and stages. Addressing these areas would advance the understanding of the structural and behavioral dynamics shaping gender disparities in VC.

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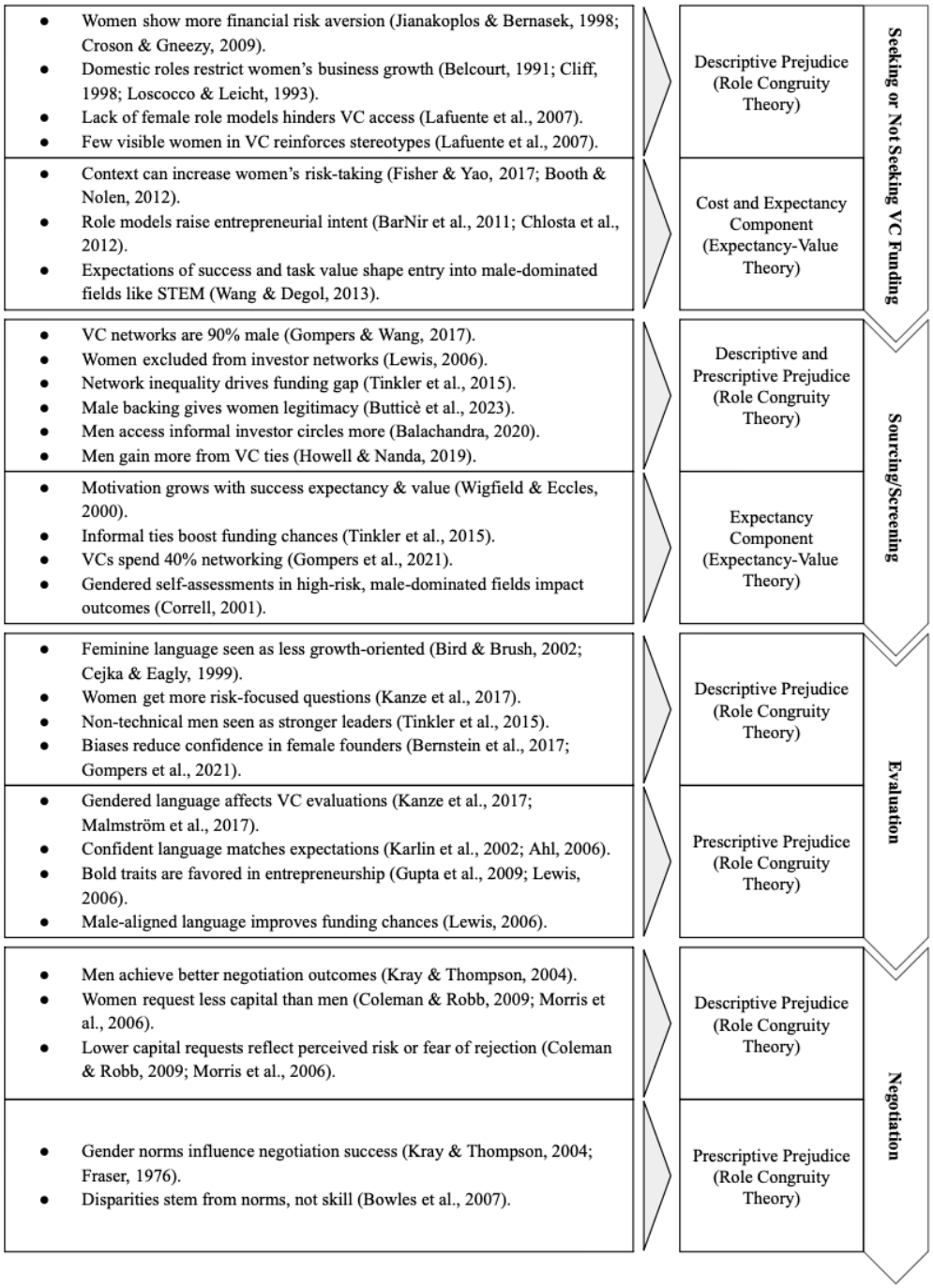
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Appendices

Appendix 1 - Initial Theoretical Framework Mapping



Appendix 2 - Interview List Founders

Interview	Industry	Established / Emerging	Last funding round	Duration	Date of Interview
01	Consumer/Retail	Established	Seed	44:36	February 3
02	Consumer/Retail	Established	Pre-seed	47:23	February 6
03	Consumer/Retail	Established	Series A	38:15	February 17
04	Consumer/Retail	Established	Series A	52:55	February 5
05	Healthcare	Established	Seed	49:38	February 5
06	Sustainability	Established	Seed	37:43	February 19
07	Healthcare	Established	Pre-seed	37:40	February 7
08	Healthcare	Established	Series A	42:51	February 26
09	AI	Emerging	Pre-seed	38:02	February 24
10	AI	Emerging	Seed	42:08	February 11
11	Renewable energy	Emerging	Seed	48:22	February 11
12	Healthtech	Emerging	Series A	45:37	February 7
13	Renewable energy	Emerging	Seed	37:19	February 26
14	Marketplace	Emerging	Series A	43:05	February 26
15	Saas	Emerging	Pre-seed	40:48	February 11

Appendix 3 - Interviewed VCs

Interview	Position	Investment focus	Stage	Duration	Date of Interview
01	Managing Partner	Tech, Software	Pre-seed, Seed	36:23	February 3
02	Managing Partner	Tech, Software	Pre-seed, Seed	48:49	February 6
03	Investment Associate	Tech, Software	Seed, Series A	42:37	February 3
04	Investment Associate	Tech, Software	Series A and beyond	39:02	February 10
05	Partner	Consumer, Retail	Series A	44:11	February 10
06	Partner	Consumer, Retail	Seed, Series A	47:06	February 4
07	Investment Manager	Consumer, Retail	Seed, Series A	35:58	February 5
08	Investment Manager	Consumer, Retail	Pre-seed, Seed, Series A	40:35	February 3
09	Investment Director	Consumer, Retail	Pre-seed, Seed, Series A	43:22	February 10
10	Managing Partner	Life Science	Pre-seed, Seed, Series A	49:39	February 7
11	Managing Partner	Renewable energy	Pre-seed, Seed	38:54	February 7
12	Partner	Renewable energy	Seed, Series A	45:13	February 20
13	Managing Partner	Industry agnostic	Pre-seed, Seed	46:27	February 20
14	Investment Analyst	Industry agnostic	Series A	37:46	February 20
15	Partner	Industry agnostic	Pre-seed, Seed, Series A	41:59	February 13

Appendix 4 - Interview Guide VC

Background

- What is your current role, and what does your day-to-day work typically involve?
- How did you first enter the venture capital industry, and what is your professional background?

Investment Process

- What types of companies or industries do you usually invest in?
- Could you describe the steps of your investment process from initial contact to decision?
- At which stage do you find that most companies drop out?
- What criterias do you prioritize when assessing a founding team or company?

Seeking VC

- In your experience, do founders differ in how actively they pursue VC depending on gender?
- Are there any trends across industries in how likely founders are to seek funding?
- Do you believe external narratives, role models or public image affect who feels “fit” for VC?

Sourcing and Screening

- How do new investment opportunities usually come to your attention?
- What role does your network or informal channels play in identifying potential startups?
- Do you think female founders have equal access to these sourcing pathways?
- Has any pressure from LPs or the wider industry affected how you think about sourcing diverse teams?

Evaluation

- What are the key criteria you use when evaluating a startup for investment?
- Have you noticed any differences in how male and female founders are perceived or evaluated?
- Do expectations around things like growth potential or leadership style shift depending on the founder's background?
- How much weight do you give to communication style or confidence in pitch meetings?

Negotiation

- Do you see patterns in how founders approach negotiations depending on gender?
- Are assertiveness or high valuations interpreted differently based on who presents them?
- Has external pressure or internal diversity goals ever influenced your approach during negotiations?

Final Reflections

- What do you see as the biggest challenges in increasing funding for women-led startups?
- Is there anything else from your experience that you think is important to highlight?

Appendix 5 - Interview Guide Founders

Background

- Which industry are you active in, and what motivated you to pursue that space?
- What was your background before becoming a founder?

Seeking VC

- What made you decide to look for venture capital?
- Was it always part of your growth plan, or did it come later?
- Did you ever hesitate or question whether VC was the right fit for your company?
- What influenced your final decision to raise money from VC?

Sourcing and Screening

- How did you connect with investors during your fundraising process?
- Did you rely on introductions, cold outreach, or other strategies?
- Did you feel that your gender affected your ability to get meetings with investors?
- Were there moments when you felt investor interest was genuine, or more symbolic?

Evaluation

- How would you describe your experience being evaluated by investors?
- Were there specific types of questions or feedback that stood out to you?
- Did you feel compared to other founders, especially male ones, in any particular way?
- Did you ever change how you pitched or presented yourself based on investor expectations?

Negotiation

- How did you feel going into negotiations about terms and valuation?
- Did you feel comfortable asking for what you wanted?
- Do you think your gender affected how your negotiation approach was received?
- Have your negotiation strategies evolved over time based on experience?

Industry and Context

- Do you think your experience is shaped by the industry you operate in?
- Are women founders viewed differently depending on the sector they are in?
- Have you noticed any changes in how investors treat female founders in recent years?

Final Reflections

- What do you think is the biggest challenge for women raising venture capital today?
- What kind of support or change would you most like to see from the VC ecosystem?
- Is there anything important from your experience that we have not talked about yet?

Appendix 6 - Artificial Intelligence

6.1 AI Description

Artificial Intelligence (AI) played a limited but supportive role in this thesis.Three main tools were employed at different stages of the process: ChatGPT 4o, Perplexity AI, and Sana Labs transcription software.

Perplexity AI was used in the initial exploration phase to gain a broad overview of the topic. It supported the process of identifying emerging themes and framing relevant research questions, but it was not used as a source for academic citations or factual verification.

ChatGPT 4o was primarily used to enhance clarity and writing quality. It helped rephrase sentences, condense lengthy sections, and improve grammar and flow. A typical prompt format used was: *"help me rephrase this to improve clarity, while maintaining the structure, details and references"* or *"Make this text slightly more concise while maintaining its structure, details, and references"*. In the early stages of the literature review, it also assisted in summarizing academic articles to facilitate a quicker understanding of the research landscape and identify potential gaps. Importantly, all content generated by ChatGPT 4o was critically assessed and edited by the authors before inclusion, and the tool was not used for generating analysis or theoretical insights.

For transcription, the AI-powered tool Sana Labs was used to generate initial transcripts of interviews. These transcripts were then manually reviewed by both authors to ensure accuracy, making the transcription process more efficient while maintaining reliability.

The use of AI tools contributed to the overall quality of the thesis by improving language precision, enhancing the efficiency of certain time-consuming tasks, and supporting a more streamlined workflow. However, several potential risks were considered throughout the process. One concern was that AI tools might provide inaccurate or misleading information, especially when summarizing research or suggesting references. Another risk was that the language and tone of AI-generated text might not match the rest of the thesis. Finally, we were aware of the risk of relying too much on AI, which could reduce our own critical thinking and engagement with the material. To avoid these risks, we used several mitigation strategies. First, we did not use AI to search for academic sources or generate references, since these tools can sometimes produce false or incorrect citations. Second, we carefully

reviewed and edited everything the AI produced to make sure it was accurate, clear, and fit well with the rest of our writing. Third, we used AI only for specific tasks. All analysis, interpretation, and theoretical work was done entirely by us.

Using AI in this way gave us a better understanding of both its benefits and its limitations. AI can help make writing clearer and save time, especially when editing or summarizing text. However, it should always be used carefully and with full responsibility. In academic work, it's important that all final decisions come from the authors.

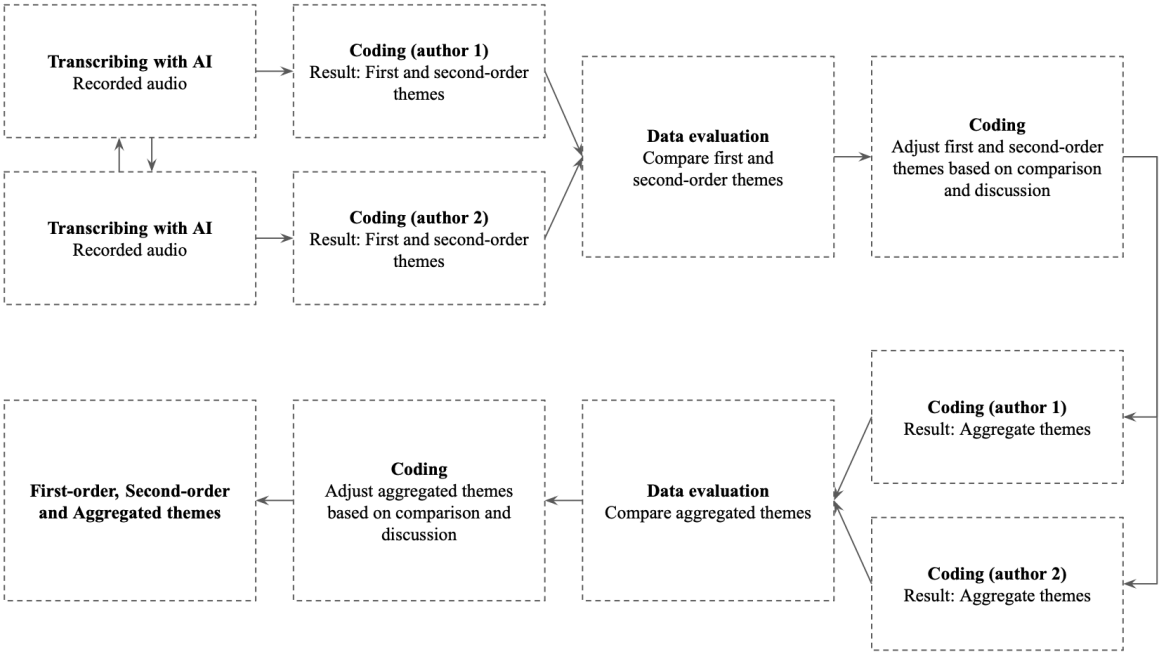
6.2 AI Sources

OpenAI. (2025). *ChatGPT (GPT-4o version)* [Large language model]. https://chat.openai.com

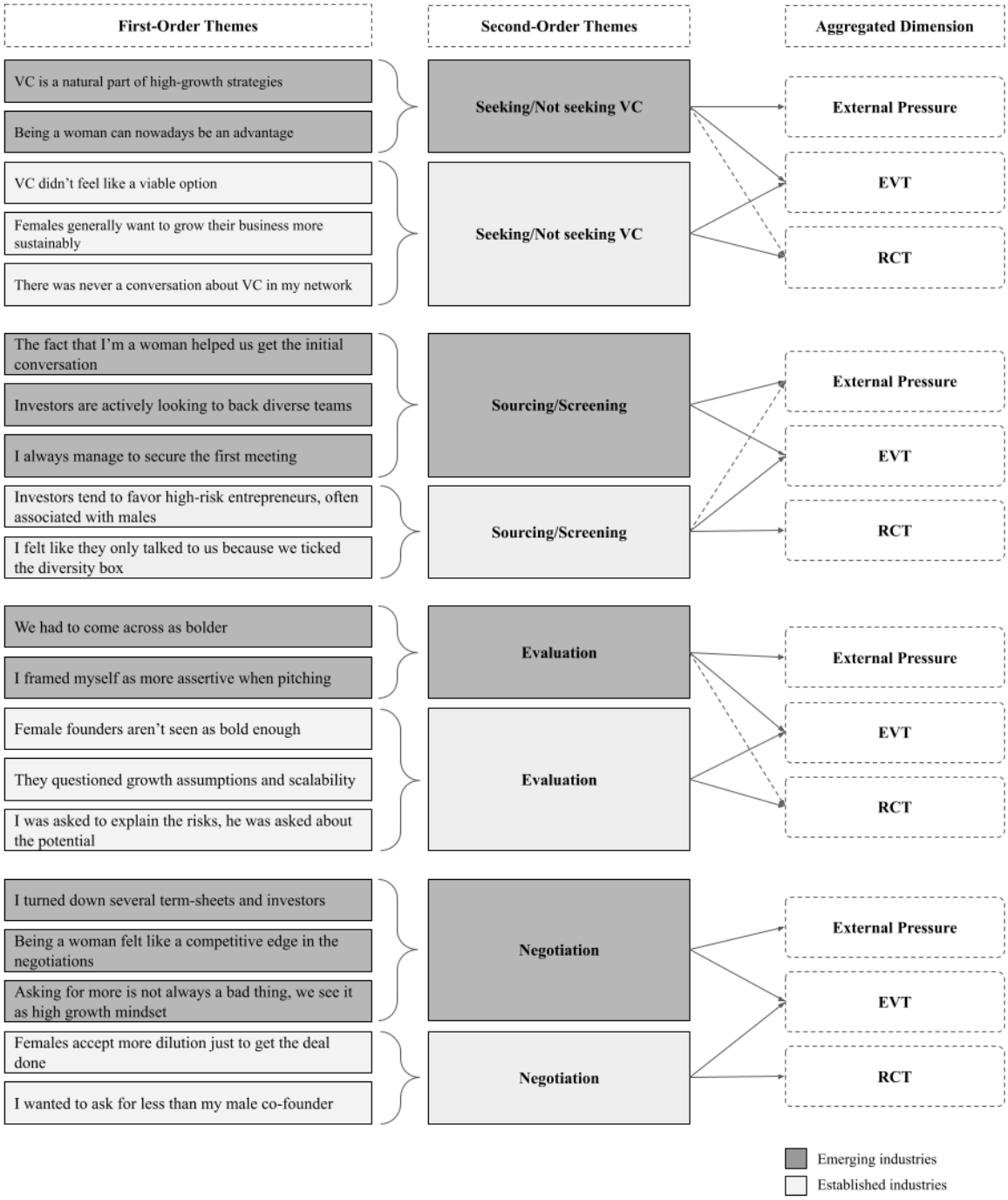
Perplexity AI. (2025). *Perplexity* [AI research assistant]. https://www.perplexity.ai

Sana Labs. (2025). *Sana Labs* [AI transcription tool]. https://sanalabs.com

Appendix 7 - Data Analysis Process



Appendix 8 - Thematic Coding



Appendix 9 - Revised Theory Component Overview

