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Pre-Designated Potential: Golden Eggs and Invisible Shadows

BY JEANETH JOHANSSON, MALIN MALMSTRÖM AND JOAKIM WINCENT

Financial inclusion is a core issue in the global economy as a key driver of economic growth and sustainable development. Finance is a vital factor for venture success, however, gaining access to that finance is particularly challenging for women entrepreneurs facing social barriers. There appears to be a pre-designated potential embedded in cultural heritage where golden eggs and invisible shadows are outlined.

Both women and men entrepreneurs play a critical role in economic development by boosting growth and creating jobs. However, women entrepreneurs in particular face numerous challenges to financing, owning, and growing a business, including limited access to capital. This article elaborates on the intricate issue of entrepreneurial potential outlined in governmental venture capitalists’ discourses and shows that the entrepreneur’s gender matters in financiers’ assessments of venture potential. There appears to be a pre-designated potential embedded in cultural heritage where golden eggs and invisible shadows are outlined.

Gender equality between women and men is a key driver of economic growth, producing fundamental value in society and thus serving as a driving force behind the UN’s agenda for sustainable development by 2030 and in EU’s strategic work and core activities (EU, 2017). It is a core issue in the World Bank (IFC) and the European Investment Bank (EIB), both which aim for universal financial inclusion and inclusive economic growth. For instance, the IFC argues that “Gender equality is not only a social and moral imperative, but also an economic need.” In addition, EIB’s strategy focuses on increased access to financial services and support for women entrepreneurship.

While finance is a vital factor for venture success, gaining access to that finance is one of the greatest challenges facing entrepreneurs. In this context, governmental venture capital plays a gap-filling role for ventures in need of finance, particularly when traditional financial markets fail to provide. Governmental venture capital aims to foster growth and development at the national and regional levels through investments in high-potential ventures. Such finance may be the sole funding source for...
firms when private financiers hesitate to invest. In turn, these governmental financiers are obligated to foster sustainable development, particularly emphasising gender equality.

To determine entrepreneurial potential, venture capitalists create narrative stories describing and elaborating on which companies to invest in and which to pass up.

With this, we expect high-potential entrepreneurial ventures to have equal accessibility to governmental venture capital. We expect financiers to look for the golden eggs – entrepreneurs just need to have that potential. Studies have shown that language as an institutionalising factor reveals gender structures embedded in cultures and meaning, which also impacts the potential of entrepreneurial prosperity.\(^4\) Language is the mechanism through which individuals understand and make decisions. The categories and vocabulary venture capitalists use in their discourse embody the fundamental building blocks of these financiers’ culture, which also reflect the values and norms in society.\(^5\)

To determine entrepreneurial potential, venture capitalists create narrative stories describing and elaborating on which companies to invest in and which to pass up. The underlying linguistics of these narratives reveal structures of what does and does not constitute entrepreneurial potential, and language is used to shape thoughts and actions. We identified seven structures in venture capitalists’ discourses revealing their preconceived characterisation of men entrepreneurs as beholders of golden eggs and women entrepreneurs as invisible shadows.

The seven dominating structures performed through language are as follows:

1. **Identity**: Women are referred to as “she” or by first name (e.g., Marie). Men are referred to as entrepreneurs, businessmen, and innovators.

2. **Positive and negative attributes**: Women are characterised by 54% positive attributes and 46% negative attributes, whereas men are characterised by 80% positive attributes and 14% negative attributes.

3. **Same attributes with different meaning**: Young Women are viewed as “young and inexperienced”, and men are seen as “young and promising”.

4. **Clarity in business attributes**: Positive feedback: Financiers describe women in terms of positive attributes of a universal nature, whereas they describe men in terms of positive business-specific attributes. Negative feedback: Financiers describe women in terms of negative business-specific attributes, whereas they describe men in terms of general negative attributes.

5. **Superlative**: Men are described using superlatives, whereas women are not.

6. **Passive and active**: Women are referred to in passive form (e.g., “is” and “have”), whereas men are described in active form (e.g., “do” and “can”).

7. **Innovation**: Men are described in terms of their uniqueness and proactivity, whereas women are not.

The literature has documented many behavioural biases in financial markets and cognitive shortcuts when stereotypical thinking and myths rule.\(^6\) Venture capitalists opportunity recognition lies in the future relying on forthcoming entrepreneurial activity. Business potential of men entrepreneurs
Knowledge about these structures in venture capitalists’ discourse and culture in general may be a driving force for changing the future and reaching the goal of inclusive entrepreneurship and finance such that entrepreneurial potential and not gender influence venture capitalists’ investment decisions.

is well established in venture capitalists’ decision making where they sharply define men’s business potential using future-oriented language. The business potential of women entrepreneurs, on the other hand, stays in the shadows, fuzzily described in universal terms and based primarily on the past. What is made visible is also what exists.

The heuristic decision processes, characterised by shortcuts in thinking, reinforce gender stereotypes in government venture financing. Norms and cultures embedded in this organisational context rule the decision-making process and directly impact final investment decisions. Myths flourishing in financiers’ discourses – myths of what make an ideal entrepreneur and what constitutes entrepreneurial potential, are embedded in culture and society and, as such, are pre-designated to men entrepreneurs. Gender is one of the most stable grammatical features of language, outlining gendered identities and financial patterns in social interactions, and might significantly widen the gender gap in entrepreneurship. Structures in venture capitalists’ discourses and decision making limit women entrepreneurs’ access to finance and thus their entry into entrepreneurship, and these gendered discourses create and reinforce gender stereotypes and inequalities in entrepreneurship. There is a lack of adherence to objective decision-making criteria in venture capitalists’ decision making. However, because they consider each situation they assess to be unique, financiers themselves do not see the overall pattern of inequality and the ways they repetitively construct gender through discourse: men are preconceived as holders of golden eggs, while women entrepreneurs more or less constitute invisible shadows.

Knowledge about these structures in venture capitalists’ discourse and culture in general may be a driving force for changing the future and reaching the goal of inclusive entrepreneurship and finance such that entrepreneurial potential and not gender influence venture capitalists’ investment decisions.

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