Proposal for 2016 NBER Research Grant: Entrepreneurship Group
Innovation districts and inclusive entrepreneurship

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Introduction

The Brookings Institute has recently ranked cities and metropolitan areas (MSA) according to income inequality. The city of Boston has the highest income inequality in the U.S. and is also ranked as the sixth highest income inequality as part of the Boston-Cambridge-Newton, MA-NH MSA. These findings points to skewed economic development and continued marginalization of particular segments of the population from the entrepreneurial ecosystem both at the city and state level. In the context of continued inequality, the City of Boston has launched a large initiative aimed at building an inclusive economy in the context of a broader state-level focus on building opportunities for all across different segments of the Commonwealth economy. Similarly, post-industrial cities across the Commonwealth have also started initiatives aimed at economic growth and revitalization through entrepreneurship. These initiatives are all similar in their aim to address inequalities stemming from housing, disparate educational attainment, workforce development and entrepreneurship. My research aims are to understand the effectiveness of these inclusion initiatives at the city-level by focusing on innovation districts in Boston and Lowell, MA. These two cities represent distinct economies, demographics, and infrastructure and provide fruitful comparisons for understanding the effectiveness of innovation districts for fostering inclusive entrepreneurship.

Theoretical Background and Study Design

Scholars examining different policies and regulations on entrepreneurship have suggested that governments can play a vital role in either accelerating or inhibiting the growth of early-stage entrepreneurs. The biggest influences for entrepreneurs in developed countries are finance and funding, human resources, and market opportunity rather than the oft-used tax incentives, regulatory tools and grants aimed at enticing businesses and supporting entrepreneurship (see also Auerswald, 2014). The different elements of an entrepreneurial ecosystem, such as investors, intermediary support organizations, and entrepreneurs, are often connected to each other through various complex and changing relationships (Bell-Masterson and Stangler, 2015). Recent research on entrepreneurial support organizations finds they have the potential to address the gender gap in entrepreneurship through recruitment and outreach activities (Watkins et al., 2015). The complexity of an ecosystem brought about the constant flux of its elements increases the difficulty in formulating policies that can support entrepreneurship (Audrestch, Grilo and Thurik, 2007; Hart, 2003; Lundstrom and Stevenson, 2006) in an inclusive fashion.

I will examine the Polito-Baker administration's state-level policy on 'Fostering a Culture of Innovation and Entrepreneurship' through sustained efforts at supporting the community innovation infrastructure by focusing on city-level efforts in Boston and Lowell, MA. The focus will be the Neighborhood Innovation Districts in Boston and the Hamilton Canal District project at Lowell. Both these initiatives serve as examples of supporting community innovation infrastructures. The proposed study will rely on theoretical insights from academic scholarship in the fields of 1) entrepreneurship, 2) diversity and organizations, and 3) economic geography. The study design will employ mixed-methods

including qualitative fieldwork, such as interviews and observations, and quantitative analyses of data available from various surveys. The research will build upon an ongoing Kauffman-funded project examining the opportunities and challenges facing women entrepreneurs in Boston.

The proposed study will examine specific innovation districts in Boston and Lowell to understand whether they are building inclusive entrepreneurial ecosystems. The research question guiding the study is: What is the relationship between innovation districts and an inclusive economy? The study will 1) interview 60 entrepreneurs in each city (30 male/ 30 female), 2) interview 10 intermediary entrepreneurial support organizations in each city, and 3) compile start-up activity by underrepresented groups at the city level based on panel data from the Annual Survey of Entrepreneurs (available summer 2016), Survey of Business Owners, American Community Survey, and the Kauffman Index.

Data analysis will be conducted through coding and thematic analysis of content garnered from interviews with entrepreneurs (such as access to capital, sources of funding, networks, knowledge) and support organizations (such as effective outreach, recruitment, programming). Quantitative analysis using coded fieldwork and surveys will examine the relationship between the number, growth rate, profitability, and survival rates (among other variables) of businesses owned by men, women and minorities in each city across time and the size, year of founding, and location (among other variables) of innovation districts. The findings will inform city-level policies on innovation districts regarding the best-mix of constitutive elements for building inclusive ecosystems.

Budget

Research assistant	$13,000
Transcriptions of interviews	$5,000
Travel expenses to locations	$2,000
Total	$20,000

References

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