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FOREWORD

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WESTERN NEW ENGLAND LAW REVIEW

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**SYMPOSIUM:
WOMEN, ETHNICITY, AND
ENTREPRENEURSHIP****FOREWORD**

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This year's annual Law and Business Center for Advancing Entrepreneurship Interdisciplinary Conference was held on October 23, 2009 at Western New England College School of Law, and it focused on challenges that were specific to minority- and women-owned new ventures. Conference presenters provided both quantitative and qualitative research evidence, which led to the unanimous conclusion that minority- and women-owned new ventures operate at a disadvantage resulting in below-average firm performance. The conference focus was on three specific types of challenges or sources of disadvantage: access to social capital, access to opportunity, and access to financial capital. The annual conference is hosted by the Western New England College Law and Business Center for Advancing Entrepreneurship and is one of many different educational outreach and service activities performed by the Law and Business Center.

The subject matter of this year's conference was particularly timely given today's worldwide economic condition. Numerous economists have argued in the recent press that entrepreneurship must play a key role in driving back the economic recession. At the

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same time, economists have noted that there is a heterogeneous distribution of both financial and social resources among new ventures, which leaves women- and minority-owned businesses operating at a competitive disadvantage. For example, the Obama administration recently stated,

During these difficult economic times, it is imperative that we provide small and minority businesses with the necessary tools to drive economic growth and create jobs in their communities Far too often, minority-owned small businesses and entrepreneurs encounter hurdles to getting capital, contracts and other assistance to help them succeed in the marketplace.¹

The presenters at the annual Interdisciplinary Conference conducted research studies that explored this economic phenomenon in detail, and three of their reports are included in this journal. The results were sometimes discouraging, but there is some evidence of improvement in access to these resources over time. The speakers also expressed optimism that future public policy and support organizations will aid access to financial capital, social capital, and opportunities for women- and minority-owned businesses, and improvements in new venture performance will follow.

Conference attendees came from across the nation and began their day listening to reports on women- and minority-owned businesses' problems with access to social capital. The first presenter was Dr. Andrea Smith-Hunter, Associate Professor of Marketing and Management at Sienna College. She presented numerous statistics on women entrepreneurs of color and related these statistics to contemporary theory on human and social capital. Dr. Smith-Hunter argued that social network structures determine the potential success of black-owned new businesses, and these structures must be managed along with human capital. Furthermore, she concluded that women of color are more likely to lean on informal relationships for access to financial capital than white women, who tend to rely more on formal relationships. Dr. Smith-Hunter contended that to improve black-female entrepreneurs' chances for success, we, as a society, must help them develop reliable, formal contacts in the financial world.

1. News Release, U.S. Small Bus. Admin., SBA, *Minority Business RoundTable Renew Partnership to Expand Outreach to Minority Entrepreneurs* (Jan. 25, 2010), available at http://www.sba.gov/idc/groups/public/documents/sba_homepage/news_release_10-01.pdf.

The second presenter was Attorney Meghan Brooks, President of the New England Black Chamber of Commerce. She spoke about her experience as an attorney and her work with community organizations that attempt to increase blacks' access to social capital. Attorney Brooks's objective was to introduce the audience to the New England Black Chamber of Commerce and speak about the practical steps that the organization takes to improve blacks' access to social capital with the end goal of increasing the chances for business success.

The final presenter on minority's access to social capital was Nicole Dandridge, Director of the Small Business and Nonprofit Clinic at Michigan State University College of Law. Her article, titled *Racial Etiquette and Social Capital: Challenges Facing Black Entrepreneurs*, is included in this journal. Professor Dandridge made the case that today, investment in social capital does not produce the same rewards for blacks and whites; blacks reap fewer financial rewards. In her article, Professor Dandridge discusses the important determinant forces at work and investigates how the model may change in the future. She concludes that it is hard to predict if black investments in relationships with whites will yield the financial benefits in the future that whites reap from similar investments.

The second panel of the day was on access to opportunities for women and minority new venture owners. This panel began with a presentation by Linda Edelman, Associate Professor of Management at Bentley College. She presented statistics from her study on the reasons why individuals of different genders decide to launch a new business or grow a small business. Her conclusion was that women and men start businesses because they have certain expectations about factors such as roles and self-realization. However, when it comes to growth, motivations are different between women and men. Men are more motivated by the potential for financial reward; women are motivated by a complex variety of factors.

The next presenter was Ronald G. Marlow, Assistant Secretary for Access and Opportunity for the Massachusetts Executive Office for Administration and Finance. He argued that access and opportunity is really a euphemism for civil rights. He spoke about how he attempts to make sure that there is equal access to contracting with the state government by focusing on current barriers and working to help reduce those barriers.

Cheryl Wade, Professor of Law at St. John's University School of Law, was the final presenter on gender, minorities, and opportunities. Her article is included in this journal and is a very interesting narrative of three different African-American entrepreneurs. Two of the stories are about entrepreneurs that began their businesses during the first half of the twentieth century. Professor Wade argues that these entrepreneurs would not have the same chances of success today due to barriers to opportunities that exist today for African-American entrepreneurs. The final story is about a female entrepreneur that began her business in the latter half of the twentieth century and her struggles, success, and surprising lack of recognition in the business world.

During lunch, Beverly Holmes, a successful business leader, entrepreneur, author, and activist gave a keynote speech on her global view of women and entrepreneurship. Her talk was based on data collected around the world on women-owned entrepreneurial organizations, the challenges they face, and the impact these organizations have on the economic environment. Mrs. Holmes provides practical advice for these entrepreneurs and is vigilant in her quest to convince both for-profit businesses and support organizations to do more to help women grow their ventures.

The final session of the conference was about access to financial capital and was held after lunch. It began with a presentation by Dr. Susan Coleman, Professor of Finance at the University of Hartford Barney School of Business. The findings from her study, reported in this journal, are based on the analysis of data collected by the Kauffman Foundation. Dr. Coleman and her co-author, Alicia Robb, concluded that women-owned firms raised smaller amounts of capital, both at founding and in later years, than firms owned by men. In addition, these researchers found that women business owners rely more heavily on internal sources of debt and equity than external sources. They discuss how differences in risk aversion and motivation between men and women may determine the differences in funding.

Andres Lopez, President of the Massachusetts Community Development Finance Corporation was the final speaker of the day. He spoke about how his organization provides gap financing to small businesses in Massachusetts with the goal of improving the economy and employment opportunities in Massachusetts. Vicky Krauss, a TD Bank Senior Loan Officer, helped field the questions for this session.

The conference was just one event held by the Law and Business Center for Advancing Entrepreneurship this year in its role as an exemplar support organization that is striving to improve access to financial capital, social capital, and opportunities for new ventures by educating both professionals that assist entrepreneurs and the entrepreneurs themselves. The activities of the Center fall into two categories: (1) providing legal and business counseling for entrepreneurs, and (2) sponsoring local educational events focused on entrepreneurship. Over the past five years, the Small Business Clinic, which is the Center's flagship program, has provided legal and business guidance to over one hundred entrepreneurial businesses in the area. The Center also hosts numerous workshops and a speaker series to communicate expertise to the community at large. These activities are complemented by the annual academic conference, which is the subject of this journal issue.