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How to Invite Yourself to a Dinner Party You Are Not Invited to

A Females Journey to Becoming a Partner in
Venture Capital

Master's thesis in NTNU School of Entrepreneurship
Supervisor: Roger Sørheim
June 2023

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Preface

This master's thesis marks the end of the master's program at NTNU School of Entrepreneurship for the authors. The scope of the thesis corresponds to 30 ECTS credits and was written over the spring of 2023. The topic of the thesis concerns the gender gap in venture capital, why it's a closed world, the effect of having a female partner and what actions can be done to close the gap. To answer the research question, interviews were conducted. We would like to thank all the respondents who participated in the study.

The authors would like to give special gratitude towards their supervisor, Roger Sørheim, for providing valuable feedback, discussions and guidance throughout the semester.

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Abstract

Venture Capital partners are at the forefront when it comes to financially supporting early-stage companies to drive further economic growth and innovation. However, it's a position and industry where gender balance is far from optimal, preventing women from being a part of developing the future. In Norway, only 10% of senior partner positions in Venture Capital are held by women, and 30% of Norwegian entrepreneurs are females. Shockingly, only 0,7% of all venture capital allocated in 2022 went to all-female founder teams in Norway, showing an enormous gender gap in who gets the opportunity to grow their business. Previous research states that investors often pair with founders of the same gender, which then limits the female entrepreneurs' chance of success. This thesis aims to explore why there still are such few female partners in Venture Capital and contribute to understanding what effects a female partner provides to a Venture Capital firm, as well as analyze and understand measurements and actions that may or may not be taking place to initiate the growth of female partners.

To address our research questions, we conducted 11 semi-structured in-depth interviews with partners in Norwegian Venture Capital firms. Where 6 of them were women, and 5 of them were men.

Our findings show that partners in Norwegian Venture Capital firms fail to take proactive steps in changing gender statistics. It is evident that women are not seen as the optimal choice, and the industry is still characterized by a strong network effect for individual success. An entrepreneurial cycle consisting of both male partners and male entrepreneurs is creating a closed world for women wanting to participate. Female partners describe a culture that does not invite women in on an equal basis as men and raise concerns about the lack of progress in changing this culture. Most Venture Capital firms mention that they are recruiting more female associates, but the impact this measure may bring will not be evident for some years, and additionally, other findings show that the culture in the Venture Capital industry is not ready for this change.

Further, our findings suggest that recruitment up to the partner level is strongly influenced by biases, where biology, stereotypes and expected behaviors are hindering women from building a desired career as partners. There are clear findings that male and female partners

have different perceptions of the impact the female partner brings to the team, and several of our male respondents show little concern about the shockingly low statistics on females in the industry. The overall findings are alarming, as the current recruitment processes across various levels prevent the progress of female partners, keeping the gender statistics in Venture Capital down.

In conclusion, this thesis sheds light on the pressing need for gender balance in the Venture Capital industry. The findings emphasize the importance of women's representation in decision-making positions and their contributions to problem-solving, organizational culture, and the industry as a whole.

Sammendrag

Venture Capital partnere er i spissen når det gjelder økonomisk støtte til bedrifter i tidlig fase for å drive videre økonomisk vekst og innovasjon. Det er imidlertid en posisjon og en bransje der kjønnsbalansen er langt fra optimal, noe som hindrer kvinner i å være en del av utviklingen for fremtiden. I Norge er det kun 10% kvinner som er senior partnere i Venture Capital industrien og 30% av norske gründere er kvinner. I tillegg ble kun 0,7% av all risikokapital i Norge tildelt kvinnelige gründerteam, som tydelig viser den enorme kjønnsforskjellen i hvem som får muligheten til å skalere selskapene sine. Tidligere forskning slår fast at investorer ofte teamer opp med gründere av samme kjønn som seg selv, noe som begrenser kvinnelige gründere sin mulighet til å bli investert i. Masteroppgaven har som mål å undersøke hvorfor det fortsatt er så få kvinnelige partnere i Venture Capital industrien, samt analysere og forstå hvilke potensielle tiltak som har blitt igangsatt for å øke andelen kvinnelige partnere i bransjen.

For å besvare forskningsspørsmålene gjennomførte vi 11 semi-strukturerte dybdeintervjuer med partnere i norske Venture Capital selskaper. Hvor 6 av dem var kvinner, og 5 av dem var menn.

Våre funn viser at partnere i norske Venture Capital selskaper ikke har tatt proaktive grep for å endre kjønnsstatistikken. Det er tydelig at kvinner ikke blir sett på som det optimale valget, og bransjen er fortsatt preget av en sterk nettverkseffekt for individuell suksess. Det har oppstått et system bestående av mannlige partnere og gründere, og dette skaper en lukket verden for kvinner. Kvinnelige partnere beskriver en kultur som ikke inviterer kvinner inn på lik linje som menn, og de uttrykker også bekymring om manglende fremgang i å endre denne kulturen. De fleste Venture Capital selskapene nevner at de rekrutterer flere kvinnelige associates, men virkningen av dette tiltaket vil man ikke kunne se før om noen år, og i tillegg viser andre funn at kulturen i Venture Capital-bransjen ikke er klar for denne endringen.

Videre tyder funnene våre på at rekruttering opp til partnernivå er sterkt påvirket av biaser, der biologi, stereotyper og forventet atferd hindrer kvinner i å bygge en ønsket karriere som partnere. Det er klare funn om at mannlige og kvinnelige partnere har ulik oppfatning av hvilken effekt den kvinnelige partneren tilfører teamet, og flere av våre mannlige respondenter viser liten

bekymring for den sjokkerende lave statistikken på få kvinner i bransjen. De overordnede funnene gir grunn til å slå alarm, ettersom de nåværende rekrutteringsprosessene på tvers av de ulike nivåene i Venture Capital-bransjen hindrer kvinnelige partnere sin fremgang, og fortsetter å holde kjønnsstatistikken ujevn.

Avslutningsvis belyser denne oppgaven det nødvendige behovet for kjønnsbalanse i Venture Capital bransjen. Funnene understreker viktigheten av kvinners representasjon i beslutninger og deres bidrag til problemløsning, organisasjonskultur og bransjen som helhet.

1. Introduction

The CEO and partner at the Swedish Venture Capital firm Wellstreet, Caroline Farberger, spent her first 50 years as a man. By being in the unique position of holding a partner title both as a man and as a woman, she now expresses a new understanding of how women face challenges with biases, networks and inclusion which hinders them to become Venture Capital partners. At the SHE Conference 2023 she stated,

“When I was a man and recruiting people on a senior level, I was thinking; it has to be someone right, someone good, someone I can trust. And I would probably play a low risk game and recruit someone I could trust, someone I know. And that's why these networks are self-reinforcing.”

Caroline Farberger ¹

The year is 2023, and the lack of female investors and entrepreneurs indicates how women still are heavily penalized by biases in the Venture Capital industry (hereafter referred to as the VC industry) (Balachandra et al., 2019). The idea that gender equality is progressing on many levels of society creates the impression that the VC industry is no exception, when in fact, the progress has stagnated. Fundraising statistics for female founders are shocking, with only 0.8% of the total capital raised in European Venture in 2022 is going to female founders, reduced from 1.1% raised in 2021 (Pitchbook & Hodgson, 2022). The majority of investors today are still men, and previous research states that this is due to investors often taking risks on entrepreneurs resembling themselves (Geiger, 2020). The VC industry has become a reinforced negative cycle where men invest in men.

The preference for similarity is a phenomenon called homophily (Geiger, 2020), and is observed among a portion of male investors who dominate the investment landscape today. This results in biases against women, as they are often overlooked, favoring those who resemble the male investor. Venture Capital is a male-dominated industry where men help other men (Tønsaas & Norheim, 2022). There are notable gaps within the existing literature about female partners in

¹ Transcribed recording of Caroline Farbergers speech at She Conference 2023

Venture Capital. The literature fails to comment on the advantages of having female partners and what actions can be made to increase female representation. We are dependent on more academic research to understand the barriers and challenges female investors face.

Currently, we are aware that there is a significant lack of female partners in the VC industry. More specifically, 77% of venture capital partner teams in Europe are all-male teams, who are controlling 84% of the total Venture capital, while female partners only account for 1% of the capital allocation. Previous research indicates that having a female partner on the team is financially beneficial, resulting in better exits (Gompers & Kovvali, 2018). As a consequence, VC firms are missing out on higher returns, and not including female partners is hindering them to bring on a broader network and seek out new types of entrepreneurs (Keybank, 2019). In recent years we have also seen a growing interest in encouraging more female participation in Venture Capital, by promoting the wish for more female partners at LinkedIn, conferences and in media. Despite this knowledge and interest, the progress of women in Venture Capital has not improved over the past 20 years (Brush, 2004). The literature fails to explicit state why the progress is going alarmingly slow and why there are so few female partners in the industry.

To initiate a change, we need to understand the actual reasons why women are not part of the VC industry. There is still a significant gap in our understanding of the factors contributing to the scarcity of female partners. We lack clarity relating to whether the women don't have an interest in joining or if they are not invited to join. Examining the recruitment process is necessary to better understand why women fall short of fitting into the industry.

Furthermore, existing literature fails to fully grasp the true impact that female partners bring to a team. And this effect is important to map out to provide the basis for advocating for greater investment in women. We need to understand which measures should be initiated and then comprehend the impact these measures can have.

Partners in Venture Capital play a crucial role in determining the success of new ventures and shaping the future. The absence of women in these processes is concerning. Enhancing our understanding of this issue is essential, as it not only reflects a societal concern regarding women's involvement in investing in future enterprises, but also emphasizes the need to highlight

the opportunities and positive outcomes that arise from greater gender diversity. The VC industry cannot afford to remain passive and avoid taking responsibility for its own diversity development. It is evident that the actions implemented to promote increased diversity within partner teams have not been effective enough. This lack of liability needs to change now.

This thesis aims to contribute to filling this gap by offering a contextual understanding of, *Why are there so few female partners? And why should VC firms care?* To provide the necessary context, we also pursue to answer the following sub-questions:

1. Why is Venture Capital a closed world?
2. How do male and female partners differ in relation to reflecting on gender biases?
3. How do female partners influence the decision-making process?
4. How is Venture Capital trying to close the gender gap?

The methodology utilized for this thesis is primarily centered around gathering data through semi-structured interviews with 11 Norwegian Venture Capital partners. In addition, a small dataset was compiled regarding the gender statistics of the VC firms these partners are affiliated with. Concurrently, a literature review was conducted to explore the gender imbalance prevalent in the VC industry. This review also delved into relevant theories on bias, as well as contextualizing the current state of affairs through reports and media sources.

The main contributions of this thesis show that partners in the Norwegian VC industry still hold outdated attitudes towards women, hindering them to elevate to partner positions. Our findings outline a closed world, which is largely based on entrepreneurial recycling and network effects. We found that biases limit how a successful woman is perceived and how the criteria for becoming a partner are designed for men. Despite allegedly being a central agenda topic for VC firms interviewed, few active measures have been initiated to force an increase in female representation. Our findings show that initiatives such as recruitment of more female associates, but when the culture by itself does not promote inclusion or a clear pathway for reaching partner level for the women, there is an obvious cause for concern.

There is a clear lack of responsibility concerning gender balance among Norwegian VC partners, as many decision makers believe a gender focus could potentially decrease profit. Consequently, we demonstrate the impact that women have on a partner team simply by being women, as well as the challenges they face in entering the Venture Capital world. We aim to highlight why it is truly time to embrace and choose women as part of the better future solution.

2. Frame of Reference

The Frame of Reference consists of five main sub-chapters: The VC context, The What, The Why, Responsibility, and Key Elements. The first sub-chapter, The VC context, provides an overview of the industry being discussed. Moving on to “The What” chapter, which presents statistical data on the gender ratio in risk capital distribution, female founder and partner teams, and offers a historical perspective on the issue while highlighting the status quo. “The Why” chapter delves into the theoretical aspects of bias, networks, recruitment and investment processes conducted by previous researchers. It explores the factors which contribute to the observed trends and outcomes. Next, “Responsibility” outlines the specific aspects of responsibility or accountability being addressed in the context of the discussion. Lastly, the chapter “Key Elements from Frame of Reference” aims to provide an overview of the existing literature on the topic, identifying what has been covered and what remains unexplored. It highlights the gaps in current research and literature concerning the thesis matter.

2.1 The VC Context

Entrepreneurs are faced with the crucial task of securing capital for their ventures to maintain growth and development (Busenitz et al., 2017). Therefore, capital is vital for their success (Yan & Sun, 2021). In the following different types of equity funding for entrepreneurs will be presented.

According to Busenitz et al. (2017), Venture Capital, Corporate Venture Capital, Angel Investment, Crowdfunding, and Accelerating Programs are the five primary sources of equity financing. All of this is considered an external source of funding, where investors capitalize on the venture in exchange for taking on a high-risk investment.

2.1.1 Venture Capital Funding

Venture Capital is defined as the provision of risk capital in the early stages of venture development (Hegeman, 2022). Venture capitalists provide funding to privately-owned entrepreneurial firms (Sørensen, 2007) and are typically financed by a limited number of

investors seeking to earn significant returns on high-risk investments (Busenitz et al., 2017). According to Sørensen (2007), startups that receive funding from seasoned venture capitalists have a higher likelihood of success, which is why many entrepreneurs aspire to secure equity funding through Venture Capital. Since most entrepreneurs seeking Venture Capital have limited experience in entrepreneurship, the companies comprising a venture portfolio are typically perceived as high-risk. As noted by Yan & Sun (2021), the process by which new ventures get access to Venture Capital portfolio consists of several phases such as screening, evaluation, negotiation and closing.

Tian (2011) notes that Venture Capital firms commonly engage in multistage investments to distribute investments over time, rather than providing one large sum at one time. The figure below illustrates how entrepreneurs typically gain venture capital based on the venture development related to the amount of funding needed.

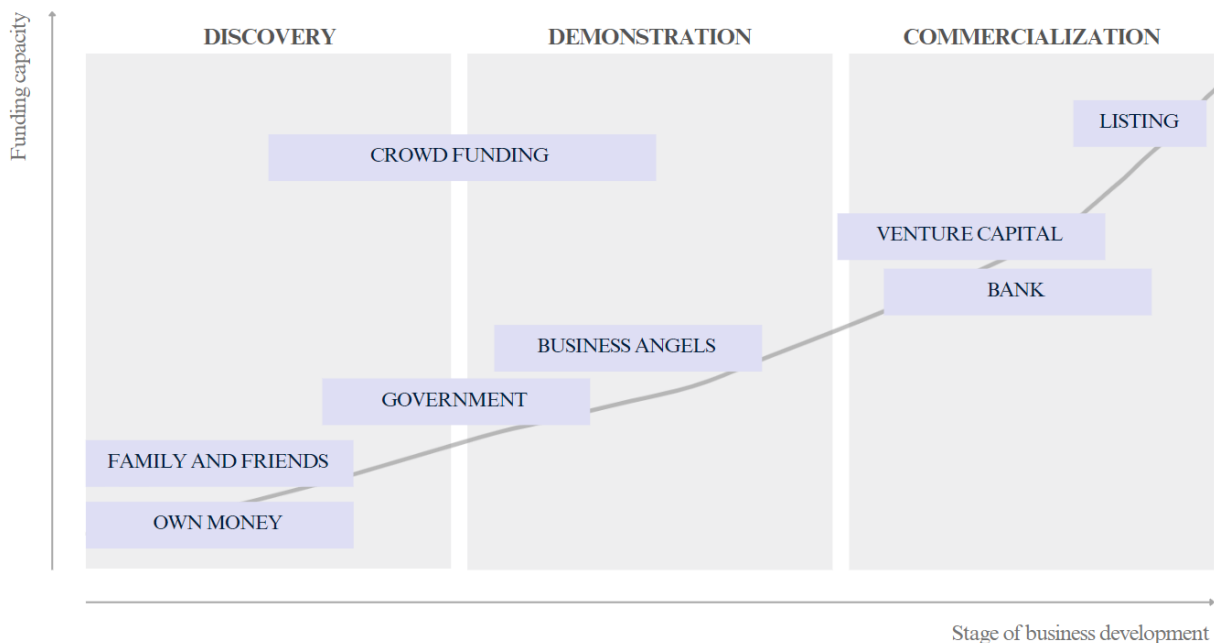


Figure 1: Freely illustrated after Hegeman (2022)

Early-stage investments are often associated with high risk in combination with a greater upside for high potential (Klingler-Vidra, 2016). Growth capital, or what is referred to as later-stage

investments, is, on the other hand naturally associated with lower risk and moderate upside for potential gain for the venture compared to early-stage investments (Buchner et al., 2017; Klingler-Vidra, 2016).

Traditionally, VC firms wish to work closely with the ventures they invest in. Sørensen (2007) suggests that when startups face multiple equity offers, they often prefer investors who offer excellent mentorships, over those providing the best financial offer. Many VC firms provide intangible qualities such as guidance, mentoring, management and other resources beyond capital (Yan & Sun, 2021).

Venture Capital firms usually invest in ventures during the early-to-mid stages of their development, with a clear objective of future acquisitions or a timely exit, as highlighted by Busenitz et al. (2017) and Hegeman (2022). The reason is simply to carry through an expected investment return for the involved parties in the venture fund.

Seed-stage funds focus on the earliest stages of a company's development, providing funding for seed and start phases. Investments made during this phase typically involve zero revenue. Given the high level of uncertainty, the fund managers' primary task is to identify potential winners (Norsk Venturekapitalforening, 2005). VC funds, on the other hand, provide funding to companies in the early and expansion stages. However, it should be noted that this category can overlap with both seed-stage and buyout funds depending on the VC fund's investment focus (Ørjansen & Pedersen, 2022). If the VC fund invests in a company during the seed stage, the investment will have a longer duration, typically up to 15 years. Buyout funds, also known as acquisition funds, invest in companies in the maturity or restructuring phases. The typical duration of this type of fund is 10 years.

2.1.2 Roles in a Limited Partnership: The LP, the GP, and the Portfolio Company

Understanding the roles within a VC firm are vital for grasping how money flows and who has the power to make investment decisions. The relationship between investors funding a VC fund and the fund managers is primarily defined by a so-called *limited partnership*, in which investors

of the VC firm are referred to as *limited partners* (LP) and fund managers are referred to as *general partners* (GP) (Lerner & Leamon, 2012). The LP has limited liability and therefore does not have a participating role in the management of the fund (Caselli, 2010, p. 69 & 306). In contrast, the GP is the controlling party and is responsible for most decisions made on behalf of the limited partnership, often together with the board in the specific firm (Caselli, 2010, p. 69 & 304). The GPs act as the fund manager or partners and manage the capital by analyzing, selecting, and monitoring ongoing and future investments. The final involved party is the portfolio company or a new venture, which is the recipient of the financial resources. This is usually the entrepreneurial business or the company undergoing scaling, hereafter referred to as the *venture* (Norsk Venturekapitalforening, 2005).

Due diligence can be described as a comprehensive review of the company, where the LP assesses whether the investment for the fund will benefit them. The investor (LP) evaluates whether the GP's objectives of a fund align with their own, and if not, the fund will not proceed in the process as a potential investment (Ørjansen & Pedersen, 2022).

When GPs seek to raise capital, institutional investors are preferred over private investors due to their knowledge and expertise of the financial market in which they already operate. Additionally, institutional investors typically have significantly more financial capital available, allowing them to invest with a more long-term perspective (Caselli, 2010, p. 36). On the flip side, institutional investors might have more strict mandates for which sectors they are allowed to place capital.

Fund-of-funds investors raise capital from their own LPs and invest this capital again into smaller funds. They act as both LP and GP, helping large clients to allocate their capital across multiple smaller funds and also helping smaller clients by providing access to and diversification across multiple funds (Lerner et al., 2012, p. 29-30). The PE market is organized into three distinct groups of funds based on the stage of investment, namely seed, venture, and buyout funds.

2.2 The What

Previous research asserts that female entrepreneurs are penalized by biases in the VC industry, resulting in lower investment levels compared to their male counterparts (Balachandra et al., 2019, p. 117), and recent statistics show that this is still the case. The idea that gender equality is progressing on many levels of society may create the impression that the VC industry is no exception, when in fact, the progress has stagnated. Venture Capital has become a reinforced negative cycle where men invest in men. In this section, we will explore “The What”, connected to the development of female founders and their access to venture capital. It will be presented in a historical and geographical context, as well as give an overview of industries venture capital is dominating. This section aims to explore the interconnection between female entrepreneurs and female partners.

2.2.1 Historical Context: The Diana Project

Over the last decade, the gender gap in entrepreneurship has gained significant traction academically in the US, Europe and Nordic countries. It started in the US back in 1999, with the Diana Project being established by a group of female professors who conducted a groundbreaking and comprehensive study on venture capital funding for female-led businesses. The study examined all equity investments in US businesses over a 30-year period and found that despite there being over 7 million women business owners in the US, they only received 2% of the \$33 billion institutional venture capital. Another study by Pratt (1998)(from Brush et al., 2019, p. 8) in 1996 shows that among 1200 firms that received venture capital, only 2,5% of these were led by women. This number is interesting in relation to a more recent study, which showed that out of 6500 venture capital investments in 2014, only 3% was given to female led businesses (Balachandra et al., 2019, p. 116). With a gap of 17 years, the number of female founders receiving venture capital has only increased by 0,5 % in the US context.

2.2.2 The European Context

In Europe, 15.5% of entrepreneurs are female (Deep Ecosystems, 2021). Fundraising statistics for female founders are even more alarming, with only 0,8% of the total capital raised in European Venture in 2022 going to female founders (Pitchbook & Hodgson, 2022). On the other side, all-male founding teams received 88,2% of all capital in 2021 (Unconventional Ventures, 2022). This indicates that very few female founders receive support from venture capitalists.

According to Level 20's European Gender Diversity Report (2022), across Europe, only 20% of investment professionals working in European venture capital and private equity are women. If one narrows down and examines how many of these are at a senior partner level, the number falls down to 10% (Level 20, 2022).

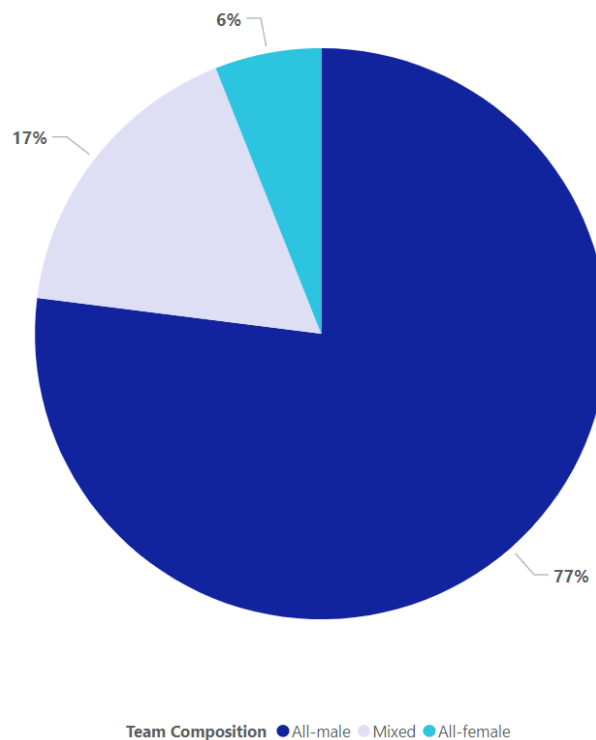


Figure 2: Deployed capital by GPs in 2022

Recent numbers, see Figure 3, show that 77% of all European funds are managed by all-male teams, and they manage 84% of all venture capital in Europe. While all-women GPs only account for 6% of all funds in Europe and manage as little as 1% of the capital (Unconventional

Ventures, 2022). In 2021, the UK sticks out with the biggest share of funding for all-women teams, at a total of 3% of the capital.

Women GPs are not only scarce in numbers, but they also oversee less capital than their male peers. This indicates that the phenomenon of “the women penalty,” where one is cutting cheques written for all-women founding teams short on the company side, also exists on the VC side. European LPs allocate most of their money to funds with no women GPs. As a direct result, less capital is deployed by female investors making investment decisions (Unconventional, 2022).

2.2.3 The Nordic Context

In Nordic countries, there is a lower proportion of women engaging in entrepreneurship compared to the European Union. Analyzing the representation of women among all entrepreneurs within a country provides insights into this underrepresentation. Presently, male entrepreneurs continue to dominate the entrepreneurial landscape across all Nordic countries. Nevertheless, variations exist among the Nordic nations. Finland stands out with the highest proportion of female entrepreneurs, reaching nearly 34 percent. On the other hand, Sweden exhibits the lowest share of female entrepreneurs, at 23 percent (Grünfeld et al., 2020).

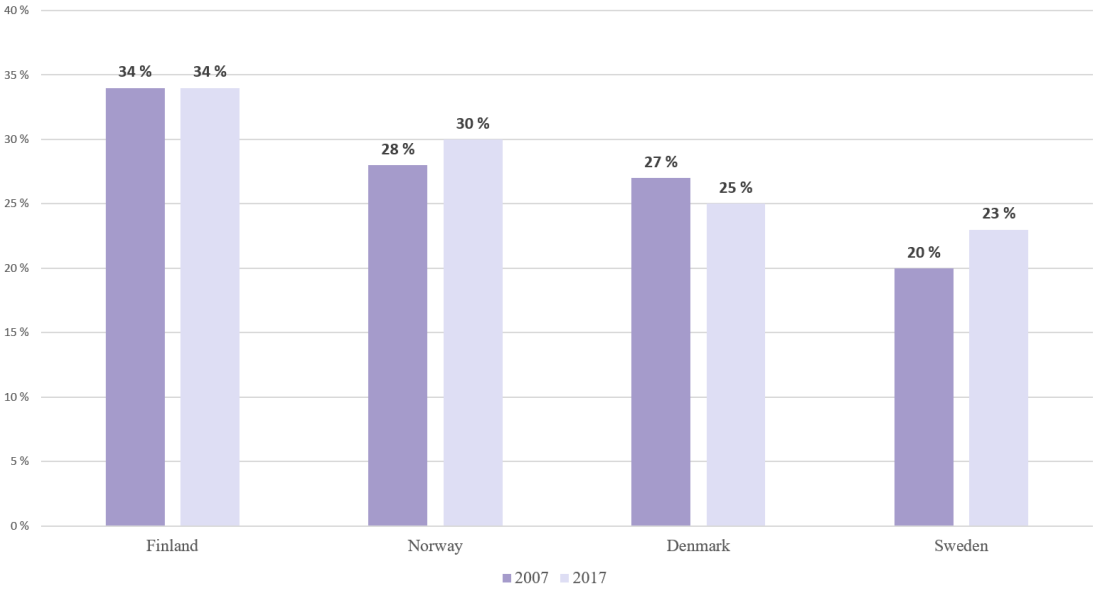


Figure 3: The share of women among entrepreneurs in the Nordic countries in 2007 and 2017 (Menon Economics, 2020)

There is a pattern among female entrepreneurs in the Nordic countries, where they tend to concentrate their entrepreneurial activities in specific industries. Notably, industries such as personal services, healthcare, education, arts, entertainment and recreation, accommodation, and food service activities exhibit a significant presence of female entrepreneurs. Moreover, women frequently prefer to establish businesses within sectors that generally have fewer high-growth enterprises. Examples of such industries include healthcare, care and nursing, education, as well as culture or sports (Grünfeld et al., 2020).

2.2.3.1 Allocated Capital to Women in the Nordics

In the Nordic countries, Finland allocates the most capital to all-women teams with 2,5%, while Norway and Sweden rank last by providing only 0,5% to all-women founding teams. In the Nordic countries, a total of 85% of all funding was allocated to all male teams (Unconventional Ventures, 2022).

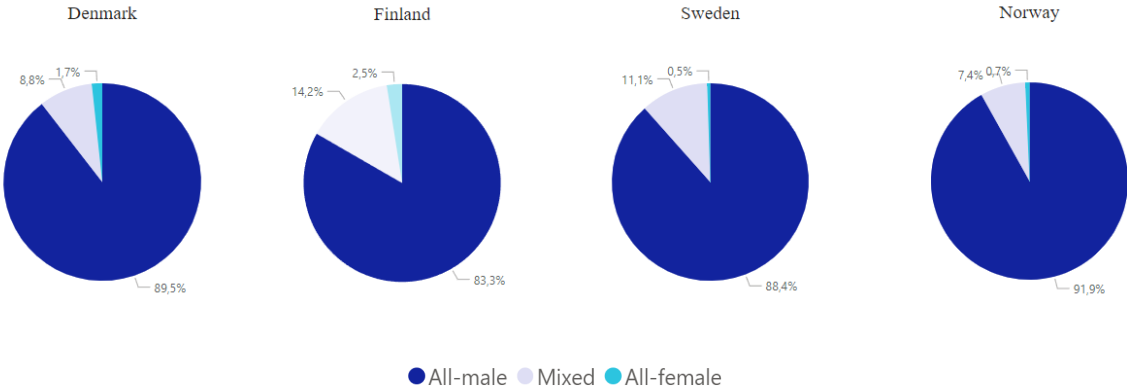


Figure 4: Venture capital allocated to all-male, mixed and all-female founding teams in Nordic countries 2022

The diagrams show the capital going to all-male, mixed and all-female teams in Finland, Denmark, Sweden and Norway in 2021.

2.2.4 The Norwegian Context

According to the United Nations Development Programme (2022) and the World Economic Forum (2021), Norway has consistently been ranked as one of the most equitable countries in the world for many years. Additionally, it boasts one of the highest percentages of employed women among all European nations. Despite Norway's reputation for gender equality, income disparities persist in its labor market. As DNB's (2019) "Who Owns the World" report highlights, men comprise the majority of high earners, with 81% earning over 1 million NOK annually. This finding underscores the ongoing need for metrics to address gender-based income inequalities in Norway.

In 2019, The Norwegian Ministry of Trade, Industry and Fisheries reported that less than one-third of new companies were established by women, while research shows that a total of 45% of women express an interest in starting a business in Norway (Grünfeld et al., 2019, p. 2). They emphasize reasons such as the range of opportunities in the labor market, the importance of having children and family, women's lack of female role models, risk-aversion and competitiveness for this significant gap. It also specified women's tendency to work in industries with low levels of entrepreneurship as a contributing factor.

In the Norwegian VC industry, we can find 10% of women in senior partner roles, a further 24% women in mid-level and 43% in junior level (Level 20, 2022, p. 2). This increase in the representation of women at the junior level can be a promising indication of promoting women to senior positions in the long run.

2.2.5 Who Gets Funding?

In the VC process, the first decision made is often who to invite in for an introductory pitch. Aernoudt and De San José (2020) found that 75% of pitch decks submitted to VC firms were from businesses without any female team members. According to Balachandra (2020), this decision is primarily based on market and industry fit, which often excludes women from consideration because their typical markets do not align with VC's mandate. Additionally,

Aernoudt and De San José (2020) found that women are over-represented in industries that are less attractive to investors. Consequently, this leads to a lack of opportunities for female entrepreneurs to secure venture funding to grow their businesses.

The majority of female-led startups focus on customer goods and services, healthcare, and software, with 35% of all female-led startups in the healthcare sector with low turnover and only 12% in the high-turnover fintech and insure-tech sectors (Aernoudt & De San José, 2020). Investors often choose businesses in sectors and products that they are familiar with, often through warm referrals. Shuttleworth et al. (2018: Aernoudt & De San José, 2020) found that although referrals made up 39% of pitch decks received, they accounted for 81% of all positive funding decisions made by venture capitalists.

2.3 The Why

To explain the presented statistics stated in the previous chapter, it is important to examine the ongoing discussions in the literature regarding the reasons why gender statistics in entrepreneurship are so unbalanced. Research on the gender gap in venture capital has been approached from various perspectives, such as leadership, employment, finance, and management, often exploring the impact of stereotypes and norms on people's expectations of success. In this part, we will present literature to substantiate the status quo and how it relates to biases, networks, industry, entrepreneur-investor relationships and entrepreneurial recycling.

2.3.1 Bias

Biases are a central part of the theory behind the gender gap in venture capital. Biases create norms and stereotypes within entrepreneurship hindering females from succeeding in business. This section will explore the literature on how homophily, unconscious biases, masculinity and risk awareness affect the development of more female founders and VC partners.

2.3.1.1 Homophily

Homophily is the tendency of individuals to associate themselves with others based on shared characteristics (Geiger, 2020). For example, men tend to choose people like themselves, such as other men, while women tend to choose other women. Geiger (2020) performed a meta-analysis on both the investor- and entrepreneur-side and claims that homophily is a central factor of the gender gap in venture capital.

There are different types of homophily, *activist choice homophily* is choices based on people actively wanting to help people who have had similar barriers like themselves, and in this context, where women are choosing to invest in other women. While men often have an *Interpersonal homophily*, which suggests that male investors unconsciously feel more at ease choosing a man over a woman, because he sees himself in the former (Geiger, 2020). Karlstrøm et al. (2023) found that VC partners considered it crucial to get along with the entrepreneurs and that chemistry is very important. A “good match” is an important influence in the decision making process, which reveals the effect of homophily. Ruef et al. (2003) support this and write that investors favor entrepreneurs to which they can relate personally. Ewens & Rownsend (2019) state that male and female investors express less interest in the opposite gender, which increases the likelihood of investors partnering with founders of the same gender. The lack of female investors, therefore, becomes a disadvantage for female entrepreneurs (Geiger, 2020).

Geiger (2020) suggests that the gender gap in entrepreneurship can be largely attributed to the self-selection of entrepreneurs into industries that align with traditional gender stereotypes. Women are more likely to occupy family roles, while men tend to hold professional roles. Additionally, women tend to prioritize work-life balance and flexibility, whereas men prioritize financial success. These factors result in fewer women pursuing entrepreneurship as a career option (Geiger, 2020)

2.3.1.2 Unconscious and Conscious Bias

Oberai & Anand (2018) state, “*Unconscious biases are a fact of life; no one can deny them. Thus, it is important to identify them so that they can be eliminated*”. These instincts are influenced by background, societal environment, and personal experiences. These biases are a

collection of mindsets and opinions we have about other people that directly effect how we judge others. Based on our attitudes and stereotypes that have evolved over time, unconscious biases are in a way shortcuts (Oberai & Anand, 2018).

Gender stereotypes play a significant role in shaping individuals' expectations and behavior, according to Geiger (2020). Women face more rigid standards than men relating to their actions and behaviors, particularly in regard to what they should not do (Heilman & Wallen, 2004). Women who exhibit traits traditionally associated with men are often viewed less favorably because it contradicts the established normative. This negative reaction to counter-normative behavior results in a disadvantage for female entrepreneurs, according to Heilman & Wallen (2004). Nelson et al. (2009) discovered that women who exhibited male-like characteristics were subject to negative reactions, reflecting that investors hold a gendered idea of the institutional model of a successful entrepreneur. This finding is supported by Fay & William's (1993) research, which found that bankers perceived men to possess more attributes associated with successful entrepreneurship than women. These women were unfairly discriminated against when seeking a loan to establish a business venture (Fay & William, 1993). Additionally, women were perceived as less capable and trustworthy than their male counterparts in studies done by Malmström et al. (2017).

Malmström et al. (2017) found that female entrepreneurs receive significantly less venture capital due to language and rhetoric highlighting gender disparities during funding decisions. The study suggests that unconscious bias plays a role in this disparity, as evaluators use gender stereotypes to assess entrepreneurial potential and potentially overlook the abilities of female entrepreneurs. As a result, the study proposes that female entrepreneurs are undermined by these gender biases. Karlstrøm et al. (2023) found that VCs highlighted the importance that entrepreneurship needs to have a “tough mindset”, and that the gender stereotypes assumed to fit the entrepreneurial character may again be assumed to be masculine.

2.3.1.3 Masculinity

The masculine characteristics are viewed as more suitable for entrepreneurs, indicating a discrepancy between perceived entrepreneurial qualities in women and female characteristics

(Karlstrøm et al., 2023). According to Lee & Huang (2018), women who attempt to adopt more masculine behaviors may struggle with self-authenticity, as overstepping their behavior and being inconsistent with their natural tendencies. This confusion can lead to female entrepreneurs being perceived as more aggressive and therefore receiving less respect from colleagues. Research conducted by Heilman & Martell (1995) with 224 male VC managers showed that competent women were often viewed as cold and undesirable by their peers, in contrast to men who were considered equally competent. Additionally, successful female managers were described in negative terms such as bitter, selfish, quarrelsome, and devious, unlike their successful male counterparts (Heilman & Wallen, 2004).

The most successful pitcher is said to be an attractive male. Brooks et al. (2014) studied the physical attractiveness of the human pitching an idea, and found that being considered physically attractive increased the likelihood of winning a pitching event by 36%. Further, the study found that male entrepreneurs were 60% more likely to succeed in pitch competitions than their female counterparts. Given that venture capital evaluations often rely on brief, 5-minute verbal and visual pitches, investors often rely on their gut instincts, which may be biased. Therefore, physical appearance, as mentioned by Brooks et al. (2014), is often a critical criterion in venture evaluations.

2.3.1.4 Risk Awareness

The role of risk aversion is often discussed in the context of the underrepresentation of female entrepreneurs in venture capital. Karlstrøm et al. (2023) highlight the significance venture capitalists place on risk and bravery in relation to entrepreneurs. Given the inherent association of the entrepreneurial role with risk and uncertainty, it becomes crucial to possess a high capability to effectively handle precisely this. Different risk preferences between genders can create diverse strategies for accessing external capital. Kwapisz & Hechavarría (2018) found that most early-stage female entrepreneurs finance their businesses with personal funds, rather than seeking external financing and that a majority of women do not apply for external financing.

Findings from venture capitalists in Norway state that women are too careful, “thinking too small” and are not aggressive enough when asking for venture capital (Karlstrøm et al., 2023).

Both male and female VCs perceive male and female entrepreneurs differently in their willingness to take risks, with women being perceived as more risk-averse. (Karlstrøm et al., 2023).

Concurrently, being more risk-averse is also a good quality to have in entrepreneurship, according to Karlstrøm et al. (2023). Female entrepreneurs were often more thorough and precise than men, stating their desire to achieve perfection and dissatisfaction with jobs left half done. This precision, together with concerns that women are too cautious, can make female entrepreneurs more realistic, as they have often thought through more of the risks than their male counterparts. Risk-taking and self-confidence must be balanced with enthusiasm and a sense of realism (Karlstrøm et al., 2023).

2.3.2 Who is the Investor?

Men account for 93 percent of the VC investment community (Balachandra, 2020, p. 261). The dominance of men in the investor and relevant industries is thought to influence how male and female entrepreneurs seeking finance are perceived (Greene et al., 2001). Investors' gendered mental models are shaped by their experience, education, preferences, and behavioral patterns, affecting how they interpret signals sent by male and female entrepreneurs (Alsos & Ljunggren, 2017, p. 573; Nelson et al., 2009). This gender bias results in investors' preference for investing in male-led ventures, which is an unhealthy trend for female entrepreneurs who need to work harder to secure financing (Tønsaas & Norheim, 2022). Therefore, female entrepreneurs face additional hurdles to prove their and their ventures' legitimacy to compensate for structural barriers and stereotypical ascriptions (Alsos & Ljunggren, 2017, p. 573).

Group psychology is crucial in investment processes and among colleagues. Malmström et al. (2017) reveal a concerning finding that both female and male financiers participated in the social construction of gender and discrimination against female entrepreneurs in an investment process. Hence, both women and men used stereotyping to portray women as lacking entrepreneurial potential (Malmström et al., 2017, p. 854). Marlow & Patton (2005, p. 718) explain that a "normative male model of entrepreneurial achievement exists," disadvantaging women. Lewis (2006, p. 455) highlights the invisibility of gender in entrepreneurial activities, where

"entrepreneur" and "male" have become interchangeable terms, maintaining male dominance in entrepreneurship (Lewis, 2006, p. 455; Robinson, 2000).

Performance in venture capital investments is crucial for earning trust between the venture, GPs and LPs. As highlighted, there has traditionally been a significant overrepresentation of men in partner positions, which has impacted the general VC workplace. Gompers et al. (2022) found that female venture capitalists have a lower individual investment performance than their male colleagues. Their results also show that gender differences in investment outcomes are not due to female investors being less skilled. These are rather attributable to female investors receiving less benefit from the track records of their colleagues. Stated alternatively, women venture capitalists do not benefit, on average, from having male colleagues in the firm in which they work. Male venture capitalists, in contrast, benefit significantly from having male colleagues within their firm (Gompers et al., 2022, p. 511).

VC firms with a female partner are twice as likely to fund companies with women on their management team (Keybank, 2019, p. 1). These firms operate with a diverse range of experiences and are better positioned to recognize opportunities that might be missed by a less diverse partner team (Keybank, 2019, p.1)

Mckinsey & Company and Harvard Business Review found that if VC firms hire 10% more female partners, this will increase profitable exits by 9.7% (Gompers & Kovvali, 2018). More profitable exits will benefit both male and female partners, LPs and the company as a whole.

Kreuze (2017) found that firms in which senior partners had more daughters than sons hired more women partners and performed better than their competitors (Kreuze, 2017). This is closely connected to prior research that suggests that parents of daughters support gender equality and feminist causes in a broader sense.

2.3.2.1 Entrepreneur-Investor Relationship

Various factors influence investment decisions, including industry, investor groups, and country-specific considerations. For entrepreneurs seeking funding, it is crucial to understand the investors' decision-making process. Gender is a central metric that researchers have explored

when examining the gendered aspects of entrepreneurship (Alsos & Ljunggren, 2017, p. 567). In a study of a small investment fund in Norway, Alsos & Ljunggren (2017) found that out of 50 evaluated cases for investment between 2005 and 2013, only two had female-led entrepreneurs. Furthermore, none of the assessed cases had gender-mixed teams, except for the two cases of female lead ventures. This indicates that women entrepreneurs have less access to financial capital than their male counterparts. While direct discrimination is scarce, gender is embedded in the entrepreneur-investor relationships in complex ways that go beyond visible differences (Bay & Skrede, 2018; Carter et al., 2003).

Gender influences human and social capital, and should be considered when evaluating investment decisions. Additionally, gender may influence industry context, technology, and ideas, highlighting the need to view gender as embedded in the relations in which entrepreneurs operate (Alsos & Ljunggren, 2017). Female business owners are often labeled as "female entrepreneurs," signaling their difference from the normative standard of men against which their performance and behavior as entrepreneurs are judged (Lewis, 2006, p. 456). Eddleston et al. (2014, p. 507) argue that if women are systematically disadvantaged, the full potential of their businesses may never be realized. Hence, it is crucial to scrutinize who the investor is.

2.3.3 Important Factors in Fundraising for VC Firms

Previous research points towards three important factors when LPs look after a VC partner team (GPs) when investing; (1) Track record, (2) the GP's network and (3) that their investment strategy is aligned (Ørjansen & Pedersen, 2022).

2.3.3.1 Track Record

A successful track record for the management team in a VC firm has been identified as a crucial factor in fundraising. Existing literature suggests that factors such as fund managers' expertise, prior success, and reputation, as reflected in the management team's track record, will have a significant influence on an investor's decision to invest (Caselli, 2010, p. 108). These findings are consistent with those of Gompers (1998), who found that a VC fund's historical performance

is a determining factor in its ability to attract new capital. Similar findings are also reported by Hüther (2016), who concludes that GPs with a strong track record have a significantly greater likelihood of financing follow-up funds.

2.3.3.2 Network

The significance of networks in successful fundraising for Venture Capital funds is well-established in the existing literature. Ørjansen & Pedersen (2022) reveal that networks influence not only General Partners' (GPs) fundraising activities, but also Limited Partners' (LPs) investment opportunities. Milosevic (2018) similarly identifies the importance of networks in the fundraising process. Ørjansen & Pedersen (2022) suggest that a significant portion of a fund's investors are repeat investors, underscoring the importance of networks. This knowledge has been established for quite some time, Diamond's (1989) research indicates that reputation and longevity are critical components in developing effective networks. Building a broad and diverse network that spans beyond national borders provides fund managers with greater access to capital-raising opportunities. A good personal network is therefore considered an important criterion for becoming a partner in a VC firm.

2.3.3.3 Investment Strategy - The Technology Trend

The VC funds investment strategy should be aligned with the potential LPs, for successful fundraising. Fund managers who were researched in Ørjansen & Pedersen (2022) invested only in the technology market, indicating a specialized strategy for their mandate. In certain instances, the investment mandate is shaped by the General Partners (GPs), whereas in others, it is determined by/ or with the investment committee. In today's investor environment, two dominant investment strategies exist, focused investor mandates versus opportunistic investors. The first strategy involves employing traditional market analysis and establishing a well-defined mandate for investing in specific products and/or services within a particular sector (Ford & Nelsen, 2014, p. 16). At the opposite end of the spectrum, we find opportunistic investors who adopt a more flexible approach, not restricting their investment mandates to any specific sector or indication (Ford & Nelsen, 2014, p. 17).

Today, a technology mandate is considered strategic, given the United Nations' emphasis on technology investment for sustainable development (UN Global Compact, n.d.). The technology investment universe attracted the most investments of all in 2021 (Albertsen et al., 2022). Additionally, funds with a technological focus in their investment mandate have been shown to raise capital quickly (MacArthur et al., 2022, p. 23). Lahr & Trombley's (2020) study found that LPs prefer VC funds that adhere to their investment strategy.

2.3.4 Why Female Partners Are Excluded from the Ecosystem

Findings indicate that network is crucial in Venture Capital funding because it provides entrepreneurs contacts, and the chance to be promoted when venture applications are assessed (Brush, 2004). However, research conducted by the Diana Project (Kwapisz & Hechavarría, 2018) has revealed that women often are excluded from networks that facilitate capital growth. This lack of inclusion limits women's ability to access contacts, and positions them at a disadvantage when it comes to being recommended for venture capital funding.

With the application of social identity theory to the venture capital industry, Stets & Burke (2000, p. 225) uncovered a group of individuals who consider themselves part of the same social category, described as an *in-group*. This self-categorization leads to an amplification of perceived similarities between oneself and other in-group members, while also amplifying perceived differences between the in-group and *out-group* members. This amplification extends to attitudes, beliefs, values, reactions, behavioral norms, speech patterns, and other traits that are thought to be associated with the relevant intergroup classification (Stets & Burke, 2000, p.225). In turn, this has consequences for how investors behave and talk with each other in investment meetings. Gompers et al. (2020) found that the majority of venture capital funds invest in startups that are part of their network. Female entrepreneurs' lack of human capital (Bay & Skrede, 2018) causes more men to take place at the table.

2.3.4.1 Gender Gap Due to Industry Fit

Karlstrøm et al. results presents how investors perceive female entrepreneurs to create start-ups within industries that generally do not receive VC funding due to a lack of scaling opportunities (Karlstrøm et al., 2023). Investors also argue that since tech is a highly scalable industry, tech is often the preferred choice for industry. In 2017, the representation of female students in engineering education was recorded to be 19.9% in Norway (*Fortsatt Få Jenter På Ingeniørfag*, 2018). The investors in Karlstrøm`s study (2023) directed their attention to the lack of female entrepreneurs in their deal flow, acknowledging that this was influenced by various external factors such as discrepancies in the nature of businesses founded by men and women.

The existing literature on gender disparities in VC funding has shed light on the issue of industry fit, with scholars examining the ways in which female entrepreneurs are impacted by the industries they operate in. Kanze et al. (2020) contend that women are penalized for operating in male-dominated industries, while Geiger (2020) posits that female entrepreneurs are more likely to start businesses in industries traditionally associated with femininity. This consideration is crucial when analyzing VC funding statistics, as research has shown that industries associated with masculinity, such as manufacturing, high tech, and construction, tend to be more lucrative and require more funding than those associated with femininity, such as retail and fashion.

Kanze et al. (2020) conducted a study comparing the success of male and female entrepreneurs in both masculine and feminine industries, finding that female entrepreneurs operating in traditionally male-dominated fields were disadvantaged. They received weaker equity deals, less funding, and encountered greater difficulties in securing investments. This outcome is consistent with research by Heilman & Wallen (2004), which suggests that women who excel in non-traditional domains are viewed negatively due to gender stereotypes. Moreover, Geiger (2020) posits that these stereotypes lead to a "self-stereotyping" process in which female entrepreneurs are more likely to select industries that align with traditional gender perceptions.

2.3.4.2 Entrepreneurial Recycling

There is a widespread consensus about the importance of networks in identifying promising start-ups. Today, being a former entrepreneur or serial entrepreneur is considered an attractive characteristic for becoming a partner in a VC firm. The phenomenon of *entrepreneurial recycling* involves successful entrepreneurs remaining in the ecosystem to facilitate further entrepreneurial activity, as defined by Mason & Brown (2014). According to Fackelman & De Concini (2020, p.11), the European Investment Bank (2022) and the European Commission (2020) have noted that the scarcity of female entrepreneurs and investors, as well as gender biases in investment decision-making, can create a self-reinforcing cycle that is challenging to overcome. The presence of a gender imbalance in both the investor and entrepreneurial segments of the Norwegian entrepreneurial ecosystem suggests that the recycling effect of successful entrepreneurs could potentially serve to reinforce this imbalance (Grünfeld et al., 2019; Skogstrand and Harnes, 2022).

2.4 Responsibility

The evidence presented so far clearly highlights a major problem. Moreover, a primary concern is the lack of awareness and recognition regarding the problem and its widespread impact. Research shows that businesses founded by women deliver higher revenue than those founded by men, with a rate of over twice as much per dollar invested (Aernoudt & De San José, 2020). Meaning, startups with a female founder or co-founder perform better over time (Aernoudt & De San José, 2020). In terms of startups that have achieved an exit, all-male teams have a success rate of 9%, while mixed teams have a slightly higher rate of 12%. Even though female entrepreneurs have superior performance compared to their male counterparts, female-led enterprises receive less funding. Karlstrøm et al. (2023) state that the primary objective of VC funds, which is to generate profits, is constantly taken into account by both female and male partners. Furthermore, they emphasized that their focus is on investing in the most exceptional entrepreneurs, irrespective of gender (Karlstrøm et al.,2023).

To rectify the gender imbalance in entrepreneurship, it's necessary for the capital flow to align with the investors' commitments to increase female representation all across the value chain. Female associates at VC firms need to be able to progress to a partner level in order to have a real impact on investment decisions. Simultaneously, we as a society have to make VC firms accountable for investing in all entrepreneurs, irrespective of gender. Karlstrom et al. (2023) interviewed Norwegian VCs and confirmed how homophily unintentionally impacts their decision-making processes. This observation echoes the sentiment expressed by the European Commission and the Europe Investment Bank (2022), suggesting that the scarcity of female representation, both in the sphere of entrepreneurship and among investors, is a recurring pattern that presents formidable obstacles to overcome (Fackelman & De Concini, 2020).

Unconventional Ventures highlights in their report from October 2022, "We must consider the missed opportunities for investors and the risks of inadequate funding for those driving positive change. This applies to everyone in the ecosystem, from VCs to LPs, accelerators, government agencies, and angel investors. We all need to strive for improvement". This establishes that the measures must be significant and come from the top to make an impact and be effective.

An example where The Norwegian Government initiated incentives is in investments in cleantech. Investments in cleantech by Norwegian firms increased from 70 million in 2020 to 880 million in 2021 (Albertsen et al., 2022). This is closely connected to Norwegian governmental initiatives like incentives, favorable policies and subsidies. Thus, this demonstrates that if there is a genuine desire to create change, it can be achieved.

In 2022 the Norwegian government proposed to introduce a requirement for the female gender to be represented by at least 40 percent on the boards of Norwegian companies (Regjeringen, 2022). This aims to ensure better gender balance in company leadership. The European Investment Bank (2022, p. 2) claims that firms with strong female representation on their boards are 28% more likely to outperform their peers, showing that more gender balance gives good results. This is a start, but there is still a lot to do to break the cycle.

Female investors may feel a stronger responsibility to female entrepreneurs rising as a consequence of homophily (Alsos & Ljunggren, 2017). According to venture capitalists in

Karlstrøm et al., study (2023), it was recommended that entrepreneurship should be introduced at an early stage to challenge the notion that is inherently associated with specific gender role expectations. So the author's question is then, who are the first ones to take responsibility for making this change?

2.5 Key Elements from Frame of Reference

Based on the literature, we know that the majority of investors today are still men, where a portion have biases against women, preferring entrepreneurs who resemble themselves, a phenomenon known as homophily (Geiger, 2020). To increase gender representation in the VC industry, we need more academic research focused on understanding the barriers and challenges faced by women in entrepreneurship and venture capital. This is crucial for identifying the root causes and encouraging action.

The gender gap between entrepreneurs and investors has been increasingly discussed, acknowledging the need for more diversity among those controlling financial resources. Additionally, the literature fails to comment on the advantages of having female partners or highlight effective measures to achieve a better gender balance. The statistics from 20 years ago unfortunately show a marginal difference compared to the statistics today (Brush, 2004). There's a lot of talk, and no action (Melkild et. al, 2022). The investor and entrepreneurial atmosphere is a male-dominated industry, where men help other men (Tønssaa & Norheim, 2022).

We know that female founders receive significantly less funding compared to male founders, as little as 0.8% for all-female founding teams in Europe (Pitchbook & Hodgson, 2022). Additionally, we know that there are few female partners in decision-making positions controlling capital flow for venture capital.

Women are often excluded from networks that can provide benefits, such as funding and mentors (Kwapisz & Hechavarría, 2018). Additionally, it is firmly established that women and men have different interests in education and industries, which leads to women starting businesses in industries that are often not as strategically popular amongst investors (e.g., healthcare, education, female-led tech) (Karlstrøm et. al, 2023). In Norway, 3 out of 10 entrepreneurs are

women (Grünfeldt, et al, 2019, p. 2). Changing the fact that there are fewer female entrepreneurs is challenging, but it is closely related to the presence of role models, funding opportunities, and the risk women are willing to take when they see how difficult it is for other women to reach the top. There is a wave of junior/associate-level professionals in VC firms on the rise, which may indicate a shift in the right direction for diversity recruitment. However, there remains a significant gap at the senior partner level, historically demonstrating the challenges that are still very present and associated with reaching top positions (Level 20, 2022).

There are notable gaps within the existing literature. Our understanding remains limited regarding the underlying factors contributing to the scarcity of female partners, and the substantial difficulties faced by female founders in securing funding and achieving successful exits. There is also limited discussion about why the focus predominantly remains on investing in industries with limited female representation. The poor statistics are difficult to change due to entrepreneurial cycling, the masculine entrepreneurial culture, and network-based recruitment.

Literature states that diverse partner teams are known to be more profitable, and female investors often feel a stronger sense of responsibility to support female entrepreneurs. Therefore VC firms will miss out on higher returns, female entrepreneurs, and diverse networks, with not having a female partner. Nevertheless, there is still a gap connected to knowledge about the consequences of having few female partners.

The existing literature exhibits a research gap concerning the underlying reasons for the significant underrepresentation of female partners. Therefore, the authors will present the research questions in line with this gap:

Why are there so few female partners? And why should VC firms care?

With the related sub-questions to provide context:

1. Why is Venture Capital a closed world?
2. How do male and female partners differ in relation to reflecting on gender biases?
3. How do female partners influence the decision-making process?
4. How is Venture Capital trying to close the gender gap?

3. Method

This chapter describes the author's motivation behind the master thesis, how the research question was defined, and how the data collection was performed and its belonging results.

3.1 The Author's Motivation for the Topic

The trio writing this thesis is composed of individuals with a strong enthusiasm for the subject and a genuine curiosity about the field. As a former leader for Boost Henne, an organization dedicated to supporting and empowering female entrepreneurs, Live has, over a long time, become familiar with the gender gap in entrepreneurship and the stigma regarding this in society today. She soon holds a master's degree in technology, a degree in itself where women are underrepresented. Live places great importance on promoting women's participation in the fields of technology and entrepreneurship.

Birgit sparked an interest regarding the gender gap in entrepreneurship after working with one of her role models, Siri Kalvig, in Nysnø Climate Investments. Siri Kalvig is the founder and previous CEO of the weather forecasting company Storm Weather Center, and is now working with climate-specific investments in Nysnø. Birgit has always had a strong passion for empowering women in finance and now also in entrepreneurship.

Lastly, Ida holds a master's degree in civil engineering and has several years of work experience in a male-dominated industry. She got to know gender bias firsthand at several construction sites over the years, and is passionate about raising awareness about gender gaps and representation in leadership positions. Both Birgit and Ida work in their own startups and possess a strong determination to tackle the challenges faced by female entrepreneurs today.

3.2 Concreting Problem Formulating for the Thesis

When beginning the process of concreting the problem formulation for the master thesis, the authors started by discussing findings from the initial research questions from the project thesis submitted in December 2022. The research questions from the project thesis were, *What does the literature say about the gender gap in investment processes?* and *How do norms and unconscious bias affect the investors in the investment process?*

By mapping the existing literature connected to the gender gap in investment processes, it was clear that there is a gap within the literature connected to female partners in the VC industry. Previous literature on the gender gap and bias in investment processes were mainly related to the entrepreneurial perspective, and not as much to the investment perspective. Additionally, limited information exists on the effects of gender balance in investment committees and partner teams, as well as addressing the factors for why there are so few female partners.

This paper aims to contribute with filling gaps in the literature with new empirical findings, and provide value by finding answers to:

➤ **Why are there so few female partners? And why should VC firms care?**

With belonging research questions:

1. Why is Venture Capital a closed world?
2. How do male and female partners differ in relation to reflecting on gender biases?
3. How do female partners influence the decision-making process in Venture Capital?
4. How is Venture Capital trying to close the gender gap?

3.3 Research Design

In order to answer the research question, we have conducted a qualitative research design parallel with analyzing additional literature relevant to the master thesis. Gartner & Birley (2002)

state that many crucial questions in entrepreneurship can only be answered using qualitative methods, since it will give a greater depth and a wider variety of situations needed to understand the complexity of entrepreneurial dynamics. Our primary source of information and data for the master thesis were 11 in-depth interviews with partners in Norwegian VC firms. By using the qualitative method you get a deep understanding by paying attention to the experiences and views of participants (Rynes & Gephart, 2004, from Javadian et al., 2020). Additionally, we constructed a small dataset to map out gender statistics in the VC firms we interviewed, presented below in section 3.4.2.

Since we already had conducted a literature review related to our project thesis, we used an abductive method to generate propositions based on this literature when performing our qualitative research. The abductive approach is where logical reasoning is in center and where you create propositions based on observations and information (Saunders & Bristow, 2019). Figure 5 shows how logical reasoning was used to create propositions from our literature and further divided into themes, which were the basis for our interview guide.

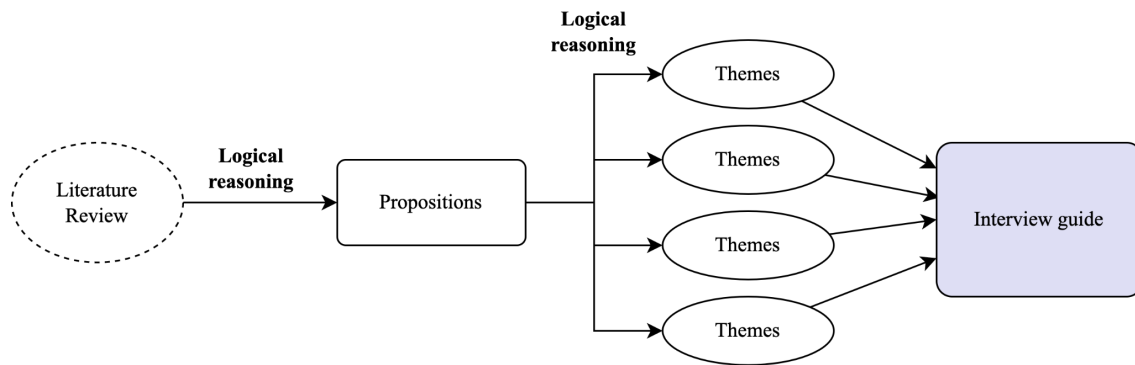


Figure 5: Illustration of the process of using the abduction method

Using an abduction method to generate the basis for our study allows us to have theoretical ground when collecting and analyzing the empirical data.

The field of entrepreneurship qualitative research has a number of benefits, such as triggering cognitive processes that encourage the growth and transmission of ideas (Javadian et al., 2020).

We conducted semi-structured interviews focusing on reflection, we did so in order to trigger the perspectives of the different respondents related to the gender gap in venture capital. To further structure the data we used the Gioia method for linking quotes from the respondents, and again using the abductive method to link the qualitative data to theoretical sub-categories. The Gioia method is one of the most used approaches in qualitative data, and the method enlightens the possibility to preserve the respondent's voice (Gioia et al., 2013).

The literature presented is a coalition of the literature review from our project thesis and new literature relevant to our research question and findings from the empirical data. The literature from the project thesis is rewritten and modified.

3.4 Interviews

3.4.1 Empirical Data Collection

When choosing interview objects for the qualitative data collection, we were careful to evaluate the following criteria; (1) partner title, (2) their gender, (3) size of the VC firm and (4) gender balance in the VC firm and (5) gender balance of the partner team. It was important that the respondents represented the same role and decision making power in the VC fund, to have a better basis for comparison. We interviewed nine private VC firms, where the interview objects held the title "partner", and two governmental VC firms, where the interview objects held the title "investment directors". Even though there are some minor differences in regulations for private and governmental VC funds, the respondents are all categorized as "partners".

Since we were writing about the gender gap in venture capital, we wanted a balanced ratio of gender among the partners we interviewed. Therefore six of the respondents are female, and five are male.

3.4.2 Respondents

A data set was made by the authors to gain an overview of the venture capital landscape for the respondents, and more precisely the distribution of male and female partners in the respective VC firms. Additionally, it was particularly intriguing to examine whether the actual figures demonstrate sufficient representation of women with the potential to become partners. The data was collected from publicly available data, and a number of partners were cross-validated by respondents. The dataset in its entirety can be found in Appendix C.

Tables of the Respondents

	Title and role	Gender	Date of interview (dd.mm.yy)
A	Partner	Female	09.03.23
B	Partner	Female	08.03.23
C	Managing Partner	Male	08.03.23
D	Managing Partner	Male	09.03.23
E	General Partner	Female	10.03.23
F	Senior Partner	Male	17.03.23
G	Partner	Female	20.03.23
H	Partner	Female	17.03.23
I	Investment Director	Female	21.03.23
J	Partner	Male	23.03.23
K	Partner	Male	31.03.23

Table 1: Respondents interviewed for this thesis

The size of the VC firms was an important factor to secure a representative of the VC landscape, and possibly see if there were any correlations between size and gender gap. The VC firms were grouped by size and ranged; Small, Medium and Large, which were categorized based on the number of employees seen in a Norwegian context. Small size VC firms are firms with 1-9

employees, medium sized holds 10 - 30 employees and large 30+ employees. The VC firms varied in terms of the gender ratio of both employees and partners (Table 1).

Tables of Venture Capital Firms

Respondent	Size of VC Firm	Female ratio of employees	Ratio female partners
A	Large	40.0 %	40.0 %
B	Small	28.6 %	33.3 %
C	Medium	40.0 %	0.0 %
D	Small	25.0 %	20.0 %
E	Small	100.0 %	100.0 %
F	Small	14.3 %	0.0 %
G	Small	28.6 %	28.6 %
H	Large	35.3 %	14.3 %
I	Medium	46.7 %	40.0%
J	Large	25.6 %	0.0 %
K	Medium	21.4 %	0.0 %

Table 2: Venture Capital firms studied for this thesis

The respondents we interviewed represent 5 small VC firms, 3 medium VC firms and 3 large VC firms. Out of the 11 VC firms, 2 are defined as Governmental VC firms, which include regulations and guidelines for the company that is granted by the Norwegian Government in contrast to regulations given by equity owners of the VC and managing partners.

Aside from one exception (VC Firm E), none of the VC firms have a female ratio of employees higher than 40%. VC Firm E has a clear outspoken strategy to incorporate diversity in all of their business activities, which is clearly reflecting their statistics compared to the rest of the respondents.

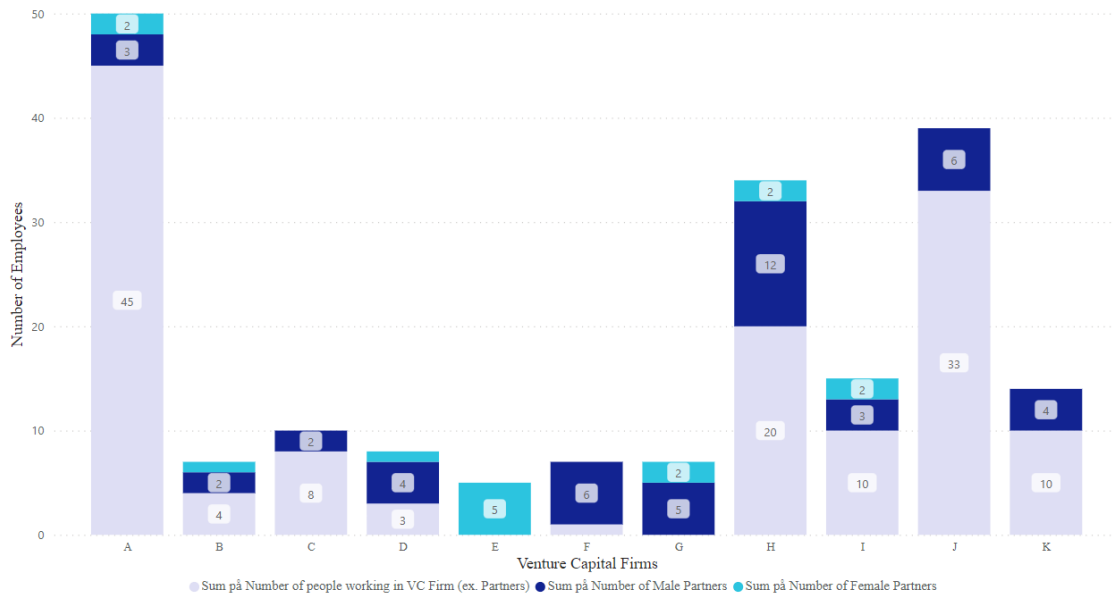


Figure 6: Number of employees working at VC firms

Figure 6 illustrates the distribution of all VC Firms interviewed for the thesis with representative number of employees, both male and female and correspondingly the number of employees holding a partner title. Light purple represents the number of employees excluding partners working at the VC firm. Dark blue represents the number of male partners, and turquoise represents the number of female partners.

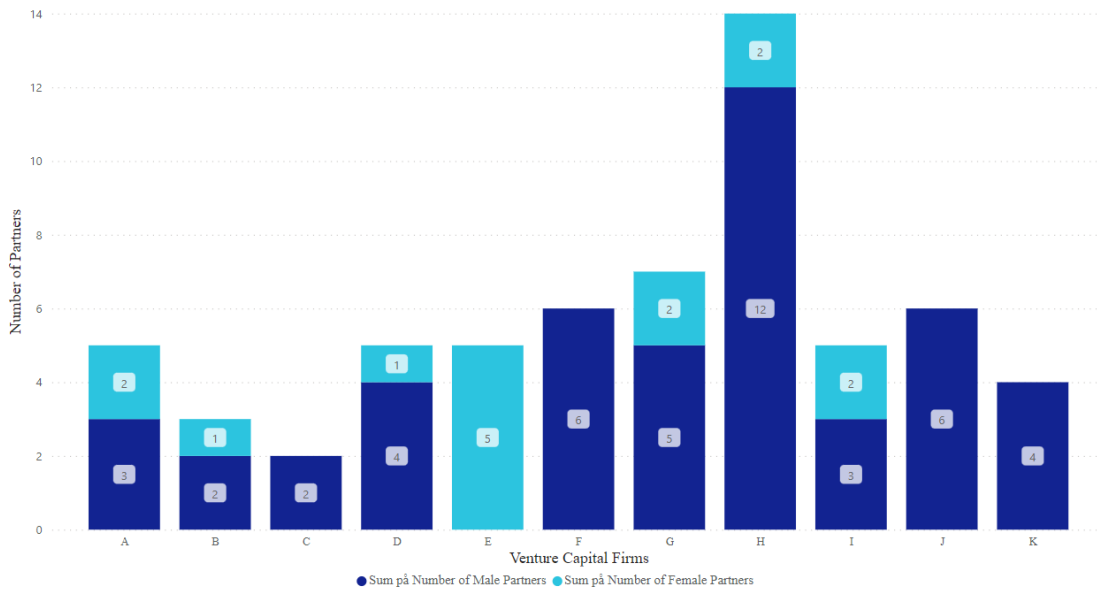


Figure 7: Gender ratio on the partner team at the VC firms

When investigating the gender distribution among partners in VC firms it is clear there is a predominant representation of men holding a partner title, with the exception again being Venture Capital Firm E with all female partners. VC Firm C, J and K don't have any female representation in the partner team.

Mandate Overlook

We obtained mandates for the VC firms from their respective websites for all the funds except for VC Firm D. The majority of investments focus on the technology sector, and the mandates provide a deeper insight into the specific areas they allegedly are targeting for investments.

VC Firm	Industry for mandates
A	Ocean-Tech, Climate-Tech, Impact Agri-, Climate- and Food-tech, Impact Agri-Tech, Climate Impact, Impact Tech, General Impact
B	IoT, Robotics, Clean Energy, SaaS
C	Software companies transitioning industry to become more sustainable, efficient and resilient
D	Not to be found
E	Healthtech, femtech, diversity tech, sustainable fashion, foodtech and fintech
F	Tech, cyber security, sea, measurements offshore applications, VR, electrification, logistics, pattern analysis
G	Medicine, electricity, farming, sensor
H	Tech, energy, marine, health, environment, other
I	Climate-friendly technology that reduces greenhouse gas emissions
J	Logistics, software, technology
K	Software, industry, gas

Table 3: Industries represented in the VC funds mandate

3.4.3 Interview Guide

The interview guide is presented in Appendix A. When creating the interview guide, we first started with a draft and tested it during our initial interview. Based on the feedback and answers, we made a few minor adjustments, and from then on used the same guide in every interview to ensure valid data collection (Kallio et al., 2016). Prior to each interview, we informed the respondent that we were conducting research on the gender gap in venture capital and that we were speaking with various partners from Norwegian VC firms. Beyond this, we did not provide any additional information or context regarding the themes nor the research questions.

In the interview guide, the questions were divided into thematic sections. We did not bind ourselves to follow the sequence of the themes, and the interviews can be categorized as semi-structured interviews that emphasized reflection. Afterward, it's clear that almost every interview ended up with reflecting on the themes in chronological order. We found it favorable to divide the interview guide into themes because we wanted to understand the whole investment process of the VC firms.

The thematic section in the interview guide were:

- Mandates
- The Venture Capital Processes
- Female Partners
- Biases
- Responsibility

The first half of the interview concentrated on questions about the standard investment processes. The second half of the interview contained themes that were more reflected on biases and females' role in investments. We figured that this deviation would create a good dynamic, to ensure that the interview object was comfortable with the setting, before answering personal and potentially more difficult questions.

Initially, when contemplating the topic for the thesis, the mandate played a crucial role in our consideration. However, as we proceeded and completed half of our interviews, we realized that

exploring mandates was not particularly intriguing or as indicative as we first thought, as they were typically broad and within the same fields and industries.

The theme “VC Processes” was relevant to see if VC funds had specific strategies regarding diversity when selecting ventures. Prior to the interview, we found gender statistics in their portfolios. A question every interview object was asked was to reflect on if they were aware of their own metrics, and how the fund tackled them.

When introducing the theme of female partners, we did not communicate the word “female”, to avoid influencing the answer of the respondents. Instead, we asked the respondents to reflect on the criteria for becoming a partner in general, and whether they believed they were now part of an optimal team to make the best decisions and why. After this open question, we then asked if they could deliberate on the impact of having a female partner, and why there in some cases were quite few or non female partners in a VC firm. For the theme "Biases" we wanted to explore to what degree the respondents' awareness was related to their own and others' biases. Finally, the theme "Responsibility" was addressed to all respondents to gather the reflections of the entirety.

3.4.4 Confidentiality Agreement

The interviews were conducted anonymously to allow the respondents freedom to express themselves and to help us gather insightful opinions that potentially may be taboo to debate publicly and openly. They were also to remain anonymous in both the master thesis and the process related to the master thesis.

Before each interview, the respondents signed a confidentiality agreement approving audio recordings for the following transcriptions, and that these audios were to be deleted after the master thesis.

As a result, their confidentiality is upheld throughout the master, and the master's thesis does not contain any references to specific companies or persons by name.

3.5 The Analysis: Gioia

For the qualitative analysis the Gioia method was utilized. The Gioia method is a framework for systematic conceptual and analytical discipline to create credible interpretations of data (Gioia et al., 2013). We used an abductive approach (Gioia et al., 2013) with a combination of empirical data and existing literature on the topic. The majority of the data collected are reflections from the respondents. In order to not lose the respondent's voice we used the Gioia table to present direct quotes. Utilizing the Gioia method allowed us to connect our empirical data with theoretical categories and strengthen the validity of our results.

To decode our data we used Nvivo and Excel. The empirical findings were then divided into 1st order codes consisting of direct quotes from the respondents, and further into 2nd order codes which explained the theme of a group of quotes. Then we collected groups of 2nd order codes under theoretical sub-categories, before further categorizing them into aggregate dimensions. There are together three Gioia tables, and each table has one aggregated dimension. In this section, we will explain how we did the decoding and how we made the Gioia table, illustrated in Figure 8.

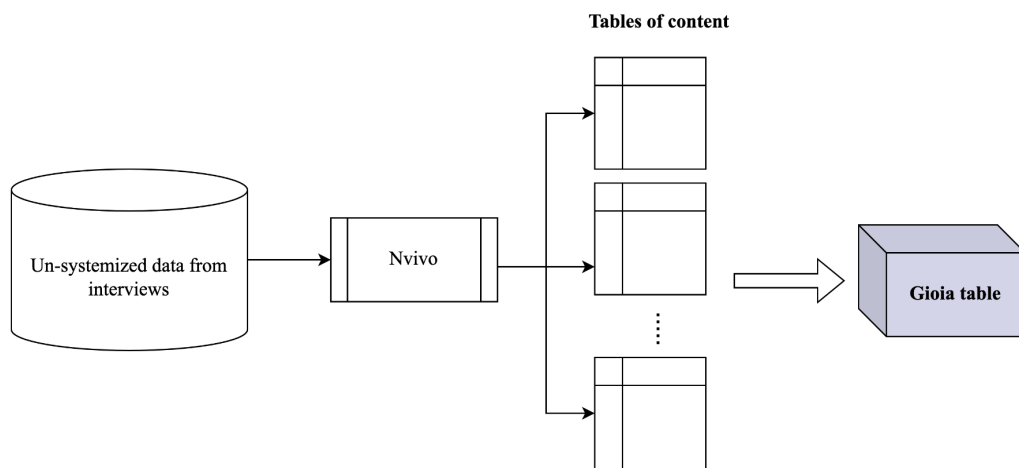


Figure 8: Process of decoding interviews

Nvivo

We used the software Nvivo to systemize the data collected and transcribed from the interviews. Since the interview guide was divided into themes, we found it favorable to also divide our codings into approximately the same themes and created a template for the codings before we started to code, which is illustrated in Figure 9. The white boxes are overall themes, while the green boxes are codes. We only saved responses from the interviews into the code-folders. After we were finished doing the codings, we had responses from every interview saved on every code. This created a good base for further systemizing the data.

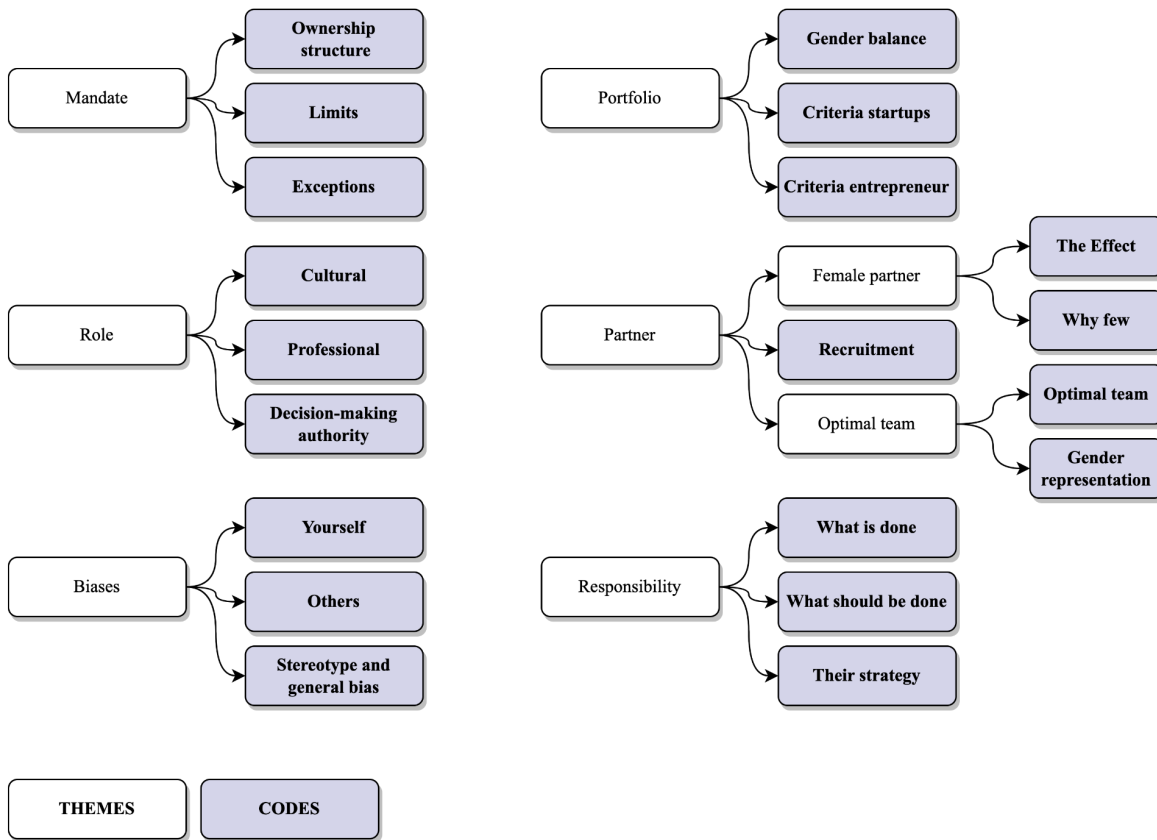


Figure 9: Codes and Themes from Nvivo coding

Table of Contents

While using Nvivo, whole paragraphs were labeled with code not to lose the respondent's voice or the context. In order to manage to present the data, we needed to decode the paragraphs further, and therefore created tables of content in Excel (Figure 8). In these tables, we copied out quotes of 1-2 sentences from Nvivo, divided them into sub-categories and wrote down which respondent said what. This left us with approximately 15 tables consisting of quotes.

1st Order Codes

The 1st order codes were performed to reduce the empirical material without losing the responder's voice (Gioia et al., 2013). We gathered the first order codes from the tables created in Excel, these codes were direct quotes retrieved from the interviews. The codings are presented in blocks, illustrated by Table 9. This was done to ensure that data was not lost, but the volume was minimized.

2nd Order Codes

The 1st order codes needed further aggregation to be more manageable. By merging descriptions of common topics, dimensions and actions described by the partners, we organized the 1st order codes into categories, which then became the 2nd order codes (Gioia et al., 1994).

Theoretical Sub-Categories

The 2nd order codes were reorganized into new categories, a method known as axial coding (Boeije, 2010). We did this with the intention of creating a strong connection between the information and theoretical concepts. (Glaser & Strauss, 1967; Miles et al., 2013)

Aggregated Theoretical Dimensions

As mentioned, we created three different tables, with every table having one belonging aggregate dimension. These aggregated dimensions were the overall themes that bound the data in the tables together.

3.6 Strengths and Weaknesses

In this section we present the strengths and weaknesses of this study related to the authors, data collection and context.

Firstly, as presented in the author's motivation for the thesis, the interest and knowledge related to the master thesis, presents both strengths and weaknesses. The motivation is a strength in the sense that the authors have reflected, experienced and worked a lot on the problems connected to the gender gap in venture capital beforehand, and during the master thesis. This gives a good starting point for the thesis. The authors are very motivated to create a valuable master thesis that can be used in later settings. The plan is also to publish an article related to the thesis, with the hope of providing a better understanding of the challenges and impacts of recruiting female partners.

At the same time, the initial motivation creates a weakness in the way that the authors are biased themselves. The master thesis is written by three girls in their mid-20s who have either tried to or are entrepreneurs themselves today. Even though the master thesis is both guided by a male supervisor and has the intention of being objective, this theme is strongly related to the author's business career, which obviously can create a bias.

We argue that the anonymity of the respondents creates strength in the data collection. The interview objects knew they were anonymous, both themselves and the VC firm, and one can argue that this will create more truthful answers because the respondents are not afraid of harming their own or the firm's reputation. In parallel to this, the interviews were conducted by three girls, which may have affected how the respondents communicated their opinion regarding gender biases, potentially limiting their honesty. This can be considered a weakness, because the answers may have been different if there was a man conducting the interviews.

In this master's thesis, it is important to acknowledge that our research focused on examining why there are so few female partners within the VC industry through the lens of binary gender categories. However, we recognize that gender is complex and multifaceted, and our analysis does not encompass the full spectrum of gender identities. By limiting our analysis to binary genders, we may

not capture the experiences and perspectives of individuals who do not identify within this framework.

In our result, we have not divided the answers and data by age, which may hinder us from seeing a potential correlation between age and awareness of the problem. Additionally, ten out of eleven interviews were performed digitally via google meet. It can be argued as a weakness since the respondents potentially have a harder time connecting with the interviewers over video compared to physical interviews.

Our data collection was mainly based on using qualitative methods. The qualitative method has been much discussed in the literature in the context of being less reliant and credible since there is no objectively verifiable result (Choy, 2014). As Gioia (2013) notes, the methodology has a long history of facing criticism due to doubts over whether qualitative researchers are creative theorizing based on thin evidence (Gioia et al., 2013). The Gioia method used to present our results and findings gives a higher credibility compared to other qualitative methods, because the data collection and presentation are more transparent, showing every step of theorizing the data in the Gioia table. At the same time, it's important to recognize that the qualitative data presentation will never provide full context.

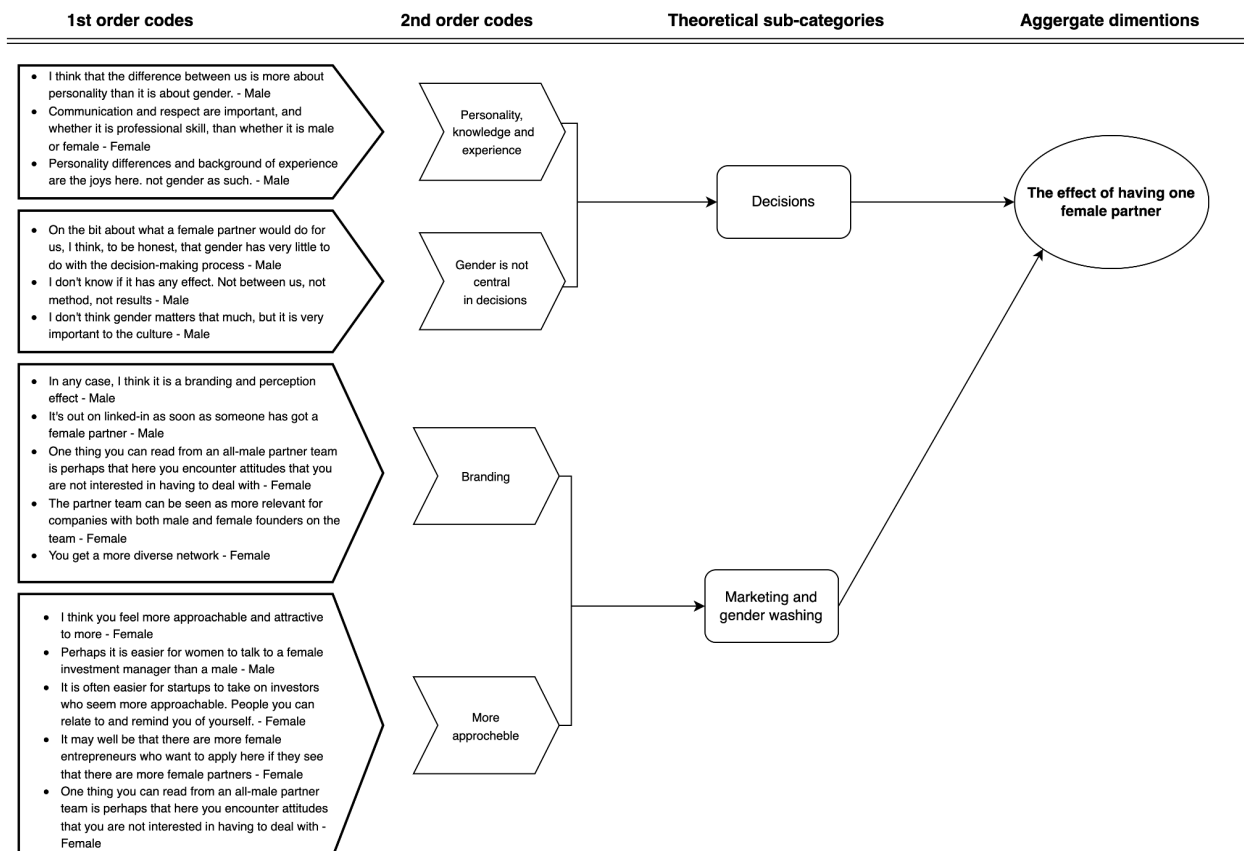
During our master's thesis, we had the opportunity to present our topic and findings in two lectures. These lectures took place at NTNU at the faculty of Industrial Economics. The purpose of these presentations was to share our research with a wider audience and engage in discussions to gain valuable insights. The lectures were attended by students and professionals interested in the field of venture capital and gender diversity. It was a valuable experience that enriched our research journey and presented itself as a strength to our thesis.

4. The Results

The results of the Gioia method are presented with three main categories (aggregated dimensions), with belonging Gioia tables, which were; (1) The effect of having a female partner, (2) A closed community and (3) Actions to change gender statistics in entrepreneurship. In the table, 1st order codes were marked accordingly to “Male” and “Female” respondents. All 1st order codes in the Gioia tables are direct quotes from our respondents, translated into English.

4.1 The Effect of Having a Female Partner

A central part of the interviews was reflecting on the effect of having a female partner in the partner team. The female respondents reflected on their own effects, and the male respondents reflected on their colleagues' effects. Some of the respondents did not have any experience with having a female partner, and reflected therefore on what effect a female partner could potentially provide them in the partner team. In this section, the respondents were answering on what an optimal team is, the importance of culture and the marketing effects a female partner could add.



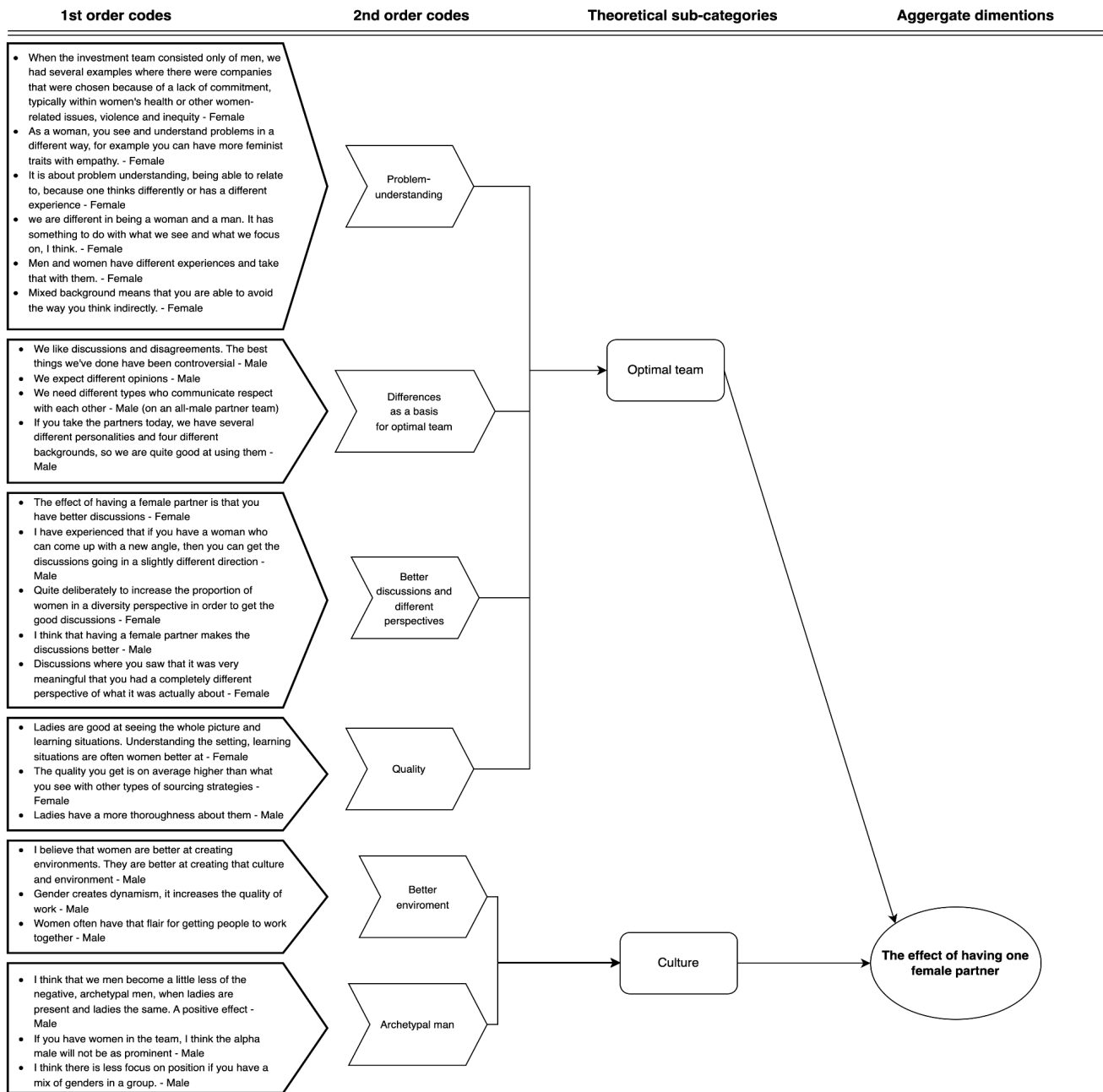


Table 4: Gioia table - The effect of having a female partner

Overall, the findings in this section indicate a significant difference between men and women, regarding the level of reflection addressing the impact of having a female partner. As one can read out from Table 4, each 2nd order code is often dominated by one gender, indicating a general consensus among each gender about what effect the female partner provides. The analysis also shows that men often talked about the effect at a more general level without delving deeper into specific gender-related impacts. The male respondents in this research believed that personality is more important than gender. Further, many of the male respondents presumed the biggest impact of having a female partner was related to creating a better internal environment in the company. In contrast, female respondents were often more specific in their reflections on the effect, such as arguing that the female partner attracts more female entrepreneurs and how the female partner is bringing new aspects into problem-solving.

“As a woman, you see and understand problems in a different way, for example, you can have more feminist traits with empathy”

Female Respondent A, Large size VC firm

“I believe that women are better at creating environments. They are better at creating that culture and environment”

Male Respondent C, Medium size VC firm

When describing what an optimal team looks like, the male partners believed that differences are important for creating good discussions, but highlighted differences related to competence and personality, rather than gender. Several of the same male partners were also critical of the idea that gender had a direct impact on decision-making outcomes. The female partners agreed to the fact that differences are important for good discussions. At the same time, they believed that the differences are created through having team members of different genders, in addition to competence and personality.

“On the bit about what a female partner would do for us, I think, to be honest, that gender has very little to do with the decision-making process”

Male Respondent F, Small size VC firm

Female respondents emphasized that women's problem-solving abilities often will differ from men's and that this value-adding factor was crucial for creating an optimal team. Women provided evidence of this based on their own experiences.

"When the investment team consisted only of men, we had several examples where there were companies that were not chosen due to a lack of (case) understanding, typically within women's health or other women-related problems, such as violence or inequality"

Female Respondent A, Large size VC firm

This might suggest that women draw from their own experiences, which indicates that they reflect in a different way than men. Only one male respondent emphasized that women add better quality, as he believed women are often more thorough in their work.

"When we look at diversification, it is much more than women and men. I think it often gets a bit narrow to just think of gender. Women and men can be very similar, but a man from Kenya can be very different from a Norwegian man."

Male Respondent J, Large size VC firm

Many of the reflections on the effect of having a female partner were related to culture and marketing. Three male respondents highlighted that by having a female partner the focus on position and competition decreased, and that the alpha male did not become as predominant. The same men also stated that women often are better at bringing teams together. When they reflected on how the female partner impacted the decision making, several men believed that gender did not have a direct effect and highlighted that knowledge, experience, and personality were the important factors for increased revenue.

"Personality differences and background of experience are the joys here. Not gender as such."

Male Respondent F, Small size VC firm

Many of the respondents emphasized what marketing effect a female partner could have. The female partners interviewed were very clear that having a female partner had a direct effect on attracting more female entrepreneurs, since a gender balanced partner team would be more approachable. The male respondents stated that a female partner can create a branding effect, but did not elaborate further on how this effect would impact their VC firm.

“ I think it is a branding and perception effect”

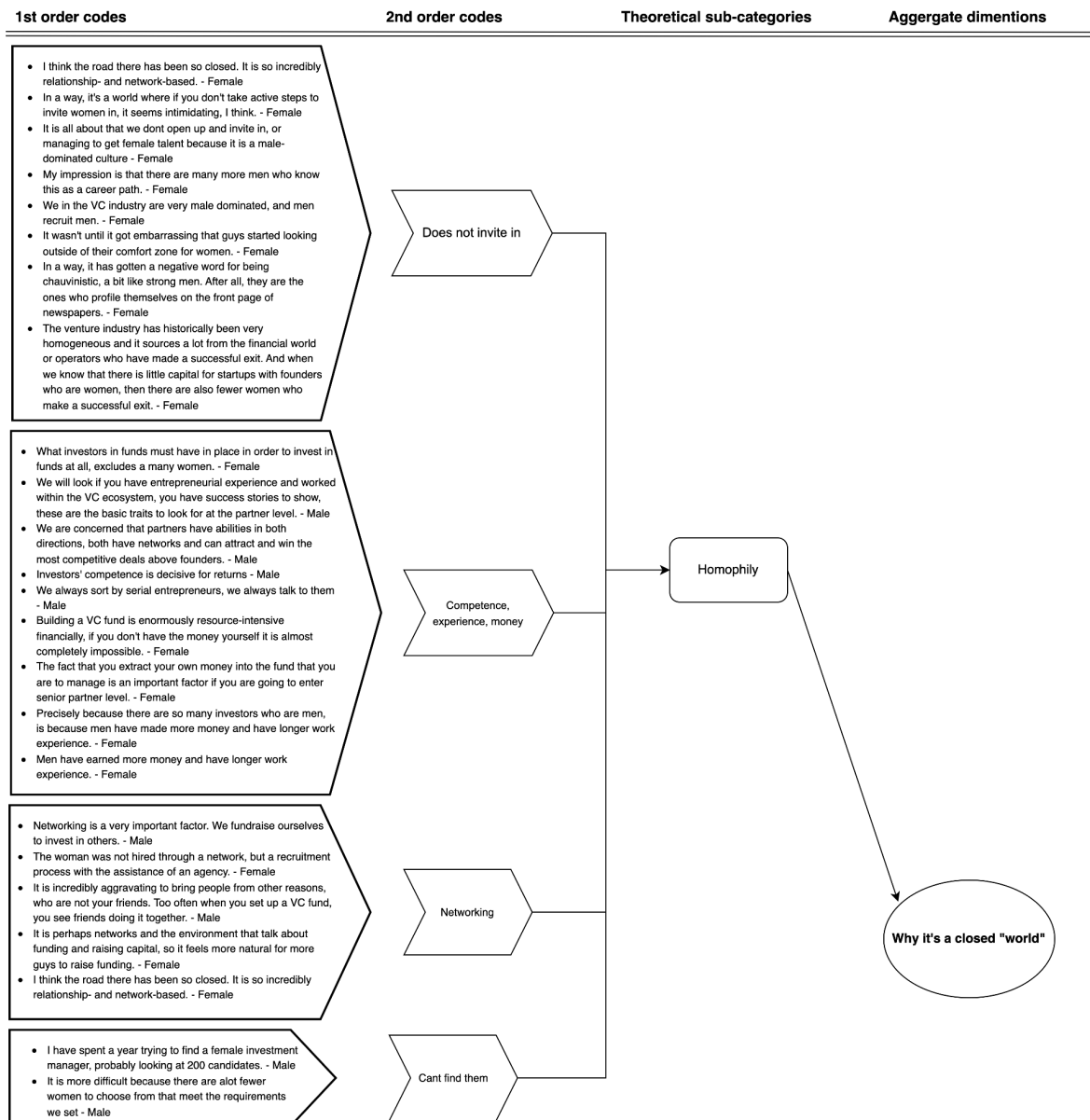
Male Respondent D, Small size VC firm

“It is often easier for startups to take on investors who seem more approachable. People you can relate to and remind you of yourself.”

Female Respondent E, Small size VC firm

4.2 A Closed Community

The world of investments, entrepreneurship and ventures has been described as a man's world by many people, and our respondents were no exception. This subchapter is a combination of reflections from our respondents on why there are few female partners and founders, and how biases are connected to this fact. With quotes from the respondents, The Gioia Table 2 illustrates how the VC world is in fact a “closed” community for many women who wants to join.



1st order codes

2nd order codes

Theoretical sub-categories

Aggregate dimensions

- Women see women and help them, because they communicate in the same language. And correspondingly, subconsciously, men are used to seeing other men - Female
- Language is part of the gender issues. If you feel confident with a person, then you talk out, but I realize that when I use humor I am more careful with women, because it is taken personally. There is a growing awareness that we should be careful not to step on each other's toes. - Male

- You have a child and are over 30, so maybe there will be a second or third child. Then you as an employer know that you will lose a valuable resource for a few months. - Male
- The reason why there are few female partners is probably a bit about children, I think. In any case, it is about women carrying the child. They will give birth to the child, and they will nurse the child. - Male
- As an employer, you know that you are taking a risk, because she will go on leave at one point or another, because she will have children. That is a typical assessment we take. - Male
- Perhaps what often happens to women when you approach 30/30+, perhaps it happens that it is natural to have children. - Male

- I think that the cases are not good enough, it has nothing to do with the woman, it is just the result of them not being interesting enough. - Male
- First of all, we need more good female entrepreneurs to invest in. Who are willing to sacrifice what is required to build a large company - Male
- You cannot have it as a life-style business. I think perhaps some women are thinking of running such an easy race - Male
- You are not willing to take as much risk against founders that you deep down have a bias against. - Female

- I find that investors, myself included, tend to overestimate men's competence and underestimate women's when meeting with entrepreneurs. - Female
- Women may undersell themselves - Female
- You are less salesy, more restrictive and restrained. - Female
- Girls are a little more humble. - Female
- I may even feel that I am treated a little differently because I am a woman and have typical feminine features about me. So I see that I have to take more responsibility for my own growth and career, than what I see many men around me have to do. - Female
- I think it can be quite challenging to be a woman, not necessarily internally, but with conferences and with setting up our fund here, because there are still so many men. - Female
- It takes a huge amount of both risk-taking and stamina, which I think is a lot of what's holding things back to see more women start fund - Female
- It is easier for men to take risks, they are not afraid to fail. The fear of failure is greater in a woman than in a man. - Male
- Don't assume that some girls can't, but rather let them talk about areas. - Female

Language

Children

Female founders are not good enough

Stereotypes

Biaser

Why it's a closed "world"

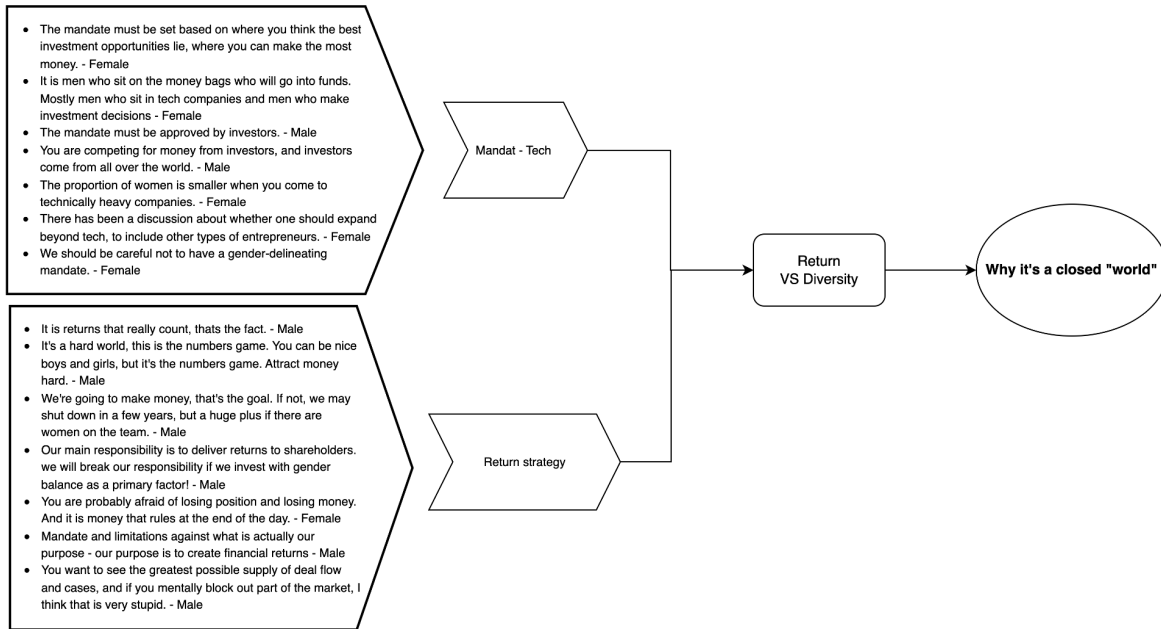


Table 5: Gioia table - A closed community

Homophily

As elaborated in Chapter 2, homophily explains how “people's personal networks are homogeneous with regard to many sociodemographic, behavioral and interpersonal characteristics” (McPherson et al., 2001, p. 415). In this case, homophily is impacting the VC industry to become a man's world. The respondents reflected on why there were so few women in the industry, specifically why so few women hold the title “partner”. Several female partners highlighted that the VC industry is a closed world precisely because this career path is very confined. Some respondents pointed out that women have not been exposed to the same opportunities as men, and that the culture and networks in these environments do not naturally invite women in.

When recruiting new partners, several of the respondents emphasized that partners seek within their own network, and if a woman is recruited, it is often done without the use of network, but through an employment agency. Another parameter evaluated when recruiting a new partner was

whether or not the candidate had a valuable network themselves, because there is an expectation for VC partner teams to use their own network to find new ventures.

“Network is a very important factor, we fundraise ourselves to invest for others”

Male Respondent F, Small size VC firm

Several respondents stated that they often required that the partner candidate had to be a part of the VC ecosystem. Also that they should have experience from a successful entrepreneurial journey, preferably with a successful exit. Several of the female partners believed that these requirements, along with others, exclude most women from the recruitment process. As there are few successful female founders with exits, this criteria will naturally lead to few female partners.

“The venture industry has historically been very homogeneous, and it sources a lot from the financial world or operators who have made a successful exit. And when we know that there is little capital for startups with founders who are women, then there are also fewer women who make a successful exit”

Female Respondent E, Small size VC firm

A male partner also pointed out that it is very difficult to find women who meet the criteria. Several stories were told in the interviews where the partners were looking for a female partner but still ended up with a male.

“When we hired XXX (a man) as the last partner, we were actually looking for a woman. But we had several processes, and then it just didn't work out. And XXX (a man) was a very safe choice, he was someone others knew about previously. It is harder to find women because there are fewer to choose from who meet the requirements we set.”

Male Respondent D, Small size VC firm

This illustrates that even though they were actively looking for women when recruiting partners, they do not find females who meet the criteria they required. The quote above also states that the male partner who was hired, was in fact a part of their network.

Another parameter highlighted as to why there is a deficit of females in venture capital, was the equity needed to start a fund. Several of the female partners believe that this minimizes the opportunity for women to start their own funds, since historically, men are the ones to earn the most money.

Bias

Unconscious biases are a phenomenon that influences your expectations and choices based on your experiences, environment, and attitude (Oberai & Anand, 2018). Under the theoretical sub-categories, we gathered responses related to stereotypes of women and men, such as expectations that women will have children, how language adapts when communicating with different genders, and beliefs that female entrepreneurs have not proven themselves capable enough.

Language is an important communication tool, and how you convey yourself, the tone and the vocabulary you use, can be relationship-building or distancing. One respondent mentioned that one often tends to speak the same *language* as people of the same gender. Meaning that matching in communication will increase the probability of building trust with one another. Another respondent pointed out that language is a threshold, as he and others in his partner team had become more aware of not making mistakes in communication, and humor was to some extent more restricted. By this, he meant that they were now more careful using humor when evaluating and communicating with female-led ventures, because they wanted to minimize the chance of offending them.

"If you feel secure with a person, you speak out, but I catch myself being more careful with using humor with women because it can be taken personally."

Male Respondent F, Small size VC firm

The ability to promote oneself was stated as an important qualification to have as an entrepreneur, and many of the respondents, both women and men, believed that women undersell themselves, and are more restrictive and reserved. It was mentioned that the fear of failure is

greater in women than in men, and that risk and stamina make women hold back from becoming entrepreneurs and partners. In parallel, it was also mentioned that men tend to oversell themselves, simultaneously as investors tend to overestimate men's competence and underestimate women's competence. These are images that create a large imbalance in expectations and stereotypes of women and men. One female respondent mentioned that she feels underestimated, and has to work more on her growth internally in the VC firm, because she has feminine traits.

That biology and reproduction is a factor for few female partners, was pointed out by 3 out of 5 male respondents.

“She has a child and is over 30 years old, so maybe there will be a second or third child. You know, as an employer, you lose a valuable resource for a few months....You know that we as employers take a risk because she will go on maternity leave at some point... It's a typical evaluation we make.”

Male Respondent J, Large size VC firm

“I think that it maybe has something to do with when women approach 30/30+, it might happen that it is natural to have children...”

Male Respondent K, Medium size VC firm

This shows that a central factor when evaluating candidates in some VC firms is related to the fact that women can become absent for a short period related to birth, breastfeeding, and parental leave.

Stereotypes and expectations established in the VC ecosystem also create expectations for women's performance as entrepreneurs. Two different men argued that the cases for new ventures that women bring are just not good enough. One woman stated that it is naturally more challenging to take risks toward a person you have a natural bias against.

Entrepreneurial Recycling

In the interviews, there were a lot of reflections made related to mandates, decision-making power, returns and how this in light of diversity could create complications. Almost everyone we talked to had mandates tied to the tech industry, since historically this industry has proven to be profitable.

“The mandate is set based on where you believe the best investment opportunities lie, where you can earn the most money”

Female Respondent A, Large size VC firm

It was noted that VC firms also compete for investors (LPs) to fund them. Therefore the VC firms find it important to demonstrate the opportunities they can make, by promoting the industries sat in their mandate. Related to this, it was reflected upon how VC firms exclude talented entrepreneurs and good ventures by only focusing on tech and other male dominated industries. Concurrently, it was argued by several partners that they could not make gender a steering parameter related to decision-making. The primary focus had and would always be on achieving the highest revenue. It was mainly men who argued that the main responsibility for VC firms was to deliver returns to shareholders, and if the focus shifted to gender balance in decisions, they would break with this responsibility.

“It's a tough world, it's a numbers game. You can be nice boys and girls, but it's the number game. Attracting money is hard.”

Male Respondent J, Large size VC firm

One woman believed that investors are afraid to prioritize diversity, because they are afraid of losing position and revenue. One male respondent commented that it is sad if one mentally excluded a part of the market by not seeing the women. This comment was related to the shockingly bad statistics on how little venture capital female founders of technology companies receive, relative to how many female founders within technology are actually registered.

4.3 Actions to Change Gender Statistics in Entrepreneurship

A central part of the interview guide revolved around reflecting on responsibility and actions related to changing gender statistics in the Norwegian VC industry. In the Gioia Table 6, internal and external pressures were distinguished. “Internal pressure” is linked to the respondents' own internal actions within the VC firm, what they are doing, planning to do, or not wanting to do to change the statistics. “External pressure” are related to attitudes in society in general, and external expectations placed on the VC firm for changing the statistics.

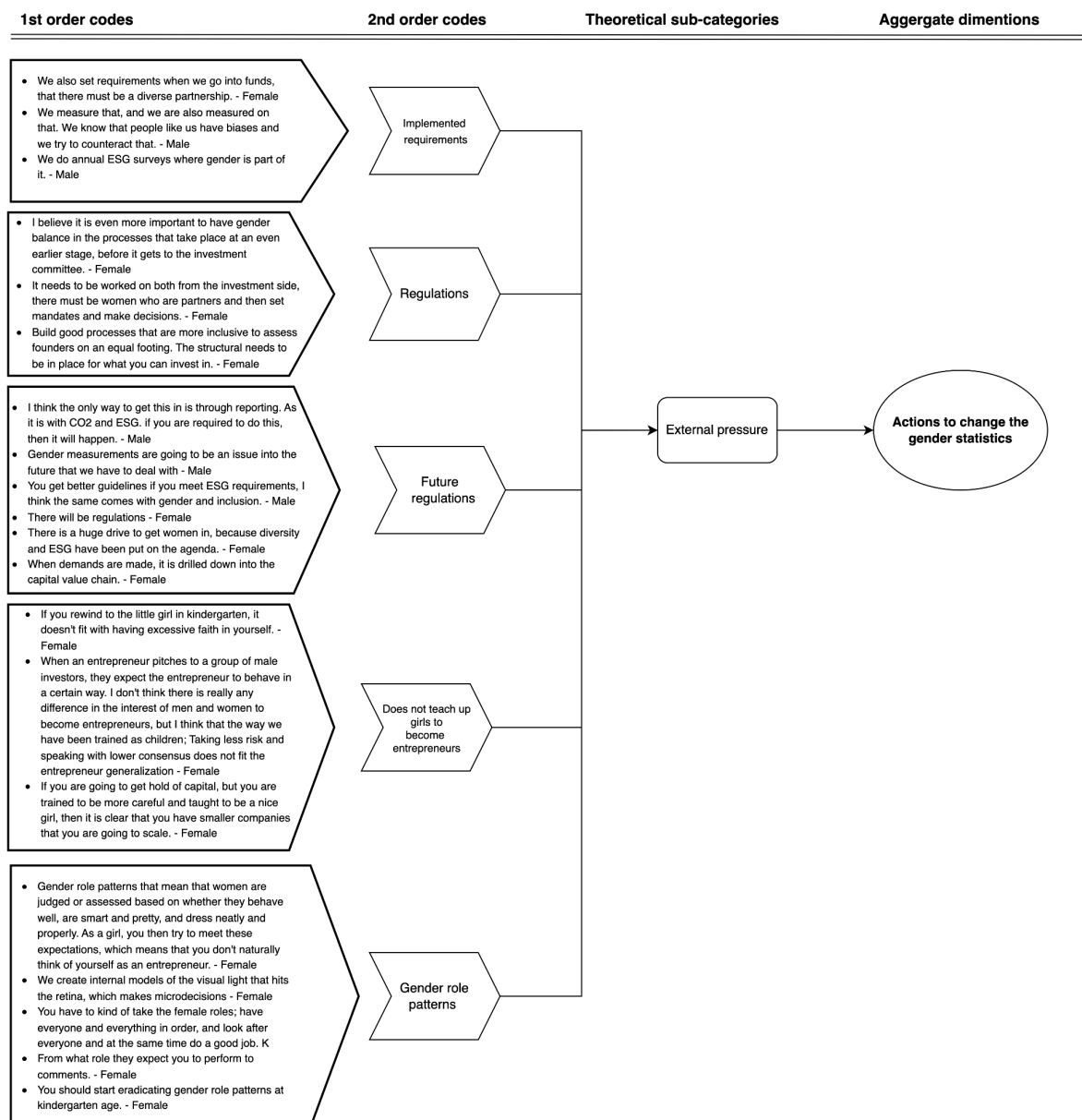




Table 6: Gioia table - Actions to change gender statistics in entrepreneurship

Internal Pressure

One specific action that both male and female partners mentioned they would do as an initiative to increase gender diversity internally, was to "order a female partner" in the next recruitment process. Another key aspect mentioned by almost all respondents was that they now recruited more female associates. The goal of hiring female associates was to provide the needed experience and knowledge to become partners in the future.

"Our strategy now is that those we recruit should have partner potential"

Male Respondent K, Medium size VC firm

"Now we're in a female associate period, where they will mature and become partners"

Female Respondent B, Small size VC firm

Another course of action mentioned by many respondents, was a new focus on raising awareness on unconscious bias through internal communication.

"We are working on a diversity awareness policy that focuses on the recruitment process and analysis in companies for better gender balance in the portfolio"

Female Respondent A, Large size VC firm

"The only cure is to talk openly about it,"

Male Respondent F, Small size VC firm

It was also reflected on the fact that, even though biases now had more focus internally, it is still extremely difficult to raise one's perspective to see if oneself is biased. At the same time, some respondents said that the conversation about diversity could sometimes be uncomfortable to start discussing in the firm.

Some partners believed that internal pressure could cause harmful actions. One male respondent argued that the increased focus on diversity could lead to wrong decisions. He argued that a

female candidate could be evaluated on the wrong basis, being overrated, because of the strong desire for a female partner. Inherently everyone carries the same biases, consequently, it was stated that diversity thinking could be dangerous when assuming that a female partner will solve all problems connected to biases. Additionally, it was argued that awareness-raising could be used to further suppress women in settings where they have been quota-based or placed in a “victim position”.

There were almost none of the VC firms that had set requirements or clear strategies on how to increase gender diversity for the partner team. Many of the respondents were against quotas and believed that quotas should not be a decisive factor in recruitment and investment decisions.

External Pressure

“External pressure” were in this case the sum of external factors that affected and potentially influenced the VC firm's gender statistics. Three partners in the interviews discussed how they already measured and implemented diversity requirements for the partner team and venture portfolio. Regardless, they did not specifically mention what the requirements entailed or if they had influenced change. Several female respondents believed that regulations are needed in the investment processes to really address the root of the problem, and that good processes and structures are needed on the investment side to avoid conscious and unconscious discrimination.

Both men and women pointed out that the only way to really accelerate change, were if there are requirements from external parties, such as investors, the government, or ESG regulations placed on the industry.

“I think the only way to get this done is through reporting. Like with CO2 and ESG. If you are required to do it - then it happens.”

Male Respondent F, Small size VC firm

“When requirements are set, it drills down the capital value chain”

Female Respondent I, Medium size VC firm

Several female respondents believed that society has failed to raise and empower women to become entrepreneurs. For instance, the way young girls are spoken to compared to young boys, and the expectations placed on gender roles early on, create images where girls don't see themselves in roles as entrepreneurs.

“Gender role patterns judge women based on whether they behave nicely, are good girls and pretty, and dress neatly and properly. As a girl, you try to comply with these associations, and it makes you not naturally think of yourself as an entrepreneur.”

Female Respondent I, Medium size VC firm

Gender roles and expectations for women have been taught to both boys and girls by society from an early age. Several of the female partners explained that they have often been assigned a role, or an expectation to take on a role because of their gender. They explained that the women's role in a team is often associated with making sure everyone is doing well, simultaneously as the female is expected to deliver exceptionally high performance on the job. An important action is therefore to challenge and change the gender roles females face in society.

To summarize, most of the VC firms interviewed, have in most cases no direct strategy to promote more female partners to their firm. To tackle biases in investment and recruitment processes, the VC firms have incorporated more communication about biases. Today, there seem to be no external forces efficient enough to promote quotas or formal requirements to trigger action in the industry.

5. Discussion

In the following chapter, we will focus on the discussion “*Why are there so few female partners? And why should VC firms care?*”. We will use our sub research-questions to provide context. We will reflect on the points of discussion in relation to what exists in the literature and what literature remains unexplored, with context to our own findings from the 11 interviews.

5.1 Why is it a Closed World?

The literature and media coverage demonstrates that there is an extremely limited number of female partners, but provide little insight as to the reasons behind the disparity. We know that a contributing factor is entrepreneurial recycling, where entrepreneurs and serial-founders often transition into partner positions, for then to remain within the ecosystem. The majority of these individuals in the ecosystem being men (Mason & Brown, 2014). During one interview, a male partner (Respondent C, medium sized VC firm) claimed that “*females do not have good enough cases,*” illustrating a harsh presumption that female entrepreneurs just are not good enough in the eyes of this male partner. This statement was made as a general reason as to why we see so few females in venture capital. If the presumption right from the start assumes female business ideas are of lesser quality, it makes it hard for women to become serial entrepreneurs or have successful exits in the first place. Our findings show that in most cases it becomes more natural to recruit male founders who have visible success stories. Consequently, creating a mental model of focusing on historical returns, individual track records and successful networks. This will lead VC firms to not being able to attract new talent or find new talent. This finding shows why it is crucial to focus on female partners in the time ahead to ensure possible access to a broader pool of talent.

5.1.1 Track Record and Industries

Track record and past investment successes hold significant influence, as investors prefer to allocate their funds where they anticipate the best returns (Caselli, 2010, p. 108). The focus on track records leads to mentally blocking out a portion of society, where women in the industry are not considered equally as competent. This is closely linked to entrepreneurial recycling, where the same individuals succeed, select the same people to trust, and perpetuate the same cycles. Consequently, new unknown individuals are not given opportunities, which results in women not having the same path to success as men in the VC industry. No one wants to step out of their comfort zone, and blaming the track record for who to trust is a way to cover up the underlying issues. Without the chance to build a track record from the start, women will never have a track record to showcase in order to break the cycle. It becomes a constant battle between what comes first to initiate change, the chicken or the egg; the female partner or the female entrepreneur.

“Precisely because there are so many investors who are men, is because men have made more money and have longer work experience”

Female Respondent I, Medium size VC Firm

The statement made by respondent *I* suggest that women historically lack the experience and attributes necessary to become partners and underlines the consequence of entrepreneurial recycling that prevents diverse inclusion.

The literature points out that men and women have different interests when it comes to industries. Women are overrepresented in industries less attractive for investments, and this is most likely because the ones who set the mandates and invest are in fact, men. As a result, female entrepreneurs have faced challenges in securing funding for their ventures.

An interesting finding was when our respondents commented how their mandates are quite broad, not restricting them that much in industries, and simultaneously claimed that the female founders are not fitting into their mandates industries. This was stated after being confronted with a low female founder rate in the portfolio. We, therefore, argue that VC firms hide to some extent behind their mandates, even though most VCs interviewed for this thesis

have quite extensive mandates. A notable issue becomes clear when disclaimers like these are made. We need to hold VC firms accountable for their own gender statistics, even within their mandates, instead of settling for a comfortable and partial truth.

5.1.2 Networks

Our findings show that recruitment decisions are heavily influenced by networks. Several male respondents claimed they "*could not find the women*" when seeking new partners. Women are often excluded from networks that promote capital growth (Kwapisz & Hechavarría, 2018). Male partners tend to predominantly have men in their networks and often rely on these networks when recruiting new partners. Our result shows examples of recruitment processes, where they are looking for a woman, but end up with a male from their own network because it is safe. It could seem like the male partners either do not look good enough for women, look in the wrong places or unconsciously do not actually wish to hire her. By stating that the VC Firm in fact demanded recruitment companies to find female candidates, it's presented as a charity act to spend resources on a diverse recruitment process when in fact this should be a fundamental expectation in 2023.

Many of the female partners we interviewed expressed that the VC industry is a closed male-dominated world. This is highly affected by homophily and has negative consequences where not being invited into the VC network gives women less exposure to the same opportunities as men. A female partner (Respondent A, Large size VC firm) also stated that the reason for the scarcity of female partners is not due to a lack of interest, but rather the fact that they are not given equal exposure and invitations. It's interesting to see that even though there are more females with higher education in business, VC firms still don't seem to find "good enough" female partner candidates.

While the literature acknowledges the lack of female partners, it provides limited insights into the cause. We know that gender representation and diversity deliver higher revenue (Gompers & Kovvali, 2018), making us question why diversity statistics are as alarming as they are in venture capital today. Missing out on talent means missing out on new competencies and perspectives, which undoubtedly hinders the VC industry to continue to improve economic growth. Once

more, there is little literature examining the effects of female partners, most likely due to their limited representation, making it challenging to measure their impact accurately.

The VC industry is built on trust since there's a high level of risk involved when establishing a partner team. It is crucial that partners work well together, which makes it riskier to recruit a stranger or an individual that historically is not part of the “investment world”, often the women. One female partner states, “*You will not take a risk on a person you have a natural bias against*”. Unconscious bias leads to the exclusion of women from many networks and recruitment processes. This brings us to a crucial finding: too many male partners demonstrate a lack of concern or an indifference for establishing diverse partner teams.

5.1.3 Trusting the Women

Gompers et.al (2022) found that gender differences in individual investment performance are not due to female investors being less skilled but, rather, are largely attributable to female investors receiving less benefit from the track records of their colleagues. Interestingly, if VC firms hire 10% more female partners this will actually increase profitable exits by 9.7% (Gompers & Kovvali, 2018). More profitable exits should in itself be great incentives to promote more female partners. It is absolutely crucial to promote the inclusion of female partners in order to accelerate their performance.

“The quality you get (by having a female partner) is on average much higher than what you see with other types of sourcing strategies.”

Female Respondent E, Small size VC Firm

Female partners have a lower investment individual performance compared to their male colleagues. When considering the overall statistics of female partners in venture capital, their productivity and effectiveness can be interpreted as comparatively lower than those of male investors. When actually, the reason for why investments made by a female partner are scoring lower, can be partly explained by exclusion and lack of support by colleagues. Respondent A from a large size VC Firm concurs with the same hypothesis and says: “*We in the VC industry*

are very male dominated, and men recruit men". European LPs allocate most of their money to funds with no female GPs, and as a direct result, less capital is deployed by female investors making investment decisions (Unconventiona Venturesl, 2022). Female partners face a greater challenge of being trusted and respected, which can create a feeling of isolation and exclusion from the partner team. This can be discussed as directly effecting the woman's motivation and desire to be in the firm. We ask ourselves whether the VC firm's male-dominated culture is not designed to nurture female talent, consequently missing out on great potential.

5.2 How Do Male and Female Partners Differ in Relation to Reflecting on Gender Biases?

In our empirical results, we were careful to separate the answers from men and women in order to examine if there were correlations and trends connected to the different genders. The literature states that males often carry an *Interpersonal homophily*, which suggests that males often have more unconscious biases connected to favoring the male. While females have the tendency to carry *activist choice homophily*, where they make choices based on actively wanting to help people who have had similar barriers to themselves, other women (Geiger, 2020). We found that this was evident in our data as well. When analyzing the respondents' reflections on their personal biases, it was found that men and women responded very differently, but similar to their own gender. This was particularly evident when the respondents were asked to reflect on the impact of female partners, and why VCs are perceived as a closed world. Overall, the findings show that women often draw conclusions from their own experiences and place them in context when reflecting on bias-related questions, while men tend to answer on a more superficial level, not drawing from a personal perspective. In this section, we want to highlight the responses that often differentiate men and women, and, again how these responses are strongly linked to biases.

5.2.1 Reflecting on the Effect of Having a Female Partner

When studying the differences in responses between men and women, it is very interesting to observe reflections relating to the impact of having a female partner. Presented in Figure 10, one can see how all women interviewed believe that women offer a new depth for problem understanding, while almost all male respondents believe that the main effect of the female partner is related to the improvement of culture, Figure 11.

Women understand problems differently than men

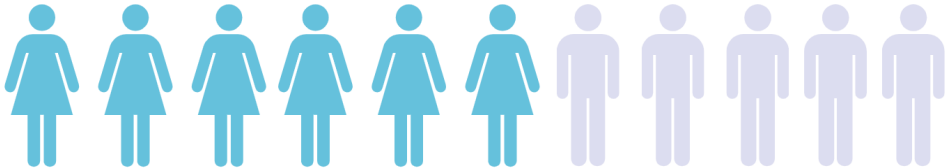


Figure 10: 6 female responders and 0 male responders pointed out that the females bring different perspectives than men connected to problem solving

It is fascinating to see how the same gender shares a consensus when answering what impact the female partner brings. To create a culture for wanting gender diversity, the partners need to understand the impact a female partner has. If one believes that a woman does not have a significant added value simply by being a woman, then gender is not perceived as a central factor in the recruitment of partners for an optimal team.

The main effect of the women is better internal culture

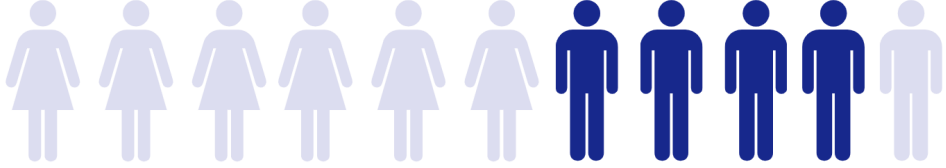


Figure 11: 0 females and 4 males pointed out that the main effect of having a female partner is better culture

We observed that male respondents did not reflect beyond the notion of what makes culture improve. This is potentially extremely problematic because it shows that the men don't recognize

the impact of gender. Three of the male respondents who believed the culture was the main effect, also emphasized that they did not believe having a female partner had any influence on decision making.

This highlights the importance of bringing in the female opinion when recruiting because our result clearly presents the fact that female partners tend to recognize important qualities the female perspective brings, in a wider sense than the male partners seem to acknowledge. In other words, the male partners will miss out on a different type of problem solvers and new perspectives, because their bias hinders them from understanding the real value of a female partner on the investment team.

5.2.2 Acknowledging Personal Biases

Oberai & Anand (2018) state, *“Unconscious biases are a fact of life; no one can deny them. Thus, it is important to identify them so that they can be eliminated”*, arguing that everyone carries a bias. A central part of our interview was to ask the respondents if they personally thought they were biased. From the literature, we know that in order to avoid bias, it is crucial to understand one's own bias (Geiger, 2020). These biases can influence investment decisions, creating unfortunate situations that hinder partners from making the best choices.

“I can't think of anything about gender bias, to be completely honest. I think we live in a world where it is who you are, what you do, competence and what you can do that is important.”

Male Respondent J, Large size VC firm

Another male (Respondent D, Small size VC firm) answered, *“No, I hope not, but it may be.”* when asked if he could reflect on whether he had caught himself ever being biased. While Female respondent I of a Medium VC firm answered, *“I am completely naive if I say that I don't have a bias”*.

One clear difference between the genders on this point relates to self awareness of personal biases, as illustrated by Figure 12. Most of the male respondents carried a doubt of having a bias or were not sure of situations where they potentially had been biased, while almost

all of the women are oblivious that there exists a bias within all. The fact that many of the male respondents don't seem to have formed an understanding of their own biases, leaves them with little foundation for effectively managing them.

“We have a little left to acknowledge that the biases exist in everyone. It is too easy to think that you can just put more female partners in and we will solve problems. We carry the same truths...” (Female Respondent B, Small size VC firm). In this statement, the female is both acknowledging that all females also have biases and the consequences these biases may provide. The existing literature states that biases experienced by females are best understood by other females because they can relate to them (Geiger, 2020). Our findings expand upon this even more, showing that females do have a better foundation to tackle their own biases because they are better able to acknowledge them.

It's important to emphasize that some of the male respondents also said that they have a bias: *“So everyone has these biases. We all have different perspectives. And on that occasion, it happens daily that I encounter these biases, and it has had a bit to do with the gender.”* (Male Respondent F, Small VC firm). Simultaneously, even though acknowledging having bias, the same respondent talks further about the topic on a superficial level, such as bringing up definitions and specific situations where biases could be problematic. This was a trend among the male respondents, not connecting biases to the context of investment or recruitment. And once more, this raises concerns that the male partners are not sufficiently aware of how their personal biases are present. The male respondents do not connect biases to the context of recruitment or decision making, where we argue that the biases are most evident.

Brings up their own histories when reflecting on their biases

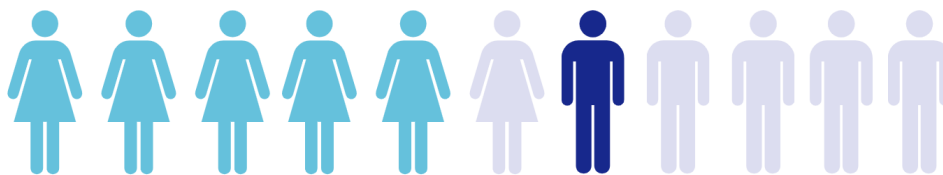


Figure 12: 5 females and 1 male brought up personal experiences when reflecting on biases.

“There are situations where I can find it quite challenging to be a woman, not necessarily internally, but to be at conferences or when I work on setting up our funds, there are still men, and I feel their biases.”

Female Respondent A, Large size VC firm

When asked about experiences with biases, Female Respondent G from a Small size VC firm replied: *“Yes, there is a lot of experience from life there. Everything from what role they expect you to perform, to comments. So there has been absolutely a lot.”* These examples suggest that female investors have a deeper understanding of their own biases, biases for others and society’s biases towards women. We argue that this illustrates the importance of actually having a female partner on the team, who are able to see the biases men evidently don’t.

Heilman & Wallen (2004) found that women face more rigid standards than men relating to their actions and behaviors, particularly in regard to what they should not do. The challenges of stereotypes connected to gender are, therefore, greater for women than men, and acknowledging this holds a clear difference between women and men in this study.

Reflect on the stereotypes women face in Venture Capital

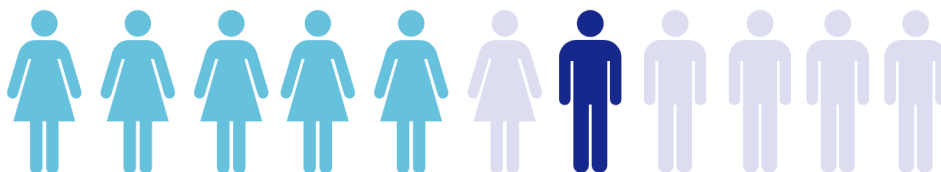


Figure 13: 5 females and 1 male brings up stereotypes for women when reflecting on biases.

If one doesn't recognize these stereotypes, they most certainly form a part of your unconscious bias. Recognizing these stereotypes is essential to familiarize yourself with the female standpoint. Four out of five men did not reflect on characteristics that are frequently associated with female stereotypes. We wonder if this is the case because they are reluctant to speak out against stereotypes, or if they do not reflect much upon these specific stereotypes because they don't face them themselves. To summarize, our findings show a clear distance between men and

women and their ability to reflect on personal biases, putting men at a disadvantage in addressing their biases simply because they do not have the experience of a female.

5.2.3 The Unconscious Biases

Further, analyzing the reflections from the male respondents, there are several examples where male respondents do not realize they are biased. The male respondents, in many cases, have good intentions but state arguments that are biased toward women. In our empirical results, we found that male respondents (F, K, J) connected the reason for the lack of female partners with biology and choices to be a mother, as illustrated by Figure 14.

Children are a central factor for few female partners

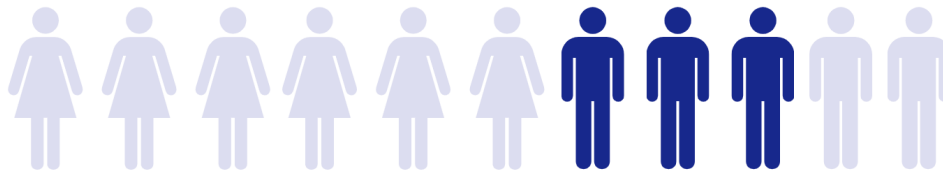


Figure 14: 0 females and 3 males state that motherhood is a central factor for the lack of female partners

The issue of women taking time off work because they get children, in contrast to men, was addressed on multiple occasions. This gives the impression that three of the male partners do not hold parenthood on an equal level for both genders, assuming that men are not taking parental leave. Having unconscious biases like this in a recruitment process is shockingly outdated. Knowing that male partners in VC firms look to biology as a factor when evaluating female candidates underlines a clear disadvantage for the female partner candidates.

“She has a child and is over 30 years old, so maybe there will be a second or third child. You know that we, as employers take a risk because she will go on maternity leave at some point... It's a typical evaluation we make.”

Male Respondent J, Large size VC firm

The Norwegian Ministry of Trade, Industry and Fisheries (2019) found that even though women wanted to pursue a career as an entrepreneur, they in some cases ended up prioritizing children and family. We can argue that society limits the mindset of both women and men, thinking that women can't pursue a career on the same level as men because it is expected they will take most responsibility at home or that they can't have both - a career and a family.

Several of the male respondents argue that women do not have as strong business cases or, overall, are not as skilled entrepreneurs (Respondents C, D, J). With this standpoint, these men have already formed an opinion that women possess weaker entrepreneurial abilities even before getting familiar with the specific business case or the candidate herself.

Females do not have good enough cases, or are good enough entrepreneurs

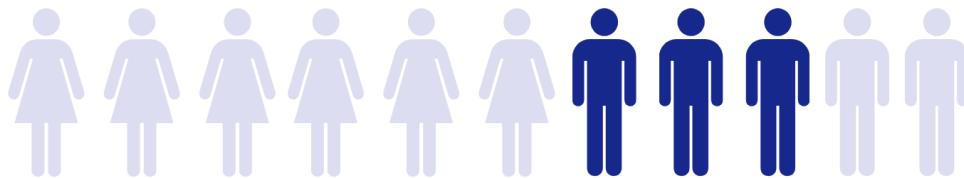


Figure 15: 0 females and 3 males state that female entrepreneurs do not have good enough cases or are not good enough entrepreneurs

Malmström et al. (2017) found that female entrepreneurs receive significantly less venture capital due to language and rhetoric highlighting gender disparities during funding decisions. One of the male respondents on an all-male partner team explains how they stopped using humor towards women to make sure not to say anything wrong. In this case, his intentions were good, but in an attempt to be more cautious about his own biases, this actually backlashes with becoming even more biased towards women by treating them differently. By stopping using humor, they stop using an important social attribute that often results in a connection between two humans. This contributes to lower chances for women of being a “good match” socially with the other partners, which Kalstrøm et al. (2023) states are an important factor in decision making processes.

5.2.4 The Ideal World

“It's hard to understand that you are privileged if you are a part of the privileged norm”

Caroline Farberger, CEO and partner at Wellstreet²

As presented in our introduction, gender equality has come a long way in many aspects of society, but in Venture Capital, the progress has stagnated. When presented with numbers such as only 0.8% of venture capital is invested in female founders and a mere 1% of capital allocated by female VC partners in Europe (Unconventional Ventures, 2022), it's clear that it's still a considerably long way to go to achieve equality. The misconception that gender equality is achieved in venture capital is a false truth carried out by several of the male respondents. It's often expressed that *“gender is too narrow to focus on”*. Stated by Male Respondent J (Large size VC firm), when asked about gender statistics for their own partner team. *“The differences in us are more about personality than it is about gender,”* Male Respondent K argues. Male Respondent J also states that *“Women and men can be very similar, but a man from Kenya can be very different from a Norwegian man. How do you get real diversification? I think that goes along many axes. Gender, sexual orientation, geography and where you come from.”* This feeds the false truth that gender is no longer a priority because diversity on all the axes together is more important. We advocate by focusing on a more surface-level of diversity rather than gender, some of the partners are hiding behind empty gender metrics, underprioritizing the importance of gender.

Another male (Respondent F, Small sized VC firm) emphasizes that *“it's important to not treat women as victims of society.”* This argument creates a misconception, thinking that society already is an ideal world where we do not need to restrict women to think that society limits them. Looking from a historical perspective, society today is built up by norms set up by men and designed to fit men. Further, the same male partner argues that young girls should not be taught that society today is not treating genders equally because this restricts the young girls to

² Transcribed recording of Caroline Farbergers speech at She Conference 2023. Caroline is transgender, and spent her first 50 years as a man.

behave after a cultural norm we try to get rid of - namely inequality. It's an argument that again comes with goodwill, but in fact really is a disclaimer of liability. Thinking it's an ideal world with an ideal society creates a dangerous pattern of not taking action to change society and its outdated attitudes.

An interesting question is whether venture capital genuinely wants women to join or if they simply desire a competent VC partner. If the case is the latter, we advocate that many hold an unconscious bias about what makes a good VC partner, as women seemingly do not fit into that category.

Through our findings, it is evident that female and male partners have different understandings of their own biases and the biases that females face in the VC industry. This clearly shows the need for females in the positions where the biases strike most - in recruitment and investment processes.

5.3 How Do Female Partners Influence the Decision Making Process in Venture Capital?

It is challenging to ascertain the specific impact female partners have in decision making processes in venture capital mainly because of the scarcity of research conducted specifically on female investors. The academic answer to how female partners in VC directly influence decisions is quite limited. Our empirical findings, on the other hand, provide new context to this topic.

5.3.1 Marketing Effect and Attracting Talent

Female partners can serve as a positive marketing effect for their own VC Firm, such as attracting more females and incorporating diverse values. From our results, it's clear that female partners play the part of role models both for ventures seeking capital and for associates. Female

partners attract a larger pool of talent and foster different types of networks. Respondent B, a female partner who works in a small VC firm, states that: *“I believe that one feels more relevant to companies, when having both female and male investors on the team.”* and continues the argument with *“Who wants to work with investors who do have outdated attitudes?”*

In our result you can also discover that several men emphasize that the female partner has a “marketing effect” but do not elaborate on what this effect actually means for the firm. Male respondent F of a small size VC firm, says; *“When someone gets a female partner, it's right out on LinkedIn the same day”*, but falls short when explaining why a female partner is promoted in this way. It is crucial that the male partners acknowledge that by promoting female partners, they attract a greater number of female entrepreneurs, as well as entrepreneurs from diverse backgrounds. And this again expands the pool of available ventures to evaluate. By having a female partner, the VC firm will have more cases and ventures to choose from in the decision making process.

5.3.2 Discussions and Problem Understanding

Undoubtedly, bringing individuals with different backgrounds and experiences into a discussion will bring in different points of view and varied reflections. If the individuals one brings into a discussion all come from the same background, same gender, same ethnicity, same university, or same social belonging, the probability of a diverse discussion minimizes. An interesting observation from our findings is what *diverse* means in the eyes of each respondent. In our result it's clear that most of our respondents emphasize that the partner team being different is important for good discussions, which again leads to better decisions.

“I think there will be better discussions and less focus on position, if you have a mix of genders in a group.”

Male Respondent K, Medium size VC Firm

A noteworthy discovery is that individuals of both genders emphasize on the importance of gender related to better discussions, but when evaluating what factor creates an optimal team,

some men do not acknowledge gender as an important factor, even though they promote diversity. Many of the male respondents state that diversity is more about personality and competence than gender in itself (Respondent C, F, J). While the female respondents stated that gender diversity is crucial when establishing an optimal investment team (Respondent A and H), and that the reason for this is that women and men often have different biases, understandings and priorities.

“The investment team only consisted of men, and we had several examples where companies were not chosen because of a lack of understanding, typically within women's health or other women-related problems: violence or inequality”

Female Respondent A, Small size VC Firm

As stated by respondent A, lacking influence from all genders when evaluating ventures and new industries, had a direct negative consequence for her VC Firm. Due to an all-male investment team that failed to understand the context of ventures presented in front of them, this is highly problematic. The absence of problem understanding not only limits the available options for industries and ventures, but also overlooks the potential income that could be generated.

Although the male respondents express their wanting for meaningful discussions, it appears that they fail to recognize the significant role female partners play in fostering greater dynamics and problem comprehension that differs from their own.

5.3.3 Minimal Influence

Both male and female respondents agree that a diverse partner team representative with men and women, makes up for better discussion and problem understanding. Interestingly this doesn't seem to reflect the real decision making influence or financial benefits female partners have. A male respondent from a Medium size VC firm was asked about the different impact between someone who holds a partner title and the rest of the VC firms and answered: *“Everyone has an equal vote, so they just have to hang on to the discussion when they have to make a decision. Everyone can be equally critical, everyone is heard. So there is no distinction between anyone*

sitting around the table". We ask ourselves if this is too good to be true, and if it is true, we hope that this also reflects equal yield and possibilities.

Respondent E explains that oftentimes it is common in VC funds to have a female partner, but who typically holds a very low percentage of the carry, for instance only 5%. Underlining the realistic impact female partners actually have, even though they are granted a seat at the table. Women should be actively incorporated into decision making processes in VC funds, rather than merely being given titles. Granting female partners more authority will help contribute diversity, and a genuine inclusive decision-making process.

We, therefore, ask how much influence female partners really have if not granted legitimate authority, a fair percentage of the carry and influence beyond a silent seat at the table.

5.4 How is Venture Capital Trying to Close the Gender Gap?

The statistics in section 2.2, "The What," reflect that there have been few initiatives implemented to truly change the gender balance in Venture Capital. When we look at investment teams, there is still a significant imbalance. That is why a central part of our interview was to hear reflections from the respondents regarding what they believe should be done and what they might already be doing to try to close the gender gap in Venture Capital.

5.4.1 Is Gender Visible?

A central part of the debate is how "visible" gender should be when recruiting a new partner. A female partner argues that gender is invisible, and that the focus should solely be on competence. Another female partner (Respondent G, Small size VC firm) says, "*I think we don't think of women and men as a selection criteria.*" A male partner (Respondent F, Small VC firm) claims, "*You are assessed on your competence, not on your gender.*" We know that when it comes to

recruitment criteria related to relevant experience, track record, and networks, women are at a disadvantage compared to men.

One of the female partners (Respondent A, Large size VC firm) claimed that a change must come with an active choice of placing women in investment positions, "*It needs to be worked on from the investment side; there must be women who are partners and then set mandates and make decisions.*" There is a wave of ambitious women on the rise, and a female respondent expressed that Norwegian VC has gotten better at recruiting diversity in junior positions.

We can observe from Table 2 that some VC firms hold a female employment rate of 15-40%. It's therefore evident that females are in fact a part of the industry, but sadly not as present as we would like them to be in partner positions. It is crucial to elevate female associates to senior partner positions, much so because Norway currently only has 10% of women in senior partner positions (Level 20, 2022). It is clear that several of our respondents think this change will happen naturally, because of an increase of recruited female associates. The European GDR shows that there is an increase in females at junior levels (Level 20, 2022). Thus, the challenge of lifting these females further up to partner positions is still very present. Our findings supplement that by showing that one of the main contributing factors to the lack of female partners, is in fact the biases partners hold, and the man-dominated culture that discriminates against women. It is crucial that these factors are provided with structural change because we will simply not see female associates *naturally* becoming partners.

5.4.2 Gender Quotas

Little change has happened since The Diana Project. In our project thesis (Melkild et al., 2022), one female partner stated, "*It has already taken a long time to get here, and I hope I am here to see the change. I do not have 125 more years for equality.*" To speed up progress, gender quotas have become a central debate. For example, the Norwegian government has set a requirement of 40% female representation on ASA boards. This demands gender equality on boards and promotes women in business. A female partner (Respondent A, Large size VC firm) asserts, "*We do not have quotas, other than if we are now going to hire someone on the investment team, it must be a woman.*" A male partner (Respondent F, Small size VC firm) states, "*It is true that we*

do not have a fixed strategy for gender balance; we have our ears perked if there is a female candidate who is relevant." Female Respondent A (Large size VC firm) focused on how to measure progress and raise awareness. *"We are working on an awareness-raising policy on diversity that goes internally to the recruitment process and analysis of companies, and we want a better gender balance in the portfolio."* Gender quota has been an effective measure in order to increase the proportion of women in technical studies (NTNU, 2015). We therefore question why quotas have not been implemented to achieve more diverse partner teams already. The majority of our respondents express a negative attitude connected to gender quotas. The overall limited knowledge of quotas' effect, both from literature and the industry, hinders the VC industry in acknowledging the possible positive effect it can trigger. As discussed in section 5.2, many men and women hold unconscious biases connected to women in recruitment processes, therefore, it can be argued that without quotas, there will not be a change in our lifetime.

5.4.3 The Effect of Regulation

The VC industry can draw inspiration from sustainable regulations in investments when debating actions to achieve a greater gender balance in VC partner teams. In 2021, the Norwegian government introduced incentives to increase investments in sustainability. This led to an increase in sustainable investments from 70 million in 2020 to 880 million in 2021 (Albertsen et al., 2022). Here it's clearly demonstrated that requirements and incentives are effective. *"I think the only way to get this (bigger female partner representation) in is through reporting. As it is with CO2 and ESG. If you are required to do this, then it will happen."* states Respondent F of a small Size VC firm. And he is not alone in promoting ESG as an argument to emphasize the effect regulations can have, when reflecting on potential actions the VC industry should make to trigger change. Actually, several of our respondents emphasize that regulations are the only option to conquer gender inequality in the industry.

The connection between sustainable investments and the support of female entrepreneurs is grounded in the aspiration for fair and inclusive economic growth. Sustainable investments emphasize creating positive social and environmental outcomes. By investing in female entrepreneurs and partners, sustainable investors contribute to advancing gender equality and

promoting diversity in the business world. This approach recognizes that a balanced and inclusive economy leads to a more sustainable outcome for all stakeholders.

VC firms need to actively recruit talented female associates. They must also be willing to invest in female associates to enable their advancement to partner level. Thus, it is not enough to just recruit; there must also be made efforts to address the internal culture within VC firms. The gender gap issue for top positions must be discussed more openly. If people have the impression that the statistics are better than they actually are, it will slow down the progress and motivation to take action.

5.5 Why Are There So Few Female Partners? And Why Should VC Firms Care?

Our findings indicate that the limited number of female partners is a direct consequence of gender bias, lack of relevant networks, and the absence of role models and clear career pathways to becoming a partner. If the path to partner positions seems impossible for women, fewer will be willing to pursue it, perpetuating the closed nature of the industry as it stands today.

5.5.1 Why Bother?

Why should women bother? Bother to endure the poor statistics, bother to navigate a path clearly designed for men, bother to be role models for other women facing the same challenges? Women have multiple roles once they enter the VC industry. They are expected to be more competent than their male colleagues, and serve as role models for both female entrepreneurs and other women aspiring to become partners.

“When I started, I felt that I had to deliver very well and better in every possible way to get that respect because I was a woman.”

Female Respondent G, Small VC firm

Female investors holding partner titles often receive a smaller share of carry, and earn less from successful investments. They are expected to project a positive image for the company and serve as marketing assets. It is important to recognize that women's participation in the VC industry is crucial for achieving true gender equality and representation.

By breaking through barriers and paving the way for other women, they can help change the industry's culture and create a more inclusive and diverse sector. In the long run, this can lead to a more balanced business landscape.

In order to argue for female partners' positive effects on venture capital, it is crucial that the impact is properly documented. It is challenging to make a strong case for their impact without sufficient data, and the lack of research in this area prevents women from showcasing the positive effects they can bring when the presumption of most male partners is that female partners aren't as qualified.

So why should VC firms care about acquiring female partners? The male partner does not understand how he is biased, and cannot empathize with the experience of being a woman. He is privileged, and it is difficult to recognize one's own privilege. Therefore, it is absolutely necessary to have a female partner on the team who can counteract the bias. Diversity fosters unique perspectives, experiences, and expertise that can enrich decision-making processes, drive innovation, and lead to better outcomes for VC firms. Again, female partners attract new types of ventures, creating a bigger pool of opportunities to invest in. All these effects come from the partner simply being a woman and are effects you can't naturally assign a male partner.

5.5.2 Mindset and Point of View

The Venture Capital industry is a self-reinforcing cycle that has been built by and catered for men. In this cycle, women are excluded on both fronts - they are not given the same investment opportunities as entrepreneurs, and they lack the credibility to become partners. This further leads to a missing authority to make decisions, which hinders the system to change. To increase the number of female partners, we need to uplift women throughout the entire value chain of the venture capital industry.

Not having a diversified partner team also has implications for the individual VC firm externally. As stated by a female partner:

“One thing you can read from an all-male partner team is perhaps that here you encounter attitudes that you are not interested in having to deal with.”

Respondent B, Small size VC Firm

One male respondent we interviewed even stated that if he could see in monetary terms that women are more profitable, he would invest in them. Underlining a clear bias assuming female investment cases are less profitable, which we know from Gompers & Kovvali (2018) is far from the truth.

Therefore, our recommendation is to spend less time speculating on the presumed lower profitability of women, and instead focus on the actual data — that diversity yields returns.

6. Conclusion and Implications

6.1 Conclusion

From several of our interviews, it becomes evident that the lack of gender balance in the VC industry is regarded as a collective problem, rather than an individual problem VC firms are willing to take responsibility for. We fear that this makes the problem more socially accepted, as seemingly no one wants to be the frontrunner for change or take responsibility. This prevents immediate action, and allows the status quo and the problem to continue to be the norm. As long as the problem remains a "we" problem, individuals can always disclaim responsibility and wait for someone else to take action. VC firms seem to be afraid of investing too much in the recruitment of female partners, thinking it presents a risk rather than a potential upside. The VC industry needs concrete actions and a clear strategy to bring more women into partner positions. By choosing not to address the problem, they are choosing not to make a change.

We have found that there are few female partners for several reasons. They are not included in the ecosystem in the same way as men, and the invitation to join is also absent. VC firms claim that they cannot find the right women. Even though, they are not actively searching or actively advertising for these women. Women face a challenging path to partner positions, which can seem unwelcoming, while encountering unwanted biases along the way. Men tend to seek people similar to themselves (homophily), also when looking for candidates which naturally distrust women due to biases against them. Additionally, the culture in VC firms is designed for men alongside stereotypes, creating an environment not appealing to women.

So why is venture capital a closed world? Recruitment is highly network-based, where men recruit men. Both entrepreneurs and investors need a solid track record to be attractive to investors, and without the opportunity to build one, women won't have a track record to showcase. Ironically, by having male investors blaming the women for their lack of relevant track record, the change is stagnating.

Our findings show that men have a superficial assessment of their own biases, and do not reflect on the fact that they are biased. This raises a significant problem. They do not see the effects of having female partners and believe that the status quo works fine as it is, with men making decisions with other men. They fail to realize how alarming the statistics are and how significant the gender gap is on the partner side. They fail to recognize the extent of the "boys' club" mentality.

We know that female partners have significant and important effects, and that the consequence of not having them leads to weaker performance. The sad part is that this realization is not distinct among the male partners interviewed. Female partners have a strong marketing effect, and attract new talents in a unique way. They bring new and diverse networks that often differ from those of men. They bring fresh perspectives and problem-solving approaches into discussions, and can better understand cases that resonate with them. It is crucial to emphasize that women need to have sufficient responsibility and decision-making power to effectively demonstrate the impact they have.

Our findings show that VC firms have yet to take active measures to close the gender gap on the partner level. There is a belief that gender is not "visible" and that everyone should be evaluated solely based on competence. The VC firms themselves claim to actively seek out women and express a desire to recruit them, yet they are unwilling to implement gender quotas to achieve better gender balance. This finding raises concerns for us. There are women in the VC industry already who are performing well. They exist, and it is actually not difficult to invest in them if there is a willingness to do so.

The imbalance caused by the predominance of men throughout the value chain raises the question of whether the VC industry has a fair representation of decision-makers for the LP, in the investment committee, and at partner levels. The problem is not limited to partner positions; it also exists within the investment process. One female partner asserted that the success of their VC firm stems from actively addressing gender balance in their portfolio and within the company's partners. Several of the respondents did not track diversity statistics of the number of applicants for screening, the number of ventures invited to pitch, or what gender representation

their portfolio holds. When statistics are not tracked, it leads to a lack of awareness of how alarming the statistics actually are.

From an external perspective, the VC industry has a cultural problem. In order to bring more women into the value chain, particularly in partner positions, we need the internal culture to change. As long as the VC industry is perceived as a "man's world," it will continue to mainly attract men, and the cycle will persist. Viewing diversity and revenue as separate entities and to some extent considering them mutually exclusive, contributes to feeding a false truth where factual numbers state that diversity is profitable.

Will men ever fully understand what women go through on their journey to becoming partners? The definition of privilege is "*having one or more advantages that are not inherent, that not everyone has access to*"³. In the VC industry, there is no doubt that men are privileged. They are supported as entrepreneurs, elevated to partner positions, and more trusted by investors. During the interviews, we have come to understand that men perceive the problem as a superficial issue, while women have a deeper understanding of gender biases. As Respondent E nicely puts it:

“If you do not see structural biases or feel that this skewed distribution is super problematic, it is because you are most likely in a rather privileged situation.”

Therefore, we want to raise the question of whether privileged individuals truly comprehend the extent of their privilege, and if they without help can tackle their own biases. The statistics and figures speak for themselves. How can one understand problems they have never encountered themselves? Can one doubt that men are privileged when you see how small of a percentage female entrepreneurs receive from funding of venture capital?

³ Definition Privilege - Det Norske Akademis Ordbok, n.d.

6.2 Implications

The increasing reliance on the VC industry for investing in both female entrepreneurs and female partners has significant implications for multiple stakeholders. This section explores the implications of our research findings for VC firms, entrepreneurs, and policymakers, providing a comprehensive understanding of the broader consequences of our study.

6.2.1 Implications for VC Firms

VC partners need to work on becoming more aware of their own biases. Those in leadership positions must have a conscious understanding of the requirements placed on partners, and why these requirements are more complex for women than men today. VC firms should cultivate a culture of looking beyond their own networks. Since the same men tend to occupy positions in companies, boards, and new roles, creating a cycle of male dominance and limited diversity. Venture Capital firms should also question whether the female partners have equal possibilities and a fair carry that represents the companies appreciation. If not provided with enough respect, ownership and authority, the consequence might be a loss of female partners' sense of belonging.

It is essential to examine who they invest in, and whether they indirectly discriminate against women solely by investing in men. They must see women, support women, and uplift them. VC firms should take a step back and assess if their mandates are outdated and the talent they are excluding by only investing in male-dominated industries. Norwegian VC Firms must question whether their male partners have the same ability to understand the challenges faced by women in industries like for instance femtech and female health. The assumption that female-oriented industries cannot generate good returns is an attitude problem.

We strongly recommend VC firms examine the recruitment criteria for becoming a partner and assess whether these criteria are more advantageous for men, considering the entrepreneurial recycling of networks. We want to emphasize how quotas can expedite and facilitate a more rapid gender balance. We don't have 125 years to wait for equality in venture capital. The industry must actively promote the advancement of women to senior levels, and provide them with responsibilities that enable them to build strong track records and networks. Lastly, it is

essential to establish measurable metrics to actively participate in driving change and make the people wanting to be a part of the change accountable.

6.2.2 Implications for Entrepreneurs

The entrepreneurial cycle is closely interconnected, and it is crucial to take action on both sides to improve female representation all through the value chain. Entrepreneurs (both male and female) should seek out investors who genuinely prioritize gender balance. Female entrepreneurs need to be aware of and report any experiences of differential treatment they encounter. It is essential for female entrepreneurs to actively engage and seek out new networks, especially male-dominated networks that would benefit from increased female representation and strengthen their position. This can help prevent the entrepreneurial world from remaining an exclusive man's world. It is also important to openly discuss the poor statistics regarding women and the VC industry, and to place this issue on the agendas of colleagues and the ecosystem as a whole.

6.2.3 Implications for Policymakers

Policymakers, namely governments and national institutions, have the power not only to make a difference, but to demand industrial change. They have the power to establish requirements for gender balance in VC firms, for instance mandating that 30-40% gender ratio of partners. Policymakers should make it a priority to educate the industry about gender quotas and why they are effective and necessary, ensuring that companies do not have a negative attitude toward closing the gender gap. Ideally, there would be legal requirements for partner recruitment similar to standard employment in order to put an end to network-based hiring, where men predominantly recruit men.

It is a misconception that gender quotas would grant women significant advantages over men. We need to shake the status quo to achieve balance. Implementing quotas can therefore be among the most effective means to achieve a quicker gender balance. There is a significant difference between viewing quotas as a necessary measure, and viewing them as a battle between

men and women. Gender quotas aim to bring in new competent colleagues with fresh perspectives, problem-solving abilities, and attitudes, which ultimately benefit the industry as a whole, not force the recruitment of less competent employees.

Policymakers must incentivize and encourage women to have equal possibilities to their male counterparts when holding the same position as partners in VC firms. Lastly, policymakers need to be more transparent about how poor the statistics are, and the actual consequences of lacking diversity, and facilitate more research on female partners in order to showcase the positive effects they bring.

6.3 Further Research

After studying the gender gap in venture capital for almost a year, we would like to recommend some perspectives for further research.

Firstly, it would be intriguing to witness the same study on a more extensive scale exploring the impact of having a female partner in VC firms across different countries and industries beyond technology.

The misconception that diversity and revenue are separate entities lacks concrete evidence. We are intrigued by what outcome could arise from exploring whether quotas for female partners actually would result in lower portfolio returns.

Further, it would be valuable to examine the ownership structure. Especially among the partners, and how the impact of carry influences and motivates partners. It is also interesting to investigate how this effects decision-making power.

Quotas are a policy that has, in a number of instances, had a very positive impact, but has also come under discussion as a vague incentive. It would be extremely useful to map the effects where quotas had been applied in venture capital recruitment. Given that our study had a

relatively short time span, it would be exciting to observe how cultures in different VC firms would change over time with and without a diverse partner team.

Research can investigate the correlation between the presence of female partners in VC firms and the overall performance and culture of the firms. This could involve examining elements such as team dynamics, decision-making procedures, and organizational culture to gain a deeper understanding of how gender diversity impacts the functioning of VC firms.

On that note, it would be intriguing to look more closely into the attitude problem of how gender gaps are perceived as a societal-problem, as opposed to an individual problem. Through interviews conducted during this thesis, it seemed to be a consensus that catalyzing change can't start with one VC firm, but has to start from larger institutions. What causes this mentality, and whether or not this is in fact the truth would be compelling to understand better.

Lastly, we are aware of an upcoming wave of female associates: Accordingly, we believe it would be of great value to explore the timing of promoting and elevating women versus men, from associate positions to partner level. We are curious to see if the criteria and standards VC firms hold for their partner titles are equally applicable for men and women

If you are not part of the solution, chances are you might unconsciously be part of the problem.

7. Appendix

7.1 Appendix A: Interview Guide (Norwegian)

Interview Guide Master Thesis

→ [Background research on VC Partner]

Problemstilling:

How does a diversified partner team affect the investment portfolio at VC firms?

Goal with interview: What do they say the strategy is vs how their portfolio looks like?

Anonym (J/N)	
Kjønn	
Alders	
VC Selskap	
Relevant info	
Kjønnsbalanse	

Intro

Konfidensialitetsavtale

Konfidensialitet: ta opp intervjuet for transkribering

Agenda

Vi har 4 hovedtemaer vi tenker å gå gjennom, mandatsetting, VC-prosesser, biaser (forklare dette) og female partners, men ønsker som nevnt å ha fokus på refleksjon, og høre om dine erfaringer og tanker.

Presentasjon av oss og mål med forskning

→ Masteroppgaven har sprunget ut fra prosjektoppgaven hvor vi fant skremmende lite litteratur fra Norden om the gender gap i Venture Capital og det er også svært interessant knyttet opp mot at norden/Norge skårer lavest på mange målinger av utvikling av kvinnelig gründere. Men dette er et kjent problem i hele verden

→ Vi ønsker å snakke med partnere i VC Norge, og bakgrunn for at vi har intervju med deg i dag.

Mandat

[Fyll inn mandat her, ref. analyse VC Fond]

Vi har gjort innledende kartlegging av *[VC selskap]* basert på offentlig tilgjengelig informasjon, korrigjer gjerne om du ikke kjenner deg igjen i dataen vi presenterer under.

- Kan du snakke om prosessene rundt etablering av *[VC Selskapet]*
- Hadde du/dere en spesifikk strategi når mandatet til *[VC Selskapet]* ble satt?
 - Noe du skal gjøre annerledes til et evt neste fond for *[VC Selskapet]*?
- Føler du at portfolioen reflekterer mandatet dere har satt? Og i casene det ikke gjøre, hvorfor er dette caset? Har du noen personlig refleksjon her?
 - Interessert i de situasjoner hvor det ikke har fulgt mandatet og hvorfor?

Fond	Industrier investert i (porteføljen)	Ant investerte i porteføljen	Pool med representativ data	Kvinnelig founder/kjernet eam %

The VC Process

I [VC Selskapet] er det X partnere, hvor av du en av dem. Vi ønsker snakke nærmere om VC prosesser:

- Hva er din rolle i teamet (både profesjonell og kulturell rolle)?
- Hvilken rolle har du i beslutningsprosessen? Også sammenlignet med andre i ledelsesteamet?
- Hvilket kriteriumer ser dere på i første omgang når dere inviterer oppstarter inn til bordet.
- Har du i beslutningsprosessen opplevd noe som skiller seg mellom kvinnelige gründere sammenlignet med mannlige gründere når du søker risikokapital?

Female partner

- Tror du at ditt partner team er satt opp på den optimale måten for å få best resultater? Og for å ikke være biased - hvorfor evt?
- X% av partnerne i [VC Selskapet] er kvinner og XX% av alle i [VC Selskapet] er kvinner - Kommentarer her?
 - Hva tror du er effekten av å ha en kvinnelig partner kunne vært?
- Fremover: rekruttering av neste partner, strategisk, krav

Bias

- Forskning viser at kvinner ofte får andre spørsmål enn mannlige grunnleggere. Er dette noe du kjenner igjen i din egen evaluering av både mannlige og kvinnelige gründere?
- Har du opplevd situasjoner der du har tatt deg selv i å være biased?
- Har du noen gang opplevd at kollegene dine har vært partiske?
- "Mandat."
 - Hva legger du i dette?

- Dere fokuserer på Tech startups, mer konkret hvilke industrier vil du si dere retter dere mot? Refleksjoner rundt hvordan valg av industrier også kan utelukke entreprenører?
- Tror du andre partnere og beslutningstakere i *[VC Selskapet]* vurderer mandatet annerledes enn deg?
- Tror du at kvinner og menn evaluerer mandater forskjellig? Har du opplevd dette tidligere?
 - Hidden biases, homophily
 - Noen tanker om hvordan noen partnere kan bevege seg utenfor mandatene i noen grad?
 - Tech. industri, mannsdominert, effekt på hvem som faktisk blir vurdert i utgangspunktet

Responsibility

- Har fondet du representerer noen spesifikke mål innbakt i strategien din om å investere i flere kvinner?
- Mener du at dere som venturekapitalinvestorer har et ansvar for å investere i flere kvinner for å få en mer kjønnsbalansert næringsliv?
- Hva mener du må til for å endre risikokapitalindustrien for å oppnå kjønnsbalanse?

Til slutt:

- Noe annet du vil legge til?

Om vi skulle komme på noe annet utover masterstudie hvor det hadde vært fint med en oppklaring eller tilleggsinformasjon, er det i orden om vi kontakter deg?

7.2 Appendix B: Confidentiality Agreement (Norwegian)



STANDARDMAL ved avtale om konfidensialitet mellom student og ekstern virksomhet i forbindelse med studentens utførelse av oppgave (master-, bachelor- eller annen oppgave) i samarbeid med ekstern virksomhet, jf. punkt 9 i standardavtale om utføring av oppgave i samarbeid med ekstern virksomhet.

Student ved NTNU / Fødselsdato:	Birgit Wester Live Melkild Ida Elise Sandtorp
Ekstern virksomhet:	

1. Studenten skal utføre oppgave i samarbeid med ekstern virksomhet som ledd i sitt studium ved NTNU.
2. Studenten forplikter seg til å bevare taushet om det han/hun får vite om tekniske innretninger og fremgangsmåter samt drifts- og forretningsforhold som det vil være av konkurransemessig betydning å hemmeligholde for den eksterne virksomheten. Det er den eksterne sitt ansvar å sørge for å synliggjøre og tydeliggjøre hvilken informasjon

dette omfatter.

3. Det blir gjort opptak av intervjuet for å kunne transkribere intervjuene i etterkant. Dette for å validere innhenting av data, som vil bli slettet etter innlevert masteroppgave av juni 2023.
4. Studenten er forpliktet til å bevare taushet om dette i 1 år regnet fra sluttdato.
5. Kravet om konfidensialitet gjelder ikke informasjon som:
 - a. var allment tilgjengelig da den ble mottatt
 - b. ble mottatt lovlig fra tredjeperson uten avtale om taushetsplikt
 - c. ble utviklet av studenten uavhengig av mottatt informasjon
 - d. partene er forpliktet til å gi opplysninger om i samsvar med lov eller forskrift eller etter pålegg fra offentlig myndighet.

Signaturer

Dato:

Birgit Wester

[VC Partner]

Live Melkild

Ida Elise Sandtorp

7.3 Appendix C: Dataset for VC Firms + Portofolio

Venture Capital Fond	Kjønn	Sum på personer som jobber i VC fondet	Ant kvinner som jobber i VC fondet	Ant partnere	Ant kvinnelige partnere	Andel kvinnelige partnere	Sum på investerte i porteføljen	Sum på Team hvor kjønnsfordeling ikke er definert	Sum på Pool med representativ data	Sum på Kvinnelig founder/kjerneteam	Sum på Startup team med kvinnelig co-founder/kjerneteam
A	F	50	20	5	2	0,40	150	44	106	0,33	35
B	F	7	2	3	1	0,33	16	3	13	0,46	6
E	F	5	5	5	5	1,00	6	0	6	0,83	5
G	F	7	2	7	2	0,29	29	6	23	0,30	7
H	F	34	12	14	2	0,14	71	18	53	0,55	29
I	F	15	7	5	2	0,40	18	0	18	0,61	11
C	M	10	4	2	0	0,00	8	4	4	0,25	1
D	M	8	2	5	1	0,20	50	18	32	0,53	17
F	M	7	1	6	0	0,00	26	4	22	0,14	3
J	M	39	10	6	0	0,00	13	3	10	0,70	7
K	M	14	3	4	0	0,00	29	4	25	0,52	13
Totalt		196	68	62	15	2,76	416	104	312	5,22	134

7.4 Appendix D: Dataset for Respondents

Venture Capital Firm	Sum på Number of Female Partners	Sum på Number of Male Partners	Sum på Number of Partners	Sum på Number of people working in the VC Firm
A	2	3	5	50
B	1	2	3	7
C	0	2	2	10
D	1	4	5	8
E	5	0	5	5
F	0	6	6	7
G	2	5	7	7
H	2	12	14	34
I	2	3	5	15
J	0	6	6	39
K	0	4	4	14
Totalt	15	47	62	196

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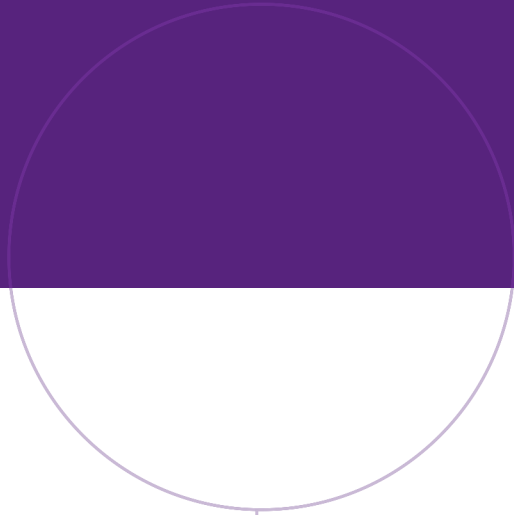
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