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What coping strategies do female entrepreneurs use when pursuing funding, and how do the entrepreneurial ecosystem and experience affect these?

Abstract

When it comes to obtaining funding for their venture, female entrepreneurs are at a disadvantage. Whilst obtaining funding for a venture is already a difficult task for male founders (Steigertahl & Mauer, 2018) only 2.3% of funding in venture capital goes toward female entrepreneurs (Bittner and Lau, 2021). This funding gap between male and female entrepreneurs is noticeable in different aspects of funding.

This study focuses on how female entrepreneurs, in the tech industry in Skåne in Sweden, approach the funding process, and how they cope if they get the results of their efforts. Using semi-structured interviews this research also assessed if they change their approach based on the result and what the influence of the entrepreneurial ecosystem, prior experience and gender bias on their approach and coping strategy are.

Role models and prior experience have a direct impact on the coping strategies used by female entrepreneurs when they are pursuing funding. By joining an incubator female entrepreneurs received both information and access to role models. Role models such as business advisors or fellow entrepreneurs provide guidance and help entrepreneurs with their challenges. Role models also gave advice on coping strategies. Prior experience came into play regarding formulating the coping strategy which they tested to measure the results. One thing female entrepreneurs did not share with their role models was experiencing gender bias if they experienced it when pursuing funding. This led to some of them struggling to use coping strategies.

However, it should be noted that this research has its limitations. The sample size is one as well as the location. Skåne, Sweden is known for its excellent entrepreneurial ecosystem (Greenspan, 2016) and Sweden, is known to be quite progressive regarding gender. Thus future research could focus on female entrepreneurs in different countries and mapping out their situations and tactics. Another point of focus would be the influence of role models on female entrepreneurs and the reason female entrepreneurs do not talk to their role models about gender bias.

Keywords: *female entrepreneurs, funding process, approaches, coping strategies, prior experience, entrepreneurial ecosystem*

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1. Introduction

1.1 Motivation for the research problem

Female entrepreneurs are at a disadvantage when it comes to obtaining different forms of funding for their startups. The current situation is detailed below, based on public information provided by articles and reports.

The gender bias in raising capital for new ventures

One of the biggest challenges for a new venture is raising sufficient capital to carry out the necessary project development, while also maintaining sufficient cash flow and liquidity. Obtaining an investor in the early startup stages is critical, as entrepreneurs need their funding to survive, grow and succeed (Marlow & Patton, 2005; Beck & Demirgüç-Kunt, 2006).

The main sources of external funding used by startups are venture capital, angel investment, incubator or accelerator investment, government subsidies, crowdfunding and bank loans. However, startups often have a hard time obtaining these sources of funding, and thus rely more overtly on the founder's savings and their family and friends (Steigertahl & Mauer, 2018).

This is even more so the case with female entrepreneurs (de Andrés, Gimeno & Mateos de Cabo, 2021), with only 2.3% of venture capital funding going towards female-led startups (Bittner & Lau, 2021). Moreover, female entrepreneurs also receive smaller and less frequent bank loans (de Andrés, Gimeno & Mateos de Cabo, 2021) and only receive 13 to 18% of government funding (Malström & Wincent, 2018).

Multiple studies have found that this lack of female funding is rooted in different forms of gender bias (Malström, Johansson & Wincent, 2017). Brooks, Huang, Kearney and Murray (2014) find that judges of all genders rated the same pitch higher when it was voiced by a man, and even more so when he was perceived as attractive.

In venture capital, Kanze, Huang, Conley and Higgins (2017) find that male and female entrepreneurs get asked different questions: questions posed to male entrepreneurs were more focused on potential gains, whereas female entrepreneurs were asked questions that focused on preventing losses. They suggest that female entrepreneurs should answer prevention questions with promotion answers to receive more funding.

Another avenue of funding that opened up for more people is crowdfunding. In 2012, U.S. President Barack Obama signed an act that enables entrepreneurs to raise capital through collective funding. This made it possible for private individuals, who do not meet the minimum income to become investors in equity-based investment, to become smaller-scale investors (Prive, 2012). However, in the academic literature, there are different results concerning female entrepreneurs trying to obtain crowdfunding and their level of success doing so. Weseman and Wincent (2021) found that reward-based crowdfunding does benefit women, whilst Geiger and Oranburg's study (2018) found that women get less funding if they use equity-based crowdfunding.

Prior experience

While female entrepreneurs may initially struggle to obtain funding, they may use their prior funding experiences to increase their chances of success, by developing strategies to overcome the challenges they have previously encountered. Zhang (2011) finds that prior startup experience leads to improved financing results, as serial entrepreneurs benefit from more social capital and improved skills from entrepreneurial learning.

The entrepreneurial ecosystem

Female entrepreneurs' funding opportunities are affected by the entrepreneurial ecosystem that surrounds them. Having access to networks is a key factor in helping to close the gender gap in access to funding. Unnikrishand and Hanna (2019) found that even a connection with only one other entrepreneur could have a positive impact on female entrepreneurs, as it could provide access to any source of funding through this network.

This other entrepreneur can take the form of a role model, which according to Rocha and van Praag (2020) could have a positive impact on inspiring female entrepreneurs and their decision-making, especially if the venture of the female role models is successful and in a field dominated by men.

The ecosystem may also have a negative influence on a female entrepreneur's funding opportunities if there is an absence of women in decision-making positions in venture capital companies and other financial institutions (Weisul, 2019). Groza, Groza and Barral (2020) argue an increase in women in decision-making positions could lead to more funding for female entrepreneurs.

Another factor that could influence female entrepreneurs in the funding process is prior startup experience. According to Zhang (2011), prior startup experience leads to the venture performing better due to more social capital and improvements due to previous learnings.

Forgone positive economic and social impact

The general lack of female funding results in the loss of positive economic consequences. Investor bias not only hinders gender balance but also prevents investors from allocating funds to the best proposal (Hasan, Varadan & Zeisburger, 2020). A study conducted by Boston Consulting Group found that, for every \$1 invested, female-run ventures generated \$0.78 in revenue, while men-led ventures only generated \$0.31 (Abouzahr, Krentz, Harthorne & Brooks Taplett, 2018).

Further gender diversity could increase global annual GDP by 26%, as well as generate an additional \$160 trillion in human capital wealth and a \$5.9 trillion global market cap. It would cause an economic boost of 1.95 - 3.15 trillion euros in the European Union alone.

The employment gap between men and women costs the EU economy around 370 billion euros per year; increasing gender diversity could create 10.5 million new jobs by 2050, according to Fackelmann & De Concini (2020).

Increasing funding opportunities for female entrepreneurs would also create further positive social impact, by sharing their human and financial capital with their community. Brush, Greene,

Balachandra and Davis (2014) report that 90% of women that completed the 10,000 Women initiative (an entrepreneurial programme that provided them with business education and access to capital) paid it forward within 13 to 18 months, by mentoring and teaching skills to an average of 8 other women in their communities. Studies show that women are prone to invest a larger part of their income into their family or community, including their children's education (Siba, 2016).

1.2 Aim of the study

Prior research has established that there is a gender gap in the funding process, and has studied how and why it appears. While this problem has been defined, the coping strategies used by female entrepreneurs to combat this issue and obtain funding are not broadly researched.

Lazarus and Folkman (1984) defined *coping strategies* as constantly changing one's behaviour to fulfil external needs that one does not meet without this behaviour change. This research will focus on finding what coping strategies are already being implemented by female entrepreneurs to increase their likelihood of success in obtaining funding.

This thesis will study both the *general funding coping strategies*, which any entrepreneur, regardless of their gender, could use to cope with non-gender specific funding challenges, and *gender bias coping strategies*, which relate to funding challenges that arise from gender discrimination.

This study will also analyse if these coping strategies are influenced by external factors, such as the ecosystem and prior entrepreneurial experience.

This study will focus on female entrepreneurs that have pursued funding for their ventures in the tech industry in the Skåne region in Sweden. The tech industry is seen as male-dominated (Elam, 2008); and thus women in this industry may experience gender bias in a particular way.

Through semi-structured interviews, this study aims to gain an understanding of their experience in pursuing funding and the different approaches and coping strategies they use. These different approaches and coping mechanisms will be compared, to detect patterns in situations where they

arise and are successful. Based on the aforementioned problem and the academic research conducted already on this topic, the following research question of this study is formulated:

What coping strategies do female entrepreneurs use when pursuing funding, and how do the entrepreneurial ecosystem and experience affect these?

1.3 Academic contributions and societal relevance

This study aims to contribute to the current research on the female entrepreneurs' pursuit of funding in four ways. Firstly, it aims to geographically expand its applicability by providing an overview of the funding opportunities in Skåne. Secondly, it strives to expand the current understanding of coping strategies used by female entrepreneurs in their pursuit of funding, viewed from their perspective. Thirdly, this thesis will also expand on current research on the gender gap in funding, by providing insight into how female entrepreneurs experience and cope with it. Fourthly, it aims to increase the current understanding of the potential effects of prior experience and the entrepreneurial ecosystem on female entrepreneurs' funding experience and strategies.

This thesis also aims to provide female entrepreneurs with an overview of the coping strategies that other female entrepreneurs are currently using, which they may then try to use themselves to attempt to maximise their chances of success. If successful, this may lead to an overall reduction of the gender gap in funding, which may have a positive economic effect (Fackelmann & De Concini, 2020) and social repercussions (Brush, et al., 2014).

1.4 Thesis outline

This thesis is set up as follows. Chapter 2 will focus on the existing literature in the theoretical framework. Chapter 3 presents the method used for this research, explaining the choice of type of research and respondents. Chapter 4 presents the findings and links them back to the literature. Chapter 5 provides a conclusion, which includes an overview of the results, as well as their academic and practical implications, limitations and recommendations for future research.

2. Theoretical Framework

The framework is set up as follows. First, the situation for female entrepreneurs based on the literature is presented. This is followed by challenges the female entrepreneurs face and the strategies female entrepreneurs use currently and external strategies used and advised in the literature.

In this theoretical framework, the relevant literature present is assessed. Based on this framework variables for the research have been identified. These will be presented in italics (e.g. *prior startup experience*) to inform the reader of the research direction.

2.1 Situation of female entrepreneurship

First, this research aims to shed light on the situation of female entrepreneurship by looking at funding options in general and other factors that influence female entrepreneurs pursuing funding.

The tech industry and female entrepreneurship

There are several important factors for female entrepreneurs in the tech industry. BarNir (2012) states that human capital has a positive impact on starting a tech venture. For women, this is general human capital such as education and enlistment whilst for men, this is specific human capital such as industry and career background. BarNir (2012) also found differences in motivation to start a tech startup. Men tend to start a tech startup due to self-fulfilment or self-realisation whereas women do not start for wealth or enlistment reasons. According to Marlow and McAdam (2012) for women, the deflated career after giving birth was another reason to create a startup.

Female networks in startups in the tech industry are also shown to be important. Both for the support received and testing of business ideas according to Hampton, Cooper and McGowan (2009). These networks are mostly informal at the beginning of the venture; however, with the progress of the venture, the female entrepreneurs seem to be looking for more formal networks that could benefit their venture.

Finance

Entrepreneurs can use different resources to obtain equity capital. They may take out loans from a government or bank. Alternatively, they may use bootstrapping techniques, such as using business earnings, or funds provided by themselves, friends or family. They may also bootstrap by reducing expenses by leasing equipment instead of buying or using credit. (Carter, Brush, Greene, Gatewood and Hart, 2003)

Venture Capital (VC) is one of the main sources of external funding for early-stage startups (Steigertahl & Mauer, 2018). However, female-led businesses only receive 2.3% of venture capital funding (Bittner & Lau, 2021). Gender entrepreneurship research has found that there is an implicit gender bias in the process of obtaining venture capital.

Mollick (2014) has defined crowdfunding as “the efforts by entrepreneurial individuals and groups – cultural, social and for-profit – to fund their ventures by drawing on relatively small contributions from a relatively large number of individuals using the internet, without standard financial intermediaries.” This definition will be used for this report. It is important to make the distinction between the different types of crowdfunding: lending, equity, reward and donation-based crowdfunding. Reward-based crowdfunding focuses on the exchange between people supporting the project, backers, and the entrepreneur, creator according to Thürridl and Kamleitner (2016). Whilst equity crowdfunding focuses on funding in exchange for an equity stake. Members of these crowdfunding campaigns can be seen as investors (Geiger and Oranburg, 2018). In this report, reward-based crowdfunding and equity crowdfunding will both be discussed concerning female entrepreneurship.

Factors that influence female entrepreneurial behaviour

Prior literature has found that variations in certain factors can influence female entrepreneurial behaviour. These include prior startup experience and entrepreneurial role models.

First, *prior startup experience* is explored. Zhang (2011) finds that prior startup experience leads to improved firm performance, as serial entrepreneurs benefit from more social capital and

improved skills from entrepreneurial learning. This particularly results in improved financing results in early rounds, both in venture capital (Nahata, 2019; Zhang, 2011) and crowdfunding (Buttice, Colombo & Wright, 2017).

Lin (2016) also suggests that the gender gap in entrepreneurship may be partly due to differences in human capital. When the impact of prior startup experience is studied, it is included as one of the various types of human capital, together with educational attainment (having a degree), financial education and prior managerial experience (Carter et al., 2003).

Carter et al. (2003) find that female entrepreneurs with prior start-up experience are equally likely to use personal savings and friend and family funds. This contradicts Westhead and Wright's (1998) findings. Women without prior startup experience, however, are more likely to use credit and business earnings, possibly being limited to these easily attainable sources due to their lack of experience (Carter et al., 2003).

Prior startup experience has not been found to affect the likelihood of female entrepreneurs using equity capital. Nonetheless, this experience may result in a more developed social capital (Madsen, Neergaard & Ulhoi, 2003). While social capital does not directly increase the use of equity or loans, female entrepreneurs without professional advisors were more likely to use personal sources and leasing, possibly because of the lack of knowledge and access to other financing sources that these advisors provided (Carter et al., 2003). Entrepreneurs thus benefit from increased human and social capital from both their own and other people's prior experiences.

Female entrepreneurs generally have more limited networks, particularly regarding investors (Unnikrishand & Hanna, 2019). This may result in them potentially using personal resources to fund their seed or start-up company, to then obtain later-stage capital, which they are more successful in acquiring (Carter et al., 2003; de Andrés, Gimeno & Mateos de Cabo, 2021).

Having *entrepreneurial role models* can also have an impact on entrepreneurial behaviour. To research the strategies used by female entrepreneurs pursuing funding, this research takes a look

at the effect entrepreneurial role models, or the lack thereof, have on female entrepreneurs and funding strategies.

For this research, role modelling is defined as followed: offering mentoring, knowledge and be and giving inspiration (Rocha and van Praag, 2020).

Rocha and van Praag (2020) state that female founders posing as role models have a significant influence on future entrepreneurial opinions and decisions of female employees later joining the startup. Especially when the venture is successful and in a male-dominated field. Rocha and van Praag (2020) believe those female founders could be seen as role models with an effect on inspiration rather than knowledge and resources.

According to Karimi, Biemans, Lans, Chizar, Mulder and Mahdei (2013), knowing a successful entrepreneurial role model has a positive impact on Iranian college students' perceived behavioural control, thus likely increasing their knowledge and or general skill set required to become an entrepreneur. Knowing a role model also has a positive impact on the student's attitude towards entrepreneurship and subjective norm through the support provided, the impact of the social environment and stimulation.

The attitude towards entrepreneurship was more noticeable for male than female students, which is contradictory to the subject norm. Karimi et al. (2013)'s study showed that female students were more likely to be sensitive toward social pressures and thus more strongly influenced by the subjective norms when the study looked at their entrepreneurial intention. Male students were not, instead they were being more driven by achievement goals when looking at their entrepreneurial intention.

Liu, Ma and Li (2019) find that both success and failure entrepreneurial stories positively impact entrepreneurial intentions, with positive stories having a large impact. Building on this, they found that peer stories had a larger impact than idol stories on students' entrepreneurial intentions.

Although the studies mentioned above prove to contain useful insights it should be noted that most of these studies were performed in countries rather different from Sweden. Karimi et al.

(2013) conducted their study in Iran and Li et al. (2019) conducted their study in China. Even though this is the case, the studies show overlap in variables tested, such as entrepreneurial inspiration and role models, which can be used for this study too.

2.2 Challenges

To further understand the issue this research delves deeper into the challenges female entrepreneurs face when pursuing funding for their ventures. This is done by first looking at the general challenges followed by funding challenges female entrepreneurs encounter when trying to obtain funding.

General Challenges

This chapter considers the ecosystem female entrepreneurs have to operate in and the impact it has on their journey in pursuing funding.

Chappell and Waylen (2013) argue that there is an invisible disadvantage for women at an institutional level that manifests itself in rules for example. They also argue that this could be due to a male influence in decision-making positions. Groza, Groza and Barral (2020) argue that fewer women in decision-making positions when it comes to funding could decrease the chances of access to funding for female entrepreneurs.

Brush, Edelman, Manolova and Welter (2018) take it further, as they look at the whole entrepreneurial ecosystem. They argue that female entrepreneurs are also affected by a gender influence at an organisational level and personal level next to the previously mentioned institutional level. At the organisational level, Britton (2000) states that gender influence can be seen in how companies describe vocations using gender and gender symbolism. The gender influence manifests itself at the individual level in the fact that an entrepreneur is often seen as male. By not complying with those characteristics female entrepreneurs could be at a disadvantage according to Balachandra, Briggs, Eddleston and Brush (2017).

Venture Capital

Brooks et al. (2014) distinguish between two different types of presentations that entrepreneurs can use in the funding application process: (1) a nonverbal presentation, which includes executive summaries, pitch decks, and written business plans, or (2) a verbal presentation, which may vary in audience size, formality and communication channel.

The most common form of presentation is the pitch, usually in pitching presentations. In these competitions, entrepreneurs and investors face information overload (while also lacking information), risk and uncertainty, intense emotions and time constraints. This leads to both unconsciously introducing bias to supplement rational judgement and speeding up the decision-making processes (Khurana & Lee, 2022).

In principle, VC applications are mainly evaluated on their business proposal and the entrepreneur's previous experience (Brooks et al., 2014). However, investors also unknowingly use heuristics, such as gender bias and stereotypes, and thus judge entrepreneurial behaviour accordingly (Khurana & Lee, 2022). Many entrepreneurial attributes, such as competitive aggressiveness, risk-taking and autonomy and proactivity, are seen as masculine traits; women are penalised even if they show these traits, as they go against the warmth and risk averseness that would be expected of them (Khurana & Lee, 2022; Malmström, Voitkane, Johansson & Wincent, 2020). In a VC's ideal world, an "entrepreneur is a man, not a woman" (Malmström, Johansson & Wincent, 2017, p.851).

These heuristics cause investors to apply different evaluation standards to female entrepreneurs, which are shown in multiple ways within the VC pitching process. Brooks et al. (2014) find that there is a profound gender gap in both professional and nonprofessional investor preferences. A majority of potential investors prefer male pitchers over female pitchers, as they are perceived as more persuasive, fact-based and logical. Male pitchers are more likely to obtain funding. This preference is even more pronounced when the male pitcher was attractive, while no similar effect is observed between highly- and lowly-attractive female entrepreneurs.

Malmström et al. (2020) suggest that venture capitalists make goal-oriented decisions with two motivations: promotion and prevention. A promotion motivation is focused on attaining growth-oriented gains through financing and reaching a better state. VCs anticipate accomplishment and goal achievement and are more focused on a clear strategic vision, that shows the gains and positives, and overrides any concerns about risks.

On the other hand, prevention motivation is focused on maintaining the status quo and avoiding losses by not making mistakes. VCs focus on security, responsibility and conservative goals and question the entrepreneur's capacity to manage the venture competently. VCs focus on vetting the team's industry and management experience, customer retention, market share or venture competitiveness, operating efficiency, stability and net margin. VCs are more inclined to fund achievement and growth than safety and security, which results in less finance for ventures that are evaluated through this lens.

Malmström et al. (2020) find that while men were evaluated using promotion cognitions, women were evaluated with prevention cognitions. This sets a prelude for VCs to then ask male entrepreneurs more promotion-oriented questions, and female entrepreneurs more prevention-oriented questions (Kanze, Huang, Conley & Higgins, 2018). Furthermore, applications evaluated with promotion cognitions and questions received more funding than those evaluated with prevention cognitions and questions (Malmström et al., 2020; Kanze et al., 2018). Particularly, "the most deserving female entrepreneurs experience the most cognitive resistance from VCs" (Malmström et al., 2020, p. 5).

In addition to investor cognitions and questions, investors can also show their interest in their reaction to pitches. Khurana and Lee (2022) find that male judges react more positively to pitches from teams with at least one female member (or "any-female" teams). While generally, a positive reaction increases the likelihood of closing a deal, this positive male reaction to an any-female team is less likely to result in a deal proposal. On the other hand, female judges show no significant increase in positive reaction to any-female teams but are significantly more likely to propose a deal when they do. Both these cases are different but equally important forms of

gender bias. This may be due to homophily, as investors prefer to associate with similar individuals and groups, and thus have a stronger affinity with same-sex entrepreneurs.

Crowdfunding

As mentioned before in section 2.1, there are different types of crowdfunding. In this report, reward-based crowdfunding and equity crowdfunding will be discussed.

Equity crowdfunding might not be as beneficial for female entrepreneurs as previous research suggested. Geiger and Oranburg (2018) proved that crowdfunding campaigns with a female entrepreneur as primary responsible received less funding. Furthermore, their research indicated that when the offering amount increased, female entrepreneurs received less funding compared to their male counterparts. Another factor decreasing the funding received was the maximum offering amount, again compared to male entrepreneurs.

However, Weseman and Wincent (2021) contradict some of Geiger and Oranburg's (2018) findings and state that to attract the funding using reward-based crowdfunding it is favourable to highlight characteristics associated with being a woman and that setting high campaign goals is favourable when pursuing funding as a woman. According to Eagly and Karau (2002), the female perspective female entrepreneurs bring could signal legitimacy and make the female entrepreneurs more authentic. Contrary to popular belief, women tend to downplay their perspective, this legitimacy could create female support instead of stigmatisation.

Furthermore, Brooks et al. (2014), found that nonprofessional investors are more likely to choose a video pitch voiced by a male entrepreneur over one pitched by a female entrepreneur. Investors perceive the male pitch as more persuasive, fact-based and logical, and expect that it will be more successful.

Literature indicates that female creators using reward-based crowdfunding, creators of the venture on the crowdfunding page, tend to gather more support than their male counterparts according to Colombo, Franzoni and Rossi-Lamastra (2015). This can be explained by stating

that they have better marketing (Gorbatai and Nelson (2015) and the fact that female bakers tend to back female creators (Greenberg and Mollick (2017).

Furthermore, Groza, Groza and Barral (2020) found that personally knowing the creator harms the amount of funding the creator receives, with women contributing more to creators within their networks and men contributing more to creators outside of their network. When looking at backers with previous creator experience and funding family and friends, the gender gap in funding reduces. Groza, Groza and Barral (2020) argue that crowdfunding is a method to increase the number of women in decision-making positions, thus enabling female entrepreneurs to receive access to female investors.

Another point of disagreement in the literature between Weseman and Wincent (2021) and Geiger and Oranburg (2018) is the amount of funding female entrepreneurs should ask for. Weseman and Wincent (2021) argue that asking for a larger sum of money could signal quality when using reward-based crowdfunding. While Geiger and Oranburg (2018) argue that asking for more money could be harmful to female entrepreneurs when pursuing equity-based crowdfunding.

2.3 Gender bias coping strategies

Lazarus and Folkman (1984) defined *coping strategies* as constantly changing one's behaviour to fulfil external needs that one does not meet without this behaviour change. This definition will be used to study the coping strategies that female entrepreneurs use to increase their likelihood of success in obtaining funding. This will include both *general funding coping strategies*, to cope with funding challenges that apply to any entrepreneur, regardless of their gender, and *gender bias coping strategies*, which relate to funding challenges that arise from gender discrimination. Prior research provides various suggestions for *gender bias coping strategies*, which will be explained in this section.

Raising awareness of the gender bias in funding

The double standards present in credit access seem to be similar to those present in venture capital, which may allow for a deeper understanding of its cause and potential solution. De Andrés, Gimeno and Mateos de Cabo (2021) find that these double standards are due to implicit discrimination, which is typical in situations of time pressure, ambiguity and insufficient information, present in both bank loans and venture capital application processes. This results in inefficient credit allocation in the first two years, in which the new venture does not have a track record of profits and losses, which bank officers can use to make objective number-based decisions.

To prevent implicit discrimination, bias awareness should be raised. Once investors are made aware that this bias goes against their interests, they will be willing to correct it by reviewing the venture scoring methodologies, which are commonly calibrated with male entrepreneurs as the most common group. These can be replaced with more explicit and objective criteria and standards. This would not only improve female-led venture growth in its initial year but would also improve the quality of the investor's asset portfolio (de Andrés, Gimeno & Mateos de Cabo, 2021).

Using language to convey a positive entrepreneurial meaning

Men and women use different language styles to convey meaning. While men tend to use more forceful, direct, self-promoting and complex vocabulary, women use more social words and references that minimise agency and establish connections. Masculine linguistic style includes power talk and prestige talk (effort, accomplishment, inspiration, self-references and word complexity). Feminine linguistic style includes rapport talk (positive and negative feelings, and communication) and relational talk (cooperation and ambivalence) (Balachandra, Fischer & Brush, 2021).

However, this is not generally the case for female entrepreneurs, as they do not use a more feminine linguistic style, except for using more positive and less negative emotional language.

Female entrepreneurs may adopt a comparable gender-neutral style because they are aware of the decisive role of their language choices, potentially due to their predominantly male audience (Balachandra, Fischer & Brush, 2021).

Balachandra, Fischer and Brush (2021) suggest that female entrepreneurs have agency in pitching and are not penalised for using masculine language. However, Malmström et al. (2020) and Khurana and Lee (2022) contradict this, as they find female entrepreneurs are penalised even if they signal masculine entrepreneurial attributes, as they go against the warmth and risk-averseness that would be expected of them as women.

Gendered communication styles are found to have a greater impact on investor interest than the entrepreneurs' gender. While feminine ambivalence vocabulary does harm investor interest, investors were less likely to prefer masculine talk of prestige and power. However, investors do prefer masculine inspiration language. Therefore, an ideal pitch is gender-neutral except for a "masculine" inspirational focus. The performative nature of pitching gives agency to the entrepreneur, as it can be a conscious choice and can be gender fluid and dynamic (Balachandra, Fischer & Brush, 2021).

Kanze et al. (2018) also suggest that female entrepreneurs should respond to prevention questions with promotion answers to overcome the negative evaluation attached to prevention questions and answers. However, Malmström et al. (2020) show that this only applies to verbal presentations. A further solution has to be found for non-verbal written applications.

On the other hand, research conducted by Weseman and Wincent (2021) found that women should use more female-centric language, avoid promotion language, and start a venture in male-dominated fields and set high campaign goals to obtain more funding in crowdfunding. Contradicting existing literature, they find that using promotion language can be harmful to female entrepreneurs using crowdfunding. For example, as reward-based crowdfunding does not focus on risk to make a profit using promotion language, doing so could send the wrong message to potential investors.

Compensating behaviour in different situations

Another coping strategy used by female entrepreneurs is compensating for a lack of skills or characteristics. Alsos and Ljungren (2016) argued that gender is embedded in the way entrepreneurs signal the quality of the venture in writing sent to investors and in the way signals are perceived by the recipient investors. Alsos and Ljungren (2016) proved in their research that gender was not only a factor between female and male entrepreneurs but that the different types of capital, human and social, are, for example, also made to be gendered. A difference in signalling human and social capital between male and female entrepreneurs occurs when female entrepreneurs start compensating for a lack of valued human and social capital by emphasising the relevant experience they have or adding male members with the required competencies to the board. Male entrepreneurs seem to use this strategy less than their female counterparts.

Alsos and Ljungren (2016) found that there is a difference in industries. Some are seen as more feminine (Elam, 2008), which could result in female entrepreneurs having to work harder to send signals to investors about the legitimacy of their venture. This finding of feminine industries could be seen as aligned with Weseman and Wincent's (2021) advice to female entrepreneurs to enter male-dominated industries when seeking reward-based crowdfunding. Both Alsos and Ljungren (2016) and Balachandra et al. (2017) find that entrepreneurship is seen as a male endeavour, thus leaving women at a disadvantage when they do not emulate male traits.

Another form of compensation used by female entrepreneurs is changing their behaviour to fit in in incubators. Marlow and McAdam (2012) found that women in incubators with high-tech ventures adapted to their surroundings if they were the first woman in the program and thus highlighted by the incubator. Their research found that female entrepreneurs felt alienated from their male counterparts as they treated her differently by being less competitive with her. In turn, the female entrepreneur started participating in the behaviour, thus keeping the status quo.

2.4 Conclusion

Current academic literature shows that female entrepreneurs struggle to obtain funding due to gender bias (Chappell and Waylen, 2013; Brush et al., 2018). Several suggestions of coping strategies can be found; however, there is room for further study of these and other coping strategies.

The research also suggests that the entrepreneurial ecosystem (Nahata, 2019; Zhang, 2011) and prior entrepreneurial experience (Karimi et al., 2013;) have a positive effect on female entrepreneurs' likelihood to obtain funding. However, a deeper understanding of the interplay between these two factors should be obtained.

This thesis will now research the coping strategies used by female entrepreneurs, and the effect of role models and prior experience on them. It will look at why and how female entrepreneurs go about the funding process and if gender bias affects them.

3. Research Methodology

3.1 Epistemology and ontology

This thesis aims to understand “how” and “why” female entrepreneurs use different coping mechanisms when pursuing funding. It proposes that these phenomena can be explored by analysing the interviewees’ behaviour and personal experiences. A qualitative approach will be used, due to this research’s aim to gain an in-depth understanding of this phenomenon from the interviewees’ perspectives (Bell, Bryman & Harley, 2019; Scotland, 2012). Due to the qualitative multi-case story approach and dependence on the interviewees’ social reality and experiences, the ontological, epistemological and methodological assumptions behind this thesis are based on interpretative methodology (Scotland, 2012). The interpretation of the data obtained from the interviews will serve as the basis for the analysis (Bell, Bryman & Harley, 2019).

3.2 Research Design

To gain a more in-depth and dynamic vision of the current research on female entrepreneur funding, two experts on the topic were interviewed. They provided an overview of the research they had developed throughout their career on this topic and explained their current research. This overview was complemented by reading the relevant literature before the interview. The experts provided suggestions on the needed number of interviewees and target group selection, as well as on further readings and research development. These interviews helped in the clarification and development of a clear research question, method and target group.

This research aims to contribute to existing entrepreneurial research on the gender gap in the startup funding process, by providing insight into the approaches and coping strategies used by female entrepreneurs to cope with the implicit discrimination they face when pursuing funding. It will study in which situations each of these approaches and coping strategies is applicable and effective, using a qualitative and inductive approach (Bell, Bryman & Harley, 2019). The qualitative approach will be the main focus.

However, the research will also include a survey. Based on research expert's advice, surveys were sent to the interviewees before the interview, to gain insight into the demographics of the interviewees. The use of this information will be limited to gaining a demographic overview before the interviews; this allows for the interview to focus on contributing to answering the research question.

A multi-case study design was selected due to the study's aim to contribute to and expand the existing theory (Eisenhardt, 1989). Purposive sampling is used, as the study focuses on female entrepreneurs that have tried to pursue funding (Bell, Bryman & Harley, 2019). The unit of analysis is female entrepreneurs' funding pursuit approaches, where each entrepreneur represents one case. In line with this case study approach, direct observation and a systematic interviewing process will be applied, allowing for the detailed examination and discussion of each interviewee's coping mechanisms (Yin, 2010).

A multi-case study design is applied instead of a single case study, as this allows for the comparison of the findings between the different cases (Yin, 2010). This research will interview female entrepreneurs who pursued different types of funding with different levels of prior startup experience, allowing for the identification of repeated patterns across different external factors. An idiographic approach was used to develop an analytical generalisation by checking that each case aligns with the emerging theory (Yin, 2010). Each case was chosen with the expectation that it would provide unique insights into addressing the identified theoretical research gap (Flyvbjerg, 2006).

The interviews will be held in a semi-structured manner to leave room for topics the interviewees come up with. The interview will follow a certain order based on different themes. The themes start with preparation, approach, coping strategies, experience, role models and last but not least gender bias as can be seen in Appendix A in the interview plan. After gender bias, room will be left for the interviewee to bring up topics they deem relevant.

3.3 Case Selection

This thesis will use purposive sampling, as the research question plays a key role in sampling considerations. A maximum variation approach will be used to analyse if prior by selecting candidates with a broad range of prior experience in successfully pursuing funding. The broad range goes from no prior experience to having pursuit of funding for multiple ventures. This will produce a deeper understanding of how approaches and coping strategies evolve through entrepreneurial learning, resulting in a greater relevance, generalizability and external validity of the results (Eisenhardt, 1989).

Selected cases consisted of female entrepreneurs that have pursued funding for their ventures in the Skåne region in Sweden. The Skåne region was chosen because of its strong and well-developed entrepreneurial ecosystem and infrastructure, with multiple entrepreneurial agents (Greenspan, 2016). All the interviewees had access to this similar infrastructure, as well as to the same data on funding opportunities in the area. Additionally, the research team's proximity to the ecosystem agents provides an advantage in researching this area.

To aid maximum variation sampling, female entrepreneurs with varying amounts of prior experience in pursuing funding were selected. This included *inexperienced female entrepreneurs* who are at the start of their entrepreneurial career and have no prior funding experience to draw learnings from in this first and currently only attempt to obtain funding. On the other hand, more *experienced female entrepreneurs* were also interviewed; these female entrepreneurs have attempted to obtain funding at least twice, and thus have at least one (if not multiple) prior experience to draw learnings from in their subsequent attempts.

Eight to ten candidates matching these sampling criteria will be interviewed. This number is based upon research experts' advice that for a study of this length 8 to 10 interviewees is a legitimate number. To find female entrepreneurs that fit this description to interview, the research team attended four events focused on female entrepreneurs in Skåne. Through these events, relevant contacts were obtained. Snowball sampling was also used. After each interview, the female entrepreneurs were asked if there were any female entrepreneurs in their network that they could refer to us for more interviews.

An overview of the interviewees is shown in Table 3.1. The interview names have been changed for anonymity to improve the interview privacy and quality.

Table 3.1: Overview of cases with randomised names

Case	Name	Role(s)	Venture stage and age (years)	Rounds of funding
1	Jenny	COO	Pre-seed: 2.5	3
2	Laura	CEO	Prototype: 2	1
3	Grace	COO	Pre-seed: 2.5	3
4	Paula	Product developer	Growth: 3	7
5	Sara	CEO	Seed: 3	5
6	Cecilia	CEO, CFO, CTO	Pre-seed: 2	6
7	Hannah	CEO	Prototype: 1	4
8	Anna	CEO, CFO, CTO	Growth: 6	10+

3.4 Data Collection

This research will collect empirical data through individual semi-structured interviews with each female entrepreneur, to collect rich answers and gain a deeper understanding of the approaches and coping strategies they used when pursuing funding, and how these relate to their personal experience in this process (Bell, Bryman & Harley, 2019). The interviews will start with more open-ended general questions, to allow the interviewee to open up and focus on the topic at hand.

The interview guide's main objective is to allow the interviewees to tell their own experiences and explain their strategies through their perspectives and in their own words (Gioia, Corley & Hamilton, 2013). The interview approach was fine-tuned throughout the iterative process of data collection. The interview guide will not be shared with the interviewees before the interview, to avoid biased answers. The interview guide can be found in Appendix A.

Before the interview, a survey will be sent to the interviewees to collect demographic information and gain basic insights (e.g. types of funding pursued so far).

3.5 Analysis method

In this chapter, the findings from the eight semi-structured in-depth interviews are analysed. The grounded analysis is used, as themes such as similarities, outputs and outcomes of the female entrepreneurs' funding pursuit experiences are examined as they emerged from the data. Furthermore (Bell, Bryman & Harley, 2019).

The data was first coded by dividing the data into individual pieces of information, with significant quotes being highlighted (Bell, Bryman & Harley, 2019). The similarities and differences between these data points were then mapped to provide the first-order concepts, in line with the variables used for the research question and interview themes (Gioia, Corley & Hamilton, 2013). These first-order concepts were then grouped into second-order themes, with these second-order themes being further grouped into aggregate dimensions. The resulting data structure can be found below.

Table 3.2: Data structure

First Order Concepts	Second Order Themes	Aggregate Dimensions
Grants	Funding source	Funding
Soft funds (i.e. loans)		
Pre-seed		
Alternative income		
Entrepreneur's own savings		
Angel investment		
VCs		
3 F's		
Incubator investment		
Pitching competitions		
Focus on getting paying clients		
Bureaucracy for filling grants	Funding Process	
Applying for funds takes more time than anticipated		
Applying for funds takes less time than anticipated		
Good liquidity report in order pursue funding long before 0		
Very clear accounting in order to pursue funding without too much hassle		
List of previously asked questions prepared for next time	Experience	
No prior experience in funding		
Education regarding entrepreneurship	Funding strategies	Approaches
Build trust with investors		
Practice pitching with others		
Be honest and communicate your vision using promotion language		
Communicate entrepreneurial struggle to others		
Communicate and being more strict when not taken seriously		
Importance of dressing a certain way		
Learn to explain product clear to investors		

Get investors that believe in the idea			
Pitching competitions to meet investors			
Ask non-investors to be advisors			
Encountered gender bias	Experience with gender bias	Gender bias	
Sweden has less gender bias			
Male co-founders were treated differently			
Female investors pay more attention			
Investors who say they support females usually do not			
Has thought about acting but not acted			
Take the lead and mention strengths to investors	Gender bias coping strategy		
Share gender bias struggles with others			
Communicate and be more strict when not taken seriously as a female entrepreneur			
Importance of dressing a certain way as a female entrepreneur			
Informed themselves about the gender bias			
Thought about acting but not acted on gender bias			
Male co-founders in the team	Co-founders	Ecosystem	
Cofounders involved in funding			
Importance of team			
Incubator support: funding opportunities + advice + encouragement	Incubators and support ecosystem		
"Support one another"			
Female advisors	Role models		
Investor perspective			
Network			
Knowledge and advice			

4. Research findings

4.1 Interviews

Information about the interviewees is provided below. Due to various respondents' requests for anonymity, fictitious names have been assigned. Due to the sensitivity of this topic, any information that could be used to identify the interviewees has been kept private to honour their requests. Thus, information such as age, nationality or sub-industry has been generalised for the whole group.

General information

The interviewee's ages ranged from their 20s to 50s. All of the respondents were located in the Skåne region in Sweden.

Sara

Sara is the CEO of a tech company. Originally from another country, she previously worked for a big corporation in Sweden. Sara's company is currently reaching the seed stage; they have already launched their product and have customers.

Jenny

Jenny is her venture's COO. Originally from another country, she has lived in Sweden for many years. Jenny previously worked in an incubator. She founded this company a year ago with two male co-founders. Jenny and one of those cofounders also founded another venture a few years ago. Jenny's company is currently in the pre-seed stage, with plans to open a round of funding at the end of the month.

Laura

Laura is the CEO of her company and is originally from another country. She co-founded this company with her male co-founder. Laura's company is currently in the prototype stage, intending to reach pre-seed by the end of the year.

Grace

Grace is the COO of a tech company, which she co-founded with another female and a male entrepreneur. This is Grace's second venture, which is currently in the pre-seed phase.

Paula

Paula is the product developer for a tech company. Paula had founded a venture before after working for a while. Both ventures are in the tech industry. The current phase of the venture is difficult to assess due to many different factors that are involved at the moment (from funding to product patent).

Cecilia

Cecilia is the CEO and sole founder of her venture. This is her first venture and is currently in the pre-seed stage.

Hannah

Hannah is the CEO of a venture in the tech industry. She has a female co-founder. This is Hannah's first venture, which is in the early startup phase.

Anna

Anna is her company's CEO and sole founder. This is her first venture, which is moving to a larger production. She is in the growth phase.

4.2 Funding

Funding process

The interviewees shared their funding pursuit process; this consisted of a series of common steps, with slight variations in their approach.

Tech industry

Through reflecting on their experience pursuing funding, the female entrepreneurs mentioned some characteristics specific to developing a tech company that plays a role in their funding needs and process. As Jenny reflected, building software requires a particularly large investment early in the process. On the other hand, testing and validating this software also requires a lot of time but is a necessary step prior to generating the traction that investors are searching for. Additionally, tech ventures often require a specialised investor, who not only understands a highly technical solution, but is also familiar with the particular industry in which this solution is being applied, and can appreciate the potential of the solution. In Jenny's words: "*Our solution is very specific in a particular industry, so not everybody gets what we're doing*".

Search

The first step was searching for potential funding sources and institutions. While some interviewees actively searched for funding opportunities, with Sara for example looking for funding opportunities online, it was generally a more passive process, as the female entrepreneurs followed the opportunities that were presented to them. All (8) interviewees reported learning about funding opportunities from the incubator they had joined, as well as from recommendations from other entrepreneurs inside and outside the incubator. Jenny relied on her incubator's investor network, while Laura searched for the grants that her business coach mentioned. One way of actively finding funding was joining pitching competitions and sessions which Cecilia did. Another way of actively looking for funding was visiting a conference about the investment process which is what Paula did to learn more.

Matching

The female entrepreneurs noticed certain characteristics needed to align themselves and potential investors. Different types of investments are suitable for different stages in business

development; larger investments usually come at later stages, as they require showing traction: *“when you're in that early stage, what the investor wants to see is revenue and, you know, all those things. They have some boxes that you have to tick, but if you're in that early stage, you don't have that”* (Sara).

Laura, Grace and Jenny agreed on the importance of talking to many investors to find investors that are passionate about the idea and in Laura's words *“don't see them only as money.”* Anna mentioned that for her an investor should be serious about the project and have knowledge about the field she is in as she is very passionate about her venture and product.

It should be noted that although it is important to find investors passionate about the idea, many of the female entrepreneurs mentioned that investors often are more concerned with the team, strategy and other matters than the idea. Paula mentioned many investors look at the team and find that more important. Thus she mentioned it was important to find an investor that not only is passionate about the idea but also matches with the team and their ideas.

Funding sources

The results for funding sources have been categorised into *loans, competitions and 3F's* and *business angels* followed by *funding that was not obtained* and *funding that was not pursued*.

Loans, competitions and 3F's

The female entrepreneurs followed a similar process when pursuing funding, pursuing similar types of funding sources at similar stages in their venture's development. Seven of the eight female entrepreneurs took out an innovation loan from the same institution, which offers special conditions for startups. This loan ranged from 300.000 to 500.000 SEK and took around a month to obtain.

Research loans were another type of loan that Anna, unlike the others, applied for. With loans ranging from 50.000 to 900.000 SEK as she had been acquainted with the application process before starting her venture. This included several EU loans which she applied for with other companies and universities due to the large scale of the loan and complex process of application.

She mentioned that she chose research loans as the amounts are smaller and they have favourable payback regulations.

All the before-mentioned types of loans are particularly useful at this point in the process, as they are one of the few sources that do not require proving traction and may be used in market research to validate the business idea. In Jenny's words: *"Very early, when you didn't have anything, you better still have some kind of soft fund, because, in Sweden, there's a very good system that supports a lot of this kind of early-stage startup and business ideas."*

Sara and Jenny complemented this loan with other sources of funding: Jenny won a 15.000 SEK prize at an incubator's pitching competition, while Sara obtained 500.000 SEK from "family, fools and friends" and bootstrapping. She also obtained a second innovation loan and a bank loan. Sara was aware that this was a very unusual funding source; this is in agreement with this study's findings, as Sara and Hannah were the only interviewees who had applied for bank loans. However, Sara was pleasantly surprised to find that her bank was *"very aggressively supporting startups"*, with a startup support programme. Anna supplemented the obtained loans by selling her product, the licence for her patent and the material used for her product.

These funding sources align with Carter et al's (2003) findings of the most typical funding sources, with the significant addition of innovation loans as the main source, due to the strong soft fund institution ecosystem in Skåne.

Business angels and Venture capitalists

Jenny has already networked with angel investors, and will promptly open her pre-seed round. Sara already closed her pre-seed round, obtaining investment from an incubator fund in collaboration with business angels and other institutions. She is now attempting to obtain her first seed round, with investment funds and early-stage venture capital. These rounds take 3-4 months to close.

Should Sara be successful with her seed round, venture capital would become her main source of funding, which aligns with Steigertahl and Mauer (2018). However, according to Malmström et

al. (2020), she may struggle with this objective, as she may encounter strong cognitive resistance from VCs.

Funding sources that were not obtained to their full original extent

Sara originally planned to have a bigger angel investment round last year but realised that it was unattainable at that moment. She decided to reduce it to a smaller round, with a bigger seed investment that she is currently pursuing. Sara considers that the prior round had to be reduced due to early-stage investors becoming more risk-averse due to a change in priorities and lower return of prior investments caused by the COVID pandemic: “*still investors were investing, but they were investing in more secure or stable companies.*” This suggests that the rise in uncertainty caused by the pandemic has caused venture capitalists to adopt a prevention motivation, as explained by Malmström et al. (2020).

Laura also considered that the pandemic had affected their funding and business development, as fund applications did not open in the past two years.

Laura tried to obtain another loan from a different institution but was rejected. She asked for feedback on why her petition was rejected but was told it was impossible to answer all failed requests. Hannah did not receive one grant and one grant half and did not receive feedback either. The same goes for Cecilia who did not receive one grant and participated in a contest twice but did not win. She does not know why she did not win the contest. Some of the entrepreneurs mentioned that they asked for feedback so they could change their approach but received the answer that the institutions were too busy to provide feedback.

Not pursued

The funding options not pursued differed between the female entrepreneurs. Grace and her team decided not to go for public funding due to several different challenges.

Hannah and her co-founder decided to not take outside funding as they felt that they would need to change their operations and they did not want that. Anna also contemplated external funding but decided not to pursue that due to the fear that her passion might disappear as the funders seemed keener on making money than pursuing their passion.

Hanna and her co-founder were also approached by a company for a collaboration. However, that did not work out in the end. A similar situation occurred for Anna when a large company researched buying her venture to insert into their business. She opted to not be taken over in the end as her venture was too small for the large corporation to fit into their business model.

Paula and her team contemplated going for investment loans but that was unnecessary and thus they decided to not pursue it in the end.

Jenny ended up not going for European funding such as accelerators since they require a lengthy application and she lacked time and resources. This coincides with Anna who mentioned that EU applications tend to be complex and lengthy. However, Anna did pursue some as she teamed up with other companies, universities and a consultancy for the application.

Whilst some of the forms of crowdfunding are known to benefit women such as reward-based crowdfunding (Weseman and Wincent, 2021) none of the female entrepreneurs mentioned pursuing crowdfunding.

4.3 Approaches

The interviewed female entrepreneurs also explained the different actions they have tested in an attempt to maximise their chances of success in obtaining funding. This includes both approaches that they used from the beginning of their funding process, as well as coping strategies that originated from experience or third party recommendations.

Entrepreneurial funding approaches

The approaches that have been implemented from the beginning can be split up into general approaches, such as filling out forms for loans, and entrepreneur specific approaches. General approaches such as filling out forms for the loan have to be included if the female entrepreneurs aim to obtain funding. Specific approaches differed between the female entrepreneurs but helped obtain funding.

General approaches

The female entrepreneurs shared the general approaches they had used in their funding process. As the common first funding source, most female entrepreneurs pursued was loans and grants, their first major step was to fill out the application form. While this was not an issue for Jenny, Cecilia, Hannah or Sara, Laura struggled to understand what the application form asked for, particularly as some of the application forms were in Swedish, which she has not mastered.

An additional approach mentioned was having a good liquidity report, to estimate how long their current funds would last and to start actively searching for other resources with more than enough time to obtain them. Furthermore, In Jenny's words: "*it's also very important not to wait until the last minute, as you realise that your bank account is going to be zero. So always have, keep that in mind, have your different sources or resources for funding in the beginning, and then use them at the certain time that you think is suitable.*"

Another approach mentioned by the female entrepreneurs was having a presentation ready for meetings with investors, which in Hannah's case included: "*a budget, company presentation with plans and strategy.*" Paula mentioned that she makes sure she always has all the information in prepared slides.

Entrepreneur-specific approaches

Anna is familiar with the field so every time she started with an application she calls the institutions and asks them questions about the application. This saves her time and prevents her from applying for loans or grants that have difficult regulations.

Cecilia mentioned that depending on the meeting she has prepares differently. This ties in with Grace, who mentioned that every investor is different and focuses on something different.

The female entrepreneurs also intuitively took every casual interaction with an investor that was presented to them as an opportunity to practice how to present their idea, even if the investors were later-stage than they currently are. While this is something that came naturally to them, the positive effects of this action became apparent with time. Jenny realised that it is particularly key for them to network and pitch to any available audience to find the rarer specialised investors that understand tech solutions such as theirs: *“it's very important. I think, at the early stage where you try to do some kind of networking or pitching event to expose your ideas to different audiences.”* This aligns with Hampton, Cooper and McGowan's (2009) findings of the high importance of female networks in tech startups.

This practice goes hand in hand with the expectation that later-stage investors will not fund the ventures at these earlier stages. Instead, the female entrepreneurs use the time it takes to develop the venture to build a relationship with the investors in parallel so that they can ask them to invest when they reach the required development stage. Both Jenny and Sara keep the potential investors updated on their venture development, to build trust and prove traction: *“It's always going to be a process, you have to build trust and you have to show them your development of the company to let them know what you're working on”* (Jenny).

As Jenny and Sara already mentioned, building trust was something that often came back as an approach to building relationships with investors. Cecilia mentioned that she builds trust by being honest about who she is. She realized that she does not need to give a 100% all the time which made her more relaxed.

Subsisting without funding

The interviewees were generally quite successful in obtaining funding for their startups; however, from time to time they struggled to obtain the necessary funding in time. When this occurred, they subsisted mainly by using their savings to cover their personal expenses. This coincides with Steigertahl and Mauer (2018) that entrepreneurs rely on their own savings. Jenny also fell back on her alternative sources of income from her consulting firm. Additionally, Laura shifted her focus, based on advice given by a role model, from funding to obtaining new customers, to have another source of liquidity for her company.

Coping strategies

The female entrepreneurs applied the previously mentioned approaches with varying degrees of success. Based on the results and learnings of their funding pursuits (both with their current ventures as well as other prior experiences), the female entrepreneurs changed their approaches, which resulted in coping strategies.

While most of the interviewees did not mention significant learnings on how to fill out application forms, Anna had some learnings that turned into coping strategies here. She noticed that often after filling in and sending an application strict rules about spending the money would follow. Rules which she did not know about and in the beginning did not adhere to as she was unfamiliar with them. This led to some issues with spending the money received. After noticing this she started reading the rules and regulations more carefully and if she has any questions about those she contacts the institution providing the grant or loan. Anna also started to recycle documents and texts for the applications as the applications took up more time than she wished.

The female entrepreneurs, through filling out the forms realised that their venture accounting had to be very clear and that they have to keep a clear document organisation from the start. Laura received this advice from an incubator advisor. Whilst Hannah had recently employed a bookkeeper to make sure the venture's finances were as requested by loan providing institutions. She had received feedback about the manner of bookkeeping from a loan institution which led to them temporarily not getting the loan. Instead, they were given the time to get their bookkeeping

to loan. Both Hannah and her co-founder have no bookkeeping experience, so they decided to hire external help for this task.

The interviewees that had gone through later funding stages realised that accounting became even more important and complex at later stages. Paula had seen in her previous venture that investors wanted everything documented, from money spent to the company formed. When closing with investors, they asked her for documents with all the details. Having all the documents in order was a coping strategy for her to not lose investors at the end of the process due to documents being incomplete.

Sara observed that the higher the investment round, the more detailed information that the investors asked for, to reduce their risk as much as possible. To ensure that she answered the investors' questions to a sufficient level of detail, Sara kept a list of all the questions that she had been previously asked so that she could prepare them for the next meetings.

Revising a list of all the questions previously asked by investors was a common technique among the female entrepreneurs, including Jenny and Paula. Additionally, Paula added the answers to these questions to extra PowerPoint slides following her regular presentation. She only presents the extra slides when one of the questions is asked, as she was very aware of the importance of not presenting for too long to keep the audience's attention.

Paula has also started to give less information about the idea from the start to not provide too much information. Other interviewees had also changed how they communicate their ideas and pitch due to various experiences. Sara had noticed that the way that they communicated their product caused the audience to preconceive them in a certain way. With help from her incubator advisor, she changed how she explains her products. She now finds it easier to catch the investor's attention with her new pitch.

Paula also changed how she communicates her project, as she changed her vocabulary to make it more accessible. She found that when pitching about biochemical products, not everyone present is familiar with the technical terms so she has had to change her vocabulary so that everyone understands what she talks about. Grace also changed the language she uses, as well as the way

she dresses over time, as she tried to find the balance between the two different industries her venture is in.

From her previous job, Cecilia learned that when you pitch or present you should focus on the message and mission and bring your passion across. Jenny and Sara can also see the importance of communicating a clear vision, while also showing the current traction; Jenny's advice is to *"try to be honest about what you're doing now but also try to be visionary of what you want to build in the future."* In Sara's case, the advice has become a requirement as she has to know what they will be doing in five years. Focusing on the vision provides a more promotion-motivated viewpoint, in line with Kanze et al.'s (2020) suggestion of a coping strategy.

On the other hand, Paula observes that investors are focusing on the team and not the idea; therefore, pitching the team is also important. Jenny also agreed on the importance of having and showing a complete team. For Sara, these are two sides of the same coin s she mentioned that entrepreneurs need to prove more and more that their company is going somewhere, and that they have the base or the strong foundations when it comes to the team.

Communicating about themselves has also changed for some of the female entrepreneurs as they pursued funding. Accepting that there are bad and good days has also been part of the learning process for Cecilia. Cecilia has been more open than before to investors about who she is. She might mitigate risks by being as open as possible to surrounding herself with people that are the same.

Some of the coping strategies demonstrated by the female entrepreneurs' concern change in behaviour online, as Cecilia has also learned to be more playful on LinkedIn and share when she receives investments.

Most of the female entrepreneurs worked with at least one male cofounder, which also participated in the investor meetings. This may have unconsciously worked as a strategy to deal with investor bias and may be part of the reason why Grace and Jenny did not experience gender bias. Alsos and Ljungren (2016) argue that this may be a coping strategy to signal sufficient human capital on the team. Additionally, this allowed Laura to take a more passive stance on being ignored by investors, letting her male co-founder take their attention with hopes that they

will progressively pay more attention to her. The exceptions here are Hannah, a female co-founder, and Anna and Cecilia who are solo founders.

Accepting that not every investor is a match has also been a coping strategy the female entrepreneurs mentioned. Paula mentioned that for her the team is more important than one investor. So if one investor does not agree with the division of shares and the team does it is not a match and they will not change their strategy for the one investor. This is why you should always approach more investors and have a plan B according to Paula. This ties in with Grace who remarked that every investor is different and different preferences come into play. According to Grace, you can change the approach for every investor but that is not a guarantee for obtaining funds as you can't predict their needs. Grace mentioned a coping strategy of sticking to what you are and what you have due to this uncertainty.

Something that came back during the interviews on multiple occasions was that the female entrepreneurs were advised by their advisors and coaches, and role models, to always approach everyone. Which is something they have started doing. Grace mentioned that pitching your pitch for everyone helped.

Another coping strategy mentioned by the non-Swedish speaking female entrepreneurs, such as Grace and Paula, was to start learning Swedish as some of the pitch competitions were in Swedish. Paula mentioned that she let Swedish speaking co-founders or colleagues deliver the pitch which according to Paula was unfavourable as in her case she had put in the work during the program at the incubator and pitching was supposed to be the reward for the hard work.

Even when all else fails, and the female entrepreneurs receive a negative response to their funding proposal, they find a way to cope. Sara shared that she asks investors that say no to investing to be their advisors. Not only is this a way to receive the support, knowledge and networks of experienced investors, but she also found that these advisors then became investors after seeing the venture's traction and clear direction: *"we ended up with three advisors, which last year, they became investors because then it was easier to get investment because they were able to follow up our journey."* Jenny followed a similar technique; without actively asking the

business angels to be advisors, she made sure to keep them updated on her venture's progress, as well as show them that they had applied their feedback, to build trust with them.

These findings expand on Lin's (2016) and Carter et al.'s (2003) finding by separating prior experience from other human capital factors, thus showing that this factor in particular has a positive effect on funding performance. Furthermore, these findings further develop Nahata's (2019) and Zhang's (2011) findings, by showing how prior experience results in improved firm performance, explicitly linking individual experience with coping strategies that lead to an increased likelihood of investment.

These results show that not only experience with prior startups contributes to a positive outcome, but also proposes a new factor: developed entrepreneurial experience throughout prior investment pursuits within the same venture. This study would thus argue that prior experience should be expanded to also include this factor.

4.4 Gender bias

Experience with gender bias

Female entrepreneurs are not always aware of having experienced gender bias: out of the eight interviewees, only Laura, Anna and Paula had consciously experienced gender bias in their funding pursuit. Laura and Anna proactively mentioned the issue when asked about challenges they had encountered: *“My colleague, he is a man. Sometimes he needs to take the lead because sometimes it gets hard for me to be taken into consideration; they would rather talk to him than to me”* (Laura).

The three interviewees that had experienced gender bias had observed it with different attitudes. Laura observed that investors would rather talk to her male co-founder than her, even though she is in charge of funding: *“They look at him as if he knows more about it, or he knows about the financing more than me when I'm the expert in finance.”* This aligns with Brush, Edelman, Manolova and Welter's (2018) and Malmström, Johansson and Wincent's (2017) finding that an entrepreneur is often seen as male.

Paula had experienced bias, whether on gender or perceived age, on multiple occasions. She encountered one situation where flirting was involved during a meeting and she was talked to condescendingly. Her co-founder looked at her when she reacted but did not notice what was causing this reaction during the meeting. Something similar happened to Anna, as she had to endure jokes about her gender multiple times.

Paula also noticed from time to time that people take her colleagues more seriously than her. Something Anna feels that from time to time too: *“Sometimes they don't know how to speak to me, one person speaks to me like I'm a child, and he never wants to say I'm right.”* Something Paula experiences too. In Paula's case, she guessed this might be due to the fact that people guess she is younger than her male colleague. Her background is unknown to many people which might factor into it too but this was unsure to her.

On another occasion, Paula was the more experienced party but another party got validated more, even sometimes for her idea, whilst being less experienced. Paula did not change anything after this.

Anna had experienced gender bias in different situations. She mentioned that when she calls material producers they do not take her seriously due to the fact they hear a female voice on the phone. On several occasions, the response she got on the phone was: *“you’ve probably got the wrong company.”* Anna does feel that younger generations are improving when it comes to this type of behaviour.

Jenny, Grace, Cecilia and Hannah had heard about this bias but had not encountered it in a negative way from their perspective. Cecilia had experienced gender bias in a previous job but not with her venture. Hannah did experience the positive effects of gender bias by being approached for matters due to the fact that she was part of an all-female founder team.

Grace was curious as to whether implicit bias had played a role in investor decisions: *“From the entrepreneur’s perspective, it is curious to know. Because you never know if you failed, you never know if it’s because of their gender or it is because of something else. We never got the real answer to that. So that also explains, like you can’t really build causation between your gender or whatever challenge to the result of your fundraising.”*

Like Grace, Cecilia was also interested in the implicit bias. Cecilia brought up an article about women receiving funding for their ventures in later stages than men and she often received the comment “you are too early”, which is the same comment she received from investors that had queued up to talk to her after her pitches: *“I am very early. And I cannot judge whether this has anything to do with the fact that I haven’t proven myself and that women are judged on what they’ve done. Or if this is just, you know, too early. So it’s very difficult to know, I have no idea actually.”*

All eight women were particularly aware that in Sweden, this was less of an issue than in other countries, with Jenny commenting: *“especially in Sweden, I think a lot of people are pretty cautious about gender equality here.”* While Laura did observe the issue to be less common, she still observed that investors did not expect her to be an entrepreneur: *“In Sweden, it’s not as*

common as for example in other countries, but some people still have the idea that I, for example, or women, don't take high-level positions or are not really looking into entrepreneurship. I'm more likely my co-founder's assistant."

Gender bias coping strategies

None of the female entrepreneurs explicitly *raised awareness about gender bias* if they encountered it which goes against advice from (de Andrés, Gimeno & Mateos de Cabo, 2021) about raising awareness to combat the issue.

Laura shared her gender bias experience with a friend co-founder, who recommended that she set clear boundaries when she feels disrespected. However, she struggles with taking this more defensive stance, as she could potentially lose investors because of this. She decided with her cofounder to take a more passive approach, with hopes that with further contact the investors will also pay more attention to her once the investors get to know her better.

Anna went so far as to mention that she does not often share her experiences regarding gender bias with others due to the fact it might be perceived as whining: *"If I say that I don't get funding because I'm a woman, no one will believe it, but that is what it feels like sometimes."* She explained this by mentioning that people question statistics about women getting less funding by saying that fewer women apply for funding. This reflects that female entrepreneurs' reduced likelihood of receiving funding is due to implicit discrimination, as argued by Andrés, Gimeno and Mateos de Cabo (2021). However, it contradicts their suggestion of raising awareness of gender bias in funding as a coping strategy, as it is replied to with rationalisations and is seen as complaining without foundation.

While Laura had noticed the gender bias and had thought about possible coping strategies, she had not taken proactive action yet. Laura has considered taking the lead and mentioned her strengths more: *"I'm the one taking the lead on the conversation, maybe emphasising that I'm in charge of finance and not emphasising again, not saying "you should talk to me", but maybe talking about finance."* However, in her experience, this strategy has room for improvement, as they still think her cofounder knows better. Nevertheless, she has hope that by repeating this

point and proving it with action, over time investors will pay more attention to her as they get to know her better.

Laura recommended approaching more female investors, as they pay more attention to her and take her more seriously, even being more patient when she struggles to communicate in English, which is not her mother tongue: *“Women investors seem to rely more on me and to trust more in me. Sometimes I don’t know some words in English, but they are super comprehensive and they try and then it seems like they really see my position as a CEO of the company.”* Anna also started approaching more women, both investors and companies that could buy her product, as she learned that having a way in with a woman would help her business. This aligns with Khurana and Lee’s (2022) finding that female entrepreneurs and female investors may have a stronger affinity due to homophily. However, few examples of female investors were mentioned; this seems to reflect Groza, Groza and Barral’s (2020) finding that there are fewer women in decision-making positions. Anna does stress that even with female investors it is more difficult to obtain the funding. On some occasions, she had interested female investors but after talking to male colleagues they decided not to invest.

Some of the female entrepreneurs did change parts of their behaviour to cope with gender bias. Paula actively shuts down inappropriate conversations such as the one she experienced with an investor. She mentioned that she believes that women usually laugh it off but are allowed to shut it down or say something as it is not appropriate behaviour. Anna stopped laughing and joking as people made inappropriate jokes regarding women and her being a women during meetings. She mentioned that the moment she stopped laughing so did the others. According to Anna: *“People treat you as you let them.”* Paula, like Anna, mentioned that she tends to laugh and has been thinking about becoming more serious to combat the issue. Paula also mentioned her academic and professional achievements to establish herself during meetings if she feels they do not take her as seriously as her colleague.

Since Paula needs to mention she has experience in the field whilst her male colleague does not she has been thinking about changing her behaviour to become more serious. Anna actively changed her language and communication style when contacting product manufacturers. She has

been talking less and using more technical language in order to prevent getting shut down. Both Paula and Anna adopted a less feminine linguistic style in order to convey their message, taking out any emotional message and solely focusing on achievements and knowledge (Balachandra, Fischer & Brush, 2021).

Cecilia copes with not getting funding due to a possible gender bias by asking investors when it is not too early if they tell her it is too early to invest. She does this to see when she could get the funding and if it ties in with gender bias or if she is really too early.

These findings show how female entrepreneurs experience their invisible disadvantage at an institutional level, further elaborating Chappell and Waylen's (2013) findings.

4.5 Ecosystem

Incubators and Skåne startup support ecosystem

The interviewees were very satisfied with Skåne's entrepreneurial ecosystem at all levels; in Jenny's words, "*In Sweden, they have a lot of support, and also local incubators, and also softer fund*". Six of the eight female entrepreneurs joined an incubator almost from the start of the venture. Some used their incubator as a way to map out the ecosystem and learn how the ecosystem works. Most female entrepreneurs also mentioned that joining the incubator provided them access to a network of investors and fellow entrepreneurs. This access also led to access and participation in network events and pitch events where they could meet investors.

Participating in incubators may counteract female entrepreneurs' generally more limited investor networks (Unnikrishand & Hanna, 2019). In combination with Hampton, Cooper and McGowan's (2009) findings of the high importance of female networks in tech startups, this may indicate that joining an incubator is particularly key for female tech entrepreneurs, which may explain why almost all the interviewees had taken this route.

After not getting results, Grace decided to join an incubator to follow courses regarding entrepreneurship. This provided her team with knowledge but also support from fellow entrepreneurs.

Sara also followed a similar approach as Grace; after struggling to raise her first angel capital round, she decided to join a funding incubator for the support, information and sharing of prior experiences. This strategy proved to be fruitful for her, as she received funds from her incubator's investment bond. She found that participating in the incubator added security in times of reduced funding such as the COVID pandemic.

Jenny also found it helpful to talk to other founders in her incubator, as they helped her learn about the funding process. She is also currently profiting from her incubator's investor network, from which she aims to receive investment in her next financing round.

Whilst Laura also recommends incubators for their support, as well as their training in funding and pitching to investors: *“they have all the knowledge, and they can help you (...) The entrepreneurs that I know, they didn't know much about funding before they entered the incubator.”*

Role models and their influence on female entrepreneurs

The female entrepreneurs had a variety of different role models, although they did not always consider them as such. When asked, some of the female entrepreneurs mentioned having no role models, even though during the interview they had spoken about advisors and coaches guiding them with the venture and possible challenges and issues, and that would fit Rocha and van Praag's (2020) definition.

When asked about the possibility of those advisors and coaches being role models, some mentioned they had not thought about that, because to them a role model was someone well-known who is successful but whom they did not know personally, such as Elon Musk for example. This shows the difference between public perception and the academic definition of the concept.

Only two entrepreneurs mentioned a very well-known entrepreneur as a role model. With the distinction, Cecilia said that she appreciates that that entrepreneur represents her, but she does not condone some of his behaviour. Hannah indicated that she does look at success stories when it comes to entrepreneurship but did not mention any well-known entrepreneurs as a role model. This aligns with Liu, Ma and Li's (2019) suggestion that peers are more inspiring to entrepreneurs than idols, adding *relatability* to Rocha and van Praag's (2020) defined characteristics of a role model.

Joining the incubators as an approach to pursue funding has also provided the female entrepreneurs with role models. While most of the female entrepreneurs mentioned their business coaches and advisors as role models, there are differences in the interviewees' choices. Hannah saw her incubator-assigned coach as her role model. On the other hand, while Laura had received useful advice from her business coach, she saw a female business advisor more as her role model. Laura is inspired by her knowledge, clear ideas and kindness: *“she knows everything. I*

wish I could have all that knowledge in a few years. She's great not only at work but personally, I see her not only having a lot of knowledge but being nice to everyone, having clear ideas of everything.”

Some of the female entrepreneurs mentioned fellow entrepreneurs as role models. Grace mentioned that the incubator community is her role model, whilst Cecilia mentioned that both her incubator coach and the women at the incubator are her role models. Jenny had also learned about the entrepreneurial process from other founders and her business advisor in the incubator; however, she did not see them as role models.

For Paula, some of her role models are successful entrepreneurs she knows personally. Laura sees the female CEO of a foreign company similar to theirs as her inspiration, due to them both sharing the same role and starting their company from scratch.

Other interviewees had female investors as role models: Sara felt very supported by a female investor that had been her incubator's former CEO. She is inspired by her strength, and experience, how she knows what she wants and goes for it, and how she supports female entrepreneurs through her investment fund. The investor helped Sara gain an idea of an investor's perspective, sharing the type of questions that investors may ask and how to answer questions regarding revenue. She also helped Sara fine-tune her pitch, redefining the structure and the way they communicate their product to convey a clear message in a limited time that would catch the investors' attention. Sara has presented to her investment fund in her current round and thus may receive funding from them.

Additionally, they also valued the advice given to them by business coaches and advisors. Jenny also works with a female angel investor, who is sharing her network of potential investors with the venture. Jenny also valued the help she received from her to improve the pitch deck, bringing in an investor's perspective. From her, she learned how to explain the problem more clearly to a non-specialized audience.

Role models in the ecosystem have different influences on female entrepreneurs. Some of the role models have taught female entrepreneurs about specific matters whilst others have helped

general matters. Anna actively mentioned she has different role models with different specific strengths.

Paula and Grace both learned how to present themselves from role models whilst Grace also learned how to think more for others in both her professional and personal life. Paula mentioned that her role models have helped her navigate the world and also the process of a product. Hannah's role model is also her business coach and has helped her with venture related topics such as funding, and problem-solving. Her business coach has challenged her founding team to change their mindset which has influenced both her and the venture. This has also been done by bouncing ideas from role models according to Hannah.

Grace has observed that every entrepreneur is different and learned that you need to be flexible and that others are also struggling so there is hope. Similarly, Cecilia gained confidence from entrepreneurs that she deems similar to herself. Seeing them succeed has made her realise that she too can succeed. For both Anna and Cecilia, entrepreneurs that they see as similar or on their level are more relatable than powerful women. For Anna, this meant female entrepreneurs with small businesses as she can relate to that, as she is also a woman with a small business. Cecilia explained that she sees herself as a regular woman so she looks at regular women that are entrepreneurs instead of power women as they can be intimidating.

Cecilia and Anna have also been influenced by role models when it comes to funding by studying them. They applied the gained knowledge to herself when she was pursuing funding. By looking at those role models Cecilia has learned what her strengths are and applied those to the funding process.

Some of the female entrepreneurs mentioned that they talk to friends about some of their experiences.

These findings align with and geographically expand Rocha and van Praag's (2020) and Karimi et al.'s (2013) findings, as similar positive effects of role models on female entrepreneurs are observed in Sweden. However, contradictory to Rocha and van Praag, this study finds that role models do inspire with knowledge and resource rather than just inspiration. This study also

further develops their findings, by understanding *how* role models increase the female entrepreneur's knowledge and skills, particularly those related to funding. This study also adds a new defining characteristic of a role model, in line with Liu, Ma and Li (2019): their *relatability*. Most of the role models were female, which added to their relatability, understanding and support.

Co-founders

The interviewees shared that, if they had co-founders, their co-founders had played a significant role in the funding process, even when they did not directly participate in it. They relied on their teammates in different ways, sharing their difficulties and asking for help with different challenges. Most interviewees mentioned that their co-founders were the first people with whom they shared all their different types of challenges.

As a first-time entrepreneur, Sara relied on her co-founder's knowledge of the funding process from his experience as a serial entrepreneur and went to him first for advice on funding challenges: *"I'm lucky, I have someone that can support me because otherwise, I wouldn't even know how to do it. I have been able to overcome the challenge because I have the co-founder, who is next to me, that has done thousands of investment rounds, so the knowledge is there."*

Jenny, Grace, Paula and Hannah also saw value in having a complete team that fulfilled all the different aspects of the business, so that they could each focus on making every part of the venture develop, as well as serve as proof of the project's strong foundation in front of investors.

Both Jenny and Laura had a personal relationship with a co-founder. In Laura's case, having her partner present in an investor meeting in which she felt ignored gave her someone to talk to and confide in about the issue: *"We both didn't feel that well afterwards and during that situation, but he just tried to understand my feelings. I think it also depends because he is my partner. But he didn't tell me how to behave because he told me he didn't know what to do."*

5. Conclusions

5.1 Aim of the study and research findings

The present study aimed to examine the approaches and coping strategies used by female entrepreneurs when pursuing funding, and the factors that play a role in the choice of these coping strategies. The analysed findings presented in Chapter 4 lead to four main contributions. Firstly, this thesis increases the applicability of the existing research on entrepreneurial funding, by investigating the current entrepreneurial funding opportunities and processes available to female tech entrepreneurs in Skåne, Sweden. Secondly, this study increases the understanding of research on entrepreneurial funding strategies, by arguing that female entrepreneurs develop coping strategies to deal with the challenges that arise in the funding process. Thirdly, this thesis increases the understanding of the potential effect of gender on funding opportunities, by focusing specifically on female entrepreneurs. Fourthly, this study develops an academic understanding of the factors that may affect female entrepreneurial funding strategy, by investigating the ways that prior experience and the support system's advice may lead to certain coping strategies being used.

These four contributions are derived from the main conclusions extracted from the analysis of the findings.

Firstly, this report expands the knowledge on the funding process and opportunities, particularly with regards to female tech entrepreneurs in Skåne in the pandemic and post-pandemic situations. It introduces a different type of loan from those covered in the literature: an innovation loan. Sweden offers particularly strong soft fund support, which may help counteract female entrepreneurs' reduced likelihood of receiving sufficient funding in the initial stages, as stated by de Andrés, Gimeno and Mateos de Cabo (2021). Obtaining grants and loans is particularly critical for tech ventures, due to the long time it takes to develop and test the solution to generate the traction required by business angels and venture capitalists. The COVID pandemic has reduced the amount of loan and venture capital opportunities available to earlier

stage entrepreneurs. This suggests that the rise in uncertainty caused by the pandemic has caused venture capitalists to adopt a prevention motivation, as explained by Malmström et al. (2020).

Secondly, this study provides an overview of the different coping strategies that female entrepreneurs use when pursuing funding, which was previously missing in the literature. While prior literature had studied the impact of human capital (including prior experience among other factors) on entrepreneurial success, this study goes a step further and identifies prior funding experiences as a key contributor to the development of coping strategies for pursuing funding. Female entrepreneurs maintain clear accounting and pitch at every given opportunity to practise and find investors that resonate with them. They keep potential investors updated on their business development, in order to build trust. They prepare for meetings by revising a list of questions asked by investors. They reflect on their process and work on how they communicate an idea to transmit their vision.

Thirdly, this thesis provides an overview of how female entrepreneurs experience and cope with gender bias challenges when pursuing funding; this complements the current literature's approach, which mainly focuses on analysing how gender bias may affect an investor's decision. The findings show that, while female entrepreneurs have heard that gender stereotypes can affect how investors treat them, they are not always aware of having experienced such, and expect them to be less of an issue in Sweden. Some entrepreneurs do wonder if it implicitly plays a role in their funding opportunities; others observe it in the form of inappropriate behaviour and not being seen as an entrepreneur or being taken into consideration as much as their male peers. They struggle to take proactive action as they do not actively *raise awareness* (de Andrés, Gimeno & Mateos de Cabo, 2021). ; when they do, it is in the form of showing more confidence, being more serious and not condoning inappropriate behaviour. *Behaviour and language*, are altered to be taken more seriously in future situations. Some of the entrepreneurs, for example, adopted their language to a less feminine linguistic form (Balachandra, Fischer & Brush, 2021).

Fourthly, this study finds that joining an incubator is particularly key for female tech entrepreneurs, both for the network and as a source of role models. Role models are a significant contributor to coping strategies that female entrepreneurs use when pursuing funding. Many coping strategies rely on incubators as a source of information, networking and even funding opportunities. Incubators are also the main source of role models, including other incubator members and business coaches. While the female entrepreneurs do not always consider them role models, they would fit Rocha and van Praag's (2020) definition, as they inspire the entrepreneurs with their strength and clarity of their ideas, as well as offer knowledge and mentoring. This study adds *relatability* as a defining characteristic of a role model to Rocha and van Praag (2020), in line with Liu, Ma and Li (2019). Most of the role models were female, which added to their relatability, understanding and support. However, female entrepreneurs do not usually talk to their role models about their experiences with gender bias, as they find that the role models may not understand or be able to offer advice. However, they do share these gender discrimination struggles, among other challenges, with their co-founders, as their closer relationship makes it easier to share with them and feel understood.

By synthesising these contributions, an answer to the posed research question can be derived:

What coping strategies do female entrepreneurs use when pursuing funding and how do the entrepreneurial ecosystem and experience affect these?

This study argues that prior entrepreneurial experience and role models directly influence female entrepreneurs' coping strategies when pursuing funding. Incubators in particular play a very significant role in providing support to the female entrepreneurs; they not only provide information and network for funding opportunities but are themselves a source of funding opportunities. They are also the main source of role models for female entrepreneurs, in the form of business advisors and other entrepreneur incubator members, which are relatable and usually female figures who the entrepreneurs talk to about their challenges, and advise on potential coping strategies. The female entrepreneurs also learn from their own prior experiences and formulate their coping strategies, which they then test to see if they result in an increased

likelihood of success. On the other hand, they do not share their negative gendered experiences with the role models they share a professional relationship with and struggle more with incorporating strategies to cope with these gendered challenges.

5.2 Implications for academia

This thesis' findings lead to four significant implications that support, challenge or ask for the revision of the existing theory. Firstly, the funding sources pursued by the interviewees align with Carter et al.'s (2003) findings of the most typical funding sources, with the significant addition of innovation loans as the main source, due to the strong soft fund institution ecosystem in Skåne. Our most advanced entrepreneur funding-wise showed that venture capital would become her main source of funding, which aligns with Steigertahl and Mauer (2018). However, according to Malmström et al. (2020), she may struggle with this objective, as she may encounter strong cognitive resistance from VCs; further research must thus be conducted on entrepreneurs at a later funding stage. Our interviewees also highlighted the importance of networking to find the right specialised investors; this aligns with Hampton, Cooper and McGowan's (2009) findings of the high importance of female networks in tech startups.

Secondly, this study expands on Lin's (2016) and Carter et al.'s (2003) research, by separating prior experience from other human capital factors, thus showing that this factor, in particular, has a positive effect on funding performance. Furthermore, these findings further develop Nahata's (2019) and Zhang's (2009) findings, by showing *how* prior experience results in improved firm performance, explicitly linking individual experience with coping strategies that lead to an increased likelihood of investment. These results show that not only experience with prior startups contributes to a positive outcome, but also proposes a new factor: developed entrepreneurial experience throughout prior investment pursuits within the same venture. This study would thus argue that prior experience should be expanded to also include this factor. Female entrepreneurs use strategies aligned with prior research suggestions; for example, focusing on the vision provides a more promotion-motivated viewpoint, in line with Malmström et al.'s (2020) suggestion. Nevertheless, it remains to be seen whether form applications also

provide the opportunity to show this viewpoint and whether innovation loan providers would also prefer a more promotion-motivated viewpoint.

Thirdly, this thesis further elaborates on Chappell and Waylen's (2013) findings, by showing *how* female entrepreneurs experience their invisible disadvantage at an institutional level. The investor's focus on the male co-founders aligns with Brush, Edelman, Manolova and Welter's (2018) and Malmström, Johansson and Wincent's (2017) finding that an entrepreneur is often seen as male. Further coping strategies for gender bias are found, while those suggested in prior literature are also validated and invalidated. The findings reflect that female entrepreneurs' reduced likelihood of receiving funding is due to implicit discrimination as argued by Andrés, Gimeno and Mateos de Cabo (2021). However, it contradicts their suggestion of raising awareness of gender bias in funding as a coping strategy, as it is replied to with rationalisations and is seen as complaining without foundation. The findings support Khurana and Lee's (2022) finding that female entrepreneurs and female investors may have a stronger affinity due to homophily. However, few examples of female investors were mentioned; this seems to reflect Groza, Groza and Barral's (2020) finding that there are fewer women in decision-making positions. This research also confirms Balachandra, Fischer & Brush's (2021) as the women used fewer negative emotional messages to convey a message.

Fourthly, this study finds that participating in incubators may counteract female entrepreneurs' generally more limited investor networks (Unnikrishand & Hanna, 2019). In combination with Hampton, Cooper and McGowan's (2009) finding on the high importance of female networks in tech startups, this thesis finds that joining an incubator is particularly key for female tech entrepreneurs. The findings show a difference between the public perception and Rocha and van Praag's (2020) definition of role models; female entrepreneurs would define role models as well-recognized founders of startups. However, this provides a contradiction, as they do not see those who would fit this definition as their role models, as they do not find them relatable to them. This study thus adds *relatability* to Rocha and van Praag's (2020) defining characteristic of a role model, in line with Liu, Ma and Li (2019). Most of the female entrepreneurs' role models were female, which added to their relatability, understanding and support. These findings align with and geographically expand Rocha and van Praag's (2020) and Karimi et al.'s (2013)

findings, as similar positive effects of role models on female entrepreneurs are observed in Sweden. This study also further develops their findings, by understanding *how* role models increase the female entrepreneur's knowledge and skills, particularly those related to funding. This study does contradict Rocha and van Praag (2020) on another matter as this research finds that role models do offer knowledge and resources to female entrepreneurs.

5.3 Implications for practice

Two practical implications are derived from this study's findings, which female entrepreneurs can benefit from. Firstly, this study provides an overview of the current research on female entrepreneurs' pursuit of funding and the challenges that come with this process. Multiple interviewees mentioned the importance of educating themselves about the process and challenges, particularly concerning gender bias. Female entrepreneurs may thus learn from this overview, and understand their current situation in context better. Incipient female tech entrepreneurs in Skåne may particularly benefit from this study, as they may gain more specific knowledge on the current funding opportunities and contexts in Skåne.

Secondly, this study provides suggestions for potential coping mechanisms that female entrepreneurs can adopt, both generally and targeting gender bias specifically. The interviewed female entrepreneurs obtained these coping mechanisms from their own experience or as advice from their role models; this report would serve as another source of information. Female entrepreneurs interviewed expressed an interest in receiving this research to learn more about the approaches and coping strategies used by other female entrepreneurs.

5.4 Limitations

It should be mentioned that this research has limitations. One of the limitations of this research is the small sample size for the interviewees. Although conclusions can be drawn based on this research, not all conclusions will be the same if looking at a larger group of female entrepreneurs. Furthermore, a limitation of this research is the geographical location of this research. Skåne in Sweden is known for its entrepreneurial ecosystem (Greenspan, 2016). It might be that female entrepreneurs in other regions in Sweden or other countries use other

strategies due to the ecosystem difference. On top of that Sweden is known, also among the female entrepreneurs interviewed, to be progressive regarding matters such as gender bias. Thus results might differ in other countries.

The industry could also provide a limitation as this research has primarily focused on the male-dominated tech industry. It is possible that in other industries in this region, Skåne, female entrepreneurs are using other approaches and coping strategies and experiencing more, less or a different gender bias.

This research considers the experience that female entrepreneurs have when it comes to founding a venture. However, this research found that many female entrepreneurs who had started more than one venture did not consider themselves experienced. This could have affected their funding process one way or another and thus the findings of this research include those about their learnings from prior experiences.

Another limitation is that many of the female entrepreneurs interviewed were currently in a pre-seed or seed round, and the funding results were undisclosed when the research was conducted. Thus the results of the approach and the following coping strategies for (pre) seed rounds are yet to be found successful or (partially) unsuccessful.

5.5 Recommendations for future research

Future research could map out the situation in different regions or countries. What might be the case in Skåne or even Sweden might not be a result of research somewhere else.

Future research could focus more on the influence of role models on female entrepreneurs. This research has demonstrated that the influence is noticeable when it comes to funding as the coaches seen as role models challenged the female entrepreneurs on several aspects. However, matters such as gender bias were not discussed with the role models and dealt with by female entrepreneurs themselves or discussed with friends. A future study could aim to research why the female entrepreneurs decided not to share their experiences with their role models and how this affects their results and coping mechanisms in future endeavours.

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Appendix

A. Entrepreneur interview method and plan

This interview plan introduces the type of interview, followed by the target group, survey questions and interview questions per variable measured.

Set up of the research

This research contains both a survey and semi-structured interviews. The reason for this combination is that the survey is sent in advance in order to collect demographic information and gain basic insights (e.g. types of funding pursued so far) in order to create a basic understanding of the target group and the interviewees. It will not be used to map the target group.

The target group for both the interview and survey

- Female entrepreneurs pursuing funding or that have successfully pursued it in the past
- In Skåne, Sweden
- With different levels of experience to compare
- Differences in role models present to compare the effect of role models on female entrepreneurs

Survey questions

1. Where are you located? (open answer)
2. How many years of experience do you have as an entrepreneur? (open answer)
3. Have you found any other ventures? If so, how many and in which sectors? (open answer)
4. What types of funding have you tried to obtain?
 - a. Did this include bootstrapping by any of the founders? (open answer or multiple choice)
5. Have you managed to obtain funding? (multiple choice)
 - a. I have obtained the full amount I asked for
 - b. I have obtained some funding, but not the full amount I asked for
 - c. I have not obtained any funding
 - d. I have obtained funding in some occasions, and have not in others

Type of interview

The interviews that will be held are semi-structured interviews. The reason for this is that this offers us the opportunity to go in-depth where seen fit if the interviewee offers more insights on one topic for example. The variables will provide the structure of the interview and will leave room for the interviewee to bring up other topics too.

This interview will be held using the variables from the theoretical framework to form the questions.

A different group of interview questions will be used depending on the interviewee's amount of previous experience obtaining funding. The same introduction will be used for both interviewee groups.

Introduction (to be given at both types of interviews)

Hello, we are Inés and Chloé, students of the Master of Entrepreneurship and Innovation at Lund University. Thank you so much for taking the time for this interview.

As mentioned before, this interview will be about your journey as an entrepreneur in pursuit of funding. We will ask you different questions, ranging from prior experience to role models and at the end, you can bring up matters you deem relevant.

Before we start we would like to tell you that we could anonymized your data if you would like that. If you do wish so please let us know.

Would it be okay if we record this session so we can transcribe the interview? (confirmation needs to be given, repeat when recording just to be sure).

Could you please introduce yourself? Who are you, what venture or company are you currently working in or for and in which sector is this company? What is the size of your current company and in which phase is your company at the moment?

Interview plan 1 (Experienced female entrepreneurs)

Preparation

- How do you go about finding funding for you?
 - How do you go about finding the institutions to provide you with funding?
- What preconceptions do you have about finding funding?
- Are there any preparations you used from previous experiences?

Strategies (for obtaining funding)

- In the survey, you mentioned that you have tried to obtain [types of funding]. Can you give us an overview and tell us some more about the process of trying to obtain these funding sources?
 - At what point in your company's development did you attempt to obtain funding?
 - How much funding did you ask for?
 - Did you obtain this funding?
 - How did you look for/find funding opportunities?
 - How long was the process of obtaining funding?
 - What challenges have you faced when trying to obtain funding?
- Is there any type of funding that you contemplated but in the end did not go for? Why?
- How do you go about preparing for the meeting with potential investors?

Coping strategies

- Have your coping strategies changed as your experience grew?
 - Any learnings for a possible next time?
- How has obtaining or not obtaining the funding affected your company's development?
 - How do you cope with not getting the funding or obtaining it?

Experience

- How has your approach changed, both prior research- and preparation-wise, as you gained more experience?

Role models

- Do you have any role models in regards to entrepreneurship?
 - If so, what type of role model have you had? How are you related to them?
 - Do you see your role model as successful?
 - What have you learnt from your role model?
 - How has this role model affected you or influenced your funding pursuits?

Gender bias

- Have there been any situations where you felt discriminated against as a female entrepreneur?
 - How did you deal with this?
- Are there any coping strategies that you use to avoid gender-based discrimination?

Ending

- Is there anything you would like to share that has not been discussed so far?

Interview plan 2 (Inexperienced female entrepreneurs)

Preparations

- How do you go about finding funding for you?
 - How do you go about finding the institutions to provide you with funding?
- What preconceptions do you have about finding funding?

Strategies (for obtaining funding)

- In the survey, you mentioned that you have tried to obtain [types of funding]. Can you give us an overview and tell us some more about the process of trying to obtain these funding sources?
 - At what point in your company's development did you attempt to obtain funding?
 - How much funding did you ask for?
 - Did you obtain this funding?
 - How did you look for/find funding opportunities?
 - How long was the process of obtaining funding?
 - What challenges have you faced when trying to obtain funding?
- Is there any type of funding that you contemplated but in the end did not go for? Why?
- How do you go about preparing for the meeting with potential investors?

Coping strategies

- How has obtaining or not obtaining the funding affected your company's development?
 - How do you cope with not getting the funding or obtaining it?
- Any learnings for a possible next time?

Role models

- Do you have any role models in regards to entrepreneurship?
 - What type of role model have you had? How are you related to them?
 - Do you see your role model as successful?
 - What have you learnt from your role model?

- How has this role model affected you or influenced your funding pursuits?

Gender bias

- Have there been any situations where you felt discriminated against as a female entrepreneur?
 - How did you deal with this?
- Are there any coping strategies that you use to avoid gender-based discrimination?

Ending

- Is there anything you would like to share that has not been discussed so far?