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# Gender inclusion activities in entrepreneurship ecosystems: The case of St. Louis, MO and Boston, MA

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## **Gender inclusion activities in entrepreneurship ecosystems: The case of St. Louis, MO and Boston, MA**

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### **Executive Summary**

Women-owned businesses have an economic impact of nearly \$3 trillion in the U.S.<sup>i</sup> Despite the tremendous opportunity for economic growth they present, women entrepreneurs lag behind their male counterparts in terms of number of start-ups and scaling of businesses. To understand how and why this may be taking shape, we focus on the role of entrepreneur support organizations (ESOs) or those organizations that act as intermediaries between the resources of a local ecosystem and entrepreneurs. All organizations that have as their proverbial mission to serve, support or partner with entrepreneurs can be categorized as ESOs. Given their role as decision makers, gatekeepers and resource providers, such organizations have the power and capacity to determine who is granted the opportunity to access and benefit from the very networks, mentors, programs and funding that increase entrepreneurs' odds for success.

Through extensive interviews and observations over the course of 2013 to 2016, we compare and contrast the entrepreneurship ecosystems in St. Louis, MO and Boston, MA to understand differences in gender inclusion efforts at ESOs. We focus specifically on cultural

cognitive frames, social normative 'rules', and regulatory forces as exerting institutional pressures on ESOs in the specific communities in which they are embedded. Our qualitative approach yields in-depth insights as to the mechanisms and dynamics of inclusion and exclusion in the St. Louis and Boston ecosystems by way of ESOs and their practices. Findings indicate that ESOs in the emerging St. Louis ecosystem engage in inclusion efforts through institutional pressures exerted at the grassroots level *by entrepreneurs for entrepreneurs*. These efforts seem to have yielded positive results in that women's business ownership has increased by 16% in a span of five years between 2007 and 2012, going from 28% to 44%. In comparison, women's business ownership has stayed around 30%, in Boston between 2007 and 2012, which is a much more established ecosystem. Our findings indicate that inclusion efforts driven mainly by top-down regulatory forces may not be as effective in changing the gender gap in entrepreneurship ecosystems. We expand on these differences and outline steps for ESOs and policy makers to build inclusive ecosystems in their cities.

## **Introduction**

For today's policy makers, city leaders and entrepreneurs, vibrant entrepreneurship ecosystems can help support innovation and spur economic development<sup>i</sup>.

Entrepreneurship ecosystems refer to the ongoing exchange and reciprocal relationships and connections between different actors in cities and regions. These actors include entrepreneurs, entrepreneur support organizations (ESOs), institutions of higher learning, corporations, and government entities<sup>iii</sup>. Within an ecosystem, ESOs refer to organizations, such as incubators, accelerators, investors, co-working spaces, networking groups and others, that play a significant and important intermediary role: they have the potential to connect entrepreneurs to the extant resources and networks of the ecosystem. Such organizations also have the potential to mitigate existing weaknesses in the ecosystem, including those related to gender.

The gender gap in entrepreneurship is a well-documented phenomenon<sup>iv</sup> related to differences between male and female entrepreneurs in terms of funding, accessing networks, and gender bias in assessment of competency. Further, socio-cultural expectations about domestic responsibilities and motherhood coupled with a lack of state and federal policy to support parental leave have impacted women entrepreneurs in a negative fashion in terms of their ability to start and scale businesses efficiently<sup>v</sup>. This is surprising given that women entrepreneurs are the fastest growing segment of entrepreneurs and can spur substantial economic growth<sup>vi</sup>. Yet, most research advocates gender-neutral or gender-blind policies for supporting entrepreneurship as a tool for economic development taking the standpoint that it is uniform treatment that will lead to equal opportunity. Rather, we adopt a gender-aware approach that recognizes gender as an

organizing principle of society and relevant to the practice of entrepreneurship. We bring this gender aware approach to research to understand why and how some ESOs engage in gender inclusion practices and efforts in St. Louis, MO and Boston, MA.

These two cities represent examples of ecosystems at different stages of growth and development: St. Louis is an up and coming city for entrepreneurship while Boston has a much more established and longer history in this context. In both ecosystems, ESOs are engaged in a variety of women-focused diversity initiatives to promote an inclusive entrepreneurship ecosystem. Our findings indicate that the stated reasons for these initiatives are distinct in each city and impact how they are enacted or implemented. These differences have important long-term implications as policy makers consider ways to develop entrepreneurship ecosystems that can support inclusive economic development in cities. As we examine these issues in St. Louis and Boston, we focus on specific institutional pressures facing ESOs in the local communities in which they are embedded. These pressures derive from three key forces: cultural cognitive (shared mental frameworks), social normative (accepted standards for appropriate behavior) or regulatory forces specific to local communities. The combined and additive effect of these pressures is community isomorphism, whereby organizations imitate and resemble each other over time. This then impacts the nature and level of social actions adopted by organizations as they shift their policies and practices to be seen as legitimate in their organizational community. By understanding institutional pressures at the level of the local community, we derive insights about which organizational social actions, such as gender inclusion efforts, are likely to emerge as the norm in a particular local context.

## **Methods**

To uncover the distinct institutional pressures ESOs can face at the community level, we interviewed leadership at ESOs in St. Louis and Boston as well as carried out observations at meetings and events, during the course of research between 2013 and 2016. Our focus herein is on uncovering institutional pressures in each city and the impact they have for adoption of social action in the form of gender inclusion initiatives. We interviewed 14 ESOs in St. Louis and 26 ESOs in Boston—the younger, newer St. Louis entrepreneurial ecosystem did not have as many ESOs to interview as the more established Boston location. The ESOs ranged from smaller organizations with a few members in leadership positions, such as venture capital firms, law partnerships, or women-focused entrepreneurial event organizers, to larger ones, such as incubators, accelerators, co-working spaces, government agencies and networking platforms. By focusing on a broad set of actors within the ESO space, we made sure that our fieldwork was comprehensive and included examples of available actors within each ecosystem.

In addition, both male and female interviewers conducted semi-structured interviews of both male and female entrepreneurs to assess their myriad experiences with ESOs in each ecosystem and to explore ways in which these dynamics might be gendered. These include 94 interviews with entrepreneurs in St. Louis (37 female, 57 male) and 51 interviews with entrepreneurs (29 female, 22 male) in Boston between 2013 and 2016. The St. Louis interviews took shape over the course of two years while the Boston interviews took shape over the course of one year. The number of interviews with male and female entrepreneurs in both locations is representative of the dominant industries in each city as well as representing a diversity of age, race/ethnicity, experience, and venture life-cycle. Given availability, access and time, the number of entrepreneurial interviews in St.

Louis is greater than the number in Boston since we want to understand how this newly emergent ecosystem is taking shape. In contrast, we interview more ESOs in Boston compared to St. Louis, given that many more of these organizations exist in an established ecosystem.

## **Findings**

This section is organized first by city, and within each city, we narrow the focus, in turn, to 1) cultural cognitive frameworks guiding action, such as the region or city's historic experience with gender and race relations, 2) social normative frames, such as the rhetoric and discourse used within each ecosystem to describe its identity, and 3) regulatory forces. While we made an effort to include each of these elements, St. Louis did not have any recognizable regulatory forces for inclusion while Boston did – thus, we do not address these issues for St. Louis.

### **St. Louis, MO: Cohesive community and grassroots efforts**

#### *Origins and cohesion*

St. Louis has been known regionally as an entrepreneurial hub for a handful of years, though it has recently received national attention for the growth of its startup scene<sup>vii</sup>. The origins of the current entrepreneurial community in St. Louis can be traced back to a grant from the Ewing Marion Kauffman Foundation to start a center for entrepreneurship at Washington University in St. Louis in 2001 and grassroots efforts by local businessmen beginning in 2010. These leaders were interested in the future economic growth of St. Louis and saw a flourishing entrepreneurship scene as a way to jump-start that growth. Thus, they started the support organizations that are now central to the community and created an entrepreneurship hub in downtown St. Louis. In the years since

this hub began, the number of ESOs and entrepreneurs in St. Louis has grown rapidly and done so in a way that has reinforced collaboration and coordination among the ESOs<sup>viii</sup>. The various support organizations, including incubators, accelerators, networking groups, pitch events, university centers, and capital investors, among others, regularly join forces formally and informally in this ecosystem. Individuals who are leading one organization will sit on the board of another or be a judge for a competition. Others have held regular brown-bag lunches with members of various organizations to discuss the state of the ecosystem and how to achieve regional goals.

Concurrent with this movement, however, American Express released a ranking of 25 metropolitan areas in the United States for their ability to support woman-led ventures<sup>ix</sup>. In this 2013 report, St. Louis came in last place. As both women and men with ties to the entrepreneurship community found out about this study and personally observed a lack of women in the community, organized efforts towards inclusion began to form.

The first local initiative geared toward increasing gender inclusion in the ecosystem was by a group called WEST, or Women Entrepreneurs of St. Louis. WEST was founded in 2012 by four female entrepreneurs as a networking group with the goal of “addressing the unique obstacles women face in the business world”. WEST experienced many years somewhat isolated. In attending a few WEST events during data collection and through interviews with other support organizations, we observed WEST to be known throughout the rest of the St. Louis entrepreneurial community as a group for women, but it did not collaborate with other ESOs for a long time. Since concluding data collection for this project, however, WEST has recently been integrated into a larger, more general ESO, the

Missouri Venture Forum (“MVF”). Founded in 1985, MVF focuses on networking, entrepreneurial education, and connecting entrepreneurs to capital. In line with our theoretical argument, the eventual merging of WEST with a long-standing, non-gender focused ESO suggests an acceptance and legitimization of gender-inclusive action by ESOs in this region.

Shortly after WEST formed, an existing ESO, the Information Technology Entrepreneur Network, or ITEN, launched an Inclusion Initiative in 2013. ITEN provides programming to tech-focused startups aimed at progressing them through the various stages of the entrepreneurial process, from product development to pitching to angel investors. ITEN’s Inclusion Initiative began with the goal of “addressing the diversity gap in tech startups”<sup>x</sup>, making it the first ESO in St. Louis with the goal of addressing the overall gap, not only providing support for existing female entrepreneurs. Further, this initiative focuses on overall inclusion, including other populations that are typically underrepresented in the technology entrepreneurship sphere, such as racial and socioeconomic minorities. To fulfill this initiative, ITEN actively recruits both entrepreneurs and mentors from underrepresented populations, engages leaders of other ESOs on the topic of inclusion, and co-hosts an annual symposium for entrepreneurs aimed at building a diverse community. This symposium is co-hosted by two other ESOs in the region, BioSTL, described in greater detail below, and St. Louis Makes, a “manufacturing focused nonprofit organization that exists to promote best practices in new product innovation, product management and business development” (St. Louis Makes). The collaboration between the three support organizations for the symposium provides

evidence of how the relationships among ESOs serve to further culturally legitimate inclusion-focused practices in St. Louis.

Continuing chronologically, BioSTL started their Inclusion Initiative in 2014. The goal of this initiative is “to strengthen the region’s bioscience ecosystem by identifying high-potential, talented women and minority bioscience entrepreneurs and providing a systematic pathway for them to create viable high-growth ventures”<sup>xi</sup>. The programming for this initiative focuses on building awareness of opportunities, engaging learning about opportunities, providing training, and connecting individuals to resources. Their activities include co-hosting the inclusion symposium mentioned above, offering programming about bioscience and biotech to high school students, facilitating community familiarity with bioscience entrepreneurs through evening events, providing cash awards to select graduates of an entrepreneurial boot camp program, and finally, bringing together regional leaders for conversations on how to further support minority entrepreneurs. Like ITEN, BioSTL’s Inclusion Initiative is focused on various types of demographic of diversity, including socioeconomic and racial, in addition to gender. As part of their initiative, BioSTL has partnered with nine other organizations in the St. Louis region, both public and private, to promote and advance minority inclusion.

A handful of women who were either experienced entrepreneurs themselves or otherwise connected to the entrepreneurship community started Prosper Women Entrepreneurs (“Prosper”) in 2014<sup>xii</sup>. In the words of one of the founders, “We want to put St. Louis on the map, on a national, maybe even international basis, as a great place to come for a woman entrepreneur to start and grow your business.”

Prosper offers two arms: Prosper Institute, which was just renamed Brazen, and Prosper Women Entrepreneurs Accelerator. Brazen is a non-profit which “helps growth-seeking women entrepreneurs advance their businesses” primarily through “Mastermind” style peer mentoring groups that meet on a monthly basis (Prosper Women Entrepreneurs). For Jennifer Ehlen, the founder and current CEO of Brazen, the name change reflects a new bolder attitude where women don’t wait to break ceiling but build companies without glass ceilings<sup>xiii</sup>. The motto of Brazen is “We are women entrepreneurs boldly growing businesses. No apologies”<sup>xiv</sup>. Prosper Women Entrepreneurs Accelerator is a for-profit organization that seeks to increase “women entrepreneurs' access to growth capital and the number of women investing in early stage capital markets” (Prosper Women Entrepreneurs). The accelerator accepts applications bi-annually and provides capital, office space, connections, and intensive mentorship for 6-12 companies for a three-month period. They accept applications internationally from women-led startups only, which they define as a venture where at least one woman is in a position of leadership with significant and meaningful equity.

Prosper is highly integrated within the rest of the entrepreneurial ecosystem in St. Louis. First, Cultivation Capital, a venture capital firm without an explicit diversity focus based in St. Louis, financially manages Prosper’s accelerator. Founded in 2012, Cultivation Capital manages five accelerators in the region, as well as several venture funds. Washington University in St. Louis’ Olin Business School provides awards for the Prosper Accelerator. Further, Prosper houses its accelerator companies and its offices at T-Rex, a downtown startup incubator where several other ESOs also have offices. Representatives from Prosper regularly present at various entrepreneurship events, such as Venture Café,

held at CIC – St. Louis (abbreviated from Cambridge Innovation Center, with the other, original location of this center is in Cambridge, MA). Up to 300 people regularly attend Venture Café. As one of the co-founders of Prosper notes, “I think we have been completely humbled and floored by the amount of enthusiasm and encouragement we have received from the existing St. Louis ecosystem. We have been embraced, put on a pedestal, lauded, cheered, by all of those men and women who are in this ecosystem.” (ESO A)

*Cultural cognitive: Cohesive identity*

The identity that the entrepreneurial community in St. Louis has taken on can be seen in the rhetoric used by entrepreneurs and ESO representatives alike, using the words “supportive”, “available”, “helping”, “scrappy”, “smaller, earlier” and “collaborative.” Those in the St. Louis ecosystem see it as an “emerging” ecosystem and desire the national recognition that brings with it even more funding, expertise, and entrepreneurs. Though there are somewhat differing opinions on how the region should attain that status – through focusing efforts on a “big exit” or through increasing rates of founding – almost universal is a desire to connect to other regions of the country through transfer of both human and financial capital. One example is the Arch Grants competition, bringing in companies internationally to locate their business in St. Louis for at least one year as part of the prize contingency. Another example is the startup community convincing Southwest Airlines to start a non-stop flight between St. Louis and San Francisco, which was instituted in 2014. This desire to be known and recognized nationally contributes to the region’s desire to find its niche as an ecosystem, which the quote above by the Prosper co-founder demonstrates may be a driving force toward embracing gender inclusion.

Another central element to the identity of this ecosystem, seen in the rhetoric and dialogue, is that it is networked, familiar, and based on relationships. That does not mean those relationships are exclusive, however. Many spoke to the contrary, relating sentiments such as, “I have not approached any program, mentorship, or incubation space, that I did not feel I could access” (entrepreneur A). It is well known in this community that connections to the right people (which may vary depending on your startup) are essential for success. Some recognize that there is still, unfortunately, an element of an “old boys’ club” (entrepreneur B) to the entrepreneurship community. Many others talked about Midwestern friendliness; one said “It is very folksie, that's a good way to put it” (entrepreneur C). This relationship-based identity of the ecosystem extends to the ESOs, as well, and is reflected in their highly collaborative interactions.

*Social normative pressures; Gender and race relations*

St. Louis is a city with a long history of diversity, especially along racial, ethnic, and socioeconomic lines. The city’s heavy past of racial segregation and tension came to a head recently after the shooting of a young black man, Michael Brown, by a white police officer in Ferguson, a suburb north of St. Louis. The intensity of these various diversity dynamics has led to wide acknowledgement and discussion of opportunity stratification within the St. Louis area, including in the entrepreneurship sphere. The representatives of support organizations that we talked to from St. Louis expressed a desire for the demographic makeup of the ecosystem to be more representative of the region as a whole. Along with this, they expressed a sense of individual and organizational responsibility for creating this change. For example, one ESO leader said:

“And then, in the last year, I think the Michael Brown situation in Ferguson has definitely impacted the startup community but it's allowed us, and this is where I've seen the evolution and the growth, it's allowed the community to say, you know, we could actually use these tools and talents we have, not just for starting businesses, but to address societal challenges.” (ESO B)

In effect, both the cultural cognitive and social normative forces at play in St. Louis indicate a strong grassroots pressure and cohesive community identity that impact the nature and level of social action towards gender integration. In contrast, Boston has a strong regulatory force derived from both state and city level inclusive economy initiatives. As we discuss next, the institutional pressures arising from the factors in Boston do not yield a cohesive community identity or effective gender integration approaches to date.

### **Boston, MA: Fragmented communities and top-down policies**

Based on data from the 2014 Federal Reserve of Boston, the city's middle/upper income segments enjoy median family income around \$120K compared to \$44K for low/moderate income residents. Further, 94% of middle/upper income residents have Bachelors degrees or higher compared to 79% for low/moderate income residents. Finally, 45% of middle/upper income residents are homeowners compared to 25% of low/moderate income residents. In addition, the city is home to historic racial tensions deriving from school integration efforts in the 1980s and neighborhoods differentiated by race and class/income. Thus, despite being a hub for progressive, liberal thinking, the highest number of college and universities, and a vibrant and growing innovation ecosystem, Boston also experiences inequalities across income. In fact, Boston ranks as the city with the most income inequality based on 2014 data<sup>xv</sup>.

Entrepreneurship taking shape within this context holds much hope to equal the playing field between different races and genders, given that women entrepreneurs represent only about one-third of all entrepreneurs in and around Boston based on 2007 and 2012 data from the Survey of Business Owners. The stagnant numbers indicate that women entrepreneurs may have reached a plateau in making gains: in 2007, women accounted for 30% of all business owners compared to 33% in 2012. Thus, there is room for improvement and growth particularly in relation to women scaling their businesses. Within this context, we outline some institutional pressures arising from distinct frames starting with the cultural cognitive to examine why the gender gap continues to exist.

*Cultural cognitive: Gender-neutral or gender-blind as meritocracy*

In many of the interviews and events taking place in Boston, there was a shared sense that gender-neutral or gender-blind practices by ESOs would result in the best entrepreneurs getting resourced, funded, and networked within the ecosystem. In fact, several ESOs suggested that they are interested in “getting the best” and that gender does not and should not impact their choices. As ESO 3 in Boston put it, “They [women] come to us based on self-selection; there is no targeted outreach”. In many ways, gender-neutral practices were thought to lead to meritocracy in the ecosystem. Interestingly, there were very few ESOs who questioned meritocracy but rather, some women did suggest that the myth of meritocracy was what led to the current gender gap. On this point, a woman at ESO 1 suggests, “There is now a second generation of women in VC world, the first gen women had to play very tough, acted more like sailors to make it. For the second gen, the norm was to just keep your head down, you would be noted for your work--they bought into the myth of meritocracy”. Ironically, the shared cultural frameworks in Boston seem to be

meritocracy and perhaps this is based on the number of high achieving scholars, academics, entrepreneurs, and business people and the belief is that such people get to where they belong based on hard work and achievement rather than tokenism or bias. Our interviews and observations indicate that there is shared concern by ESOs and male entrepreneurs about being seen as biased. To mitigate this concern, many want to be seen as gender-neutral based on the assumption that the opposite of gender neutral is gender bias rather than gender aware. Consequently, the institutional pressure on ESOs arising out of such a cultural cognitive framework is meritocracy.

As further example of the cultural norm of meritocracy, a woman at ESO 2 in Boston pointed to the “wildly unpopular” quotas as a non-starter, while noting that the solution to close the gender gap would be to put more women on boards and for funds to set “a certain percentage” of funding for women and minorities. She also notes that “people of standing need to advocate, to stimulate change; more women’s CEO groups are needed, but it has to be done by people who know how to do it well.” To this end, several high-profile accelerators in town, such as MassChallenge and TechStars have started diversity initiatives internally based on interviews with leadership. MassChallenge has received a substantial grant from the Kauffman Foundation in order to support more women and minority entrepreneurs in their cohorts. The outcomes of these initiatives have yet to be seen but as we discuss in the next section, the current approach to the existing gender gap is to put on separate programs or tracks targeting women (and to an extent, minorities) rather than to challenge the notion of meritocracy in the first place.

*Social normative: Parallel tracks*

Even when there is general awareness and concern about the lack of women in the ecosystem, there are no consistent policies, systematic programs or intentional practices to address the gender gap. As ESO 4 noted, “All VC firms put on events and retreats for CEOs, but they are reaching out to guys for sporting events; it’s a relationship game; women need to be intentionally included and are not; most women don’t feel comfortable as a token on a retreat; add alcohol, and it feels very un-fun to them [men] with a woman present.” Leaders at ESOs directed our conversations about women in tech or women in entrepreneurship to the classical “pipeline problem” arguments—that is, the gender gap at the top can be explained by a lack of qualified women in the ranks and graduating with degrees, which is due to their own preferences starting as girls away from STEM, etc. Given trends in the data, including more women than men graduating from universities and STEM graduates now approximately 40 percent female in the U.S. or at parity<sup>xvi</sup>, these have been largely debunked and renamed as the “leaky pipeline” to refocus the question more accurately on “why do qualified women leave”? We posit this is because discussions surrounding gender in general and any challenges to the myth of meritocracy, objectivity and equal access to opportunity are very uncomfortable. Pushing the problem down to future generations by focusing programming on coding for girls, for example, allows leaders to deflect responsibility for actively changing current ways of doing things and challenging the status quo.

On this point, the leader at ESO 5 suggests, “women need coaching how to pitch to all white male audience, how to communicate about feminized industries in particular; lots of generational intersection; young women need a lot of coaching, how to navigate gender issues; most women don't have that; need to know how to access it.” She further points out

that, “the women's ecosystem is strong in Boston” but questions integration and the fact that the numbers haven't shifted. Or as she states, “women aren't getting more equity funding despite the programming...for all the events, training, programming, add the ingredient of talking about women and gender issues”. In effect, this approach does not and cannot change the vast number of programs that simply add on topical discussions of women’s issues instead of integrating women into the mainstream community. For example, an annual conference focused on women entrepreneurs, titled “Capital W”, attracted close to 200 attendees in May 2016—there were only about 10 men who attended and many of them were panelists that gave feedback to entrepreneurs about their pitches. In addition, a prominent women’s networking group held a conference on women and innovation at the same time as the innovation conference by Xconomy/TiE connect was put together (April/May 2016). The content and focus in each conference exemplifies social normative forces or acceptable norms for behavior related to gender, entrepreneurship and innovation: the women-focused innovation conference included discussions on “money mindset, the secrets of success, personal branding and how to master work-life balance” while the Xconomy/TiE conference had content specific to succeeding, including all-day panels, networking, as well tracks focused on “Ideate & Innovate”, “Scale”, and “What’s Trending in Tech, Healthcare and Pharma”; and a “Startup Expo showcasing 50 of the hottest startups in the area including 15 TiE ScaleUp companies.”

As these examples demonstrate, acceptable norms for topics and programming when women are the primary targets of entrepreneurial activities are distinctly different then when males are the focus. These different but normalized social practices give way to

parallel tracks between male and female entrepreneurs in Boston. Another example of this parallel track is the showcasing of women in the MassChallenge event that has now entered its fifth year—the original showcase was put together to highlight the handful of women founded or co-founded companies who made it into the 128 companies chosen to compete for the final prize money, out of the thousands of applicants who applied. In fact, in Boston most ESOs do not track or disclose diversity aspects of their members or cohorts. They tend to focus on putting together occasional events focused on women and/or minorities and as ESO 3 suggests, “Where the rubber hits the road is wanting to be inclusive as we put on programs, but we need more women represented on the panels on specific topics, but there are not women experts necessarily to put on them; traditionally there are male leaders and networks tend to be male; if we just tried a little harder, we could do better, but there is not written policy.” Consequently, the dominant and acceptable social normative rules for women participating in entrepreneurship is to have parallel networking events, conferences, meetings, and discussions surrounding the gender gap issue. The outcome of this norm is that the institutional pressure on ESOs is to something about the gender gap and most of the time, this ‘something’ ends up being a panel discussion on gender and inclusion, parallel tracks in an incubator/accelerator program, or altogether separate conferences. In the next section, we focus on the final piece of the community in Boston, the regulatory forces for inclusion.

#### *Regulatory forces: State and city initiatives*

Under a Republican governor and Democratic mayor, Boston is the focus of both state and city level inclusive economic growth agendas and policy initiatives including the city’s WEBos (Women Entrepreneurs Boston) initiative which aims to support, promote

and connect women entrepreneurs across the city. At the same time, inclusive economic growth agendas at the state level dictate that cities and regions do more to build inclusive ecosystems to address gross inequalities in terms of income, education, and housing. Additionally, state-led initiatives such as the Massachusetts Council of Women's pay equity agenda has impacted conversations on gender and pay in many organizations and in the media. Most recently, Massachusetts became the first state to enact a law that forbids employers from asking about past salary in an effort to end gender-based pay disparities given that women's salary histories can prevent them from earning more in new positions.

Within this context, the institutional pressure arising from regulatory forces is for certain ESOs to demonstrate their commitment to equity by showcasing what they are doing for women (and minorities): yet this approach is, as mentioned in the above section, a parallel track of women's entrepreneurship rather than substantive change to the outreach, recruitment, and selection process of ESOs. In fact, with the exception of one women-focused ESO, no other organization had any plans to change their existing organizational practices despite the pressures for inclusive economic growth and addressing the gender gap in entrepreneurship. That is, despite regulatory efforts, most ESOs are not changing their behaviors or practices in terms of engaging and supporting more women entrepreneurs. Inclusion efforts at best were still at the intention stage and rhetorical rather than material changes to the very organizational practices at these ESOs.

## **Conclusions and Implications**

As our research indicates, social action related to diversity and inclusion efforts at ESOs in St. Louis and Boston have distinct and emergent roots—in St. Louis, the grassroots efforts that allowed for a cohesive entrepreneurial community identity to form while

Boston remains a fragmented ecosystem across gender as well as race. As we see in Table 1, the levels of women-owned businesses in each city is quite different and our research sheds some light on why these differences may exist.

**Table 1: Percent of male and female owned businesses in St. Louis and Boston in 2007, 2012 and 2014<sup>xvii</sup>**

		Firms with or without employees		Firm with employees		
		2007	2012	2007	2012	2014 <sup>1</sup>
<b>Boston</b>	Male-owned	54.9%	56.6%	59.3%	60.8%	65.0%
	Female-owned	29.7%	32.7%	12.9%	14.9%	16.6%
<b>St. Louis</b>						
	Male-owned	49.1%	46.4%	51.7%	57.5%	57.8%
	Female-owned	28.3%	43.6%	13.7%	19.4%	22.2%

Business ownership for women has grown 16% in St. Louis between 2007 and 2012 from 28% to 44%. In contrast, this number has stagnated for Boston when in 2007, 30% of all businesses were women-owned, that number in 2012 was 33%. Given that the majority of efforts related to growing women’s entrepreneurship took shape after 2012 in both cities, it will be important to note rates of women owned businesses when the 2017 Survey of Business Owners becomes available.

In light of our findings, we suggest that one explanation for the growth of women business owners in St. Louis is related to the basis of legitimacy which influences institutional authority for ESOs and their ability/willingness to take social action. In other words, the institutional pressures and push from different bases of legitimacy (normative vs. regulative) in St. Louis versus Boston lead to different outcomes/reactions by ESOs. The

normative pressures in St. Louis could lead to organizational identity as a moderator whereby ESOs develop a strong organizational identity and take social action based on what is expected of them in a cohesive ecosystem. This cohesion potentially allows normative forces to have more power and to act faster for St. Louis, while in Boston, the fragmented and established nature of the ecosystem and networks do not allow for the production of a strong ESO identity based on gender-equity. In St. Louis, these pressures include social normative rules of behavior arising from a cohesive ecosystem identity, while in Boston, regulatory forces do not seem to impact extant ESO practices of parallel meetings, conversations and programs given the fragmented nature of the city and institutionalized practices. Thus, while there is increased attention on women entrepreneurs in Boston, fragmentation prevents coordinated local efforts for inclusion, despite state and city-level policies to promote inclusive economic growth. The fragmentation is based on three factors:

1. Entrepreneur support organizations are not effective in communicating and coordinating their efforts towards inclusion;
2. Inclusion intentions at a majority of these organizations are very recent and the effectiveness of their practices has yet to be determined;
3. Women entrepreneurs, particularly women of color, remain largely disconnected from established entrepreneur support organizations despite the existence of several women-focused entrepreneur support groups.

These findings further suggest that grassroots efforts may reverse the gender gap despite the lack of regulatory pressure but the reverse may not be true. Regulatory forces by themselves may not be able to address the gender gap in entrepreneurship ecosystems if there are no social normative frames guiding behavioral change and no shared cultural cognitive frames for understanding the issue.

In Boston, there have been recent programs that aim to foster inclusion in the ecosystem. One of the most prominent initiatives is the City of Boston's Women Entrepreneurs Boston (WE BOS). This initiative is supported by the Mayor's Office and aims to support, promote, and connect women entrepreneurs in Boston. Over the last two years, WE BOS has successfully put together a Women Entrepreneurs Week program supported by firms, community and academic partners, and is a growing presence and influence in the ecosystem through their collaborations and events. In addition, several women-focused ESOs have been in conversation to collaborate in the ecosystem partially based on introductions to each other during the research process. Further, some entrepreneur support organizations in the ecosystem, such as incubators, accelerators, co-working spaces, and investors, are beginning to discuss how to make their practices and programs more inclusive. Recently, the New England Venture Capital Association (NEVCA) in association with prominent VCs, non-profits, academics and companies has developed a program titled, 'Hack Diversity'. This program connects Latino and Black engineering students from local urban colleges with Boston tech companies through an internship program. Firms are required to hire the interns at the end of the program.<sup>xviii</sup>

Similarly, St. Louis is continuing its tradition of grassroots coalition building for inclusive entrepreneurship. Most recently, Arch Grants, Center for Emerging Technologies, Cortex, Entrepreneurship Network, Missouri Small Business Development Center, Prosper Women Entrepreneurs, St. Louis Economic Development Partnership, St. Louis Makes, St. Louis Regional Chamber, T-Rex and Venture Café led by BioSTL have formed 'The St. Louis Equity in Entrepreneurship Collective'. This coalition is being supported by a \$420,000

grant from the Kauffman Foundation and aims to diversity the St. Louis tech start-up sector.<sup>xix</sup>

In summary, our research demonstrates that each city and local ecosystem is different based on the pressures arising from 1) cultural cognitive frameworks guiding action, such as the region or city's historic experience with gender and race relations, 2) social normative frames, such as the rhetoric and discourse used within each ecosystem to describe its identity, and 3) regulatory forces. These pressures give rise to different motivations and specific approaches for ESOs to engage in diversity and inclusion efforts and have broader implications for practice and policy makers in terms of building inclusive entrepreneurship ecosystems.

### **Recommendations for ESOs and Policy Makers**

1. Engage in more cohesive, collaborative and coordinated work among entrepreneur support organizations and between entrepreneur support organizations and the city.
  - Map the ecosystem with respect to the different actors engaged in or supporting entrepreneurship activities
  - Understand the role and activities of different entrepreneur support organizations, such as chambers of commerce, business leadership groups, networking platforms and groups, educational institutions and groups, corporations and their relationships to each other and to city initiatives.
  - Outline gaps and overlaps in the ecosystem and collaborate on ways to address them.
2. Entrepreneur support organizations need to set goals or targets for gender inclusion.
3. Need for tracking and gender disaggregated data from entrepreneur support organizations related to outreach, cohorts/members, and outcomes (i.e., funding, IPOs, mergers, etc.). This is particularly relevant for organizations receiving public money and support in the form of reduced rent, tax breaks or subsidies, investment and any other type of assistance.
4. Entrepreneur support organizations should ensure their own leadership is gender-balanced and engage in gender awareness and implicit bias training.

5. Work to mainstream diversity across all the programs, practices and events taking place at entrepreneur support organizations.
6. Entrepreneur support organizations can connect corporations that value inclusion with growing women and minority-led businesses that have relevant products or services. This can be done with the support of procurement programs that already exist at several anchor institutions.
7. Women-focused entrepreneur support organizations, such as investment groups and business networks, should assess their goals, practices, and programs to understand areas for improvement and collaboration.
8. Male allies should use their voice to amplify inclusion efforts in the ecosystem and help create a cohesive entrepreneurial community focused on addressing the gender gap.
9. Entrepreneurship educators can support inclusion efforts at ESOs by discussing ways to move away from gender neutral to gender aware approaches in their organizational practices.
10. Media should focus on successful women entrepreneurs and founders to showcase their presence in the ecosystem at the same rates they focus on male entrepreneurs. This will help bring about change in the role models available to represent successful entrepreneurs and over time, help to change the stereotype of an entrepreneur.

Further recommendations that are relevant for strengthening ecosystems include building mentoring and networking groups that are specific to business stage and experience, partnerships between start-ups that want to become gender-balanced and women-focused networks and groups, and wider access to growth capital via investors and banks to build the next generation of anchor organizations in cities. In each city, there are groups that are beginning to engage in these efforts, requiring further research efforts to understand their effectiveness in building inclusive ecosystems and supporting economic growth and development.

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<sup>i</sup> Data from National Women's Business Council, *The Economic Impact of Women Owned Businesses in the United States*, <https://www.nwbc.gov/research/economic-impact-women-owned-businesses-united-states>

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