

Support organizations and remediating the gender gap in entrepreneurial ecosystems: A case study of St. Louis

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Executive Summary

Entrepreneurship support organizations, such as accelerators, incubators, co-working spaces, and networking groups play a vital role by providing information, mentorship, networking opportunities, and other valuable resources for entrepreneurs throughout the venture creation and growth process. Within this context, we have observed emerging practices to include a diverse set of entrepreneurs (e.g. women and minorities) by support organizations in St. Louis, and at the same time, identified more demands from entrepreneurs for this purpose. Based on more than 80 interviews and observations, we provide voice to entrepreneurs who utilize these resources and discuss how support organizations can more effectively respond to these demands, expand their scope and reach, and bolster their own role in strengthening the entrepreneurial ecosystem.

We identified three major challenges for female entrepreneurs in the St. Louis entrepreneurial community:

- Differences in entrepreneurial identity: for instance, women predominantly call themselves *business owners* while support organizations frame resources and programs for *entrepreneurs*
- Lack of awareness of support and programs for entrepreneurs in the region, based on a mismatch between outreach efforts and intended beneficiaries
- Persisting gendered occupational norms, perceptions and roles, which impact actual levels of engagement in entrepreneurship activities

We also identified three “blind spots”:

- Support organizations focused primarily on those underrepresented groups without significant inquiry into how existing programs and approaches may need to be changed
- In creating “separate” programming for women entrepreneurs, support and focus is directed away from making the “mainstream” entrepreneurial ecosystem more inclusive
- Inviting diverse speakers and audience members only for special events highlighting diversity

Recommendations

For support organizations, we suggest the following:

- Consider redesigning programs rather than extending specialized ones to women

- Recruit female entrepreneurs for leadership, as role models, as sources of expertise, and as mentors
- Engage in proactive and directed communication to reach intended beneficiaries
- Talk with the underrepresented population in your city and in your program
- Meet regularly with other support organizations to share best-practices and experiences in promoting diversity
- Develop workshops and training on inclusion for leadership and staff in existing support organizations
- Aim for full integration of women instead of separate programming

For policy makers, we suggest the following:

- *Map support organizations* in a particular city in terms of their target entrepreneurs, programs offered, and outcomes in order to better tailor policies to promote those entrepreneurs who may be the intended recipient of existing support organizations but nonetheless disconnected from such organizations
- *Track public expenditures going to entrepreneurial support organizations* in order to identify any gaps in resources and benefits
- *Coordinate and collaborate* among existing support organizations in order to mitigate gaps and overlaps in the entrepreneurial ecosystem

Introduction

Support organizations play a vital role in an entrepreneurial ecosystem by providing information, mentorship, networking opportunities, and other valuable resources for entrepreneurs throughout the venture creation and growth process. Such intermediary organizations include but are not limited to accelerators, incubators, co-working spaces, networking groups, and those that put together events to support entrepreneurs. These support organizations have gained recent attention from scholars and policy makers particularly in terms of the challenges they have with regard to diversity. Based on our research in St. Louis, this paper provides insights about the existing challenges facing women entrepreneurs and offers suggestions for support organization to aid in their responses to the growing pressures for diversity. Understanding these challenges and laying the foundation for effective solutions is vital to building an inclusive entrepreneurial ecosystem and establishing effective, inclusive economic development policies related to entrepreneurship. Here we discuss findings from St. Louis by outlining the role of various support organizations in increasing women's entrepreneurship in that city. These findings have implications for women entrepreneurs, support organizations, and policy makers interested in creating an inclusive and thriving ecosystem in their cities.

Our findings are based on interviews of 12 entrepreneurship support organizations, including Prosper (an organization dedicated to the promotion of female entrepreneurs) and others with inclusion initiatives, and 71 entrepreneurs, of which 35 were male and 36 were female. Thus, we have attempted to deepen our understanding from the female entrepreneurs' perspective, but also from the comparative perspective between male and female entrepreneurs.

1a. Major findings

We identified three major challenges for female entrepreneurs in the entrepreneurial community: an absence of entrepreneurial identity, a lack of awareness of support for entrepreneurs in the region, and persisting and systemic occupational gender biases. In our interviews with local support organizations, we found evidence of innovative practices, representing promising first steps in overcoming these challenges and creating a more inclusive ecosystem.

Entrepreneurial Identity

Many of the women interviewed spoke about themselves as a 'business owner' rather than an 'entrepreneur,' with their understanding that an entrepreneur is someone distinctly separate from their identity. It was quite common to hear sentiments such as "I've never really considered myself an entrepreneur." (entrepreneur D). Alternatively, one said, "I tell you, I've used the term entrepreneur but I really don't think I am one," (entrepreneur N), and another said, "It's not that I don't understand the concept, it's that I don't relate right now. Because in my mind, I think of Bill Gates, Steve Jobs," (entrepreneur F). Considering that all interviewees were connected to at least one support organization and three quarters of the female interviewees had a history of entrepreneurial behavior, this is surprising. Further, this phenomenon was not found for male entrepreneurs and as previous research indicates, the reasons behind this include the assumption that entrepreneurs are males and entrepreneurial activities the domain of masculinity. Importantly, it was not a lack of entrepreneurial intentions that led to this dissociation. The

women interviewed had all displayed pioneering behavior in starting their businesses and by and large, had done so because they saw a unique opportunity for tapping unfulfilled demand through a novel product or service. This was identical to male counterparts. Further, though their long-term strategies differed, all of the women intended to grow their businesses substantially, dispelling the myth that women only want to start lifestyle businesses. In several instances, women spoke of how they considered an “entrepreneur” to be someone in a certain industry, usually hi-tech or biotech.

Given these existing challenges, support organizations can find it difficult to engage women entrepreneurs. However, a few organizations in St. Louis are intentionally shifting the paradigm and their efforts provide great examples of effective outreach. One support organization explained that they “broaden the application of innovation,” meaning that they “look at the arts, the non-profit sector, government, education, advanced manufacturing and the like, and then of course biotech and high tech” (support organization C). A concurrent strategy might be to facilitate workshops on the importance of identities for doing entrepreneurship. This can bring about greater awareness in the ecosystem about the connotations of the term ‘entrepreneur.’

Communication of Offered Support

In terms of getting their ventures off the ground, running, and growing, we found that women were less aware of the programs and resources offered through entrepreneurial support organizations, in contrast to their male counterparts, despite expressing the same need for the specific services, funding, and mentorship those organizations could provide. One woman summarized it well, saying “I think I'm probably not totally aware of all of the resources that are available... but I think this kind of goes back a little bit to the “resources for entrepreneurs” and I'm like, sometimes I don't know if I fall into that category for what's being offered,” (entrepreneur P).

Throughout our research, we found that organizational practices, such as word-of-mouth advertising, use of personal networks, or low-key publicity of programs, led to unintended consequences resulting in women entrepreneurs feeling disconnected or altogether unaware of available resources. For example, word-of-mouth outreach was expressed by support organization as “Yeah, we haven't really [advertised], the word seems to be out...I think people are drawn to us.” (support organization A) or “we have a very organic, grass-roots communication plan.” (support organization C). While word-of-mouth or the use of personal networks may seem efficient and likely to result in high-caliber entrepreneurs seeking resources, these methods reflect the existing network patterns (social and personal) that may inadvertently/unintentionally exclude certain groups because of what’s called “homophily”: a phenomenon where individuals are drawn to those similar to themselves in their efforts to connect. For support organizations, this approach yields a community of entrepreneurs that are similar to each other and as our research demonstrates, these entrepreneurs tend to be men. In many ways, these outreach mechanisms reinforce assumptions related to our first point on entrepreneurial identity. Ironically, it is an “open door” policy that results in the replication of the gender gap. While support organizations generally have an “our doors are open” attitude (support organization F), they can potentially recruit more diverse entrepreneurs by through an active rather than a passive approach. By doing so, support organizations can be vanguards in the entrepreneurial ecosystem towards building an inclusive community of entrepreneurs.

To this end, some support organizations have taken up social media as a means to expand outreach efforts, for example by using Twitter, e-mail blasts, or using on their website. While these are efforts to be lauded, our research shows that these channels of communication are primarily reaching those who already know about the organization and are already connected to the ecosystem and to each other. For example, in our research we found that advertising events for women were e-mailed to contact lists containing a majority of men. Thus, this approach may unintentionally not reach those that are unfamiliar with the support organization (and its resources and programs).

An example of effective communication that reached its intended beneficiaries, women entrepreneurs, was through a local public radio station that advertised the diversity of recent entrepreneurial grant winners: "And public radio also mentioned it in their announcements this morning. 80% of the winners are non-majority. So, you've got women, you've got others." (support organization D). This announcement is both effective and powerful as it reaches a wider audience beyond those who consider themselves entrepreneurs and at the same time, signals that diversity is an important attribute to that community. Such an intentional public announcement also signals to individuals that might not otherwise think they would fit in that they are welcome there.

A further example of successful outreach efforts included a symposium with the exclusive aim of increasing diversity (gender, race, and industry) in the entrepreneurial community. The symposium, run jointly by three support organizations, aimed to educate and raise awareness about the resources and programs offered by all supports in the ecosystem. With the focus on underrepresented demographic groups, such as minorities, veterans and women's groups, the organizers contacted and publicized within local chapters of affinity groups. These included the Society of Black Engineers and the National Society of Women MBAs. Those who attended the symposium were then connected and matched to different individuals, organizations, and programs within the entrepreneurial community.

Support organizations continue to face pressures for achieving diversity and inclusion in the context of complex and persistent underlying societal gender norms and assumptions. While remediating the gender gap is no easy task, support organizations can lead efforts through effective communication and intentional outreach. By doing so, support organizations can be a part of changing the representation of what it means to be an entrepreneur and ultimately contribute towards an inclusive ecosystem by acting as a beacon on a hill.

Occupational Gender Biases

Our research demonstrates that support organizations have a difficult road ahead for building inclusive ecosystems, particularly as social norms and patterns are characteristically slow to change. Yet the actual experiences among women in the ecosystem suggest these gender norms indeed need to be addressed. Pervading the interviews with the female entrepreneurs was evidence of occupational gender biases that created invisible barriers to women engaging with many of the support organizations. For example, women experienced challenges to their competency or gender-occupational role conflict in their interpersonal interactions.

Women often felt that they had to prove their abilities because of many cues that they were less intelligent or less capable when it came to starting a successful company. These cues were typically unintentional and implicit – the artifact of underlying subconscious beliefs that permeate society. A few women mentioned receiving these clues even from their own clients, and others from within the entrepreneurial community:

- “It's very interesting to me to see how dumbed down resources can be for groups that are perceived to be, or not perceived to be, that are strictly targeting minorities or women. To me, sometimes it feels like it's not the same level of information, it's not the same seriousness.” (entrepreneur T)
- "And I said, “I've had a website and internet marketing business for 8 years and she” - and then he cut me off again. He said, “Oh, I just thought you both just got out of college.” And I was like, “No, actually I'm 32 years old and I've been married for 14 years.” And then he cut me off again – “Oh, so your husband's supporting you!” And then I was like, “No, actually, my husband is an archeologist and I support him.” ... and at that point he was just done with the conversation.” (entrepreneur U)

Despite these experiences voiced by women entrepreneurs, some support organizations did have good intentions to become more inclusive. Their approach in this regard was to focus on promotion of existing programs and events to women. Yet, ironically, such efforts did not make much impact as there were other forces preventing women from engaging with those offerings, such as societal gender norms. In particular, a responsibility for taking care of children or the home was expressed by many women in one way or another, but not nearly as often by men. With such strong prevailing societal expectations for women, we saw support organizations demonstrate leadership in this area that may help remediate some of the biases women entrepreneurs continue to face. For example, several local support organizations began to intentionally include female entrepreneurs as speakers and leaders, showing that they do have a prominent and important role to play in the entrepreneurial arena. These practices with demonstrated role models can eventually change biased social and cultural attitudes that dissociate women from business contexts.

The paucity of female leaders in this area became the inspiration for Prosper: an organization focused solely on female entrepreneurs. Speaking about her previous role working at a local university, the CEO of Prosper Institute states: "And it was really fascinating how prevalent the dominance of men was in entrepreneurship...in terms of the entrepreneurs who were signing up to be speakers and mentors and donors and business plan coaches - we had a waitlist of men and [my collaborator] and I decided very early on, that we would make a concerted effort to find women entrepreneurs... And it wasn't that they weren't willing to make time, but nobody had ever asked them. Which is a recurring issue." (support organization G).

This approach, of intentional and purposeful efforts to invite minority entrepreneurs into leadership positions, was adopted by another support organization, as well. As the director of this support organization states, “We really drive our diversity and inclusion efforts through who we're putting in thought leadership positions. One, we feel if we have more people of color or more women presenting, then the likelihood of attendees, well that's the part we can control. And in the past, especially in St. Louis, that's the part that people have not controlled.”(support organization C). More importantly, this support organization did not advertise their speakers as *minority* speakers and presenters so as to represent them as equal members of the entrepreneurial community rather than as a subset of “entrepreneur.” By doing so, they were able to challenge the silent stereotype of what entrepreneurs in the St. Louis region look like.

Current Statistics

Lastly, we requested user/member demographic information from 36 of the largest support organizations in St. Louis. Of the organizations contacted, we heard back from 17, of which six

reported not tracking this information and two were “in process” of gathering data. Statistics for the remaining nine are shown in Table 1. While most organizations shown here still include women as the minority of participants, some progress can be seen. Perhaps more importantly, we found a clear trend toward beginning to track female participation in these organizations – a key first step.

Table 1: Rates of Gender Inclusion by Support Organizations

Support Organization	Support Type	Year Founded	Female*
A	Accelerator (female focused)	2014	100%
B	Accelerator	2014	50%
C	University Center	2001	33%
D	Business Competition	2011	32%
E	Incubator	2012	32%
F	Incubator	2011	27%
G	Programming, general	2008	20%
H	Co-working space	2012	20%
I	Angel investment	2008	21%

*Represent percent of supported ventures owned or led by women, or members who are women (for incubators). Represent current support or support over the last year, as of April 2015.

We contextualize these findings within the context of women’s business ownership and educational attainment in the St. Louis metropolitan area. The data here indicate broadly that women are well represented among some college or college graduates (but not post-graduates). However, when it comes to self-employment as a rough indicator of entrepreneurship, it's clear that their representation level is very low, especially for people with college or a higher education level. Across specific industries in St. Louis, women’s ownership rates vary between 9% and 60%, with percentage of sales by women-owned firms accounting for very little of overall sales. (See Table 2 and 3 below):

Table 2: Educational Attainment and Employment Status of Females, St. Louis, MO-IL Metro

Education Level	Share	
High school or less	50.6%	
Some college	54.3%	
College	51.7%	
Post-graduate	50.5%	
Total Population	51.6%	
	All workers	Workers with college or higher education
Self-employed	37.1%	35.1%
Works for wages	50.8%	51.5%

(American Community Survey Data, 2007-2011)

Table 3: Percentage of female-owned businesses across industry, St. Louis, MO-IL Metro

	Firm Ownership	Share in Sales
All Firms	28.5%	3.6%
Agriculture	60.7%	75.8%
Construction	9.6%	5.9%
Manufacturing	14.4%	1.4%
Transportation	10.0%	4.9%
Wholesale	13.3%	4.4%
Retail	36.0%	4.5%
Information	21.9%	0.7%
Finance/Insurance	15.8%	0.5%
Real Estate	24.4%	9.0%
Professional Services	25.7%	7.1%
Admin/support/waste management	35.0%	9.1%
Educational Services	47.6%	2.1%
Healthcare	52.6%	4.4%
Arts, entertainment and recreation	28.5%	14.0%
Accommodation/Food Services	25.5%	4.3%

(Survey of Business Owner, 2007)¹

¹ 2012 SBO data unavailable at the MSA and city-level until December 2015.

1b. Identifying blind spots

During our interactions with the intermediary organizations and those they serve, specific “blind spots” emerged. First, we noticed that most inclusion efforts place attention solely on those groups who have been historically underrepresented in growth-oriented entrepreneurship. While this is an important focus, there also needs to be discussion on how existing approaches utilized by support organizations may have unintended consequences. Specifically, what is needed is an inquiry into how existing practices, such as outreach efforts or networking promotion, at support organizations may not necessarily lead to inclusion. Leaders and staff of these organizations may need to discuss how their efforts need to be modified given societal gender norms that are slow to change. For example, at an event held specifically for women, the main speaker spent most of the time discussing “why women don’t ask” (but should) and how to personally gain the confidence needed to succeed as an entrepreneur. Further, one organization launched an inclusion initiative, largely focusing on mentorship of minority entrepreneurs. The initiative, however, was designed to simply add female entrepreneurs to existing programs, which were still largely dominated by male entrepreneurs in a specific sector: IT. While these efforts are important and reflect sensitivity to the challenges women face, support organization should also consider new recruitment approaches to promote more diversity.

Secondly, we noticed that much of the inclusionary programming took on the dimension of a parallel path for women entrepreneurs. That is, those support organizations that are trying to make the entrepreneurial ecosystem more inclusive often tackle the issue of exclusion by creating separate programming for women. Ironically, the intentional efforts that many support organizations engage in to diversify their audience can sometimes be counterproductive. For example, the support organizations or programs dedicated to serving women often remain disconnected from the rest of the community as they are seen as too niche.

Lastly, we noted that diverse speakers and audience members were invited explicitly for special events held to highlight the advances among and support for women and minorities. While introducing the presence of a more diverse crowd into the community is indeed a productive move toward inclusion, support organizations should consider promoting diversity in speakers and audience members for events without an explicit diversity focus as well. For instance, female entrepreneurs may resonate and feel more comfortable with female speakers and mentors. To further address these additional opportunities toward inclusion, we develop suggestions for future directions intermediary organizations can take in the next section.

2. Recommendations

2a. What to continue and expand upon

We noticed both substantive and substantial interventions made towards greater inclusion in the St. Louis entrepreneurial ecosystem, and recommend continued focus on these programs. Specifically, direct and intentional outreach efforts to women and minorities appear to be paying off in terms of awareness of support organizations and programs for select female and minority entrepreneurs in the community. Secondly, support organizations in St. Louis are working collaboratively towards greater inclusion and are working directly in partnership with organizations that explicitly support women and minorities. We recommend more of this collaboration and partnering in the future. Thirdly, we recommend continued focus on

diversifying the leadership and voices in these support organizations, by continuing to elect and appoint more women and minorities on advisory boards, invite diverse guest speakers, mentors and advocates at events, and improve the ratios of who attends events.

2b. Strategies for the future

Consider redesigning outreach and programs rather than extending special events and programming to women

Earlier, we identified two structural barriers at the ecosystem level: 1) Baseline recruiting method is word-of-mouth and more advertisement through current members and existing channels does not reach a different demography, i.e. female entrepreneurs; 2) Even if the advertisement reaches women, they may not associate with the primarily targeted clientele of the support organization. The bottom line here is that “you can’t be what you can’t see.” Support organizations can address this challenge by assessing whether existing programs and approaches are effective at both reaching and serving diverse entrepreneurs.

Recruit female entrepreneurs for leadership and as role models

Inclusive organizations are led and run by diverse teams that model what an inclusive ecosystem looks like. Therefore, we strongly encourage the support organizations to actively recruit, elect, appoint and promote women and minorities for top leadership and oversight positions and roles. Ensuring the guest speakers, mentors, financiers, panels, etc. at all events are diverse and representative of groups targeted for inclusion, therefore, is a critical strategic intervention for transforming the ecosystem into a truly inclusive one. Further expand efforts to include successful entrepreneurs, venture capitalists, and executive members of founding teams.

Talk with the minority population in your city and at your program

Regardless of the size of the minority communities that can benefit from the services and resources provided by the support organization, talk with them. Identify potential structural barriers and ways to overcome these in creative ways. This could be an informal talk after an event or a more formal focus group. Examine language that may appeal more to the minority population. For instance, avoid solely relying on the term ‘entrepreneur’ or ‘startup’, but consider ‘business owner’. Despite the digital age, word spreads by referrals, especially about the quality and fit of services. Thus, consider reaching the new audience through those women who already use your services. It could be a small recruitment effort by each person, such as one woman inviting two or three other women, but a snowball can have the power of avalanche.

Share best-practices and develop inclusion workshops

We recommend continued discussion and sharing of best-practices for inclusion by leadership and staff in all the intermediary support organizations. This approach can help broaden the reach of support organizations and lead to greater economic development as more entrepreneurs are able to get the support they need. In addition, this approach can give insights as to unintended consequences that have arisen based on the outcomes and experiences of support organizations who have attempted to make changes to their programs, communication channels and so forth. These discussions can be supplemented by inclusion workshops that sensitize support organization leadership and staff to the importance of inclusion for a thriving city and economy.

Aim for full integration

Finally, we recommend the next stage to be strategic and active integration of women and minorities into the “mainstream” entrepreneurial ecosystem. When women and people of color are fully integrated, they will be so a part of the leadership, infrastructure, discourse and process that there will not be a need for special programming, separate and parallel organizations, or special events aimed at particular kinds of entrepreneurs. Women entrepreneurs, veteran entrepreneurs, black entrepreneurs, etc. will just be “entrepreneurs”; they will be representative of the greater population of persons in the community and recognized as successful entrepreneurs in the ecosystem. While some targeted programming to initially bring in the minority population may be warranted, the long term solution is integration. It is important to note that integration of women can change the existing gender gap in entrepreneurship and provide the basis for a just and thriving economy.

Further Considerations and Recommendations

Here we outline strategies and recommendations for policy makers and other cities that want to promote a gender inclusive entrepreneurial ecosystem. Our recommendations are threefold:

- 1) *Map support organizations* in a particular city in terms of their target entrepreneurs, programs offered, and outcomes in order to better tailor policies to promote those entrepreneurs who may be the intended recipient of existing support organizations but nonetheless disconnected from such organizations;
- 2) *Track public expenditures going to entrepreneurial support organization* to understand whether women and minority groups benefit at the same levels as other entrepreneurs;
- 3) *Coordinate and collaborate* among existing support organizations in order to mitigate gaps and overlaps in the entrepreneurial ecosystem. Doing so will ensure that resources, programs, and services are reaching intended beneficiaries and that support organizations are connected to each other in order to make sure efforts are complementary rather than unnecessarily duplicative.

Policy makers can play a vital role by advocating for gender inclusive programs at entrepreneurial support organizations that receive city, county, state, or federal subsidies, incentives or assistance as part of local and regional economic development projects. By understanding the ways in which women’s entrepreneurship can be effectively supported, policies can be put in place that encourage intentional outreach by support organizations to those individuals who may be currently disconnected from the ecosystem. Policy makers who encourage and reward these practices at support organizations can expect to see positive returns to economic development efforts once entrepreneurs are fully accessing support for starting and growing their businesses. The future holds much promise for cities, regions, and nations that support entrepreneurship through the above efforts, which will certainly contribute toward inclusive economic development and thriving entrepreneurial ecosystems.