

Below the surface

What's the talk and
who gets the money II?



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For a competitive economy that will lead to sustainable growth, it is essential that both women and men can avail themselves of the business promotion system on equal terms. Only then are we fully utilising the potential for entrepreneurship that exists in Sweden. Equality of access to public funding is fundamental to resources being distributed effectively and sustainably. Women operate close to 30 per cent of Sweden's businesses, but they are not allocated an equivalent share of public funding.

The purpose of the study *Below the surface* was to highlight the structures in the business promotion system and shed light on what happens behind closed doors where the potential of applicants is assessed and financing decisions are made.

Stereotypical perceptions affect assessments and decisions

We humans naturally seek to create meaning in order to understand the world around us and how to behave. To make the world around us intelligible, we need to select from among all the impressions we are bombarded with. This is why we try to categorise people and situations, and why we develop stereotypical ideas and notions about how the world works. The result is that we rapidly judge an individual as "good" or "bad", "smart" or stupid", for example. We make such judgements in order to help us make decisions fast, but these judgements can also make things difficult for us and lead to misunderstandings. The problem with stereotypical perceptions is that individuals do not get assessed in relation to their actual knowledge or skills. Instead, the perception of the whole group to which the individual is seen to belong colours the perception of the individual. For example: If people from the County of Värmland are considered to be happy people, does it follow that *all* individuals in Värmland are happy?

In most instances, gender plays no role whatsoever in how well a task is performed. It does not matter if a woman or a man enters business transactions, because the logic of accounting is the same, regardless of gender. A business plan with a budget, product

offerings and market analysis is the same regardless of whether it was developed by a woman or a man.

In the business promotion system however, gender plays a big role. Perceptions about what is typical for women and men who run businesses influence how we think and act. Qualities are ascribed to women and men that become gendered stereotypes and affect expectations of how women entrepreneurs and men entrepreneurs ought to behave and what they are like.

Access to finance is influenced

The study shows that the stereotypical perception is that women entrepreneurs:

- are cautious
- are reluctant to take on big loans
- are reluctant to make big investments
- need only small amounts of funding
- are active in the "wrong" industries that are not financeable and lack growth potential.

The stereotypical perception is that men entrepreneurs:

- are eager to have a go/test their ideas
- need large amounts of funding
- are active in the "right" industries that are financeable and have growth potential.

These perceptions result in the norm of investing in men entrepreneurs, and influence financiers' views regarding the capital needs of women entrepreneurs and men entrepreneurs respectively: women need very little money, and men need a lot of money. Women are often referred to micro-financing as a way of stimulating them to "have the courage to get up and running". These stereotypical perceptions constitute filters in the assessment procedures of financiers, and thus influence access to public funding for women and men who operate businesses.

Both women and men manage growth companies

Perceptions about growth in businesses owned and led by women and those owned and led by men can be called into question. It is a misperception

that women do not operate growth companies. Of the 213 enterprises in the study, no differences could be found in terms of success or failure between men entrepreneurs and women entrepreneurs who applied for financing from the business promotion system. In other words, there are no gender differences in the size, growth, performance levels, financial risks or solvency in their businesses.

Women and men demonstrate equal levels of entrepreneurial potential in their applications

When men and women entrepreneurs assess their own entrepreneurial potential, there are no differences either. In other words, both women and men communicate the innovation capacity of their businesses, proactivity, autonomy and risk in the same ways in their applications. Despite this, financiers assess entrepreneurial potential as higher in men's businesses than in women's businesses.

What's the talk among financiers?

Financiers' descriptions of entrepreneurs in decision-making meetings show subconscious biases in how they portray women and men. The stereotypical perception is that the true entrepreneur is a man – not a woman. This is apparent from the seven structures identified, which are presented below:

1. Identity in the talk

Men are assigned identities such as entrepreneur, businessman, innovator and inventor, for example:

- He is a real entrepreneur
- Very smart businessman

Generally women entrepreneurs are simply assigned the identity "she". The few times women are assigned an identity, it is with the epithet "business owner". Women are never given the epithets "entrepreneur" or "inventor".

2. Positive and negative attributes in the talk

Men entrepreneurs are portrayed in a more positive light than women entrepreneurs. Somewhat more positive attributes (54 %) are ascribed to women than negative attributes (46 %). But this is

in sharp contrast to how men are portrayed, which is dominated by positive attributes (86 %) and only in exceptional cases are they ascribed negative attributes (14 %).

3. Same attributes – different content in the talk

Men entrepreneurs are commended for the same things for which women are criticised. For example, it is seen as positive when men are cautious, because they are being sensible, while this is a negative attribute for women, because they are seen as reluctant to take risks. Young men are often described as "young and promising" and consequently "young" is a positive attribute. Young women on the other hand are often described as "good for the statistics", "inexperienced" or having "poor knowledge of business concepts", implying that "young" is a negative attribute.

4. Universals or particulars in the talk

Women are described with universal positive attributes that provide no clear picture of their potential, for example:

- She probably knows what she's doing
- She is probably quite OK

Men are described with detailed positive attributes that lead to a clear picture of their potential, for example:

- He is an engineer, assembles everything himself and has the skills
- He has a good education, a Chalmers University degree

Women are described with detailed negative attributes that lead to a clear picture that they lack potential, for example:

- She needs help with the business idea
- She has talked her way *out* of the money and is financially weak

Men are described with universal negative attributes that provide no clear picture of their lack of potential, for example:

- He's not really up and running
- He is a bit hesitant

5. Superlatives in the talk

Men are described with more superlatives than women. Men are described as:

- Really smart, world-class
- Very impressive competence
- Huge social network

6. Passive versus active forms in the talk

Women entrepreneurs are described more often using passive forms, while men are most often described with active forms. For example, women are described like this:

- She is on a number of boards
- She is a well-known name

While men are described like this, for example:

- He takes on a lot
- He can utilise his network

7. Innovation and development in the talk

Uniqueness is only discussed for men's entrepreneurship, for example:

- A unique service
- Unique technology
- A unique concept

Men entrepreneurs are portrayed as proactive brainstormers, for example:

- He has had an ingenious idea
- He has improved on the idea
- He has a million ideas in his head

Lack of funding an obstacle to growth in businesses

At first sight, it might seem that public funding for businesses is gender-neutral since both women and men can apply for finance. However, the study *Below the surface* shows that this is incorrect. Our perceptions lead us to see differences between the qualities of women and men entrepreneurs. The end result is that the prevailing structures are preserved. There is a great risk of these structures per-

sisting and limiting opportunities for growth and competitiveness in businesses run by women. This lack of access to finance results in under-capitalisation and under-performance, which thwart the realisation of the full potential of women's businesses. A norm-critical approach is needed when public financiers assesses what is financeable and likely to contribute to growth.

Entrepreneurship and innovation are of central importance for Sweden developing a climate that is conducive to world-class innovation, and entail competitive advantages in relation to other countries. So it is vital to take advantage of the entrepreneurship and innovativeness of *all* individuals. The business promotion system is therefore faced with a challenge: to open up and become more inclusive, and offer financing on equal terms to women and men who want to start, operate or grow a business.

What's the talk and who gets the money I and II? – a background

In a previous study *RIKA 1 – What's the talk and who gets the money?* gender structures were simply a finding, not something consciously studied. In this study, which was based on that former study, gender was consciously studied and the financiers were informed of this. This study was also more extensive and included five organisations, 18 financiers and 213 enterprises, of which 28 % were operated by women and 72 % by men. It also included observations, interviews, surveys, the enterprises' applications for funding, and accounting data.

The study was conducted by Malin Malmström and Jeaneth Johansson, both Assistant Professors in the Department of Business Administration, Technology and Social Sciences at Luleå University of Technology.

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