

MAKING SENSE OF THE GAP

**A QUALITATIVE STUDY OF HOW STOCKHOLM VENTURE
CAPITALISTS CONSTRUCT THE GENDER FUNDING GAP**

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Making Sense of the Gap: A Qualitative Study of How Stockholm Venture Capitalists Construct the Gender Funding Gap

Abstract:

Despite growing female entrepreneurial activity and broader societal progress toward gender equality, female founders continue to receive a disproportionately small share of venture capital (VC) funding. While existing research has identified structural sorting, network access, homophily, and cognitive gender bias as drivers of this persistent gender funding gap, less attention has been directed to investors' own accounts. Drawing on 14 semi-structured interviews with VC investors in the Stockholm ecosystem, this qualitative study addresses that gap by exploring how VC investors construct, justify, and make sense of investment practices and gender disparities in VC, and what mechanisms they perceive as reproducing or mitigating them. By applying Weick's (1995) sensemaking theory, the study finds that VC evaluation operates as a sensemaking activity organized around a return-maximizing master frame and a set of founder templates. Within this frame, everyday evaluative mechanisms reproduce the gap while appearing natural, rational, and meritocratic. The study further identifies a recurring pattern of displacement: investors acknowledge gender inequality at the industry level while distancing their own evaluative practices from contributing to it, showing how awareness can coexist with the gap's continued reproduction. The study contributes empirically by foregrounding the investor-side perspective, theoretically by introducing a sensemaking lens and the concept of displacement to the gender funding gap literature, and practically by suggesting that awareness-based interventions may be structurally insufficient and that mechanisms tied to the ecosystem's incentive structure may prove more effective.

Keywords:

Gender Funding Gap, Venture Capital, Investor Decision-Making, Evaluation, Sensemaking Theory, Stockholm

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1 Introduction

Around the world, an increasing number of women are pursuing a career in entrepreneurship and women’s startup activity rates have risen from an average of 6.1% between 2001-2005 to 10.4% for the 2021-2023 period across 30 countries (Global Entrepreneurship Monitor, 2024). Society has made measurable progress toward gender equality over recent decades. Across 100 economies tracked continuously since 2006, parity in senior workplace roles has risen from 49.3% to 67.3%, and political empowerment gaps have narrowed substantially (World Economic Forum, 2025). However, within venture capital (VC), a key form of financing for newly founded ventures, the same positive trend cannot be observed and what is known as “the gender funding gap” does not seem to budge. Female founders receive disproportionately less funding than male founders, as illustrated between 2022 and mid-2023 in Sweden, where all-female founding teams received just 0.6% of VC despite making up 6.2% of financing rounds, while all-male ventures captured 93.9% of funding (Unconventional Ventures, 2023).

The gap is not lost on the venture capitalists themselves. This study finds that VC investors express a high degree of awareness of the gap and the gender inequalities within VC. As one participant from the study put it: “The gender distribution is just not at all representative of society. Yeah, I mean society at large has an uneven distribution of power and privilege, but it’s extra obvious in tech and extra also like on the investor side.”

The gap’s causes and the reasons for its persistence have been widely researched suggesting structural explanations and investor biases, but have not yet been fully clarified, and few have explored what the investors themselves have to say about the gap and how their own investment practices relate to it. To address this, the study draws on 14 semi-structured in-depth interviews with VC investors and focuses on their subjective evaluations, whose decisions ultimately determine which ventures can scale, and more importantly, whose decisions may actively reproduce the gender funding gap through their everyday investment practices. Because investors function as “gatekeepers” of capital (Cooiman, 2024, p. 590), what is at stake is not only the future of individual ventures, but the extent to which women and men are given equal opportunities to succeed in the business world and, by extension, in society at large.

1.1 Background

Startups play a crucial role in a country’s economic growth, driving innovation, job creation, and competitiveness (Caviggioli et al., 2020; Manconi et al., 2022), and within the European Union, strengthening startup ecosystems is a strategic priority (European Commission, 2025). Yet, new

venture survival depends on external financing. Among funding sources, VC occupies a uniquely influential position, providing not only capital, but also network and guidance (Cumming et al., 2023). Although fewer than 0.5% of U.S. firms founded each year receive VC, they account for nearly half of those reaching the public market (Lerner & Nanda, 2020), giving VC investors a decisive role in shaping which ventures transform innovation into market impact.

VC decisions are defined by high information asymmetry, forcing investors to allocate capital under uncertainty and rely on their own interpretations of a venture’s potential (Caviggioli et al., 2020). Within this judgment, the founding team carries the greatest weight, particularly in early stages (Gompers et al., 2020). These subjective assessments determine which ventures grow, scale, and survive (Gompers & Lerner, 2001), positioning VC investors as “gatekeepers” of capital (Cooiman, 2024, p. 590). Their gatekeeping role takes on particular significance given the persistent imbalance in who receives funding. Despite the growing share of women in entrepreneurship, female founders consistently receive a disproportionately small share of VC, rarely granted the levels required to scale even when expressing growth ambitions (Kanze et al., 2018). Globally, female-founded companies represented 6.4% of deals but only received 2.3% of VC deployment in 2024 (Founders Forum Group, 2025).

Sweden offers a particularly striking case. The country is consistently ranked among the top ten of the Global Gender Gap Report (World Economic Forum, 2025), and its capital, Stockholm, has emerged as one of Europe’s most developed startup ecosystems, producing more tech unicorns per capita than any region outside Silicon Valley (Daly, 2021; Lykiardopoulou, 2023). Yet between 2022 and mid-2023, all-female teams received 6.2% of financing rounds and 0.6% of capital, against 82.2% and 93.9% for male-founded ventures (Unconventional Ventures, 2023). The investor side is similarly male-dominated: in 2022, 81% of General Partners (GPs) at Swedish VC funds were men (European Women in VC, 2022). The combination of strong equality norms, a mature VC ecosystem, and a persistent funding gap makes Stockholm a relevant empirical setting for studying how investment practices reproduce gender disparities.

One common structural explanation locates the gap in sectoral sorting: female entrepreneurs generally tend to cluster in certain industries such as retail and consumer products and services, in this report collectively referred to as consumer-facing sectors, rather than technology, energy, or financial industries (Kanze et al., 2018), with consumer products and services accounting for 30.3% of total U.S. VC deal value directed toward all-female-founded ventures in 2021 (Rubio et al., 2021). However, the disparity persists even where women are strongly represented. For instance, within beauty and personal care, 52.3% of companies were female-founded in 2024,

but only 38.7% of sector VC funding reached them (Founders Forum Group, 2025). This is particularly interesting given that women constitute the largest, most influential consumer group (Silverstein & Sayre, 2009). Consumer-facing industries thus form an illustrative case where women are both prominent founders and consumers yet receive disproportionately little capital. This raises broader questions about how investors evaluate ventures and justify funding decisions across sectors.

1.2 Purpose and Contributions

Existing research has documented the gender funding gap extensively, identifying structural sorting, differential network access, gender-based homophily, and cognitive bias and gender stereotypes as key explanations (e.g., Calder-Wang & Gompers, 2021; Gompers et al., 2020; Guzman & Kacperczyk, 2019; Kanze et al., 2018; Wajcman et al., 2026). Yet, the gap persists, suggesting that these explanations remain insufficient to fully account for its endurance in practice. Less attention has been directed toward investors themselves, whose interpretive judgments under uncertainty ultimately shape capital allocation. The purpose of this study is therefore to explore how VC investors construct, justify, and make sense of investment practices and gender disparities in VC, and what mechanisms investors perceive as reproducing or mitigating these disparities. Drawing on semi-structured in-depth interviews with venture capitalists in the Stockholm ecosystem, the study applies Weick’s (1995) sensemaking theory to examine how investors retrospectively construct plausible accounts of investability, risk, and responsibility in relation to funding decisions.

The study contributes empirically, theoretically, and contextually. Empirically, it provides qualitative insights into investors’ own interpretations and justificatory narratives surrounding the gender funding gap, an investor-side perspective that, to the authors’ knowledge, remains relatively underexplored. Theoretically, it applies a sensemaking lens to the gap, illustrating how seemingly rational investment evaluations are constructed, justified, and negotiated under uncertainty, thereby adding an interpretive layer to a literature predominantly focused on structural and outcome-based explanations. Contextually, by situating the analysis within the Stockholm VC ecosystem, the study shows how gender disparities can endure even within a well-developed VC environment strongly associated with equality norms, deepening understanding of how the gap is reproduced through everyday capital allocation in comparable institutional settings.

1.3 Research Questions

To establish the focus and purpose of the study, the following research question was developed to capture the broader interpretive logic through which investors construct meaning around investment practices and gender disparities:

How do VC investors construct, justify, and make sense of investment practices and gender disparities in VC?

To complement the main research question, a second question was developed to examine the specific mechanisms underlying that logic, distinguishing what investors perceive as reproducing the gap from what they perceive as mitigating it:

What mechanisms do the investors perceive as reproducing or mitigating these disparities?

1.4 Delimitations

To maintain analytical focus, the study sets several intentional boundaries. The study is delimited to the Stockholm VC ecosystem, which was accessible to the authors and relevant due to its position as both a prominent entrepreneurial hub and a context associated with strong gender equality norms. The study focuses specifically on early-stage, institutional VC, defined as pre-seed, seed stage, and series A, and excludes other ecosystem actors, such as angel investors. Furthermore, the study examines investors' subjective interpretations and justificatory accounts of funding decisions and gender disparities rather than measuring funding outcomes, quantifying the gap, or establishing causal relationships.

Methodologically, the study is delimited to a qualitative design based on 14 semi-structured interviews, aiming to generate in-depth and context-specific insights rather than statistically generalizable findings. While the study is motivated by the persistence of the gender funding gap within sectors with high female presence, such as in certain consumer-facing sectors, it is not restricted to a single industry focus, as most VC firms in the sample were industry-agnostic.

1.5 Structural Overview

The report is structured into seven main chapters, designed to guide the reader in the exploration of investors' constructs of the gender funding gap. First, Introduction introduces the phenomenon and outlines the background, purpose, research questions, and delimitations. Second, Literature Review outlines key themes from previous research explaining the gap that

informs the study. Third, Theoretical Framework defines the analytical lens that will be used to interpret the findings and address the research questions together with previous research. Fourth, Methodology explains the adopted research approach. Fifth, Findings outlines the study’s key findings from the interviews, combining presentation of quotes, interpretation, and analysis. Sixth, Discussion takes the analysis further through connecting the findings to previous literature and answering the research questions. Finally, Conclusion summarizes the key takeaways, theoretical and managerial implications, makes suggestions for future research, and outlines limitations.

2 Literature Review

The following section outlines previously researched key themes relating to the gender funding gap within VC that will be central in addressing the research questions. The covered themes are: Structural Explanations, Network Access, Homophily, Cognitive Bias and Gender Stereotypes, and Performance and Outcomes.

2.1 Structural Explanations

A major stream of research explains the gender funding gap in VC through structural conditions on both the demand- and supply-side. These explanations focus on how investment logic, sectoral dynamics, and startup orientation shape which ventures enter and succeed within the VC pipeline.

From a demand-side perspective, VC operates under an investment logic centered on ventures with large markets, scalability, limited technological risk, and potential for “hypergrowth” (Cooiman, 2024, p. 587). Since a small number of investments generate most fund returns, investors prioritize ventures capable of outsized returns (Cooiman, 2024; Lerner & Nanda, 2020). This incentivizes investments in software and platform-based business models, characterized by rapid scalability, low marginal costs, and winner-takes-all dynamics (Cooiman, 2024; Wajcman et al., 2026). Consequently, VC becomes structurally oriented toward specific sectors and business models.

From a supply-side perspective, research demonstrates persistent gender differences in entrepreneurial activity, resource access, and venture orientation. Women remain underrepresented in entrepreneurship (Brush et al., 2019), with a female-to-male startup ratio of 0.76 in Europe (Global Entrepreneurship Monitor, 2025), and generally start with significantly less initial capital than men (Brush et al., 2019). Women are also less represented in science, tech-

nology, engineering, and mathematics (STEM) and high-growth sectors, areas most likely to seek VC funding (Balachandra et al., 2019; Brush et al., 2019). More recently, VC-driven investment in artificial intelligence (AI) has intensified disparities, particularly within the sector that attracts most investments, AI software startups (Wajcman et al., 2026). The authors describe this as a form of “male-lens investing” embedded in the VC ecosystem (p. 15), while also noting that even female entrepreneurs within AI tend to cluster in less VC-attractive sectors such as healthcare.

Guzman and Kacperczyk (2019) further show that 65% of the gender funding gap stems from differences in startup orientation, with women being less likely to found growth-oriented ventures that signal VC potential. However, the remaining 35% is attributed to investor-side mechanisms. Similarly, Brush et al. (2019) argue that women’s concentration in consumer-facing sectors only partially explains the gap, emphasizing that women’s ventures are not inherently less viable but operate within ecosystems providing unequal access to resources and opportunities.

Taken together, these findings suggest that sectoral clustering and venture orientation partially explain the gender funding gap. However, women still participate substantially in entrepreneurship and are represented in 25.8% of all VC deals in Europe (PitchBook, 2024). Moreover, female founders continue to receive disproportionately low shares of funding even in sectors where women are strongly represented (Founders Forum Group, 2025). This indicates that structural factors and pipeline scarcity alone cannot fully explain the persistence of the gender funding gap.

2.2 Network Access

Another key theme in explaining the gender funding gap concerns network access, as VC investments are highly dependent on referrals, relationships, and entrepreneurial recycling. Consequently, unequal access to investor networks may shape which founders gain visibility, recognition, and ultimately funding.

In the absence of reliable performance metrics, venture capitalists rely on quality signals such as trusted referrals and network connections when identifying early-stage ventures (Kanze et al., 2018). Accordingly, seed-stage startup financing has typically occurred through personal networks (Ewens & Townsend, 2020). This is consistent with research showing most VC deal flow originates from investors’ existing networks, with 30% of deals coming from professional networks, 20% referred by other investors, and 8% from existing portfolio companies, underscoring the central role of active deal generation (Gompers et al., 2020).

Furthermore, VC investors often focus on entrepreneurs rather than ventures alone, particularly founders they have worked with previously, reflecting the importance of network connections (Gompers et al., 2020). This relates to entrepreneurial recycling, where successful entrepreneurs reinvest their wealth and experience as repeat founders, angel investors, or venture capitalists, thereby reinforcing close-knit networks (Karlstrøm et al., 2023; Mason & Harrison, 2006). Such dynamics have created local “tribes” around successful startups such as Spotify in Stockholm, which reinforces internal investment flows while excluding outsiders (Cooiman, 2024, p. 593).

These founder-investor networks are often homogenous in sociodemographic, behavioral, and interpersonal aspects (Karlstrøm et al., 2023; McPherson et al., 2001), reflecting how “similarity breeds connection” (Calder-Wang & Gompers, 2021, p. 3). As a result, reliance on networks and referrals may privilege founders already connected to investors (Howell, 2024). When women remain underrepresented both as investors and entrepreneurs, this may contribute to unequal access to deal flow and investor networks (Karlstrøm et al., 2023).

Research further shows that network access does not benefit entrepreneurs equally, finding that increased exposure to venture capitalists significantly raises the likelihood that male entrepreneurs start VC-backed firms, while female entrepreneurs benefit less from the same exposure (Howell, 2024). The author also shows that men are twice as likely as women to proactively contact VC investors after networking events, although the exact reasons why remain unclear.

2.3 Homophily

Closely connected to network access, research on homophily examines how attraction to similarity shapes investor evaluations and relationships within VC. In an industry dominated by male investors and close-knit networks, homophily may contribute to reproducing gendered investment patterns and founder preferences.

The structural conditions of VC make the industry particularly susceptible to gender-based homophily. In 2022, 85% of GPs at European VC firms were men (European Women in VC, 2022), and in an ecosystem where men predominantly evaluate male teams, homophily theory would predict a systematic advantage for male founders. Homophily, defined as the tendency to associate with similar others (Lazarsfeld & Merton, 1954), shapes networks across sociodemographic and behavioral dimensions, including gender (McPherson et al., 2001). In evaluation contexts, homophily may serve as a guiding force (Matusik et al., 2008), and since similarity tends to elicit positive reactions, even relatively superficial similarities can shape attraction and interpretation, particularly in early-stage contexts (Fisher & Neubert, 2023; Franke et al.,

2006).

Research suggests that homophily leads venture capitalists to prefer investing in individuals who share similar characteristics, such as gender and ethnicity (Calder-Wang & Gompers, 2021), potentially disadvantaging female entrepreneurs in male-dominated investor networks (Alsos & Ljunggren, 2017). Female founders have been found to attract significantly less interest and capital from male investors than comparable male founders, while being more successful with female investors, indicating same-gender preferences in investment evaluation (Ewens & Townsend, 2020). Combined with entrepreneurial recycling, homophily may reinforce gendered founder preferences and unequal access to VC networks, even when investors are aware of gender inequality (Karlstrøm et al., 2023). Overall, gender-based homophily may constrain women’s access to the relationships underpinning VC deal flow (Howell, 2024).

At the same time, female investors may reduce barriers for female entrepreneurs approaching VC firms (Karlstrøm et al., 2023), helping explain why women supporting other women has been presented as one mechanism for reducing the gender gap (Snellman & Solal, 2023). However, female entrepreneurs backed by female investors are also two times less likely to secure follow-on funding from new investors, while no equivalent effect exists for men (Snellman & Solal, 2023). This highlights a contradiction in addressing the gender funding gap and illustrates how gendered homophily may also produce unintended disadvantages.

2.4 Cognitive Bias and Gender Stereotypes

Beyond structural and network-based explanations, research highlights how cognitive biases and gender stereotypes shape how founders are interpreted and evaluated under uncertainty. This stream of literature examines how perceptions of ambition, leadership, and risk become gendered within VC decision-making.

Cognitive frameworks and investor biases influence how ventures are evaluated and funded (Johansson et al., 2021). Alsos and Ljunggren (2017) argue that VC is shaped by a masculine norm of entrepreneurship, where gender influences the signals entrepreneurs communicate and how investors interpret them. Similarly, Guzman and Kacperczyk (2019) suggest that gender can function as a cue under uncertainty, particularly when signals of growth are ambiguous, contributing to disparities partly explained by investor stereotypes and bias.

Research shows that investors prefer pitches by male entrepreneurs, particularly physically attractive men, over identical pitches by women (Brooks et al., 2014). Applying gender congruity theory, another study finds that investors describe female entrepreneurs as more dependent and

in greater need of support, despite perceiving no differences in applications (Malmström et al., 2017). In addition, men are more often asked promotion-focused questions, while women receive prevention-focused questions, a pattern that fully mediates gender differences in funding outcomes and occurs among both male and female investors (Kanze et al., 2018).

However, another study reveals that entrepreneurs are penalized for displaying feminine-stereotyped behavior regardless of gender, not for being a woman per se (Balachandra et al., 2019). This reflects the broader stereotyping of entrepreneurial traits such as risk-taking, autonomy, and proactivity as inherently masculine (Karlstrøm et al., 2023). Related to this, a lack of fit-effect exists, where female-led ventures targeting male-dominated industries receive lower evaluations than comparable male-led ventures, while no equivalent effect exists for men (Kanze et al., 2020). Although Kanze et al. (2020) suggest being a female founder in female-dominated markets may partly offset this through perceived domain-specific knowledge, gender disadvantage can persist even in industries expected to favor women, suggesting that entrepreneurial leadership itself remains masculine-coded and that women are held to higher standards than men (Yang & del Carmen Triana, 2019).

To counter gender-based discounting, female founders often rely on stronger legitimacy signals, such as elite credentials, certifications, or high-status investors to attain similar recognition as men (Brush & Elam, 2024). Women without technical backgrounds are also evaluated as less competent and possessing weaker leadership ability than both technical and non-technical men, meaning that women to a larger extent need to signal legitimacy (Tinkler et al., 2015). Furthermore, the common belief that female entrepreneurs are underconfident is challenged in a study that instead shows women are as likely to hold accurate entrepreneurial confidence as men, emphasizing that an accurate confidence level is less likely than over-confidence to be associated with business-damaging behaviors (Jennings et al., 2023).

Taken together, this literature suggests that structural conditions, networks, and investor bias are closely intertwined. As Ewens and Townsend (2020) note, a “chicken and egg problem” (p. 676) emerges, where investors and entrepreneurs often originate from the same historically male-dominated entrepreneurial pool. Consequently, it becomes difficult to disentangle whether women receive less funding because fewer women enter the pipeline, or because investors are biased (Ewens & Townsend, 2020).

2.5 Performance and Outcomes

The final stream of reviewed research examines whether differences in venture performance and outcomes can explain the gender funding gap. Rather than supporting assumptions of female underperformance, much of the literature challenges them.

Female-led new ventures have been shown to neither underperform male-led ones nor differ significantly in survival rates, return on assets, or the Sharpe ratio (Robb & Watson, 2012). Likewise, CEO gender does not predict startup performance, challenging the “female underperformance hypothesis” within VC (Brush & Elam, 2024, p. 2289). Contingent on receiving VC funding, female- and male-led ventures are also equally likely to achieve exit outcomes through initial public offerings (IPOs) or acquisitions (Guzman & Kacperczyk, 2019).

Studies further suggest that investors may overlook profitable opportunities due to gendered evaluations. Ewens and Townsend (2020) find that male investors express greater interest in male entrepreneurs than observably similar female entrepreneurs, despite the female-led ventures subsequently outperforming the male-led ones. Similarly, ventures founded or co-founded by women have been shown to generate 78 cents per dollar invested, compared to 31 cents for male-founded ventures, despite receiving less funding overall (Boston Consulting Group, 2018). Together, these findings suggest that persistent funding disparities cannot be sufficiently explained by differences in venture quality or performance outcomes alone.

The following table summarizes the reviewed themes, key concepts, and key references:

Theme	Key Concepts	Key References
2.1 Structural Explanations	VC investment logic, hypergrowth, sectoral clustering, pipeline scarcity, startup orientation	Cooiman (2024); Guzman & Kacperczyk (2019); Brush et al. (2019); Wajcman et al. (2026)
2.2 Network Access	Deal flow, referrals, entrepreneurial recycling, local tribes, networking frictions	Cooiman (2024); Gompers et al. (2020); Howell (2024); Ewens & Townsend (2020); Karlstrøm et al. (2023)
2.3 Homophily	Similarity bias, same-gender preference, network reinforcement	McPherson et al. (2001); Calder-Wang & Gompers (2021); Ewens & Townsend (2020); Snellman & Solal (2023)
2.4 Cognitive Bias & Gender Stereotypes	Masculine norm of entrepreneurship, gendered cues, promotion vs. prevention question framing, female legitimacy signaling	Malmström et al. (2017); Kanze et al. (2018); Balachandra et al. (2019); Alsos & Ljunggren (2017)
2.5 Performance & Outcomes	Challenging the female underperformance hypothesis, equal exit likelihood	Robb & Watson (2012); Brush & Elam (2024); Boston Consulting Group (2018); Ewens & Townsend (2020)

Table 1. Summary of the reviewed themes and their key concepts and references.

As the literature review illustrates, both supply- and demand-side explanations have been proposed to explain the gender funding gap within VC. Despite extensive research on structural conditions, network access, homophily, cognitive bias and gender stereotypes, and venture performance, the gap persists across ecosystems and sectors. This suggests that existing explanations, while well-established, remain insufficient to fully explain the gap’s persistence in practice. Rather than further examining measurable outcomes and observable patterns, this study shifts focus to the investors themselves, the primary gatekeepers of capital, and how they construct and justify investment practices and gender disparities.

3 Theoretical Framework

The subsequent section outlines the theoretical framework guiding the research design, interpretation of the findings, and analysis of the research questions in relation to the key themes from the literature review. Weick’s (1995) sensemaking theory is adopted as an analytical lens, as it offers a framework for understanding how individuals retrospectively interpret and assign meaning to complex and ambiguous situations.

3.1 Sensemaking Theory Definition

Sensemaking is the ongoing process through which individuals and organizations create, interpret, and assign meaning to complex and ambiguous experiences and situations (Weick, 1995). A moment of sensemaking can thus be understood as the process by which “independent people search for meaning, settle for plausibility, and move on” (Weick et al., 2005, p. 419). Weick (1995) identifies seven properties that characterize the sensemaking process. Most central to this study are four: first, sensemaking is retrospective, whereby meaning is assigned to events after they have occurred, rather than in the moment of action. Second, sensemaking is driven by plausibility rather than accuracy, as the goal is not to uncover the objective truth, but to construct an account that is sufficiently coherent and workable. Third, sensemaking is cue-driven, whereby individuals bracket and extract specific signals from their environment and use them as the basis for broader interpretation. Fourth, sensemaking is enactive, where individuals actively shape the environment and context through their decisions and actions, which they then interpret (Maitlis & Christianson, 2014; Weick, 1995). The core mantra of sensemaking is captured in Weick’s (1995) repeated phrase: “How can I know what I think until I see what I say?”, which highlights that people understand their own reflections retrospectively, after acting and communicating (Weick, 1995, p. 61).

3.2 Sensemaking in Venture Capital

Venture capitalists make decisions under high uncertainty, often relying on ambiguous signals about the venture and founding team when factual evidence is limited (Matusik et al., 2008; Shuwaikh et al., 2024; Colombo, 2021). In such contexts, evaluators may resolve ambiguity by applying criteria shaped by their own characteristics and values, sometimes unconsciously (Matusik et al., 2008).

Due to the ambiguous and vague nature of entrepreneurial activities, Fisher and Neubert (2023) argue that investors engage in a sensemaking process, where they use available stimuli and make an intuitive judgment about a new venture. This “gut feel” assessment then constitutes the basis on which the investor seeks information to justify, or refute, that first impression (Fisher & Neubert, 2023, p. 1315).

Taken together, sensemaking theory suggests that evaluation can involve relying on interpretive processes that determine plausibility and retrospectively justify and rationalize investment practices and logics (Maitlis & Christianson, 2014; Weick, 1995; Weick et al., 2005). This has implications for understanding the gender funding gap within VC. Rather than stemming from overt or intentional discrimination, gender disparities may be reinforced through sensemaking processes in which gender operates as an interpretive cue that shapes how founding teams are evaluated and how investment decisions are retrospectively justified.

4 Methodology

This section outlines the employed research method to address the research questions at hand.

4.1 Research Design

This study adopts a qualitative research design to explore how venture capitalists make sense of investment practices and the gender funding gap. Qualitative research is an exploratory methodology aimed at generating insight and understanding of underlying motivations and interpretations rather than statistically generalizable findings (Malhotra, 2020). A qualitative approach is therefore appropriate, as the study seeks to understand investors’ subjective interpretations and decision-making processes rather than test predefined hypotheses.

Given the exploratory nature of the study, data was collected through in-depth semi-structured interviews. Such interviews are well-suited for generating nuanced understanding and discussing sensitive or potentially polarizing topics, including gender and inequality (Guest et al., 2013).

While quantitative methods may identify statistical patterns, a qualitative approach is better suited to capturing the underlying dynamics shaping gender disparities as constructed and described by investors themselves.

As VC decision-making is characterized by high uncertainty (Fisher & Neubert, 2023; Matusik et al., 2008; Shuwaikh et al., 2024), it is appropriate to adopt a qualitative approach to obtain more authentic information about the phenomenon than quantitative methods (Miller & Salkind, 2002) and to examine values, motivations, and evaluative reasoning that may operate partly on a subconscious level (Malhotra, 2020). The approach is particularly suitable in relation to sensemaking theory, which emphasizes how individuals construct meaning in ambiguous and uncertain contexts (Maitlis & Christianson, 2014; Weick, 1995; Weick et al., 2005). Sensemaking theory is applied as a lens through which the qualitative data is interpreted to examine how individual investors construct and justify investment practices and the gender funding gap within the Stockholm VC ecosystem.

4.2 Sampling and Participants

A purposive sampling strategy, a non-probability method, was employed to identify venture capitalists with relevant experience, aiming to strategically select participants suited to the research questions (Bell et al., 2019). Stockholm was chosen as the empirical setting both due to accessibility and because of its relevance as a prominent startup hub within a country associated with strong gender equality norms. Participants were identified through LinkedIn and online searches of VC firms, and subsequently contacted via email or LinkedIn message.

The final sample consisted of 14 venture capitalists primarily operating in Stockholm, representing various funds and professional backgrounds. Participants ranged from 27 to 58 years old, with a mean age of 37, and professional seniority ranged from Investment Associate to CEO, Co-Founder, or Partner. The sample was evenly divided by gender, which notably does not reflect the broader VC industry, which remains male-dominated on the investor side (European Women in VC, 2022). While partly shaped by accessibility, the balanced composition was also analytically valuable, generating insights from both male and female investors. At the same time, it may mean the sample skews toward investors more reflective on questions of equality than the broader Stockholm VC population, a consideration carried forward in the interpretation of findings.

Most represented funds were industry-agnostic or technology-oriented, reflecting the broader VC ecosystem where few actors specialize exclusively in consumer-facing sectors. Although

the study was initially motivated by the gap’s persistence within sectors with high female presence, such as consumer-facing ventures, limited sector-specific investment experience among participants and the emergence of broader evaluative patterns in the interviews led the analysis to focus more generally on how investors construct and justify investment decisions. This shift was treated as a reflexive adaptation to the empirical material rather than a limitation of the original design.

Overall, the sample provided sufficient variation in gender, age, seniority, and fund orientation to generate diverse perspectives relevant to the research questions (Bell et al., 2019).

4.3 Data Collection

All 14 interviews were conducted online via Microsoft Teams, allowing for both convenience and observation of visual cues relevant to interpretation (Guest et al., 2013). The interviews ranged in duration from approximately 31 to 58 minutes, depending on the interviewee’s availability and depth of responses, and were all recorded and transcribed using Microsoft Teams. An overview of the interviews is presented in Table 2.

Given the study’s exploratory yet focused nature, semi-structured interviews were chosen to address the research questions while allowing participants to elaborate freely (Bell et al., 2019). Prior to the interviews, participants received a broad overview of the topic to ensure transparency while minimizing priming effects. They were also encouraged to prepare two investment cases, preferably within consumer-facing industries, to facilitate discussion around venture evaluation and funding decisions. However, few participants had prepared cases or had direct experience with consumer-facing investments.

Particular attention was paid to the interview guide due to the sensitive nature of gender inequality and the risk of socially desirable responses. Questions were therefore designed to avoid leading formulations while maintaining a smooth interview flow (Bell et al., 2019). An informal meeting with an experienced investor was also conducted to refine the guide.

The final interview guide followed a structured sequence, beginning with background questions and ending with reflections on the causes of and potential solutions to the gender funding gap. The guide was prepared in both Swedish and English (see Appendix A and B).

Interviewee	Gender	Age	Experience (years)	Role	Fund orientation	Language	Date	Duration	
Interviewee 1	Female	31	11	Co-Founder	Industry-agnostic	Swedish	23/03	49:13	
Interviewee 2	Male	53	27	General Partner	Impact tech	Swedish	23/03	30:50	
Interviewee 3	Female	38	14	CEO	Industry-agnostic	Swedish	23/03	48:48	
Interviewee 4	Female	58	11	Co-Founder	Industry-agnostic	Swedish	23/03	30:05	
Interviewee 5	Male	28	5	Vice President	Tech generalist	Swedish	25/03	49:05	
Interviewee 6	Male	52	23	Partner	Tech generalist	Swedish	26/03	57:53	
Interviewee 7	Male	27	4	Investment Associate	Tech generalist	English	26/03	32:12	
Interviewee 8	Male	27	2	Investment Manager	Industry-agnostic	Swedish	26/03	37:21	
Interviewee 9	Female	28	3	Investment Manager	Tech generalist	Swedish	26/03	54:14	
Interviewee 10	Female	36	3	Partner	Consumer	Swedish	26/03	41:16	
Interviewee 11	Female	39	4	CEO & Founder	Impact tech	Swedish	30/03	38:54	
Interviewee 12	Male	36	12	Co-Founder	Industry-agnostic	Swedish	30/03	35:13	
Interviewee 13	Female	32	4	Investment Associate	Consumer	Swedish	30/03	40:59	
Interviewee 14	Male	30	6	Investment Associate	Tech generalist	Swedish	30/03	54:55	
		$\mu = 37$	$\mu = 9$						$\mu = 43:33$

Table 2. Summary of interviews ($N=14$).

4.4 Data Analysis

The interview data was analyzed using an inductive approach guided by the Gioia Methodology, which emphasizes systematic progression from raw interview data to higher-order theoretical concepts while maintaining analytical rigor (Gioia et al., 2013). The Gioia Methodology structured the coding process, while sensemaking theory served as the interpretive lens through which the findings were analyzed, examining how investors construct plausible explanations and justificatory narratives under uncertainty. Although sensemaking provided theoretical direction, coding remained inductive and grounded in participants’ own language, with theoretical interpretation applied primarily at later stages of analysis.

The analysis began by reviewing recordings, correcting transcripts, and conducting a thorough familiarization with the material. Relevant interview excerpts were then coded into first-order concepts closely reflecting participants’ own expressions. These were iteratively compared and grouped into more abstract second-order themes, and subsequently aggregated into four aggregate dimensions capturing recurring patterns across the data (Bell et al., 2019; Gioia et al., 2013; Spiggle, 1994). The coding was conducted in an Excel spreadsheet, facilitating a structured overview and forming the basis for the data structure visualizing the progression from raw data to theoretical insights (Gioia et al., 2013). In practice, once the aggregate dimensions had emerged inductively from the coding process, the sensemaking lens informed how these dimensions were interpreted and connected in the findings, specifically, how investors’ accounts could be read as plausibility-driven constructions, retrospective justifications, and cue-based

reasoning under conditions of uncertainty (Weick, 1995). Only selected quotes presented in the final report were translated into English with care taken to preserve tone and meaning.

Notably, the iterative process allowed the analytical focus to develop organically. As coding progressed, the most significant patterns extended beyond consumer-facing contexts, and the emerging themes were allowed to reflect the broader scope of the data.

4.5 Research Quality

The widely applied criteria of credibility, transferability, dependability, and confirmability were considered to ensure research quality and trustworthiness (Lincoln & Guba, 1985).

Credibility was supported by conducting in-depth semi-structured interviews that allowed participants to elaborate freely and by using illustrative quotes to keep interpretations traceable to participants' own expressions. Together, this contributed to findings that are believable and accurately represent participants' perspectives (Creswell, 2013; Lincoln & Guba, 1985).

Transferability was addressed by providing a detailed description of the sample and research context, enabling readers to assess the relevance of the findings for comparable settings (Creswell, 2013). While not statistically generalizable, the findings may be transferable to similar, well-developed VC ecosystems.

Dependability was supported by a systematic and transparent coding process guided by the Gioia Methodology, as well as a clearly defined interview guide and sampling strategy, in line with Lincoln and Guba (1985).

Confirmability was strengthened by adopting an inductive approach and grounding the analysis in participants' own expressions. This ensured a meticulous and transparent research process where interpretations were closely linked to the data (Creswell, 2013).

Finally, reflexivity was also considered throughout the process, as the authors acknowledged how their position as young women studying business with prior exposure to research on the gender funding gap may have influenced the interpretation of the material (Creswell, 2013).

4.6 Ethical Considerations

Ethical considerations were taken into account throughout the research process. Prior to the interviews, participants received a consent form explicitly stating the study's purpose and what types of data and personal data were to be collected and used. To ensure confidentiality, participants were anonymized and referred to using numerical identifiers throughout the report.

Identifiable information about individuals or firms mentioned during interviews was excluded.

During the interviews, care was taken to avoid placing participants in stressful or pressured positions (Malhotra, 2020). Disclaimers such as “This is a difficult question; we only want to hear your thoughts” and “There are no right or wrong answers” were used to accompany questions. Following the interviews, transcripts and video recordings were safely stored in line with Stockholm School of Economics’ policy and GDPR legislation. The data was only accessible to the authors and the supervisor, and was deleted upon completion of the study.

5 Findings

The following section outlines the findings from the interview analysis. Guided by the Gioia Methodology (Gioia et al., 2013), the findings are organized around four aggregate dimensions that emerged through the coding process (see Appendix C). By combining quotes to stay close to the participants’ own accounts with a sensemaking analytical lens, this section aims to examine and interpret how investors make sense of and construct investment practices and gender disparities through recurring narratives, explanations, and justifications.

5.1 Ecosystem Structure and Founder-Centric Investment Logic

The first aggregate dimension captures investors’ constructs around the VC ecosystem structure, investment logic, and founder evaluation. This dimension establishes the evaluative context within which gendered outcomes are produced. In this environment, investors must make sense of an ambiguous, dynamic market and unknowable founders using cues, frames, and templates, the very mechanisms that may reproduce the gap. The following four subsections group the eight identified second-order themes from the Gioia coding process (see Appendix C).

5.1.1 Stockholm Ecosystem as Capital-Rich but Selective

Investors consistently constructed the Stockholm VC ecosystem as mature and capital-rich; however, the abundance was clearly conditional on the founding team and idea quality. Across interviews, the following expressions emerged repeatedly:

“There is no shortage of capital in Stockholm for ideas with good founders and upside and if it’s a good founder and good upside then you will get money at the earliest stage.” (Interviewee 5)

The formulation suggests that founder quality is the precondition for funding, while the cues and criteria signaling such quality remain implicit. The investors’ constructions of founder quality

are further examined in Section 5.1.4. Meanwhile, investors also noted that the ecosystem’s maturity has paradoxically increased evaluative uncertainty:

“Today you can get much further technically, like easier so that it makes it even harder I think to assess the teams’ capacity and ability.” (Interviewee 10)

This suggests that even within a mature, capital-rich ecosystem, investors face increasing ambiguity, the very precondition for sensemaking, requiring them to rely on interpretative judgments. Alongside this framing of capital abundance, investors acknowledged that capital supply is skewed toward a certain group of founders:

“Mature, hungry, with maybe a bit of skewed capital distribution.” (Interviewee 1)

“Today it is, for that like group and the best entrepreneurs, the investors are standing in lines, long lines.” (Interviewee 6)

While “that group” was left undefined by this interviewee, the gendered dimension surfaced unprompted, suggesting that the gender skew is salient in some investors’ cognitive landscape:

“The gender distribution is just not at all representative of society. Yeah, I mean society at large has an uneven distribution of power and privilege, but it’s extra obvious in tech and extra also like on the investor side that is in our organization and in organizations like ours.” (Interviewee 6)

From a sensemaking perspective, the recurring construction of the Stockholm VC ecosystem as capital-rich but selective is not necessarily a contradiction, but rather reflects how investors maintain multiple interpretative frames at once.

5.1.2 AI Reorientation and Consumer Sector as Marginalized

Across interviews, a dominant theme was the reorientation of capital and attention toward AI and deep tech, with investors describing the ecosystem as fast-moving and increasingly shaped by sectoral shifts. As one investor put it:

“The big shift has kind of gone actually from more what one invests in. And like the AI hype, and that one has left B2B-SaaS companies more and more behind, that it’s not the holy grail [anymore].” (Interviewee 3)

Multiple investors described this shift as both opportunity-driven and socially reinforced, with global attention and competitive pressure reshaping investment priorities. Several investors mentioned how the success of Stockholm-born AI startups has attracted international interest,

fueling a chase for the next big AI unicorn:

“AI centered, there is very much excitement around like what AI can do, what becomes the next Lovable, the next Legora, so a bit FOMO-driven and many who are afraid of missing the next big AI wave.” (Interviewee 10)

The fear of missing out (FOMO) functions here as a sensemaking mechanism, as investors collectively constructed certain opportunities as urgent and legitimate because others are directing attention toward them. Consequently, AI becomes a narrative through which future returns are expected. In contrast, consumer-facing ventures were frequently constructed as marginalized. Notably, when some investors referred to successful Swedish consumer ventures, they mentioned Spotify, Klarna, and Kry, examples representing highly scalable, platform business models. This suggests that consumer-facing ventures were interpreted as investable when aligned with a technology-driven scalability frame. Investors explained how conventional consumer-facing ventures were associated with complexity, marketing intensity, and margin pressure:

“It’s a sector that many investors no longer dare to take on [...] Now you look much more at where there is a different scaling model.” (Interviewee 1)

One of the few investors who focused on consumer-facing ventures challenged this view by pointing to Sweden’s heritage of building strong consumer brands. This suggests that the investment landscape has been reshaped by AI, shifting focus away from consumer ventures:

“Most things are about AI and we as a clear consumer investor are kind of driving the thesis that we think that like given Sweden’s and the Nordics’ like legacy of producing very strong consumer companies, everything from IKEA, H&M to Spotify, Klarna so we think that there are very few early-stage AI native companies coming out that focus on consumer.” (Interviewee 10)

Overall, the descriptions paint a picture of an ecosystem with heavy focus on AI and deep tech, and a limited engagement and interest in consumer-facing ventures. A sensemaking lens reveals that AI operates as a dominant cue of scalability, speed, and outsized returns, supported by visible success cases and collective FOMO.

5.1.3 The Dominance of Venture Capital Return Logic

Across interviews, the logic defining what a fundable venture looks like was consistently constructed around the allocation of capital to ventures capable of generating outsized returns:

“We look for those companies that become unlimited upside and it’s often that you

have to say no to companies that are simply just fantastic companies, but they don't become big enough for our fund specifically to generate returns.” (Interviewee 5)

What is notable is what the investor openly acknowledged: even “fantastic” companies are explicitly rejected if they fail to fit the return profile. Another interviewee described this as structural, where only a small number of investments are expected to carry the fund. Investability thus becomes less about venture quality and more about perceived compatibility with an aggressive growth trajectory. The operational form is the hockey-stick growth template characterized by sudden and extremely rapid growth:

“Yeah, you know the difference between private equity and VC is very much about like hockey stick and up with the valuation and sell at some peak.” (Interviewee 3)

This template used to evaluate ventures is retrospective as it draws from past winners, and projects the same trajectories onto present candidates, mirroring a pattern-recognition logic. Another articulation compared the respective logic of governmental VC and private VC:

“Then there are government venture capital actors who have much more an equalizing agenda. If you are private capital then you will always allocate the money where you believe you get the best returns.” (Interviewee 4)

This quote suggests that private VC logic is constructed as neutral and self-evident. By framing private venture capitalists as merely following returns, the return imperative itself was bracketed outside the field of choice and accountability, which helps stabilize uncertainty by positioning return-seeking as natural and rational, despite relying on subjective interpretations of what constitutes future success. The VC return imperative thus operates as a cognitive master frame, a dominant interpretive logic that structures evaluation and how cues are read, that may position otherwise viable businesses as outside the scope before deeper assessment begins.

5.1.4 Founder Primacy and the Ideal Founder

In reflecting on evaluation, the founder emerged as the primary evaluative factor in early-stage investments across interviews. Simultaneously, investors acknowledged that founders cannot be reliably evaluated, constructing two claims sitting in tension. What filled the gap was a set of constructs drawn from past success. The founder primacy was consistently asserted:

“This I will say until I retire. The people. The team. The products can be as good as it gets, but if the team is not where it should be, wholeheartedly, going in, then it will never work.” (Interviewee 8)

In almost the same breath, however, investors recognized that the most important factor is also the least knowable:

“The absolute lesson is that entrepreneurs are always the most important. They are. But it’s hard to evaluate, because how am I to know that this person is what they claim to be, and will be able to push through?” (Interviewee 4)

The interviews show that a set of narrative constructs filled this knowledge gap. These were articulated by investors as criteria, but function as templates drawn from past winners, with the dominant templates of being an “outlier”, displaying “grit”, and having a “special personality”:

“We look at the person, in some way at the end of the day they should be an outlier at a global level [...] they should have something about them where you could argue that damn, this person is the best in the world [...] at this particular thing.” (Interviewee 5)

These cues recurred with striking consistency, but as evaluative criteria they simply cannot be verified in advance. The tension was most explicitly acknowledged by an investor who directly critiqued the irrationality of founder evaluation in VC:

“I hear a lot [...] at these kinds of VC events where it really is the case that they have different techniques for evaluating different founders and it’s very like, it feels very like hocus pocus.” (Interviewee 14)

Alongside the outlier template, the notion of founder-market fit emerged, the importance of the founder’s relationship with the problem they are aiming to solve:

“I think the best solutions come from people who are close to the problem, the challenge, or whatever it is one is trying to solve.” (Interviewee 1)

In principle, this proximity template should support female founders in consumer-facing markets where women predominantly have the first-hand domain expertise, which is discussed in Section 5.3.4. Overall, these accounts suggest that founder evaluation involves retrospectively constructing plausible narratives about future potential based on a set of cues. The template works as a blueprint for sensemaking. Under conditions of uncertainty, investors settle for plausibility, “the founder looks like a winner”, and moves on.

5.2 Justificatory and Explanatory Narratives of the Gender Gap

Where Section 5.1 traced the evaluative context within which the gender funding gap is reproduced, the second aggregate dimension captures how investors explicitly addressed and discussed

the gender funding gap when asked directly. The findings reveal that while the gap's existence was rarely denied, it was consistently explained through explanatory and justificatory narratives, often locating its causes outside their own evaluative practices. The four subsections that follow group the six identified second-order themes from the Gioia coding process (see Appendix C).

5.2.1 Pregnancy and Parenthood as Gendered Risk

A consistently named explanatory narrative concerns pregnancy, parenthood, and founder availability due to parental leave. Investors across interviews described how female founders, particularly at the typical age of motherhood, may be evaluated through a risk lens that is rarely applied to male founders:

“When a woman raises capital and then gets, like a man does not get, questions specifically about, maybe she was 31, when are you going to have children [...] that aspect you perhaps would not ask as a Swedish investor, but as foreign investors you definitely do.” (Interviewee 4)

In these accounts, investors explained how motherhood is treated as a potential investment risk, a cue applied asymmetrically, as paternity leave is rarely invoked in equivalent terms. While Interviewee 4 framed it as a foreign problem, this claim is challenged by the fact that multiple Swedish investors mentioned it as a possible consideration. One investor articulated the consequences of this cue and how an all-male-led venture may signal safety to investors:

“There is a bias among investors where you see okay, women who come in and run companies there is automatically a risk like when they want to have children or like that they are in that age, that they then drop out. And then it's much safer to bet on a team with only men.” (Interviewee 12)

One investor specifically brought up statistics regarding parental leave and explained how a completely rational decision-maker might consider this in their evaluation:

“If you look at the data you can see that of Sweden's extremely generous parental leave policy, you get almost 1.5 years of leave when you have a child, women take 70% today and men take 30%. [...] that I absolutely believe can affect decision-making in general, that one like, one unconsciously or like categorically counts on a woman who starts a family being away longer, like.” (Interviewee 10)

Only one investor explicitly articulated this as a background thought:

“You always have the background thought, which you shouldn’t have, obviously. Is the founder going to have a break, for example, pregnancy?” (Interviewee 7)

This demonstrates a recurring construction: clear articulation of awareness without action. Taken together, these explanatory narratives illustrate how investors recognized a bias but located it elsewhere, showing how investors may attempt to reduce uncertainty by interpreting founder availability and risk through a gendered lens, a salient but discriminatory cue.

5.2.2 Asymmetric Ambition, Confidence, and Risk-Taking Narratives

Across the interviews, investors made sense of the gender funding gap through ambition, confidence, and risk-taking narratives. The accounts did not portray women as less competent, but rather as more realistic, cautious, calculated, or control-oriented, with men being described as more confident and eager. Additionally, several investors expressed the belief that women are less inclined to seek external funding and more motivated to retain control of their ventures. One investor specifically addressed ambition level as lacking in women compared to men and highlighted potential sectoral differences:

“[...] generally what we encounter is that women most often do not have equally high ambition levels when it comes to running companies. Or that they want to run companies in sectors that do not have sufficiently high growth.” (Interviewee 12)

This quote illustrates how the gender gap is made sense of through a narrative where perceived ambition becomes a cue through which investors determine VC compatibility. Furthermore, women and men were constructed to have different approaches to pitching and networking:

“Women tend to present more realism and realistic figures, and you want to be able to back up your plan 100%. You would rather underpromise and overdeliver than the other way around and that men perhaps more often run the storyline the opposite way.” (Interviewee 10)

“There are quite a few, surprisingly many guys who write and are like, ‘I have the world’s best business idea. Can I come and pitch it to you?’ I have never had a girl who has written to me [like that].” (Interviewee 13)

While not necessarily deemed more reasonable, proactive behavior was described as rewarding male entrepreneurs, as they gain early access to investors and start networking early. From a sensemaking perspective, these narratives illustrate how investors interpret behavioral differences as cues of venture ambition, and ultimately VC fit. Confidence, even when exaggerated,

reads as a positive signal. Caution, even when it reflects competence, fails to align with a VC logic that rewards exceptional upside.

5.2.3 Bias Recognized but Displaced

Throughout the interviews, investors consistently acknowledged that some form of bias against women may exist, and two investors were even able to refer to differential question-framing in line with Kanze et al. (2018). However, the majority placed the responsibility elsewhere or resisted the idea that they themselves possessed bias. As such, a recurring pattern of displacement emerged, where investors simultaneously recognized biases and distanced themselves or their own firms from direct involvement:

“Personally, I have a very hard time, I have a hard time believing that we have any kind of discarding bias against women in our investment team. Our investment team is balanced, 50/50 now men and women, we always try to stay within a 40/60 swing. We invest in good founders, regardless of who they are.” (Interviewee 5)

This suggests that the investor explained and justified the absence of personal bias through the composition of the investment team itself, where gender balance was constructed as evidence of objectivity and fair evaluation. At the same time, it raises the question of whether an all-male investment team would have reached the same conclusion. Another investor essentially claimed to not see gender, contradicting the previous findings from Sections 5.2.1 and 5.2.2 which demonstrated that investors applied clear gendered cues:

“We see founders as founders, and then it’s just that we think what they are building is interesting and that the market is interesting. Then it does not matter who is running the company as long as it’s an awesome person.” (Interviewee 9)

Taken together, the pattern is consistent. Investors acknowledged the gender gap and recognized biases as real, consistent with data they had encountered. However, they also constructed a self-understanding in which their own decision-making remained meritocratic and objective. The cognitive tension between a biased system and an unbiased self is thus resolved through sensemaking by relocating bias to other teams and contexts.

5.2.4 Perceived Pipeline Scarcity and Minimization of the Gender Gap

A final and prominent set of explanatory narratives displaced the gap by relocating it, either upstream to the entrepreneurial pipeline, or downward in significance through minimizing it. The pipeline narrative located the gap in the pool of founders seeking capital in the first place:

“That is, the inflow doesn’t have a 50/50 distribution but rather a 10/90 distribution I would guess. And then we are at 20, so you almost have to go even further back in the value chain if you are to understand why it looks that way.” (Interviewee 2)

This framing explained an unbalanced deal flow as a cause of the gender funding gap, but also positioned investors as passive recipients of an upstream gendered distribution, absolving their fund of contributing to the gap since it ranks above average.

A parallel set of accounts questioned or minimized the gap. Upon being presented with gender funding gap statistics, one investor questioned whether the gap is a problem and highlighted how it depends on what the deal flow looks like:

“I actually don’t know if the gap exists at all, because I don’t have a very good grasp of those figures, but it depends on what you measure. Sure, the outcome looks a certain way, but what does the underlying data look like? If there are like 100 companies, of which ten of them have female founders, are out raising capital and then that leads to this, then you can understand why it looks that way.” (Interviewee 12)

That an active investor expressed uncertainty about a gap robustly documented across multiple Sweden-specific reports itself becomes evidence of how plausibility, not accuracy, governs sensemaking under uncertainty. Furthermore, the same investor questioned whether the gap is solvable at all, suggesting that men and women may be naturally drawn to different areas and career paths and that this, in itself, is not problematic. The investors themselves were positioned as neutral observers of a phenomenon, whose existence is treated as uncertain. A third account acknowledged the existence of the gap, but implied that addressing it would conflict with quality-driven selection:

“We have no set goal that we should have any form of gender distribution in the investments we make. It should be the companies’ business ideas that matter most.” (Interviewee 13)

This reasoning follows the return logic established in Section 5.1.3 and suggests that if capital is allocated purely on quality, intentional gender targets represent a deviation from that logic. This implies the gap is not addressable without compromising the evaluation’s objectivity, despite the previous analysis in Section 5.1.3 having shown the neutrality of those underlying criteria is itself a construction. Nevertheless, the pipeline explanation was contested by one interviewee, who explicitly labeled the deal flow argument as an excuse:

“And I unfortunately don’t think the deal flow problem is a problem. I actually think

it's an excuse, there are plenty of women.” (Interviewee 1)

This suggests that pipeline scarcity is only a problem if investors look too narrowly, highlighting that investors may be excluding a large base of potential entrepreneurs.

Read together, these narratives construct the gap as a result of upstream outcomes, rather than as a consequence of current evaluation practices. Pipeline explanations provide a plausible narrative that balances ambiguity around responsibility, as the gap can be recognized without requiring direct changes to individual investor behavior and decision-making.

5.3 Structural Mechanisms Reproducing the Gender Gap

Where Section 5.2 presented the findings of how investors spoke about the gender gap when explicitly prompted, this aggregate dimension turns to how everyday VC practices reproduce the gap structurally. The findings reveal that the gap is reproduced through pattern recognition, network proximity, founder archetypes, and sectoral sorting, potentially carrying gendered consequences while presented as natural. The nine identified second-order themes from the Gioia coding process were grouped into the four following subsections (see Appendix C).

5.3.1 Pattern Recognition and Reproduction of Success Templates

When investors were prompted to reflect on decision-making and founder evaluation, pattern recognition and reproduction of historical templates through serial entrepreneurship and past success emerged:

“In Stockholm there have perhaps been [...] ten companies that have received offers of financing from top VCs globally [...] half of them are repeat founders who have done something before.” (Interviewee 5)

Across interviews, prior experience within the startup ecosystem emerged as a comfort signal, providing recognizable patterns and cues that reassure investors and reduce the uncertainty inherent to early-stage evaluation. However, few serial entrepreneurs appeared to be women:

“There is also something when you chase that type of return [...] it's like one or two companies in the entire fund that should carry the returns [...] Probably also based on the track record of what type of companies and founder teams have generated that return before. [...] There I believe there are a bit fewer women who are serial entrepreneurs.” (Interviewee 11)

Nevertheless, one investor explicitly challenged the habit of pattern recognition, recalling an

ultimately successful investment that was discouraged from the start:

“Everyone believes that it’s pattern recognition that makes a successful investor. But as a closing story I can tell you that when I led the investment in [Company X] [...] Everyone without exception said ‘don’t do it’ [...] This is what we try to remind ourselves of when we lean on many years of experience when we look at a new investment.” (Interviewee 6)

However, this investor’s self-aware critique was found to be the exception to the rule, and most investors appeared to rely on pattern recognition to make uncertain future outcomes appear safer. Overall, these narratives represent sensemaking mechanisms where investors justified investment practices by relying on historical patterns and templates to reduce uncertainty and predict outcomes. Because past successful VC-backed startups have often been male-led, pattern recognition may structurally reproduce the same founder profile.

5.3.2 Networks, Proximity, and Homophily

Where the previous section examined pattern recognition as a cue applied during evaluation, this section turns to the mechanism determining which founders reach evaluation at all. Across interviews, networking and referrals emerged as central to deal discovery, generating trusted recommendations and functioning as pre-evaluative filters shaped by proximity, exclusivity, and homophily. One investor framed extensive networking as a competence signal:

“And it’s a very collaborative industry, VC. Everyone who is good spends a lot of time on their network within VC.” (Interviewee 2)

Furthermore, the networks were often described with notable proximity, both geographically and socially, suggesting VC investors operate in a close-knit circle:

“There are many nightmare examples [...] how people think that it has to be walking distance from Stureplan, otherwise I cannot invest.” (Interviewee 3)

Another interviewee highlighted the social proximity, emphasizing how industry actors have known each other for a long time, creating “mafias” around the previously successful startups such as Spotify, Klarna, and Depict AI. Furthermore, the notion of homophily surfaced, where investors reflected on the importance of liking, similarity, and personal chemistry when working closely with founders in early-stage investing:

“Most often you invest in people who you feel remind you of yourself. And who you feel you could grab a coffee or a beer with in your free time, that is if you push it

to the extreme. And then you look at okay, what does the stereotypical investor look like? Most often it has historically been a man.” (Interviewee 8)

This coffee or beer “test” treats personal chemistry as a screening criterion anchored in the investor’s own social identity. Overall, the importance of network, proximity, and personal chemistry suggests that evaluation begins before formal assessment. These factors function as cognitive filters that reduce uncertainty and generate relevant leads for the funds, but may also reproduce existing inequalities when networks are socially and geographically narrow.

5.3.3 The Male Default of Entrepreneurship

Several interviewees described entrepreneurship and the tech and AI sectors as implicitly male-coded, a default image that may constitute a structural mechanism in its own right. One investor explained how this stereotype is generally imprinted in the industry, while connecting it to the network and geographic proximity dimensions examined in Section 5.3.2:

“[...] but otherwise pretty stuck in like: Who is a good entrepreneur? A 35 year old man who has been at one of the fast growing companies, it does not matter what role the person had there, and has studied at these places and moves in these circles I would say.” (Interviewee 3)

This quote paints a picture of the founder archetype and identifies it as a social cognition carried by both genders. Another investor pointed out the rhetoric around “female entrepreneurship” as problematic, suggesting that gendering entrepreneurship reinforces rather than challenges the male default:

“In our industry, unfortunately you still say female entrepreneurship. [...] suddenly entrepreneurship has a gender, or as soon as it comes to women. But when you say entrepreneurship in general it’s just, ‘it is male’, that is the default.” (Interviewee 1)

Investors described the startup scene, tech, coding, and finance as male-coded, making sense of the gap and entrepreneurship through these narratives. Such accounts suggest that certain norms and stereotypes affect the upstream pipeline, but also that they become institutionalized, thus affecting investors’ evaluation downstream:

“Since maybe two years ago it feels like there are also very many young people who want to start companies and there it’s extremely many young guys [...] also quite a lot of focus now on like the ‘cracked engineer’ who is like, guys.” (Interviewee 9)

From a sensemaking perspective, these archetypes provide investors with familiar interpretive mental cues in ambiguous scenarios but may disadvantage female founders who do not conform to the stereotype, thus signaling uncertainty.

5.3.4 Sectoral Clustering and Devaluation of Female-Coded Markets

The final structural mechanism operates through sectoral sorting. Women were described as more present in consumer, impact, life science, and health, while AI and deep tech were characterized as male-dominated. Given the VC logic established in Section 5.1.3, which demands extreme growth in scalable sectors, capital flows disproportionately to the latter. Several investors noted this sectoral gender distribution:

“Of our last 20 investments, 18 of them have been AI companies, companies that build software with AI. And there we have seen a big shift that there are fewer women.” (Interviewee 5)

Furthermore, women were generally described as wanting to take a different startup approach than men:

“I also think that women in certain respects build a different type of company. [...] we are missing the AI race for example. There are few women who are building AI companies that are taking in the big money.” (Interviewee 4)

Other investors described women as pursuing less binary growth trajectories or building ventures with a more creative or impact-oriented focus. Consumer-facing ventures were also important in this dimension. However, even in the account of an investor specifically focusing on consumer markets, there was a notably skewed portfolio gender distribution:

“[...] right now if I count the companies that are active I would say that around 70/30 in male favor. [...] But it’s interesting for us who look specifically at consumer companies, that it still looks the way it does.” (Interviewee 10)

Although investors acknowledged that women should have closer proximity to certain consumer problems, sectors as retail were throughout interviews described as more marketing-heavy or less scalable. As a result, female-coded market knowledge was recognized as valuable while practically being discounted within VC evaluation. One investor described:

“[...] I would be able to at least make a case that a large part of the important purchasing decisions in a household for example, are made to a greater extent by women than by men. So, there are so many like baseline conditions for those companies to

be built by women.” (Interviewee 6)

This illustrates a contradiction in that female consumer power should favor female founders in certain consumer markets, yet those markets are simultaneously de-prioritized. Investors made sense of certain sectors as less compatible with VC return logic, and because women tend to cluster in those sectors, it may contribute to the persistence of the gender funding gap.

5.4 Pathways Forward and Their Limits

Where Section 5.3 examined the structural mechanisms through which the gap is constructed to be reproduced, the fourth aggregate dimension turns to the pathways investors propose for closing it, and their limitations. Investors were asked to reflect explicitly on what change would require, and a distinguishable pattern emerged: most proposals located change somewhere else than investors’ own daily practice. The seven second-order themes from the Gioia coding process are clustered into the four subsections that follow (see Appendix C).

5.4.1 Female Representation and Visibility

Investors repeatedly framed increased female representation and visibility among founders, investors, and decision-makers as self-reinforcing and necessary for changing patterns, networks, and evaluation processes. Several investors constructed the logic of “you can’t be what you can’t see”, emphasizing that role models, both as successful female founders and in senior investment positions, is a crucial mechanism to close the gap:

“[...] if there is not a fairly even distribution at the top then it’s difficult, like it trickles down. If one partner out of six is a woman, it will reflect itself further down.” (Interviewee 10)

Investors reasoned that more female GPs would attract female founders and diversify evaluative perspectives, both by being more approachable and by bringing different interpretive lenses to investment decisions. It was also argued that equality needs to reach as far as the funds’ investment committees for a meaningful change to occur. However, the limitations of female investors backing female founders were highlighted by one investor, who described a double penalty mechanism:

“If it’s women who lead the first round in a female-founded company then they have a harder time raising their next round. Because it’s considered that they only got the first round based on bias. [...] it’s very like a double punishment that female-founded companies have today.” (Interviewee 3)

This suggests initiatives aiming to emphasize female investors' investments in female-founded ventures may backfire. Moreover, several interviewees emphasized the importance of visible female entrepreneurial success in inspiring more women to start companies, addressing the pipeline issue discussed in Section 5.2.4. One investor argued that there is a need for female-led startups to achieve the same level of prominence as previously successful male-led ventures, suggesting that prevailing notions of entrepreneurial success continue to be shaped by historically male-dominated success stories:

"I believe that if there are more female entrepreneurs who build truly equally established companies as like Lovable and Legora have become now then it can really be more women who also feel like, well damn, if she can do it, then I can do it too."

(Interviewee 9)

Others argued that there are plenty of female founders in the ecosystem, but that they do not attain the same visibility and attention in media. The logic of a critical mass was also put forward, as some investors argued that a few successful female entrepreneurs are not enough:

"So you can only ask so much of someone who has been successful in like giving back and being a role model. [...] It requires like, it's not enough that it's one or a couple. It requires like a whole carpet bombing for this to work." (Interviewee 6)

In these accounts, investors were not only making sense of the gender gap retrospectively, but also proposed narratives about what could close it. More visible women at both sides of the funding process were expected to reshape networks, create role models, and provide diverse evaluative lenses. Simultaneously, these narratives risk placing responsibility on future potential women, instead of directly questioning the current investment practices of active investors who largely decide who receives visibility.

5.4.2 Upstream Change and the Burden on Women

Across interviews, investors frequently located potential solutions in upstream processes, including childhood socialization and education, or in women's own choices. While investors recognized structural inequalities, responsibility for change was often placed upstream, not inside the investor's own evaluation. Some investors located the starting point in childhood, addressing the differences between how boys and girls are spoken to at a young age:

"Or how do we talk to boys and girls even around building companies, capital, private capital and so on? And then it will like go upward." (Interviewee 1)

Another common theme was choice of education, where investors reflected on the skewed gender distribution in technical and financial studies, shaping who enters the ecosystem:

“I believe there need to be more girls who enter and study like technical programs at school and who study finance. [...] if you had done a marketing push on both of those two and got people to understand that neither tech nor finance is like scary or like male dominated in that way.” (Interviewee 13)

Burden of change was also placed on women in terms of adapting their behavior, such as becoming more confident, pitching earlier, taking more risk, and building more scalable ventures. The implicit rationale was that the criteria of VC are set, implying that women need to adapt to the world of VC and its investment logic:

“In some way strengthen the confidence and you do not need to have everything in place before you step forward. [...] You can have 80% good and go out and talk instead of perhaps waiting until it’s 100.” (Interviewee 8)

Nevertheless, one investor explicitly highlighted the issue of placing fix-it burdens on women, arguing that it should be recognized as an industry-wide problem:

“Another challenge has been over the years [...] that you put the responsibility back on the women. ‘You need to attend all these events’, ‘you need to make your pitch deck differently’ and so on. Absolutely that you can tweak some things, but the problem lies, it’s not like a women’s issue. It needs to become like an industry issue for this to actually move forward.” (Interviewee 1)

Overall, investors made sense of change by shifting responsibility away from current investment practices toward upstream factors or onto women themselves. From a sensemaking perspective, the problem is thus bracketed as external to current decisions, and consequently so are its solutions. Although investors acknowledged structural inequalities, proposed solutions often became individualized. This reflects how actors preserve existing institutional logics by framing the problem as external, implicitly positioning women to adapt to settled evaluative criteria.

5.4.3 Structural Incentives and Reframing the Venture Capital Logic

In contrast to solutions focused on women, some investors argued that meaningful change requires altering the incentives and structures inside the VC ecosystem itself. These accounts placed change closer to the investors’ daily practices than those presented in previous subsections. Investors discussed raising priority of the issue through discussion, as well as incentive

and accountability logic, reframing the institutional logic of VC with the underlying assumption that VC behavior changes when incentives change:

“I believe that what drives people is unfortunately incentives, in some cases too much, so I think that somewhere you need to connect this focus to monetary terms in some way.” (Interviewee 8)

Through such accounts investors framed change through KPIs, targets, Limited Partner (LP) demands, and monitoring systems, and argued that diversity work becomes prioritized only when tied to the institutional drivers of returns, compensation, or reputation. One investor had an interesting example of a managerial approach to change, drawing on monetary incentives:

“[Fund X] has a structure where their management, that is GPs, general partners, do not receive their full carry unless they have met certain requirements [...] gender equality in boards and so on.” (Interviewee 14)

Some investors moved beyond financial incentives within the current system and instead discussed a more inclusive VC industry, for example characterized by work-life balance and equal parental leave. One investor also mentioned building alternative value frameworks to attract women:

“[...] because that is kind of why we also try to build up an impact ecosystem where the impact companies are the heroes, not like Klarna, but we want it to be companies that have as part of their business model that they make the world better.”
(Interviewee 2)

Taking it one step further, one investor explicitly questioned whether women should adapt to existing VC norms at all:

“[...] I hear about at various events and such, it is that you should get women to become more like those entrepreneurs who are men who have succeeded. That you should like work harder and you should take more risk [...] I don’t know, do we need more such people in society or [...] those who say no to that lifestyle, are they not the ones who are actually right? Should we not all take it a little easier and like take care of our family a little more and like be, not work 80 hours a week?” (Interviewee 14)

This was the most striking account in the data of this matter, questioning the underlying logic and desirability of the VC model. The same investor also captured the ambivalence of the field, which is a general openness to greater equality, but inability to see how that could be achieved.

Overall, through these accounts, investors were actively interpreting and negotiating the system while attempting to question and reshape dominant narratives around entrepreneurship and VC. Thus, they can be interpreted as retrospective sensemaking processes, while simultaneously proposing and framing future narratives and understandings.

5.4.4 Macro Headwinds Constraining Progress

Lastly, many investor accounts were pessimistic regarding short-term progress and located constraint in current macro conditions that actively reinforce existing inequalities, including the AI investment boom, geopolitical uncertainty, and economic instability. The rise of AI was a prominent theme, characterized by heavy capital allocation, male-dominated founder pipelines, and intensified investor focus on technical founder archetypes. Investors expressed concern regarding the intensified focus and its potential to widen the gap:

“I see absolutely no improvement and even more so as we touched on, the AI bubble has rather deepened this since there are few women who are building AI companies and such a large share of the capital goes there.” (Interviewee 4)

Investors reasoned how since AI has made it possible to build extremely fast-growing companies, the shift in attention and capital toward it has decreased focus on societal issues, including equality:

“Everyone has let go of important issues because you have like a FOMO and hubris around finding these large and fast-growing companies.” (Interviewee 1)

Investors also pointed to geopolitical uncertainty and economic instability as drivers of backlash against diversity initiatives. These accounts argued that under periods of uncertainty, investors may rely more heavily on familiar cues to reduce ambiguity and perceived risk:

“Unfortunately, I believe that the backlash that we see like in the world and the macroeconomic situation can make people become more conservative. That you invest more and more in like what you are used to, what feels safe, and then it will unfortunately go back and become more investments in the usual suspects.” (Interviewee 3)

The same investor cited Covid-19 as an example, noting an observable shift toward male CEO recruitment during the crisis. This links back to the structural mechanisms in 5.3, where investors described relying more on familiar categories, historically successful founder archetypes, and established networks to balance uncertainty and risk.

Overall, investors located an obstacle to progress in external macro conditions. Yet, simultaneously, they supported the idea of change and accounted for its absence. This suggests that even investors who recognized and supported greater equality in VC, which many interviewees seemingly did, perceived and constructed change as constrained by broader market and societal conditions.

6 Discussion

This section builds on the findings and interpretations from Section 5, and discusses how they can confirm, extend, or complicate previous research presented in Section 2. Ultimately, the section’s purpose is to answer the initial research questions: (1) how VC investors construct, justify, and make sense of investment practices and gender disparities in VC, and (2) what mechanisms investors perceive as reproducing or mitigating these disparities.

6.1 Sensemaking as the Operating Mode of VC Evaluation

A core observation across the presented findings is that VC evaluation, as practiced by the investors in the sample, is fundamentally a sensemaking activity. The literature already establishes the conditions under which sensemaking can be expected: high information uncertainty, absence of verifiable performance metrics, and reliance on intuitive judgement (Cavigglioli et al., 2020; Colombo, 2021; Fisher & Neubert, 2023; Matusik et al., 2008). The interviews not only confirm these conditions but demonstrate that they shape daily evaluation rather than merely existing as an underlying factor. Several investors openly acknowledged the unknowability of early-stage assessment: “How am I to know that this person is what they claim to be?” (Interviewee 4), while simultaneously holding that the founder is “The absolutely most important factor, by far” (Interviewee 5). Taken together, these two statements define the precise space in which sensemaking operates, in which the variable said to matter most is also the hardest to verify.

Within this space, investors settle for plausibility rather than accuracy in line with Weick et al., 2005. Plausibility is generated through a small set of recurring narrative constructs, including the “outlier”, “grit”, and a “special personality”, articulated as if they were objective criteria, yet practically functioning as retrospective templates derived from past winners. The finding aligns with Gompers et al.’s (2020) observation that VC investors weight the founding team most heavily and prefer founders they have worked with before. This study extends this by showing how the weighting is cognitively sustained. Founder evaluation is not an analytical

procedure that by default favors familiar profiles, it is a sensemaking activity that relies on such profiles to function under uncertainty. This template-driven reasoning and reliance on “the usual suspects”, as expressed by Interviewee 3, was described by investors to be intensified during periods of increased uncertainty, in line with the fundamentals of sensemaking (Fisher & Neubert, 2023; Weick, 1995), where several investors named the current geopolitical and economic instability as undermining the priority for diversity initiatives.

This study also extends Cooiman’s (2024) account of the “hypergrowth” VC logic. Cooiman (2024) treats the pursuit of hypergrowth as an essential, structural feature of the logic. The findings from this study indicate that this requirement additionally operates as a cognitive master frame that is consistently bracketed out of personal accountability, through which ventures are screened. Interviewee 4’s contrast between governmental and private VC funds illustrates this: “If you are private capital then you will always allocate the money where you believe you get the best returns”. Here, the logic is presented as neutral and self-evident, despite resting on the interpretive choices observed in Section 5.1.4. By framing return-seeking as natural, investors justify their evaluative practice without subjecting its underlying criteria to scrutiny. Taken together, these observations establish sensemaking as the operating mode of VC evaluation in this sample, with the hypergrowth logic functioning as a cognitive master frame through which investors both construct and justify their investment practices. This begins to address the first research question and forms the interpretive foundation against which the gendered patterns examined in the following subsections are read.

6.2 Confirming and Extending Structural Explanations

The literature presented in Section 2.1 explains the gap through structural factors such as VC’s hypergrowth orientation, women’s underrepresentation in growth-oriented and STEM-intensive sectors, and differences in initial venture orientation (Brush et al., 2019; Cooiman, 2024; Guzman & Kacperczyk, 2019; Wajcman et al., 2026). The findings confirm each of these mechanisms while showing that investors do not merely inherit them as structural conditions, they actively reproduce them through how they describe and interpret the market in real time.

Sectoral clustering is observable through the interviewees’ descriptions of their own portfolios. Several investors initially described their funds as industry-agnostic, yet later reported portfolio concentrations in male-dominated sectors, particularly AI and deep tech. This aligns with Wajcman et al.’s (2026) characterization of AI funding as “male-lens investing” and complements Guzman and Kacperczyk’s (2019) finding that 65% of the gap stems from differences in initial startup orientation. The findings extend this work by showing that sectoral reorientation is

constructed as urgent, socially reinforced, and FOMO-driven. Traditional retail and consumer-facing ventures are correspondingly constructed as marketing-heavy, margin-pressured, and insufficiently scalable. From a sensemaking perspective, sectoral clustering is therefore not only the outcome of past investor preferences, but a pattern that investors enact through continuously interpreting AI as the next frontier and consumer-facing ventures as outside the VC master frame.

The findings also indicate a more specific tension within sectoral interpretation, which this study conceptualizes as the consumer-facing paradox. Investors acknowledged that women to a large extent hold consumer knowledge and power in certain consumer-facing sectors and would therefore plausibly have credible founder-market fit in such industries. Yet, the same sectors were systematically interpreted as falling outside the VC master frame. Female-coded market knowledge is thus recognized as legitimate and discounted as not VC-scale in the same breath. The pattern is observable even in the account of one investor specifically focused on consumer markets: “[...] right now if I count the companies that are active I would say that around 70/30 in male favor. [...] But it is interesting for us who look specifically at consumer companies, that it still looks the way it does.” (Interviewee 10).

The paradox deepens when read against the performance literature in Section 2.5. Female-led ventures have consistently been shown to not underperform male-led ones, and in some studies to outperform on capital efficiency (Boston Consulting Group, 2018; Brush & Elam, 2024; Ewens & Townsend, 2020; Robb & Watson, 2012). Investors in this sample did not contest this evidence, in fact, several referenced it unprompted. However, that knowledge did not translate into evaluative cues. A sensemaking interpretation could clarify why: investors construct templates around exceptional winners, “outliers”, rather than around average success. If extraordinary winners are predominantly held as male, evidence of strong female average performance is unable to disrupt the template. The relevant benchmark in investor cognition is thus the outlier, not the mean.

Nevertheless, the aspect of the consumer-facing paradox which initially motivated this study, the persistence of the gap within sectors with high female presence such as beauty and personal care (Founders Forum Group, 2025), remains underexplored because of the sample. Few interviewees were able to discuss investments within such sectors, and the within-sector dynamics can therefore not be directly observed in this data. The within-sector question is thus taken up in Section 7.4 as a direction for future research.

Taken together, these observations show that structural conditions are not passively inherited

but actively reproduced through investors’ interpretive work. This continues to address the first research question and begins to address the reproducing half of the second question.

6.3 Networks and Homophily as Pre-Evaluative Filters

Another well-established stream of literature explains the gap through network access and the tendency for homophily (Calder-Wang & Gompers, 2021; Ewens & Townsend, 2020; Gompers et al., 2020; Howell, 2024; Karlstrøm et al., 2023). The findings confirm that deal flow in the Stockholm ecosystem is shaped by network visibility: investors described referrals, local “tribes” around previous unicorns, in line with Cooiman (2024), and high geographic proximity as central to which founders become visible in the first place. Furthermore, the coffee or beer “test” articulated by Interviewee 8 illustrates how homophily and liking affect investors’ evaluation of founders in early-stage VC, and confirms the previous research (Fisher & Neubert, 2023; Franke et al., 2006). The potential negative effects of gendered homophily identified by Snellman and Solal (2023) are confirmed by Interviewee 3, who highlighted that well-intentioned initiatives to increase female investor support for female entrepreneurs can backfire due to perceived bias of female investors.

The findings thus confirm previous research by showing that network and homophily mechanisms function as both a pre-evaluative filter and a source of relational bias. The study extends prior research by illustrating how investors narrate these mechanisms as natural and quality-driven, with Interviewee 2 explicitly framing devoting time to networking as a signal of investor skill, thereby embedding sourcing practices within a sensemaking frame that overlooks their exclusionary potential. When formal evaluation begins, the set of candidates has already been shaped by personal recommendations and social and geographical proximity, thus potentially ruling out women if underrepresented in investors’ current networks.

Furthermore, the findings show how homophily and the ideal founder archetype interact. The description of the default entrepreneur such as “a 35 year old man who has been at one of the fast-growing companies” articulated by Interviewee 3, suggests that this archetype is held as a shared social cognition by both male and female investors. This complicates the conventional gender-similarity interpretation of homophily that elicits positive feelings (Calder-Wang & Gompers, 2021; Ewens & Townsend, 2020), and is rather in line with research on cognitive bias from Malmström et al. (2017) and Kanze et al. (2018) who show both male and female investors possess disadvantageous biases toward female entrepreneurs. Liking may thus operate not only through gender-based homophily, but also through attraction to founders who conform to internalized archetypes of entrepreneurial success.

6.4 The Displacement Pattern

The literature on cognitive bias and gender stereotypes by authors such as Alsos and Ljunggren (2017), Balachandra et al. (2019), Kanze et al. (2018), and Malmström et al. (2017) has shown that investors may exhibit gendered biases through mechanisms such as differential question-framing, attribution of dependency to female entrepreneurs, and penalties for feminine-coded behavior in pitching. Through investor accounts, this study indicates that gendered bias mechanisms operate day-to-day in Stockholm, thereby confirming previous research.

Beyond confirming this body of work, however, the study identifies a recurring pattern, termed here displacement, that has not, to the authors' knowledge, been explicitly named in the gender funding gap literature. This pattern constitutes one of the two key theoretical contributions of this study. Although awareness of bias and inequality was generally high, with two investors explicitly referring to findings in line with Kanze et al. (2018), the issue was not acknowledged or accepted as part of investors' own evaluative practices. This is illustrated by Interviewee 5 stating: "I have a hard time believing that we have any kind of discarding bias against women". Instead, biases were displaced elsewhere, among other investors, funds, or within the broader ecosystem. In this sense, the findings extend existing literature by showing how awareness of the gender gap can coexist with continued reproduction and displacement of it. The findings further nuance the "chicken and egg problem" described by Ewens and Townsend (2020), where it remains unclear whether women receive less funding because fewer enter the pipeline, or because investors, who are mostly male, are biased. Rather than resolving this ambiguity, investors' accounts often displaced responsibility upstream, allowing unequal outcomes to be recognized without directly questioning their own practices. From a sensemaking perspective, displacement resolves the tension between two simultaneously held claims: that the VC system is unequal, while their own decisions remain meritocratic and objective.

The displacement pattern was just as present in accounts of how the gap might be mitigated, as most proposed solutions were located outside investors' own day-to-day evaluation practices. Common narratives included placing responsibility upstream, such as childhood socialization, education, or pipeline composition, or onto women themselves through expectations of pitching earlier, displaying greater confidence, or building more scalable ventures compatible with the VC logic. Thus, while investors generally expressed positive sentiment toward change and acknowledged the benefits it would bring, responsibility for both the problem and its solution was frequently displaced from themselves. Therefore, the findings extend existing literature by illustrating how the gender funding gap is not merely reproduced but enacted (Weick, 1995) and

sustained through the very sensemaking processes that allow investors to acknowledge inequality and biases while distancing themselves from it. This addresses the mitigating half of the second research question and further extends the first research question’s third dimension by showing how investors make sense of gender disparities through the displacement of responsibility.

6.5 Returning to the Research Questions

Collectively, the findings allow the two research questions to be answered. In response to the first research question, investors construct, justify, and make sense of investment practices through a coherent, plausibility-driven narrative organized around a return-maximizing master frame and a set of founder templates inherited from past winners. Gender disparities are not denied, but are made sense of as upstream, sideways, or a behavioral product of factors outside the investor’s own evaluative responsibility.

In response to the second question, the mechanisms investors perceive as reproducing the gap, that is pattern recognition, network and proximity filters, the male-coded founder archetype, and sectoral devaluation of female-coded industries, operate as everyday evaluative practice rather than as overt or intentional bias. The mechanisms investors perceive as mitigating the gap are in contrast predominantly constructed to be located outside their own daily practice: in representation, upstream socialization, women’s behavior, or top-down incentives.

7 Conclusion

7.1 Summary

This study examines how VC investors construct, justify, and make sense of investment practices and gender disparities in VC, and what mechanisms they perceive as reproducing or mitigating the gender funding gap. Drawing on 14 semi-structured interviews in the Stockholm VC ecosystem and applying Weick’s (1995) sensemaking theory, the findings show that the gap is maintained not only through explicit bias or pipeline scarcity, but through everyday evaluative practices that appear natural, rational, and meritocratic.

Under uncertainty, evaluation is not the application of objective criteria but the active production of plausibility through pattern recognition, network and proximity filters, the male-coded founder archetype, and the sectoral devaluation of female-coded industries, all rendered self-evident by a return-maximizing master frame. Investors widely acknowledged gender inequality in VC yet consistently displaced mitigating responsibility outside their own evaluative practice,

to upstream socialization, women’s behavior, pipeline composition, or top-down incentives. Stockholm sharpens this: in a context with strong equality norms and a mature ecosystem, the gap persists not despite the ecosystem’s maturity but partly through it, as entrenched templates and developed networks make evaluative practices feel obvious rather than chosen. The gap endures because the very sensemaking that allows investors to acknowledge it also enacts its persistence (Weick, 1995).

Society has made measurable progress toward gender equality, yet within VC the same progress remains elusive. Because investors function as gatekeepers, the interpretive work partially documented here shapes the extent to which women and men are given equal opportunities to succeed in business and, by extension, in society at large.

7.2 Theoretical Contributions

The study provides two meaningful contributions to existing literature on the gender funding gap within VC.

First, the study introduces a sensemaking perspective (Weick, 1995) to existing literature on the gender funding gap by explaining how previously identified mechanisms continue to be reproduced within everyday investment evaluation under uncertainty. Prior research has identified mechanisms that reproduce the gap, such as structural, network and similarity-based, stereotype-based, and performance-related (e.g. Calder-Wang & Gompers, 2021; Gompers et al., 2020; Guzman & Kacperczyk, 2019; Robb & Watson, 2012; Wajcman et al., 2026), but has less explicitly addressed how investors interpret and maintain these mechanisms in practice despite awareness of inequality, and counterevidence of female-led underperformance. By applying sensemaking theory, this study shows how investors rely on cues such as gender, parental status, sectoral orientation, experience, and founder behavior to construct plausible evaluations under conditions of the ambiguity and uncertainty inherent to VC.

Second, the study identifies a recurring interpretive pattern across the interviews, termed displacement. While previous literature on cognitive bias often observes investor behavior and largely treats bias as implicit or operating beneath awareness (Balachandra et al., 2019; Kanze et al., 2018; Malmström et al., 2017), this study reveals that investors themselves frequently acknowledge the existence of gender bias and the gap at an industry level while simultaneously distancing their own practices from contributing to it, in line with observations by Karlstrøm et al. (2023). The study extends the existing literature by framing this through Weick’s (1995) sensemaking theory, illustrating how awareness of bias and its reproduction can coexist through

retrospective justification and relocation of responsibility. Thus, bias is not necessarily eliminated by recognition, but can cognitively be managed while existing practices remain intact. This is a dynamic that existing literature has, to the authors' knowledge, rarely been explicitly theorized in the context of the gender funding gap.

7.3 Managerial Implications

The analysis presented in this study has several practical implications for actors within VC ecosystems. The following managerial implications draw on the findings to identify where interventions to address the gender funding gap may be promising, and where they may face limitations:

1. **Awareness alone appears insufficient.** The findings and discussion show that bias can be recognized and relocated, almost in the same breath. While several investors mentioned awareness and continued discussions as important going forward, the displacement pattern identified in Section 5.2 suggests that awareness alone has limited effect in practice. Consequently, as investors continue to operate within the reproducing mechanisms despite naming them, interventions relying primarily on awareness or discussion may be structurally insufficient to close the gap.
2. **Interventions targeting the VC master frame.** The findings suggest that interventions tied to the underlying incentive structure may align more closely with the ecosystem's dominant master frame, working with it rather than against it. Investors repeatedly framed return-maximization and financial incentives as the underlying logic driving investments. Notably, the carry structure linked to equality KPIs presented in Section 5.4.3 was the only concrete fund mechanism proposed throughout the interviews. Top-down pressure from LPs or incentive systems may therefore influence decision-making and what is interpreted as return-maximizing behavior. Such interventions potentially bypass the displacement problem by shifting how investors and funds themselves are evaluated, rather than relying on investors to evaluate founders differently.
3. **Deal sourcing practices shape who becomes visible.** The findings suggest that efforts to address the gender funding gap cannot consider only evaluation processes but must consider how investors meet founders in the first place. As shown in Section 5.3.2, referrals, personal networks, and proximity were described by investors as central to deal flow. Sourcing practices thus function as a filtering mechanism before formal assessment begins. Therefore, VC firms seeking to broaden access may need to examine whether their

existing sourcing channels systematically reproduce familiar founder profiles and networks.

7.4 Limitations and Future Research

When interpreting the findings, several limitations should be considered. First, the sample is restricted to the Stockholm VC ecosystem, meaning findings may not fully translate to other ecosystems or institutional contexts. Second, although the sample was gender-balanced, this composition does not mirror the broader Stockholm VC industry, where 81% of GPs are men (European Women in VC, 2022). The perspectives captured may therefore overrepresent investors more reflective on questions of equality than the average industry actor. Third, 13 of the 14 interviews were conducted in Swedish, with quotes selectively translated into English. Despite care taken to preserve tone and meaning, some interpretive slippage between the original phrasing and its English translation cannot be ruled out. Fourth, since the analysis relies on narratives and explanations from interviews, findings reflect how investors describe and rationalize decisions rather than the direct observation of actual investment behavior, leaving room for an attitude-behavior gap between stated reasoning and enacted practice (Ajzen, 1977). In relation to this, the study does not link investors' accounts to objective outcome data such as actual funding decisions and performance, and as a result, does not capture whether these accounts correspond to measurable patterns in capital allocation. Finally, there is a risk of social desirability bias, given the sensitivity of gender inequality, where interviewees may have moderated responses in socially acceptable ways (Bell et al., 2019).

Future research is encouraged to build on this study in four directions. First, expanding the actor lens beyond the investor to LPs, investment committees, accelerators, or angel investors, could deepen understanding of how the gap is constructed across the ecosystem rather than at the evaluator level alone. Second, the within-sector question that initially motivated this study could not be directly addressed in the present data. Consumer-specialist funds were limited in the Stockholm ecosystem, and even the industry-agnostic investors that were interviewed reported few active consumer-facing investments. Broadening the geographical scope to capture more consumer VC funds would allow the evaluation of the gap's persistence within sectors with high female presence. Third, as several investors in this study suggested that female founders tend to pursue different types of ventures, sectors, or growth trajectories, future studies could examine through a similar approach whether men and women on the supply-side systematically present different startup ideas, and whether such differences help explain the funding gap. Fourth, given that the AI reorientation emerged in the findings as a key constraint on progress toward equality, future research could examine how AI investment narratives specifically repro-

duce gender disparities within VC funding.

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9 Appendix

Appendix A: Interview Guide in English

Interview Guide (English)

Background

1. How would you describe the venture capital ecosystem in Stockholm today?

What characterizes it?

How has it changed over time?

2. How would you describe your investment focus and portfolio?

Typical industries?

Typical stage of companies?

3. How do you most often come in contact with entrepreneurs?
-

Venture Evaluation in Consumer-Facing Industries

4. What characterizes ventures in consumer-facing markets compared to other sectors?
-

5. When evaluating startups in consumer-facing industries, what factors are most important in your assessment?
-

6. How much does the founder influence your investment decision compared to other factors?

What characteristics/qualities among founders signals strong potential?

Investment Cases and Portfolio

7. Could you walk us through the first investment case you prepared and how you came to your final evaluation?

Could you tell us about the founding team and how you evaluated them?

What aspects of the venture gave you confidence?

Were there any uncertainties or concerns during the evaluation?

8. Now, could you walk through the other investment case you prepared and how you came to your final evaluation?

Could you tell us about the founding team and how you evaluated them?

What aspects of the venture gave you confidence?

Were there any uncertainties or concerns during the evaluation?

9. In your portfolio, how would you describe the gender distribution among founders?

What do you think explains that?

Does it reflect deal flow or investor decisions?

In your perception, are there noticeable/observable differences in the gender distribution between different industries/sectors?

10. Could you walk us through the process of a considered investment where the team was mixed or all female, but it was not seen through in the end?
-

Interview Guide (English) (continued)

What happened?

Where in the process was the investment ultimately rejected/who rejected the investment?

Gender Funding Gap

11. Research and several reports show a gender funding gap exists within VC. A report by Unconventional Ventures highlights that between 2022 and the first half of 2023 in Sweden, only 6.2% of all financing rounds were dedicated to all-female founder teams, yet within this period, merely 0.6% of total capital was ultimately allocated to them. Why do you think such a gap exists?

How does it manifest in the Stockholm ecosystem?

Do you work actively with this? If so, how?

Looking Ahead

12. What do you think would be needed to close the gender funding gap in venture capital?
13. How do you see the VC ecosystem in Stockholm develop in the coming years in terms of equality?
14. Is there anything we haven't discussed that you think is important for understanding how venture capital decisions are made?
-

Appendix B: Interview Guide in Swedish

Intervjuguide (Svenska)

Bakgrund

1. Hur skulle du beskriva VC-ekosystemet i Stockholm idag?

Vad karaktäriserar det?

Hur har det förändrats över tid?

2. Hur skulle du beskriva ditt investeringsfokus och din portfölj?

Typiska industrier?

Typiska faser för bolagen?

3. Hur kommer du oftast i kontakt med entreprenörer?
-

“Venture”-utvärdering inom “consumer-facing”

4. Vad karaktäriserar “ventures” inom “consumer-facing” jämfört med andra sektorer?
-

5. När du utvärderar ventures inom en “consumer-facing” industri, vilka faktorer är viktigast i din bedömning?
-

6. Hur påverkar grundarna ditt investeringsbeslut i jämförelse med andra faktorer?

Vilka karaktärsdrag och kvalitéer hos grundare signalerar stark potential?

Intervjuguide (Svenska) (fortsättning)

Investeringar och portfölj

7. Skulle du kunna ta oss igenom det första investerings-caset vi bad dig förbereda och hur du nådde din slutgiltiga utvärdering?

Kan du berätta om grundarna och hur du utvärderade dem?

Vilka aspekter av grundarna/the venture gav dig självförtroende?

Var det några osäkerheter eller bekymmer som stack ut under utvärderingen?

8. Skulle du kunna ta oss igenom det andra investerings-caset vi bad dig förbereda och hur du nådde din slutgiltiga utvärdering?

Kan du berätta om grundarna och hur du utvärderade dem?

Vilka aspekter av grundarna/the venture gav dig självförtroende?

Var det några osäkerheter eller bekymmer som stack ut under utvärderingen?

9. I din portfölj, hur skulle du beskriva fördelningen av kön hos grundarna?

Vad tror du kan förklara fördelningen?

Reflekterar det deal-flöde eller industri-fokus?

Enligt din uppfattning, finns det anmärkningsvärda skillnader i könsfördelning av grundare mellan olika industrier/sektorer?

10. Kan du ta oss igenom en process där du övervägt att göra en investering i ett blandat eller enbart kvinnligt team, men i slutändan valde att inte investera i?

Vad hände?

Var/när i processen valde ni att inte investera? Vems slutgiltiga beslut var det?

Könsgapet

11. Forskning och flera rapporter visar att det finns ett könsgap i VC-finansiering. En rapport från Unconventional Ventures visar att mellan 2022 och första halvåret 2023 i Sverige gick endast 6,2% av alla finansieringsrundor till team bestående enbart av kvinnliga grundare, och under samma period tilldelades dessa team endast 0,6% av det totala kapitalet. Varför tror du att ett sådant gap existerar?

Hur uttrycker det sig i Stockholms VC-ekosystem?

Jobbar du aktivt med detta? Isåfall, hur?

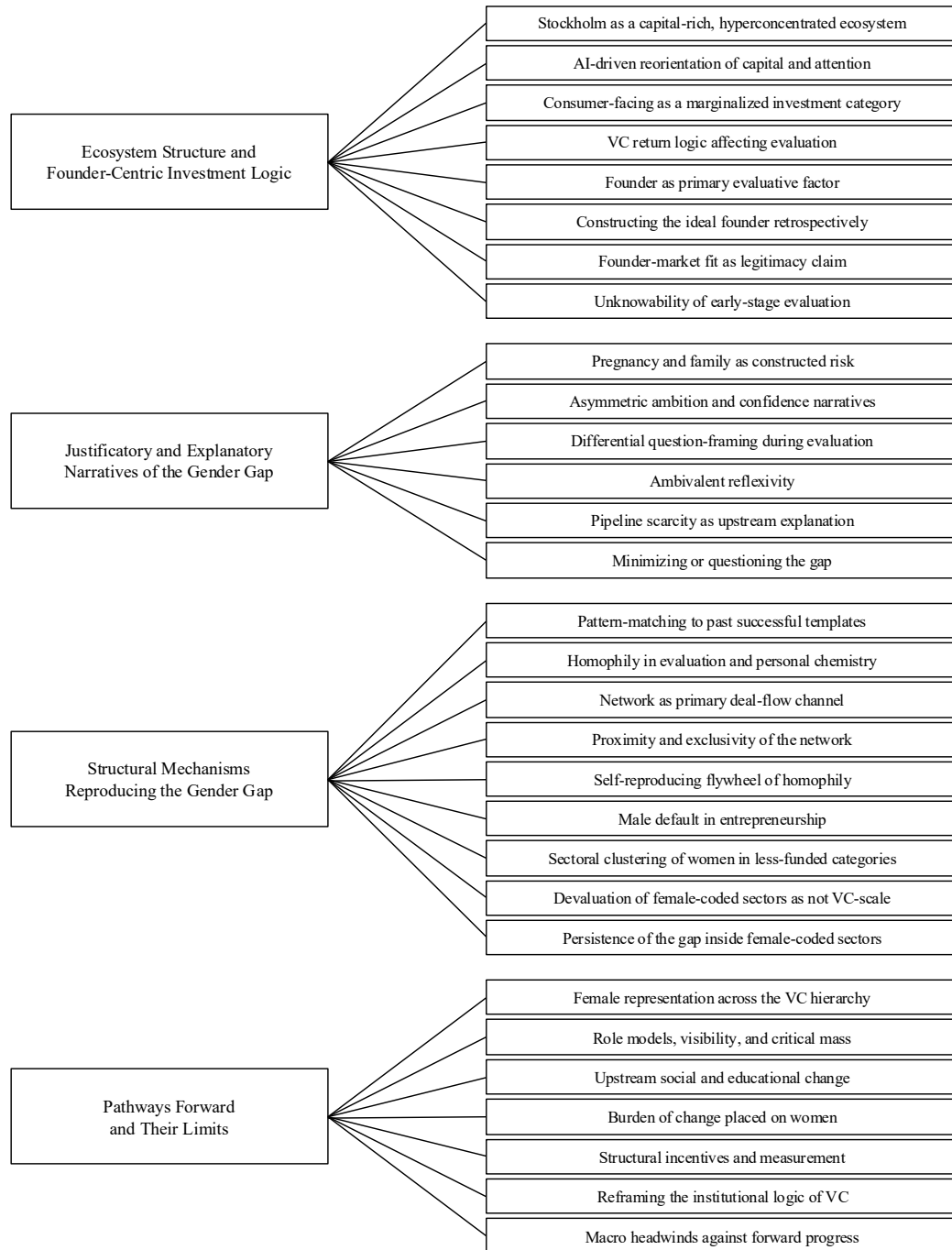
Framåtblick

12. Vad tror du skulle behövas för att eliminera könsgapet inom VC-finansiering?
-

13. Hur ser du att VC-ekosystemet i Stockholm kommer att utvecklas inom de kommande åren vad gäller jämställdhet?
-

14. Är det något vi inte har diskuterat eller tagit upp idag som du tycker är viktigt för oss för att kunna förstå hur VC investeringsbeslut tas?
-

Appendix C: Visual Overview of Coding Process



The figure presents the aggregate dimensions ($N=4$) and their corresponding second-order themes ($N=30$) that group the first-order themes ($N=186$) which emerged from the selected quotes ($N=202$) from the analysis of 14 semi-structured interviews with Stockholm-based VC investors. The data structure follows the Gioia Methodology (Gioia et al., 2013).

Appendix D: AI Disclosure

The following appendix outlines the use of generative AI tools throughout the research process, in accordance with Stockholm School of Economics' AI Policy. It describes the purposes for which AI was used, how it supported the development of the thesis, the risks identified, and the steps taken to ensure transparency, accountability, and academic integrity.

Tools Used and How

Two AI tools were used during the research process. The primary tool was Claude Opus 4.7 (Anthropic), used in its Adaptive Thinking mode for more complex queries. The secondary tool was ChatGPT-5 (OpenAI), with Thinking mode engaged for complex queries. Together, these tools supported the authors at several stages of the research, but neither was used to conduct, interpret, or generate any analytical content of the thesis.

AI tools were used in six broad categories:

1. **Ideation and structural development.** The tools supported initial brainstorming and helped the authors test the logical ordering of sections such as the background, literature review, findings, and discussion.
2. **Language refinement and editing.** Throughout the writing process, AI was used to improve clarity, grammar, academic tone, transitions, and sentence flow, with all interview material anonymized before any submission to a generative AI tool.
3. **Methodological reflection.** AI served as a sounding board when the authors worked through how to articulate the Gioia Methodology, sensemaking theory, the research-quality criteria, and the study's limitations, with the authors using these exchanges to stress-test their own reasoning rather than to source methodological decisions.
4. **Critical reading.** AI was prompted to act as a critical academic reader, identifying unclear logic, weak transitions, repetition, or unsupported claims, with all resulting suggestions evaluated by the authors before being accepted, modified, or rejected.
5. **Excel coding template.** AI was used to generate a blank Excel template structured according to the Gioia Methodology, separating first-order concepts, second-order themes, and aggregate dimensions, after which the authors populated this template entirely themselves, with all coding decisions grounded in the interview transcripts.
6. **Visualization design.** AI assisted in converting the authors' completed Excel-based coding structure into the visual figure presented in Appendix C, while the underlying

content was authored entirely by the researchers.

How the Tools Improved the Research

AI tools improved the research process by supporting clearer academic expression, improving grammar, flow, and language, and helping the authors compare alternative formulations. They also supported the organization of complex material into coherent sections and helped improve the logical transitions between different parts of the thesis. The tools were particularly useful for refining arguments, identifying where explanations needed to be more precise, and supporting work with Excel and visual design. AI also helped the authors reflect critically on methodological choices and analytical interpretations.

Identified Risks and Risk Mitigation

Several risks connected to the use of AI were identified:

1. **Hallucination.** There was a risk of hallucination, meaning that AI tools could generate inaccurate claims, incorrect formulations, or unsupported suggestions. To reduce this risk, all AI-generated suggestions were critically reviewed and checked by the authors before being included in the thesis.
2. **Over-reliance and misalignment.** There was a risk of over-reliance on AI and authors were aware that even language refinement could affect meaning. To mitigate this, the authors used AI only as a support tool. When AI suggested alternative formulations, these were carefully checked to ensure that the intended analysis and nuance were preserved. The analysis, interpretation, coding decisions, and final conclusions were made by the authors. AI was used only after the authors had engaged with the empirical data, and the themes remained grounded in interview excerpts.
3. **Ethics and GDPR.** There were ethical and GDPR-related risks connected to the use of interview material. To address this, interview material was handled according to the study's ethical procedures. The material was anonymized, and access to the original interview data was limited to the authors and supervisor.
4. **Bias.** There was a risk that AI could reinforce bias, especially given that the thesis concerns gender inequality and investor bias. Therefore, AI-generated suggestions were critically reviewed to ensure that they did not reproduce stereotypes, unsupported assumptions, or misleading interpretations.

AI Learnings

The use of AI highlighted the importance of maintaining authorial responsibility when using digital tools in rigorous academic work. The authors learned that AI can be useful for improving clarity, structure, language, and critical reflection, but that it must be used cautiously, especially in qualitative research where interpretation, context, and nuance are central.

The authors also learned that generative AI tools can hallucinate or draw conclusions that do not fully align with the intended analysis. This reinforced the importance of checking all AI-generated suggestions against sources, data, and the authors' own reasoning. Even when AI was used only for language refinement, its suggestions were reviewed carefully to ensure that the meaning of the analysis was not changed.

Finally, the authors take full responsibility for all content, data handling, analysis, interpretations, conclusions, and final wording in this thesis. AI tools did not replace the authors' academic judgment, methodological decisions, or responsibility for the integrity of the work.