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BE SERIOUS ABOUT DIVERSITY: EXPLORING WHY INNOVATION COMMUNITIES ARE NOT DIVERSE

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BE SERIOUS ABOUT DIVERSITY:
EXPLORING WHY INNOVATION COMMUNITIES ARE NOT DIVERSE

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MAY 2017

A Master's Paper

Submitted to the faculty of Clark University, Worcester, Massachusetts, in partial fulfillment of the requirements for the degree of Master of Arts in the department of International Development and Social Change

And accepted on the recommendation of

Kathryn Madden, M.C.P, S.M.Arch. S. Chief Instructor

ABSTRACT

BE SERIOUS ABOUT DIVERSITY:

EXPLORING WHY INNOVATION COMMUNITIES ARE NOT DIVERSE

JULIA CARRASQUEL

Innovators and entrepreneurs rely on support, resources and collaboration to succeed, but who can access these resources? Failure is a constant variable in the learning progression of an entrepreneur, but who can afford to fail? There exist inherent biases that prevent women and minority entrepreneurs from entering entrepreneurial pipelines, which has led to a general lack of diversity within innovation communities. This paper, unlike other bodies of research, does not explore why diversity (or the lack thereof) is an important issue to consider in innovation and entrepreneurship. On the contrary, this paper assumes diversity is important and necessary in innovation communities, and instead focuses on exploring why diversity programs are failing and why resources remain largely inaccessible. Exploring issues of diversity in innovation communities, unavoidably makes us question the very foundation of what entrepreneurship and innovation are. With qualitative data gathered from interviews with leaders of some of the organizations in the Boston area pioneering diversity efforts, this paper finds that diversity is ultimately not for everyone; diversity is considered risky; innovation communities are exclusionary in their nature, and accelerators and incubator programs mostly consider high-growth ventures as the only ventures worthy of entrepreneurialism - and of their support. For those committed to diversity, we

understand diversity as structural change, power decentralization and long-term commitments.

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Innovation and Entrepreneurship Minor

Source: Clark University

Date: MAY 2016

DEDICATION

To those committed to diversity, equity and social change.

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Mom, thank you for giving the confidence to embrace all my life challenges.

Dad, thank you for always pushing me forward.

Zack, thank you for being my rock.

Friends, thank you for supporting me and encouraging me.

Solange, for *A Seat At the Table*, Childish Gambino, for "*Awaken, My Love!*," and Residente for *Residente*, albums with a powerful message that inspired me during many late night and early morning work sessions.

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Prof. Dobson, thank you for your candidness and honesty.

Participants, thank you sharing your story and philanthropy with me.

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INTRODUCTION

The aim of this research project is to identify and understand the structural dynamics that have made innovation communities significantly homogeneous, so that entrepreneurs, policymakers and organizations who are interested in creating more diversity within these communities can approach solutions and policies more accurately and more successfully.

Startups require time, resources, and support. One has to be able to put in the necessary time and financial resources to start and afford the risk of not getting compensated immediately, or even ever, as the majority of startups statistically fail. Failure is a constant variable in the learning progression of an entrepreneur. But, who can afford to fail? Setting aside the hard work and thousands of hours of dedication, startups' success is very much possible thanks to the social capital an entrepreneur enjoys as part of an innovative ecosystem full of investors, access to loans, legal advice, and platforms for growth and experienced mentors, where support is key. Since innovators and entrepreneurs rely on support, resources and collaboration, historically not everyone has had the same opportunity to work on an idea and become part of a supportive community in the process. Most academics and entrepreneurs agree that social networks are crucial to the development of any new venture or startup, but access to these networks and its resources needs further consideration. The rapid development of innovation communities in the past decade proves city planners and investors understand how powerful networks can be for innovation. However, getting access to them is not easy. If an entrepreneur is not part of these networks, then finding resources (capital, knowledge, advice) becomes a challenge, which ultimately impacts their venture outcomes.

For instance, according to the Initiative for a Competitive Inner City (ICIC), "ineffective recruitment by high-tech incubators and accelerators are the

biggest cause of the relatively low participation of women and minority entrepreneurs” (ICIC, 2016). Forty-three percent of Millennials are people of color, yet minority entrepreneurs represent a minimal percentage of applicants and participants in accelerators or incubators, which already have an incredibly low acceptance rate of 4% or 3% (ICIC, 2016). There exist inherent biases that prevent women and minority entrepreneurs from entering these pipelines. For instance, selection panels in incubators and accelerators that decide which ventures to support are highly homogeneous, and are more likely to identify with and select “those that look and act like themselves,” according to Susan Marlow, an entrepreneurship expert and a Professor at Nottingham University Business School. Marlow’s ‘People Like Us’ theory sheds light on the kinds of biases that exist within innovation communities. Additionally, studies show that minority and women entrepreneurs are “less likely to obtain capital than their white, male counterparts” (Fairlee, Robb, Hinson, 2010, p. 5).

Lack of access to resources and inherent biases in entrepreneurship are not new. However, it is alarming to see innovation being used as a strategy amongst development practitioners to attract capital, bring economic development and build a sustainable environment for businesses, when innovation communities remain homogeneous and unable to become more diverse. If innovation is an urban development tool aimed at creating opportunities for jobs and enticing businesses and people to come (and stay) in the city, then it is paramount practitioners and policymakers pay attention to this inquiry. Can innovation solve local economic and social challenges, or further isolate communities with limited access to resources and networks? There are many models being implemented to connect with the community, and partnerships are being forged to leverage resources but most are unable to increase diversity or make these programs more accessible.

When I began my research I wanted to explore the barriers that exist to

foster an inclusive innovation ecosystem and in turn compile strategies some organizations are implementing to successfully build such an ecosystem. However, after speaking to several organizations in the Boston area about innovation, diversity and strategies, I realized we must take a step back. The issue of diversity in innovation communities unavoidably makes us question the very foundation of what entrepreneurship and innovation are. In this research paper, I am specifically asking (1) How is entrepreneurial success so embedded in access to resources, and (2) why have innovation communities been unable to become more diverse, if this is what a lot of organizations claim as a priority?

The data presented in this paper comes from nine interviews with four organizations in the Greater Boston area who are actively working towards diversifying their membership or staff, organizations implementing programs designed to open resources to minority groups, and leadership committed to the cause.

This paper will not try to argue for diversity or why diversity is important for entrepreneurship. Unlike many other pieces of research, I decided not to focus on the benefits of diversity, but rather on why diversity programs are failing. The goal of this paper is to explore how entrepreneurship reinforces many of the structural challenges minorities face on a day to day basis, and how we cannot speak about diversifying a space without understanding the dynamics under which innovation communities and entrepreneurship have evolved.

Among the findings, we find that diversity is not for everyone. Diversity is considered risky; innovation communities are exclusionary in their nature, and that accelerators and incubator programs mostly consider high-growth ventures as the only ventures worthy of entrepreneurialism - and of their support. For those committed to diversity, we understand diversity as structural

change, power decentralization and long-term commitments.

CONCEPTUAL FRAMEWORK

To identify, understand and breakdown the structural dynamics that restrain diversity it is important to evaluate and consider past scholarly work around entrepreneurship and innovation, and to properly define key concepts.

Innovation Communities

The concept 'Innovation communities' serves as an umbrella term to describe the different types of organizations and programs that now exist to foster innovation. As a general term, this paper defines Innovation Communities as a group of professionals who share space and have a systematic approach to advancing emerging ideas in technology, social issues, business development and industry. They use collaborative structures to spur creativity and teamwork. There are many types of innovation communities, including accelerators, incubators, and coworking spaces. According to the ICIC "business incubators and accelerators have emerged as a popular strategy to support the growth of entrepreneurial ventures. They are designed to address the networking, education and capital challenges all entrepreneurs face" (ICIC, 2016). Most professional business incubators have an arduous selection process and require a startup to submit a business plan and financial projections. Innovation communities have evolved to include economic development goals. It is common today for innovation communities to partner with government institutions and receive state and federal funding to propel entrepreneurship and business creation in cities and towns. Similarly, more and more accelerators and incubators are walking away from investment-style programs, where participating startups are required to give a percentage of equity to their house

institution. The “no strings attached” or zero equity approach reinforces their commitment to help entrepreneurs and startups succeed. The following are general definitions of the main types of innovation communities.

Types of Innovation Communities:

Incubators

Incubators at first were mostly 501(C)3 organizations, primarily funded by the government. They often have specific economic development goals and aim to fulfill a particular need, be it to focus on a sector, a particular demographic or location in need. However, their main purpose is to create a supportive environment for startups to grow. They “typically provide client companies with programs, services and space for varying lengths of time based on company needs and incubator graduation policies.” (“Business Incubation FAQs,” 2016).

Accelerators

Accelerators have typically been established as for-profit organizations that are looking primarily for investment returns: “accelerators take a group of companies, often known as ‘cohorts,’ through a specific process over a previously defined period of time, culminating in a public pitch event or demo day. Accelerators also generally make seed stage investments in each participating company in exchange for equity, while many incubators do not make this type of financial commitment (“Business Incubation FAQs,” 2016).” However, there are several who have begun to adopt a “no strings attached” policy. When accelerators adopt a zero equity policy, they rely on partners to become financially stable. Large corporations, governments, foundations or universities may fund the accelerators. Accelerators help ventures develop and build their product or service by providing not only money, but also a

dedicated team of mentors and peers. In fact, “these programs are notable for the high quality of mentors and startup teams they work with and the value they add to the companies” (Miller and Bound, 2011), which makes the application process more competitive compared to incubators. Unlike incubators, accelerator programs are of limited duration.

Coworking spaces

Coworking spaces “provide shared working environments for entrepreneurs and other independent professionals or remote workers and typically do not offer other types of business development support” (Spinuzzi, 2012). Coworking spaces are flexible and try to accommodate the needs of every member by providing an array of paying and membership plans. Furthermore, they provide a strong sense of community to startups or freelancers, who otherwise would be or feel isolated, through networking events, workshops or talks. More and more coworking spaces resemble accelerators and incubators in that they provide access to mentors, networks and member-only benefits.

However, these models are ever evolving and are constantly changing. For instance, “Place-based incubators and accelerators were created to revitalize distressed urban areas by supporting local entrepreneurs, which often includes a relatively high number of minorities” according to the ICIC. Similarly, in the past decade we’ve seen a rise in demographic-based incubators, solely designed to meet the specific needs of their target entrepreneurs. According to the ICIC, nine percent of incubators serve Hispanic entrepreneurs and another eight percent serve African Americans (ICIC, 2016).

Defining diversity and inclusion

Often, the term diversity is either not properly defined or it's too abstract, which stymies urban policy, social cohesion and limits the potential for creating true inclusive innovation communities. For instance, author H. Qian makes the point that the terms diversity and tolerance are often used interchangeably and measured in the same way, and thus it is important to highlight the empirical and conceptual difference between tolerance and diversity, while examining the role of both in an innovative ecosystem. The article defines tolerance as "sympathy or indulgence for beliefs or practices differing from or conflicting with one's own" (Qian, 2013); and diversity as "the inclusion of different types of people in a group or organization;" (Qian, 2013) as supposed to the usual definition that compounds them both into one: "openness, inclusiveness, and diversity to all ethnicities, races and walks of life" (Qian, 2013). Tolerance permits low barriers to entry and knowledge spillovers, and diversity allows for variation in knowledge and perspectives of thinking. High communication costs between culturally different people and lack of social cohesion might stall progress in inclusive innovation, according to Qian.

Furthermore, Meghna Sabharwal argues "diversity and inclusion are among the most overlooked organizational assets, but they are potent tools in cultivating leadership because of their profound effect on risk taking" (Sabharwal, 2014). This is why it is central to this research, before moving forward, to define what diversity and inclusion are. Qian's definition of diversity is a good start but runs the risk of ignoring what "different types of people" entails. Diversity entails difference in race, culture, gender, sexual orientation, but also difference in economic, educational, and generational backgrounds. Thus diversity in this paper is defined as the inclusion of different types of people in a group organization regardless of their race, gender, sexual orientation, ability and economic, educational and generational backgrounds.

Growing diversity is a necessary condition for an innovation community to become inclusive, but by itself, diversity doesn't produce a collaborative ecosystem. Diversity accounts for difference but "ignores the dynamics and outcomes of exclusion," which is one of the most significant problems facing today's diverse workforce, according to Michalle E. Mor Barak. Exclusion is understood as the perception by employees or staff members from the outgroup that they are not "regarded as an integral part of the organization" (Mor Barak, 2016). Individuals continue to be excluded in organizations' decision making processes, human resource investments, job opportunities and information networks because of identity politics. This is why inclusion needs to be considered when analyzing innovation communities. Inclusion in this paper is defined as a concept in which "different voices are sought and utilized as opportunities for added value." (Sabharwal, 2014). Sabharwal believes inclusion leverages diversity, appreciates the values and supports each individual.

Social Capital and Networks in Innovation Communities

Research suggests that entrepreneurs' success is linked to their social networks. It is through interpersonal and inter-organizational relationships (known as social capital) that entrepreneurs, especially in the early stages, have access to information, advice and capital, crucial to their progress. This is the logic behind why incubators and accelerators exist in the first place: to create networks that funnel resources to entrepreneurs. In a three-year study, Sarah Jack and Alistair Anderson from the University of Aberdeen, argue that in order to understand entrepreneurship, we must move away from "considering the entrepreneur in isolation" (Jack & Anderson, 2009) and look instead at the entrepreneurial process, particularly at its social context. Through the lenses of Giddens' structuration theory, authors explore the link between the

entrepreneur (as agent) and the context (as structure), and come to the conclusion that “social structures affect and encourage entrepreneurship activity, particularly in terms of resources availability or constraint (Jack & Anderson, 2009). Social context and an entrepreneur’s position within their network can facilitate or limit the outcome of their venture. Moving away from grit, self-determination and hard work, all necessary and valid traits of an entrepreneur, this paper ultimately is looking to analyze social capital and the role social networks play in entrepreneurial outcomes. This perspective is not new: in 1986 Aldrich and Zimmer argued that “entrepreneurs are embedded in social networks that play a critical role in the entrepreneurship process.” Han Hoang and Bostjan Antoncic argue networks are the medium through which entrepreneurs gain access to a variety of resources like business information, advice and problem solving. In fact, entrepreneurs rely on these networks for their success.

Robert Putnam, a political scientist who has influenced many community development practitioners, defines social capital as: “social organizations such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit” (Putnam, 2000). According to Putnam, social capital fosters reciprocity and encourages social trust – it helps “develop the ‘I’ into the ‘we,’ and enhances the participants’ ‘taste’ for collective benefits” (Putnam, 2000), which in turn has the potential to stimulate economic development. For example, for Putnam, “industrial districts” are based on networks of collaboration among workers and small entrepreneurs: “an impressive and growing amount of research suggests that civic connections help make us healthy, wealthy and wise. Living without social capital is not easy, whether one is a villager in southern Italy, or a poor person in the American inner city or a well-heeled entrepreneur in a high-tech industrial district” (Putnam, 2000).

Here, Putnam recognizes the importance of social capital in entrepreneurial processes.

Putnam speaks of two main components of social capital: bonding and bridging capital. Bonding capital refers to the close relationships created in tight, strong but homogenous communities. Bridging capital refers to relationships across different groups that create disconnected but diverse networks. Bonding capital facilitates the development of a sense of community, while bridging capital facilitates the sharing of information and of different perspectives. Sociologist Zachary Neal who has been influenced by Putnam's work, argues that in order to create networks that are both resourceful and diverse, Putnam's two kinds of social capital are needed. Neal argues that people tend to gravitate to groups they have most in common with, a behavioral tendency called homophily and proximity, which is why both bonding and bridging capital are needed to feed the development of "small network communities" - communities that are big and diverse, but feel familiar. According to Neal, bonding capital, by itself, has been negatively associated with not only diversity, but also innovation, in contrast to bridging capital, which has higher levels of diversity and innovation. Neal found that segregation in diverse communities is not a negative consequence at first, but an important step for social capital, since historically marginalized ethnic groups have used ethnic enclaves to help and support each other. Segregation needs bridging capital to create inclusive and strong networks. In fact, according to Per Davidsson and Honig both bridging and bonding social capital are a strong predictor regarding who becomes a nascent entrepreneur and who does not. DeFilipps, also a community development practitioner and fierce opponent of Putnam, disagrees with how bridging can help create economic prosperity: "once we accept the complexity of the internal and external relationships that produce a community, we clearly need something

more than bridging capital as the means of economic development" (DeFilipps, 2001).

Putnam's understanding of social capital ignores the issues of power and economic capital embedded in these networks. Putnam separates social capital from capital itself. DeFilipps rejects Putnam's assumption that social capital promotes economic prosperity and development for everyone: "Putnam's view is possible only if you erase the very material interest that divide us" (DeFilipps, 2001). For DeFilipps, certain social networks are in greater positions of power than others. DeFilipps agrees with Bourdieu's work on social capital: social capital exists as a term to "understand the production of classes and class divisions" (Bourdieu, 1895). Social capital is never disconnected from capital. While Putnam understands social capital as a set of "win-win" relationships based on mutual interest and civic trust, DeFilipps believes the reason why they are beneficial is because some people are connected and others are not. For DeFilipps, the exclusionary nature of social networks gives them value: "if everyone is connected, then everyone by definition would lose the benefits of those connections because they would no longer gain capital from them" (DeFilipps, 2001), which is why for him, basing any economic development project off Putnam's social capital is inherently flawed. For instance, according to DeFilipps, affluent networks are looking to reproduce their wealth, not distribute it, so they keep their assets and capital isolated from others. They thrive off isolation, not connections: "Why would those who benefit from the current structures that produce and distribute social capital willingly turn over their privilege access to it?" - DeFilipps urges us to consider (DeFilipps, 2001). Hence, if you are not part of an enclave community, it'd be incredibly hard to access their resources.

For Putnam and his followers, social networks emerge from trust-based

relations. According to Bourdieu, social interactions are normally thought as noneconomic. However, if social capital is inherently about power relations and capital, then Putnam's "nongovernment associations" are not based on trust, but economic power. Hoang and Antoncic also identify trust as a critical element for resource flows to take place, but see trust as part of power structures: "Network governance can also be characterized by the reliance on "implicit and open-ended contracts" that are supported by social mechanisms—such as power and influence, and the threat of ostracism and loss of reputation—rather than legal enforcement" (Hoan & Antoncic, 2003). According to DeFilipps, there is a common perception among policy circles and white popular culture that inner cities and non-white neighborhoods don't have social capital because they lack the values, norms, morals and trust that make it possible. For DeFilipps, is it the lack of power and economic capital, and not trust-based social networks, that keep low-income communities and marginalized groups excluded from these win-win relationships.

To end this section, in his essay "The Myth of Social Capital in Community Development," DeFilipps reflects:

"Rather than assuming that social networks and relationships are win-win endeavors and that low income people are socially disconnected, we need to construct social networks that are truly win-win relationships for people in low-income areas, while building on already existing social networks and relationships. And we need to do so in ways that allow those networks to realize greater control and power over the flows of capital that play such an important role in shaping and producing American cities. What they lack is power and the capital that partially constitutes that power" (DeFilipps, 2001).

Moving forward, this paper understands social capital as DeFilipps positions it.

Black and Ethnic Entrepreneurship

Literature has studied and considered entrepreneurial activity between Whites, Black Americans and other ethnic minority groups very differently. A history of prejudice, discrimination and racism has largely ignored and failed to properly report Black entrepreneurial activity, which leads to the assumption that African Americans have not been successful, or worse, have not contributed to the American business tradition. Furthermore, the tendency to examine entrepreneurial activity by race or ethnicity "accepts the premise that entrepreneurs affiliated with non-entrepreneurial groups are not entrepreneurial, per se, but instead are engaged in an activity that is entrepreneurial-like-but-not-quite" (Valdez, 2011). This not only limits our understanding of American enterprise, but also deems certain enterprises as entrepreneurial and others as entrepreneurial-like-but-not-quite. Valdez argues that "entrepreneurialism was often credited to specific ethnic group characteristics and features such as the Anglo-Saxon Protestant ethic or the German-Jewish 'rich cultural heritage,' of 'distinct religious and cultural tradition" (Valdez, 2011). Black businesses who have a strong tradition of self-help and small business ownership to achieve economic stability, are not seen as entrepreneurial, even when "some Afro-Americans exhibited the same type of entrepreneurial spirit as other groups who immigrated to this country." (Butler, 1991). There are theories like the ethnic enterprise approach and the cultural and psychology approach, that attribute their lack of entrepreneurial success to the absence of key cultural features or human capital found in other more successful ethnic enclaves. But not considering the history of prejudice, discrimination and racism faced by Blacks would ignore the many structural

inequalities that have undoubtedly limited and impeded their entrepreneurial success. Analyzing entrepreneurship and entrepreneurial success through a critical race perspective sheds light to the kinds of structural challenges minority groups' experience. According to a recent publication, "these multiple liabilities mean that black Americans generally lack the resources that the most entrepreneurially accomplished groups have used to achieve business success" (Gold, 2016).

Throughout history, Black and Latino entrepreneurship has suffered. For instance, "slavery excluded Blacks from the possibility of being businessmen" (Butler, 1991) for generations. Segregation laws restricted non-white entrepreneurial activity to black neighborhoods, which caused established businesses to lose their white clientele. No other ethnic group was "restricted by law from operating their business enterprises in an open market" (Butler, 1991) in the United States and constrained to only build clientele among their own people. Furthermore, segregation laws restricted access to capital, training, and technology, ultimately hindering Black and later on Latino participation to the economic expansion of the 20th century. As early as the late 18th century, records show that African Americans found it very difficult to borrow money or secure loans from banks or other institutions. Thus, a strong tradition of mutual assistance and money lending goes back centuries. This might explain why most Black-owned ventures often "blend personal business and community improvement goals in the operation of their urban enterprises" (Bates, Jackson & Johnson, 2007). Similarly, African Americans were also "robbed of their intellectual credit" (Butler, 1991) as it was very difficult from them to secure patents and protect their inventions and other important contributions. To this day, obtaining sources of financing and securing access to credit is still a major problem for Black business owners (Bates, Jackson & Johnson, 2007). After World War II, public housing and urban renewal made "black areas increasingly

incapable of supporting enterprises" (Gold, 2016). Contemporary research further validates that there are many race-based disadvantages that make it difficult for black entrepreneurship to flourish: lack of wealth, poor education and difficulties getting a loan are some of these disadvantages. Despite these unfavorable circumstances "black entrepreneurship has survived, primarily because it stands on a long tradition of self-sufficiency and self-help" (Walker, 1998). According to Steven J. Gold these disadvantages "result in blacks and other minorities having much less wealth than whites, and consequently, restricts access to the investment capital required to start an enterprise or otherwise improve their economic status" (Gold, 2016). The racial boundaries have excluded blacks from networks, information and resources that lie at the center of startup success stories, and thus leave minority groups at a systematic disadvantage.

Critical race theory alone can't fully explain the structural challenges that have kept innovation communities largely homogeneous. Intersectional studies understand that race is not the sole contributor to the challenges non-white entrepreneurs face:

"Studies rooted in intersectionality recognize that class, race, and gender intermix to condition ethnic group members' opportunities and obstacles, access to and use of economic resources and social support, relationships to the community, their customers, other business owners, firms, associations, and interactions with the mainstream majority. It challenges the orthodoxy of ethnicity-centered, group-level analyses, to reveal a more complete picture of how entrepreneurial activity is shaped by the integration of structure and agency" (Romero, Valdez, 2016).

Without considering the multiple dimensions that affect the lives of immigrant entrepreneurs, like class and human capital, we'd be unable to understand the mechanisms of solidarity and capital flow that make possible the emergence of "concentrated areas of immigrant entrepreneurship, known as ethnic enclaves" (Portes, 2010). The various systems of power in US society (white supremacy, patriarchy, capitalism) affect the lives of entrepreneurs differently, thereby illustrating how unequal the experiences of non-white entrepreneurs, are from the experiences of Black and Latino entrepreneurs. For example, ethnic entrepreneurship believes ethnicity can "facilitate immigrant business ownership through social capital, or economic and social resources generated by co-ethnic social networks" (Valdez, 1991).

Mary Romero and Zulema Valdez argue these intersectionalities affect how one might identify as entrepreneurial or not: "They unravel the complexities of being identified as 'non-entrepreneurial' and point to the ways in which intersections of race, ethnicity, class, and place, create both opportunities and barriers for a group whose members are often stereotyped and stigmatized." (Romero and Valdez, 2016). Being racialized as Black or Latino has direct consequences of how entrepreneurial others see you.

Leadership in Diversifying Innovation Communities

In entrepreneurship and innovation circles there is a persistent belief that creating inclusive environments leads to greater job performance (Eddy S. & Sears, 2012), and thus it is important to promote diversity within these communities. Instead of looking at the benefits of diversity for innovation, this section will focus on how leadership plays an important role in executing diversity strategies. There are several practitioners and scholars that focus on organizational structures, which allocate accountability for change, diversity

committees and taskforces, and affirmative action plans, rather than leadership, to effectively increase diversity, inclusion and overall performance. There are several studies that find these programs to be effective "in pursuing the goal of integration" (Kalev, Dobbin, & Kelly, 2016). However, this paper believes that this type of organizational transformation would not be possible without committed senior leadership.

According to John P. Kotter "management's mandate is to minimize risk and to keep the current system operating. Change, by definition, requires a new system, which in turn always demands leadership" (Kotter, 2007). Studies show that senior leadership influences how and if organizational diversity practices are successfully implemented, since structures and policies alone can't make an inclusive environment. Organizations are a reflection of their leaders, who in turn "become a living symbol of the corporate culture" (Kotter, 2007) and so it is important to analyze how leadership impacts diversity goals and overall performance. Meghna Sabharwal argues that "to improve organizational performance we require leadership dedicated to foster inclusion and empower employees' influence decisions" (Sabharwal, 2014). According to Eddy and Sears there are three characteristics of CEOs that influence their approach to diversity: leadership styles, value orientation and age. There are two leadership styles that can promote or stall organizations to implement diversity practices. Transactional leadership is "based on exercising bureaucratic authority and legitimate power in the firm, and the leaders emphasize task assignments, work standards, and employee compliance" (Eddy S. & Sears, 2012). Transactional leaders employ tactics of rewards and punishment to affect employee behavior, and value efficiency and utility maximization. Eddy and Sears' study points out that in the "absence of legislation, transactional leaders may have neither the personal motivation nor the ideology to implement diversity management

strategies" (Eddy S. & Sears, 2012). In contrast, transformational leaders "motivate followers by appealing to higher ideals and moral values. They define and articulate a vision for the firm and inspire followers to carry it out" (Eddy S. & Sears, 2012). They motivate their employees to perform beyond expectations and think of the collective good rather than act out of self-interest. Transformational leaders value social justice, moral development, integrity and equality, and are more prone to participate in civil-rights movements. Transformational leaders were "found to be directly positively associated with the implementation of organizational diversity practice" (Eddy S. & Sears, 2012). They are more concerned with what's the morally right thing to do, than to comply with laws like Affirmative Action plans, which often increase diversity but don't generate inclusion. Age, on the other hand, partly influences their "attitudes towards diversity," but age by itself does not affect patterns of decision-making (Eddy S. & Sears, 2012). It was found that age is positively related to "servant leadership," but most importantly, that leaders' attitudes change overtime. For example, "CEO's high in transactional leadership were more likely to implement diversity practices when they were older" (Eddy S. & Sears, 2012).

Many Diversity Manager scholars believe diversity by itself does not increase organizational performance, and instead see it as a step into the right direction. For Magan Tavakoli, "the concept of organizational inclusion is the crux of the current diversity efforts" (Tavakoli, 2015). Tavakoli believes the real challenge lies in integrating the skills and potential of diverse employees towards truly achieving organizational goals and better performance. Instead of looking at quotas, they monitor Organizational Inclusive Behaviors (OIB) indicators, such as decision-making power and access to information and resources, to analyze "the degree to which individuals feel part of critical organizational processes (Mor Barak, Cherin & Berkman, 1998). Authors see the

“commitment from top leadership to foster inclusion” as the main indicator towards inclusion, followed by the ability of employees to have a say in organizational decisions. Furthermore, participative leadership, that is “allocating decision-making authority and sharing power in between superior and subordinate positions” (Groysberg & Slind, 2012), positively affects implementation outcomes.

RESEARCH DESIGN

In order to understand the structural dynamics that keep innovation communities from becoming more diverse, the study identified four organizations (both non-profit and for profit), through snowball sampling, currently implementing diversity policies or creating cutting edge programming to increase diversity in the Boston area. Interviews were conducted with leaders in these organizations. The data gathered from these interviews turned into themes that were coded and patterned through a cross-sectional comparison. Based on the literature review and several interviews with four organizations, the study identifies several categories that illustrate the structural challenges keeping innovation communities homogeneous. The goal of the research design is twofold. First, to analyze and interpret the reasons why, despite a number of efforts and initiatives, most innovation communities struggle to become more diverse, and second, to shed light on what some organizations are doing to overcome obstacles to diversity, which include limited access to resources, hiring practices and leadership philosophies. Using the interviews and organizations as evidence, the study reveals how structural challenges keep entrepreneurial success and access to resources limited to a majority white, wealthy population.

The study’s unit of analysis is the organization, with a focus on approach and strategy. The criteria for selecting organizations for this study are:

organizations actively working towards diversifying their membership or staff, organizations implementing programs designed to open resources to minority groups, and leadership committed to the cause. Most of the organizations are located in the Greater Boston area, since the inclusive innovation movement is currently flourishing in the area, with conferences and forums focused on the future of innovation and social impact, like HubWeek. Through a set of informational and formal interviews with the leaders of each organization, as well as looking at the organization's mission statements, company cohorts, population diversity, funding and financial statements, the study gathered qualitative data to assess the extent of their impact and identify their challenges. Furthermore, the study referred to other data sources, such as websites, annual reports, organization brochures, and news articles. However, the references from these news articles have been redacted from the paper to protect the identity of the participants.

The subjects represent senior leadership and were recruited by: making use of my own network, as I have worked and participated in these spaces throughout my professional development and by purposeful network sampling, as I asked some of the participants who had already been selected for the study to connect me with other participants. According to Kath Browne, snowball sampling is "a recruitment method that employs research into participants' social networks to access specific populations, especially when the population has low numbers of potential participants" (Browne, 2003). Potential subjects were contacted via email in order to request participation and were told that their names were mentioned in consultation with others involved in innovation communities. In this way, subjects were free to volunteer to participate based on their own will. For this study, I was able to interview six participants, from four organizations, for a total of nine interview sessions, as I interviewed some of the participants twice.

Study Participants

Date of Interview	Participants	Organization	Method	Pseudonym
09/21/16	Former Executive Director	A	In person interview (45min)	Mr. Swanson
09/21/16	Current Executive Director	A	In person interview (45 min)	Mr. Haverford
03/06/17	Current Executive Director	A	Follow up call (30 min)	Mr. Haverford
10/25/16	Founder and Executive Director	B	In person interview (45 min)	Ms. Knope
04/13/17	Founder and Executive Director	B	Follow up call (30 min)	Ms. Knope
11/1/16	Head of Business Development	C	In person interview (45 min)	Ms. Weagle
03/16/17	VP of Human Resources	C	Phone call (30 min)	Ms. Ludgate
10/18/16	Founder	D	Phone call (45 min)	Mr. Wyatt
03/20/17	Founder	D	Follow up call (30 min)	Mr. Wyatt

The primary procedure for this research was one-on-one interviews and each tool approximately 45 minutes. Most of the interviews were face-to-face, except for some follow up calls. The data was coded by themes and analyzed to create patterns and examine possible interrelations and gaps. Through thematic analysis, I've extracted the most insightful quotes and created a table that later allowed me to identified the overall findings of this research paper. The research was approved by the IRB February 28th 2017, and names have been kept confidential. Pseudonyms are being used to protect the identity of the interviewees and their organizations.

The inability to determine a best practice model is a main limitation of this study. The size, funding capacity and agenda of the organizations differ greatly, which have made comparison difficult and a standard hard to assess. Despite being unable to set a standard or a model for best practices, the cross-sectional study can highlight what strategy or strategies have had the greatest positive impact that result in more equitable and holistic solutions, and what are the main challenges that these organizations are currently facing. The findings and conclusions about innovation communities are limited to the institutions and organizations in the study.

DATA ANALYSIS

The following four organizations met the criteria set for this study: organizations actively working towards diversifying their membership or staff, organizations implementing programs designed to open resources to minority groups, and/or leadership committed to the cause. After interviewing at least one person per organization, I was able to code themes into patterns that will be later explored in this section. The data is drawn from interviews and was supplanted by other sources like the organization's websites, news coverage and publications.

Organization A

Organization A: Description

Organization A is the first non-profit, no-equity high tech accelerator in a Boston minority neighborhood, and it was founded in 2014. It supports local entrepreneurs from underrepresented communities and neighborhoods in the tech sector to develop their startups and businesses. Their program provides five weeks of free workspace in the neighborhood space, a dedicated mentor

who matches their needs and sector, a \$5,000 stipend to help finance their initial startup costs, access to services like marketing and legal support, and access to a number of networking events to connect them to potential investors or partners. The accelerator's mission is to "increase the presence of venture-backed minority founders in the Boston area high-tech startup sector," according to their website. The accelerator is not only looking to help entrepreneurs build their business and looking to change the misconceptions of the community, but is also looking to build networks for "individuals who often do not have a fully accessible platform from which to start."

To date, Organization A has successfully hosted four cohorts, from which 20 startups have received investment, been able to hire staff to continue growing their business, or been accepted into other accelerator programs to further their development. Their five-month intensive business development program mostly serves the local minority population. They are able to work with two cohorts a year with a budget of approximately \$150,000, funded by different corporations and foundations. Organization A's initial metric of success was to accelerate at least 10 new minority-founded groups into the Boston tech sector every year and to ultimately increase the number of tech startups founded by minority group members. After the startups go through the five month-long business development program, Organization A will also provide a coworking space where they can continue to work on their companies, without having to seek space outside of their neighborhood, and thus keep their entrepreneurial activities in the area. Companies will also benefit from the workshops and special events held in the shared office space. The goal is to create a new hub for technology startups in this minority neighborhood, one that is representative of the populations of the neighborhood.

According to both interviewees from Organization A, running an accelerator in an inner-city has a very particular set of challenges and barriers, since traditional approaches to entrepreneurship are difficult to replicate in an inner-city. Both described how well-established or well-known programs, like a full-time accelerator, are difficult to implement in an inner-city community, because most entrepreneurs don't have the time or resources to fully dive into an entrepreneurial project that won't yield revenues right away. For example, for people who need to work to get by or have to take care of their families, a full-time model might not allow them to successfully develop their business, regardless of how innovative their idea is. Furthermore, there are tangible misconceptions about who can be an entrepreneur and where ideas come from. These are the barriers Organization A wishes to breakdown.

Organization A: Interview quotes and themes

The interview with Founder and CEO of Organization A, Mr. Swanson, a white male, revolved around bringing more equitable and accessible opportunities to the people of the neighborhood. In contrast, in a follow up interview with the acting Executive director, Mr. Haverford, a Black male, the conversation mostly touched upon the several challenges Organization A faces as the first high tech accelerator in a Boston inner-city and the privilege of being an entrepreneur.

Pseudonym	Themes		
	Social Capital	Pathway of Privilege	Leadership culture
Mr. Swanson Organization A	<ul style="list-style-type: none"> No access to capital in urban neighborhoods. Meritocracy: white trusts white. Biased. Our goal is to make sure entrepreneurs get the most amount of opportunity and access to networks. We need success stories. 	<ul style="list-style-type: none"> Innovation is ignoring a big segment of the population (demographically). Incubators are only in Cambridge, near colleges. Over representation of white. Innovation should go where people are, live, work. Incubators and accelerators should be equitable and accessible. Opportunities in many neighborhoods and for many races. We must treat accelerators differently. Competition doesn't work. We are centered around community: helping people. 	
Mr. Haverford Organization A	<ul style="list-style-type: none"> Successful entrepreneurs come from wealthy backgrounds. Most of the activity (funding and awareness) is concentrated in Kendall Sq., MassChallenge, that's where companies go, that's where the money is. We don't see those things happening here, because of historical trends, which derails the entrepreneurial process. We have to go where they (aspiring entrepreneurs) are. Go to community centers, churches. Funding: social capital, all personal connection, it's like a hidden secret. How do we transfer that knowledge? We need everyone else from the wealthy areas: Working closely with others and sharing information. 	<ul style="list-style-type: none"> Lack of diversity is based on time. Those people who have an opportunity to delve into a project are those who have time. They can dedicate years to a project. Most people can't stop and spend 6 months to innovate. They have to work and pay rent. Time makes the difference for success in our program. A successful venture of ours had the opportunity to work full time on their project. That's why they were successful. Challenge: time constraint. Our members say: I'm a <i>hustler</i>, a small business owner, not an entrepreneur. Image of an entrepreneur: white faces. We are exploring how to relay the message of entrepreneurship in the community. Not a lot of people come to café nights. We need to move away from the word entrepreneur until more people identify with it. Entrepreneur is a word of privilege. Language is important. Re-thinking programs: part-time, weekends, week nights? We need success stories to show different faces (not only white). Our goal is not to raise money, it's to build wealth in the community. Failure rate is at 50% Metrics of success: Job creation, wealth creation, gained skills, positive sentiment towards entrepreneurship. Beyond the individual, more collective action. How do we work together to get people from point A to point B? 	

Table 1. Interview quotes and themes from Organization A

Organization B: Description

Organization B

Organization B is a decentralized organization looking to promote innovation, encourage community engagement and create programming by and for minority groups in the greater Boston area. Organization B “embodies the values of authentic diversity,” which Organization B defines as “the art of catalyzing a real conversation about an array of concepts, connections, ideas and relationships. All their activities, ventures and projects revolve around ideas

of democratization and being accountable for impact.” Organization B has an array of programs, that have engaged over 50,000 people, in person through local programming, according to their website. They follow a simple, seemingly effective, four step process: (1) Connecting community leaders or representatives, (2) Assembling the partners, assets and team needed to make a goal happen, (3) Utilizing the energy and commitment of the organizers/volunteers to inspire the community to participate or attend, and finally (4) accelerate these efforts with whatever resources and assets the community has available. This in turn, connects even more people and broadens the community network for bigger and better events in the future. According to the Founder, Ms. Knope, a multiracial woman, by letting the community take control over their own projects, programs and events, they are more likely to impact and engage the local community. Among their many projects, Organization B runs a six-month accelerator program, currently in its 5th cohort, “designed to foster a community of socially-motivated business leaders.” The accelerator encourages underrepresented communities to apply and offers an educational, MBA-based syllabus to start a business. The participants compete for a \$10,000 prize at the end of the six months. Other programs ranged from a Fashion Accessibility Project to helping minority-owned businesses to get their liquor license, a complex and expensive process in the state of Massachusetts.

Organization B: Interview quotes and themes

The interview with Ms. Knope consisted primarily on her philosophy as a catalyst, the different dynamics that exist in minority-run initiatives compared to those lead by white or majority groups, and finally how Ms. Knope funds and manages Organization B.

Table 2. Interview quotes and themes from Organization B

Pseudonym	Themes		
	Social Capital	Pathway of Privilege	Leadership culture
Ms. Knope Organization B	<ul style="list-style-type: none"> • How can we do this if the wealthy people decide not to help us? The community will become your how. • 45 active members • 20 businesses that help. • 50% of funds get donated. In-kind budget is about 500K. • Shift from foundations to corporate sponsorship. • Remove need for money. 	<ul style="list-style-type: none"> • Freedom can't rely on what white people think, since the mainstream might not understand what we do. • Freedom can't be tied to white people's perspectives. 	<ul style="list-style-type: none"> • Tendency to put a person of color in organizations when things aren't going well. Setting them up for failure? • Must follow through with commitment. • I don't think about white people intentionally, that's how we can make them feel equal. • Self-reflection, 100% dedicated to personal growth. The work isn't about me. • Organizing from a non-privileged position is important. • Constantly checking privilege. • Non-profit: segregation and culture of ineffectiveness. • Tired of exceptionalism, and stories as victims. • Tired of convincing people I had value. Change in behavior. • We do everything in groups. • Catalyst, not a CEO. • Culture building, non-dependent on power. • Culture -> Community (power) -> Freedom. • Self determination is very important. • Hierarchy isn't necessarily something we are committed to. • Commitment is around the mission, the shared ideology and the people. • Authentic diversity. • From diversity, to inclusion, to belonging. • People are allowed to be racist, but that can't stop my growth. • Relationships are important. • Trust is needed from both sides. • US: Implicitly biased country.

Organization C

Organization C: Description

Organization C is a startup founded in 2008. According to their website, and related press articles, they are a product launch platform that finds unusual

products that have a purpose from people with a story. Organization C offers their makers user data, exposure and sales, and have created a strong community of followers that not only get the products, but also recommend them to their friends and family. The startup has grown from a team of two, to a company of almost 70 employees in the last decade and recently moved to a bigger location near David Square. Unlike many tech startups, Organization C was founded by two women from the X generation, and are one of the most diverse tech companies in Boston, known for implementing the Rooney Rule a couple of years ago. The Rooney Rule is a National Football League policy “that requires that at least one minority candidate be interviewed for each head-coach vacancy in the N.F.L,” according to an article from the New Yorker in 2014. The Rooney Rule was implemented in 2003 and since then has been implemented in several other industries, like the tech sector.

Organization C: Interview quotes and themes

I had the opportunity to interview the head of Business Development (October 2016), Ms. Weagle, and the new Vice President of Human Resources (March 2017), Ms. Ludgate. Ms. Weagle, who had been in the company for many years, told the backstory of the Founder’s experiences when starting the company and of how the company came to implement the Rooney Rule. The follow up interview with Ms. Ludgate, who recently became the Head of Human Resources, reinforced the company’s commitment to diversity.

Pseudonym	Themes		
	Social Capital	Pathway of Privilege	Leadership culture
Ms. Weagle Organization C			<ul style="list-style-type: none"> • Rooney rule didn't happen organically. • About founders: "You don't look like a Zuckerberg. You look like soccer moms." • There was an awareness gap. • VP is aware of micro-agressions. • Values are important. • We must connect with different parts of the community. • It needs to come from the top down. • Continual conversation. • Encouraged people to think more broadly. • Pay attention to language no abstraction. • No quotas, but not a 100% of anything. • Time to worry about diversity: when you are growing. • Promote from within.
Ms. Ludgate Organization C		<ul style="list-style-type: none"> • To get diverse candidates into the pipeline, use different sources of candidate pools. • Reaching out to sources 	<ul style="list-style-type: none"> • Strong commitment to diversity. • Keep working on it until we have proper representation in the pool. • Language: as inclusive as possible. Stick to the facts. Be clear. • CEO drives this change, which sends the right message to the rest of the team. • Employees surveys to involve everyone and get feedback.

Table 3. Interview quotes and themes from Organization C

Organization D

Organization D: Description

Organization D is looking to "Hack the opportunity gap," according to their website. Organization D's mission is to spread code literacy to young people from traditionally underserved communities and connecting them with jobs in the hubs of innovation in Boston, according to their website. They are looking to expand the school-to-workforce pipeline to include coders from different backgrounds and experiences. Organization D offers recruitment and

hiring services for companies committed to diversity and inclusion. Students can participate in after school programs, and an eight-week long boot camp. The boot camp offers stipends and cash incentives. According to a local article from the Boston Globe, Organization D is a non-profit that seeks to break the mold that exists in coding (dominated by white men) by adding gender, color and class to the mix. Along with coding competence, the program invests in human capital by building confidence, character and a career start. Organization D wants to open up recruitment practices and fight against biases that prevent minority groups and women from getting hired and promoted in

Pseudonym	Themes		
	Social Capital	Pathway of Privilege	Leadership culture
Mr. Wyatt Organization D	<ul style="list-style-type: none"> Venture capitals follow ecosystem. Lack of Latinos in tech community. We must incorporate people who are not part of high-tech ecosystem. Connect opportunities to talent. 	<ul style="list-style-type: none"> Finding job openings is truly the hard part of the process. If you are only looking in colleges and universities then you've already limited your pool. Not everyone has the same opportunities. Solutions are different depending on the person. 	<ul style="list-style-type: none"> Quotas don't work. Quality of the candidates should be more important than their abilities or skills. Go beyond representation and culture fit. Most be conscious of where they are looking for candidates. "Nobody has been fired from hiring someone from MIT." Hiring managers run a risk and there's no incentive to take that risk. If you don't take the risk, then diversity won't happen. Diversity is experiential diversity. Requirements should be secondary. Most think about what diversity means to the company. If it's not important to the Founder or CEO, then diversity won't happen. Hiring someone Hispanic from MIT is not diversity. The solution is not to hire more people from the same universities. That's the symptom.

the tech sector.

Table 4. Interview quotes and themes from Organization D

Organization D: Interview quotes and themes

I was able to interview twice the Founder and Executive Director, Mr. Wyatt. He has a radically different understanding of what diversity is and should look like. He speaks of diversity as a risky endeavor, but a necessary one.

DISCUSSION

The following section spells out the most important findings of this research: how the limited access to social capital and networks has excluded minority groups from participating in entrepreneurial activity; how innovation community models like accelerators and incubators were built by and for those with power and resources; and finally, how diversity is deemed as risky because often organizations are reluctant to change, self-reflect and give up their power, which is what diversity boils down to. The data from the interviews help inform the discussion of some of the underlying structural issues that are barriers to greater diversity.

Social Capital

The lack of diversity in today's innovation communities can be traced back to the exclusionary nature of the social networks DeFilipps exposes. Putnam refers to social capital as capital used for mutual interest and for economic development, but he ignores the concentrated economic power of social networks. If innovation communities were based off social networks with access to existing structures of capital, knowledge and advice to support entrepreneurs, then they are inherently not diverse. According to Mr. Haverford, acting Executive Director of Organization A, "the historical relationship between these areas and the neighborhood has derailed the inner city's entrepreneurial

progress." Black and ethnic innovators historically haven't been recognized as entrepreneurial enough or have had the same opportunities to obtain loans or patents. For Stephen Gold, "Black Americans generally lack the resources that the most entrepreneurially accomplished groups have used to achieve business success" (Gold, 2016). Networks, social capital, and personal connections are how startups get funded: "it's like a hidden secret," Mr. Haverford affirmed. If historically, the wealth and resources have concentrated in areas like Kendall in Cambridge, college campuses or the Seaport, areas that are majority white and wealthy, it should come as no surprise that access to money has also remained concentrated in these areas, and thus is mostly accessible to a majority white population: "many incubators are ignoring a big segment of the population demographically. There is an overrepresentation of white (owned ventures)," says Mr. Swanson. People with resources and connections tend to trust and invest on people whom they trust, which in other words means people who look like them come from the same background and have the same economic interests. As Mr. Swanson affirmed: "white trust white." Access to innovation communities with tangible resources (advisors or investors) has remained within majority white and wealthy communities because their goal is to ultimately support the most promising endeavor, with the most economic return, not the venture that could help families become economically independent. For Mr. Haverford, the knowledge of innovation, that is access to funding, networks, mentors, etc., is concentrated in a few hubs and centers. Knowledge is tied to power, but also geography. It is imperative that the community as a whole works towards transferring knowledge. For diversity to flourish, the community needs everyone working closely together and sharing information in order to move the residents of the neighborhood up the pipeline - from conception to reality. This means focusing more on collective action than in mutual success. However, this is easier said than done: "Why would those who benefit from the

current structures that produce and distribute social capital willingly turn over their privilege access to it?" (DeFilipps, 2001).

At the core of social networks lies economic power. The idea of transferring knowledge and resources to peripheral communities, a common approach to increase diversity, leaves DeFilipps' question unanswered, and encourages victim-based narratives. Networks grow and sustain their power through relationships. It is one of the few things on which Putnam and DeFilipps agree. For DeFilipps, to truly build win-win relationships for people of low-income communities, the focus must be on constructing social networks based on already existing networks and relationships and on allowing these communities "to realize greater control and power over the flows of capital" (DeFilipps, 2001). Ms. Knope seems to be part of this line of thought and has worked to diversify Organization B's finances and build strong relationships. She asks: "how can I do this if the wealthy people decide not to help us?" The community becomes your *how*, according to Ms. Knope. For her, organizations tend to work against their mission when they spend too much time convincing others with resources that their communities have value. A lot of energy and time that goes into working with Foundations can be instead invested in her community. Ms. Knope has built a network of over 45 active volunteers and 20 businesses that donate their services, food or products. "Fifty percent of (their) money comes from donations" (Organization B's in-kind budget is currently over half a million dollars) and the rest comes from Foundations, however she plans to cut all Foundations money by the end of this year, and instead rely mostly on corporate sponsorship. Ms. Knope sees a relationship between Organization B and a corporation much more transactional, and thus, much more straightforward. Ms. Knope is 'tired of convincing' powerful groups, who have money, influence and knowledge, to see value in what her community is looking to do. Some of the projects Organization B has planned are important

for the community, but might not seem worthy to donors. If Organization B comes to rely too heavily on majority groups to invest in something they don't understand, then it's likely the project won't happen. Ms. Knope avoids this scenario all together by removing their dependence on outside funding as much as they can. "Freedom can't be tied to white people's perspectives," she says. According to Ms. Knope, freedom, implementation and expectations can't be tied to white people's perspectives. This funding strategy has allowed Ms. Knope to concentrate on her community and focus on generating results. Ms. Knope doesn't see herself or her community as victims and thus firmly rejects the idea of depending on others to value them. She organizes from a non-privileged position, as a multiracial woman, and is 100% dedicated to personal growth, checking her privilege and relying on others. By sharing her power, the work Organization B does revolve around the community, and not herself.

Organization B found a way to become independent, while still benefiting from relationships. However, Ms. Knope made clear that these relationships not only take time, but are not for everyone. The U.S. is an inherently biased country and there are people who are racist and don't genuinely want to participate in these kinds of initiatives for community development. The key is to find partners willing to self-reflect and connect with you. Organization B has worked with people who authentically want to come together. For example, for five consecutive years, they have planned what Ms. Knope describes as "a black party in a white institution." The event has grown significantly, to the point that it's sought after from both communities. Ms. Knope understands not everyone would like to come and that is okay. The event has been able to cultivate trust between both sides and create a space where both groups feel like they belong. The aim of this event was not necessarily to build a community with members of the white institution (and Ms. Knope is not claiming they created one), but to utilize the resources they

had available to carry on Organization B's mission. This goes beyond simple ideas of bridging capital and acknowledges the complex external and internal relations that produce a community.

Pathway of Privilege

Accelerators and entrepreneurial models were not made for everyone and tend to filter out historically marginalized groups. Critical race theorists, like Steven Gold, urge us to consider the racist nature and history of U.S. society if we wish to increase the involvement of minority groups in entrepreneurship. It is difficult to ignore the cumulative structural impediments that exist in urban neighborhoods today, which is why analyzing entrepreneurship and entrepreneurial success through a critical race perspective sheds light to the kinds of structural challenges that Mr. Swanson and Mr. Haverford talk about, specifically for Latino and Black populations. For instance, according to Mr. Haverford, the lack of diversity we see in innovation communities is partly based on time: "they (members) don't have the time to do it."

The time that entrepreneurs have available to work on their idea within Organization A is a determinant factor of success in the program, according to Mr. Haverford. Traditionally, most full-time accelerators have been implemented in communities with plenty of resources and time, like college campuses and technology hubs in big cities. The fast-paced environment and demanding hours work for some, but definitely not for everyone. When considering time as a determinant for entrepreneurial success, Mr. Haverford is unraveling the many ways "in which intersections of race, ethnicity, class, and place, create both opportunities and barriers." (Romero and Valdez, 2016). Most programs that foster entrepreneurship and that help entrepreneurs launch their business ignore the structural advantages that might facilitate their success, and thus ignore the hurdles minority groups face on a daily basis. For instance, Mr.

Haverford affirmed “most people can’t stop and spend 6 months to innovating.” For those who can’t afford to quit their jobs and dedicate six months of their lives innovating, pivoting, prototyping and constantly failing, it becomes clear that traditional accelerators models are not viable. When full-time accelerators are implemented in traditionally marginalized communities, whose residents have little time and resources available, they don’t get the same results. After four cohorts, Mr. Haverford has noticed that those individuals who have the opportunity to delve into a project full-time have been the most successful ones, but unfortunately, the majority of their entrepreneurs simply don’t have enough time to develop their idea. Should Organization A “raise the bar” and make the requirements to enter the program more challenging? Or offer part-time and evening programs to make the accelerator more flexible? At first, the idea was to offer a full-time accelerator, but after Cohort One, it became clear that some entrepreneurs couldn’t commit to their idea full-time, even if they wanted to. For those who can’t work on their idea full-time, Organization A works together with them to structure a program and timeline that’s challenging but realistic: intensive weekend programs, night programs or part-time programs. This however, creates several challenges: it is difficult to structure a coherent cohort, it puts a lot of pressure on the administration to be flexible, and it complicates what success looks like, known as *metrics of success* and so important to capture investors’ interests. The foundations of most accelerators leave minority groups at a systematic disadvantage, and make it difficult for them to succeed. Accelerators and incubators must question why so many of their success stories come from wealthy and white ventures. The pipeline to entrepreneurial success tends to be created for majority groups who have the time, resources and connections to work off: “these (lack of wealth or poor education) multiple liabilities mean that black Americans generally lack the resources that the most

entrepreneurially accomplished groups have used to achieve business success” (Gold, 2016). Time is an example of another resource that is not readily available for everyone.

According to Mr. Wyatt “venture capital follows ecosystems.” All the jobs and opportunities tend to concentrate in one same area with capital investment opportunities, universities and nascent startups. If the pool of applicants is only looking at candidates from the elite colleges, then the companies have already negated the chance for underserved communities to participate. For Mr. Wyatt, in order to become a more diverse community, the innovation hubs in Boston, the goal shouldn’t be to hire someone who is darker or international from MIT or Harvard, it should be to open recruitment pipelines and move away from checking boxes.

Accelerators and incubators generally support big idea; those that will generate the most revenue or create the most jobs. However, minority groups are not always looking to gain venture capitalists’ interest or disrupt industries. They may want to start a business simply to improve their quality of life or become more financially independent. Black entrepreneurship has a strong tradition of self-help and starting a business to obtain economic stability, according to Butler. These ventures might not be deemed innovative enough, and thus, don’t qualify for in accelerators’ programs: “entrepreneurs affiliated with-non entrepreneurial groups (i.e. minority groups) are not entrepreneurial, per se, but instead are engaged in an activity that is entrepreneurial-like-but-not quite” (Valdez, 2011). It should come as no surprise that minority entrepreneurs don’t identify as such. According to Mr. Haverford, “entrepreneur” is a word of privilege. People in the community don’t identify with the word ‘entrepreneur,’ instead they identify with ‘small business owner’ or ‘hustler.’ For Mr. Haverford this dichotomy comes from the preconceived notion of what an entrepreneur looks like: ‘They mostly see faces of white

entrepreneurs, so they think they are not entrepreneurs.” An ingrained cultural idea of what successful high-tech entrepreneurs look like may predispose selection committees to choose and support entrepreneurs from the dominant group (ICIC, 2016). These biases are one of the “most pernicious barriers faced by minorities” (ICIC, 2016). For instance, studies show that white male entrepreneurs are still perceived as the prototypical leader and that entrepreneurs from minority groups “are less likely to obtain capital than their white, male counterparts” (ICIC, 2016). Bias and discrimination prevent minorities and members of diverse groups to fully take advantage of resources that their white counterparts utilize to produce successful ventures. For Mr. Haverford, changing attitudes towards entrepreneurship among local residents is one of his main tasks – “we have to rethink the message of entrepreneurship, or we need to move away from the word entrepreneur until more people identify with it,” Mr. Haverford acknowledged. A big part of Mr. Haverford’s time is spent thinking about the best way to communicate Organization A’s mission to the community of this urban neighborhood.

The disconnection that minority groups feel with the word entrepreneur is telling of the exclusionary nature of entrepreneurship. The metrics of success by which most accelerators and incubators live keep minority groups at a structural disadvantage. Organization A’s idea of success is radically different from other organizations. For most organizations that foster innovation, raising money is the most important metric of success. Logically, this is what most investors look for when considering giving money to these innovation communities. But for Organization A, their metrics of success are “kind of wonky.” Their goals are long-term: to build wealth in the community and to create jobs. Furthermore, they want community members to gain skills and improve the sentiment towards entrepreneurship within the neighborhood. These goals, such as changing the sentiment towards entrepreneurship locally,

are harder to measure, much less sell, but they are the ones that matter to Organization A the most.

Leadership Culture

Diversity remains a challenge because many communities resist change. None of the four organizations in this research paper would prioritize diversity efforts if it weren't for its senior leadership. After interviewing the leaders of organizations like Organization A and Organization B, we start to understand diversity differently. For Ms. Knope and Mr. Wyatt, diversity involves change, power redistribution, and personal growth. In fact, according to Mr. Wyatt, diversity is deemed risky, because innovation communities have learned to only value and support ventures with the most social capital, with the potential for high-growth and return on investment. Boston's innovation communities are, to this day, not readily accessible to underrepresented communities, as Mr. Swanson and Mr. Haverford reflected on. If innovation communities are unwilling to rethink their mission, leadership style and take risks, their diversity efforts will fail. Hence, diversity is not for everyone.

In most accelerators, competition reigns despite the emphasis on collaboration and knowledge flow. Each company is trying to develop their business as best and as fast as they can. The environment is highly competitive and goal-oriented: to launch, to get funded, to go on to the next development phase. However, accelerators like Organization A and Organization B, which are looking to build a startup ecosystem that benefits the neighborhood and brings opportunity to a majority black and Hispanic population, are not built

on competition, but on community. According to Ms. Knope, nobody does things alone in Organization B, they do it in groups. Everyone depends on each other, so the power becomes decentralized. For Ms. Knope, decentralized organizations are effective because they focus on culture rather than on strategy: "Culture eats strategy for breakfast every day," she says. For instance, many of Organization B's events were inspired and organized by the group for the community. Rather than depending or waiting on funders to join, they utilize whatever assets they have available to make it happen. Unlike similar organizations supporting minority-groups entrepreneurial endeavors, who mostly depend on outside support, Ms. Knope focuses on culture and not on results, which in turn creates a community where everyone feels they belong. Studies, like the one by Meghna Sabharwal (2014), suggest that integrating everyone's skills towards a common goal leads to inclusion. In Organization B, commitment is around the mission, the shared ideology and the people. Allowing participants to gain ownership of their programming and see their skillsets as assets, no matter what those are, creates a sense of belonging most startups and accelerators working towards diversity lack. Sabharwal advocates for this kind of leadership style: "to improve organizational performance we require leadership dedicated to foster inclusion and empower employees' influence decisions" (Sabharwal, 2014). Eddy and Sears's transformational leaders, those who think collectively rather than act out of self-interest, value social justice, moral development and equality over efficiency or utility maximization. Ms. Knope, Mr. Wyatt, and the founders of Organization C, are transformational leaders, since they are directly associated to the organizations' diversity efforts.

In innovation communities, not only do judges and investors deem certain ventures higher than others, they also value very specific skillsets over others. Often, companies in the high-tech sector consider "culture fit" to decide

whether or not to hire somebody, and according to Mr. Wyatt, this is a big problem. Placing too much emphasis on culture fit is not conducive to diversity – it negates diversity. Mr. Wyatt believes companies use the term “culture fit” to cover their unconscious biases, and forces hiring managers to look for those who fit the mold. Mr. Wyatt urges companies to think about why hiring managers place so much importance on culture fit. During our interview, it became clear that Organization D is pushing companies to work beyond simply “making an effort” to overcome their unconscious biases, and truly evaluate what is preventing them from hiring and promoting people of color, or people who come from different backgrounds. Hiring someone who is different automatically forces a company to rethink who they are. Diversifying an innovation community is not adding color to the staff, but allowing difference to mold a new culture, and that is the “crux of the current diversity efforts” (Tavaloki, 2015). To achieve the kind of organizational inclusion Tavaloki argues for, companies must embrace the potential of diversity and integrate this difference at the core of the organization’s values. This explains why diversifying the workplace became especially important when Organization C started to grow: the team was forced to think more broadly about the type of company they wanted to be and decided to make some changes. For example, they reevaluated the language they use in job descriptions. According to Ms. Weagle, language is a reflection of the company’s culture, and thus, creative or abstract language might alienate people who are unable to relate or connect with it. Their language is now factual and clear. Language also plays an important role in Organization A. The word entrepreneur alienates the community since many people are unable to relate or connect with what most entrepreneurs look like or do.

Both Ms. Knope and Mr. Wyatt believe that to create an authentically inclusive environment, there must be people prepared to go beyond “making

an effort” to hire or include people of color. However, not everyone is willing to self-reflect, share their power or accept their inherent biases. Ms. Knope and Mr. Wyatt know this very well, and don’t work with just anyone. For instance, Ms. Knope works first with people who want to genuinely be part of this experience. In Organization B, the folks who are coming together must earn each other’s trust and take the time to build relationships. Wanting to connect or become diverse means nothing if there is no intention to make these relationships long-term and multi-lateral. Mr. Wyatt, on his end, has learned that companies are often not serious enough about diversity. Organization D connects young coders with potential employers, so Mr. Wyatt spends a lot of time talking with hiring managers. One of the patterns he’s seen is that diversity is believed to be risky. Hiring someone who might not have all the qualifications they are looking for but has the character and potential to become an asset to the company seems risky: ‘nobody has been fired from hiring someone from MIT,’ he points out. Companies say that they are working towards diversifying their workforce, yet, they are averse to take these risks.

The fact that diversity is deemed risky is worrisome, and sheds light to why many efforts to diversify an innovation community continue to fail. Diversity is deemed risky because the most valuable community (high-growth, majority-owned) is not interested in compromising or changing. Minority groups are expected to adjust, but the same is not expected from innovation communities. For Mr. Wyatt, hiring somebody who has the same qualifications right off the bat but has darker skin is not diversity. Diversity, for Organization D and for Mr. Wyatt, embodies allowing your employees to have a plurality of perspectives and experiences. Experiential diversity refers to hiring based on potential rather than on qualifications. It requires companies to commit to investing in the training and further development of all of their employees. Unfortunately, many majority-owned institutions refuse to take this step

forward, which is why Organization D began to extend their services to alumni who still needed to learn a language or specific skill for a position if they wanted to get hired.

Diversity policies must come from the top-down to be properly implemented. The leadership's disposition to receive feedback, to work towards diversifying the pool of applicants and, most importantly, to change is indicative of their commitment to diversity. Without this commitment diversity couldn't happen. Organization C has been able to create an inclusive culture within their company thanks to their senior leadership. The founders of Organization C are two white middle-aged women who faced a lot of push back from peers, investors and partners when they got started - "You don't look like a Zuckerberg, you look like soccer moms." According to Ms. Weagle, overcoming their challenges has made them more empathetic and aware of all the biases that exist within the tech sector. Furthermore, the current Vice President, an African American woman, is aware of micro-aggressions and has worked towards creating an environment that is self-aware and reflective. Organization C promotes from within and focuses on community outreach rather than quotas. Ms. Weagle argues that one of the reasons why the Rooney Rule has worked for Organization C is because the company understands the value of investing in their employees.

Senior leadership must support the types of conversations that lead to implementing policies like the Rooney Rule: "commitment from top leadership to foster inclusion" (Mor Barak, Cherin & Berkman, 1998) is the main indicator for successful policies. The senior leadership's commitment to inclusion can allowed everyone to be part of that change. For instance, Organization C carries out an internal employees' survey every year to listen and learn from their staff experiences – good or bad. This year, they are focusing on communication and commitment to diversity. However, Organization C is an

exception rather than the rule. For Ms. Knope, long-term commitments are crucial when trying to build an inclusive community and create impact. It is important for outsiders to follow through with their commitments, and stay committed to the cause.

CONCLUSION

The lack of diversity in innovation communities is not surprising considering the long history of racism and discrimination that have kept minority groups excluded from economic opportunities, such as entrepreneurial activities. It turns out, innovation communities deem change (diversity-related change, that is) risky, which is ironic since innovation communities are supposed to embrace change and generate innovative, often risky, solutions. In reality, true diversity is nothing but innovative: it involves re-imagining how an organization runs, gets funding, provides for their members, and measures success. Diversity is not just being welcoming to everyone. Diversity is not just adding people of color to the staff. Diversity is not just creating programming exclusively for minority groups. Diversity is not simply giving funding to or supporting minority-owned ventures. To accomplish the kind of diversity this paper is arguing for, structural change, power decentralization, multi-lateral relationships, long-term commitments and personal growth are an inseparable part of whatever efforts an organization is pursuing.

This is why, diversity is not for everyone. We've learnt from Ms. Knope and Mr. Wyatt: only invest your time on partners and funders willing to change, self-reflect and build long-term relationships. For organizations looking to become more diverse, they must know that if they are not willing to let employees or participants from different backgrounds and skills take control, they are not serious about diversity.

It is also important to reflect on what innovation communities consider entrepreneurial and entrepreneurial-like-but-not-quite. Investors and most innovation communities tend to value high-growth or high-tech ventures over anything else. This is the type of entrepreneurship most will focus on, which is exclusionary in its nature because they tend to be the ventures that demand the most social capital, resources and connections. It seems like only the big ideas have a place and a chance in competitive accelerators or incubators. While high-growth and high-tech ventures are certainly exciting and important, it mustn't be the only one that matters. Black and ethnic business activity have a long history of entrepreneurialism, innovative problem-solving and business creation. If most entrepreneurs doing high-growth entrepreneurship are wealthy, white and male, then we are essentially excluding minority and marginalized groups from these networks all together. Minority groups don't lack an entrepreneurial spirit; it is the majority groups who fail to recognize it and continue to blatantly exclude minority groups looking to become financially stable. We cannot move forward with diversity if entrepreneurship continues to regard the work of minority groups as not entrepreneurial enough.

Competition also might impact diversity efforts in unpredictable ways and can fail to recognize how historically marginalized and minority groups have an unfair disadvantage. Competition-based models do not worry about decentralizing power or building long-term relations - quite the opposite- and might push investors away from ventures that are not high-tech or high growth, because they won't yield the most profit. And what's worse, innovation communities tend to expect minority groups to assimilate to their model, their pace and produce the same types of ventures. In contrast to competition, a focus on community and collaboration has helped minority groups for centuries: this is how Black entrepreneurs obtained funding when institutions

wouldn't give them any; it is how immigrants were able to become economically stable (ethnic enclaves); it is how Organization B has been successful. Furthermore, no-equity accelerators have made these programs even more competitive, since resources and mentors are considered to be much more valuable. Running a competition-based, non-equity accelerator, might stall diversity efforts and hurt the community in the long-run. However, this impression bares further research. Accelerators who are serious about diversity need to rethink how a non-equity, competition-based program can impact minority-owned ventures differently and be willing to adjust their requirements, expectations, motivation and considerations accordingly. The current model expects minorities to adjust and depend on the existing social structures, as opposed to become active participants and game changers. Without this structural transformation, minorities will always remain at the periphery of these efforts.

Entrepreneurial success does not happen on a vacuum. It is very dependent on social capital, networks and people's perceptions of the person as entrepreneurial or not, which raises questions about entrepreneurship that need to be addressed. Entrepreneurialism must reflect upon why minority groups are unable to identify with the word entrepreneur and why small business ownership, is considered entrepreneurial-like-but-not-quite. Entrepreneurship is wrapped around power and privilege, which creates a barrier for diversity. Instead of imposing the word entrepreneur or imposing high-tech accelerator principles, we should move away from these limitations and focus on programs that meet people where they are: part-time programs, weekend workshops, small business accelerators, hustling, etc. Language matters, but so does the criteria within entrepreneurial programming.

This research paper is pushing forward a conceptual model, based on insights from leaders in the field, to encourage organizations to reflect upon

their commitment towards diversity. Diversity goes well beyond difference, as Mr. Wyatt and Mr. Knope pointed out. Diversity in entrepreneurship requires a structural transformation, where access to social networks alone can't dictate who succeeds. Furthermore, long-term commitments and goals must be valued over short-term returns, which usually only benefit those who already have access to plenty of resources. Long-term relationships will create a sense of belonging and decentralizing power will help mold a new culture. It is important that true diversity is a transformational force. And so, for an organization or leader to be serious about diversity, they have to be willing to share their power and take risks. If they are unwilling to change, then we should know that they are serious-like-but-not-quite about true diversity.

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