

“Ecosystem Influence of Gender-inclusive Investment Networks”

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ABSTRACT

As gender differences persist in the access to funding for female-led ventures, and affect the diversity of entrepreneurial experiments available to growth-seeking regions, we investigate how a gender-inclusive investment network in the Netherlands contributes towards building an ecosystem that enables the development of female entrepreneurs. We use a mixed-methods approach to uncover the effects of gender-inclusive strategies, dynamics, and decision-making processes that prevail in a gender-inclusive ecosystem, operationalized within the multitude of relevant stakeholders. We will use video content analysis of footage of successful entrepreneurial pitches (visual, vocal, and verbal dimensions), content analysis of entrepreneurial pitch decks, and interviews of different stakeholders of the local entrepreneurial ecosystem. We aim to detect differences in terms of behavioral and emotional patterns in contrast with stereotypical male-dominated established judgment models dominant in gender-biased ecosystems. This paper contributes to the entrepreneurial ecosystem literature, more specifically to the research on the gender gap in early-stage venture funding. We aim to uncover the potential impact of a gender-inclusive investment network in addressing gender-related funding challenges affecting female entrepreneurs in The Netherlands. Moreover, our paper takes a systems perspective on the impact a gender-inclusive investment network can have on a non-gender-inclusive entrepreneurial ecosystem. Our results will allow for a more clear theoretical perspective on the influence of non-conformant behaviors within entrepreneurial ecosystems.

EXTENDED ABSTRACT

Striking gender differences in entrepreneurial access to investment funding are persistent even in advanced markets (Gicheva & Link, 2015). Female entrepreneurs receive a very low proportion of venture capital investments (Pitchbook & NVCA, 2016), even when they apply at equivalent rates as males, regardless of the project's intrinsic quality. Bank loans for female-owned ventures also tend to be more demanding in terms of collateral conditions (Wu & Chua, 2012). Crowdfunding has been shown to provide a better alternative for female entrepreneurs (Mollick & Robb, 2016), however, such equity or reward-based investments tend to be of limited ambition and of limited scope in terms of the industries that are represented. Even the level of access to microcredit can vary for women depending on the degree of influence of patriarchy (Zhao & Wry, 2016).

Gender-based stereotypes may result in cognitive biases that influence the evaluation of new business ideas resulting in a status inequality in favor of male-type ventures (Ewens & Townsend, 2020; Gupta & Turban, 2012; Kanze et al., 2018), decreasing access to funding. Moreover, bank loans are also susceptible to personal discrimination from bank officials, leaving room for potentially unethical and unfair decisions (Wilson, 2016). Such gender-based funding limitations, which tend to apply regardless of project quality (Ewens & Townsend, 2020), contribute to liquidity constraints to entrepreneurial activity. Gender status beliefs act on the demand side and contribute to gender inequality in the rates of entrepreneurship and venture survival (Thébaud, 2015). Consequently, they strongly restrain the entrepreneurial potential of the ventures (Hechavarría et al., 2016), of their ecosystem (Brush et al., 2019), and can hinder regional economic development (Acs et al., 2008). Finding strategies to lessen or contradict the effects of unconscious bias affecting both male and female investors, could provide more balanced opportunities and improve the likelihood of entrepreneurial success by allowing for a more diverse lot of entrepreneurial experiments (Kerr et al., 2014).

In this paper, we will explore the effects of a gender-inclusive investment network in the Netherlands that seeks and supports female-led entrepreneurial projects. We will study how this initiative contributes towards building an environment that enables the development of a support network for female entrepreneurs who would otherwise tend to be denied legitimacy and development opportunities. We aim to understand how gender-inclusive investment contributes to empowering and legitimizing aspiring female entrepreneurs. We aim to shed light, on the one hand, on the challenges encountered by female entrepreneurs in accessing funding and support; and, on the other hand, on the strategies, dynamics, and decision-making processes that the gender-inclusive investment network operationalizes to address the challenges encountered by female entrepreneurs. At a systems scale, this study will also investigate how other actors of the

Dutch entrepreneurial ecosystem play a role in supporting or hindering female-led entrepreneurial projects.

Using a mixed-methods approach, we follow a structured methodology with three stages. In the first stage, we will use video content analysis of footage of five successful entrepreneurial pitch videos focusing on the visual (e.g., facial expressions), vocal (e.g., tone of voice), and verbal (e.g., the word choices in the script) dimensions (Hu & Ma, 2021) to identify behavioral and emotional patterns. These will be compared to the stereotypical male-dominated established judgment models regarding the pitch content (Brooks et al., 2014) as well as the subsequent interaction with the potential investors. In the second stage, we aim to do a content analysis of entrepreneurial pitch decks of female entrepreneurs aiming to obtain early-stage funding. Also here, we aim to uncover potential gendered approaches that depart from the average male-dominated established models and tendencies identified in the entrepreneurial literature. In the third stage, we will interview multiple stakeholders of the entrepreneurial ecosystem (e.g., investors, male entrepreneurs, support institutions, employees, and regional policy-makers) in The Netherlands to obtain an in-depth, multifaceted overview of how the different parts of the ecosystem come together to support the undervalued female entrepreneurs.

Within this exploratory study, we leverage data obtained from a gender-inclusive investment network in the Netherlands, including pitch video footage, pitch decks, and interviews with female investors and founders of the network. This study contributes to the literature on gender gap in venture funding, investigating the potential of a gender-inclusive investment network in addressing gender-related funding challenges experienced by female entrepreneurs in The Netherlands. Furthermore, at a systems level, this study contributes to the literature on inclusive entrepreneurial ecosystems shedding light on the role and influence that a gender-inclusive investment network plays within a non-gender inclusive entrepreneurial ecosystem. Findings could contribute to identifying gender-related barriers in the Dutch entrepreneurial ecosystem and further our theoretical understanding of the influence of divergent behaviors and their wider effect on the ecosystem.

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