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## **Master's Thesis 2023 30 ECTS**

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### **Breaking through the glass ceiling**

A qualitative study of how women navigate gender bias when raising venture capital in the Nordics

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Entrepreneurship and Innovation

## **Preface**

This thesis is the result of many months of hard efforts between two students pursuing a Master's degree in Entrepreneurship and Innovation at the Norwegian University of Life Science. Our research was conducted between January 2023 and May 2023, aiming to explore the impact of gender within venture capital investments in the Nordic region, and what strategies women high-tech entrepreneurs used to navigate gender barriers.

We would like to give our warmest thank you to our wonderful supervisor, Elin Kubberød, who provided us with invaluable guidance, feedback, support, and comfort throughout this project. Her insights and words of affirmation were greatly appreciated.

Additionally, we would like to extend our gratitude to the ten inspiring women who were willing to participate in our study, in addition to our three expert interviewees that provided us with support and guidance to conduct our research. Also, to our families, who have been unwavering supporters throughout this process; and our classmates, whose positive energy and encouraging words kept us going.

*Vi kom,  
Ble svett,  
Og dett var dett.*

## Abstract

**Background:** There is a skewed VC allocation between men and women entrepreneurs in the Nordics, indicating that gender bias is prevalent within the sector. As masculine attributes are associated with successful entrepreneurs, men tend to be favored among investors. Consequently, women are portrayed as disadvantaged and inferior to their male peers. To obtain funding, women entrepreneurs utilize gendered-related strategies to navigate the barriers they face.

**Purpose:** This study explores potential barriers and opportunities women entrepreneurs encounter that affect their chances of VC investment. Also, what strategies they use to navigate gender bias in the Nordic VC ecosystem. Therefore, the thesis question is:

*How do female high-tech entrepreneurs navigate the process of obtaining Venture Capital in the Nordic region?*

**Methodology:** The empirical data for this study was collected using an abductive qualitative research approach with a phenomenological design. We conducted semi-structured, in-depth interviews with ten high-tech women entrepreneurs acting as the company's founder or co-founder.

**Findings:** Instead of motivating women to pursue entrepreneurship, increased awareness around the gender barriers rather discourages them from navigating the male-dominated industry. Thus, our study reveals that women have many opportunities as entrepreneurs and explore how they raise VC by using their feminine attributes to strategically target specific male investors for recognition.

**Originality/value:** This study deepens the understanding of the gender role in raising venture capital in the Nordic ecosystem. Also, provide valuable insight of how to close the gender gap within venture capital investments that can encourage women to become entrepreneurs.

## Sammendrag

**Bakgrunn:** Fordelingen av risikokapital er skjevfordelt mellom mannlige og kvinnelige entreprenører i Norden, noe som indikerer at bransjen påvirkes av kjønnsbarrierer. Ettersom maskuline attributter blir assosiert med vellykkede entreprenører blir menn ofte favorisert hos investorer. Som konsekvens, blir kvinner fremstilt som underlegne. For å sikre seg kapital, benytter kvinnelige entreprenører seg av kjønnsbaserte strategier for å overkomme barrierene de står ovenfor.

**Hensikt:** Studien undersøker hvilke barrierer og muligheter kvinnelige entreprenører står overfor når det gjelder innhenting av risikokapital investering. I tillegg, hvilke strategier de benytter for å navigere kjønnsbarrierer i det nordiske VC økosystemet. Dermed har vi landet på følgende problemstilling:

*Hvordan navigerer kvinnelige høy-tech entreprenører prosessen med å innhente risikokapital i Norden?*

**Metode:** Datainnsamlingen tar for seg en abduktiv kvalitativ tilnærming, med et fenomenologisk design. Vi gjennomførte semistrukturerte dybdeintervjuer med ti høyteknologiske kvinnelige gründere, som enten er grunnlegger eller medgrunnlegger i selskapet sitt.

**Funn og implikasjoner:** Fremfor å motivere, viser det seg at økt bevissthet rundt kjønnsbarrierer heller demotiverer kvinner til å tre inn i en mannsdominert bransje. Derimot, viser studien at kvinnelige entreprenører har mange muligheter og viser at de strategisk bruker sine feminine trekk til å bygge relasjoner med spesifikke mannlige investorer for å få anerkjennelse.

**Overførbarhet:** Studien gir en dypere forståelse av hvilken rolle kjønn har når det gjelder å innhente risikokapital i Norden. I tillegg gir den verdifull innsikt i hvordan en kan minimere kjønnsgapet innenfor risikokapital investeringer og motivere flere kvinner til å bli entreprenører.

## Table of content

1.0 Introduction .....	1
1.1 Background and rationale for research .....	1
1.2 Purpose and relevance.....	3
1.3 Thesis statement.....	4
1.4 Structure of the thesis .....	4
2.0 Theory.....	5
2.1. Obtaining venture capital .....	5
2.2 Gender bias and challenges in obtaining venture capital.....	8
2.3 Gendered-strategies women use to navigate gender bias to secure VC.....	11
2.3 Summarizing the theoretical framework and presenting the research questions .....	15
3.0 Methodology .....	16
3.1 Research design and method .....	16
3.2 Data Collection.....	17
3.3 Interview process.....	20
3.4 Reflections on reliability, validity, and ethical considerations.....	22
4.0 Analysis and findings.....	26
4.1 Awareness of gender barriers negatively impacts women entrepreneurs.....	27
4.2 Being a woman is an advantage in the Nordic VC ecosystem .....	33
4.3 Strategically bonding with specific investors to raise venture capital .....	40
5.0 Discussion .....	47
5.1 Gender barriers women face in the investor relationship.....	47
5.2 Gender opportunities women face in the investor relationship.....	49
5.3 Navigation strategies employed by women entrepreneurs when raising VC.....	51
6.0 Conclusion.....	54
6.1 Theoretical implications.....	54
6.2 Limitations and considerations for future research.....	55
7.0 References.....	57
8.0 Appendix.....	63

# 1.0 Introduction

## 1.1 Background and rationale for research

Social inequality is one of the most significant challenges of our time (Bavey & Messel, 2022). According to the Global Gender Gap Index, Nordic countries rank among the highest when it comes to levels of gender equality in the world (World Economic Forum, 2022). Additionally, the Nordics are perceived as one of the world's most notoriously entrepreneurial tech ecosystems and have increasingly attracted venture capital investments within and outside the region (Napoleão, 2023). Despite the countries' reputation as representatives of equality and diversity policies, gender segregation remains a prevalent issue in their private and technology related labor market, especially within VC investments. The most recent report from Unconventional Ventures illustrates that all-female founding teams only received a mere 1% of all capital raised in 2022 in the Nordic countries. These statistics highlight the barriers women face and how far away from equality the region is when financing female entrepreneurs, emphasizing that the Nordic countries still have a long way to go regarding gender equality (Bavey & Messel, 2022).

Even though industry segregation patterns show that the number of women entrepreneurs exceeds within technology, research still emphasizes that female founders are disadvantaged by discriminatory gender bias, affecting their potential for venture capital investment (Fantoft, 2022). Research indicates that men own more profitable and faster-growing ventures than women (Brush et al., 2006), resulting in the stereotypical belief of women being a mismatch with the entrepreneurial ideal (Greene et al., 2001). When searching for "successful technology entrepreneurs" on the internet, names like Mark Zuckerberg, Steve Jobs, Elon Musk and Bill Gates appear, however, not a single woman is mentioned. In addition to the traditional perception of gender roles, only highlighting men's success can contribute to an image that the male gender is superior within high-tech entrepreneurship, affecting venture capitalists' judgment when distributing capital.

As technological entrepreneurship is perceived as a male-dominated sector (Kubberød et al, 2021), previous literature has found that many venture capitalists favor men as their masculine attributes are perceived as a better fit for becoming a successful entrepreneur (Cowling et al., 2020). This creates a vicious cycle where female entrepreneurs may not have access to the same level of funding as their male counterparts, limiting their ability to upscale their technology ventures. The lack of female representation in technological entrepreneurship can also perpetuate that women are less capable of running successful ventures in this sector (Wheadon & Duval-Couetil, 2018; Marlow & McAdam, 2015). For this reason, studies indicate that many female entrepreneurs portray masculine features and use specific navigation strategies to cope with potential gender biases (Kubberød et al., 2021; Stead, 2017; Marlow & McAdam, 2017; Ozkazanc-Pan & Muntean, 2018).

Previous research illustrates a variety of different navigation strategies women use to cope with gender bias to gain acceptance in a male-dominated industry (Stead, 2017; Kubberød et al., 2021; Nelson, 2009; Ozkazanc-Pan & Muntean, 2018), but not how these strategies can increase their chances of raising venture capital as women entrepreneurs. There are a significant number of studies highlighting that women entrepreneurs experience gender bias when raising venture capital in the United States (Nelson et al., 2009; Ozkazanc-Pan & Muntean, 2018; Balachandra, 2020; Tinkler et al., 2015). However, there is generally found to be a large literature gap regarding venture capital distribution in the Nordics, leading to limited awareness and knowledge about the background of the skewed statistics (Nigam et al., 2022). Also, previous research mainly focuses on the disadvantages of being a women entrepreneur, seemingly discouraging women from pursuing entrepreneurship and venture capital altogether. Subsequently, this study aims to address and extend knowledge about how high-tech women entrepreneurs experience and navigate obtaining venture capital in the Nordics.

## 1.2 Purpose and relevance

Previous studies suggest a general need for more qualitative research on gender entrepreneurial literature and the growth strategies of female technology entrepreneurs. (Stead, 2017), this study aims to address the gender gap within venture capital investments by investigating how women high-tech women entrepreneurs experience raising capital in the Nordics. By answering the research questions, we aim to discover what barriers and opportunities they encounter, in addition to what potential navigation strategies they utilize to raise capital. The results can contribute to greater insight of the skewed VC distribution in the Nordics. Also, we hope that our study can strengthen the research field and increase awareness of the gender gap, further encouraging more women to pursue careers within technological entrepreneurship.

Additionally, the Nordic countries are among the many nations that have pledged to support the United Nations Sustainable Development Goals (SDGs), and SDG 5 aims for equality and empowerment of women and girls (United Nations, 2015). Since studies on our research topic is limited, many are unaware of the statistics on venture capital and the reason behind the skewed distribution in the Nordics. Greater awareness and focus on women's opportunities as entrepreneurs is essential as creating new services can stimulate economic growth (Mohamed, 2020). Hence, our study will add a new dimension to the literature by highlighting women entrepreneurs' advantages and disadvantages facing the venture capital milieu. This insight can have a positive impact on the social and economic sustainability in the Nordics, by contributing to greater knowledge of how to close the gender gap within venture capital investments.

For this reason, our study can be relevant for current and future female high-tech entrepreneurs as the research can contribute to greater knowledge of how to obtain capital to grow a successful company. Additionally, it is relevant for investors, the general population in the Nordics and future research as highlighting this topic can be essential for increasing the overall social and economic equality in this region.



### 1.3 Thesis statement

With the insight described above, we have created the following problem statement for the thesis:

*How do female high-tech entrepreneurs navigate the process of obtaining venture capital in the Nordic region?*

### 1.4 Structure of the thesis

The thesis is structured into six chapters: Introduction, Theoretical Framework, Method, Analysis and Findings, Discussion & Reflection, and Conclusion. In Chapter 2, the theoretical framework outlines relevant literature related to our problem statement and research questions. The research questions will be presented accordingly in this chapter. Afterwards, Chapter 3 will present the chosen methodology and a description of the interview process, and the results will be further analyzed in Chapter 4. Chapter 5 discusses the findings in relation to the research questions and existing literature. Our thesis ends with concluding the results in Chapter 6 before validating limitations and recommendations for further research in Chapter 7.

## 2.0 Theory

This chapter outlines the theoretical framework for our study. We will start with providing a foundation for our thesis by describing the process of obtaining venture capital and how the gender gap affects the VC distribution in the Nordics. Next, gender in an entrepreneurial context will be described, as it has been shown to influence investors' decisions regarding venture capital investment. Finally, we will examine how female entrepreneurs prepare for investment by discussing common gendered strategies they use to navigate gender bias within the industry to increase their chances of raising venture capital.

### 2.1. Obtaining venture capital

Venture capital plays a crucial role in the financial ecosystem, providing a bridge between entrepreneurs and investors. Unlike traditional banking, VC focuses on early-stage startups with high potential for growth and profitability, as high risk can lead to high rewards (Block., et al., 2019). Also, VCs tend to focus on high-tech companies due to recurring revenue streams, high margins, and a predictable customer base (Saratoga Investment Corp., 2023; Lead Edge Capital, w.d). In addition to financial investment, VC firms offer valuable guidance based on their experience which can be beneficial for new and emerging entrepreneurs. As venture capitalists can contribute to unlocking the entrepreneurs' full potential by sharing knowledge, and driving innovation and economic growth, research suggests that VC can be an effective way of supporting an early-stage venture (Cummings & Johan, 2007).

To convince capital providers to invest in their company, entrepreneurs need to understand the investors' requirements by becoming ready for investment before presenting their venture. *Investment readiness* is associated with essential criteria a company needs to have to raise external equity finance, which is crucial for a company to survive (Mason & Kwok, 2010). Before presenting their idea to a VC firm, the entrepreneur has to develop and refine their growth strategy to evaluate their capital needs. Then, they prepare and submit a detailed business plan for their

venture to a selected VC firm, so venture capitalists can decide whether to invest in their project. The business plan description must demonstrate that the company is sustainable and include additional documents that deepen the understanding of the venture's operations (Energy Catalyst, 2020). Afterwards, it is common for entrepreneurs to present their idea verbally through pitch deck. A *pitch deck* is a presentation that entrepreneurs use to explain key information about their venture that can persuade potential investors to invest in their startup. By presenting their venture's story in an attractive way, it can increase credibility that further increases investor engagement in the entrepreneurs company (Shane et al., 2020). If the venture capitalist is persuaded by the pitch deck and the business plan meets the firm's criteria, they will conduct due diligence by taking a deeper look into areas pertinent to assessing the quality of the business project. Also, if the growth outlook for the company seems promising, the entrepreneur will receive a negotiable term sheet. After completing legal documents and due diligence, the entrepreneur will be offered capital in exchange for an equity stake (Energy Catalyst, 2020).

### **2.1.2 The venture capital gender gap in the Nordics**

Venture capitalists have supported companies like Skype, Klarna, and Spotify in their early stages. These successful ventures have created a new reputation for technology and software companies in the Nordic region (Copenhagen Economics, 2019). Additionally, to high-level entrepreneurial education, money flows into the Nordic ecosystem through both private and public channels, increasing the chance for entrepreneurial talents to receive investment to grow their business. Today, there is a growing number of prominent startups in the Nordics and, thus, high-quality investment opportunities that have increased VC optimism in the region (Nordics, w.d.).

Even though the Nordics startup and venture capital success is expected to further expand (Grünfeld et al., 2020), recent funding reports reflect that there is a skewed allocation of venture capital between men and women entrepreneurs in the Nordics. The most recent report from Unconventional Ventures highlights that all women founding teams only received an average of 1,4% of the total amount of capital deployed by investors between 2017-2022 (Bavey & Messel,

2022). As a new and emerging company depends on capital to survive (Alsos & Ljunggren, 2017), the uneven investment distribution can decrease the likelihood of successful women entrepreneurs in the Nordics.

The amount of venture capital raised by teams with all-female founders has been significantly lower than their male peers for a long period of time. During the past five years, all-women teams have only raised between 1-4% of all capital in the Nordics (Bavey & Messel, 2022). The gender gap is further highlighted by the Norwegian investment company Investinor where only 16 out of 1620 companies they considered investing in had a female founder. The skewed distribution can also be traced back to Menon Economics research from 2007-2017. Their study combined the database of all the Norwegian Venture Capitals in Norway to identify the gender of the CEO at the time when the seed- and venture funds were first invested in the company. Only 4,2% had a female CEO at the time of initial investment (Grünfeld et al., 2020). Together, the studies indicate that there is no significant change in the share of funding allocated to female entrepreneurs. The gap is marginally increasing, highlighting how far away from equality the countries still are when financing women entrepreneurs (Bavey & Messel, 2022).

Despite skewed results regarding the distribution between male and female teams in the Nordics, the largest cheques in several of the Nordic countries were allocated to mixed teams in the seed and early venture capital stages. The managing director of Nordic Innovation, Svein Berg, states that even though this trend seems promising, the funding the companies receive needs to increase. Therefore, the statistics indicate that diversity, inclusion, and equality must continue to be strengthened in the Nordics (Bavey & Messel, 2022).

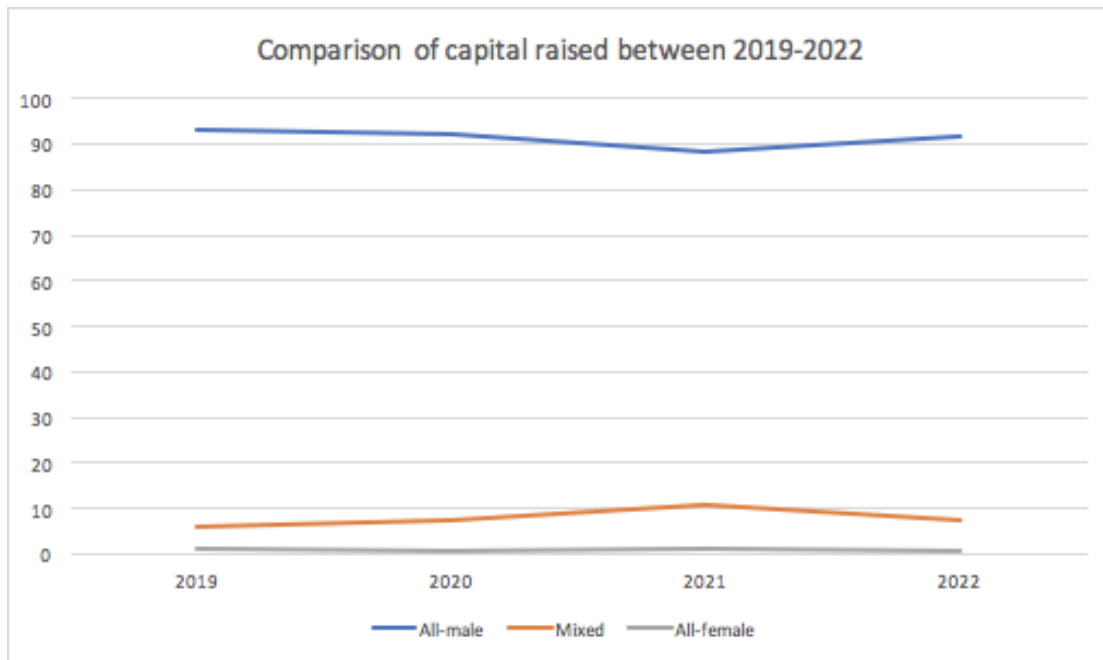


Figure 1: Comparison of capital raised between 2019-2022. Source: Adopted from Bavay & Messel (2022)

Even though many entrepreneurial talents have been funded by Nordic VCs, the studies above illustrate that it is more difficult for females to grow their ventures, indicating that gender bias is prevalent within the sector. With this perception, the following chapter will describe how gender as a social construct can be related to the challenges women entrepreneurs experience when raising venture capital.

## 2.2 Gender bias and challenges in obtaining venture capital

Regarding entrepreneurship, previous literature suggests that the sector is affected by gendered bias. The term *gender* is a complex concept that influences various aspects of society, including entrepreneurship and venture capital (Alsos & Ljunggren, 2017). Men and women entrepreneurs are subject to gendered expectations, which create a normative standard for how they are expected to behave and conduct a business. In this context, it is essential to distinguish between biological sex and gender as a social construct (Marlow & McAdams, 2013). Oakley (1972) pointed out that

feminine and masculine characteristics are assigned to their respective genders. This distinction highlights the socioeconomic impact of gender and how it creates a social hierarchy between females and males (Marlow & McAdams, 2012) that suggests there are normative societal standards for how the different genders should behave. Also, that there is a socially constructed consensus of what it means to be masculine or feminine.

The term *gender bias* is used synonymously with "discrimination based on sex" and refers to a person receiving different treatment based on the individual's actual or perceived gender identity (Wex Definitions Team, 2020). Expectations for how men and women should behave come from traditional gender roles, creating stereotypes that dictate how males and females should act. Consequently, when someone's characteristics do not fit the role, they are less likely to succeed and meet performance expectations (Balachandra et al., 2019; Alsos & Ljunggren, 2017). VC's funding decisions are affected by potential entrepreneurial perceptions and social constructions. As the technology and entrepreneurship sectors have a long history of male dominance, previous literature shows that culturally masculine associations have led to gender bias and discriminatory practices against women entrepreneurs (Kubberød et al., 2021; Cowling et al., 2020; Wheadon & Duval-Couetil, 2019; Marlow & McAdam, 2015). Therefore, studies suggest being a woman is a disadvantage in venture capital investments (Balachandra, 2020).

Further, Thébaud (2015) claims that people are especially likely to rely on stereotypes in uncertain situations where there is a lack of information, like in an investment setting. Given the uncertainty related to early-stage entrepreneurial outcomes, risk tolerance is a central topic within entrepreneurship. As a successful entrepreneur is associated with masculine traits like being "driven, ambitious, and willing to take risks others won't," (Kille, 2022; ) it is clear that men tend to be favored when raising capital as the masculine gender tends to be viewed as a more secure investment option (Ahl & Marlow, 2012). In comparison, women are described with feminine traits like safety, affection, and compassion (Kanze et al., 2018), which can further contribute to a perception that women entrepreneurs have limited resources and are more risk-averse when it

comes to financial decision-making (Cowling et al., 2020; Wheadon & Duval-Couentil, 2018; Eddleston & Powell, 2008). Consequently, the socially constructed genders can make it more difficult for women to raise capital by limiting the evaluation of their potential and capabilities (Greene et al., 2001; Haines et al., 1999). Ultimately, when faced with uncertainty, investors may rely on stereotypes and evaluate women entrepreneurs based on their gender-associated traits.

Due to the gendered presumptions, women entrepreneurs often face obstacles such as receiving different questions than their male peers during pitch decks, which can affect the investor's perception of them as successful founders (Kanze, 2018). According to Kanze et al. (2018), gendered stereotypes affect the types of questions investors ask during pitch deck presentations. The research shows that women tend to receive more preventive-oriented questions, while men are asked more promotion-oriented questions. This impacts the view of the woman entrepreneur as more focused on security, responsibility, and safety, whereas men get to focus more on the vision, goals, or aspirations of their company (Kanze et al., 2018). It is also revealed that founders' answers match the regulatory focus of their questions, amplifying the stereotype of women being risk-averse and men being more growth-focused. Because of this biased attitude, the entrepreneurs that were asked promotion-focused questions raised significantly higher amounts of funding than those asked prevention-focused questions, implying that investors have a gender preference when making investment decisions. Interestingly, research shows that if entrepreneurs change how they respond to prevention questions, they may be able to raise more funds (Ibid.).

As this chapter illustrates, gender bias results in barriers for women entrepreneurs to raise venture capital funding. For this reason, many women utilize different gendered-strategies when navigating a male-dominated industry to increase their chances of raising capital. The following chapter further explores how gendered-strategies are utilized to navigate the male-dominated industry and can be relevant for our study.

## 2.3 Gendered-strategies women use to navigate gender bias to secure VC

As the previous chapter reveals that it is challenging for women to raise capital, many women entrepreneurs prepare themselves for gendered assumptions in the ecosystem by utilizing specific strategies to increase their chances of being acknowledged as serious entrepreneurs (Radu-Lefebvre et al., 2021; Stead, 2017; Kubberød et al., 2020).

This chapter presents three scenarios where women tend to employ gendered strategies to raise capital. As research demonstrates conducting due diligence directly impacts future funding outcomes (Balachandra, 2017; Kanze et al., 2018), the first two strategies are related to the gender bias entrepreneurs experience during the pitch deck as these presentations are critical for persuading the investor to begin the due diligence process (Balachandra, 2020). After persuading the venture capitalist to invest in their company, VCs tend to contribute to further growing the entrepreneurs' business if they cooperate well together (Drover et al., 2014). Thus, the third scenario relates to how women employ gendered strategies when networking to build long-term relationships with their investors.

### **2.3.1 Strategically portraying masculine features in investor presentations**

The pitch deck is often the initial introduction and presentation of the company to investors. For this reason, it is an excellent opportunity to persuade venture capitalists of the investment potential to create further interest for investment consideration. Those who tell a convincing and compelling story are more likely to be successful at raising finance. In comparison, if investors form a negative impression of the entrepreneur's abilities to lead the venture during the presentation, it is unlikely that they will obtain funding (Mason & Kwok, 2010; Balanchandra et al., 2017).

Regardless of performance, research indicates that investors are more persuaded by pitches made by men since most high-profile entrepreneurs are male (Ahl & Marlow, 2012). Therefore, persuasion skills may be leveraged differently for men and women during the investor presentation



(Balanchandra et al., 2017; Brooks et al., 2014). Balachandra (2020) found that the gendered display of feminine or masculine traits, regardless of the entrepreneur's gender, significantly impacts the investor's evaluation of their pitch to investors, ultimately affecting their likelihood of receiving venture capital funding. Specifically, the study revealed that investors tend to react negatively toward entrepreneurs who display feminine qualities, regardless of biological sex, indicating the presence of gender bias in the investment process. This argues that female entrepreneurs do not experience bias from venture capitalists based on their gender but rather when they display feminine behaviors (Balachandra, 2020). For this reason, many females tend to portray masculine traits strategically in investor meetings as it matches the stereotypical ideal. The hypothesis is supported by Marlow and McAdam's (2012) study of a high-technology female entrepreneur who showed a level of 'toughness' equal to her male counterparts to gain 'honorary' male status despite being a female (Marlow & McAdam, 2012). Stead (2017) describes this strategy as *modelling the norm*, whereas women replicate prevailing standards of what constitutes an entrepreneur, which is stereotypically a male.

Even though portraying a masculinized entrepreneurial identity may grant status and acceptance in the entrepreneurial community (Stead, 2017), Eagly and Karu (2002) argue that being female and occupying a masculine role may instead increase biases against women. Investors may not be biased against funding women entrepreneurs simply because they are female, but might be discriminatory against women who behave in ways inconsistent with their gender stereotypes. Hillary Clinton was, for instance, criticized for being too ambitious and aggressive, which are perceived as masculine traits. However, she was still criticized as for being "weak" when exhibiting stereotypically feminine behaviors. Interestingly, people tended to respond more positively to her when she behaved consistently with her gender (Balachandra, 2020.) Previous research has found that female leaders who behave in masculine ways are often viewed negatively (Eagly & Karau, 2002). These examples argue against Balachandra's (2020) findings by suggesting that gender bias in venture capital funding may be against women entrepreneurs perceived as too masculine. Awareness of when to sublimate masculine and feminine identities may result in more

acceptance of women as entrepreneurs (Stead, 2017) seeking funding. Our study aims to explore how masculine and feminine attributes are portrayed among successful women entrepreneurs to obtain funding in the Nordic VC ecosystem.

### **2.3.2 Dressing to fit the space**

In addition to strategically portraying masculine features in pitches, research reveals that women entrepreneurs also strategically use their clothing during pitch deck presentations (Balachandra, 2017). In Nelson et al.'s (2009) study, women indirectly signalled masculine features like risk-taking, decisiveness, and confidence through their strategic outfit choice. One entrepreneur wore a red dress to a board meeting as she meant the color symbolized an “aggressive – killer – let's do it” attitude (Nelson et al., 2009). These symbolic images are important because they, directly and indirectly, suggest that these entrepreneurs have what it takes, even if their backgrounds and personas are atypical (Ibid.). The example illustrates that clothing choices can indicate that females are worth investing in by helping them stand out.

Compared to Nelson et al.'s (2009) study, other examples illustrate that female entrepreneurs also use clothing to blend into a masculine society. For instance, a female entrepreneur in Kubberød, Jones, and Pettersen's (2021) study strategically changed her outfit depending on the situation. She carried a pair of Alexander Wang heels and put on a white blouse and fur when meeting with business-related individuals, but if she wore heels to a worker, they would not speak with her, and she, therefore, put on specific working shoes with these clients (Kubberød et al., 2021). Marlow and Mcadam's (2015) study also illustrates examples of female entrepreneurs strategically using clothing to be taken seriously. All of their respondents said directly or indirectly that their dress code emphasized presenting professionally, but one which did not entirely refute their femininity (Marlow & McAdam, 2015). The examples above illustrate that women seem to use clothing as a tool to gain acceptance. By replicating and reproducing prevailing norms of what constitutes an entrepreneur, women may grant ‘honorary’ status in the male-dominated industry (Stead, 2017).

Our study aims to explore whether women entrepreneurs strategically use clothing to raise venture capital funding in the Nordic region.

### **2.3.3 Feminine networking strategies**

Women entrepreneurs tend to foster feminine values of empathy, loyalty, and a desire to improve civil society, which can be an advantage in networking. Bonding strategies are considered a coping strategy in the context of gender discrimination (Ozkazanc-Pan & Muntean, 2018). Incubator managers and directors hold considerable power in connecting entrepreneurs to investors. Therefore, entrepreneurs need to be effective networkers when seeking to establish new ventures and grow their firms. Despite the gender skewness within the technology sector of entrepreneurship, studies show that women pursue stronger ties to their network than men and are more likely to build their networking around specific individuals with whom they feel a degree of empathy, trust, and confidence in (Ozkazanc-Pan & Muntean, 2018; Hampton et al., 2009). By strategically targeting specific individuals, several women entrepreneurs in Hampton et al.'s (2009) study reported receiving better and more up-to-date business guidance when needed than males, even from their weaker ties. A close network can be beneficial when dealing with threats and accessing critical resources (Kubberød, et al., 202; Ozakazanc-Pan & Muntean, 2018). Additionally, most of their network members knew each other, giving the entrepreneur access to key people through their recommendations, leading to a snowball effect. Several candidates in this study suggested that "being female" was, therefore, an advantage (Hampton et al., 2009).

However, studies illustrate a gendered dimension to network composition. Since both technological entrepreneurship and the VC industry is male-dominated (Bavey & Messel, 2022), research indicates that *homophily theory* is prevalent among investors (Snellman & Solal, 2022). The concept is described as "similarity breeds connection" (McPherson et al., 2001) and refers to network connections based on socio-demographic dimensions such as sex, age, or ethnicity, which can result in higher trust and shared understanding (Ruef et al., 2004). As most VCs are male and the average venture capitalist is 56 years (Hickey, 2022), developing close relationships can also

be challenging for new female entrepreneurs due to the social tendency to form relationships with those with the same characteristics themselves. Therefore, many female entrepreneurs strategically use a male partner to access an entrepreneurial network. By implementing *by proxy*, the male partner can take a more active role in presenting the business to others in the entrepreneurial community and managing the business to gain acceptance, in contrast to the female partner, who takes on a more supportive role (Stead, 2017). The strategic approach can increase the chances of investment and acceptance within the male-dominated industry. However, it also denies the entrepreneurs' status and achievements as business owners, reinforcing traditional notions of who might or might not be an entrepreneur (Birkner, 2020; Stead, 2017; Ahl & Marlow, 2012). Our study aims to explore further how this strategy is leveraged when networking in the Nordic VC sector.

### 2.3 Summarizing the theoretical framework and presenting the research questions

The theoretical framework presented in this thesis sheds light on the Nordic region and its significant potential for research on the gender gap within venture capital investments. The literature highlights that gender bias is prevalent among women entrepreneurs connecting with VCs. Also, how the social construction of gender can act as barriers for women entrepreneurs in this region will be explored. With this insight, the first research question aims to answer:

*RQ-1: How does gender play out in the investor relationship, and what barriers and opportunities do women entrepreneurs encounter?*

Furthermore, the theoretical framework explores how women have utilized different gendered strategies to gain acceptance in the entrepreneurial community. As masculine traits are associated with successful entrepreneurs, women tend to portray similar features either verbally or visually through clothing to gain acceptance from investors. However, feminine traits seem to be an advantage in networking, an important aspect to obtain funding. Our thesis will further discuss

how gender-focused strategies are employed by our respondents to raise venture capital funding in the Nordics. For this reason, the second research question aims to answer:

*RQ-2: How are gender-focused strategies employed by Nordic women entrepreneurs when raising VC?*

The following chapter aims to describe our methods of collecting data to address the research questions.

## 3.0 Methodology

In this chapter, the methodology of our thesis will be outlined. This includes presenting the chosen method and research design, in which it will be explained why a qualitative approach was chosen. This follows a description of the data acquisition, selection, and recruitment as it aims to provide a rich understanding of how female high-tech entrepreneurs experience raising venture capital. Further, the interview process and analysis will be presented before providing an overview of the studies' reliability, validity, and ethical considerations we have taken into consideration during the research process.

### 3.1 Research design and method

As our thesis aims to determine *how* high-tech women entrepreneurs navigate the process of obtaining venture capital in the Nordic region, we concluded that a qualitative and phenomenological research design with an abductive approach was the most accurate strategy for our study. This is because qualitative designs aim to go into depth on the *how* and *why* behind a trend or phenomenon. The best-suited methodology for this thesis is in depth interviews, based on the study's problem statement (Johannessen et al., 2011) in which we aim to understand people's beliefs, experiences, and behavior, adding a new dimension to studies that cannot be obtained

through measurements of variables alone (Patahak et al., 2013). By using this method, we can gain deeper insight into their subjective experiences by allowing our interviewees to express themselves freely. Also, there is a lack of existing literature and research on female entrepreneurs' experiences with raising VC in the Nordics. Therefore, we found a qualitative approach as the most appropriate methodology to address our problem statement and research questions, as it can capture experiences that are difficult to quantify (Dalland, 2012).

## 3.2 Data Collection

This chapter will provide an overview of how we gathered, selected, and analyzed data for our research.

### 3.2.1 Sampling and selection criteria

First, we conducted an expert sampling by contacting three different Norwegian investors to help acquire our primary data collection (Neergard, 2007). As the number of high-tech women entrepreneurs that have raised VC in the Nordics is very limited, the investors helped us by providing names of relevant interview subjects as they have broader connections in the VC environment. Additionally, they contributed to greater knowledge and insight into the VC funding process and their perspectives on gender skewness within the sector.

The three investors advised us on which criterias we should set when sampling candidates. Given the small number of potential interviewees, we recruited entrepreneurs from both all-female and mixed teams. The interviewees did not need to have the same age or educational background, but they all needed to satisfy the following criterias: 1) females and high-technological founders or co-founders of a growing venture; 2) have raised VC from a firm in a Nordic country (Norway, Sweden, Denmark, Finland or Iceland); and 3) operate in either an all-female or mixed team in the same high-tech sector and 4) take part in the investment process.

### **3.2.2 Recruitment process**

Starting in January 2023, we spent two months searching, finding, and planning the interview process. The list of potential interviewees started very short. We relied on the snowball effect to achieve a satisfying number of respondents. Our approach was to present the selection criteria to the initial interviewees and ask if they could further connect us to entrepreneurs in their network that satisfied the criteria.

Due to the few women in the Nordic meeting our criteria, we needed to continuously focus on growing our list of interviewees to ensure our data sampling was as representative as possible. In addition, we attempted to access the contact information of potential subjects through Nordic VC companies' portfolios, online articles that portrayed Nordic women entrepreneurs, searching in different Nordic languages, and LinkedIn. We contacted the women who met our criteria by either mail, if it was accessible on their website, or messaged them on LinkedIn. Initially, they would receive a message that included a short description of our study and if they had the opportunity to participate between a selection of dates. If they did not respond, we sent a follow-up message or tried to contact other company members. The initial respondents contacted were three, but our respondents contributed by contacting their networks and listing names of relevant entrepreneurs that matched our listed criteria. Overall, we reached out to 34 women high-tech Nordic entrepreneurs and ended up with ten women who were willing to participate in our study. We continued collecting data and recruiting candidates and by the end of March. In sum, the snowball method had a positive effect as it contributed to recruiting enough interview subjects for our research.

We recruited a total of ten respondents; six women from Norway, two from Sweden, one from Denmark and one from Finland. Despite our effort, we did not recruit any entrepreneurs from Iceland. Since the population of high-tech female entrepreneurs that satisfied our selection criteria is small, the respondents' names have been changed to a pseudonym, and their ages are rounded to

the closest decade to conceal their identity. Additionally, neither their country nor sector or type of technology venture will be mentioned to secure the respondents' full anonymity.

**Table 1:** Sample

<b>Pseudonym</b>	<b>Description</b>
Tine	In her 30s and is the face of the company during the investment
Emma	In her 30s and is the face of the company during the investment
Rikke	In her 40s and is the face of the company during the investment.
Janne	In her 20s and is the face of the company during the investment.
Mia	In her 30s, her co-founder is the face of the company during the investment.
Kristine	In her 40s and is the face of the company during the investment
Pernille	In her 20s and is the face of the company during the investment
Frida	In her 30s and is the face of the company during the investment
Sanna	In her 30s and is the face of the company during the investment
Olivia	In her 30s and is the face of the company during investments



### 3.3 Interview process

The interviews were conducted between February and March 2023. Each interview was approximately an hour, whereas only two were in person, and the eight took place on Microsoft Teams due to being in different cities and countries. This chapter will describe how the interview guide was formed and how the interviews were conducted and analyzed.

#### **3.3.1 Creating an interview guide**

As the data collection is the foundation for our research, we started by creating an interview guide (See Appendix 1), we provided consistency and a structure for our interviews by ensuring that the time limit was not exceeded. Implementing a semi-structured guide also helped us make sure that the data we encountered could contribute to answering our problem statement and research questions. The guide consisted of general, open questions about their funding experiences and more detailed gender-related questions that could reveal opportunities and challenges within the industry. A semi-structured guide also allowed room for reflection and the opportunity to ask additional questions if the interviewee commented on a topic of particular interest. Therefore, our guide contributed to more openness during the interviews, which was essential for gathering accurate data (Johannessen et al., 2011).

#### **3.3.2 Conducting the interviews**

Before conducting an interview, a consent form was sent out to the interviewees in advance (Appendix 2). The document included a short description of the purpose of the study, their rights, and our contact information if they have further questions. The interview was structured into three parts: introduction, the main body, and summarization.

The purpose of the introduction was to prepare our subject for the interview, and we found it essential to create an environment where the interviewees felt safe to share their experiences, especially since the company's process of raising capital and gendered experience are sensitive

topics. Therefore, we started by informing them about the purpose of our study, their rights, and the time limit of the interview. We also asked for their consent to record and transcribe the interview to increase their trust before conducting the interview. The second part consisted of more focused questions about venture capital, allowing the interviewee to share their personal views and specific information about their fundraising experiences. Further, we wanted to discover new insights about their experiences with potential gender bias and whether they implemented strategies to overcome these barriers. Additionally, the goal was to encourage our subjects to express themselves freely and reflect on their experiences, contributing to a more open dialogue between the interviewer and interviewee. The last part included asking the informants for future advice for entrepreneurs who fit our listed criteria and names of potential interview subjects from their network that could help us conduct our research further.

During the interviews, one of the authors asked questions directly from the guide to ensure the intended research scope was covered, while the other asked follow-up questions based on the interviewees' answers. If the questions were challenging to understand, we explained them to ensure they were understood. By doing this, we made sure that enough data was encountered to answer the problem statement and research questions.

### **3.3.3 Data analysis**

After the data was collected, the next phase was analyzing the material we had encountered through the interviews. As qualitative data can be challenging to analyze due to a large amount of unstructured information (Johannessen et al., 2011), the Gioia method was implemented to analyze the acquired data. The procedure consists of three systematic steps that narrow the data to a few categories, contributing to gaining deeper insight into the entrepreneurs' experiences (Gioia, et al., 2013).

First, the interviews were transcribed word for word into a new document. As we found it crucial not to miss any important details, the transcripts were systematically reviewed by highlighting

keywords and quotations in different colors to structure and systematize the material. The highlighted marks lead to our 1st-order terms, which included a sheer number of different categories. Then, the 1st-order terms were further discussed to discover frequency patterns and reduce the categories to a more manageable number, resulting in the 2nd-order theoretical level of themes. We asked ourselves consequently whether the emerging themes could help describe and explain the phenomena that we were researching (Gioia, et al., 2013). Finally, we discovered a deeper meaning behind the 2nd-order themes, leading to three dimensions that can contribute to answering our problem statement and research questions: “Awareness of gender barriers negatively impacts women entrepreneurs”, “Being a woman is an advantage in the Nordic VC ecosystem” and “Strategically bonding with specific investors to raise capital”. The final dimensions and data structure are illustrated in Figure 2 and will be further presented and analyzed in Chapter 4.

### 3.4 Reflections on reliability, validity, and ethical considerations

In qualitative research, reliability and validity are some of the most important measurements for researching the quality of the study (Bell et al., 2022). In this chapter, validity, reliability, and the ethical considerations we have kept in mind through the research process will be presented.

#### 3.4.1 Validity

Validity refers to what extent the research correctly reflects the purpose of the study by representing the actual reality, meaning that the data collection must represent the topic we are studying (Noble & Smith, 2015).

Internal validity examines if the research design and analysis answer the research questions without bias (Noble & Smith, 2015). Therefore, ensuring that our interview subjects matched our listed criteria has been crucial. In addition, the interview guide consisted of simply formulated questions to avoid misunderstandings during the interview process. However, as the questions

were written in advance and indirectly targeted the respondents' experiences with gender bias, it is possible that the respondents were either consciously or unconsciously affected by our questions. On the contrary, we ensured that the subjects could speak freely without interruption to ensure that the results were accurate and reasonable. Furthermore, the majority of the interviews were in English which is neither our or the respondents first language. This can have affected both the respondents and our own perception of their answers. As the thesis itself is in English, the Norwegian respondents' quotations have also been translated, potentially affecting the meaning behind their answers. However, both authors reviewed and translated the transcripts to ensure the translated quotations maintained their original meaning. We also avoided memory bias due to discussing the results together, transcription, and clarifying the findings with our supervisor. Together, this secured a high degree of internal validity in our thesis.

Moreover, external validity refers to how our findings can be generalized to other contexts (Noble & Smith, 2015). By interviewing female entrepreneurs from different countries, we gathered a larger perspective and compared the different experiences of obtaining venture capital in the Nordic region. However, our results may only be partly generalizable in this region due to the small target group and short time limit. The results might have differed if we had interviewed a larger group of female high-tech entrepreneurs, recruited more candidates from each country or only focused on one country. This could also have affected the overall external validity of the project.

### **3.4.2 Reliability**

Internal reliability is related to the number of observers in the study and the agreement with their findings (Bell et al., 2022). In qualitative research, reliability relates to the accuracy of the data, what data is used, and how it is collected and analyzed (Johannessen et al., 2011). To achieve good reliability, transparency in the research process is essential. This study has aimed to achieve this through its chapters on theory and methodology. The semi-structured interview guide was

designed to answer the RQs while allowing the respondents to introduce topics they felt most relevant to their gendered experiences as women entrepreneurs (See Appendix 1).

Furthermore, since we are two different individuals writing one common thesis, it has been essential to both develop a semi-structured interview guide and participate in the interview process together to ensure a shared understanding of our findings. Being two people can be beneficial in a research project as it provides room for discussion if one of the observers needs clarification or help to understand the information. Also, being two researchers was practical when trying to be objective during the data processing. To avoid interruption in the interviews, we strategically planned for one of us to be the primary interviewer and the other asked follow-up questions. Listening to each other and discussing the findings afterwards was essential if we disagreed. The interviews were also recorded and transcribed with our subjects' permission, allowing us to go through their direct words again if we needed clarification on the results. We also discussed our findings repeatedly with our supervisor to secure high internal reliability.

As our data collection can be used for future research, securing high external reliability was essential. External reliability refers to whether the results can be replicated. However, it can be difficult in a qualitative setting, as dynamic and social circumstances influence the results (Bell et al., 2022). A data collection performed later with other researchers may result in a different outcome, limiting the generalizability of our findings. Since our data collection has been discussed and reviewed multiple times with a critical view, the overall reliability of our study has increased. Other researchers can not achieve the same results as we used a semi-structured interview guide.

### **3.4.3 Ethical considerations**

Gender bias and the financial details in the investment process are sensitive topics. Therefore, we have found it crucial to be aware of the ethical considerations throughout the process. Accurate data will be challenging to achieve without a solid foundation of trust. Before starting the interviews, the details of our project were sent to NSD for approval, which included the purpose

of the study, who would have access to the information, and where the data will be saved. Additionally, confirmation forms were sent out in advance to all interview subjects. The form included the purpose of the study, their rights, and our contact information. Before starting each interview, we informed our subjects about their rights again and asked for their approval to record the interview to ensure that they agreed. It was also essential to keep the data safe and private so that anonymity, confidentiality, and integrity are kept according to the regulations of the study. Therefore, the data has been coded to keep their anonymity and privacy intact. Their information is stored in a secure database that will be deleted at the end of the study. All of the candidates were informed that the anonymous data might be used in our supervisor's future research, but their identities will not be able to be traced.

## 4.0 Analysis and findings

In this chapter, the interview results will be presented. We have analyzed, coded, and interpreted the data to identify similarities and differences in the women's experiences. The findings are presented in the following three subchapters, following the data structure from the analysis as illustrated in Figure 2.



## *Figure 2: Data structure of analysis and findings*

The chapter consists of three parts which represent the aggregated dimensions. Each dimension is further divided into subchapters that represent the 2nd-ordered themes, followed by an in-depth exploration of the various findings. Subchapters 4.1 and 4.2 present the empirical basis for RQ1, while subchapter 4.3 addresses RQ2. Furthermore, interview quotes have been utilized actively to reinforce our analysis findings.

### 4.1 Awareness of gender barriers negatively impacts women entrepreneurs

The analysis suggests that the current literature and statistics only emphasize the *barriers* women face in capital investments, reinforcing that women are disadvantaged in entrepreneurship. The increased awareness of gender bias seems to work against its purpose by demotivating women to navigate a male-dominated industry and pursue entrepreneurship. Combined with needing to adopt more masculine attributes than they are comfortable with to raise venture capital, women might feel they are portrayed inferior to their male peers. As a result, the respondents' experiences have led to two themes addressing the barriers women face: *increased gender focus demotivates women from becoming entrepreneurs* and *women feel they are portrayed as inferior to their male peers*.

#### **4.1.1 Increased gender focus demotivates women from becoming entrepreneurs**

The first theme relates to how increased awareness around the skewed allocation of venture capital can demotivate women from becoming entrepreneurs. It is essential to be aware of the gender barriers women face. However, Janne and Kristine mention that instead of encouraging women to navigate a male-dominated industry, the research's negative undertone portrays it as almost impossible for women entrepreneurs to succeed. Janne draws lines between the skewed statistics of men and women entrepreneurs and illustrates how the negative focus can scare women from pursuing entrepreneurial ventures:



*"If you hear about the statistics all the time, then fewer women will dare to enter entrepreneurship, which may be the worst part of it. Also, I think that is why the statistics are so terrible. But it is important not to be so scared of the statistics."* (Janne)

As successful entrepreneurs are described as men with masculine characteristics (Balachandra, 2020), it is understandably discouraging that our respondents are left with the impression that they have to work harder than men to achieve the same degree of success. Janne points out that, in her experience, the statistics tend to scare women off from pursuing their dreams of starting their venture as their gender is portrayed as a barrier rather than an opportunity. However, our respondents still emphasize the importance of not getting discouraged when presented with skewed gender statistics. When Janne was asked how she experienced being a woman in a highly male-dominated industry, she replied by stating:

*"It might be worse in the sector I operate in. It is worse being a woman in large industrial companies, and coming in with new technology is probably harder than in finance."* (Janne)

Due to Janne's determination to succeed, she has forced the shoe to fit by working hard to create her narrative as an equipped leader for her start-up. She strategically participates in physically demanding sports to persuade potential investors that she can handle demanding challenges. She strategically creates a masculine narrative around her personality by being more confident and aggressive than she finds herself to be.

*"I participate in challenging sports in my spare time, partly to prove that I can endure challenging things. This way, when faced with difficult situations, I know I can handle them. Additionally, I do it to show investors and those around me that I may be new, but I have accomplished X, Y, and Z. This is who I am as a person, which is why I am the most qualified to build this company."* (Janne)

Janne knows she is disadvantaged due to gendered stereotypes. Therefore, she focuses on portraying herself as 'someone who can endure challenging things'. She uses her sports accomplishments to convince the investors that she is the right person to build the company. By doing this, Janne strategically displays her masculine traits associated with successful entrepreneurs. Thus, she promotes her endurance as an entrepreneur and highlights the masculine characteristics that might leverage her when trying to connect with the male investor.

Furthermore, Kristine highlights how she sees the statistics of women's low probability when raising VC in a positive spirit. She states that being informed of potential barriers is positive as it can result in more strategic action for women entrepreneurs. Kristine states that:

*"I'm a very pro-information person, but it is very difficult to forecast how people will perceive you [as an entrepreneur]. However, these are the facts. I would like to know these numbers, right, and then I will interpret them as I wish."* (Kristine)

Kristine acknowledges that statistics highlight gender barriers and that women face more significant challenges in raising venture capital than their male peers. However, she emphasizes that her perspective is personal and may not necessarily reflect everyone's experiences. Still, by saying she is pro-information, she indicates that other women might not be accepted to the same degree. Similarly, Frida shows how women can react differently to an unfair situation by drawing a parallel between her friend group of successful female entrepreneurs and friends from other industries:

*"Perhaps we have [her friend group of women founders] a strong desire for change in things that we find very unfair or difficult. So there is constantly a discussion about things we would like to see changed, while in more ordinary friend groups it is perhaps more*

*frustrating, but people are a bit more stuck in the idea that they can't do anything because they haven't been trained to do so." (Fride)*

The founders display masculine traits like aggression and drive for change, compared to her friend group that seems to accept a situation even if it is viewed as unfair. Our findings, therefore, indicate that having masculine attributes is essential to succeed in a male-dominated industry. However, this can be a barrier for women who do not display the same degree of masculine qualities as our respondents since their chances of raising venture capital might decrease further.

In summary, our findings illustrate how the skewed statistics and literature present women as a disadvantage which further discourages women from entering a male-dominated industry like technological entrepreneurship. However, the respondents have still been able to raise venture capital despite being women, which can be linked to their portrayal of masculine features in the pitch deck. If the literature highlighted women's opportunities, it might increase the likelihood of more women becoming technological entrepreneurs.

#### **4.1.2 Women feel they are portrayed as inferior to their male peers**

The second theme relates to how the stereotypical image of women seems to be a disadvantage in investor relationships as they express that they are portrayed as inferior to their male peers. A prominent pain point in this analysis is how the women experience that they are not taken seriously or listened to when presenting their venture. Especially Olivia and Tine describe how they have experienced this during the investor conversation:

*"It blows when you have 25 minutes to pitch your company, and they [the investors] start interrupting you after 2 minutes with only negative or defensive questions, so you never really get to say anything about how cool your company and idea are." (Tine)*

The investor is taking control of the narrative by cutting off Tine during her presentation. Not only does the investor prevent Tine from explaining her thoughts and visions for her company, but the venture capitalists also take the power of steering the conversation in the direction they prefer. As Tine holds masculine traits such as dominance and confidence, she manages to regain control of the investor dialogue. However, after focusing on the downsides of the company for 25 minutes, the investors can be left with a negative impression of Tine's company. As masculine traits are usually associated with men (Balachandra, 2020), women stereotypically do not have the same aggression and confidence as Tine. Women who do not display the same degree of masculinity may be unable to regain control of a defensive investor conversation. During the interview with Sanna, we experienced her as confident and having a rational way of thinking, which made her appear trustworthy. However, she did not have the same aggression as Tine. During a conversation in a room full of men, Sanna described a situation which appeared to be recurring in her life as a women entrepreneur:

*"I often feel like I am saying something over and over again without anyone listening to me. Then, someone else comes and says the exact same thing, and everyone thinks it is brilliant. It is often a guy who does this. I have experienced this several times."* (Sanna)

Here, Sanna did not receive validation for her idea, but rather a man, even though it was *her* idea. When asked if she had any advice for how to address these types of situations, she said:

*"Deal with the frustration, I would say. Also, just accept that 'yes, it is more difficult.'"*  
(Sanna)

Sanna accepts that investors will most likely interrupt her during these conversations and tries to focus on how she can deal with the frustration internally rather than raising her voice. In comparison, Kristine does not seem to accept behavior and questions she finds unfair. She comes

across as masculine by addressing the investor's behavior if she finds their questions irrelevant or receives prevention-oriented questions targeted towards her gender:

*“I have always been very professional on these answers or even saying that: ‘OK. Would you ask me this if I was a guy?’” (Kristine)*

Compared to Sanna who seems to take on a feminine approach, Kristine is proactive and confronts the gender biases she experiences. This approach allows Kristine to address the issue directly and avoid the frustrations of being a woman entrepreneur. In these situations, Kristine has the advantage of naturally displaying a masculine kind of confidence in both herself and her company, which can be an advantage when navigating in a male-dominated industry. However, Janne describes having to adopt more masculine approach than she is comfortable with to receive recognition from investors:

*“It scares me, but one must be aware and think that one may need to be more forward and aggressive than one actually wants to be.” (Janne)*

Having to force herself to model the norm has positive and negative sides. Her venture growth seems to be connected with her masculine traits, as these attributes are associated with being a successful entrepreneur. However, Janne also suggests that it is necessary for women to adopt more masculine attributes than they are comfortable with to raise capital, indicating that women that do not display the same degree of masculine tendencies are disadvantaged in investment settings. At the same time, Rikke mentions that when women adopt a high degree of masculine traits when voicing their opinion can also be negative as it can disrupt the investor's stereotypical expectation of her as a woman.

*If you have opinions and say them aloud, it's easier to talk about females as, you know, whining bi\*ches. While if it were men, it would be more of a shared understanding of 'this is just a strong man who says what they think'. (Rikke)*

In summary, the respondents highlight their pain points of not being heard and the power dynamics that come into play during investor interactions. The analysis reveals that women may need to adopt masculine traits to be taken seriously, which can be a barrier for women that do not have the same degree of masculinity as our respondents. However, women also need to balance displaying masculine and feminine traits to gain acceptance as entrepreneurs, making it difficult for women to find their place in the entrepreneurial community. If the literature on gender bias started to highlight the opportunities and benefits women entrepreneurs have, their chances of investment might increase without having to balance their masculine and feminine attributes strategically.

#### 4.2 Being a woman is an advantage in the Nordic VC ecosystem

The second dimension of our analysis reveals being a woman is an advantage in the Nordic VC ecosystem as feminine characteristics pose an opportunity for women to raise capital. The women in this study describe how their feminine attributes have been beneficial during funding rounds. Similar to themselves, the women also experience that Nordic investors' pursue feminine characteristics, enabling women to benefit from homophily theory during fundraising. Also, the investors are viewed to be value-based, increasing the opportunity for women to obtain funding. This chapter aims to analyze how *securing a safety-net enables women to take risks, womens feminine attributes match Nordic investors preferences and women benefit from standing out in pitch deck presentations* by arguing how being a woman is now associated with more opportunities as feminine characteristics are perceived as beneficial.

#### 4.2.1 Securing a safety-net enables women to take calculated risks

The second category in this dimension highlights how securing a safety-net enables women to take calculated risks. This analysis reveals that traditionally feminine characteristics like safety and security (Kanze et al., 2018) can be advantageous in a fundraising context. The feminine traits enable women to make strategic choices and mitigate risks, making them attractive investments to investors.

Emma explains how she thoroughly researched the pros and cons of leaving her stable job and joining a co-founder team. This period consisted of Emma ensuring that her safety net and social security net were in order in case something did not go as planned in her venture, indicating that she has the feminine traits of security and safety (Kanze et al., 2018):

*"I was researching before I chose to join the team. I called the public welfare office to inquire what I should do if I, for some reason, cannot work anymore, and I studied all the retirement policies. So, I knew everything I left behind in my old job." (Emma)*

Emma's research on potential risks, such as what she has to do in case she becomes unable to work, shows her ability to prepare for challenges effectively. This thorough approach has been translated to risk-based due diligence in her professional life and is highly relevant when cooperating with potential investors, making feminine characteristics essential for her work:

*"A VC firm was very interested in investing in our company. So I called some of the portfolio companies and some other people I know that have previously received investment from them. I basically did some due diligence on the VC firm. However, their [the portfolio company] experience was a deciding factor in our decision not to accept them as one of our shareholders." (Emma)*

Her approach to due diligence combines her leaning on the feminine trait of safety and security and the masculine traits of being a risk-taker (Marlow & McAdams, 2012). This exemplifies how feminine traits focusing on security can leverage a company. However, the secured safety net, and the thoroughly done due diligence she conducts, are a large part of why Emma feels comfortable taking risks. She is prepared for everything, no matter what happens. She knows what risks she can take and what risks are strategic for her company because of her feminine trait of securing safety. Therefore, it seems as if feminine traits result in masculine features. Furthermore, Sanna mentioned how choosing to start her own company was too risky for her, and she spent two years trying to find a reason why she could not find anything resembling her idea:

*I could not stop thinking about the idea and tried to find someone who could shoot it down. I was skeptical at first because I thought, 'I don't have a technical background'. There has to be something that I have missed; otherwise, why hasn't this been done before? There must be something that I have not understood.'* (Sanna)

Sanna, like Emma, demonstrates a similar approach to evaluating risk. They seem to have often asked themselves the question, 'What if something happens?'. This question is crucial when starting a venture. Emma knew what to do if anything went sideways with the company, and she was left without money. Sanna knew how to navigate the market because she had already spent two years checking it out, trying to find out why her company would not survive. While it took both these women some time before they pursued their ventures, they dared to leap due to the safety net they had secured for themselves beforehand. This is seemingly an attractive trait for risk-averse Nordic investors.

#### **4.2.2 Womens' feminine attributes match Nordic investors preferences**

Moreover, the study found that the interviewees experienced the Nordic investors as risk-averse and security-seeking, both of which are considered feminine characteristics (Kanze et al., 2018).



The women entrepreneurs in the study, namely Tine and Pernille, strategically display the same feminine traits to gain investors' trust, creating a homophily effect to their advantage. Tine recognised that her investors sought assurance that investing in her company would not lead to financial risk in the future. To reassure the investor, Tine prepared a five-year budget, addressing these concerns in the investor meetings. By doing so, she demonstrated her ability to gain the investor's trust by leaning on her feminine traits like safety as an investment opportunity:

*"Investors are interested in certain aspects, such as market control, growth potential, and other company margins, before considering investing. However, since all the required figures don't exist yet, everything is based on speculation and uncertainty. Which is why creating a convincing five-year budget projecting revenue of \$100 million can be challenging."* (Tine)

Tine uses her feminine trait of compassion to appeal to the investor's need for security when considering whether to invest. By presenting a convincing budget with realistic, but speculative, figures indicating substantial growth and high revenue, Tine could reduce the investors' sense of risk-taking. This made the investor more comfortable with investing in her company. She addresses another pain point she identified with the investors:

*"Some investors want to make sure they are not taking big risks when they invest money so they can achieve their goals. But some may not know how to reduce risks or understand how it affects their investment choices."* (Tine)

Our analysis found that Tine's response to her investor's need to reduce risk resulted from her compassionate nature. She recognised that many investors lack the knowledge and understanding of risk reduction and used her feminine traits to make them feel safe and secure in investing in her company.

Ultimately, Nordic investors have traits that women entrepreneurs can identify with. The relationship between Nordic investors and entrepreneurs revolves around the investors seeking security and the women entrepreneurs providing safety strategically by using their feminine characteristics to raise venture capital.

#### **4.2.3 Differentiating from the norm can be an advantage for women in VC**

The third category highlights that women find it beneficial to stand out in the crowd of entrepreneurs when raising venture capital because it makes them more memorable for Nordic investors. Moreover, Fride points out that Nordic VCs deviate from traditional VCs:

*“VC environment in the Nordic does not fit the traditional definition of VC. Typically, venture capital is characterized by high risk and high reward, but in the Nordic, most investors are still very value-based.” (Fride)*

Fride highlights that Nordic VCs prioritize values over high-risk and high rewards, setting them apart from the traditional definition of VC. Despite being male-dominated on both the investor and the entrepreneur side, women in this study point out the advantage this is for them. Emma and Fride emphasize that they have a higher chance of being remembered after the pitch deck presentation with investors:

*You stand out on both the customer and the investor side. I’ve been on stage with ten male entrepreneurs; everyone looks the same and works on technology innovation within the same sector. So, if you are a woman and walk up to that stage, people will remember you and your company. However, it may be harder for you to have the investors trust you initially because you are an unknown type of person to do business with. (Fride)*

Here, it is not only Fride who is remembered after having been on the stage but also the company she represents. Furthermore, Fride points out she is disadvantaged simply because she is a woman,

and feminine traits are not associated with successful entrepreneurs. However, Janne and Frida knows how to use the appropriate outfit to fit in with their male peers. Both of them hold masculine traits, such as being growth-focused and ambitious (Balachandra, 2019). Due to the characteristics these women are given by their male investors, these women have to be strategic in the way they display that they also have the traits which are associated with successful entrepreneurs:

*“During my pitches, I typically opt for a brightly coloured outfit, not necessarily because I prefer it, but because it makes me more recognizable afterwards.” (Janne)*

By using brightly coloured clothing, Janne shows off confidence and dominance. She uses her clothing to stand out, not to fit in. By doing so, she displays confidence and ensures investors remember her. She continues speaking of her strategy for capturing the attention of the investors by adding:

*“Additionally, if there is a chance to ask a question, I always take it, not necessarily because I have a particular question in mind, but because it serves as a conversation starter for others later on. This approach helps to break the ice and encourages others to approach me for further discussion.” (Janne)*

Overall, Janne's strategic approach to standing out and bringing attention to herself sets her apart from her peers and helps to build her reputation as a person who is ready to take on a challenge. Her bright outfit symbolized masculine attributes like confidence and aggression, which is known to be a strategy to connect with investors and grab their attention. By deliberately choosing this style, Janne stands out from the typically conservative business outfit many women in her industry wear. Additionally, her approach to asking questions serves as a conversation starter and demonstrates her knowledge and interest in the topic at hand. This allows her to establish herself as a credible and knowledgeable professional in the eyes of her audience. The motivation to learn can also be seen as the ambition to evolve.

Even though women have the advantage of standing out in the crowd of high-tech startups looking for potential investors, this is not the only thing that attracts venture capitalists to women entrepreneurs. Venture capitalists develop portfolios over the years, a collection of the different companies in which they have invested and helped on their feet. There has been a growing focus on female entrepreneurs in the past few years. This new focus of diversifying the statistics of the venture capitalists seems to not go under the radar for the interviewees of this research:

*“All of these VC companies need to improve their statistics as they currently stand. If you have strong credentials and can also use the advantage of being a female tech CEO, which is still relatively rare, I believe it can work in your favor now.” (Janne)*

Janne recognizes the investors’ need to improve their statistics. Her experience and understanding of the VC environment suggest that being a women entrepreneur is not as challenging as it has been previously. Although she does not focus on the investors' need to improve their statistics, she focuses on how the environment has changed in the past years and how women now have reason to have an opportunistic view of their future possibilities:

*“At first, being a woman was not an advantage at all, as there was very little focus on investing in startups in the Nordics during that time. However, in recent years, we have seen a change. Now it's become trendy over time. We have experienced increased interest in our company because we have a female founder and CTO.” (Fride)*

By taking proactive measures to leverage their unique features, women tech CEOs can position themselves for success and capture the attention of investors. Kristine acknowledges that being a woman has historically been a disadvantage in the startup investment scene due to less capital associated with women. She states that:

*"I, of course, was using the diversity card, as I know there is much less capital associated with women. I interpret the card as it is an opportunity for us to get into that market. I also want to work with investors that care about this, you know."* (Kristine)

Despite women receiving less capital, Fride and Kristine are taking proactive measures to leverage their unique features and attract investor attention. With the changing times, having a female founder and CTO has become trendy and has resulted in increased interest in their companies. Moreover, Fride recognizes that the VC environment in the region deviates from the traditional definition of VC.

Nordic venture capitalists focus more on values than the traditional VC model. To increase the likelihood of being remembered by investors and securing investments, it can be helpful to stand out from the crowd. Janne, for instance, wears bright colors to make an impression, and women can also leverage the advantage of being in the minority in the high-tech entrepreneur space. Additionally, investors actively seek to diversify their portfolios, making it an attractive time for women to enter the space. Investors may emphasize diversity when deciding whether to invest, which benefits women seeking funding.

### 4.3 Strategically bonding with specific investors to raise venture capital

Since our respondents are among the few women entrepreneurs who have raised capital in the Nordics, it can be argued that they have utilized gendered strategies to navigate the male-dominated ecosystem to obtain venture capital funding. Like Stead's (2017) findings, our analysis reveals how several entrepreneurs have implemented *by proxy*. However, rather than relying on male partners to access entrepreneurial networks (Stead, 2017), the analysis describes how women use their feminine traits to strategically connect with specific male investors to gain recognition and access to their entrepreneurial networks in the Nordics. Thus, creating a snowball effect that increases investor engagement and funding in their companies despite being women. With this

insight for further analysis, two themes were explored: *Feminine traits are a networking advantage* and *Strategic use of by proxy to obtain venture capital funding*.

#### **4.3.1 Feminine traits are a networking advantage**

The first theme relates to how women's natural feminine attributes are beneficial when networking as they can strategically be used to bond with investors. Since venture capitalists participate in the entrepreneurs' company after their investment, Fride, Olivia, Kristine, and Sanna emphasize that feminine attributes like chemistry and loyalty are critical factors in their relationships as they tend to cooperate with investors over an extended period (Ozkazanc-Pan & Muntean, 2018). Likewise, Rikke bases her networking decisions on compatibility with her investors.

*"Overall, chemistry is important. So we shouldn't forget that aspect as well. At least, I don't know whether VCs look at it, but at least for myself, it is important. You work very closely with VCs, so you want to make sure that you can get along with them and that they treat you in a fair way. So I think as much as VCs choose you, I think it's vice versa since we choose them as well." (Rikke)*

Since feminine traits like chemistry and loyalty can come naturally to women entrepreneurs like Rikke, women may pursue stronger connections with their investors. Strong relationships further lead to better cooperation and long-term relationships with venture capitalists, another aspect our respondents empathize they find crucial. Also, Pernille describes how a solid partnership allows the entrepreneur to take advantage of their investors' expertise and knowledge of how to grow their venture further:

*"They really helped me shape my narrative and helped us with what we should actually look at in the business." (Pernille)*

Pernille explains how she leverages her investors' expertise to shape the narrative of her company, increasing Pernille's likelihood of raising venture capital in the future. She receives the help and support she needs from her investors to evolve by focusing on building solid and long-lasting partnerships. This makes her feminine characteristics an advantage when networking because there is less focus on short-term and superficial investor relationships, making feminine attributes an advantage when networking.

Furthermore, our analysis reveals that feminine attributes are beneficial when cooperating with investors from the Nordic region. All of our respondents acknowledged how exceptionally small the Nordic VC ecosystem is by stating that investors speak and socialize outside of work-related scenarios. As the Nordic investor community is so small, venture capitalists hold considerable power in connecting entrepreneurs to other investors they know in the same region, which Olivia describes as an excellent opportunity for women entrepreneurs.

*"I think that's actually one of the beauties of this ecosystem; it's so small. It's like, you know, the expression of 6 degrees of separation. I think in the Nordics, it's like 2. There is no person that I've added on LinkedIn since moving to this country that I don't already have eight or nine mutual connections with, which I can see as really positive." (Olivia)*

As Olivia claims that the Nordic VC ecosystem is so little, women's networking abilities are helpful since a good relationship increases the chance of investors recommending their company to other venture capitalists in the same region, creating a snowball effect. This theory is also supported by Emma:

*"The investors can, for instance, say, 'there is an investment company we think would fit you well.' That is when you realize that they are speaking together and that they like each other." (Emma)*

Emma empathizes that investors that like each other tend to invest in the same companies; this means raising higher amounts of capital for her company.<sup>1</sup> She indicates that a solid relationship between entrepreneurs and their investors is essential for the venture capitalist to further connect the entrepreneur to their network, making feminine attributes an advantage when networking in the Nordic ecosystem. Emma also uses the small VC ecosystem to her advantage by discovering which investors know each other in advance before connecting with them.

*"I try to figure out who knows each other. For instance, I was unaware that investor X and investor Y were best friends and went on a boat trip the same week I met investor X. As the VC environment is so small, two of the investors we were interested in had already spoken together". (Emma)*

By being aware of her investors' networking connections in advance, Emma can save time and effort by not having to participate in different pitch decks if her investors encourage other VCs to invest in her company. Like Emma, women can use their networking abilities to benefit from the Nordic investors' close networking ties by strategically creating this snowball effect to increase investor engagement in their company. For this reason, our analysis has revealed how feminine attributes are especially an advantage when establishing relationships with Nordic VCs.

#### **4.3.2 Strategic use of by proxy to obtain venture capital funding**

The second theme relates to how entrepreneurs increase investor engagement in their ventures through the strategic use of *by proxy* (Stead, 2017). Even though our analysis reveals how feminine characteristics are beneficial when networking in the Nordics, the entrepreneurs still express that investors seem to have a better connection with men. For instance, when Fride was asked if she experienced a different reaction from investors when her male colleague participated in investment meetings, she answered:



*"In my impression, it seems as if they see themselves more in him than they do with me. People tend to like what they feel similar to." (Fride)*

Despite that all of our respondents have received investments, Fride implies that people tend to form relationships with individuals with similar characteristics as themselves (Ruef et al., 2003). Since the majority of venture capitalists are men, it can be assumed that cooperation with entrepreneurs of the same sex results in increased trust between the parties. As all of our respondents have male investors, it can be difficult for women to establish the same degree of confidence from investors despite their networking skills since they are the opposite sex as themselves. Olivia supports this assumption by describing how she recognizes that investors connect with the men that participate in the same meetings as herself:

*"During conversations, I recognize the difference between having a man on your side around the table. I wish it wasn't that way. But I've seen too many cases where it is this way that I know that there's something behind it. It's not just my imagination." (Olivia)*

Olivia cannot precisely describe what impact a man has but is confident that bringing along a man makes a difference in investor meetings. Since several of our respondents have male co-founders, the women were questioned if they utilized *by proxy* deliberately (Stead, 2017) by cooperating with the same sex as their investor. When Fride was asked if she thought her male co-founder affected the investment potential, she said:

*"It has been mainly me that has interacted with the investors, so I do not think that my co-founder has had a big impact there. However, having a board of men between 50-60 years always helps." (Fride)*

Fride implies that having a male co-founder has not significantly impacted her investors' final decision-making. However, by stating that having a board of male venture capitalists in their 50s-

60s is a strategic choice, Fride has still implemented a variation of Stead's *by proxy* strategy by having a board of male investors in a specific age group. As most venture capitalists are males in their 50-60s (Bavey & Messel, 2022; Hickey, 2022), the analysis shows that having a board with the exact socio-demographic dimensions as other venture capitalists are viewed as a form of assurance that her company is credible by fostering homophily theory between her current and potential investors.

Additionally, the findings revealed that several of our respondents have also reached out to well-known investors in the Nordic community as they found it challenging to obtain funding at the beginning of their venture process, namely Fride and Janne. Like similar characteristics, establishing relationships and receiving recognition from well-known male investors can symbolize that the woman's venture is more credible by creating a homophily effect among venture capitalists:

*"It was first when investor X took part in our company that our venture gained attention and comments like "wow, this is really something" from other investors. (Fride)*

Since Nordic investors speak to each other, Fride noticed that her company suddenly received increased attention from additional venture capitalists after receiving recognition from a well-known male investor. As a result of connecting with a recognized investor, Fride obtained capital from additional investors in the same region. Like Fride, Janne experienced increased interest in her venture after cooperating with well-known investors.

*"I got investor X to invest in our company at an early stage. When he was on board, I knew that everything was going to be alright because he is so well known. And then investor Y joined. None of them gave us large financial sums, but they are well-recognized in the investor environment. Then, investor Z joined. Investor Z had originally said no, but*

*became so engaged by the rest of the investors and our startup idea that they were like, "ok, we are in." (Janne)*

The findings illustrate how the women utilize a variation of Stead (2017)'s by proxy by strategically connecting with specific male investors that are either in a particular age group or are well-known in the Nordic VC ecosystem. Further, creating an image that their company is a great investment opportunity despite having a women founder or co-founder. As a result, other VCs in the same region become afraid to miss out on a potentially significant venture when they notice that male investors they know or feel similar to invest in that particular company.

Overall, the entrepreneurs in our study have been successful at raising capital despite the skewed distribution of VC in the Nordics. Our findings reveal that their feminine qualities can be a part of the reason for their success, as their attributes lead to solid investor relationships. Further, the women strategically use their networking skills to build relationships with specific male investors, leading to a snowball effect of further investor recognition. However, it is essential to note that this variation of by proxy might not be effective in a larger ecosystem since the venture capitalists might not recognize or know each other at a similar level like investors in the Nordic region.

## 5.0 Discussion

This chapter will answer the research questions by discussing the analysis in light of existing literature on our topic. The first research question will be divided into two parts; the first sub-chapter will discuss potential barriers women high-tech entrepreneurs experience in the investor relationship, and the second sub-chapter will focus on the opportunities. The last section will describe how the women have employed strategies to navigate gender barriers and obtain funding and what impact the strategies have had when raising venture capital in the Nordic region.

### 5.1 Gender barriers women face in the investor relationship

The analysis shows that increased awareness of gender bias within the industry can work against its purpose by demotivating women to pursue entrepreneurship as their chance of success is portrayed as very limited. As women feel they are portrayed as disadvantaged in high-tech entrepreneurship, their relationships with investors and possibilities to raise VC are consequently affected. This chapter will further discuss how the analysis and theoretical framework can answer the first part of RQ1 by focusing on the *barriers* women encounter.

The entrepreneurs in this study outline that the skewed statistics that shed light on the gender barriers within venture capital investments seemingly works against its purpose by negatively impacting women from becoming entrepreneurs. The intention of highlighting the skewed distribution is to close the gender gap within venture capital investments. However, our study revealed that the statistics rather demotivate and frighten women from pursuing entrepreneurship as it is portrayed as almost impossible for them to raise venture capital. By only focusing on the barriers women entrepreneurs encounter, they are left with an understanding of how their gender is positioned as disadvantaged when seeking venture capital investment, which can further *demotivate women from becoming entrepreneurs*.

Also, the participants' prior negative experiences in investor meetings underpin the impression that women are disadvantaged by *portraying them as inferior to their male peers*. Since masculine traits are associated with successful entrepreneurs (Ahl & Marlow, 2012), the different gender treatment seems to be linked to the pre-build image that women are less capable of being successful founders, as the stereotypical portrayal of an entrepreneur is a man. Thus, our respondents' experiences match the literature suggesting that women find raising capital challenging as investors rely on stereotypes in uncertain situations (Greene et al., 2001; Haines et al., 1999).

In response to the gender bias, women seem to position themselves as masculine by modelling the norm to raise capital (Stead, 2017). Displaying equal toughness to men can create 'honorary' status (Marlow & McAdam, 2012; Stead, 2017) as it corresponds with the masculine attributes associated with a successful entrepreneur (Ahl & Marlow, 2012). Kanze et al. (2018) found that women can increase their chances of raising VC by changing how they respond to prevention questions. Similarly, our study shows that confronting investors when receiving preventive-oriented questions can position women as masculine. By using masculine traits to take control of their narrative, women can prevent being portrayed as the inferior gender. Modelling the norm can therefore be part of the reason for our respondents' success in raising venture capital despite being a woman. At the same time, it can be argued that women who do not display the same degree of masculine attributes are less likely to succeed, creating yet another barrier for women entrepreneurs.

Even though displaying masculine attributes can be a response to feeling women are portrayed as inferior to their male peers, studies have also found that female founders that behave in masculine ways are viewed negatively by investors (Eagly & Karau, 2002; Heilman et al., 2004). Similarly to the example of Hillary Clinton (Balachandra, 2020), our study illustrates that if women display masculine traits like aggression and confidence by voicing their opinion, they can be met with skepticism as the behavior does not correspond with the stereotypical attributes to their gender. This might be the reason why some of our respondents seem to accept that gender bias is prevalent

rather than confronting the investor. Stead (2017) and Eagly & Karu (2002) state that balancing a mixture of masculine and feminine qualities may be the key to acceptance for women.

Although gender bias seems to affect Nordic investors, it is crucial to increase awareness of the gender barriers women entrepreneurs face to know how to navigate them. Future research should highlight the opportunities women entrepreneurs can provide, potentially resulting in investors acknowledging women as successful entrepreneurs. Also, shedding a positive light on women can further encourage them to navigate the male-dominated industry and minimize the gender gap within entrepreneurship without needing to display masculine attributes to obtain venture capital investments.

## 5.2 Gender opportunities women face in the investor relationship

In addition to 5.1, this sub-chapter aims to answer the second half of RQ-1 by focusing on the *opportunities* women entrepreneurs have in their relationship with Nordic venture capitalists. The respondents rely on feminine traits like safety and security as entrepreneurs. Similarly, Nordic investors value the same traits before investing in a venture in addition to being value-based in their investment decision-making. It will further be discussed how these findings contribute to women being an advantage in the Nordic VC ecosystem.

Compared to previous literature that suggests that women are perceived as more risk-averse than men (Cowling et al., 2020; Wheadon & Duval-Couentil, 2018; Eddleston & Powell, 2008), our study shows that women are not necessarily less willing to take risks, but are rather calculated in their decision-making. As risk tolerance is central in entrepreneurship (Thébaud, 2015), the participants relied on their feminine traits like a need for safety to secure themselves, either in terms of a backup job, calling the public welfare office or conducting due diligence on investors in advance of meeting them to establish certainty if their company did not succeed. As a result,

having a *safety-net enables women to take calculated risks*, indicating that they are not as risk-averse as the stereotypical women are portrayed to be but rather risk-calculated.

Similar to the stereotypical description of the female gender, the participants experience that Nordic investors seek assurance that the venture is a safe bet before investing. Interestingly, this finding does not correspond with the stereotypical presumption that venture capitalists favor high-risk ventures as they can lead to high rewards (Block et al., 2019). Therefore, the stereotypical presumption of a successful entrepreneur as "willing to take risks that others won't" (Kille, 2022) might not be perceived as positive among Nordic venture capitalists. By informing investors of their calculated preparation to become investment ready, their chances of raising capital can increase as their *feminine attributes match the venture capitalists' preference* to reduce the chance of potential risks before investing. Thus, increased awareness that women entrepreneurs and Nordic VCs value the same feminine traits, can foster homophily and increase women's chances of investment.

Although Nordic investors' having feminine traits can be an advantage for women entrepreneurs, technological entrepreneurship is still highly male-dominated (Kubberød et al., 2021). The vast number of successful high-tech male entrepreneurs can also drive Nordic investors into favoring men as their gender can symbolize safety. However, men and women usually have a mixture of masculine and feminine qualities. For instance, women's risk-calculated mindset can result in masculine traits like greater risk-tolerance and confidence; qualities literature suggests that investors favor (Bird & Brush, 2002; De Bruin & Welter, 2006; Eddleston et al., 2016). Due to the perceived bias within the sector, investors might not see the different layers a woman can have due to the stereotypical perceptions of gender. However, *differentiating from the norm can be an advantage for women in VC* by strategically using clothing to emphasize their masculine qualities, like wearing bright colors associated with aggression and confidence. Similar to Nelson et al.'s (2009) study, the clothing made one of the respondents stand out, and she symbolized that she has what it takes to become a successful high-tech entrepreneur. Thus, our findings can serve as an

advantage to women by suggesting they use clothing to amplify that they also have traits associated with entrepreneurial success. As a result, their chances of gaining honorary status in a male-dominated industry might increase (Stead, 2017).

Additionally, Nordic investors are perceived as value-based. The respondents have experienced an increased focus on women in recent years, stating that their gender was previously perceived as a disadvantage. However, the study reveals that investing in women has now become a trend. As equality is a founding value in the Nordic region (Bavey & Messel, 2022), our findings indicate that venture capitalists want to create an image that their firm is inclusive by prioritizing diversity. Women entrepreneurs can use this knowledge to their advantage by using the diversity card in investor meetings to increase their chances of raising capital. Doing so can also offer VC firms a more diversified portfolio, ultimately enhancing their image as investors. However, women should experience that the investor also believes in their personal capabilities to become successful entrepreneurs and not only focus on their image and statistics. Therefore, creating a good relationship with the investor is critical to ensure that they will contribute to improving their venture after raising venture capital.

### 5.3 Navigation strategies employed by women entrepreneurs when raising VC

As our respondents experience that investors favor men in venture capital investments, the entrepreneurs strategically use their feminine attributes to navigate gender barriers. They create *by proxy by strategically bonding with specific male investors* for recognition. When other Nordic VCs realize that investors they know or feel similar to have taken part in the entrepreneur's venture, they suddenly become interested in investing in the same company. The following paragraphs will discuss how the analysis and theoretical literature can answer RQ-2.

The participants in this study value feminine qualities like chemistry and loyalty in their relationships, leading to stronger connections with their investors as they focus on networking with



specific people they feel compatible with. Therefore, our study supports previous literature that suggests feminine attributes can lead to stronger networking ties (Ozkazanc-Pan & Muntean, 2018; Hampton et al., 2009). As a solid partnership based on compatibility can lead to greater cooperation and long-term relationships within the entrepreneur's company, *feminine traits can be perceived as a networking advantage*. A good connection is beneficial as it can provide access to the venture capitalists' expertise and knowledge, which can be used strategically to shape the narrative of the women's company to raise venture capital.

As the Nordic VC ecosystem is small, most investors know each other and tend to invest in the same companies. Thus, Nordic investors hold considerable power in connecting entrepreneurs to other venture capitalists in the same region. Women use this knowledge strategically to research which venture capitalists know each other in advance before connecting with them. By using feminine traits to establish a strong connection with a specific investor, they create what Hampton et al. (2009) refer to as a snowball effect. The investors give the entrepreneur access to key people through their network and recommendations without having to pitch to each investor themselves. The snowball effect would most likely not occur without compatibility between the investor and entrepreneur, emphasizing feminine attributes' value in raising venture capital.

Further, the respondents' *strategic use of by proxy* (Stead, 2017) also contributes to a snowball effect. As people tend to form relationships with those who have similar characteristics as themselves (McPherson et al., 2001), women seem to use their feminine attributes to create strong connections with well-known or specific male investors in the same age group as the average venture capitalist. A solid connection can lead to the investor becoming a board member or investing in the woman's company. Since most venture capitalists and high-technological entrepreneurs are men (Bavey & Messel, 2022; Kubberød et al., 2021), receiving recognition from investors with similar characteristics as the average venture capitalist can be viewed as a form of insurance that a woman's venture is credible. Therefore, our study indicates that women utilize by proxy to strategically foster homophily among investors (Snellman & Solal, 2022).

By proxy can be an effective strategy in the Nordics as most venture capitalists are familiar with each other. However, the gendered-strategy might not be generalizable to larger VC ecosystems since investors might not know each other on a similar level as in the Nordic countries. Although by proxy can contribute to raising VC for women, they still utilize a strategy that relies on men to obtain funding. Consequently, relying on a man to raise VC can reinforce traditional notions of who might or might not be able to become an entrepreneur (Birkner, 2020; Stead, 2017; Ahl & Marlow, 2012).

## 6.0 Conclusion

This study has shed light on how high-tech women entrepreneurs have navigated the process of raising venture capital in the Nordic region. We have found how existing statistics and research on gender bias have created a negative image of women entrepreneurs, presenting a discouraging barrier to their success. All of the women in this study have raised capital successfully. They have shared that they display masculine attributes and employ gendered strategies that rely on cooperation with male investors to raise venture capital. Overall, women in the Nordics seem to rely on adopting masculine traits to gain the investors' trust.

However, our study has found that the small Nordic VC ecosystem is an advantage for women entrepreneurs. Their feminine qualities match the venture capitalists' preferences, further providing a unique opportunity to establish trust and solid partnerships with their investors. Also, Nordic investors are perceived as value-based, favorably positioning women entrepreneurs for success. By seeking a diversified portfolio, the VCs create opportunities for women entrepreneurs to thrive. This research suggests a general need to increase awareness of women's opportunities as entrepreneurs. Doing so increases women's chances of obtaining venture capital without relying on masculine qualities or men. Increased recognition of women's advantages can further contribute to reaching the United Nations' SDG 5 by empowering women to pursue entrepreneurship and raise venture capital. Overall, women entrepreneurs should refrain from feeling the need to model the norm or rely on men when raising venture capital. Our research shows that feminine attributes are beneficial when navigating the Nordic VC landscape, and increased awareness of this can bring the Nordics one step closer to closing the gender gap.

### 6.1 Theoretical implications

The study offers valuable insight into the experiences of successful women entrepreneurs navigating a male-dominated ecosystem. By highlighting how these successful high-tech entrepreneurs leverage their uniquely standing out, our study challenges existing research on

gender bias in fundraising and adds to the growing body of literature on gender and navigating male-dominated industries (Kubberød et. al.,2020; Balachandra et al.,2020). Furthermore, this study adds to Stead's (2017) strategy of gendered assumptions by indicating that women entrepreneurs also use by proxy to gain recognition in the investor environment. This results in a snowball effect, affecting how women entrepreneurs network.

The study, therefore, addresses a gap in the literature examining the impact of awareness on barriers on women entrepreneurs, and the opportunities women have in the VC universe due to their standing out. Additionally, our research suggests that feminine qualities are an advantage when establishing a long-term relationship with investors, which women entrepreneurs can leverage due to the small ecosystem when raising capital. Lastly, this thesis also introduces the Nordic region to the studies of venture capital seen through a gendered lens.

## 6.2 Limitations and considerations for future research

This thesis includes several limitations related to the chosen research topic. First, the sample size in this study was very restricted due to the limited number of high-tech women entrepreneurs that have obtained VC in the Nordic region. Ten women high-tech entrepreneurs were willing to participate in the study. Still, despite our best efforts, we were not able to recruit an equal number of respondents from each country, which may limit the generalizability of the findings to the entire Nordic region. To address these limitations, future research could adopt a longitudinal research design to validate the experiences of women entrepreneurs over a more extended period. This approach could help establish more generalizable findings and provide a more comprehensive understanding of the challenges and opportunities faced by women entrepreneurs in the Nordic VC ecosystem.

Second, our study can be limited by only including the perspectives of successful women entrepreneurs. Due to their gender and success with raising VC, our respondents mentioned that it is difficult to conclude if they would have received different reactions than women unable to raise

capital. Also, it is essential to mention that we do not have the men's or investors' perspective. Therefore, it cannot be concluded or denied if the investor relationship is affected by the stereotypical portrayal of gender that the current research highlights. For this reason, we advise future research to compare the experiences of successful and unsuccessful women entrepreneurs. Also, conduct a dyadic design consisting of both men and women high-tech entrepreneurs or women entrepreneurs and Nordic venture capitalists. Also, as the study explored the experiences of high-tech women entrepreneurs' experiences with obtaining venture capital, it would be interesting to research if gender bias is prevalent in industries that are not as male-dominated as high-tech or include additional funding methods like equity crowdfunding or investment angels instead of venture capital. Studying other contexts can broaden the understanding of how gender bias is prevalent in the Nordics and how it can be managed to ensure greater awareness and sustainability in the region.

Overall, we advise future studies to focus more on the positive aspects women entrepreneurs can provide within high-tech entrepreneurship. Increased awareness regarding their opportunities can contribute to closing the gender gap within Nordic venture capital investments by encouraging more women to pursue entrepreneurship despite the gender bias they may encounter.

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## 8.0 Appendix

### Appendix 1: Interview guide

#### **Introduction:**

Introduction of the master's project and the information letter we sent out beforehand, and reintroduce the focal points of our research. We are asking again if it's okay to record the conversation.

#### **Section 1: Background and Company Overview**

- Can you describe how it is to be a female tech entrepreneur in the Nordics?
- How many times have you raised capital, and how have your experiences with raising VC been?
- Can you share any achievements or milestones that your company has reached in the process of achieving VC?

#### **Section 2: Fundraising Process**

- How did you prepare yourself and your company to become investment-ready?
- What aspects of the company must focus on in the first meeting with an investor to secure funding?
  - How do you decide which parts of your business model are most relevant to prepare for such an investor meeting?
- How did you approach the negotiation process, and what were some key considerations you considered?

- Who is the face of the company during the fundraising process?
  - Is there a reason for this? Why?
- What was the main focus in your due diligence of the potential investor?
  - How long does this process take?
  - What qualities are attractive when looking for an investor? What qualities are not?

### **Section 3: Fundraising experience**

- Which part of the fundraising process have you found the most challenging, and why?
  - Is it particularly challenging for female entrepreneurs in your industry to raise capital?
- Which part of this process do you find to be the most resource-intensive on your part?
- What is important to consider to overcome possible gender barriers, if any?
  - How have you dealt with such barriers?
- In your opinion, what factors have been decisive in whether or not you received investment?
- Do you have any advice for other women in your industry preparing their companies to raise VC?

### **Section 4: Closing**

- Thank you for the interview

## Appendix 2: Consent-form

Would you like to participate in our research project for our postgraduate thesis in Entrepreneurship and Innovation in the spring of 2023?

In this document, we provide you with information about the aim of the project, your rights, and what participation will mean for you.

### **Purpose of the project**

The project aims to investigate what experiences female tech entrepreneurs share when they acquire Venture Capital in the Nordics. Past research illustrates that female entrepreneurs have more significant challenges with obtaining Venture Capital than male entrepreneurs, but few studies delve into female entrepreneurs' experiences when raising capital. Therefore, the research project aims to gain in-depth knowledge of opportunities and barriers female growth entrepreneurs experience in raising capital in Nordic countries.

### **Why have you been asked to participate?**

You are asked to participate because you qualify for our selection of female tech entrepreneurs within B2B SaaS who have applied for Venture Capital in the Nordics. We have obtained your contact information through social media, public websites, or news articles.

### **Who is responsible for the research project?**

The Norwegian University of Environmental and Life Sciences is responsible for the project.

### **What does participating mean for you?**

If you choose to participate in the project, you will attend an interview, either physically or digitally. The interview will last between 1-1.5 hours. We will use a semi-structured interview guide with questions about your experiences obtaining VC. The interview will be recorded to ensure that critical information is included and to avoid misunderstandings. Participation in the project is voluntary. If you choose to participate, you can withdraw your consent without giving a reason, and we will delete your data without question. There would be no consequences if you chose to withdraw your consent. We will only use the information about you for the purposes described in this document. The data will be treated confidentially by following privacy regulations. Only we who write the master's thesis, the project manager (Elin Kubberød), and NMBU's internal IT manager will have access to your information. Your data will be replaced with a code and stored on a separate name list separated from other data. Thus, it will not be possible to recognize the data in the publication later.

### **What happens to your information when we end the research project?**

In the future, the collected data will be used for research under the direction of Elin Kubberød, who collaborates with the UTFORSK project, and Inger Beate Pettersen at HVL and Dr. Sally Jones at Manchester Metropolitan University. They will not have access to your private information, as it will be deleted after the end of the project, only anonymized data. The information will be anonymized when the project ends/the thesis has been approved, which will be by the end of June 2023.

### **Your rights**

As long as you can be identified in the data material, you have the right to:

- Gain insight into which personal data is registered about you and be given a copy of the data.

- Get your personal information corrected.
- Have personal data about you deleted.
- Send a complaint to the Norwegian Data Protection Authority about processing your data.

### **What gives us the right to process personal data about you?**

We process information about you based on your consent. On behalf of NMBU, NSD - Norwegian Center for Research Data AS has assessed that personal data processing in this project follows the privacy regulations.

### **Where can I find out more?**

If you have questions about the project or wish to make use of your rights, please contact:

- Project manager at NMBU, Elin Kubberød
  - Tel: +47 67 23 11 39 68
  - Email: elin.kubberod@nmbu.no
- Master's student: Nora Roel Løken
  - Tel: +47 48 03 86 45
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- Master's student: Karoline Gunnerud
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  - Email: karoline.gunnerud@nmbu.no
- Our data protection officer: Hanne Pernille Gulbrandsen
  - Telephone: 402 81 558
  - E-mail: personvernombud@nmbu.no
- For questions related to NSD's assessment of the project, you can contact: NSD
  - Norwegian Center for research data AS
  - Telephone: 55 58 21 17



- E-mail: personverntjenester@nsd.no

With best regards,  
Project manager Possibly student  
(Researcher/supervisor)

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### Declaration of consent

I have received and understood information about the master's thesis project spring 2023, and have been allowed to ask questions.

- I agree to participate in an interview where a sound recorder will be used and the interviews will be transcribed.

- I consent to my information being processed until the research project ends in June 2023.

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Project participant Date



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