3 Essays on Startup-Ecosystem Interactions

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Abstract in English

In this thesis, I study three closely interrelated processes in the context of early-stage startups: hiring, evaluation, and constructing identity narratives. By constructing identity narratives about "who they are" and "what they do", startups increase their chances of attracting and hiring talented employees and receiving favorable evaluation from investors. At the same time, hiring skillful employees positively influences startups evaluation by investors and vice versa. Below, I explain more about my essays that are each built around one of these processes. In the first essay, I explore investors' influence over startups through hiring processes using qualitative interview and observations in startups. I outline expectations that investors have about hiring in the startups they invest in both in terms of who will be hired and how that hiring will happen. Investors believe that meeting these expectations will make startups more likely to succeed. I find that investors push startups to meet these expectations through three devices each targeted to slightly different audiences: they share their expectations throughout the startup ecosystem through diffuse means; they offer targeted advice to the startups in their portfolios; and may actively participate in the hiring processes. Because they desire the resources that investors offer—financial resources and legitimacy—startups throughout the ecosystem take actions to meet many of these expectations. This has immediate effects on what startups do around hiring and who is hired. These immediate actions then become patterns, or imprints, that last in startups. Through hiring, investors imprint both the roles and hiring structures among those startups in their portfolio but also among other startups in the broader ecosystem. In the second essay, I study startups evaluation process by accelerators. Prior research has investigated how the evaluation process is subject to subtle and covert forms of biases that ensue in discriminatory outcomes. Yet some scholars have argued that gathering additional relevant information about candidates could reduce these biases and improve the quality of the evaluation process. Nevertheless, recent research on evaluation suggests that the relationship between information gathering and evaluation quality might be more complex. In this research, I examine how gathering information about candidates and processing such information shapes the processes and outcomes of evaluation. Through a longitudinal ethnographic study of a Fintech accelerator, I observed that being conscious about the potential influence of biases encouraged evaluators at the accelerator to collect a comprehensive set of data on all startup applications. However, I found out that evaluators rarely probed all the data and instead relied on certain attributes to screen for and find "startup saviors" or "ideal founders". Some of those "ideal founder" characteristics focused on prototypical attributes such as pedigree, nationality, and gender. But beyond the typical attributes, I observed that evaluators used "third-order inference". They considered what will be regarded by most others, other FinTech investors in the startup ecosystem, as a good choice. As such, they used characteristics such as 'connected,' 'presentable,' and 'sellable' to evaluate the founders in their application pool. I argue that this process of evaluation leads to discrimination against those that do not fit the frame of "ideal founder" and eventually to inequality in the allocation of resources to early entrepreneurs. In the third essay, I look at the influence of accelerators on shaping an integral part of new startups creation and growth, namely entrepreneurial identity, that has not received much scholarly attention yet. I draw on a rich set of qualitative ethnographic data from a 12-week fellowship program at a fintech accelerator with eight participating startups to show that accelerators guide startups to *redefine* narratives of "what they do" by focusing on the problem that they are solving

rather than the solution that they are offering. Simultaneously, startups are guided to *elaborate* on narratives of “who they are” by adding details about how they know the problem and why their background, experience and expertise make them ideal candidates to solve the identified problem. To show the long-term influence of the (re)constructed identity narratives for startups, follow-up data was collected from all eight startups two years after graduating from the accelerator. One of the startups had gone under and one was struggling but the rest were growing. Comparing the follow-up data with performance of the startups during the program shows that the ones that adhered to the accelerator’s direction of entrepreneurial identity were more successful long-term than others.

Abstract in French

Dans cette thèse, j'étudie trois processus étroitement liés dans le contexte des startups en démarrage : l'embauche, l'évaluation et la construction de récits identitaires. En construisant des récits identitaires sur « qui ils sont » et « ce qu'ils font », les startups augmentent leurs chances d'attirer et d'embaucher des employés talentueux et de recevoir une évaluation favorable de la part des investisseurs. En même temps, l'embauche d'employés compétents influence positivement l'évaluation des startups par les investisseurs et vice versa. Ci-dessous, j'explique plus en détail mes essais qui sont chacun construits autour de l'un de ces processus. Dans le premier essai, j'explore l'influence des investisseurs sur les startups à travers des processus d'embauche à l'aide d'entretiens qualitatifs et d'observations dans les startups. Je décris les attentes des investisseurs concernant l'embauche dans les startups dans lesquelles ils investissent à la fois en termes de qui sera embauché et comment cette embauche se produira. Les investisseurs pensent que répondre à ces attentes rendra les startups plus susceptibles de réussir. Je trouve que les investisseurs poussent les startups à répondre à ces attentes à travers trois dispositifs ciblant chacun des publics légèrement différents : ils partagent leurs attentes à travers l'écosystème startup par des moyens diffus ; ils proposent des conseils ciblés aux startups de leurs portfolios; et peut participer activement aux processus d'embauche. Parce qu'elles désirent les ressources que les investisseurs offrent - à la fois financières et légitimes - les startups de tout l'écosystème prennent des mesures pour répondre à bon nombre de ces attentes. Cela a des effets immédiats sur ce que font les startups en matière d'embauche et sur les personnes embauchées. Ces actions immédiates deviennent alors des modèles, ou des empreintes, qui durent dans les startups. Grâce à l'embauche, les investisseurs impriment à la fois les rôles et les structures d'embauche parmi les startups de leur portfolios, mais aussi parmi les autres startups de l'écosystème plus large. Dans le deuxième essai, j'étudie le processus d'évaluation des startups par des accélérateurs. Des recherches antérieures ont étudié comment le processus d'évaluation est soumis à des formes subtiles et secrètes de biais qui s'ensuivent dans des résultats discriminatoires. Pourtant, certains chercheurs ont fait valoir que la collecte d'informations pertinentes supplémentaires sur les candidats pourrait réduire ces biais et améliorer la qualité du processus d'évaluation. Néanmoins, des recherches récentes sur l'évaluation suggèrent que la relation entre la collecte d'informations et la qualité de l'évaluation pourrait être plus complexe. Dans cette recherche, j'examine comment la collecte d'informations sur les candidats et le traitement de ces informations façonnent les processus et les résultats de l'évaluation. Grâce à une étude ethnographique longitudinale d'un accélérateur Fintech, j'ai observé qu'être conscient de l'influence potentielle des biais encourageaient les évaluateurs de l'accélérateur à collecter un ensemble complet de données sur toutes les applications de démarrage. Cependant, j'ai découvert que les évaluateurs sondaient rarement toutes les données et s'appuyaient plutôt sur certains attributs pour sélectionner et trouver des "sauveurs de startups" ou des "fondateurs idéaux". Certaines de ces caractéristiques de « fondateur idéal » se concentraient sur des attributs prototypiques tels que l'ascendance, la nationalité et le sexe. Mais au-delà des attributs typiques, j'ai observé que les évaluateurs utilisaient une "inférence de troisième ordre". Ils ont considéré ce qui sera considéré par la plupart des autres, les autres investisseurs FinTech dans l'écosystème des startups, comme un bon choix. En tant que tels, ils ont utilisé des caractéristiques telles que "connecté", "présentable" et "vendable" pour évaluer les fondateurs dans leur pool d'applications. Je soutiens que ce processus d'évaluation conduit à une discrimination contre ceux qui ne

correspondent pas au cadre du « fondateur idéal » et finalement à une inégalité dans l'allocation des ressources aux premiers entrepreneurs. Dans le troisième essai, j'examine l'influence des accélérateurs sur la formation d'une partie intégrante de la création et de la croissance des nouvelles startups, à savoir l'identité entrepreneuriale, qui n'a pas encore reçu beaucoup d'attention scientifique. Je m'appuie sur un riche ensemble de données ethnographiques qualitatives d'un programme de bourses de 12 semaines dans un accélérateur fintech avec huit startups participantes pour montrer que les accélérateurs guident les startups pour redéfinir les récits de « ce qu'ils font » en se concentrant sur le problème qu'ils résolvent plutôt que la solution qu'ils proposent. Simultanément, les startups sont guidées pour élaborer des récits de « qui elles sont » en ajoutant des détails sur la façon dont elles connaissent le problème et pourquoi leurs antécédents, leur expérience et leur expertise en font des candidats idéaux pour résoudre le problème identifié. Pour montrer l'influence à long terme des récits d'identité (re)construits pour les startups, des données de suivi ont été collectées auprès des huit startups deux ans après avoir obtenu leur diplôme de l'accélérateur. L'une des startups avait fait faillite et une était en difficulté, mais les autres se développaient. La comparaison des données de suivi avec les performances des startups au cours du programme montre que celles qui ont adhéré à la direction de l'accélérateur en matière d'identité entrepreneuriale ont mieux réussi à long terme que les autres.

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Contribution to Original Knowledge

Findings of all three essays are original scholarship and have distinct contributions to the field of management and organizational behavior.

Contribution of Authors

Essay 1: The data for this essay came from two distinct projects. I did some of the data collection for the first project, and all the data collection for the second project. I also carried out the entire data analysis and wrote the paper. Lisa Cohen provided feedback on the results and the final paper (She also collected the rest of the data for project one).

Essay 2: I did the entire data collection and analysis, and I wrote the paper. Both Arvind Karunakaran and Lisa Cohen provided feedback on the results and the final paper.

Essay 3: I did the entire data collection and analysis, and I wrote the paper. Both Lisa Cohen and Arvind Karunakaran provided feedback on the results and the final paper.

List of Figures and tables

Introduction

How a variety of actors, functions, and institutions interact to support the creation and growth of startups in their ecosystem has been the subject of many studies in both the entrepreneurship and organization theory literatures (e.g., Isenberg, 2010; Thomas, 2013; Thompson et al., 2018). Yet, there is still much more to explore especially when it comes to how external actors influence the internal processes of startups; how external actors help startups figure out what they need and guide them to build the right foundations and processes. In this thesis, I investigate three such integral processes. More specifically, I study how an important and powerful group of external actors, namely investors, influence, and shape startups.

In the first essay, I study how investors shape who and how startups hire; in the second essay I examine how gathering fine-grained information about candidates shapes the processes of evaluation by investors and outcomes for startups, and in the last essay I delve into how accelerators shape satartups' entrepreneurial identity. These three processes of hiring, evaluation, and crafting identity narratives are closely connected. By constructing identity narratives about "who they are" and "what they do," startups increase their chances of receiving funding, hiring talented employees, and receiving favorable evaluation from investors (Lounsbury and Glynn, 2019). At the same time, hiring skillful employees positively influences startups evaluation by investors and vice versa (Beckman, Burton, and O'Reilly, 2007).

For early-stage startups hiring is highly consequential. There is evidence that early hiring decisions in startups leads to learning and macro-level organizational change (Dokko and Gaba, 2012, Dokko and Wu, 2017), creating position imprints (Beckman and Burton, 2008), altering structure of jobs and organizations (Ferguson et al., 2016; Cohen and Mahabadi, 2021) and startups’ ability to attract investment and complete an IPO (Beckman, Burton, and O'Reilly, 2007). However, hiring is also very challenging for these fledgling organizations. They struggle with finding and attracting top talents because they lack hiring structures and internal human resource knowledge (Cardon and Stevens, 2005; Fairlie and Miranda, 2017), broad industry networks (Rivera, 2016; Honoré and Ganco, 2020) and the financial resources to spend on recruiters or extravagant salaries and bonuses (Kerr and Nanda, 2009). In the first essay, I investigate how startups overcome these struggles. More specifically, I look at the process through which investors create hiring and role imprints within these organizations and the subsequent consequences of these imprints for startups and their ecosystem.

Startups require financial resources to develop and offer unique and novel products and/or services. They need to have basic infrastructure, hire creative and skilled employees, and compensate them appropriately. To be able to do so, these new organizations, especially at early-stages, rely mainly on investments from a broad range of investors starting from angel investors to accelerators and Venture Capitalists (Zackary and Mishra, 2013; Cohen and Hochberg, 2014). These financial investments help drive startups’ progress and expansion (Gage and Chapman, 2011; Nanda and Rhodes-Kropf, 2013), yet startups can only receive investment and capital when they meet the expectations of and are positively evaluated by investors. Moreover, it is only by courting investors that startups can benefit from some of their knowledge and experience mentioned in the first essay.

As such, in the second essay, I investigate how a specific group of investors, namely accelerators, evaluate early-stage startups. In particular, I show which characteristics and attributes of startup founders and teams that appeal the most to evaluators and subsequently help those startups stand out and get selected for investment. Furthermore, I look at both short and lon-term consequences of the evaluation for the selected founders.

Overall, in the first two essays, I focus on the interactions between startup founders and investors: how they unfold and influence hiring and evaluation. However, there is a process that can precede or happen simultaneously and affect the dynamics of both hiring and evaluation, and that is crafting an entrepreneurial narrative. In exploring this phenomenon, Lounsbury and Glynn (2001) argue that entrepreneurial stories or narratives facilitate the crafting of a new identity. This new identity is pivotal for new ventures because "it serves as a touchstone upon which legitimacy can be conferred by investors, employees, competitors, and consumers, opening up access to new capital and market opportunities" (p. 546).

In the third essay, I explore how startup founders learn to craft entrepreneurial stories of "who they are" and "what they do" as they interact with and receive feedback from investors. I show the process through which entrepreneurial stories evolve, reflect on some of the tensions that happen between founders and investors, and highlight the intended and unintended consequences for both startups and investors.

In order to investigate these processes and answer related research questions across the three studies, I rely on two rich qualitative data sets: one startup hiring and one in-depth study of processes in an accelerator. Interviews, ethnographic observations, and archival and online data are the main sources of data that were collected between 2017 to 2022. All three essays use the principles of grounded theory (Strauss and Corbin, 1997) by following a progressive series of moves (Grodal et al. 2021) from the raw data and initial research question to the final theory. Additional data tables and figures related to each essay follow each set of references.

Essay 1: How Investors Shape Who and How Startups Hire

Abstract

How do investors exert influence over startups through the hiring process? In this paper, I explore this question using qualitative interview and observations of hiring in startups. I outline expectations that investors have about hiring in the startups in terms of who will be hired and how that hiring will happen. They believe that meeting these expectations will make startups more likely to succeed. I find that investors push startups to meet these expectations through three devices each targeted to slightly different audiences: they share their expectations throughout the startup ecosystem through diffuse means; they offer targeted advice to the startups in their portfolios; and they may actively participate in the hiring processes. Because they desire the resources that investors offer—both financial resources and legitimacy—startups throughout the ecosystem take actions to meet many of these expectations. This has immediate effects on what startups do around hiring and who is hired. These immediate actions then become patterns, or imprints, that last in startups. Through hiring investors imprint both the roles and hiring structures among those startups in their portfolio but also among other startups in the broader ecosystem.

Introduction

> If you are on the inside and you work with startups, and you help them, all they talk about is help me recruit great people: 'We are struggling with recruiting …We are challenged by enormous salaries from competitive companies or technology giants.' And [for us] it's really about giving early-stage companies a leg up in what they call it the talent war.
>
> Hiring is not just a function. Hiring is a way of life, and so you have to understand how that interconnects with the nervous system and the neurons and how it reacts with the body functions. It takes a long time to get that unless you've done it before. It takes a really long time to get that.

From interviews with Roland, a VC

For entrepreneurs, hiring is a critical process through which they not only attract employees but also create role structures, overall organizational structure and scaling capabilities (Wasserman, 2012; Cohen & Mahabadi, 2022). The imprinting literature has shown that the founding period is crucial for the creation and implementation of organizational practices (Burton & Beckman, 2007). During this period, organizations develop characteristics that reflect founders' decisions to incorporate certain environmental elements and that these characteristics become institutionalized (Stinchcombe, 1965; Johnson, 2007; Marquis & Tilcsik, 2013). Yet relatively little is known about how hiring imprints are created in fledgling organizations. Discussions of imprinting in new organizations have been largely focused on founders' employment models (Baron, Hannan, & Burton, 1999) or top management team roles (Burton & Beckman, 2006). The tacit assumption across this research is that founders and managers carry models from prior experiences directly to their new organizations. However, many entrepreneurs are inexperienced (Ruef, Aldrich, & Carter, 2002) and have limited HR knowledge (Cardon & Stevens, 2005; Fairlie & Miranda, 2017). They do not have models to draw on in creating these processes.

Investors are an important group within the startup field who can help entrepreneurs to create such process. The two opening quotes from a senior investor illustrate both the importance of hiring for startups and the potential reliance startups have on investors for help with the critical tasks of hiring. There might be other players in the entrepreneurial ecosystem such as experts or mentors who might influence hiring in startups to some extent, but none are as influential or involved in the process as investors. Because of their position relative to startups and the financial support that they provide, investors' advice is sought and trusted (Pollack, Barr, & Hanson, 2017; Kaiser & Berger, 2021). Moreover, investors care about hiring because who gets hired matters for operational reasons (Bernstein & Korteweg, 2017) and influences company valuation and so are likely to want to influence startup hiring practices.

To understand how investors create imprints in startup hiring processes, I analyze observations and interviews with 138 startup investors, founders, hiring managers, employees, and experts in more than 100 different startups. I show that investors have clear expectations about how (e.g., creating a hiring narrative, respecting diversity, ensuring commitment) and who (e.g., diverse, committed, and skilled employees) startups need to hire. These expectations are communicated through more diffuse means to other startups in their field. Non-portfolio startups learn about investors' expectations through diffuse means such as interacting with investors and those who know about investors' expectations (e.g., seasoned entrepreneurs, mentors) during social and startup events. For portfolio companies, investors communicate about their expectations and provide advice in targeted ways. They also get involved in creating the hiring process by guiding and supervising to different extents. They not only share their trusted networks but may go as far as finding candidates, designing evaluation processes, creating job descriptions, and participating in interviews. Startups adapted their hiring in anticipation of what investors wanted. They complied with investors' expectations because they needed the approval and support of investors, did not have much hiring experiences themselves, and could not afford other potential alternatives (e.g., hiring HR consultants). I show that in both cases (targeted and diffuse) by communicating their expectations, investors create hiring imprints that persist well beyond the founding phase.

I map a general process in which we did not observe wide variations. I observed a lot of consistency of expectations across different types of investors such as VCs and Angels and that these expectations are broadly shared and acted upon. Further, I show the dynamics of relationships between startups and investors in the imprinting process and how these dynamics lead to intended and unintended consequences. My longitudinal data help us to demonstrate some of the consequences of these imprints such as building efficient organizational structure and creating conformity and legitimacy needed to raise future funds as well as unintended ones such as inequality in having access to and qualifying for jobs. These imprints become taken for granted practice throughout the startup ecosystem and can be a force for isomorphism in hiring practices across startups in a field (DiMaggio & Powell, 1983; Hannan & Freeman, 1977).

Investors and Startups

Entrepreneurs start their ventures with the hope to have freedom to explore their creative ideas and offer ground-breaking, disruptive solutions, yet they soon realized that they cannot be fully autonomous because they depend on external resources to scale (Pfeffer & Salancik, 2003) and that attracting those resources (human, financial, social) come at the cost of losing some autonomy and control over their endeavours. The required financial capital (Gage & Chapman, 2011; Nanda & Rhodes-Kropf, 2013) often come from a broad range of investors (Samila & Sorenson, 2011; Zackary & Mishra, 2013; Cohen & Hochberg, 2014) who support startups in different stages of their developments (Ozcan & Eisenhardt, 2009, Wasserman, 2015) and as such they exert some restrictions over how decisions are made and processes get established (Pollack, Barr, & Hanson, 2017; Kaiser & Berger, 2021).

There is a general assumption that these influences are often around the financial and strategic roadmaps of startups (Abetti, 2005, Amit et al., 2000). The very few studies that look into the influences of investors on employment show some preliminary evidence that young firms formalize employment practices at a significantly faster rate after receiving VC backing (Baron, Burton, & Hannan,1999). Bertoni, Colombo, & Grilli (2011) argue that VC investments have a positive effect on the growth of employment in tech startups and that this boost in employment growth happens immediately after the first round of financing.

Yet investors' involvement in startup employment practices can extend beyond increasing the number of employees. Investors may also care about and provide mentorship in hiring because they believe that who gets hired matters for operational reasons (Bernstein & Korteweg, 2017). Some studies have provided evidence that young firms proliferate senior management roles at a significantly faster rate after having received VC funding (Baron, Burton, & Hannan, 1999; Ferguson et al, 2016). Others have shown anecdotal evidence that investors become involved in the recruitment of key personnel (Gabrielsson & Huse, 2002), recruiting an outside CEO (Saetre, 2003) and recommending staff to hire (Perry, 1988).

While these and other researchers (e.g., Puri & Zarutski, 2012, Engel & Keilbach, 2007) provide evidence of investor influences on employment and hiring in relatively young firms, they do not isolate the mechanisms and process through which this involvement unfolds and do not necessarily focus on startups. As such, it is still unclear what happens when investors get involved in the hiring process of startups (that leads to specific hiring, proliferation of certain roles and eventually employment growth)? Does this happen in all startups? And are there any long-term consequences for these involvements?

In this paper, I uncover the mechanisms though which investors can influence how and who startups hire. Although they do not go further than communicating their expectations to all startups in the ecosystem, they become very hands-on when it comes to the startups the invest in (portfolio companies). By communicating and actualizing their expectations, investors create process and role imprints. These imprints that tend to last well beyond the early stages of development and ultimately shape organizational structures of all startups similarly. In the following sections I take a closer look at what is known so far about hiring in startups and organizational imprints.

Hiring in Startups

For startups to succeed or even to do their work, they need to hire employees. In fact, past research has shown that the bulk of hiring happens in the first few years of startups' existence (Fairlie & Miranda, 2017). Startups want to hire the right people and make sure that they stay long enough in the organization by assigning them to the right jobs (Baron, Hannan, & Burton, 2001). Also, the characteristics of those hired into the top management team shape an entrepreneurial firm's ability to attract venture capital and complete an initial public hiring (Beckman, Burton, & O'Reilly, 2007).

Yet startups often struggle with hiring. They lack developed routines and hiring structures that can make hiring easier and more effective and have limited internal human resource knowledge (Cardon & Stevens, 2005; Fairlie & Miranda, 2017). Another factor that makes hiring challenging for startups is that they are often more insular than larger and more established organizations as they tend to be made up of young people from very similar backgrounds (e.g., computer scientists) (Ruef, Aldrich, & Carter, 2002). Therefore, they lack the kind of developed and broad industry networks that can help with hiring (Rivera, 2016; Bayer, Ross, & Toppa, 2008; Honoré & Ganco, 2020) and they also lack the financial resources of their established competitors to spend on recruiters or extravagant salaries and bonuses to compensate for other limitations (Kerr & Nanda, 2009).

Scholars studying hiring broadly have long been trying to provide evidence and advice on effective hiring practices. Earlier researchers proposed implementing practices based on their investigations of the use of interviews (Schmitt,1976), biographical information and tests (Owens, 1976; Guion, 1965), and formal hiring standards (Cohen & Pfeffer, 1986). Others like Bowen, Ledford, and Nathan (1991) suggested hiring employees to fit the characteristics of an organization and not just a particular job. Yet this line of inquiry provides little insight into how any organization, let alone a startup, would learn to follow and implement these suggested practices. Indeed, there is evidence that not even established organizations always do follow these practices (Rynes et al., 2001). For instance, there is growing evidence that organizations hire opportunistically and otherwise build jobs around specific individuals (Levesque, 2005; Miner, 1987,1990; Miner & Akinsanmi, 2016; Burton & Beckman, 2007; Cohen & Mahabadi, 2022; Rousseau, 2015).

The limited research on hiring in startups has mainly looked at this phenomenon with a focus on either founder or employee characteristics. For instance, Honoré and Ganco (2020) looked at founders' prior industry experience and its role on attracting new employee. Ouimet & Zarutskie (2014) investigated the reasons why young employees are more attracted to working at startups. There has been little research that examines how founders and entrepreneurs actually figure out the hiring process and whether this process is influenced by anyone beyond the traditional dyad of employer (founder) and employee and how lasting these influences are. This is what I am trying to accomplish in this paper.

Organizational Imprints

The fact that organizations are shaped by the historically specific resources on which their founders drew was first mentioned by Stinchcombe (1965). He hypothesized that organizations may keep their founding structures largely intact because they continue to be efficient, because of inertial forces such as tradition, vested interests, or ideology, or because of a lack of competition (Stinchcombe 1965, p. 169). Based on this idea, researchers have shown the lasting impact of founding context on a variety of phenomena, such as managerial structure (e.g., Baron, Hannan, & Burton 1999), the structure of interorganizational networks (Marquis 2003), survival rates (e.g., Romanelli 1989), organizational features (Johnson, 2007), and job performance (Tilcsik, 2012). Despite the value and the research that imprinting idea has inspired, there is still much that we do not understand about organizational imprinting especially when it comes to hiring and related processes and structures.

Beckman and Burton (2008) provide some evidence for the lasting imprint of founders on top management team composition but even in that work there is a tacit assumption that entrepreneurs bring with themselves a wealth of experience in hiring and employment that they will then use in their new companies. In this paper, I argue that this is not necessarily the case and that many entrepreneurs (similar to our informants) do not have much hiring related experiences and thus are in desperate need for knowledge and expertise of investors. Further, Tilcsik (2012) has introduced the concept of second-hand imprinting that refers to social transmission of imprints between individuals. In this paper I show evidence for both imprinting and second-hand imprinting that happen when investors' expectations get communicated to startups directly and indirectly (by those in the ecosystem who know about investors' expectation).

Research Design

Our research questions in this study dictated the general setting: I should examine these processes in startups which by nature had limited knowledge and experience with hiring. Thus, I made a strategic research design choice (Merton, 1987) to examine our phenomenon in early-stage startups—with under three years in operation and fewer than 30 employees—where the issues that lead to interactions in hiring would likely be more pronounced and so ecosystem interactions, especially investor-founder interactions would be more frequent. Further, as elaborated above, early hiring is extremely consequential for young startups and thus the help and support those startups receive from the investors at this particular stage is therefore extremely important and significant. That is why in this study I decided to focus on early-stage startups where I could more easily observe the unfolding process of hiring support and the related consequences. As startups grow, they are more likely to formalize the employment processes and thus studying older startups would not provide us with the insight into initial hiring support that I was particularly interested in.

The datasets analyzed for this paper came from two distinct but complementary projects. One of these is a broad study of the unintended consequences of hiring in entrepreneurial firms primarily using interviews and observations between 2014 and 2021. The second part of the data came from ethnographic interviews and observations conducted between May 2020 to June 2021 with startup teams and a range of investors at a Fintech accelerator.

Accelerators help ventures construe and build their initial products, identify relevant customer segments, and secure resources such as seed capital (in exchange for equity stakes).

They also provide networking opportunities with successful entrepreneurs, VCs, angel investors and executives at different corporations (Cohen, 2013; Cohen & Hochberg, 2014; Halen, Cohen, & Bingham, 2020). These networking opportunities provide startups with invaluable sources of advice, support, and resource exchange (Krishnan et al., 2020; Halen, Cohen & Bingham, 2020; Huang & Knight, 2017). As such, accelerators can be the perfect context for observing how such exchanges, especially those between investors and founders/entrepreneurs influence hiring in startups.

Our research was exploratory in nature and the questions I asked were ones about micro-processes in startup hiring and the external influences on these processes. Following this, the qualitative methods provided many benefits for studying this phenomenon. These methods would allow us to learn about the phenomenon of interest in context (Edmondson & McManus 2007, Eisenhardt & Graebner 2007). For this specific study on external influences on hiring in startups, these methods could provide information about when investors and founders interacted around hiring, how the interactions unfolded, and what the eventual implications of these would be.

Our unique and varied dataset provided us with the opportunity to look at startups that had received investment from investors (such as the case of startups at the accelerator) as well as those who had not. I made the decision to have both groups in our sample because that would potentially provide us with the opportunity to examine different types of investors' influences in the hiring process. Within the startup setting, I included multiple early-stage startups involved in similar activities–tech-enabled startups – startups where technology was a component of the product but not the product in and of itself. This would allow us to hold some aspects constant but to still see a broader range of activities and to understand more about how differing organizational and contextual conditions played into the process.

Data Sources

I conducted semi-structured interviews with 138 individuals in more than 100 different startups. This included five types of informants: investors (angel investors, VCs, accelerators), founders, hiring managers in startups, employees in startups, people who were seeking jobs in startups, and subject matter experts including mentors and former successful entrepreneurs. Sixty-five of those people were interviewed as part of the project on the unintended consequences of hiring and 73 as part of the accelerator project. I also did more than 250 hours of observations as part of the data collection for the two projects. In the hiring study, observations were made mostly during startup events at incubators, job fairs, and universities. In the accelerator study, more than 100 hours were at the accelerator during the weekly sessions between startup teams and accelerators' managers and partner investors as well as all the workshops and events organized by the accelerators for startup teams. Table 1 shows the breakdown of interviews and observations across these categories.

Insert Table 1 about here

In the hiring dataset, I was opportunistic in identifying participants who fit our criteria in the data collection about hiring and did so in five ways: 1) I approached founders and startup employees who worked in offices in a startup center; 2) I approached founders, startup employees, and job hunters at startup events (e.g., open houses and job fairs); 3) I approached founders and startup employees who were known to members of the project team; and 4) I asked informants for suggestions of others who I should talk with.

In the investment accelerator, I conducted interviewed three types of subjects. I interviewed four managing partners, 37 partner investors, and 18 entrepreneurs from the portfolio companies of the accelerators which allowed me to look at the interactions from both sides. Based on my learnings in the initial phases of the hiring study, I strategically chose the context of investment accelerators because that would give me an opportunity to look more closely at the influence that investors could have on hiring startups.

Across the two projects, my interviews followed a similar structure for investors, hiring managers, employees and applicants and lasted between fifteen minutes and two hours. First, I asked background questions. I then asked respondents to walk me through the last hiring related interactions in which they were involved. I allowed the respondents to direct the conversation but probed with questions about the different phases of the hiring process. When interviewing founders, I asked them how they figure out hiring and who influences their hiring. I also asked investors if and how they get involved with hiring in startups they are connected with and what they think matters in hiring. In some instances, I interviewed both investors and founders involved in an investment deal and looked at how these relations influenced hiring. In our interviews with startup employees, I tried to understand if someone other than themselves and the founder or hiring manager was involved in the hiring and how that involvement influenced the process. Most interviews were in person and were taped and transcribed. In the few cases where interviews were not recorded, the interviewer took detailed notes.

Data Analysis

I discuss our analysis as a progressive series of moves from the broad initial question to the findings I report in the following section (Grodal et al., 2021). I began this project with the broad goal of understanding the consequences of hiring in startups: that is, what happened when startups underwent the hiring process other than bringing new people into jobs. In line with our original question, I began with open coding to understand the hiring processes for startups. I identified themes in our data around who applied for jobs, how they were attracted to startups, who was actually hired, how the hiring process unfolded, and what happened to the jobs, new hires and organizations post-hiring. One of my observations in this phase was that hiring processes often engaged more players from the ecosystem than just the job candidates and that these engagements influence the process and its outcomes. Through hiring, startups interact with experts, peers, investors, and other players and this altered how hiring was done and the consequences it brought. This pattern of outside influence was rarely represented in existing studies of hiring and/or startups. Thus, I investigated in further.

In our subsequent analysis, I took a closer look at the role of these ecosystem players and their influences on hiring in startups and realized that investors were the most influential group. Based on this insight, I identified all hiring related incidents where investors in any way influenced the hiring process or outcomes. I looked at how the process itself unfolded, and the subsequent consequences of this investor involvement for startups. I noted that some of the influence incidents were the product of more targeted interventions by investors while others were more diffuse. The targeted interventions and advice that investors provide on hiring were primarily to the companies that they have already invested in. However, investors' influence was also realized through less targeted routes. Unlike the targeted investor influence, this influence is offered by investors to startups to which they have made no commitment and also through others in the ecosystem who have knowledge of investor expectations but are not themselves investors. Entrepreneurs learn about investors' expectations and in anticipation what investors would like to see they make adjustments in their hiring to meet those expectations. Much of this influence is centered on questions of the qualifications and qualities of who is hired. However, it sometimes extends beyond the sphere of who is hired.

Many entrepreneurs described learning about investors' expectations either through formal and direct interactions with them (e.g., when receiving advice on how to pitch) or through informal interactions (e.g., during startup events) either with them or other players in the ecosystems such as other entrepreneurs who have had prior experience and interaction with investors. They also described learning about what investors want from others in the ecosystem such as mentors, advisors, or other entrepreneurs. Across these interactions, one of the issues raised was who was part of the startup team and what they brought to the table. In one of the workshops attended by all startups in a university-based incubator, Francis, a senior partner at an investment firm, was advising teams on how to prepare their pitches: "Listen guys, your pitch is like the first date, if investors like you, they will come for details... Spend more time introducing your team. Add brands to your education, experience.... Show you know what you are doing.... If you can't, then show that you can hire and attract people who can do it".

Through these and similar exchanges, entrepreneurs said they learned about what investors expected to see in team member background, experience and much more. As a consequence, they adapted their hiring plans to meet these expectations. For instance, I observed that one of the startups that participated in a pitch building workshop and had a couple of mentorship sessions, made some changes to the team presentation. When pitching to a potential investor, they presented the team early in the presentation and thoroughly and got positive feedback. The investor said: "I love that you started with your team...telling us who you are, why I should trust you and why you are the right team for this job...." This feedback highlights how implementing previous suggestions has helped this startup in portraying the picture of a successful startup with the right team.

Entrepreneurs also talked about experiencing these investor influences as the result of interactions with other entrepreneurs, mentors and advisors in the ecosystem who spread the information they had gained in their own interactions. I observed examples of such exchanges at many startup events, especially those created around a pitch competition, when entrepreneurs got to talk about what feedback they received from investors with each other. In the following section, as I talk about investors' expectations and later how these expectations are communicated to startups and how they get manifested in them. In doing so, I distinguish between the ones that are aimed for and manifested in targeted versus diffuse means.

Investor Hiring Expectations

In our interviews and observations, investors outlined what they wanted to see in startup hiring, in particular in the startups in which they invest. These expectations were fairly consistent across the investors interviewed and fell into two categories: those around the type of people who startups should hire; and those around how startups would go about hiring. In each of these categories, investors described multiple specific expectations. Below I provide evidence that investors had these expectations and that they considered them in their investment decisions. I provide additional evidence of these expectations in Table 2. I then discuss some of the different devices they use to try to get startups to make these expectations a reality and the immediate and longer-term effects of this process.

Table 2 about here

Who should be hired. Investors discussed general expectations for startup team composition, in other words, for the type of people who should be hired. Investors argued that meeting their expectations around who should be hired would make startups stronger and more successful. Investors consistently told us that they saw who was hired as important, because people are the most important assets of a startup and that they expected that startups would make hiring a priority. Connor, a senior advisor and investor, explained that startups can impress investors with their hiring and thus enhance their chances for receiving investments: "A good early-stage startup, I think, has to start with the people, you know, in the early stages, you don't have historical financial performance of the company. So as an investor you're really betting on the people."

They described three closely related dimensions of expectations about who should be hired: hiring people who would help startups build strong teams, ensure demographic and thought diversity in teams, and ensure commitment. They said that they wanted the startups they invested in to build teams of strong, diverse, and committed employees. For instance, when I asked Eric, a general manager at an investment bank, about what he pays attention to while evaluating team composition, he responded:

> Do they have industry expertise? Do they have markers that demonstrate their ability to be knowledgeable in the space? Do they demonstrate things that allow me to believe they have the entrepreneurial skill set to be able to build a company? And then, you know, as you look across multiple people, you want to look to see how complementary it is. Right? So how do they know each other? How long have they worked together? You know, are the roles and responsibilities clear? Or is everybody a management consultant? And so, are they pulling from the same or different talent pools? Those are the things I look for...

Similarly, Jim, an investor, who also manages a small investing firm, said he tells startups to "Hire best people and put them on the biggest opportunities, your best people want to move mountains for you. Let them…" When probed further about what "best people" means, he said those who are smart, ambitious, and willing to work hard.

In explaining what shapes their evaluations of startups, many investors described looking for startups that have built teams of people with strong and complementary skills. Kate, a former entrepreneur, and current angel investor, told us about why lack of complementarity in startup teams is a red flag for her:

> So, a red flag for me is when you have a team of three founders and all three of them come from sales or marketing or product and you don't have anyone technical in the team. And to me, that's kind of a little bit of a red flag because you don't necessarily complement each other versus a team that kind of has like a technical founder, somebody that's been on the business and development side and then maybe somebody who's sort of more of a jack of all trades.

She further explained that in the presence of such red flags, she usually evaluates teams unfavorably.

Another factor that investors mentioned as important to their evaluations of startup teams was about diversity in skills and demographic characteristics, especially around gender. Danielle, a senior director at an analytics accelerator, said: "I mean, just philosophically, I think having a diversity of talent and experiences is really important. A pet peeve of mine is that nine out of ten of the teams are completely male and people have only recently started to notice that and are asking for more diversity...."

Anne, a managing partner at the accelerator, explained how they particularly sought out women founded startups:

> Look, I'm looking for women founded companies just because we want to try and get a little more diversity into our program. You know, diversity requirements are making their way to our industry too and as a woman there's a bunch of emotional or, you know, intellectual and cognitive biases that I bring into the process. But that's awesome.

Similarly, Liette, a private equity investor, told us about how she uses one of her successful investments in a startup with the "perfect team" as a model when talking to other entrepreneurs about the importance of diversity:

> When explaining diversity [to the startups], I always talk about one of the previous deals that I did…they were a very good team and that's probably the best team that we've seen in our portfolio and why we invested in it in the first place. So, the cofounders, they both had excellent academic qualifications... they both had MBA's from really good schools in the states. One was kind of an ex-banker, the other was ex- McKinsey…. I mean, they

> would both have a high potential in terms of strategy and scaling and growing businesses. But also, in terms of complimenting each other in that one was kind of a creative person, and the other one was the more the executor so, it was very detailed and it kind of made the plans, the reality. And then you could see around them the recruits for the senior management team, which was also excellent in all the different domains…so, you could just see that they were building this big organization with amazing talent actually.

In the quote above we can see how the diversity and complementarity of skills in the startup team positively influenced Liette's opinion and how she tries to highlight it to the other entrepreneurs who want to embark on similar journeys. The importance of diversity even made it to the evaluation process at the accelerator.

The final expectation about who startups hire that investors described was that startups should hire employees with strong commitment, typically demonstrated by a willingness to work long and hard hours. John, a managing partner at an investment accelerator, explained that being full commitment from potential employees shows "how much [they] believe in and how invested [they] are in the startup." John explained some of the way he assesses the commitment level of employees: The first thing on top of everyone's resume or LinkedIn profile should be the startup. He said that if anyone in the core team has another day job or does not mention the startup in their online resumes, he takes that as a sign of lack of commitment and evaluates the team unfavorably. Alex, a former banker and current investor, echoed John's concerns and describes what he checks on the LinkedIn of the startup team and why:

> When evaluating the team on LinkedIn, I check to see if they're doing this full-time or if they have another full-time job ... if not, we start wondering if our firm is still going to invest money. Because you want somebody who's, you know, fully in, fully committed to success. So, it's not a good sign if they have a day job and, I know that means that there are a lot of people who don't have the money to sort of not work and do a startup, but as an investor, that's not really my problem.

How they should be hired. The second set of expectations investors described were around the process of hiring and this included prioritizing hiring, planning and building hiring structures, creating a narrative, networking, and defining specific roles to be filled. Investors described wanting startups to treat hiring as a central and critical process and to develop solid plans around it. Investors said that without a plan and a structure, startups were less likely to find and hire good candidates and ultimately achieve their potentials. For instance, Roland, a VC, described his expectation that hiring be an integral part of startups daily activities: “hiring is not a function, hiring is a way of life, and so you have to understand how that interconnects with the nervous system and the neurons.” Ivan, an investment expert, elaborated on the importance of hiring to people he meets from startups:

> You're starting a business. It's your life. And the people are probably the single most important thing you have to get, right? If you don't, you know, as a founder or leader of a business, if you're not spending a significant amount of your time on recruiting the right people and motivating the right people, either you will fail or you will spend so much time on fixing people problems later.

Further, investors indicated that they wanted startups to develop hiring plans and processes and showcase how they plan to build the human capital necessary to achieve their milestones. As such, investors cared not only about who was already hired in the startup, but also about the plans for future hiring. Amir, a VC, told us that he always makes sure that startups are approaching hiring systematically and have a solid hiring plan by looking at their calendars: “If they have meetings from 9:00 a.m. to 8:00 p.m., and none of them are interviews then how can they physically hire 20, 30 people this year? Some of them just don’t seem to understand that.”

A second set of expectations investors described about hiring process was that startups should have a narrative about the organization to use in the hiring process to try to attract top employees. In discussing hiring, Paul, manager at an investment firm, explained in more detail about what mission-driven narratives entail:

> If you think about a tree, that's the stem. The mission-driven statement, why we matter, why should you believe and why should you join us, the three whys, that's your trunk, or let's just say that's your roots. Then the trunk is okay, now we have articulated why we matter, why you should believe that we have the capabilities to do what we say we're

> going to do and why you should join us in this journey. Those details become the strategy and the approach or the methodology, so that's the limb.

Like Paul many investors discussed a belief that developing this narrative was critical to being able to hire top candidates even when facing competition from larger, more established and better-known competitors in labor markets.

Investors also talked about their expectations that startups would leverage networking opportunities. They explained that networking helps entrepreneurs with not only understanding how to hire but also with getting referrals. Robert, a senior partner at a venture capital firm, explained his expectations around startups networking as followed: “Founders should be really reaching out to other founders and say, ‘Hey, do you have any former employees that you recommend, or do you know anybody in your network?’ They have to be willing to constantly ask for help and advice as a founder. And the ones that do that I think are much more successful in hiring.”

Finally, investors spoke repeatedly about the importance of creating and filling the right jobs in the organization. For instance, Amy, an angel investor, explained: “Startups need to think about jobs considering all their limitations and boundaries and hire accordingly.” She argued that thinking about the jobs would help them to hire the right people and to be more affective as a team.

Devices for Making Expectations Reality

In interviews and through observations, I identified three different devices that functioned to make startups aware of these expectations about both who was hired and how they did their hiring. Two of these devices were relatively straight-forward modes of communication. The third involved hands-on participation in the hiring process. I describe each device below with evidence from our data and provide additional examples in Table 3.

Table 3 about here

Diffuse Communications. Much of the communications of expectations happened through what I call diffuse methods, meaning that it was general information that was shared with people in the startup community but not targeted to any startup in particular. For instance, I attended many events that were open to members of the startup ecosystem: such as, pitches, job fairs, discussions of hiring, and more. Some investors told us that they attended hundreds of these events each year. At these sessions, I heard investors talk about how hiring was one of the most important things that they could do and make specific recommendations about how to go about the process. For instance, during a round table in a startup event, Brian, a senior VC, advised on the importance of developing a narrative to attract employees: "Sell a story not your product. Your company is more than a product, it is a story and great stories attract great employees. A great story differentiates, compels, and resonates."

Another form of this diffuse communications happened through templates and guidelines in the startup community. One way the expectations regarding structures and processes were diffused was through the templates/guidelines that various parties provide to startups. For instance, Jim, a founder, told us about his experience of applying for a government grant and how that influenced their hiring:

> So, we applied to a Canadian government grant... for that you don't have to make concessions here or there. You just tell them exactly how you intend to do something and then you go from there. So, with that in mind, what we did was, we basically laid out an eight-month plan for you know whenever we get the funding from them and that's how we would sort of bring in quite a few people onboard... we sort of had to really ramp up our recruiting effort... so we outlined certain technical needs that we would need... and then from there we then realize okay, we need a full-stack web developer. We are going to need some serious you know, UI/UX expertise, you know for the interface and things like that... We also identified that we needed a natural language processing expert and we proposed salaries for each and so, you saw how they [government evaluators]…are completely fine paying top of the market salaries to the people we want to hire as long as

> it, you know we can show that those people are the ones that will add a certain kind of value that no other can add to the project.

Jim's experience shows how much the process of applying for a grant made them plan and execute on their hiring, the roles that they need to hire, the order of hiring, salaries and many other specificities related to hiring process.

These communications tended to be of a very general nature—e.g., hire the best people, use good techniques—and was shared broadly. In the next section, I discuss some of the targeted communications that went to companies in investors' portfolios and that went beyond generalities.

Targeted Communications. Investors also communicated their expectations to startups in much more targeted ways, usually by sharing information directly with startups in their portfolios. For instance, investors offered more specific advice about team diversity to startups in their portfolios. Hans, a Canadian entrepreneur, and cofounder of a fintech startup (which was part of the accelerator), told us about how in an initial interaction with one of the managing partners at the accelerator, where issue of diversity in his team came up:

> We were having a follow-up conversation …. Then he asked me about my team. I told him who we are, he then was like "wait a minute are you telling me that you are all a bunch of white dudes?! Man, you need to do something about it! This is Canada!" …. I didn't know what to say, never thought about it before but I can say, coming from an investor, that really made me think.

Similarly, investors worked to persuade entrepreneurs/founders of their portfolio companies to prioritize hiring by explaining why hiring matters and what its consequences are. Roland, a VC and a managing partner at his firm, elaborated on how he explained the importance of hiring to the entrepreneurs in his firm's investment portfolio:

> I tell them, "You really have to be the master of your own kingdom for the first 50 hires." So now once we look at their calendar and go okay, you need to hire this many people in this period of time. "How are you going to change your behavior and habits to do this successfully?" Because Recruiting and hiring are game changing to a company in the first

> 50 hires…. because it will define whether you have the ability to engage with people and organize. It will define whether you have the ability to be forward thinking, whether you have the ability to have autonomous individuals versus direct reports only...It is a long and lengthy debate that we have with entrepreneurs... and it's oftentimes me pushing them to their discomfort zone.

As explained by Roland, early hires are consequential for startups as they influence the performance and eventually success or failure of the organization and that is why investors devote time to making sure that entrepreneurs are being systematic in dedicating time and effort to hiring.

In an interview, Roland, an investor, explained how his firm creates what he called a "playbook" that contains guidelines for hiring processes and make it available to startups they invest in. He elaborated on the playbook: "The very first thing we do is we have this playbook that we use…. In our playbook, we obviously talk about the hiring function, how to hire as a conscious leader... We talk about mission-driven narrative, why they matter…. We have this playbook that's this [shows the thickness of a 300-page book with his hand] big." This playbook which is available only to portfolio companies is one example of targeted investor communications about hiring processes.

For instance, Robert, a VC, told us how he advises the startups that he directly invests in about hiring processes:

> Now the actual recruitment is not that hard, but it takes a lot of time. So, once you [entrepreneurs]'ve nailed the ideal candidate profile, you write down the job specs, and we've debated the job specs and we know that this is okay, we think there's a high feasibility, then we'll teach them [entrepreneurs] how to run a search. Okay. Here's how you run a search on LinkedIn. Here's the search key term that you should look for. Here's the tips and tricks you should look for.

Investor actions that facilitated understanding of their expectations did not stop with them passively communicating about them. Below, I describe some of the ways investors became participants in the hiring processes, almost exclusively for companies in their portfolios.

Participating in hiring. The third device that facilitated startup understanding of investors hiring expectations was direct involvement in the hiring process. Our data shows that, at times, investors participated in the hiring in their portfolio companies. When they did this there could be little question among the target portfolio companies about what it is that the startups expected in hiring. There were three main ways that investors were participated in startup hiring. First, they went beyond just telling entrepreneurs that they should network to share their personal networks. By sharing their networks, investors not only help founders and entrepreneurs with directly finding candidates but also with connecting them with related people who can introduce potential candidates in their extended networks. Julia, a hiring manager at a travel startup, explained how their investors shared their networks and helped connect hiring managers and CEOs of their other portfolio companies so that they can help each other in finding and hiring candidates:

> Well, whenever investors are actively trying to help us which is, and to help all the startups in their portfolio, which is great …. We've been in a roundtable with HR directors from other startups and from their portfolio and CEOs who do the recruitment for their companies to make sure that we help each other. So, like we might have a candidate that is not a fit for us, but it may be a fit for one other startups. So, we're really trying to create a community, but it was the initiative of one of our investors actually.

A second way investors got involved in who startups hired was finding qualified candidates. In order to support startups in hiring, after investing in startups, investors facilitated the actual hiring by finding candidates and matching them to their portfolio companies that were looking to hire. Julian, an investor and an entrepreneur, explained how this process unfolds:

> "So a lot of candidates are looking for a brand experience. One thing has been done …is recruiting through the VC. So the VC has a brand, so Invest.co has a really good brand. So, they will go to candidates and say hey we are having this program where you apply and we match you with one of our really great portfolio company…. They [candidates] are like if it's been backed by Invest.co, it must be really, really good."

In our observations at the accelerators, I saw how Rodrigo, CEO of an agricultural startup, managed to leverage the network that investors shared with him to hire a new CTO. Towards the end of one of the weekly meetings, Rodrigo turned to the accelerator's managing directors and one of the investment partners present at the meeting and said: "By the way our CTO left…". He continued explaining that he had suspected that their CTO was looking into other opportunities, but his sudden departure was still a surprise. The managing directors and the partner investor present at the meeting all looked very surprised. After a couple of seconds, Arun one of the managing partners, said "well… the demo day[1] is within 10 days and there is no way you can pitch that day without a CTO…investors don't trust a technology that is not backed up by a strong tech manager…plus who would answer tech related questions!" Within a week, managers at the accelerator scouted their networks, and helped Rodrigo find and hire a new CTO by putting him in contact with people in their network (e.g., mentors, colleagues) who fit the job themselves (having relevant experience and background) or would know someone who would.

Roland, elaborated on how investors facilitate matches between startups and employees: "So the advantage that VC has over entrepreneurs is we have sample size. So, when you've got 100 portfolio companies with two or 300 co-founders and on the other hand you've got 100 CTOs, CFOs, and VPs of sales, on a list, you have the ability to refer them to these companies, Go and speak with so and so."

Finally, investors influenced who was hired by getting hands-on with the details of hiring process such as interviewing and evaluation. Rohit, an investor at an investment firm, told us about an instance when they observed that the CTO of one of their portfolio companies was not the right person for the job. He further explained that the CTO was actually hired initially as a

[1] demo day is the final day of the accelerator program when all teams must pitch in front of a big audience of investors.

developer and then as the startup grew a little, he was promoted to CTO, a job he was not prepared for because "he didn't have enough experience, we couldn't let him be the face of the company in meetings with senior executives." As such, Rohit and his colleagues looked into their networks and asked for referrals. They then selected three candidates and started the interview process. Rohit and founders together were successful in assembling a set of tasks for the person eventually hired that corresponded to his skills and what the startup needed. They eventually made an offer and candidate accepted. The previous CTO stayed with the startup but in the role of the lead developer.

Another way, investors got involved of hiring and hiring processes was by helping them to develop performance metrics that explicitly included hiring. For instance, on investor helped a startup setup a balanced scorecard or other performance metrics that included hiring. Liette, a private equity investor, described the process as follows:

> What we do in terms of driving the [hiring] process is generally we would set up a balanced scorecard at company level. So, what is it that the company wants to achieve in the next year. And then you break that down and so, well ... you allocate a portion of that balanced scorecard to different people who need to get hired and related details…

Other investors echoed what Liette described and explained that by creating a balanced scorecard or similar evaluation systems, they could check to see if startups meet their expectations overall and specifically about hiring and that there would be a person with relevant skills and experience in the team who will be responsible for execution and implementation of each current and future target.

I also observed investors actively working with startups to develop the narratives they would use in hiring. Paul, a manager at an investment firm, talked about how his firm organizes a semi-annual two-day full-time founder camp where they taught founders of the startups they had recently invested in the basics of running a successful startup including dedicating specific time to hiring, and more specifically creating a mission-driven hiring narrative:

> I say hiring is a product. What I teach, and we have a founder camp where we teach this, I say, "Fundraising is a product and hiring is a product." Your product is not your only product. You can't just be a product CEO. You have to think about hiring as a product, sales as a product, fundraising as a product. These are core products of your business whether you like it or not. Then it goes into okay, great, so we know you're going to have the mind space and we know you've carved out the time. We know we created the mission of the company clear enough to have a narrative that can attract talent. We know that we have the resources to onboard that top talent or we're going to make them available.

Responding to expectations

I saw evidence that entrepreneurs heard the expectations that investors advanced and tried to put some of the expected practices in place. There were some differences between startups that were part of investors' portfolios and who received the targeted communications and those that were not and so who only received diffuse messaging. As a result of interactions with investors, I observed that founders learned to think through hiring ahead of time and have a plan for it when pitching to or negotiating with future investors. The plan includes not only current targets and current team but also future targets and future hiring. In the following sections I cover these responses, and I provide additional examples in table 4.

Table 4 about here

How startups respond to expectations about planning and building hiring structures and processes

The evidence from the entrepreneurs' side of this showed that startups were aware that investors would be evaluating their team members and hiring plans and that this influenced their approach to hiring. Matt, an entrepreneur and a founding manager, explained that in his previous encounters with investors he understood that they look at the people who are or will be hired, their experience and background as a proxy for evaluating the quality of the project:

We saw that what investors do care about is the kind of people we are looking for. So, they take that as an indicator of our ability to attract talent and also the quality of the project. A lot of these investors are not technical professionals, so they don't understand the full details of our technology and ...we don't expect them to. But they do use the type of people we're hiring as a shortcut to evaluate how good the project might be. And how successful we might be to implement that vision so…"

As such, in response to investors' expectations, startups start developing a hiring plan that enables them to achieve their promised milestone. Our observations of portfolio startup at the accelerator showed how founders adjusted their hiring to meet investor expectations. During the 12-week accelerator program, Rob and his cofounder followed investors' early advice and made hiring a priority. As they started looking for new developers to hire, they regularly consulted with investors while carrying out hiring activities such as writing the job descriptions, finding/designing interview methods and questions, identifying relevant hiring platforms, and determining the evaluation criteria. In one of the mentorship sessions Rob reported that John (one of the managing directors/investors) participated in one of the hiring sessions and had debriefed them afterwards on what to do and not to do it future.

Our observations at the accelerator confirmed the targeted implementation of aforementioned expectations. For instance, I observed how Will, a young fintech entrepreneur at the accelerator, was mentored by one of the internal investors once she understood that Will is struggling with hiring. Together they created a hiring process that Will used for the first time to hire a data analyst. They set a two-hour meeting during which Mary (investor) and one of the accelerator's mentors, a senior data analyst himself, walked Will through creating a structure for hiring. They first started by working on the job description, going through the details such as areas where they need to be detailed (e.g., programming knowledge) and where it is better to stay broad (e.g., details of projects). Then they moved to creating a process for systematic review of resumes, structuring the evaluation process using real cases. Moreover, given that Will had no background in or familiarity with the job of data analysis, presence and help of the mentor really helped him to get the perspective needed to hire for such role.

How startups respond to expectations of creating a narrative

I saw evidence that some founders apply investors' recommendations about building a persuasive narrative to attract and hire candidates. For instance, Jim, a founder and entrepreneur, who by his own description had learned about the elements of a powerful hiring narrative from his one investor, told us about meeting a candidate at a social event. Jim said he realized that this candidate had great potential but was planning to apply for big companies. Through a lengthy conversation with the candidate, Jim explained to him the advantages of working for startups, in particular his own, and managed to persuade him to think about applying to startups like his:

> ...so, you know I instantly I started pitching ... I asked him, first of all like what's your aspiration and I found out that he wants to join one of the big guys you like Google or Amazon, Apple ...and I said you know that's actually an excellent aspiration....and this is where I built my argument …. I said you know you might not get as much hands-on experience in one of the larger firms ...he agreed.... I said, have you ever considered ...maybe working let's say 4 to 5 years at a smaller company before making your move to a larger firm and on top of that your CV will look better as well ... he said you know for the first two years ...it's just about learning. I said oh if that's the case then you know why not work at a start-up and … there is another additional benefit which a lot of the engineers use in Silicon Valley leverage… they essentially go to work at like four to five start-ups, ...even if it's a 1% equity ... then they're sitting on 1% of let's say 5 companies before they go to work for a big guy, right?...

In a follow-up conversation with Jim, he mentioned that they did start a more formal conversation with this particular candidate to evaluate how and when he can join the startup.

How startups respond to expectations of creating roles

I saw evidence that in response to investors' expectations, founders start the process of creating different roles. Matt, whose practices around planning were discussed earlier, also explained why investors care about the roles in the team and what startups do to meet these expectations:

> They ask us what kind of people you are hiring to implement this because a lot of the comments we get as well is obviously you can't do it just with three technical people. And then of course we cannot. So, then the next question is then who are you going to bring on? Then we talk a little a bit about the kind of targets we have and how some of them are already lined up and at that point they might ask what kind of background, what kind of experience level for each role…When it becomes pretty clear that the guy we are hiring is senior and has relevant experience then that's where a lot of times we'd feel like people feel like either optimistic or they might be impressed about it.

What Matt explained in the above quote and similar quotes from entrepreneurs show how knowing about investors' expectations around creating roles made them be prepared for and plan for it.

For the portfolio companies this process happened under the active involvement of investors. For instance, Kendell, the CEO of a credit verification platform explained to us that he had been taking care of all the finance and operation parts of the business on his own and that he found it difficult to find enough time and energy to do everything: "I thought about hiring someone multiple times but then I was like let's wait and grow the business a bit more...more money better hires, is what I thought." After he joined the accelerator, investor partners told him that he was indeed taking care of too many tasks at the same time and that there was no way he could do everything and do it well. They then helped him create a list of key tasks, those that he absolutely needed to be on top of them, mainly related to the financial side of the business, and a list of other tasks that could be delegated and the skills required to perform these tasks. Going over the second list together, they decide that the first hire should be a VP of operations. They then helped him write a job description, advised him on how the work should be structured in the company and put him in touch with a couple of people who could introduce him to a potential candidate. Kendell ended up hiring someone from the extended network of one of the mentors at the accelerator.

How startups leverage the extended networks

I saw evidence that investors make their network available to their portfolio startups and they leverage this opportunity to connect with and hire candidates. For example, in one of the early weekly meetings between the founders of a cybersecurity startup and an accelerator managing director, Mona, one of the founders said, “I think we need someone to take care of the finance, investors and customers’ relation...maybe someone with investment background....” Others nodded their heads. Anne, a managing partner, responded, “makes sense, but like a CFO?” Mona responded “Well...We had a CFO. He left. Now we have an interim CFO, taking care of basics, but he is saying he can’t stay long, and we haven’t been able to find a replacement yet…. Now that we are seeing new customers and investors, we need someone more focused.” The managing directors started talking about a couple of people and their potential fit for the role. Eventually, John, one other manager, looked at Anne and said, “What about Peggy?” Anne nodded and said, “She is a good option.” John finished the conversation by telling Mona that he would reach out to Peggy and update her later. John later explained to us that Peggy is a trusted colleague in their network, someone they have known for a long time. Peggy had been a CFO for a consumer product company before and later chose to work as an independent investment advisor, plus she had been a valuable mentor for accelerators’ startups for the past three years. After a couple of rounds of negotiations, first between Peggy and managing partners and then between Peggy and the startup founders, she agreed to join the startup as CFO. Our observations at the accelerator showed that another advantage of this network sharing, besides finding top candidates for specific roles, is economizing on time and resources, and thus progressing according to companies' plans especially when startups are working towards a deadline such as presenting in front of a potential customers, partners, or a VC.

How startups respond to expectations of diversity

In our interviews, many of the startup founders described becoming aware of investors' expectations about diversity and altering who they hired accordingly. For instance, in cases where the founder(s) had only technical backgrounds, they hired someone with business acumen to complement their skills. As mentioned before, entrepreneurs became aware of these expectations either through direct conversations with investors or by hearing about the expectations from others in the startup ecosystem. Jamal, a tech entrepreneur who had recently founded a startup but had no business skills, told us about how knowing about investors' expectations pushed him to hire someone with such complementary skills.

> "I have intense tech background...what I needed was different skills…more so business skills, so that we could build a very strong team, a team that was presentable to investors and government agencies for funding … I knew from colleagues, other entrepreneurs that investors care about different skill sets within the team...I started having this informal conversation with Andrew who was introduced to me by some friends.... he had a business degree and extensive experience working with startups.... I then asked him about some financial and business questions, because I knew he had such expertise ... to figure out if he is a good fit or not...he had things to offer, after several rounds of conversations after we agreed to implement his recommendations, he agreed to join us".

In the case of portfolio companies, I observed that in teams where founder(s) had only entrepreneurial backgrounds, they hired people who had experiences working for diverse organizations, especially in roles that required more management skills such as head of operations, finance or sales and marketing. Nina, founder of a social startup, told us about what she had heard from one of her mentors early on in her entrepreneurship journey: "she said your team doesn't have to be big. But the team has to be credible both for the investors and for customers in terms of why you are capable to deliver on your premises... your team needs to have all the right skills." Nina further explained how this advice made her conscious about how she wanted to build her team and what kind of people she needed to hire to complement the skillsets of the team.

Hans, who talked to us about his experience with a managing partner at the accelerator, explained how that interaction gave him a perspective on diversity and influenced the way he was reviewing job applications in general and made him consider "those who don't necessarily look like us or have similar backgrounds" when hiring. Later, and as the team expanded, I observed that he hired a woman "with a bachelor's in commerce from a university in China but really good experience and good potential" for the job of marketing manager.

Long-term consequences of hiring imprints

Beyond the main effect that is creating processes that keep being used and roles that keep being filled, the hiring imprints can also have other intended and unintended long-term effects. In the following section, I will cover some of these effects.

Paving the way for raising future funds

Building a strong, diverse, and committed team in startups can be seen as a form of "window dressing", in anticipation of upcoming milestones (Ferguson et al., 2016). One such milestone is moving to the next rounds of funding and presenting to a different group of investors. Startups usually go through a series of funding stages[2] and to move to the next stage they need to show a higher level of readiness and performance. With the help of their initial investors (such as accelerators), startup founders are able to hire employees and build teams that look professional and eligible in the eyes of future investors. Evidence for such effects in our data came from interviews with entrepreneurs that have worked with angel investors and

[2] https://www.investopedia.com/articles/personal-finance/102015/series-b-c-funding-what-it-all-means-and-how-it-works.asp

accelerators at the beginning of their journey, have made a track record, and made it to series A and B. Ahmad, the founder of Halal Investing Solutions platform told us how the team that he built while he was at the accelerator (he had graduated from the program 2 years prior to our interview) helped him in his consecutive fundraising endeavors:

> One of the things that accelerator has helped us with, when we were in the program, was how to organize or reorganize our team, sort of who to hire and how to present the team to the investors at the end of the program ….we built a strong team…now even after two years I still sometimes think about their advice, in hiring and what not…I go back to my notes... each time I want to pitch in front of new investors … showing that we have a strong team helps a lot in getting funding...

This quote illustrates an important point: accelerator partners and mentors have helped Ahmad to understand what future investors expect to see in a good startup team and how to build a team that meets their expectations. These learnings had an enduring effect that made Ahmad revisit them repeatedly in future. Further, Ahmad addresses the issue of "window dressing" I discussed above. The fact that once you understand how to build the team and what rules and expectations to follow, you will be set for future pitches in front of the future investors, partners and customers.

Efficiency in hiring

Ahmad example also shows us how the hiring imprints can bring efficiency in hiring as they create structures that startups can refer to and follow as they grow and need to hire more people. Further, in many of the examples that I mentioned above, especially in the case of portfolio companies, it is very clear how the engagement and help of investors made startups more efficient in finding and hiring employees and building their teams.

Isomorphism in the ecosystem

Given that investors interact with many founders each year, either formally or informally, the hiring expectations fly beyond the boundaries of individual startups and eventually become widespread in the startup ecosystem. From many of the instances where investors' expectations were communicated through diffuse means I saw how they happened because the expectations were quite known by others in the ecosystem (e.g., mentors). This is direct evidence for the fast spread of expectations that can lead to isomorphism in how hiring is structured or in other words imprints are created in startups.

Inequality in hiring

Since investors share and leverage their trusted networks while working with their portfolio companies, it is likely that the same people get hired and circulated among portfolio startups of an investor or an investment firm. So, by extension, only a small portion of labor market would be available to startups in the ecosystem. Moreover, by structuring the process and filtering the candidates according to certain fix criteria, investors prevent candidates with idiosyncratic backgrounds to get hired into startups. This goes against the general assumption that believes startups are helping with increasing the diversity in the labor force by hiring candidates with diverse profiles.

Conclusion & Discussion

In this paper, I explored how investors exert influence over startups through the hiring process. This is an area of investors influence that has historically been less paid attention to and studied in both organization theory and entrepreneurship literature. Drawing on qualitative interviews and observations of hiring in startups I showed that investors have very clear expectations about hiring in the startups both in terms of who needs be hired and how that hiring needs to happen. Further, I found that investors push startups to meet these expectations through three devices each targeted to slightly different audiences: they shared their expectations throughout the startup ecosystem through diffuse means; they offered targeted advice to the startups in their portfolios; and sometimes actively participated in the hiring processes. Because startups depended on the financial resources and the legitimacy that investors offer, they took actions to meet many of these expectations. I uncovered the immediate effects of these dynamics as they become patterns, or imprints, that last well beyond the early stages of startups. Through hiring investors imprint both the roles and hiring structures among those startups in their portfolio but also among other startups in the broader ecosystem. I also highlighted some long-term consequences of these dynamics for the startup ecosystem such as isomorphism and inequality in hiring.

Given that our data was mainly from early-stage startups, future studies can study larger startups and later-stages to see if there are any varieties in the level of involvements of investors and if so, what are the causes and consequences. Further, the potential involvement of other parties in the ecosystem (e.g., mentors) in the hiring process of startups can be investigated and some possible nuances for the interaction of these different sources of influence can be shown. Finally, it might be worth exploring the existence of the same or similar processes in the established companies; how different stakeholders can influence the hiring process within these organizations.

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Table 1: Data Sources

Interviews				
Category	**Sample Roles**	**Number of Subjects**		
		Project 1	**Project 2**	**Total**
Founders/Hiring Managers	CEO CTO Founder HR Manager	20	18	38
Investors & Experts	VCs Angel investors Managers at investment accelerators Bankers	15	37	52
Employees in Startups/ Startup Job Seekers	Developers Customer Support Marketing Sales Office Manager Analysts Data Entry Operators Interns	30	18	48
Interviews Total		65	73	138
Observations (hrs)	Weekly meetings Workshops Seminars Interviews	180+	100+	250+

Table 2: Evidence of Investors' Expectations

Expectations about who to hire	
Diverse	1)"I mean, structure of team kind of depends on what stage you are in, you know, if you are really early and are building a prototype and what not, then, you know, that's the core team. It can be purely focused on technology. But once you get to this stage of trying to raise funds, trying to bring the product to the market or trying to scale, then you need folks with business experience, to help to bring the product to market." (Michael, Angle investor-from a social event at the accelerator) 2)"I would be interested to be with and invest in diverse teams who ideally, have some diversity in the team, I'd be happy to see that. … if a gender can be, you know, a ratio controller backgrounds, like it's not just one criterion, but that, you know, but I don't necessarily want to see white guys from kind of, you know, same backgrounds... You know, my husband is a white guy, so there is nothing against. But diversity is what I'd love to see. I want to see more than just Mr. Drone, Mr. Smith said Mr. Whatever." *(Peggy, investor)* 3)"I definitely think you need to have some diversity of skill sets. I'll give you an example. There was one that I interviewed, and they seemed really good, but they were all developers. So they spent a ton of time focusing on getting the product and the engineering right, which is great. And given that they're all developers from a product development standpoint, they've done a fairly decent job." *(Danielle, director at an accelerator)*
Strong skills	"I think just general practice to this. We look for exceptional people that have deep knowledge and background in the areas that they are building products for. They are obsessed with what they are doing. They have a maniacal focus on specific industry. They are complementary to each other, meaning they work well with one another. They have a relationship that's gone on for a while. They are very trustworthy towards one another. Those are the types of things we look for in a strong team." *(Roland, VC)*
Committed	1)"When evaluating the team on LinkedIn, I check to see if they're doing this full-time or if they have another full-time job ... if not, we start wondering if our firm is still going to invest money. Because you want somebody who's, you know, fully in, fully committed to success. So, it's not a good sign if they have a day job and, I know that means that there are a lot of people who don't have the money to sort of not work and do a startup, but as an investor, that's not really my problem." *(Alex, former banker and current investor)*
Expectations about how to hire	
Importance	1)"They should know those first employees set the tone for the company. Their effects multiply with every person that comes after." (Andrea, Angel investor)
Structure/planning	2)"They need to hire thoughtfully. So, plan, plan, plan." (Andrea, Angel investor) 3)"Employees are expensive, they add organizational complexity and communication overhead, hire slowly, wait until you have a process in place." *(Sam, VC)*
Narrative	1)"I want to see them selling their story! Employees are persuaded emotionally, emotions drive decisions." (Sam, Investor)

	2)"It is like building a religion. If people don't connect what they're doing day-to-day with a higher purpose they care about, they will not do a great job." (Brad, investor) 3)"Yeah, I guess you had to imagine what you can have -- what you can give to that person to retain the person is what you think of? To retain a person who has an internship offer of $5,000 in Google? If you just offered them a piece of a vision, which is significantly more important than an internship at Google, but as I said, it's difficult to keep them in touch with the vision. If you feel something really great and they believe in it, then you keep them, it's simple. I think it's simple." *(Claudia, expert)*
Roles	1)"Sometimes they hire someone that overpromises because they worked previously at a big tech firm, so their resume looks impeccable, but their ability to really step up and lead in those early stages is minimal. Delegation early on is really tough; founders have to delegate to early employees, but early employees don't have others to delegate to (at least initially). So startups need to think about jobs considering all their limitations and boundaries and hire accordingly." *(Amy, angel investor)* 2)"So, I think eventually we want to get grow organization in terms of getting people in all the different functional areas. So, as you grow the business, grow from a team of like two people to five to ten and then eventually, you need a financial manager. You need an offshore manager, and you need to keep up people in the key functional areas. I think that areas that we generally focus on for them to hire would be sales. It can be someone technical but generally, the entrepreneurs were quite technical, so it would depend on where the gaps are. We do that gap assessment during our evaluations well and said well, you might not need the financial manager full time right now but in the years' time you would. So, it's around your back office with your financials and so on. And then we also make sure that the board is properly composed. So sometimes you would need non-executive directors. You would need an independent chairman and then we would get highly involved in those." *(Liette, private equity investor)*
Networks	1)"Founders should be really reaching out to other founders and say, 'Hey, do you have any former employees that you recommend, or do you know anybody in your network?' They have to be willing to constantly ask for help and advice as a founder. And the ones that do that I think are much more successful in hiring." *(Robert,VC)* 2)"I think the network is probably the most valuable asset any investor can bring to the table. And it's not always easy. I am only saying this because I've been talking and working with so many startups." *(Peggy, investor)*

Table 3: Illustrative Examples of Three Devices

Devices	**Sample Quotes**
Diffuse Communications	1)At a startup social event, an investment expert told entrepreneurs: "Early hires are often generalists and that is ok but at some point, they need to stop wearing different hats…as startups grow they might need to train generalists to focus on specific areas or projects or hire specialists, and that means you need to understand the roles and responsibilities…to plan for it, but you also need to understand when it is the right time to do so." *(Brian, investment expert)* 2)At a startup social event, an investor told entrepreneurs: "Create a narrative based on your values. Live your values. Your values tell people what you are about, what you expect from them and how your company sees the world. Your values attract good employees and then encourage them to live up to them (Brad, investor) 3)If they [non-portfolio entrepreneurs] ask for feedback, we might be able to help but that will be limited for sure. *(Joanne, investment expert)* 4)"I'll tell entrepreneurs surrounded by other interesting people… our graduates come back to participate in events and then they'll come back to meet and network with people but more than that they'll come back to offer advice. Because they just went through this entire experience. We don't always need a person who's been in business for 20-30 years to tell us what to do. They have a certain skill set, they have a certain experience and that's very valuable." *(Diana, director of incubator)*
Targeted Communications	1)"After we help them to build the right narrative, then we move to the requirements of the role. Role requirements are also a big Achilles heel because early-stage companies want people that can do everything but the roles need to eventually get specified." *(Sam, investor)* 2)"For our companies, we help them see future and what they will need as they grow…that also includes the jobs and who to hire or not to hire, when to hire etc,…we are part of the planning process and we work together to get it right." *(Amid, investor)* 3)In almost all one-one-one sessions at least a couple of minutes was spent on sharpening their stories of 'who they are' and 'what they do'. Some entrepreneurs would even bring back feedback from the sessions they had outside the accelerator (e.g., meeting with prospective customers or investors) and accelerator's' managers and mentors would help them address those issues. *(Observation at the accelerator)* 4)"So, I coach them on preparing them to understand, oh, you want to hire 20 people this year. Okay, now the curtains match the drapes. Now we've got a well-thought-out, assumption-driven model behind the timeline, but how can you physically do this if you're too in the business? Oh, well, I'm going to hire a recruiter. Is that going to make the company more successful? You're a 5 percent company today. A, we don't have the budget to hire a recruiter or B, that recruiter still needs a lot of education and time. And until you can articulate and define the culture with precision and perfection, then hiring a recruiter is not going to solve your inability to articulate and refine your culture for you." (Roland, VC) 5)"I would tell them to go to networking events, like all related startup events.…well, even before that I would say start with your own network because I mean, before doing all these, exhaust your own network, meet a lot of people from

	your own network... So, really referrals helps with finding people, if not then, yeah like I mentioned, all the networking events.” *(Kan, investment expert)* 6)“What I told them was you need to have someone who actually knows how to run product and, you know, you need someone to focus on sales and marketing because you guys don't know anything about that. Like, you're probably really, really great engineers. You're clearly super smart. But if you want to make this a business, you need to have other types of skill sets who can focus on that stuff as well. So I do think that, you have to have somebody who can understand the business side of things. You obviously have to have people who are technically good.” *(Danielle, director at an accelerator)* 7)Kim, an entrepreneur, was taking to mentors about two candidates for a developer role he wanted to fill. One could come on board full-time and the other had another job and could join at least initially only part-time. He talked about minor differences between the two and the pay difference. John, an accelerator manager said “I think if there are both equally good, definitely go with the one who can join full-time, it is easier to delegate responsibilities to him, its more reliable and your team look all on board and committed to this… this is important in your pitches”. 8)“It’s not physically possible for us to implement practices in all startups. What we do is recommending hiring practices based on things that we’ve learned from the community, because we have our ears out there.” *(Alex, VC)*
Participation in Hiring	1)“I mean we're part of a system called Monday.vc, which takes these candidates and puts them into a system. The reality is that the hiring timeline and needs are so different that by the time the company needs a specific candidate profile, they're no longer available. So, we'll try if it's possible, but more often than not it's not necessarily possible. What really happens is because part of our job is to network and attend events and go do talks, I lecture at [name of a Canadian University] a couple times a year, I meet many smart students. We have millions of ways to meet new people. It's what we do. We get a lot of people coming to us, "I want to start a company," or "I want to join a company." We do a lot of matchmaking between candidates and startups, but more important than that I think is teaching people how to be great at recruiting and interviewing and systematically hiring, not profiling but systematically hiring. You have an applicant tracking system. You have a hiring process. How does a candidate get from one stage to the next? If you don't respond to someone in two days, you're creating a bad impression of who you are.” *(Linda, VC)* 2)“Sometimes you feel like, oh, I can [network] myself. I can reach out to that person or this person myself. But you can never get through unless there is a connection that introduces you ...there is someone who knows someone there that is credible enough who can get you to who you want to. Investors open doors. So that's why the network of that advisor is important.” *(Peggy, investor)*

Table 4: Evidence of Direct Effect

Diverse	Overall, we observed that not only during their fellowship with the accelerator but afterwards (follow-up data from interviews and LinkedIn), all startups hired diversely, with regard to both gender and skills. **(*From our observations at the accelerator)***
Strong skills	"I mean, even W Investment as an example, it is an angel investor group. I belong to it. We invested in one company and the CEO was great up to a point. Well, when it came time to scaling the company, you know, everybody recognized he wasn't the one to do it and that they needed a new CEO. He [first CEO] stayed involved in the company. I believe he became the CTO. With our recommendations a new CEO was brought in to really drive, bringing the product to the market." (Michael, Angel investor) "Yeah, once I remember I kind of was really stuck....I had a finance person who was working with us for almost four months and suddenly decided to pursue a graduate degree and left us, so I absolutely needed to find someone to replace him, and I remember had a meeting with an investment bank the week after, so I reached out to Anne, one of our investors from the accelerator [he had graduated from the accelerator the year before but had relationship with them as they had invested in the company] and asked for help. She mentioned one of her ex-colleagues, who was the CFO of her previous company, she said he can be the perfect fit for you now and she facilitated the introduction...the guy actually accepted to join us at least until we figure things out and so we had him when pitching at the bank, which really helped, you know he was a senior so yeah, he stayed with us for a couple of months but then left for another job and we couldn't really afford his salary at the time but then he even helped us with finding another person to replace him." **(***Jamie, a founder)*
Committed	"Yeah, he basically told me that it's better to have someone up there, on my team, when I am presenting it... that is a full-time employee of the company. Our head of IT, was fabulous, I mean he was super super smart, but he had another job at a big financial company, he kind of worked with us on his free time, weekends….My friend had applied for the same accelerator last year, he said they check your employees, see if they are full-time or not…. said you don't want to lose the opportunity just because of that…so I hired a full-time CTO." *(Lilia, entrepreneur)*
Structure/ planning	"So, we applied to a Canadian government grant. For that you don't have to make concessions here or there. You just tell them exactly how you intend to do something and then you go from there. So, with that in mind, what we did was, we basically laid out an eight-month plan for you know whenever we get the funding from them and that's how we would sort of bring in quite a few people onboard but what we didn't realize is that you actually have to get Letters of Intent from the people that you wanted to hire in order to be eligible. So, this was bit of a shock for us because obviously, you know we had not approached anyone and so in three and a half weeks, we sort of had to really ramp up our recruiting effort, so we outlined certain technical needs that we would need and then from there we then realize okay, we need a full-stack web developer. We are going to need some serious you know, UI/UX expertise, you know for the interface and things like that. So, those are the two main roles but then, we also needed some technical writers. We also identified that we needed a natural language processing expert and we proposed salaried for each and so, you saw how they [government evaluators] think about like our own [founders] salaries they don't want us to underpay ourselves and they are completely fine paying top of the market salaries to the people we want to hire as long as it, you know we can show that those people are

	the ones that will add a certain kind of value that no other can add to the project.” *(Jim, startup founder)*
Narrative	“A good story helps you when you are pitching to clients and partners…we worked a lot on it while we were at the accelerator, almost every week, working on details, making it perfect…why we are good at this and why you should trust us…it also helps when you want to hire someone exceptional, because you also need them to trust you.” *(Catherine, entrepreneur)*
Roles	“He [investor] told me to avoid “hero mode” or the temptation to do everything myself. He said it usually ends in a meltdown and that we will be late on projects and deadlines…we sat together a couple of times thinking about our needs and who we can hire in what job to get things going a bit smoother at least for the time being….we created the job of ‘head of development” someone with computer science background who had experience with fintech and could help us primarily with presenting to and dealing with new customers or partners and network on behalf of us.” *(Gregoire, entrepreneur)*
Network	“We try to make ourselves known within the networks here by doing the workshops, going to conferences, presenting where we can, so, all of a sudden you build up some sort of image and not speak to someone and tell them hey listen, we’re looking for someone, you know, to bring someone on board, they’re not like, well, who’s [name of startup], I’ve got no idea who you guys are

Connection Between Essay 1 and 2

In the first essay, I showed how investors influence and shape hiring in startups. When startups learn who and how to hire, they hire qualified candidates and build strong teams (Bertoni, Colombo, & Grilli, 2011). Startups with strong and diverse teams are more likely to receive favorable evaluation from investors and raise funds as they go through different rounds of fund raising (Beckman, Burton, & O'Reilly, 2007). Raising more funds enable startups to hire more and better and to potentially go after candidates that ask for higher salaries. Therefore, the two processes of hiring and receiving positive evaluation from investors reinforce each other.

As such, in the second essay, I take a close look at how startups are evaluated by accelerators (a type of angel investor). In doing so I highlight what kind of startups are more likely to attract the attention of investors and receive positive evaluation. I also discuss the consequences of such evaluation processes for startups (e.g., hiring).

Essay 2: Screening for the Startup Savior:

The Paradox of Information Gathering and the Obsession over "Ideal" Founder Characteristics

Abstract

Prior research has investigated how the evaluation process is subject to subtle and covert forms of biases that ensue in discriminatory outcomes. Yet some scholars have argued that gathering additional relevant information about candidates could reduce these biases and improve the quality of the evaluation process. Nevertheless, recent research on evaluation suggests that the relationship between information gathering and evaluation quality might be more complex. In this research, I examine how gathering information about candidates and processing such information shapes the processes and outcomes of evaluation. Through a longitudinal ethnographic study of a Fintech accelerator, I observed that being conscious about the potential influence of biases encouraged evaluators at the accelerator to collect a comprehensive set of data on all startup applications. However, I found out that evaluators rarely probed all the data and instead relied on certain attributes to screen for and find "startup saviors" or "ideal founders". Some of those "ideal founder" characteristics focused on prototypical attributes such as pedigree, nationality, and gender. But beyond the typical attributes, I observed that evaluators used "third-order inference". They considered what will be regarded by most others, other FinTech investors in the startup ecosystem, as a good choice. As such, they used characteristics such as 'connected,' 'presentable,' and 'sellable' to evaluate the founders in their application pool. I argue that this process of evaluation leads to discrimination against those that do not fit the frame of "ideal founder" and eventually to inequality in allocation of resources to early entrepreneurs.

Introduction

Evaluation is a central aspect of socioeconomic life and organizational landscape. Evaluations determine where and how resources and rewards are distributed, leading organizational scholars to dedicate much attention to evaluations and their related outcomes. Given the pervasiveness of evaluation, organizational scholars have studied how evaluators make decisions and the consequences of such decisions in a variety of different contexts, from hiring (Rivera, 2012, 2016; Botelho & Chang, 2020), online platforms (Kuehn, 2013), and investment (Botelho & Abraham, 2017) to restaurant rating (Botelho & Gertsberg, 2021) and more (e.g., DiMaggio, 1987; Corse & Griffin, 1997).

Prior research has investigated and documented how the evaluation process is subject to subtle and covert forms of bias that ensue in discriminatory outcomes (Castilla, 2008; Kang et al., 2016; Rivera & Tilcsik, 2019). On the other hand, some scholars (e.g., Petersen & Saporta, 2004; Altonji & Pierret, 2001), have argued that gathering additional and relevant information about subjects of evaluation could reduce potential biases, eliminate opportunity structure for discrimination and improve the quality of the evaluation process. Nevertheless, recent research on evaluation suggests that the relationship between information gathering and evaluation quality might be more complex (Rissing & Castilla, 2014) and collecting more information can even create cognitive load (Sweller, 1988) and does not necessarily lead to better valuation outcomes and. In this research, I examine how gathering additional information about candidates and processing such information – both in terms of quantity as well as the quality of relevant information – shapes the processes and outcomes of evaluation and if it actually reduces bias.

I am examining the above question in the important yet understudied context of startup accelerators. Accelerators are novel and unique organizations that receive between hundreds to thousands of applications from early-stage startups each year to evaluate and select only a few for investment and the mentorship program. Similar to other early-stage investors, accelerators are faced with the problem of uncertainty and as such they tend to collect as much relevant and fine-grained information as possible. Accelerators are structured around a multistep and extensive evaluation process. Results of this evaluation process are consequential both for accelerators that expect high return on their seed investments and the selected startups that embark on such journeys to get much needed mentorship and seed money for growth. Hence, accelerators provide a unique setting for studying the intersection of information gathering, evaluators' biases/preferences and evaluation accuracy in the emerging and uncertain entrepreneurship landscape.

My data analysis shows that that evaluators rarely probed all the data and instead relied on certain attributes to screen for and find "ideal founders". Some of those "ideal founder" characteristics focused on prototypical attributes such as pedigree, nationality, and gender. But beyond the typical attributes, I observed that evaluators used "third-order inference". They considered what will be regarded by most others in the startup ecosystem, as a good choice. As such, they used characteristics such as 'connected,' 'presentable,' and 'sellable' to evaluate the founders in their application pool. I argue that this process of evaluation leads to discrimination against those that do not fit the frame of "ideal founder" and eventually to inequality in allocation of resources to early entrepreneurs.

The Role of Evaluators in the Evaluation Process

Across a range of evaluation contexts, even with formal criteria and categories of assessment, the interpretation and measurement of subjects' qualities are left up to the evaluators

(Rivera, 2012; 2015). Some sociological studies have documented that the rating that a candidate receives depends on the particular evaluator with whom applicant was paired and the type of experiences that the evaluators personally values rather than any objective condition (Rivera, 2012, 2015, 2017; Rivera & Tilcsik, 2019). For instance, related literature on interpersonal dynamics shows that similarity is one of the most powerful drivers of evaluation in micro-social settings (Byrne, 1971) such as job interviews (Huffcutt, 2011) and academic evaluation (Lamont, 2009). Similarities in sex and race, tastes, experiences, leisure pursuits, self-presentation styles, and culture that can serve as strong sources of interpersonal attraction and stratification, have been extensively studied before (Lareau & Weininger, 2003; Wimmer & Lewis, 2010; Rivera, 2012; Lamont & Molnar, 2002). It appears that discovering such similarities functions as a powerful emotional glue that facilitates trust and comfort, generates feelings of excitement, and bonds individuals together (Collins, 2004; DiMaggio, 1987; Erickson, 1996) and can eventually introduce bias and influence how an evaluator assess the candidates/applications. As such, the best candidate may not rise to the top.

Some other studies have shown that even in presence of some evaluation guidelines the same objective criteria seem to support very different patterns of valuation, suggesting the looseness of objective constraints on construction, and hence a high degree of contingency (Salganik et al. 2006, Zuckerman, 2012). The question that remains is that in contexts such as accelerators when evaluators are evaluating not only a person but also an associated idea, what qualities matter more in their subjective decisions and how they scan the data to find those qualities.

How Evaluators Make Sense of Data

In the evaluation processes, candidate quality is not often entirely observable which leads evaluators to rely on signals that help proxy for candidate quality (Botelho & Gertsberg, 2021).

Candidate status seems to be one such signal that evaluators frequently rely on in their assessments of quality (Podolny, 2005). Status markers, like ranking systems in education (Espeland and Sauder, 2007) or awards and prizes (Rossman et al., 2010), highlight quality differences among actors and can lead to socioeconomic inequality.

Previous studies have provided strong and consistent evidence that higher-status candidates receive superior evaluations relative to similar but lower-status candidates, resulting in more attention, credit, and direct resources (e.g., Bowers & Prato, 2018; Kim & King, 2014; Malmendier & Tate, 2009; Merton, 1968; Simcoe & Waguespack, 2011). An implication of such studies is that evaluators' assessments differ when they are dealing with high-status candidates relative to similar but lower-status candidates and this is yet another bases for bias.

As explained before, in the context of accelerators, evaluators are likely to experience the challenge of finding clear signs of early-stage startups' quality and thus, as suggested by the above literature, might rely on status signals as proxies. Identifying such signals and showing their potential influence in the evaluation process can be an important contribution to the evaluation literature, given accelerators' role in the development and financial procurement of early-stage startups across the world.

Role of Information in Evaluation

Prior research, both in sociology and management, has investigated and documented how the evaluation process is subject to subtle and covert forms of bias that ensue in discriminatory outcomes (Castilla, 2008; Kang et al., 2016; Rivera & Tilcsik, 2019). Yet some scholars have argued that gathering additional relevant information about candidates could reduce these biases, eliminate opportunity structure for discrimination and improve the quality of the evaluation process (Petersen & Saporta, 2004; Altonji & Pierret, 2001). Moreover, considerable information is now universally retrievable at low cost that reconfigures (e)valuative practices, including the role of nonexperts and of interactional expertise in the process (Collins & Evans, 2007). As such, many are now able to evaluate faster and more comprehensively than ever before even in the areas where they have limited expertise.

Nevertheless, recent research on evaluation suggests that the relationship between information gathering and evaluation quality might be more complex (Rissing & Castilla, 2014). Collecting more information may cause cognitive load (Sweller, 1988) and does not necessarily lead to better valuation outcomes. For instance, Botelho and Abraham (2017) show that double standards disadvantaging women are more likely when evaluators face uncertainty related to variation in the amount of information.

In this research, I examine how gathering information about candidates and their ideas and processing such information – both in terms of quantity as well as the quality of relevant information – shapes the processes and outcomes of evaluation.

I have chosen accelerators as the context of this study because accelerators are novel and fluid organizations that are structured around a multistep and extensive evaluation process of fledgeling startups. Hence, they provide a unique context for studying the intersection of information gathering and evaluation in the emerging and uncertain entrepreneurship landscape. Through a longitudinal ethnographic study, I observed that being conscious about the potential influence of biases encouraged evaluators at the accelerator to collect a comprehensive set of data on all startups. However, I found out that evaluators rarely probed and paid attention to all the data and instead relied on certain heuristics and attributes to screen for and find startup saviors or "ideal" founders.

Research Design and Method

This study is based on one year of intense ethnographic fieldwork at FinAccel[3], a Fintech accelerator, conducted between February 2020 and January 2021. I followed the accelerator as they planned for, received, and evaluated more than 750 international applications until they chose the final 8 teams. I focused on the evaluation process and the approach taken by evaluators.

FinAccel provides a "strategic research site" (Merton, 1987) to examine our question for the following reasons: (a) since there is significant uncertainty about the quality of the ventures that apply to be part of the accelerator cohort, evaluators need to gather additional information – both in terms of quantity and quality/relevance – to assess these early-stage ventures; (b) at the same time, this is a vertical-specific accelerator; unlike generic/horizontal accelerators, vertical accelerators focus on a specific sector; this helps me compare startup applicants in the similar sector (as opposed to startup applicants who belong to different sectors with varying levels of status, prestige, and market potential).

Context and Research Site

I examine our research question in the context of the evaluation of early-stage ventures by accelerators. Accelerators are programs of limited duration that help ventures build their initial products, identify customers, and secure resources including seed capital (Cohen, 2013). There are two main types of accelerators: horizontal and vertical. Horizontal accelerators are

[3] Name of the accelerators is a pseudonym for the purpose of protecting the confidentiality of the study participants.

designed for those start-ups targeting a specific product or technology that finds customers in more than one market. On the other hand, vertical Accelerators are designed for those start-ups that are targeting a specific industry, trade, or customer type[4].

Our research site, FinAccel, is a vertical accelerator in the FinTech sector. FinAccel is based in Montreal, Canada and has international operations. It officially started operating in 2018 and on average, has annually been receiving around 700 applications (starting form 350 in 2018 and reaching to 1000 in 2021) from startups offering products and services in Fintech industry. Each year, after a multistep evaluation process, which involves more that 100 internal and external evaluators, FinAccel select a cohort of 8 to 10 startups to join their program. FinAccel invest initial seed money in all the selected startups in exchange for some equity. The terms and conditions of this investment is negotiated before startups join the program. During the three-month program, FinAccel will provide startups with regular mentoring and networking opportunities with successful entrepreneurs, VCs, angel investors, and executives at banks and other related corporations.

Who Were the Evaluators?

There were four internal and more than 100 external evaluators who participated in the evaluation process. Two of the internal evaluators (one male and one female) were also managing partners at the accelerators and thus were considered direct investors themselves. They both had extensive experience in the industry as entrepreneurs and investors. The other two evaluators (one male and one female) were employees of the accelerator. Although one of them had more experience within the Fintech industry, they both had previously been hired by and

[4] http://www.brodgarandmulligan.com/post.php?id=20

worked for accelerators. The initial applications were equally distributed between all internal evaluators, with each application being evaluated by two different evaluators.

External evaluators were all experts in the industry. Most were investors (angel or VC) and worked either independently or were associates of an investment firm. Others were bankers who were responsible for or had experience at the investment departments. They were all part of the network of managing partners of the accelerator who accepted to contribute to this process. They did not all get to evaluate the same number of applications; some had as few as two and some as many as 20 (it varied according to their availabilities). When I interviewed them, majority of them stated that being involved in this process, although time-consuming, gave them the opportunity to learn about new technologies and advancements in the field and invest in the ventures they are interested in. They also considered this an occasion to extend their networks and get to know and connect with other investors in the field.

FinAccel management believed that external evaluators brought with them a wide range of perspectives and knowledge that they needed to evaluate startups accurately and objectively. Table 6 provides details on the demographic information of evaluators. Moreover, because external evaluators were all directly or indirectly involved in investing in early-stage startups, their evaluation would reflect the potential of startups for attracting investment in future (series A, B, C). Being able to raise more funds in future mattered to FinAccel because that would eventually increase the valuation of the ventures and FinAccel's equity. Furthermore, involving a large group of respectable and well-known investors and experts in the process would contribute to promotion and credibility of FinAccel in the accelerators' and startaup ecosystem.

Insert table 6 about here

Data collection

Our primary sources of data include 6 months of longitudinal and embedded observations of the evaluation process at FinAccel and interviews with 53 evaluators before, during, and after the observation period. To understand how the evaluation feels from the "other side" -from the experience of startups founders- I also conducted 12 separate interviews with founders who were ultimately selected into the program. As summarized in table 5, I use three types of data: observational, interview, and archival.

Insert table 5 about here

Observations. When I began the research, I had some initial conversations with managing partners of the FinAccel and their administrative assistants to gain an overall perspective into the evaluation process, phases, and the timeline. After doing some primary planning the first author started the initial phase of observing the evaluation process.

Application screening and scoring. This initial phase included applications' screening, scoring, and ranking that was carried out by more than 100 evaluators. All entrepreneurs who want to apply for the program at FinAccel, need to do it through an online platform. The application includes a comprehensive and detailed questionnaire and asks for supporting documents such as a pitch deck, a video introducing the team and the offerings, and links to all social media platforms. The application is provided by a platform that some other accelerators/investors around the world use to evaluate the startups and/or invest in them. The questionnaire has 49 questions, 34 of which is related to product, market, financing, and entrepreneurial and technical experience of the founders. There are also 4 questions related to (potential) partners, 5 related to (potential) mentors, 6 questions related to how and why they chose this particular accelerator. Each category can gain a maximum score of 10 from evaluators. Eventually an average will be calculated, and the final score will be from 10 as well. A snapshot of application's questions is shown in figure 1. Because the initial evaluation is carried out on a platform that is widely used by different accelerators, our observations and findings can provide a perspective on how the same process unfolds in other accelerators as well.

The admin assistants added the first author to the shared calendar where she could see when each of the internal evaluators were supposed to review applications and so she could join them. Each initial application had to be evaluated by at least 3 evaluators, 2 internal and 1 (or in some instances 2) external evaluators. First author managed to attend 33 observation sessions with 4 different internal evaluators. Each of these sessions lasted between 20 to 90 minutes, during which evaluators looked at and scored between 1 to 7 applications. In order to go through similar observation sessions with external evaluators, the second author contacted all 100 evaluators involved in that round and managed to schedule 10 sessions. External evaluators all had day jobs and were extremely busy; as such, they evaluated the applications during irregular hours and scheduling a time to join them was extremely hard.

As data collection happened through the COVID pandemic, all observation sessions were online. During these sessions, evaluators would share their screen with the first author (on Zoom) and would start with opening an application. A snapshot of the application webpage is shown in figure 2. From that point on the first author would closely follow and take notes of the evaluators' activities. She asked all evaluators prior to the sessions to think aloud so that she could understand the logic behind what they were doing and the scores they were giving. If they clicked on any of the links (e.g., company's website) and opened a new page, she could easily see that on their screens and even follow what parts of the page were important to and checked by evaluators. She could also see their faces on the right side of the screen and in cases where she observed a facial expression such as excitement, boredom, or annoyance, she would ask for some verbal explanations. She also documented the time each application was opened and closed, thus the total time spent on them as well as all the sources that were checked during the evaluation.

Deliberations (1/3). During this phase, internal evaluators had some regular meetings where they discussed the progress in the evaluation process, what kind of applications they have received and reviewed thus far and if they need to make adjustments to the process. When this phase was over and all the applications were evaluated, internal evaluators and a few important investment/limited partners (LPs) scheduled multiple deliberations, during which they discussed and chose the 125 applications that could move to the second phase of evaluation. First author attended all of the above meetings and took detailed notes.

Interviews (second phase of evaluation process). After the 125 top-ranked statups were selected, evaluation progressed to the interview phase. In this phase, evaluators (2 external and 1 internal) interviewed the teams based on 7 broad categories (more concise than the initial application). These categories were as follows: 1) team (entrepreneurial and domain experience & complementary skillsets), 2) market and product (critical pain-point, technology, solution, and impact for clients), 3) traction (revenue model, GTM strategy, launch date & current paying customers), 4) fit (existing investors, amount of capital raising & potential for ecosystem partners). Each category had 10 points for a total of 40 points. When I became curious about the logic behind this phase, managing partners explained that by asking selected startups to present themselves once again to a new and broad set of external evaluators, FinAccel would gain a better perspective on the startups potential in the eyes of investors and experts. During the interviews, startups had a chance to present their pitch in 15 minutes which was followed by another 15 minutes of questions and answers with 3 evaluators. After each interview session evaluators had 5 minutes to fill in the form with the four categories and submit it to the accelerator. The first author was able to attend a sample of 20 interviews as many of them were concurrent and it was impossible to attend all. This phase lasted for 10 days, during which the first author was also able to attend 9 feedback sessions, where the managing partners and internal evaluators reflected on and discussed the feedback provided by the external evaluators who attended the interviews.

Deliberations (2/3). Eventually, the internal team of accelerator ranked the startup teams according to aggregate scores and feedbacks and during 3 separate deliberations they chose the final 24 teams. The first author attended all the deliberations that lasted between 20 to 60 minutes and made detailed observation notes. Before the deliberations, each internal evaluator was made responsible to investigate all the details (scores and comments) of certain number of startups so the (s)he would be able to present a full picture of them and answer the potential questions of other evaluators about and around those stratups during the meetings. During the deliberations, after going through the full list of startups, the 4 evaluators discussed how the top-ranked teams could complement their current portfolio (companies in which FinAccel had already invested) and made adjustments to the ranking if needed. They also look into and considered any additional feedback from external evaluators.

Selection Days. The top 24 teams attended the final evaluation phase or selection days. Selection days were organized over the course of 2 days each lasted for 4 hours. On these days, the evaluators (who are now a mix of previous and some new members) had far less questions to answer that could be sorted into 3 major categories: entrepreneur(s), start-up, and partnership with equal weight (1/3 each). Each startup would meet and get evaluated by 4 different group of evaluators. Each group of evaluators was comprised of 6 to 8 external evaluators (with an average of 7). On the first day, the first author followed 4 startups as they met and assessed 4 different groups of evaluators. On the second day, she followed 4 different groups of evaluators who each met 4 different startups. Thus, she observed the interactions between evaluators and a total of 20 startups, each for 15 minutes. A sample of the most common questions asked by evaluators during these days is in table 13.

Deliberations (3/3). She then observed the internal team during the last 2 deliberations where the final 10 startups were selected. Each session lasted around an hour and was followed by complementary interviews with individual team members where the first author could gain a better perspective on the decisions that were made. During the final deliberations, aside from the merits of each startup, other important aspects such as the specific feedback of investing partners and influential investors, as well as the potential overlap/complementarity between them and other competing teams and the current portfolio of the accelerator were considered and discussed.

Interviews. In addition to observations, 53 individual interviews with evaluators (internal and external) were conducted during and after the observation phase. First author was able to interview all 4 internal evaluators (hired by FinAccel) multiple times. With the help of accelerator's managing partners, she also sent a call for an interview to all external evaluators, only 50 of which responded, and she was able to schedule an interview with 43 of them. She interviewed all the external evaluators once only. The interviews were all semi-structured and focused mainly on gaining a perspective on how evaluators screen and score startups.

Interviews started by asking evaluators how they would define a good startup and a good founder and then pivoted to questions more directly related to the FinAccel evaluation process. The follow-up questions were structured to probe evaluators on the process of evaluating the idea/product and the founding team such as the time spent on the applications and supporting materials and question asked during the interviews. To put them in the context of evaluation (especially when observation was not an option), I asked them to think about the last time they evaluated a startup they really (dis)liked and explain to me the reasons behind it (a list of questions used in these interviews is in the table 14. All of the interviews were recorded and later transcribed, and notes were taken meticulously when interviewees requested not to be recorded. Table 14 provides a list of guiding questions for the inteviews.

Moreover, in order to get an in-depth perspective on how the evaluation was felt and perceived by the founders, 12 separate interviews with founders who were selected into the program were also conducted. These interviews were also semi-structured and while we probed the founders with guiding questions, I gave them freedom to express how they experienced the process and as such I was able to capture some individual differences amongst them.

Archival data. FinAccel also shared with me a folder on Google Drive. The folder contained all the applications that were evaluated along with the supporting documents (e.g., videos, pitch decks), all the evaluators' names, their area of expertise, and contact information. On each single application I could see who the assigned evaluators were and what scores and/or comments were given. Further, I could see on the folder the time of all meetings and deliberations planned for the duration of evolution process. As the evaluation progressed, they added another file with the name of the startups that made it to the next stage (interview and selection days), their attendance schedule and the name of evaluators who would attend each session. There was also a folder on which startups were ranked according to the aggregated scores at each phase of evaluation (application, interview, selection). I included all the above data and information in our final analysis.

Data analysis

Data collection and analysis progressed in an iterative manner over multiple phases of the evaluation process (Grodal et al., 2021).

Initial coding and categorization of observation data. In the first phase I recorded and categorized how much time evaluators spent on applications, how thoroughly they read the answers to the questions and the supporting documents, what external sources (e.g., company website) they checked, and to what kind of applications they dedicate more time and attention and why.

I also synthesized the daily observation notes into weekly descriptive memos. I sorted them based on each evaluator that was observed. In the process of writing these memos on the initial screening phase, I was struck by three main themes. One, the variances between evaluators' approaches as they screened and assessed the applications. Two, the variances between average time spent on different application (e.g., those from different countries), and three the obsession over finding the "ideal founders" and the attributes that evaluators relied on in this process.

In parallel, I started doing initial coding of the notes and interview transcripts. They were coded based on the characteristics and attributes used by evaluators (e.g., "he has +500 connections on LinkedIn, he is obviously a *networker*", "she is *well presented* in the media", "She is *connected* to X, he is so well-known in this field, this is a good sign"). I made an initial set of categories based on the most frequent attributes and I made some preliminary connections between the attributes and the observed variations mentioned above. At this point I was still collecting data, and while continuing with collecting detailed observation notes, I realised that one reason behind evaluators' reliance on certain attributes is the expectations of most important others in the Fintech ecosystem (e.g., VCs, banks). In other words, while screening applications, evaluators kept in mind what important others in the ecosystem appreciate and are willing to support (as future investor, partner and/or customer).

Refining and making connections between categories. At this stage, while continuing with the data collection, I progressed on coding and adding new data, and started merging and refining some of the initial categories that were developed during the first phase. I also looked for additional properties of each broader category as I gained more insight from the process. For instance, I started realizing that presentation skill is an important category of attributes that is evaluated in different contexts (e.g., videos, interviews, pitches) and has different properties such as accent, clarity of language, and preparedness. By adding such properties, I moved from initial to axial coding.

Moreover, during this subsequent data collection, I observed how the continuous preoccupation with what would be considered as a good choice by important others in the ecosystem drove structuring of the rest of the evaluation process. FinAccel invited more than one hundred of investors and experts for 2 different selection rounds, namely interviews and selection days, and tried to validate the potential in startups by asking founders to pitch to and answer the questions of this new and broad audience. In explaining their policy one of the FinAccel managing directors said: "we don't want to miss any good company, so we rely on the wisdom of crowd…always keeping partners and investors in mind". It was only after tabulating and compiling new scores, comments, and feedbacks that FinAccel got to select winners at the end of each phase of the evaluation.

During internal meetings and deliberations, I observed how comments from partners and investors, who attended the evaluations, such as: "It was hard to understand her …she couldn't clearly *articulate* what is it they do" or "the founding team and [their] background was *not* *impressive*" pushed FinAccel team to reconsider whether or not they still want to keep certain startups in the pipeline. The internal team eventually made a table of the final 24 startups, added a column with their aggregate scores (from all previous phases of evaluation) and 2 columns where they explained pros and cons. These comments covered a wide range, from founders and teams to products and markets. I listened to and made notes of their comments and reasoning behind and discussions around them. As I moved iteratively between the two phases of data collection and analysis, I added data from deliberation sessions to our analysis and enriched the emerging categories by including more properties (e.g., role of accent in presentation skills).

Research Findings

Uncertain Context & Need for Collecting a Lot of Data

One of our first and key observation was that FinAccel collects a lot of data from the startups. In this section, I dive deeper into the uncertain and high-risk context in which the evaluation unfolds and the steps that FinAccel takes to control the risk and uncertainty, mainly collection a lot of data on startups. However, I show how instead of closely and carefully examining the fine-grained information they collected from startups (e.g., business model, market, strategy), obsession over finding "ideal founders" push evaluators to rely on certain heuristics and attributes. Further, I discuss the consequences of such practices are for the accelerator, startups, and the broader ecosystem.

Like many other accelerators, FinAccel received hundreds of applications from Fintech startups around the world and thus faced significant uncertainty about the quality and value of those that applied to the program. In order to enhance quality of their evaluation and make the most accurate selection decisions, FinAccel used a specific online platform to collect granular, and multi-faceted data from the startup. This platform was used by many similar investment organizations and could help FinAccel with the credibility and legitimacy of the evaluation process. The initial application that the platform provided, and startups needed to complete to apply for FinAccel had 49 detailed questions, with some questions having up to 6 sub questions. For instance, questions 14 to 18, each has 3 sub questions, covering all details (complete name, website, and email address) of potential partners. Or question 41 asked for the latest round of financing and the amount of money raised, covering details from bootstrapping phase to seed and series A in 6 sub questions. A list of questions is provided in table 10. Startups were also asked to upload a separate pitch deck and a short video introducing the company and the team.

I became curious about the reason for collecting this much granular data and therefore asked for some explanation from managing partners of FinAccel. They explained to us that the exhaustive set of questions and answers along with the supporting documents such as pitch deck, video, and the links for all related social platforms such as company website, LinkedIn, and Tweeter, would provide them with a comprehensive picture needed for an accurate and objective evaluation. Moreover, they argued that because each application is being evaluated by three to four evaluators, the effect of subjectivity and opportunity structure for discrimination would be minimized.

Comments such as “every time I start evaluating an application there's a bunch of kind of emotional, intellectual or cognitive biases that I bring into the process and I want to be able to control that” by Marie, one of the evaluators and managing partners, shows that evaluators at FinAccel were not cultural dopes but rather reflective about their biases in evaluating startups. I heard similar statements multiple times across our interviews and observations. For instance, in one of our conversations, Lilia, another evaluator told us:

> There is always an element of bias … what I find slightly difficult when you assess a startup is that let’s say you're going to check the background of those

> people on LinkedIn…. you're going to check to see if it is credible enough. There is an element of subjectivity there… [for instance] you may say, no, you don't have a big experience of the banking sector because you've only spent six months as an analyst at a local bank…this assessment might not be similar among evaluators and having complementary data and multiple evaluators can help with balancing the process (Interview- EE[5]).

However, getting through all this data was not an easy task and required significant amount of time and attention per application. And this was another reason why FinAccel tried to include more than hundred evaluators in the process to prevent the red flags to go unnoticed. Sumit, an evaluator, explained this challenging situation well in the following excerpt:

> It used to take me an hour to do each one of these companies.… I'd go through all of the details, you know, who were their competitors and more. Literally run all different kinds of models.… But because we have more than 750 companies to go through, now they either stand out for me on first tasks or not, and we have two to three different evaluators to triangulate. So, I've gotten a little bit more time sensitive and know that if I don't catch something others do (Interview-IE).

Overall, FinAccel believed that the comprehensiveness of the data and the multi-phase evaluation process could help them make better decisions.

Variations in the evaluation practices

When I understood the reason behind collecting all the data, I started looking at individual practices of evaluators to see what exactly happens in the process of and how the evaluators actually used the data collected. I documented details such as how much time each evaluator spent on applications, what parts they do and do not pay attention to, and what internal or external sources was consulted. Afterwards, I looked for potential variations in the evaluators' approaches. In the following section, I cover the related findings in each phase of the evaluation

[5] I use abbreviation of IE for Internal Evaluators and EE for external evaluators.

process. Overall, I observed variations between and across the practices and approaches of the internal and external evaluators. However, the extent of variations decreased as the evaluation process progressed.

Phase 1: Application screening. I observed great variation in this phase between and across internal and external evaluators. On average, internal evaluators spent around 15 minutes on each application, with minimum of 10 and maximum of 70 minutes. Every evaluation started with opening the online application form. Internal evaluators mostly started with skimming through questions and answers to get a general idea first, and then moved to the video and pitch deck. Watching the video was an important step through which they could confirm (or reject) their initial impression. The majority of them checked two main external sources namely company's website and related LinkedIn profiles as they were going through the applications; one only checked these resources at the end and only if time allowed. Two of them checked competitors' websites half of the times and only one of the managing partners checked the Twitter account of the founder(s) or the company. Others rarely consulted any other source beyond the mentioned ones. Table 7 provides details of the sources used by internal evaluators.

Insert table 7 about here

Compared to internal evaluators, external evaluators spent less time in this phase. The average time spent on each application by external evaluators was 10 minutes, with minimum of 5 and maximum of 45 minutes. Similar variation in the amount of time spent on each application and on the external sources was also observed and reported by external evaluators. Few of external evaluators showed and/or reported consulting external sources while evaluating applications, and those who did, only checked one outside source such as company's website or their LinkedIn profile. Pitch decks and videos were the sources most frequently used by external evaluators mainly because they were directly attached to the application, whereas to check a website or LinkedIn, evaluators would need to search and open a separate and new window on the browser. Table 8 provides details of sources used by external evaluators.

Insert table 8 about here

One of the common concerns of external evaluators was lack of time (they all have different day jobs as opposed to internal evaluators who were hired by the accelerator and so evaluation was part of their job). For instance, Niko, an investment expert at a Canadian bank, explained in our interview that since he has a full-time job from 9 to 5, he can only look at the applications that have been assigned to him after 5 pm, and by that time he is usually tired and prefers to do as many of them as possible in the shortest time. Plus, he is doing it pro bono and "it is not like they are paying me for this!" and thus he was less invested in the process. Overall, many external evaluators mentioned that they rely mostly on their "Gut feel" in evaluation applications (Huang, 2018; Huang and Pierce, 2015). Moreover, in the interviews with the external evaluators, some of them explained that a few of the applications that got assigned to them fall outside their specific area of expertise and thus spending time reading on specificities of the product/service (e.g., energy trading, tokenization) would not make that much sense. Thus, they saw their evaluation in those areas as not accurate and less valuable.

I observed that the amount of time spent evaluating varied with the nature of the application for both internal and external evaluations. The most noticeable differences were between native versus non-native founders, male only versus female founders, and North American versus founders from other countries. Table 9 reports these variances in the evaluation time across these 7 different categories of founders. These averages are based on 43 observation sessions of internal and external evaluators. I will elaborate more on the variances in the following sections.

Insert table 9 about here

Phase 2 & 3: interviews & selection day. Less variation was observed in these two phases for two main reasons: 1) internal evaluators did not participate in these phases and only attended as facilitators if needed, 2) external evaluators had limited time to fill in a form that mostly had Likert scale questions and thus required less written explanation.

During these phases of evaluation, I observed that beside collecting fine-grained information, FinAccel designed a multi-stage evaluation system that involved many external evaluators/field experts/investors. The reason behind implementing such evaluation system was explained to us as relying on the “wisdom of the crowd” and getting second and third opinions on the startups that moved up in the selection process, making sure that those with the highest potential are eventually selected for the investment.

Compared to the initial application, the evaluation forms that evaluators had to fill in during these two phases, were way more concise and included fewer categories (with the fewest in the third phase) and intended to gauge the overall opinion of the evaluators. The evaluation forms for stages two and three is provided in table 11 and 12. Indeed, the questions were not designed to get feedback on the specific aspects of the startups but to understand whether the evaluators, who were all experts and investors in the field, confirm the potential in these companies. This was also a way to gauge investors’ interest in investing in or become partners in the startups. when I reviewed the written feedbacks provided by the evaluators during these two phases, I saw that their comments were mostly short and at times limited to ‘yes’ or ‘no’ or a numerical grade only (for Likert scale questions). When I asked for some explanations during our later interviews with external evaluators, they explained that the time they have available for filling in the forms between the evaluation sessions is limited and thus they do not have the opportunity to reflect and elaborate on their decisions. As such, their comments provided little insight into why they supported or not supported certain startups.

For each stage of evaluation different groups of external evaluators were invited. When I interviewed the external evaluators who participated in the second and third phase, I understood that even though pitch decks of startups that were supposed to get evaluated were sent to them prior to the evaluation sessions, they rarely spent time going through them to gain an essential understanding of startups and their offerings. As such, and not surprisingly, the questions that they asked from founders and their teams during these two phases covered similar basic and broad areas that were already covered by other evaluators previously. I rarely witnessed any detailed question asked by evaluators that targeted a specific feature of the offering. This observation was confirmed by the selected startup founders (winners) when I interviewed them. They saw these two phases as very "similar", "repetitive", "time consuming" and "with little value". The only positive aspect mentioned by founders was connecting and networking with some experts and investors especially those who showed some initial interest in startups. Hence, the multi-stage evaluation process and the involvement of more than hundred evaluators did not have considerable added value to the accuracy of the process, despite what FinAccel and its managing partners had planned.

Final decision. This is the phase where I observed least variety in the evaluators' practices. The format was also a little different in this phase as each internal evaluator was made responsible for certain number of startups. They had to thoroughly go through the scores and feedbacks from all evaluators and make a final report that summarized everything. They would then discuss these reports during the deliberations and tried to make a final decision regarding the teams that would stay and those that had to leave. I observed how much certain feedbacks from significant investment partners brought uniformity to the process that transcended evaluators' individual preferences. Comments such as “they have potential to be the next unicorn” or “this market is too crowded…they might not have a chance” could pull certain startups into or push them out of the final pool. During the deliberations after the selection day, I carefully examined what were the pros and cons for the 24 finalists mentioned in the tables prepared and discussed by the internal evaluators. Some of the pros related to the startups were: “strong teams and advisors”, “impressive traction”, and cons were “no capital raised so far”, “very poor presentations”. If they were hesitant about a company but it was the only one with a specific offering that was unique and complemented the current portfolio, evaluators were more willing to give it a chance compared to a great startup that offered something very similar to what they already in the portfolio. For instance, Jena, one of the evaluators, when arguing for why a certain startup deserved to be in the final list said:

> Look, yes, I know… little traction and very few leads so far… but they are a payment company, and right now don’t have any other payment company, 3 of them applied and this was the best… it makes more sense to pick them rather than another insurance company…we have 3 of them already (Observation-EE)

I systematically added the insight gained from these observations to our analysis. By moving between new data and emerging themes, I made sure that all the additional conditions and properties (e.g., being a good complement for the current portfolio) supplemented the identified categories.

Eventually FinAccel made a list of top 10 companies with an addition of 2 other on the waitlist. They explained to me that they prefer to keep those teams on the waitlist in case they do not reach an agreement with their top teams at the end, and it is better to be cautious. During the final rounds of negotiations with the selected teams, that was mainly around the terms of financial partnership, 2 companies decided to withdraw, another had some internal that stopped them from reaching an agreement with FinAccel before the deadline and one last company did not pass the final due diligence tests. Ultimately only 8 teams signed the final contract and joined the FinAccel portfolio and started the mentorship program. A full picture of the evaluation process is illustrated in the figure 3.

Obsession Over Ideal Founder Characteristics

After studying each phase and comparing individual practices of evaluators, I started looking beyond the differences to find similarities that could explain the overall pattern of the evaluation process. Given that getting through all the data was a demanding task, and evaluators wanted to save on time, they largely overlooked the gathered information, especially those related to products or services specificities, used some heuristics instead, and showed an obsession over "ideal founder" characteristics.

Even though some of those "ideal founder" characteristics focused on prototypical attributes such as pedigree, and gender, some more interesting and surprising ones focused on what is considered by important others in the ecosystem worthy of attention such as acceptable accents, smooth presentation skills, and strong extended networks. In the following sections, I briefly explain how these prototypical attributes influenced the evaluation process and selection of certain startups.

I observed that the FinAccel evaluators used "third-order inference" while evaluating applications. In other words, they considered what will be regarded by most others, other FinTech investors and experts (e.g., VCs) in the startup ecosystem, as a good choice (Correll et al., 2017) to figure out the "ideal founder" characteristics. As such, they used characteristics such as 'presentable,' and 'connected,' to evaluate the founders in their application pool.

This finding is much in line with the prior research on the evaluation for hiring of CEOs and top management positions that has alluded to how the evaluators have been screening for "the corporate savior" and focused on attributes such as charisma (Khurana, 2002). In this research I also show that very similar process happens while evaluating venture founder(s) and that entrepreneurship market can also be far less rational than I think. In the following section I will further discuss the characteristics that evaluators generally relied on.

Presentation skills. Presentation skills mattered to evaluators because they knew that founders, regardless of what they have to offer, would be required to present themselves and their companies in far too many occasions in front of investors and partners and that they would not be successful in luring the audience away with poor presentation skills. Evaluators, either through their own experiences as investors or from their knowledge of ecosystem interactions, knew that investors favour confident founders who are good story tellers and can eloquently present themselves and their companies. For instance, when I asked Nathan, an external evaluator and a VC, about what he is looking for in a founder he said, "I am looking for someone who can tell a great story, portray their vision and get me excited about what they're building."

The evaluation of presentation skills happened during all three phases. In the application screening phase, evaluators checked how founders presented themselves or were presented in 1) social media, Fintech blogs, and related articles, 2) pitch decks, and 3) attached videos. Founders who were actively engaged in relevant events (e.g., Fintech shows, competitions), have well presented themselves and gained some recognition (e.g., prizes), and were mentioned in social media were favoured by evaluators because that would help them to get the kind of publicity necessary for drawing the attention of others in the ecosystem. In one of the observation sessions, once Marie came across one of such founders she said:

> So, she gets a lot of media. She really, really works hard to position herself. These are all articles that she's appeared in or done. …She's the kind of poster child that an investor likes…She's super savvy about that. … She's really good at, you know, getting in that top 25 leader fintech power 50 list. This girl knows how to market herself. … You might not have everything underneath, but you'll learn it. But if you can get the visibility and momentum people buy because other people think it's good (Observation- IE).

This application ended up getting a very high score from Marie and remained one on which she kept an eye until the end of evaluation process. I came across similar standpoints when interviewing external evaluators. For instance, Jim, an angel investor, told me that one of the things he checks is "to see whether that CEO or CTO had been quoted in media in the past and in those like, you know, notable sources." Presentation skills were also gaged when pitch decks were reviewed. Evaluators cared about the accuracy of language (e.g., no spelling or grammar mistakes), clarity of messages, and creativity in incorporating edgy names and taglines. The following excerpt from our conversation with Sam, an external evaluator, explained this matter clearly:

> Some pitch decks are so poorly done. There is a lot of wording with mistakes here and there and just not interesting and not well-designed. Those I usually skim. But what I'm looking for is just trying to fundamentally understand what the companies are doing, like. What are they actually selling? I don't get that within a couple of minutes either. It's either because I'm stupid or they're not doing the job and telling me. And sometimes it's not because it's just not a good concept. Like, if you can't explain something easily to someone that's not in your industry, and this happens a lot in fintech, like seven different companies involved in payments…And you're doing this one very convoluted thing to save someone like a penny on a transaction. You know, then it kind of gets away from me ...But most of the time within 30 seconds you should be able to explain with clear language what the problem is, what your solution is and why you're the right person to do it (Interview-EE).

Sam and many other evaluators believed that if they don't get what founders are selling soon enough, others in the ecosystem (e.g., future investors, customers, partners) are likely to experience similar challenges and thus they became hesitant in letting these founders move further along in the selection process. As such, what Sam described as poorly done pitches brought very low scores to certain applications. For instance, when Sema, an external evaluator and a Fintech expert, came across a pitch deck with language problems she said:

> You know, if you want to play in North America. You've got to play the language. Right? So, nobody's got spelling mistakes. The whole company summary is bad. You know what, he's supposed to be a serious businessman. When other people can make the effort to put in a well presented [pitch deck], it just it leaves me and likely others with an overall poor opinion (Observation, EE).

Videos were probably one of the easiest and most frequently used methods of gauging presentation skills of founders. Overall, evaluators preferred videos that were clear and concise and could transfer passion of founders, so that audience would get excited and trust the company. Again, being able to make the audience excited was important to evaluators because they cared about the future performance of founders and if they would be able to appeal to and sell their ideas and offerings to important others in the ecosystem. Ahmed, one of the external evaluators I talked to, made the following comment when asked about what he looks and care for while watching videos:

> And an important question: is it easy sell? to get other investors or other people in the whole network or outside people that are putting money into the venture. And people will get sort of an aha moment like in one sentence. I think that's sort of really the key for the salability of, you know, getting people sort of behind what you're doing (Interview-EE).

Not surprisingly, videos that had bad quality (sound, picture, language or all three) were ignored almost immediately. In one of our observations, Jena, one of the internal evaluators, came across a video with a very poor quality and after less than a minute, she closed the tab and said:

> Oh, ok. I can't bear to watch this. It's going to make my head spin. I mean, when I look at anybody who is from a technology side and doesn't know how to do a video screen capture. …. it concerns me. I know, that's me making a right kind of prejudicial statements. …but I I'm like I can't think of the last

> time I took a video with the phone of a computer…. it's a finicky world, you know, no one would like to watch this (Observation-IE).

While watching those videos, the evaluators focused on small details such as entrepreneurs' gesture, their appearance (e.g., clothing, background), use of Fintech language, and specifically their accents. For instance, I observed cases where the accent of the founder(s) stopped the evaluator from watching the entire video and created an unfavorable opinion towards them. In one of the observation sessions, I saw how after watching only 2 minutes of a video from an Indian startup, Rod, an external evaluator and a VC, paused the video and said:

> Poor communicators. I don't like them, just because they don't communicate well and start letting other language thing or a culture thing get in the way, because I'm happy to listen to low quality stuff as long as they understand what they're doing. But they have to give me the impression that they understand their technology and where they're going with it, how they're going to make revenue with it and how they're going to make money with it…they need to persuade me… and others like me (Observation-EE).

I observed the importance and the role that entrepreneurs' accent played in their success and the chances of being selected across multiple instances. One such case happened when a startup, founded by two Brazilian entrepreneur, made it to the selection day but was eventually left out of the process by the evaluators. When I became curious about the reason given their relative success up to that stage in the evaluation phases, Philippe gave me the following explanation:

> They have great product market fit, but the problem is that Roberto [one of the founders] is not very articulate, his strong accent sometimes makes it hard for people to follow him, this was our own observation and the feedback we got from LPs. We have told him that he needs to put Lisie [the other founder] in front, she is more articulate in terms of conveying the story and the product, but he didn't listen, you know, a lot of founders get in the way of their own success.

In other instances, similar to the one explained above, I witnessed how some founders who were non-native English speakers (e.g., Asians) lost their chance of moving forward in the evaluation process because of their strong and not easily understandable accents. Also, table 9 shows that on average evaluators spend 6 more minutes on applications from native English speakers compared to non-natives (evident from their names, country of origin, written and oral presentation skills). I observed that the more time evaluators spent on such applications the higher was the likelihood of paying attention to the application details and checking attachments such as pitch deck and videos. Hence, native speakers received better evaluations compared to their non-native competitors. This evidence shows discrimination against founders from certain ethnicities that leads to inequality in the evaluation process.

Presentation skills were also evaluated during interviews and selection day. In these two phases, the factor that was most important to evaluators was preparedness of founders while explaining their company and answering questions from audience at the end of presentation.

The willingness to take the time to prepare before each presentation mattered because it was an indicator of the attitude and perseverance of founders in the journey that they had ahead of them. In other words, evaluators would be ensured of the way founders would perform in similar situations in future and that they can be trusted. In one of our interviews, Marie elaborated further on this issue:

> You know, I'm a baseline Henry Ford, right. You can't make the sale unless you transfer the enthusiasm and transferring the enthusiasm is the excitement leading up to every presentation. It's the preparation. It's the follow up. You don't do those things then I'm concerned (Interview-IE).

External evaluators also expressed similar concerns during the observations and interviews. Ali, an expert in Fintech industry, explained to me why some founders do a better job in presenting compared to others and how that is an indicator of their future attitude and practices.

> I mean, you know, like, we had many incidents of founders showing up late. So, I think professional representation, sort of being there on time, like keeping your answers short and crisp... People have to show the maturity that they are no longer 24 or 25 years old. They are ready for that elevator pitches. They are ready for, clear, precise, concise answers. And then following up with a courtesy e-mail or thank you, on social channels or something like that. So that whole realm showing up early to closing it properly is what shows the difference between founders, because if you are practicing it now, you will practice in your business world, too (Interview,EE).

Overall, I observed that the presentation skills were a focus and mattered to evaluators throughout the evaluation process because they knew from experience that others in the ecosystem will also be impressed by such skills and that with these skills founders will go far in their fundraising and customer/partner acquisitions journeys. Evaluators trusted and gave higher scores to the founders who knew how to present themselves and create a promising image for themselves and their companies. Importantly, I observed how this characteristic overrode many other service or product specificities.

Networks and connections. Both depth and breadth of founders' networks mattered to evaluators, mainly because they showed how much effort founders have put into networking, how comfortable they are at it, and how well-connected they are. Networks were often evaluated through LinkedIn, although there were some specific questions in the application as that were dedicated to identifying and explaining mentors and partners. Breadth of networks was evaluated by the number of connections on LinkedIn and depth by closeness to important others in the industry (e.g., being directly connected to an important VC or an executive at a bank). For instance, while I was observing Sema evaluating an application, once she opened the LinkedIn profile of the founder, she explained:

> One of the things I look at is their number of connections because some of the founders have few, like one hundred and twenty-five connections. And you're wondering if they're actually using all the of the free resources that they have on their fingertips (Observation-EE).

Networking was considered by most evaluators as an important part of a founder's life and thus leveraging the available resources to the fullest and putting the effort to connect with relevant people was expected from all founders.

Marie expressed herself as a "LinkedIn fanatic". She religiously consulted LinkedIn for all applications that she evaluated. Similar to many other evaluators, she not only cared about the number of connections, but also shared connections between her and founders was an influential factor in her evaluation. By identifying who founders were connected to, assumptions about founders' networks potential and how much they could leverage their network to achieve further milestones were made. The following vignette is from a time I was observing Marie as she was looking at a founder's LinkedIn profile:

> OK. Let's go check on Mario [founder] ….OK. So, I usually look at who he knows. …. [scrolls down to look at the shared connections, looks at the names and says] These are pretty respectable folks who we are in contact with [reads three of the names out loud]. They are all mid-level [executives]. So, you know, he's a networker.…he also knows David [in front of David's name says CFO at an American bank]; he is the highest levels so far. …. .. So, he [Mario]'s been in the D.C.[US] Circuit as well (Observation-IE).

When probed further on why shared connections were important to her, she explained that having shared connections meant that she could reach out to them to further verify the credibility of the applicants and also provided a benchmark for the level and status of people in a founder's network. Other evaluators also validated the point that Marie mentioned. For instance, in her interview, Catherine, an angel investor, said:

> I check on LinkedIn, I do check their connections to see whether there are connections, which I know. I value who knows them, that if that person is connected to us, a person from a certain level or at a certain level of recognition in the market, I will value it. And same thing for the partnerships. I think it's very important if they are connected to very reliable firms, that shows that they have an element of reliability…. They have a deal with senior people

> up in those firms who can back them, who can say, yes, I've talked with this person, I am connected (Interview-EE).

Once a founder was considered well connected to important others, the score that was given to him by evaluators automatically went higher.

Nationality. Nationality of applicants also played a role in influencing evaluators opinions. It appeared that stereotypes attached to certain nationalities could evoke biases and sway evaluations. This is what Marie said the first time I came across an Israeli company during the observation sessions with her:

> Here's another inherent bias. I say Israeli company. I haven't seen an Israeli company from a tech side that I haven't liked. So, you know, they are super on voice recognition technologies, eye level technologies. … most of them are Israeli military trained, so they have just a really rigorous work routine…… [continues to check founder's experience] …There you go, Israeli Air Force. Okay. Has my vote. I worked for an Israeli pilot when I was at Microsoft that I swear to God. I still think of his level of thought process was unbelievable…. OK, so this founder had me on Hello (Observation-IE).

The above instance (which I observed a couple of times with other applications and other evaluators) shows how coming across an Israeli entrepreneur positively influenced evaluator's decision. I also observed the reverse effect when certain nationalities gave rise to negative biases. For instance, this is what Jena mentioned during an observation session when she was evaluating a Russian startup:

> I think part of it is the cultural fit for here where I look and say if I take a team that does something similar out of Western Europe or out of U.S., I'll have an easier time integrating them into the cultural perspective of Canadian banks. There's just this perspective of saying I'm working with a Russian fintech that people flags go off from a compliance side, from all different kinds of things. I know that sounds terrible, but that's the reality of it (Observation-IE).

During interviews, I also heard how different evaluators talked about other nationalities and cultural stereotypes associated with them and how they influence their evaluation. Martin, an external evaluator and investor was one of the interviewees who elaborated extensively on this topic:

> Indian companies will always be about like the best, the best, the best. Everything's the best… So that's a problem. And that's cultural, Like, they're just culturally not used to being dissected…Latin Americans tend to talk a lot…And I'm not characterizing. But they don't like you ask them questions. It's a two-minute presentation with an eight-minute Q&A and they end up talking the whole eight minutes. And it's cultural because I've seen it constantly happening… There was a company, I think founder was from Pakistan or in India. And he was talking about his natural language processing being the best in the world. And every time the question was asked like why is it the best, he kept on going instead and never responded…Like how a sub layer of his natural language processing does the machine learning module or how was it the best? Right? He only said I was constantly above the best, and that was just quite a turnoff (Interview-EE).

Overall, I witnessed how nationalities led evaluators to make quick judgments and score applications high or low and spend less time paying attention to other details of the startups. This variation is also shown in table 9, where I see that the average evaluation time varies considerably (5 minutes) between applications from North America and those from other countries.

Pedigree. Pedigree mattered to many evaluators. I observed how they would be utterly impressed the second they saw the name of an elite school such as MIT or Yale on a founder's cv or LinkedIn profile. This is what Robert, one of the external evaluators said while he was looking at the application of a startup:

> They want to get it to America. Now, they've gone through [name of one of the top accelerators in US]. They recognize the excellence, the area that they're delivering to... You know, he [the founder] 's got an MBA at Columbia, here in North America, did London School of Economics. He is proud, really, really strong (Observation-EE).

Professional experience mattered particularly if the companies that founders had worked for were well-known in the industry (e.g., Microsoft, Google), even more so if founders had a managerial position. The following excerpt is from an application screening observation I had with Sumit, when he gave a high score to the application:

> He has won several awards for his work with like science companies, including awards from agricultural pharmaceutical companies…… He has been senior product manager for the Nestlé. OK, so he's a well-trained product manager…. military data scientists, problem solver… an MBA from York (Observation-IE).

Some of the evaluators mentioned that relevant and high-quality professional experience would be even more valuable if it had helped the founders to understand a pain point in a sector and guided them to find and offer a solution. Philippe, one of the managing partners, elaborated well on this matter in one of our interviews:

> I would love to see somebody, for example, who worked in the finance industry before, somebody who worked for like big banks like RBC. And they got upset with the way that we did processing like thousand 10000 documents a day, somebody that really knows the pain point of the banking industry. And then they are like, yes, I have this idea to develop a platform to process these thousand documents in a bank. So, something like that (Interview-IE).

I also observed how entrepreneurial experience could secure higher scores especially if the founder had started and run a successful startup, raised significant funds and/or made a successful exit. Eric, an external evaluator, and an advisor to the accelerator explained to us how he would evaluate entrepreneurial experiences (the maximum score that can be given to each category is 10):

> It's like ten was like someone who's built a company before and achieved a successful exit. You know, has built the same product in the same space. It demonstrates industry expertise and that he has like networks in the space to make him successful. So, then what's the five is like maybe someone built a small company and didn't exit or like maybe a three as someone who's never had any entrepreneurial experience or and only been in corporate roles or something (Interview-EE).

Even though not all evaluators value the entrepreneurial experience in the exact same way, those who did expressed similar opinions to that of Eric.

Gender. I observed that being a female founder worked to the applicant's advantage during the initial application screening. For instance, Marie, explicitly told me that "I'm looking for women founded companies just because we want to try and get a little more diversity into our program." This trend was observed amongst both female and male evaluators. As we see in table 9, startups with female founders or cofounders were given slightly more time than those with only male (co)founders. This observation is contrary to the past studies that argued investors prefer male entrepreneurs (e.g., Brooks et al., 2014; Ewens & Townsend, 2020) or that startups with diverse founders are valued lower (Guzman & Kacperczyk, 2019; Roberts & Lall, 2018).

However, when startups made it to the interview and selection day, evaluators started being harsher on female (co)founders. For instance, in the interview evaluation form, an evaluator had given the following feedback: "she had an attitude, I asked her about market competition, and she pushed back." While reviewing this comment, during one of the deliberations, Marie said:

> I'm thinking she [the founder] might have been right then about it. Because most women have to work three times harder to get the same level as well. And so, we're used to kind of doing that better work. So, we don't kind of self-doubt to say, well, maybe he [the evaluator] is right because we have really done the work best, if that's true. And there's some interesting dynamics there (Observation-IE).

Despite this perspective, Marie and FinAccel still cared about how external evaluators and especially their Limited Partners observed and evaluated startups and as such, in cases where female (co)founders got several unfavorable feedbacks, they ultimately were left out.

Another interesting gender related observation was in the cases of having a couple (husband and wife) as cofounders. According to multiple evaluators, investors are biased against couple cofounders as their personal/family conflicts might influence the operation and survival of their startup. I observed that one such startup with an initial high score did not make it to the final list specifically because of the above reason.

Despite all these challenges and the fact that the total number of applications with female (co)founders was considerably lower, four of the 24 finalists had female cofounders, three of which made it to the final cohort.

Other validation signs. I also observed how evaluators relied on some other indications, beyond what I just discussed, to find signs of validation from important others in the ecosystem. The indications most frequently discussed and used amongst evaluators were the amount of capital previously raised by founders, reputation of investors, advisors, and other accelerators that were supporting the ventures. The following vignette is from an observation session I had with Philippe. When he was screening questions and answers he quickly moved to question 40 of the application and started looking at the amount of capital raised so far. I asked him for the reason, and he explained that:

> I often go to see who else caught them. And I can tell you, it influences me like crazy. Which is not a good thing. So, let's just go see this one, because they've raised them 700 K, from angels. I know this sounds funny, but when money comes from founders, it sounds kind of different like the founders put themselves in to pay themselves. Right? Ideally you want money raised from outside. So, it shows a further point of validation. Most of the founders believe in what they're doing, but to get somebody else to believe in what they're doing is a different story…. I prefer them to have at least a couple hundred thousand dollars starting point, which means somebody else has done due diligence on them already, this makes our job much easier. (Observation-IE).

After looking at investors, Philippe expressed satisfaction with their reputation and the amount of capital already raised and hence move ahead and gave a high score to the company. Jim, a Fintech expert and a VC, expressed similar opinions in the interview I had with him:

> what a lot of time I would look at is the angel investors and sort of who the backers are of the companies just to see if there's already smart people or smart foundations or angels that I know that are putting money in these companies. That's sort of that's like a validation sign for me (Interview-EE).

Overall, what I saw in the observations and heard in the interviews, was that evaluators look for signs of validation in order to make sure that they are selecting the right founders; those whose ideas and offerings have already been screened and approved by important others and were supported by strong networks in the ecosystem.

Beyond the ideal founder characteristics that I covered in the previous section, I witnessed that evaluators also paid attention to some team characteristics. Interestingly, team characteristics were seen by evaluators as an extension of founder characteristics. Mona, an external evaluator explained this relationship clearly:

> The first thing that a founder needs to recognize is that you cannot build a business by yourself. And so making sure you have a good team means first identifying your strengths and your weaknesses. And once you have done that and you've done sort of a good diagnostic of yourself, then you can understand what skill sets, what character traits you're missing that you need in complementary form from other people (Interview-EE).

However, according to our observations, evaluators did not pay attention to all team members. Those who were focus of scrutiny were the C-suite, so CEO (if different from founders), CFO, CTO, COO and CMO, and certainly not the junior people (e.g., developers, analysts). Moreover, what seemed to be important considerations for evaluators when examining the managerial teams were relevance, diversity, and complementarity of skills. Teams were expected to have a balanced mix of technical, business, and entrepreneurial experience.

In our interview with Kate, an angel investor, she was able to elaborate further on complementarity of skills within the team and told me about what a red flag to her was when evaluating a team:

> A red flag for me is when you have a team of three founders and all three of them come from sales or marketing or product and you don't have anyone technical in the team. And to me, that's kind of a little bit of a red flag because

> you don't necessarily complement each other versus a team that kind of has like a technical founder, somebody that's been on the business and development side and then maybe somebody who's sort of more of a jack of all trades (Interview-EE).

I observed the realization of this thinking process when Sumit started telling me about one of his interview experiences:

> I definitely think you need to have some diversity of skill sets. I'll give you an example. There was one startup that I interviewed, and they seemed really good, but they were all developers. And so they spent a ton of time focusing on getting the product and the engineering right, which is great. And given that they're all developers from a product development standpoint, they've done a fairly decent job. But what I said to them was that you need to have someone who actually knows how to run product and, you need someone to focus on sales and marketing because you guys don't know anything about that. Like, you're probably really, really great engineers. You're clearly super smart. But if you want to make this a business, you need to have other types of skill sets who can focus on that stuff as well (Interview-IE).

Evaluators also expressed the expectation that they want to see that at least one member of the managerial team has relevant experience that corresponds to the core offering of the company. As one of the external evaluators explained "if you run a business in the healthcare, for example, and you have no one in your company who has an experience in healthcare, it's going to be a little bit tough to persuade people, same in the finance sector." Not surprisingly, all of the eight teams that made it to the final cohort had a mix of entrepreneurial/business and relevant tech skills as they were the ones who were successful in meeting evaluators expectations and respond to their questions and concerns with reasonable accuracy during the evaluation process.

There are more examples for each category of findings (characteristics) in table 15.

Insert table 15 about here

Consequences and trade offs

In pursuit of the ideal founder based on certain attributes, evaluators missed on selecting the founders who did not necessarily fit the expectations but had promising ideas and offerings. For instance, I saw founders not being selected because they “don’t have the right language” or “they do not fit the culture of North America”. I observed applicants getting lower scores because “they don’t know how to play the game”, “they don’t know how to get the audience excited” or that “they don’t have the right social profile”. Many of these startups, according to the same evaluators, had novel offerings that had a lot of potential but at the end of the day founders needed to be able present themselves in front of VCs, banks, partners, customers, and that required skills and networks that these founders seemed not to have. This kind of discrimination brought negative consequences not only for entrepreneurs who took the time to apply for the accelerator and did not get into the programs, but also for the accelerator itself as it lost the opportunity of integrating a wider variety of cutting-edge ideas.

Many of the startups that applied from ‘less favourite’ ethnicities (e.g., Asian) or backgrounds and did not fit the category of the ‘ideal founder’, had less chance of getting heard in the context of North America. As such, they missed the chance of sourcing necessary funds and eventually surviving. On a larger scale, this would mean that accelerators and investors in North American might miss on the opportunity of learning about the ideas that are brought to life by the necessity felt on the other side of the world. These are potentially ideas and offerings that respond to a considerable and growing market and thus can bring sizable revenue and profit to the funders. Moreover, associated investors and limited partners who trust accelerators in finding the high potential investment opportunities suffer from the negative consequences of less-than-ideal screening and biased evaluation processes.

At the beginning of the paper, I discussed how the ease of access and retrievability of information have enabled evaluators to evaluate faster and more comprehensively than ever before. But this potentially requires a formatting of the evaluation procedures that can lead to greater standardization (Lamont, 2012). As such, investment organizations such as accelerators as well as independent investors (e.g., angle investors) are left to think about different ways to become more inclusive and fairer and to welcome creative ideas from all founders irrespective of their demographic characteristics, attributes, ethnicities, and backgrounds. To achieve this goal, there is a need to provide more training to the evaluators (e.g., videos and descriptions on how to fill in the application, to evaluate the pitch, how to stay away from unconscious biases) which requires more time and effort on behalf of the organizations, but in return, the democratization of the process will provide them with a more diverse and original pool of startups to choose from.

Conclusion

I started this paper by talking about how there is an assumption that the more relevant data is collected on the subject of evaluation, the lower would be the likelihood of biases influencing the evaluation decisions. Even though there was some evidence that this relationship may not be that straightforward, it had never been the main subject of investigation. In this study, I tried to show how gathering information and processing such information shapes the process and outcomes of evaluation for early-stage startups in the context of accelerators.

Being conscious about the potential influence of their biases encouraged evaluators at the accelerator to collect a comprehensive set of data on all startups and try to limit opportunity structure for discrimination. However, I observed that they rarely went through and paid attention to all the data and instead relied on certain heuristics and attributes to screen for and find startup saviors or “ideal” founders. While some of these observed attributes such as pedigree and professional experience have been mentioned in prior literature (e.g., Rivera, 2012, 2016), some others such as being ‘connected’ or ‘presentable’ have not. One particularly fascinating observation was that a powerful influencer of evaluators decisions is what would be regarded by important others, such as future investors and clients, as a good choice. In other words, evaluators used third-order inferencing to select founders that might have had higher chance of winning the attention of those who were vital for continued survival of startups. Evaluators believed that founders who did not have the right presentation skills and did not know how to build and leverage their network were unlikely to persuade early clients and more importantly strong investors (for series A, B and C) to trust their offerings, fund and support their ventures.

Moreover, the managers of FinAccel believed that by designing a multi-stage evaluation system and involving a large number of external evaluators who each brought a different yet complementary perspective they could enhance accuracy of the evaluation process and choose the best ventures. However, our observations showed that most of the external evaluators’ performance is far from ideal. Due to time and expertise limitations, external evaluators spent close to the minimum amount of time possible on each application, almost never consulted any external sources (e.g., company’s website, LinkedIn) and relied on the existing evaluation (especially those of internal evaluators) as a benchmark for where their evaluation should fall. During the interviews and selection day, they relied mostly on very broad and generic questions and had not prepared or paid attention to any specific features of the startups. They mostly trusted their “gut feelings” (Huang, 2018; Huang & Pearce, 2015) and the “ideal” founder attributes (e.g., presentation skills, language) to make their final decisions. As such, despite the intention of managers at FinAccel, this extra effort added little value to the optimization of the evaluation process.

I also argued that this process of evaluation leads to discrimination against those that do not fit the frame of “ideal” founder envisioned by evaluators. These founders might have novel ideas and offerings that by receiving needed funding, even if not in the western context, can scale in their own region and achieve a sizeable market and revenue. Given that there is a growing number of startups being created around the world, investment organizations in the entrepreneurship ecosystem should become more conscious of the practices that work against certain applications and work toward implementing those that foster more inclusive evaluation of ventures and provide equal funding and growth opportunities.

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Table 5: Data

Type	Description	Use in the Analysis
Observations	+100 hours of observation: April 2020-July 2020: Observed evaluation sessions: applications screening (1 evaluator), interviews (3 evaluators), selection day assessments (6-8 evaluators), internal evaluators' meetings, tabulations, and deliberations sessions (4 evaluators)	To better understand the evaluation process To identify parts of applications that received more attention To document time spent on the applications + variations To record external sources that were consulted + variations To gain insight into the logic behind evaluators assessment/ranking To record the type of questions that were asked during the interviews and understand better the scores that were given To understand what underlying factors influence the final decisions of the accelerator
Interviews	65 interviews: 10 ethnographic interviews with 4 internal evaluators 43 semi-structured interviews with 43 external evaluators 12 semi-structured interviews with 14 founders (2 joint interviews where both co-founders were present)	To better understand/interpret the experiences of evaluators To probe evaluators to reflect on the process and their preferences To gain insight about the evaluators' approach and variations amongst them To understand how evaluation process felt and perceived by the subjects of evaluation (founders)
Archival	Demographic characteristics of evaluators Questions and details of the application form Shared drive where accelerator kept: 1) all the application, videos, pitch decks from 750 startups 2) the name and expertise of all assigned evaluators + individuals and collective scores given to each application 2) time of the meetings and/or deliberations and who was scheduled to attend	To find the names, contact and background information of evaluators and applicants To know about and plan for attending meetings To document details about applications and review them To compare the scores given to each application by different evaluators

Table 6: Demographic Information of Evaluators

Evaluators / #	Male	Female	(ex)Entrepreneur	Investor
Internal / 4	× 2	× 2	×2	×2
External / 43	×32	× 11	× 18	×27

Table 7: Sources Used by Internal Evaluators During the Application Reviews

Sources	Website	Competitors	LinkedIn	Twitter	Pitch deck	Video
Evaluator 1 (f)	√	√	√	⊗	√	√
Evaluator 2 (m)	⊗	⊗	√	√	√	√
Evaluator 3 (f)	√	√	√	⊗	√	√
Evaluator 4 (m)	√	⊗	√	⊗	√	√

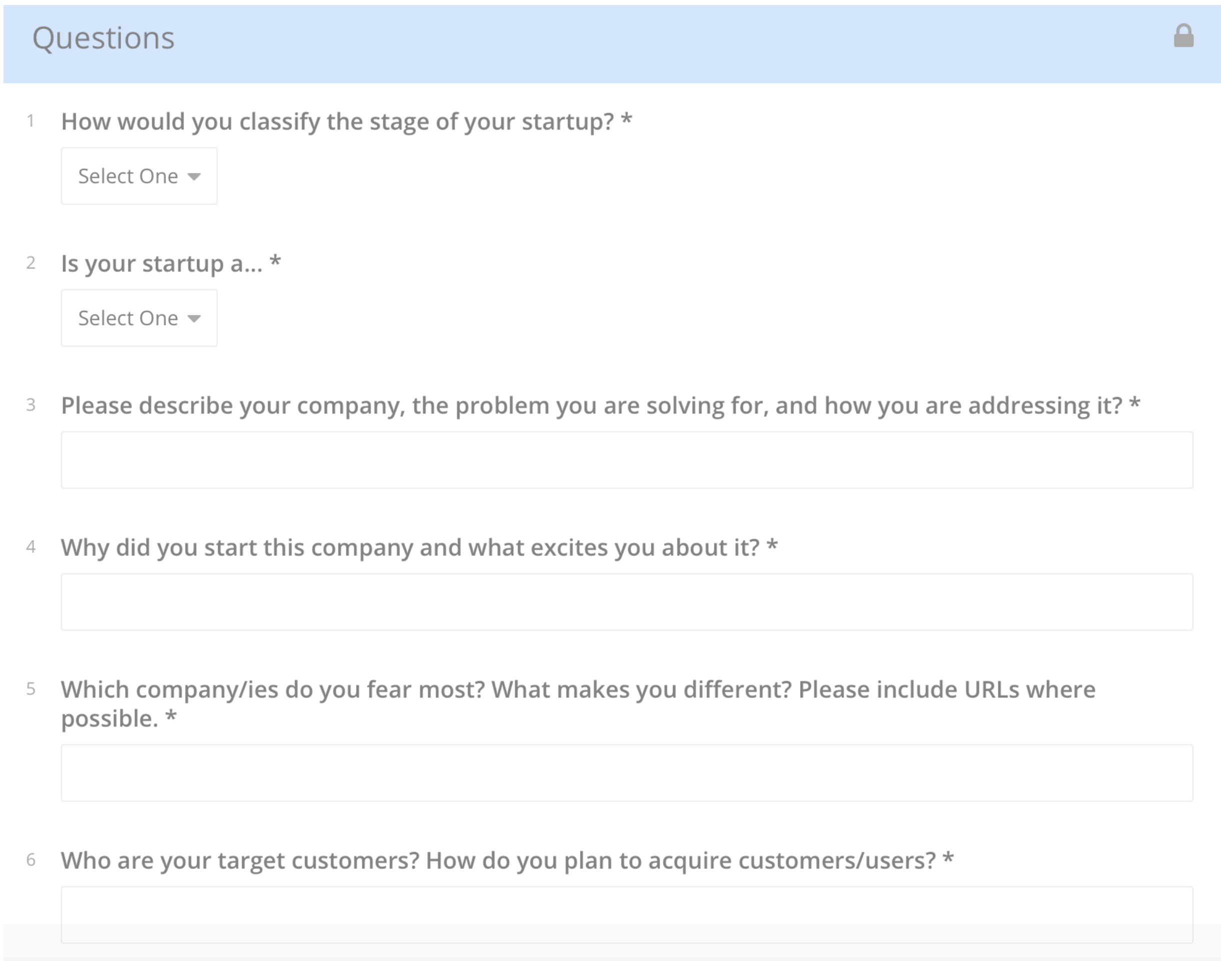
Table 8: Sources Used by External Evaluators during the application reviews

Sources	Website	Competitors	LinkedIn	Twitter	Pitch deck	Video
Frequency	×7	×2	×5	0	×25	×15

Table 9: Average Evaluation Time Across Different Categories

	Native speakers	Non-natives	Female (co)founder	Only Male (co)founder	North American	European	Other countries
AET (minutes)	18	12	16	15	17	15	12

Figure 1: Snapshot of Some Questions in the Application Form



Questions

1 How would you classify the stage of your startup? *

Select One

2 Is your startup a… *

Select One

3 Please describe your company, the problem you are solving for, and how you are addressing it? *

4 Why did you start this company and what excites you about it? *

5 Which company/ies do you fear most? What makes you different? Please include URLs where possible. *

6 Who are your target customers? How do you plan to acquire customers/users? *

7 **How much traction do you currently have in the market? please include any relevant metrics (e.g. revenue, customers, user growth, waitlist sign-ups, LOIs/MOUs...). ***

8 **Are you serving any other markets outside of Canada?**

9 **Have you taken part in a previous incubator and/or accelerator? ***

If yes, please name them.

10 **Who's on your team and why is your team the one to tackle this problem? ***

11 **What fintech vertical(s) are you in?**

Personal Finance Management, Proptech, Insurtech, Alternative Lending, etc.

Figure 2: Snapshot of the Application Webpage

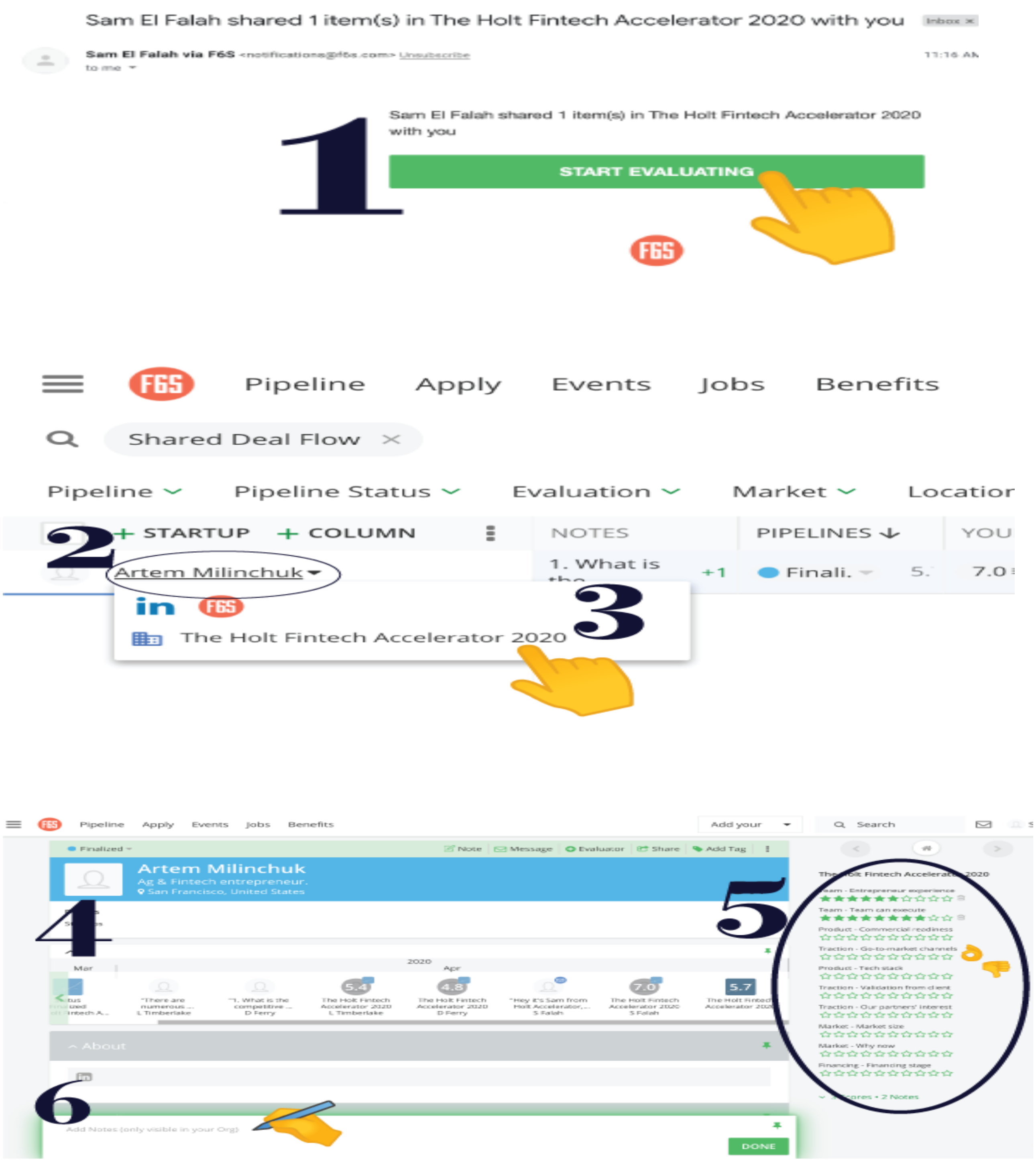


Figure 3: Illustration of the Recruitment Process

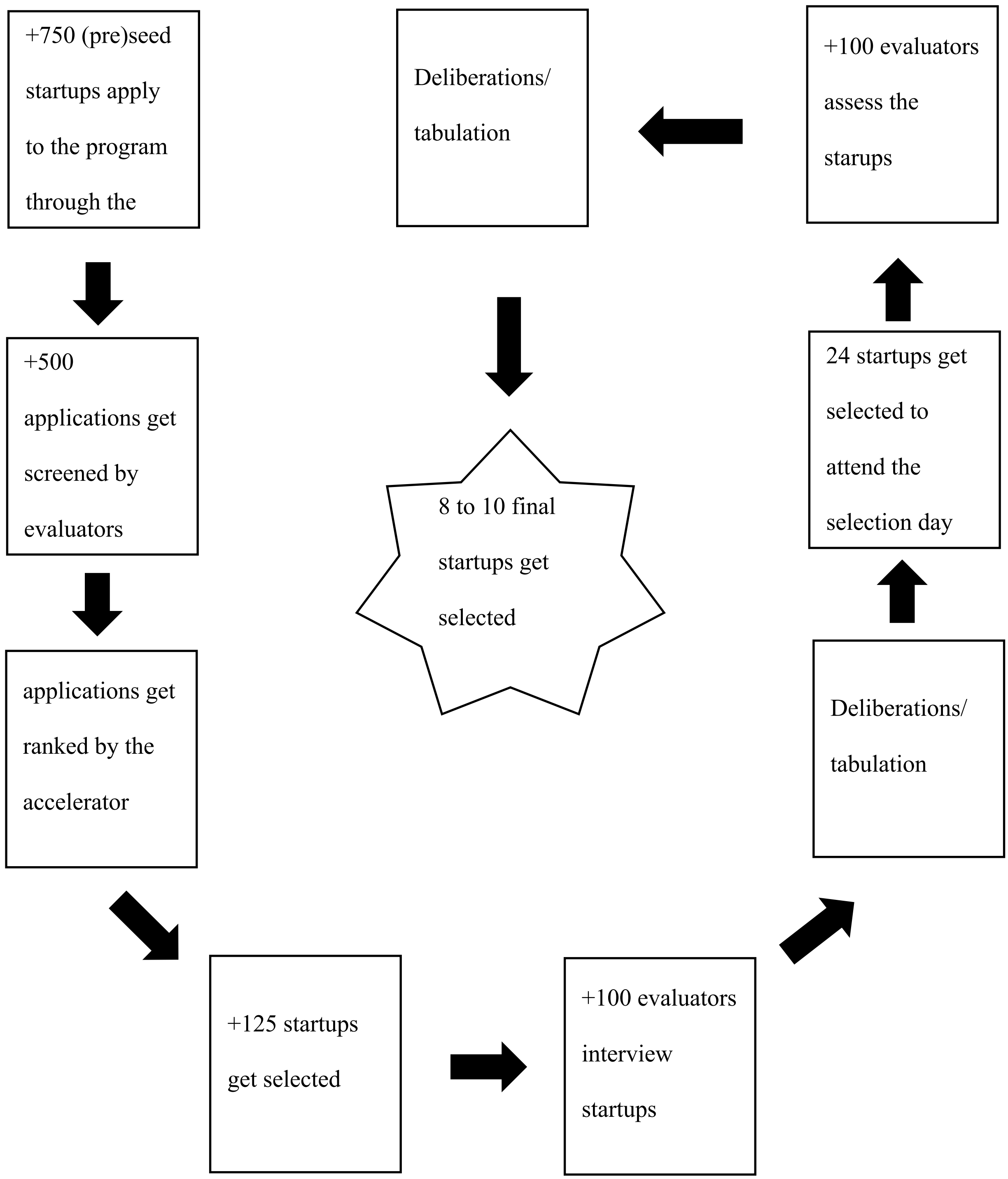


Table 10: Application Questions

Question 1: What market are you addressing?
Question 2: What is the problem you are trying to solve?
Question 3: In one sentence, what is your unique solution?
Question 4: Who are the KEY customers and what is the customer profile?
Question 5: How does your solution work?
Question 6: What is the Total Addressable Market (USD)?
Question 7: What is your target market share (%)?
Question 8: Please let us know how we can address you in our communication
Question 9: What makes your team unique when solving the problem?
Question 10: How many years of relevant experience to the problem you're solving do you have?
Question 11: What was your previous position(s) where you've gained relevant exposure to the problem and experience to develop a solution?
Question 12: How many years have you spent as an entrepreneur prior to starting your current start-up?
Question 13: How long are you familiar with the technology you're using to build your product (years)?
Question 14: Partner 1
    Question 14: Please specify Partner 1 First and Last Name
    Question 14: Please specify Partner 1 Website
    Question 14: Please specify Partner 1 Email Address
Question 15: Partner 2
    Question 15: Please specify Partner 2 First and Last Name
    Question 15: Please specify Partner 2 Website
    Question 15: Please specify Partner 2 Email Address
Question 16: Partner 3
    Question 16: Please specify Partner 3 First and Last Name
    Question 16: Please specify Partner 3 Website
    Question 16: Please specify Partner 3 Email Address
Question 17: Partner 4
    Question 17: Please specify Partner 4 First and Last Name
    Question 17: Please specify Partner 4 Website
    Question 17: Please specify Partner 4 Email Address
Question 18: Partner 5
    Question 18: Please specify Partner 5 First and Last Name
    Question 18: Please specify Partner 5 Website
    Question 18: Please specify Partner 5 Email Address
Question 19: Mentor 1
    Question 19: Please specify Mentor 1 First and Last Name
    Question 19: Please specify Mentor 1 Company
    Question 19: Please specify Mentor 1 Title
    Question 19: Please specify Mentor 1 LinkedIn profile link
    Question 19: Please specify Mentor 1 Email Address
Question 20: Mentor 2
    Question 20: Please specify Mentor 2 First and Last Name
    Question 20: Please specify Mentor 2 Company

Question 20: Please specify Mentor 2 Title
Question 20: Please specify Mentor 2 LinkedIn profile link
Question 20: Please specify Mentor 2 Email Address

Question 21: Mentor 3
Question 21: Please specify Mentor 3 First and Last Name
Question 21: Please specify Mentor 3 Company
Question 21: Please specify Mentor 3 Title
Question 21: Please specify Mentor 3 LinkedIn profile link
Question 21: Please specify Mentor 3 Email Address

Question 22: Mentor 4
Question 22: Please specify Mentor 4 First and Last Name
Question 22: Please specify Mentor 4 Company
Question 22: Please specify Mentor 4 Title
Question 22: Please specify Mentor 4 LinkedIn profile link
Question 22: Please specify Mentor 4 Email Address

Question 23: Mentor 5
Question 23: Please specify Mentor 5 First and Last Name
Question 23: Please specify Mentor 5 Company
Question 23: Please specify Mentor 5 Title
Question 23: Please specify Mentor 5 LinkedIn profile link
Question 23: Please specify Mentor 5 Email Address

Question 24: Do you currently have paying customers?
Question 24: If you don't have paying customers, have you validated your business model (please explain).

Question 25: What's your customer acquisition strategy, and associated customer acquisition cost (estimates if not yet tested)?

Question 26: What are your top traction channels?
Question 26: Please mention which event
Question 26: Please mention which blog
Question 26: Please mention which social media website

Question 27: Describe your current engagement metrics.

Question 28: How many paying customers do you currently have?

Question 29: For how many months you have your longest paying customer?

Question 30: What's your approximate revenues earned to date (USD)?

Question 31: What is your Monthly Recurring Revenue (MRR) (USD)?

Question 32: What is your Annual Recurring Revenue (ARR) (USD)?

Question 33: What is your revenue collected from one-time fee payments?

Question 34: Please disclose your other engagement metrics if you have and provide description

Question 35: Describe your current product roadmap?

Question 36: Is your product using now or will use it in the future (included in your road map) the following components:
Question 36: Please explain more about API
Question 36: Please explain more about AI
Question 36: Please explain more about Blockchain

Question 37: Any other types of technologies you are using that you would like to mention?

Question 38: Who are your top 3 closest competitors.

Question 39: How do you differentiate from your competitors?
Question 40: How much capital have you raised to date (USD)?
Question 41: What's your latest round of financing, and how much have you raised to date?
Question 41: Please explain more about Bootstrapping
Question 41: Please explain more about Pre-seed
Question 41: Please explain more about Seed
Question 41: Please explain more about Bridge
Question 41: Please explain more about Series A
Question 41: Please explain more about Crowdfunding
Question 42: Are you currently raising funding?
Question 42: How much do you have committed to date? (USD)
Question 43: Upload your current pitch deck
Question 44: Anything else you would like to add?
Question 45: Where did you learn about the program?
Question 46: If you chose OTHER/referral/event please provide details
Question 47: [] Fintech Accelerator cooperates with several other accelerators, VCs, financial institutions, private investors, and other parties. We may share information contained in your application, including personal information, with those parties fully or partially in order to increase your chances of securing financing by increasing the exposure of your application to the larger pull of investors and for due diligence purposes. Do you give your consent for your data be shared with third parties listed above?
Question 48: [] Fintech Accelerator and/or other related parties listed in question 43 of this application may periodically contact you. Do you give your consent to be contacted by these parties?
Question 49: Please let us know about any problem you came across while filling out this application and any suggestions you have to improve your application experience. Thank you

Table 11: Post Interview Evaluation Questions (by external evaluators)

☝️ First, the basics.
Please note: An overall score of < 24 (out of 40) implies that the startup will most probably not

move ahead to next round of evaluation (Round 3).

1) What is the name of the startup you are about to interview?
2) Please enter your full name
3) Please enter your email
4) 🔗 FinTech Team
   1. Does the team have the relevant entrepreneurial and domain experience?
   2. Does the team have a complementary skill sets to build the current FinTech business?

Please provide detailed comments. You may include any additional comments as well.
From 1 (worst) to 10 (best), how would you rate the team.

Grade: 0/10
Please note: An overall score of < 6 (out of 10) implies that the startup will most probably not move ahead to next round of evaluation (Round 3).

5) Market & Product
   1- Is Fintech addressing a critical pain-point in a large enough target market?
   2- What is the technology stack being used by Fintech? In your opinion is this a defensible tech-stack?
   3- Does the product solution have any competitive advantage to capture a significant market share?
   4- What is the impact for clients in terms of increase in revenue, reduction in cost, increase in output per unit time, etc.?

Please provide detailed comments and an overall grade on a scale of 10. You may include any additional comments as well.

From 1 (worst) to 10 (best), how would you rate the Market & Product.
Updated Score: 0/20
Please note: An overall score of < 12 (out of 20) implies that the startup will most probably not move ahead to next round of evaluation (Round 3).

6) Traction
   1- What is your revenue model?
   2- What is your GTM (go-to-market) strategy to acquire new clients?
   3- When did you launch your product?
   4- How many paid or free pilots / paying clients do you have and what is your revenue since launch?

Please provide detailed comments and an overall grade on a scale of 10. You may include any additional comments as well.

From 1 (worst) to 10 (best), how would you rate the Product's traction.
Updated Score: 0/30
Please note: An overall score of < 18 (out of 30) implies that the startup will most probably not move ahead to next round of evaluation (Round 3).

7) 🤝 Fit
   1- Are there any existing external investors? (Better if Yes)
   2- Are you looking to raise capital? (Best if between $500k to $1.5Mn)
   3- Is Fintech a good fit for our ecosystem of Partners, Advisors, etc.?

Please provide detailed comments and an overall grade on a scale of 10. You may include any additional comments as well

From 1 (worst) to 10 (best), how would you rate the Startup's Fit.

8) Any other remarks you would like to share? (not scored)

FinTech's Final Score: 0/40

An overall score of < 24 (out of 40) implies that the Fintech will most probably not move ahead to Round 3. In case you want you can use the arrows at the button-right of the screen to scroll up and modify any comments or grading for any section (before submitting).

Thank you so much for taking the time to interview our applicants. Let's find the next Fintech superstars! ✨

Table 12: Post Selection Day Evaluation Question (by external evaluators)

Evaluation of the applicant

Pros (space to explain)

Cons (space to explain)

What would you score this startup? (1 to 10)

Would you partner with them? (1 to 10)

What would it take to partner? (space to explain)

Total (1 to 20)

Table 13:Questions Frequently Asked by Evaluators (during selection day)

1) Tell us more about your background
2) Why did you choose FinAccel?
3) Elaborate more on your business model, how do you get paid?
4) Who are your current and/or future customers?
5) What makes you different from your competitors?
6) Who are your financial partners?
7) Which department in a bank (a potential client) makes decision about buying your product?
8) Where or in which segment of the market do you think you play well?
9) What are the barriers to enter your market?
10) How are you acquiring clients?
11) Can you give an example of what you can do, and your competitors can't?
12) How is COVID impacting you?
13) Why do you want to move into the market of North America?
14) What is your value proposition?
15) What do you want to get out of FinAccel?
16) What are your short-term versus long-term goals?
17) How many transactions have you done?
18) How is the competitive landscape?
19) Why are you the right people to solve this problem?
20) What clients are you targeting? Why?

Table 14: Interview Questions (for external evaluators)

1) From your perspective, how would you define a good early-stage start-up?
    a. According to you, what are some of the characteristics of a good startup founder?
    b. According to you, what are some of the characteristics of a good startup team?

2) Tell me about a recent early-stage start-up application that you evaluated. Perhaps we can pull up a specific example?
    a. What are some of the characteristics that you liked about it?
    (let's keep it open-ended, instead of leading them with choices.
    b. What is the first thing you look at?
    c. What other sources do you typically go to?
    d. Do you check the scores given by previous evaluators?
    e. Do you think that previous scores influence your decision?

3) How do you evaluate the founding team?
    a. Do you also look at other things such as previous (entrepreneurial) experience? Education?
    b. Do you check the companies they have worked for or run before?
    c. Do you check their LinkedIn?
    d. How much time do you spend on that?
    e. Have you reached out to the founding team asking for more details?

4) How do you evaluate the idea (product/service)?
    a. How much time do you spend on the pitch deck?
    b. What are the things you specifically look for when going through the pitch?
    c. Do you also visit the company's website?
    d. Do you compare their website/product/service with that of their competitors?
    e. Do you watch the attached video?
        i. If yes, what is that you are looking for when watching the video?
        ii. Can you give me an example of a good video you watched lately?

5) What are some of the aspects/characteristics that makes you reject an application or give it a very low score (so that it wouldn't be able to make it the next round)?
    a. What's the deal-breaker for you?
    b. Perhaps you can briefly talk about an application that you recently rejected or gave it a low score?

6) Is there anything else do you look for in an early-stage startup?

Table 15: Supporting Quoted for Findings

Attributes	Instances
Networks & connections	1) So, in terms of management they have established or have started establishing a number of strong partnerships in the industry, actually. *Observation -external* 2) Yes, I look to see if they have any connection to me? connections to Canada, to my team? *Interview-external* 3) I selfishly also look to see if we have other people in common, cause it's kind of like one of the interesting things to see, like how connected I am. I like one of the startups that actually went through the accelerator this year. It turned out a good friend of mine in Colorado had invested in them already. So I was able to go and be sneaky and be like, tell me everything, you know, even the unbiased version. But that's usually what I kind of look for. *Interview-external* 4) if I do have more time, you know, depending on my day jobs, too, I would even call up people I know in the industry to see, you know. Have you ever heard of Sarah before? *Interview-external* 5) Well, yeah. Hundred and seventy-seven connections. Not many. Good point. So he was in the [name of the company] systems, Israel leading tens of programs along the years, including two U.S. military, high dollar value programs, managing development teams responsible. Of course, you know, one thing, the minute you get a contract with U.S. military level of individual security that you have to go through, which is why maybe his contacts are super low. *Observation-internal*
Presentation skills	1) Poor presentation, I don't think he'll ever be able to sell anything. To sell the product or to sell himself? Both. I don't think he'd be able to sell to an investor going forward. OK. And I don't think you'll be able to sell to anyone. That's not good. *Observation-internal* 2) if you can't convey your message in two minutes to a senior level advisor, you get what's called the elevator pitch. Right. You can't get somebody to understand what you're doing in two minutes. Then your product is too complex or you are not a good presenter. *Interview-internal* 3) You know, it's kind of the way we did have a conversation about that because it just made me reflect negatively when these companies come in and don't present well. We expect them to be big boys or big girls and, you know, do what they need to do. So, yeah, I mean, that in itself for me, you know, we set out a template which was five slides, said, you know, here's the five key things you need to show. Yeah. And some still showed up with their 14 pages. Like, as far as I'm concerned, that they lose a couple of points there for me. *Interview-internal* 4) You know where I'm, I guess, very disappointed. I think any time as an entrepreneur, I did three things. One was I absolutely researched who I was gonna be on the call with like the fact that these guys don't turn around and say, yeah, I know. I look to Kevin's [interviewer] background, Harvard MBA. I'm super excited to get his feedback…Following the interview. Hey, thank you for the interview. These were the points we talked about. Please let me know if you have any concerns. I'm happy to address them. So, two startups have done that that stood out for me…But some people seem to be very ignorant or maybe they don't know about these things, which is still surprising because we are living in a world where everyone and everything is connected. So, they should have known. *Interview-internal*

	5) [Name of the company] is to banking, what Netflix is to TV and Spotify to music. OK, so far, it's probably the first startup that's allowed me to share a vision. This is one of the most powerful things you can do as a founder. Give me a model that is already existing. And tell me, you know, relate to what that success looks like. We connect all your cards at one smart app. We bring you financial freedom, limitless opportunities all in one place, simply wonderful. I think they're edgy, but I like the wonderful. *Observation-internal* 6) [Reads through the explanation of the product] Stop describing the water I'm drowning in. I like people to get to the point. Here's the problem here. The cost to the industry. *Observation-external* 7) I guess things that would red flag are people who really can't express quickly and clearly what it is that they want to be able to do and say that's not them having a great soundbite or tagline or, you know, they put some money to some really great marketing guy. It's when you speak to them. Did I really, you know, understand what it is that they want to do? *Interview-external* 8) And the thing that I probably overweight more than others, I would guess, is ability to articulate what it is they do and what is their comparative advantage. Communication is just so important. You might have the best idea in the world, but if you can't explain it to me and your pitch materials aren't clear, then it's irrelevant. Many founders struggle with is how do I explain this, especially, you know, in the pitches, when you get two minutes or one minute, you have to be really, really crystal clear. And so many of them just kind of ramble on about a lot of stuff. So for me, it's really important. If you can't articulate what you do and why you're special in two minutes, then that is a signal to me of you don't really know. *Interview-external* 9) What I like is a founder that will not give me platitudes, will not give me big, broad vision statements about what they're going to do in five years because no one knows what they're doing in five years. If he can still instead tell me how in three months this business is going to be measurably better than it is today, then I'm listening. *Interview-external* 10) Another thing I did notice a couple of times where the people we were interviewing, so the company were offering something that had some solution that included a machine learning. And the founder really couldn't speak even at a high level to what they were doing in that space. And I feel like that's fine. That's not your expertise, but this is your company. You should be able to speak at a high level about what are you doing there? And that's kind of a red signal to me as well. I don't expect you to be answering the detailed quanti questions about like what is a random forest model vs. a neural network. But I do expect you to know that there is such thing as a neural network versus a random forest and be able to speak to which one are you using, right? *Interview-external* 11) A good entrepreneur begins their pitch by clearly stating a problem that needs to be solved, a true understanding of the business, the industry that you're trying to improve and that you're trying to innovate. *Interview-external* 12) Confidence is absolutely key, when you meet with someone, so, you know, when you sit down in front of someone who is an absolute introvert and has no difficulty expressing her ideas and everything. Well, you know the first word of advice that I would give to that person is, look, maybe, you know, the role you should be seeing for yourself within your company in is CFO and maybe you should be looking for an associate, would have that role as CEO and chief evangelist and who has the ability to properly communicate a vision and ideas and so on and so forth. *Interview-external* 13) Because the sooner founders get me to understanding what it is that they do, the sooner I know whether it's a yes or a no. *Interview-external*

	14) Sometimes in the video just with one of the founders describing their business model is really helpful in other ways. They can do a real, you know, two-minute run through on their pitch deck, basically. That's kind of what I'd look for. But mostly I'm looking for what I get when I go nose to nose with the founder. You know, I just it gives me a perspective on their personality and how they react to stuff. And it gives me an opportunity to like the person or not like the actual testing companies I don't like the founders of because they're just difficult to get along with. *Interview-external* 15) I think if you can kind of show convey like passion for the problem solving and have a good crisp elevator pitch that has clear business benefits and outcomes, and, you know, it's much better if a company says we were solving this problem and we save, you know, 10 percent or two-time improvement on the speed to whatever it is. I mean, just being able to quantify things in the video is helpful and show that you really know your space. *Interview-external* 16) There was one really good one Like, it was very good in terms of they basically were able to say, look, here's the problem. Here's how we're trying to solve it. Here's how we've solved it before. And like here, the economics. And here's the opportunity. If you don't tell me, like, guys, this is super exciting because this is a fifty-billion-dollar market, like. I mean there's one that there's no providing high school benefit to all of us providing low university loans to like kids in Nigeria. And then I was I felt like the actual like dollars and cents behind it, like wasn't there. And I'm like, you know, it's not like a social enterprise venture fund. *Interview-external* 17) Who you are as a company? What's your product? What are you trying to solve? Where are you now, where you want to be and what do you do with the money? And at the end, give me like 30 seconds about, like you guys, you know, why would I trust you? That's well, that's my ideal video. *Interview-external* 18) It's like I really like the who are you? and what is your model? So, it's like I'm selling. So, I built this product. This is why I built it. This is what it does. This is where you can find it for. You need to be really clear. *Interview-external* 19) And then in the video of the founders. It's important for me to get the sense of do they look serious? Do they look like they are focused? That they know exactly what they are doing and then going in the same direction. *Interview-external* 20) Video needs to show team cohesiveness. It has to be well put together. It doesn't have to be like a Netflix documentary, but it has to be like well put together with like a nice script so that like an investor looking at. Oh, I know. Exactly. After like one minute and 30 seconds and what you guys exactly do. And what is the problem that you're trying to solve. *Interview-external* 21) Good Video is a clear articulation of the product. if it's solving a problem, you know what the issues are that it's addressing. You know, I'd like to see somebody that has a bit of energy. *Interview-external* 22) When I look at the video, what I'm judging through the video is, is the person presenting, which is often the CEO or the two, three founding members. Are they able to sell something to me? Because if they're not able to sell, you can have the best product ever. If you can't sell it to anyone, it's not going to work either. *Interview-external* 23) When you're evaluating a startup, I think what immediately hits you the first is if they're able to really simply articulate their problem that they're trying to solve, like immediately within 10 seconds of analysis, do you fully understand what it is they're trying to do, like not from the context of the product, but from the context of the problem. *Interview-external*

	24) Founder was ambitious in the interview. he knew his industry. He knew the problems, the low points of the industry and, you know, he was ready to fix them and yet answers to the questions and to the ones that he did not. He had the team that he was consulting to which he referred to, according to what he says. So like he was prepared. *Interview-external* 25) I would honestly expect them to be a little bit more prepared than I think they seem to be. But this is like what? Quit your job and thrown everything into this startup. I would think you would. Trying to put on your absolute best foot forward. *Interview-external* 26) Were there any holes in their story? And it was more a sort of go to market exercise I think, because, you know, obviously when someone has looked at the tech side of it to begin with, I will say, okay, this is a good product. Well, then once you get past that, you have to say, okay, is this business going to thrive? Is it going to do well? How can it do well? And are these the guys that can make it happen? *Interview-external* 27) A lot of the stuff that you would see on paper, you don't really see the personalities, but when the personalities sort of get in the mix, especially when you're dealing with a lot of people that I've been in finance for a long time, just so sort of the arrogance that will come across. Yeah, I could definitely see sort of the you know, the younger kids coming out of university who are by far the smartest, but some of the people sort of are, you know, in their 50s, whatever, some of the old older people would get sort of upset about feedback, the arrogance of people like, you know, I've found the next Bitcoin or whatever it is. But, um. Yeah. I think it's pretty easy just sort of to get a read for the people, you know. *Interview-external* 28) If it is the founder, just sort of seeing someone's thoughts and viewpoints and passion towards their company, changing an industry or making money or making things easier. And then you had just general overall enthusiasm and just ability to, you know, get the most amount of relevant information out in the shortest amount of time. *Interview-external*
Pedigree: education, experience	1) And he is mechanical engineering out of University of California. Yeah. OK, so USC, top school. *Observation* 2) The CEO is a cyber security consultant, which means he has domain expertise, and he has six years of entrepreneurial experience. So, this is this is a big thing. *Observation-internal* 3) He has no LinkedIn profile. You for real? It is surprising. That always scares me a bit when I get this. I've got to go and look. He was a developer and integrator in a radio solutions company. So no name of company that he worked for 10 years, nine months. He has a master's degree in marketing. So he's a first time founder. And he has no technical expertise. *Observation-internal* 4) So normally I would just go look at LinkedIn of co-founder. I would want to see, has he done any other previous startups. *Observation-extrenal* 5) You know, every founder should bring the expertise that maps to one of the key business risks. So it's a you know, it's an advanced application of A.I. One of the founders needs to be kind of like a world class practitioner of data science or something that. *Interview-external* 6) It depends on what kind of business you're starting. It could be. Previous experience in that industry that led you to start this business. So, it may not have been entrepreneurial. You might have been a V.P. at an insurance company and you know, you hated the way things work and now you're breaking to start your own company. It could have been entrepreneurial. It

	could have been just you being student and exceptional student. I mean, could be a previous exit. All that stuff would be a positive signal. Depends on the business that you're building. There'd be no generic thing I'm looking for. *Interview-external* 7) I think the best founders are ones that have some ability to personally identify with the pain point they're trying to solve. A great founder for a product that is, you know, solving the issue of educating a child would be a parent who's frustrated with the current status quo of what's being provided for educating the child. *Interview-external* 8) The founder or, you know, some of the key executives are serial entrepreneurs. That kind of trigger for me. So, I found that if you look at their history, this is you know, they've done two or three other ventures that they've been successful at some stage. That generally is, you know, a good sign. They failed before. OK, so sometimes it's a good sign as well, often as a good sign. You learn a lot of lessons. *Interview-external* 9) There has to be a reason why they're the right person to do this. Like, if you're an engineer, like a rocket scientist, you're not going to go start an e-commerce company, selling towels, like you just want. It doesn't use the skills the person develops. Right. So there has to be some reason that this person is qualified to do it. It's the right time for them to do it. That they've shown the capacity to do something like this, not necessarily as a starter, but it just has to make sense for the person, obviously, or the people have to be competent at times. That's to be something exceptional about where you would give them the kind of stupid venture capital valuations that people get today. *Interview-external* 10) You definitely look at experience. For sure. What have they done in the past? Do they have experience in startup? The founding? Do they work for a company that's related to the industry or vertical that they're looking to solve? But then I also look at the potential personal relationship with a problem they're trying to solve. So even if they haven't, you know, worked in a startup, but maybe they're building a really cool product, for the serf industry. And I see they're an avid surfer. OK. That makes total sense why they've been wanting to do that. *Interview-external*
Team characteristics	1) A good early-stage startup, I think, has to start with the people. So, it is there. There are learned skills and there are sort of just character skills or character traits. I would say so. You need learn skills, meaning you need some experience, whether that's in the domain area of your business or whether that's in running a business, starting a business, etc., there's just there's certain things that you just have to know. And if you don't, you want to make a lot of mistakes along the way without appropriate mentorship. The second is just character traits. You need people who are very resourceful. So you need to be resourceful and dynamic in your thinking. I think you need to be open to ideas. I think you need to not. Obviously, the opposite of that is you need to not be so fixated on your ideas so great that it's going to succeed. *Interview-external* 2) I also look at the founding team. So what is their pedigree? Have they built another startup? So I look at kind of the team holistically. *Interview-external* 3) And I look at team, I think team is quite important as well. I look at the background whether they've had previous entrepreneurship and exit history. Because there is a big personal risk. Right. If this fails, would they be able to start something new that's successful? Do they have the right educational background? Are they able to develop and attract the right team? *Interview-external* 4) The team doesn't have to be big. But the team has to be able to be credible both for investors and for customers in terms of why they are able to deliver on their promise. *Interview-external*

	5) So, you know, you could look at how that breadth of horizontal skills are like, I mean, you know, are this people, you know, just specialists trying to do a company, or they do have, you know, sort of business experience or horizontal experience and multiple vertical experience in like marketing or sales or technology type of thing? *Interview-external* 6) I mean, I think their obsession is key. I think, like, you know, that kind of competitiveness and obsession with building a business, it's an extremely difficult task. have to work. You know, they have to work 70 to 100 hour weeks and they don't make much money and most of them fail. So there needs to be something other than just the cash. *Interview-external* 7) I think they would have different skill sets, so you don't want, like three MBA as your three co-founders? It's great to have multidisciplinary skills. *Interview-external* 8) Founders need to have experience, right, there are the rare occasions where you have some that don't have the experience, but that they need a team of people that have experience under them to help them go to the next level? … it's important for them to have entrepreneurial experience. More than more than traditional background like traditional and by traditional, I mean like working in a bank kind of thing background. Because I worked at banks and the thinking of working in a bank versus entrepreneurship experience are two different things. while the whole team doesn't need to have entrepreneurial experience, key members of the team, decision makers must have that experience. *Interview-external* 9) So, I think what is important is that it's a diverse team, actually. A team, which has different sets of skills and different, don't necessarily come from the same background at all or the same. And in a variety of skills, variety of technical skills as well as business understanding. And they communicate well together, and they are aligned on the vision. *Interview-external* 10) And the team has to have more or less a complementary set of skills. I interviewed people who 90 percentage of the team are technologists. Right. And they're trying to answer questions around finance and things that are struggling to probably better to have a complementary set of skills. I mean, there will be some overlap, but that complementary set of skills, good vision, you know, good energy. *Interview-external* 11) I think the team needs to prove them throughout their careers that they are capable of working long hours. So whether that's someone that's done banking at Goldman Sachs like that, for me it's not because like that signals that you're smart or create or good business, because I don't think it signals any of those things. It does signal, though, that you're literally able to walk through a wall like run through walls for like what is essentially a meaningless task set or you have other similar experience. So, you understand what it takes. I think, you know, broadly profiles that don't make good founders or folks that have worked, you know, like not to pick on anybody in particular, but like let's say you have an academic with a really interesting idea or a really kind of ground-breaking use of technology. Academics don't work long hours. Like, it's just never getting off the ground and so miserable to build a startup. So, I think you need to have kind of this demonstrated obsession and willingness to suffer. *Interview-external* 12) Do they have industry expertise? Do they have markers that demonstrate their ability to be knowledgeable in the space? Do they demonstrate things that allow me to believe they have the entrepreneurial skill set to be able to build a company? And then, you know, as you look across multiple people, you want to look to see how complementary it is. So how do they know each other? How long have they worked together? Are the roles and responsibilities clear? Or is everybody a management consultant? And they pulling from the same talent pool? Those are the things I look for. *Interview-external*

Nationality	1) A company from Russia, for example, Dubai, China. We need to be mindful. *Interview-external* 2) There was this company, I think it was Brazil, because of their capital controls in place. I'm like, you know, any business whose core go to market strategy is based off of evading government regulation justice is, no matter whether you agree with the government or not, it's just like it seems like you're gonna be living your life on a knife's edge constantly. *Interview-external* 3) If they're all from it, all of them are not from the country where the solution is like, then I it's always a little bit weird because my question is like, so what makes you think, you know, if you're all from Russia, Like why are you solving an American banking problem? And if it's the case that, oh, well, you're all born in Russia, but you live here, it's like you haven't met a single American or were Chinese American or Indian American that you'd want to bring onto the founding team. Like why? Why is it all people from your kind of same like Diaspora? So they just kind of like raises questions about open mindedness and diversity of opinion. *Interview-external*
Gender	1) Yeah, well, it's funny, you know, even when I interview women, when they come in the room, you know, I'm looking to say, OK, you know, they have no polish on their nails. Well done. Are there you know, is there grooming like a much more attentive to the little details than I am when I'm interviewing a man? And it's funny. I don't know why that is. But interesting. I think they because people were hard on me. *Observation-internal* 2) So then I thought it was interesting. And I keep trying to figure because I was in another conversation with an investor out of the US who really wants to support diversity. And it's so funny. You know, part of my main mission is try to bring women forward in this. Yeah. And I swear to God, I just wanted to attach an anchor to some of the most difficult to deal with, really the most kind of overinflated in terms…when they're arguing over their valuation to be able to avoid what a percentage of investment is, where, you know, the guys are just so much easier. You know, they get the bigger picture. Yeah. And that was really hard. And then, you know what I found? It was so interesting, kind of, because we've been doing a lot of the feedback with the advisors following companies, what they like, what they you know, the more intangibles. And it came up, you know, across two of the women founders, and I thought that was interesting. Right. You know, it still makes me kind of go back to, say, men as ambitious, woman as aggressive. Right. And whether people view how a woman responds defensively to a question different than how a man responds defensively. *Interview-internal* 3) [She reads a comment from another evaluator that the founding team are husband and wife, and this doesn’t make an ideal dynamic and can create complications] … you know, I didn't like this comment and it kind of influenced me… I don't know. It's easier to have a fight with my brother or sister than it is with what you mean by somebody you don’t know. And you know what's funny. I bet if the same evaluator who evaluated the husband and wife, I bet he wouldn't put a similar comment about two brothers being involved. There is a whole element of unconscious bias when a woman is introduced in the equation. *Observation* 4) I mean, just philosophically, I think having a diversity of talents and experiences is really important. A pet peeve of mine is that. Nine point nine out of ten of these are completely male. And no one ever seems to notice that. Actually, I find that when they're in the rare cases, when a woman is doing the pitch, she is always so much more prepared. But unfortunately, in the interviews that I participated, there were only very, very few women..there were two versus twenty-two. So yeah, I mean for

	what I've seen, usually women have a crystal-clear message. It's very, very polished. And I think I speculate that have done so much better on that than their male peers just to get noticed and to get funding. To get to meetings. *Interview-external* 5) I would be interested to be with diverse teams who ideally, if I can have some diversity in the team, I'd be happy to see that. If a gender can be, you know, a ratio controller backgrounds, you know, like it's not just one criteria, but you know, but I don't necessarily want to see only white guys, which people overlook often. You know, my husband is a white guy, so there is nothing against. But what I'd love to see. It's more than just Mr. Drone, Mr. Smith said Mr. Whatever. *Interview-external*
Other signs of validation	1) You know, they get paid customers, strong team. They were in market. They'd been to plug play. They had an angel that back them. And I was like, you know, I. I saw the problem that they were trying to resolve the really wanted to get into Canada. *Selection day conversations* 2) So, I see a good set of mentors from previous investors, so that helps. They have three paying customers for how many months have you had your longest paid customary 30. OK. That's a pretty good validation. *Observation-external* 4) So, financing state means they're they've already got some investors, which is good for me… So big names… And if they're looking to raise funding, it would be even more because that means I can invest. *Observation* 5) Have they raised some money from an investor? I would have given them six. OK. Which means that, you know, there is some investor who has already been through the screening, filtering, and the like. *Observation* 6) Now if there are paying users, I go see the app and how much they're rated. And then that helps me also define like this part here, the attraction. *Observation* 7) They have some backers, VC backers already, so panache is already invested in companies, Creative Destruction Labs, which is another sort of incubator accelerator, and they have some pretty important advisors, so some strong backers. *Interview-external* 8) I look to see if they know certain people. And I go to see if they're talking to the right people out there doing the right things. It shows that they're savvy. And also, I'm a big proponent of LinkedIn. I use it a lot. *Interview-external* 9) I look for career progression. I look for validation that other people have seen something in these people. Right. So, whether that's, you know, for their age, they have assumed responsibilities. *Interview-external*

Connection Between Essay 1, 2 and 3

In the first and second essays I looked at the influence of investors on the survival and growth of startups through two important and interrelated process of hiring and evaluation. One other related process that influence both hiring and evaluation is entrepreneurial identity.

Entrepreneurial identity or narratives that give meaning to the questions of “who we are” and “what we do” are shaped as startups interact with, learn from, and adapt to their ecosystem (Lounsbury & Glynn, 2019). One important group of players in the startup ecosystem with whom stratups closely interact with are investors. In the third essay I look at how accelerators/investors influence construction of identity narratives. I then argue that these narratives help startups to hire better candidates and receive positive evaluation from future investors.

Essay 3: How Accelerators Shape Entrepreneurial Identity of Startups

Abstract

Startups rely on the support of a broad range of investors, including accelerators, to secure resources and to scale up their ventures. With the growing number of accelerators around the world, their designs and effectiveness for new ventures have been the subject of many research projects in the past couple of years. However, the influence of accelerators on shaping an integral part of new startups creation and growth, namely entrepreneurial identity, has not received much attention yet. This study aims to investigate this important yet understudied area of accelerators' influence. I draw on a rich set of qualitative ethnographic data from a 12-week fellowship program at a fintech accelerator with eight participating startups to show that accelerators guide startups to *redefine* narratives of "what they do" by focusing on the problem that they are solving rather than the solution that they are offering. Simultaneously, startups are guided to *elaborate* on narratives of "who they are" by adding details about how they know the problem and why their background, experience and expertise make them ideal candidates to solve the identified problem. To show the long-term influence of the (re)constructed identity narratives for startups, follow-up data was collected from all eight startups two years after graduating from the accelerator. One of the startups had gone under and one was struggling but the others were growing. Comparing the follow-up data with performance of the startups during the program shows that the ones that adhered to the accelerator's direction of entrepreneurial identity were more successful long-term than others.

Introduction

Over the past couple of decades, the literature on entrepreneurship has enhanced our understanding of how entrepreneurial processes are profoundly cultural (e.g., Gehman & Soublière, 2017; Lockwood & Soublière, 2022; Lounsbury & Glynn, 2001, 2019). Much of this literature to-date has documented how entrepreneurs legitimate their efforts, enabling them to secure resources and find key partners to scale up their ventures (Überbacher, 2014; Überbacher, Jacobs, & Cornelissen, 2015). At the core of legitimation and resource acquisition efforts is the construction of entrepreneurial identities, defined as stories that give meaning to the questions of "who we are" and "what we do" (Navis & Glynn, 2011). These identity stories (Ibarra & Barbulescu, 2010; Linde, 1993) at the organization level function to assemble variegated cultural elements in a narrative that guides external audiences' (e.g., investors, government bodies, established organizations) sensemaking efforts and judgement of new ventures credibility and legitimacy.

In their recent book, Lounsbury and Glynn (2019) argue for a broader agenda on cultural entrepreneurship that further unpacks the sources and consequences of entrepreneurial legitimation. This requires both macro and micro studies, including detailed ethnographic studies of entrepreneurs and how they design legitimacy (Glaser & Lounsbury, 2021). These micro studies draw attention to how the stories and actions of entrepreneurs are co-constructed with various audiences. Such an approach will enable us to develop a richer understanding of how individual entrepreneurial stories are constructed and how and why they become appealing and convincing.

In an attempt to embark on one such studies, I started the current project. I made the choice of collecting qualitative ethnographic data from a 12-week fellowship program at a fintech accelerator based in Canada (which I will call FinAccel in this paper) to understand how accelerators shape startups' entrepreneurial narratives. Accelerators and their designs and effectiveness for new ventures have been the subject of many research projects recently (e.g., Cohen & Hochberg, 2014; Cohen, Bingham, & Hallen, 2019); however, the influence of accelerators on shaping entrepreneurial identity have not received much attention yet. Given that startups spend an intensive period of time (often during their early stages) in the accelerator programs, it is important to look at how these institutions influence startups identity or in others words how accelerators shape the (re)construction of startups' identity narratives.

Based on 43 interviews with accelerators' mentors and a cohort of 8 startups, and 159 hours of ethnographic observations (including all weekly meetings, pitch clinics, and events), I show that accelerators' mentors guide startups to *redefine* the narratives of "what they do" by focusing on the problem that they are solving rather than the solution that they are offering. Simultaneously, and as startups progress in the program, accelerators guide them to *elaborate* on the narratives of "who they are" by adding details about how they know the problem and why their background, experience, and expertise put them in the perfect position to solve the identified problem. Interestingly, I found rare evidence for substantial guidance in redefining, and/or elaborating on the actual solution/technology offered by startups which is what is often expected from attending accelerator programs (Cohen et al., 2019). I also show the areas, the accuracy, and the frequency with which startups integrate the feedback that they receive from the accelerator and eventually (re)constructed their narratives. In doing so, not only do I show the process through which each startup goes through changes, but I also cover the variances between startups. Moreover, in order to show the long-term effect of these identities and how closely startups adhere to the received guidance, I collected follow-up data. This data was collected for all 8 startups between 20 to 24 months after the end of the program, from LinkedIn and

Crunchbase and interviews were conducted with internal mentors at the accelerator and founders of the two struggling straups. Follow-up data shows that from the cohort of 8 startups, only 6 were successful in raising more funds and moving ahead in their growth journey. Considering the evidence, Comparing the follow-up data with performance of the startups during the program shows that the ones that adhered to the accelerator's direction of entrepreneurial identity were more successful long-term than others.

Entrepreneurial Identity

Identity gives meaning to and defines an entity (Corley et al., 2006) and it becomes most eminent under conditions of uncertainty and ambiguity, functioning as a critical organizational resource (Glynn, 2000) and a device for sensemaking (Weber & Glynn, 2006; Weick, 1995). Since similar conditions generally characterizes startups (Navis & Glynn, 2011), it can be argued that the role of identity in early stages is even more vital to startups compared to other types of organizations. In such nascent stages of venture emergence, identity is being shaped through a set of claim-making activities about the core attributes that constitute an entity. These activities are arguably a central aspect in early construction of organizational identity (Albert & Whetten, 1985).

Organizations establish an "identity domain" in the markets in which they compete to influence "stakeholders' perceptions about their ability to create value relative to competitors" (Rindova et al., 2005, p. 1033). Navis and Glynn (2011) define the entrepreneurial identity as "the constellation of claims around the founders, organizations, and market opportunity of an entrepreneurial entity that gives meaning to the questions of "who we are" and "what we do." These identity narratives or stories (Ibarra & Barbulescu, 2010; Linde, 1993) at the organizational level function to integrate different identity parts to guide external audiences' (especially investors) sensemaking efforts and subjective judgement of new ventures' credibility. These stories, particularly at earlier stages of entrepreneurial venture development are emergent (Glynn, 2000) and because they need to resonate with the targeted audience to be effective (Snow et al., 1986), it can be argued that audience expectations (e.g., investors' expectations) can influence how they emerge.

Accelerators and Entrepreneurial Identity

Investors, including accelerators, help startups secure resources (capital and employees) and find key partners to scale up their ventures (Zackary & Mishra, 2013; Cohen & Hochberg, 2014). Accelerators are novel and emerging institutions that are quickly becoming an integral part of startup ecosystem around the world[6]. There are two main types of accelerators, vertical and horizontal. Horizontal Accelerators are designed for those start-ups targeting a specific product or technology that finds customers in more than one market. Vertical Accelerators, on the other hand are designed for those start-ups that are targeting a specific industry, trade, or customer type[7]. The Fintech accelerator that I collected data from is a vertical-specific accelerator which helps me compare startups in the similar sector.

Accelerators offer programs of limited duration (around 12 weeks) that help cohorts of startups by offering a small amount of seed capital, working space and ample networking opportunities, with both other startups and mentors (e.g., successful entrepreneurs, previous graduates, venture capitalists, angel investors, or corporate executives). Most programs end with a "demo day" where ventures pitch to a large audience of investors (Cohen, 2013). Accelerators

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[6] https://www.forbes.com/sites/alejandrocremades/2019/01/10/how-startup-accelerators-work/?sh=37e6a7544cd8

[7] https://www.linkedin.com/pulse/accelerators-get-focused-better-assist-startups-frank-vallese/

stay connected with the startups for a long time after they graduate from their programs due to their investments.

Given that startups spend an intensive period of time (often during their early stages) in the accelerator programs and founders interact with a variety of mentors and other players in the startup ecosystem, it would be interesting to look at how these institutions influence startups' identity or in other words how accelerators shape the (re)construction of startups' identity narratives. This is what the current study aims to investigate.

Entrepreneurial Narratives in Cultural Entrepreneurship

Lounsbury and Glynn (2001) propose that stories/narratives play a key role in the process that enable new ventures to emerge. Stories "that are told by and about entrepreneurs define a new venture in ways that can lead to favorable interpretation of the wealth creation possibilities for the venture" (p. 546). Moreover, they suggest that stories mediate between extant stocks of entrepreneurial resources and subsequent capital acquisition, and they define this process as "cultural entrepreneurship".

We know from the entrepreneurship literature that most new founders have little access to capital from traditional sources such as banks or established venture capitalists (De Meza & Southey, 1996; Gifford, 1997; Gorman & Sahlman, 1981, Mollick, 2014). This would mean that the early stages of entrepreneurial venture foundation are mostly about creating legitimacy to gain access to resources that can support the growth of a fledgling venture. Thus, the entrepreneurial stories, during these early stages, can potentially fill a "cultural void" (Lounsbury & Glynn, 2001) and help startups build legitimacy around their claims and attract the attention of potential investors, partners, and customers. In other words, entrepreneurial stories can make a new venture comprehensible and meaningful and help them move beyond the low legitimacy that arises from a lack of performance record and visible assets (Aldrich & Fiol, 1994),

In an effort to bring more clarity to the role and importance of entrepreneurial stories, initially Lounsbury and Glynn (2001), and later on Navis and Glynn (2011) and Wry, Lounsbury, and Glynn (2011), focus on how entrepreneurs or skilled cultural operators must tell stories, by offering a series of theoretical propositions such as having identities that resonate with stakeholders' expectations, and signal a venture's credibility and credentials, among other things. They argue that the stories that are built according to these propositions facilitate the constructing of new venture identities and can serve as a touchstone upon which legitimacy can be conferred by stakeholders, and access to capital can be expedited.

However, very few theoretical or the empirical studies that came after the seminal pieces, addressed the actual process through which entrepreneurs (re)construct their stories and why. There is little evidence on who other than founder(s) is involved and how the process unfolds and evolves as the venture scales, and the collective identity of a group of entrepreneurs is constructed. How do members agree upon, communicate, and repeat stories that consistently and coherently define startups' core purpose and practice and enhance the perceived legitimacy of their identity (wry, Lounsbury, & Glynn, 2011). In fact, in their most recent book, Lounsbury and Glynn (2019), reflect on the scholarly work that has been done around the topic of cultural entrepreneurship in recent years and argue that to enhance our understanding of identity stories, we need to cultivate a richer understanding of how individual entrepreneurial stories get constructed as well as how and why they become appealing and convincing. Further, by looking at how through construct their stories, entrepreneurs, and new ventures try to position themselves in desired fields, we can also gain an understanding of how audience (e.g., investors), in turn, perceive and evaluate the appropriateness of that positioning and decide to join the ventures. As such, a context like an accelerator can provide the ideal setting for studying the process through which startups get exposed to a broad range of feedback after presenting their initial story and how they (re)construct their narratives.

Research Design

This research was exploratory in nature, and the question I asked was about processes through which accelerators shape entrepreneurial identity. Following this, the qualitative methods provided many benefits for studying this phenomenon. These methods would allow me to observe the phenomenon of interest in context as well as many of the factors across levels that I identify as potentially being important (Edmondson & McManus, 2007, Eisenhardt & Graebner, 2007).

Data Sources

In the following sections I provide details on each source of data. Having different sources of data facilitated the triangulation and boosted the credibility of the results. Table 16 provides further details on the sources and frequency of data.

Insert table 16 about here

Observations. I was involved in an ethnographic observation of the fellowship program at FinAccel over the course of 12 weeks (total of 144 hours from August 202 to Oct 2020). I negotiated access to this accelerator through my academic network. A cohort of 8 startups were participating in this program. Table 17 provides details on each of these startups including their pseudonyms, specific fields and number of employees both before and after the program.

Insert table 17 about here

The first week, or the orientation week, was dedicated to specific workshops around creating perfect pitches, learning about marketing and product development, potential partners in the ecosystem, and the basics of financial accounting. I attended all of the workshops (total of 10 hours) and took notes of the topics discussed and the activities that startups were engaged in. From the second week, each week, each of the eight selected startups had a meeting around 90 minutes (based on mutually agreed schedule) with accelerators' managers and selected mentors (between 4 to 6 mentors for each session), during which they presented and got feedback on their pitches, talked about venture's progress. The topic of these sessions ranged from pitch practices to any new leads/connections with potential partners, clients, or investors. I attended all 10 meetings each week (total of 12 hours per week and 48 hours per month) and took detailed notes of all the interactions, who was involved and what were the nature of exchanges.

Towards the end of the program, FinAccel also organized a series of 2-hour virtual events, where they invited a range of experts in the field and provided an opportunity for the teams to present themselves and network with the invited guests. I also attended those events, each lasting around 2 hours. As explained previously, the program ended with a big final event that was called demo day. A wide range of investors, partners and potential clients were invited to the event. At the beginning of the event, FinAccel managing partners introduced the participating startups and then the startups would come onto the stage one by one and pitch in front of the audience. It was a half-a-day event with breaks in between. I attended the event and took notes of any changes to the final versions of the pitches, founders' performance, and audience feedback.

Interviews. I conducted semi-structured interviews with two types of informants: mentors who participated in the fellowship program (both internal mentors who were employed by FinAccel and external ones who got invited if needed based on their specific expertise) and startup (co)founders and in some cases other team members. Throughout the program, I conducted 25 interviews with mentors and each interview lasted between half an hour to an hour and a half. In these interviews, I focused more on the feedback that mentors provided during the weekly meetings or as a follow-up to what happened during the weekly meetings. I made this decision because I could then follow and observe the implications of such feedback on the stories that startups used in their pitches.

Further, I conducted 18 interviews with all 8 startup teams, at least twice with each team that spanned over the 12-week program. In these interviews, I asked them what they thought about the guidance that they received and which ones they found particularly useful or not and why and asked them to provide me with examples and/or details of they could. These interviews lasted between 40 to 60 minutes, and all were recorded and later transcribed. In most startups, I interviewed two people (usually cofounders) and in two startups I interviewed three.

Document reviews. I was also given access to an online shared folder (Google Drive) where both FinAccel and the startups would record all their weekly activities (e.g., meetings, pitches, and seminars) during the program. I collected and compared the pitches that were uploaded each week both between and across different startups. I also took notes of all the to-do-list for the following weeks including follow-up talks with certain mentors and other assigned activities.

Follow-up data. Between 20 to 24 months after the end of the program I collected some follo-up data on the 8 participating startups. LinkedIn and Crunchbase were the two main online sources. I documented the number of employees for, and the total money raised by each startup.

Further, I interviewed two internal mentors and two startup founders 24 months after the end of the program. Since the accelerator becomes an investor in all startups that come to their program, they follow startups in their journey and would know how they were progressing. I also conducted two interviews with the founders of two struggling startups. All the interviews were recorded and transcribed later on.

Data Analysis

After an initial study of the pitches and a thorough review of my notes, I realized that pitches often cover the same areas. As such, I started the analysis by first identifying those areas. Twelve categories emerged from multiple readings and reflection on the data. These categories included defining the problem, explaining background, discussing the nature of technology/solution, explaining the competition, explaining future projections, and more. See table 8 for the full list. I then consulted my field notes to analyze the feedback that mentors gave on these categories to startups during weekly meetings. Even though this feedback was mostly targeted towards the pitches, they often extended beyond them and evolved into a general discussion around the identity narratives of the startups. The next step was to identify the changes that happened within each of these categories in each startup and to note the kind and frequencies of these changes. Reflecting on this step, I realized that both feedback and the subsequent changes centered mostly on the categories related to the problem, solution, credibility of the team (e.g., experience, expertise), achievements (e.g., rewards, revenue), and the overall coherence of the story. As such, in the subsequent step, I identified 317 instances of related feedback in the above categories. I then looked at how many times each startup received feedback in each of these five categories at each stage (from first week to the last). Then, I compared the frequency of feedback in each category for all startups to understand the overall patterns of change in the feedbacks for startups. By comparing and contrasting patterns, I found out that startups are first guided to redefine “what they do” and then elaborate on “who they are”. In the last phase of analysis, I juxtaposed the patterns of change during the program with the follow-up data to see if the long-term effects can be related to and/or explained by what happened during the program. In the finding sections, I will explain and elaborate on the results and show how they can help me to develop a logical inference that not only sheds light on the specificities of the emerging process of entrepreneurial identity, but also builds the foundation for a well-informed and boundary-defined grounded theory (Strauss and Corbin, 1997).

Findings

In the following sections I explain how FinAccel shaped the entrepreneurial identity of the startups. I start by describing how the demands and feedback of the accelerator helped startups reconstruct two important components of their entrepreneurial narratives namely who we are and what we do. Further, I elaborate on how startups reacted to the demands and received feedback, and finally I show what happened to each of the eight stratups two years after they graduated from the program and how their destinies can be explained by their experiences and performance at FinAccel.

Redefining “what we do”. Across my data, I saw that the feedback provided by FinAccel guides startups in redefining what they do. Initially, all startups started their pitches by defining the solution that they offer. For instance, in their first pitch, Agri (a risk intelligence provider for agriculture) had the following statement for their solution: we help financial institutions assess and deliver financial products to farmers.

From the first weekly meeting, mentors highlighted the fact that it is not the solution but the problem that needs to be explained first. In the second session Agri made a list of problems that they are addressing: unknown risks, low approval rates, long wait time and Sam, one of the founders, just went over them in their pitch without putting them together in a coherent meaningful story. In the third session, when faced with the same situation, one of the mentors wrote the following story for them and asked them to use this or a narrative close to this instead of what they initially had:

> "There will be (X amount of) global food shortage by 2050, the only way to solve that is empowering farmers. However, the 500k farmers can't access financial products to expand their growth for items like buying a tractor. They can't access it because the bank can't assess the risk (explain reasons), so there are low approval rates, and the process takes too long. Here comes introduction to Agri, we do this."

Founders started using this story for the start of their pitch from that point on and did not make many changes afterwards. I will explain later that some overall challenges inhibited them from embracing more feedback and further changing the narratives.

Nonetheless, by focusing on the problem, startups redefined how they narrated their identity. They started explaining how they are solving a problem for potential users and hence created credibility for their solutions even before they stared explaining what they are. In one of my interviews with Telemed, the founder said: "there is a lot of refining on the pitch during mentorship sessions. They made us open up about the reasons why we started everything and so kind of honing down the essence of the problem we experienced and want to address." As explained in this quote, a fair amount of time and energy was spent during the mentorships sessions to bring the importance of defining the problem to startups attention and also to help them create a narrative around it. In one of the interviews that I had with Marc, a mentor, he said:

> "Some of founders are salespeople, they just want to sell, sell, sell…I am like, you can't sell me anything or even make me listen to you without telling me why I should care about what you are selling or how is that helping with a problem I have…you have to sell me the problem before selling the solution."

Similar to Marc, many other mentors talked about the importance of having a well-defined problem as the starting point for the entrepreneurial stories. They also repeatedly provided feedback on how to narrate the problem and how to link it to the overall narrative. For instance, Santo, a group insurance software provider, initially had very little on their problem statement. They only briefly mentioned that insurers have a major problem, they spend a lot on IT annually and that that the amount increases annually. They received a lot of feedback on focusing more on and highlighting the problem. Jack, one of the mentors, said: "you first need to convince me why as the CTO of my company I should care about you". Amy, one other mentor, said "why don't you use analogy, that helps people understand the problem better…use analogy of game of blocks, what was the name, Jenga? When you move a piece, and you have no idea what might happen next." Roberts and Harry, the cofounders, went through many rounds of iterations in the next couple of sessions. The following was the story they had in the fourth week:

> Insurers have a major problem, when they want to change anything, it feels like a game of blocks it is risky, if something breaks no one knows how to fix it; it is slow, they cannot find resources to fix; and it is expensive as it requires new coding.

Once again, the feedback was "highlight the scale of the problem and create a sense of urgency before introducing the problem". One of the mentors suggested bringing in quotes from clients or reliable online resources to show the importance of the problem. Robert and Harry worked more on the narrative and came up with the following as the final version:

> “Group insurance segment worldwide is massive, but it has been quite neglected. There has been very little technology brought to the market that has been specifically designed for group insurance operations. Insurers have got an interesting challenge in front of them. Over time they have accumulated layers of legacy technology, which is expensive to maintain and hard to change. It hurst productivity and holds back future improvement.”

They then added two quotes from McKinsey and Gartner on how legacy technology drives costs up for insurers and how much they spend annually on commercial software solutions like Santo. This was the place the came in explaining Santo and its unique features.

All startups in the program showed some changes in how they narrated “what they do” by bringing the problem they were addressing to the forefront of stories and building importance around it. More examples of the feedback *on redefining* “what they do” are provided in the table 21. It is worth mentioning that there were some feedbacks on the solutions provided by startups however they came later in the program, were not as comprehensive as the ones on the problem and were more targeted towards the presentation of the solution.

Insert table 21 about here

Elaborating on who we are. I also observed how mentors guide startups to elaborate on the narrative of who they are. In our interviews, mentors elaborated on the need for startups “to have a well-developed story on why they are the right people to solve the problem that they are trying to address”. To show that they are the right people, they had to show their relevant experience and expertise. Other than having appropriate education and skills, having experienced the problem either as provider or user of a product/service was considered an important quality. Mentors also mention the importance of mentioning how founders have experienced the problem firsthand in the story. They believed that by doing so founders ensure the audience that they know and felt the problem themselves and are trying to provide a solution to a real and important problem.

Also, any kind of relevant achievement such as winning an award, raising significant fund (from investors not family), having important and credible partners, generating revenue (having paying clients), and being endorsed by known and reputable individuals and/or organizations would be desirable. I observed how mentors repeatedly told startups to mention the names and awards that are known in the community to further build their credibility. In cases where they attended a competition but ended in the second or third place mentors recommended only mentioning that they were "among the finalist".

At the beginning of the program, many startups would quickly be mentioning their names and education or main experience without going into details. During one of the early orientation sessions, Mike, one of the mentors said to the startups "your pitch is like the first date, if people like you, they will come for details … you need to impress them, brag about who you are, your experience." As such, I observed how through the program, startups gradually added more and more details and elaborated on who they are. For instance, during the very first meeting, Fiden founder introduced himself and the management team. During the same meeting, one of the mentors asked John the founder what his background is and how he decided to go into this business. After John explained his own and his cofounder's background in energy trading and senior management positions at PWC, all 4 mentors who were present during the meeting encouraged him to find a way to not only highlight this background but to also connect it with the solution. During the next two sessions, John tried a couple of different stories and each time mentors gave feedback such as "don't go into too many details", or "keep it short and sharp". This is how it was narrated on session four:

> "I met Mark [CTO of the company] on a dark and cold night around 5 years ago. We both had extensive experience working on energy trading. After a glass of wine, we talk about challenges that energy traders face in their cross-company post-trade process. It is complex, costly, and slow. But why? We

> tried writing a solution on a beer cap. Fast forward five years, working with the industry for the industry for over 5 years, Fiden was able to build a solution…"

After the pitch, one of the mentors brought up the issue that having a glass of wine might not be well received in certain places such as Muslim countries and so it might not be a bad idea to change it to something more general. Another one said, "I have heard on a napkin but not beer cap, but I know that English is not your first language [they were French] so I will give you a pass". John smiled and said he will work on the story again. During the following week John's cofounder left the company so he had to make a change in the story again. Amy suggested using a client in the story instead, and so the following was the story John narrated in session 6:

> "It is November 12, 2015. It is dark and cold outside. I am meeting Markus, a client of mine. We share multi-million successes in energy. After a nice dinner and a delicious desert, we talk about brokers and energy traders facing gaps in their cross-company post-trade process. They experience up to 10x higher cost as investment banks, have 20-51 days extended credit risk exposure and billions of illiquid capitals. But why?" Working with the industry for the industry for over 5 years, Fiden has built a solution…"

The story had almost all the elements that mentors suggested: it clearly showed the relevant and credible expertise of John, had quantification for the problem, and was coherent and logically linked to the solution. This was the version John used until the end and also the version he kept long after he graduated from the program. The iterative process of constructing and reconstructing of the stories was what I observed happening for most of the startups in the program.

Nano, an AI-enabled cybersecurity solutions provider, was another starup that went through a lot of changes in elaborating on who they are. In their initial pitch they only had one slide at the end of the deck that had very few information on who they were, and they did not even pause enough on the slide for people to grasp it. After their pitch, Jim, one of the mentors said: "you are talking about cyber security and if people don't find you credible from the get-go, it’s hard to believe the rest…you need to show them right at the beginning.” In the next few sessions, Niki (one of the founders) tried different versions of the story and got continuous feedback. This was the version that they had halfway through the program:

> “Dan and I, we are confounders of Nano, we have experience in business and cybersecurity. Dan was the youngest global chief information security officer in Europe for multi-billion-dollar companies and I led various related businesses for AT&T.”

Mentors encouraged Niki to continue working on the story. Mary, one of the mentors said: “What you are doing is working with a complex system that needs expertise and you know what you are talking about. don't sell yourself short.” Mike said: “Add 2-billion-dollar companies that you have been engaged with at AT&T, it adds credibility.” Niki worked further on the story integrating the feedback and following was the final story that she used right at the beginning of her pitches from that point on:

> “Dan and I are cofounders of Nano, we have more than 35 years of experience in business and cybersecurity. David is the youngest global chief information security officer in Europe at the age of 30 and he is an advisor for nation-state cyber war and cyber risks. I have managed the largest clients for AT&T like IBM and Apple with budgets over $100M.”

Another noteworthy part of their story was that at the beginning of the program, Niki mentioned that ex-chief of NATO cyber intelligence has been their advisor. After hearing this, mentors encouraged her to bring the advisors name and a quote from him to their story. They even suggested having a slide with his name and photo in the deck. Jim said “Highlight who Kjell is. Most important is to say that he was the chief of NATO’s intelligence”. Mary continued “and that he was your mentor and supported you”. This is the story that they created around it at the end of the program and included it in their deck with a photo of Kjell (the mentor): “our brand ambassador, ex-chief of NATO cyber intelligence said that the world needs to play a different game against hackers and Nano is as such.”

Other startups also received similar feedback and were encouraged to build their credibility by highlighting their accomplishments and experiences. Table 20 provide some general sample feedbacks and the timing that these feedbacks were received by stratups.

More examples of feedbacks on who we are also included in table 22. Both tables 21 and 22 show the process of story (re)construction for the other startups (not mentioned above) that followed similar patterns.

Insert table 22 about here

Overall story. Another point worth mentioning here is that when different parts of the story were constructed, mentors guided startups to connect these parts together and work toward the coherence and smoothness of the overall story. Founders were asked to only rehearse the stories in the last 2 sessions so that mentors can give the last overall feedback. Startups also participated in a separate pitch clinic where a different set of mentors gave them feedback on their stories. Most of the received feedback were about working on the details and storytelling technics so that the stories were natural and smooth, and presenters were passionate and interesting to listen to. A theatre actor was also invited to the pitch clinic to give founders feedback on their voice and body movements and synchronization between them.

How feedback was perceived by startup

Overall, I observed 2 main tendencies in how startups responded to the feedback. The first one was that the majority of the startups followed the feedback they received and changed their stories accordingly especially during the first half of the program. Startups were not always necessarily happy about the frequent changes in their stories. The feedback came from different mentors from different background and even though they all followed almost the same guideline, they differed in the details. As such, consolidating all feedback in a way that would respond to most expectations was not an easy job. In one of the interviews, Jamie one of the founders of Telemed talked about the challenges of repeated changes: “every week, there is frequent changes in stories… it requires a lot of mental capacity to take all that feedback and sometimes it feels like losing the vision of what we were trying to do!”

Yet despite being discontent about the frequent changes in their stories, most of the times startups trusted the feedback that they got and implemented it as much as they could. As Mona, cofounder of Fiden said: “at the end of the day we came to this program to get better, to get feedback so we need to trust what they say …after all FinAccel is now an investor in our companies.” The data shows that all startups made changes in the presentation of problems they were addressing following the first 3 sessions and they worked on building their credibility by adding additional information mostly between sessions 2 to 5, which corresponds exactly to the variations in the feedback that they received (table 3). However, the extent of change varied across startups. Table 19 provides details on the type of feedback each startup received at each time.

Insert table 19 about here

However, the frequency of changes as well as the inconsistencies in the feedback caused some frustration for 2 startups, Owni and Agri. Inconsistent feedback, although not frequent, happened when different mentors had different opinions on a single topic (e.g., including dashboard on the solution slide). Also, sometimes mentors changed their minds throughout the program (e.g., include/do not include this client). Alex, founder of Owni, was very unhappy when I interviewed him right after one of the weekly meetings with mentors. When I asked about the reason behind his frustration, he said: “they [referring to mentors] change their opinions so often, I like pizza, I don’t like pizza… it’s so frustrating… in Alberta we say opinions are like assholes, everyone has one...Amie [mentor] says change it this way, Jan [mentor] says change it that way…I can't keep up with everyone's demands." Although other founders were not happy about frequent changes either, this level of frustration was definitely unique to Alex. He stopped making any significant change in his pitch from session 5 onwards when all other startups were working on cohesiveness and smoothness of their stories and still made changes until the very last week.

Although initially grateful for the feedback, Sam, Founder of Agri, started showing dissatisfaction regarding the frequent demand to change the stories. When I asked him what he thinks about the situation he said, "you know, different languages have different flows, I agree that we need to change the quality of delivery but it's now getting too much…I consider myself a good presenter, I know my stuff…why do I have to change each time someone says something." During the meetings, mentors kept reminding Sam that he needs to work harder and to pay attention to the language, but he clearly stopped responding from session 6 onwards. In fact, his stories remained the same and his delivery became worse towards the end of the program.

The second tendency was that in the second half of the program (from session 6 onwards), I observed fewer changes in the stories even though mentors kept asking for more changes as shown in table 18 (in the table I only include 10 weeks instead of 12 because they had some social events in between and so no weekly meetings were held). One reason was that startups communicated in the meetings that they had worked enough on their stories and that they were ready by then. At the beginning of the 6th weekly meeting, Emily, founder of Santo, said "this is it! I am not changing the pitch anymore; this is as good as it gets." The second reason was that the demands of the program including social and networking events gave them less time to work on the feedback and further change their stories.

Insert table 18 about here

After 2 years. The follow-up data collection was an important and necessary task because it allowed me to see how the identity narratives that startups reconstructed during their time at FinAccel served them later in their journey. Table 2 includes two factors that I chose as indicators of startup growth. Different indicators have been used in different studies but these two are the most frequent ones (e.g., Chatterji et al., 2017). One is the number of employees, both prior to joining and 2 years after graduating from the program. Two is the amount of funds raised between the end of the program and two years afterwards. As shown in the table Owni and Agri did worse than the others in both aspects. Agri completely stopped operating around the same time and went under. I interviewed Alex around the same time, he was too disheartened to go through the details, but he attributed their failure to not finding strong and reliable partners in North America and that FinAccel was not of great help to them. I then reached out to FinAccel to know about their take on the matter. One of the managers who chatted with me believed that despite all their efforts, the founders did not fully embrace their feedback and were never able to deliver a cohesive narrative in their pitches and their communications with important others such as VCs. This manager also explained that the lack of fluency in English (founders were Brazilian) negatively affected the delivery of narratives.

Owni was still up and running yet as reported by one of the FinAccel managers they were seriously struggling. This manager believed that this is due to Alex's (the founder) stubbornness and his unwillingness to follow their guidance. As explained above during the program, Alex repeatedly expressed his frustration with the FinAccel frequent and at times inconsistent feedback and requirements to change the narratives. When I reached out to him his response was "mentors may know their business, but they don't know my business. I have to stick to my gut, what makes sense to me." He also refused to accept that he could have done better or that he has not been as successful as others. The other six startups seemed to be progressing in their journeys.

There is no doubt that neither change in the number of employees nor the funding can be solely attributed to the entrepreneurial identity; however, it appears that the identity narratives that were constructed during FinAccel program had an important effect. Even after 2 years all startups had the same stories on their websites and recorded videos (on their websites and other platforms). Since these stories are used when pitching to potential investors, clients, partners, and employees, and are also openly available to those who are interested in these startups, their impacts can be long lasting and notable.

Conclusion & Discussion

I started this paper with the aim of investigating how accelerators, as new and emerging institutions in the entrepreneurship ecosystem, shape startups' identity. By drawing on a rich longitudinal qualitative data set, I showed that accelerators help startups to elaborate on the narratives of "who they are" and redefine "what they do".

This study brings a novel and process-oriented perspective on entrepreneurial identity that was missing in the literature and was encouraged by the pioneers of cultural entrepreneurship (Lounsbury & Glynn, 2019). However, there is no doubt that identity narratives can be under the influence of other institutions (e.g., established partners) or stakeholders (e.g., VCs, partners). As such, the depicted picture of entrepreneurial identity in this paper is far from being comprehensive. Future studies can investigate the role and impact of other sources of influence and potentially at different stages of startups' developments (e.g., seed A, B). They can also look at the consistencies of these stories over time and the reasons behind potential changes, their magnitude, and the internal or external forces behind them. Further, it might be interesting to see at what stage (if at all) startups feel comfortable and/or independent enough to form their own narratives and keep it constant and if this narrative gets imprinted into the identity of the organization when it becomes established.

Still, as mentioned before, this study contributes to the literature on cultural entrepreneurship and how new and emerging institutions can shape the identity of developing startups. It also fills the gap for a longitudinal study that studies the process through which identity narratives get (re)constructed and how the expectations and feedback of accelerators and potentially other investors in the startup ecosystem influence them. This is yet another piece of evidence for the dynamic and social nature of identity and its importance in shaping the destiny of new and emerging organizations (Grimes, 2018).

Moreover, this study has implications for the design of accelerators given the influence that they have on shaping the identity of startups. The feedback that we got from startups showed how much inconsistencies in the feedback created confusion and at times made them resistant to further changes. As such, accelerators should investigate how they can ameliorate the structure of their programs to provide the kind of feedback that help startups (re)construct their identity stories in the most efficient way. Moreover, accelerators should consider the characteristics of founders and adjust their feedback accordingly. What we observed in the cases of Owni and Agri was that the unwillingness of founders to receive guidance, implement feedback and change their stories impeded their success and lowered the usefulness of accelerator programs for them. Creating a program that caters to the needs of characteristics of different founders can boost the success and credibility of accelerators.

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Table 16: Data Sources at FinAccel

Type	Description	Use in the Analysis
Interviews	25 interviews with mentors (30-90 mins) 18 interviews with startup founders/teams (40-60 mins) 4 follow-up interviews	1) To probe mentors to reflect on any potential guidance they provide founders with, regarding constructing their narratives, (e.g., what to pay attention to, what to include and what to change) 2) To gain an insight about how founders take such guidance and how their understandings of investors' expectations expand 3) To understand the possible reasons behind failure of some startups
Observations	144 hours: August 2020- Oct 2020: observed all weekly meetings of starup teams (90 minutes each) 10 hours: Sept 2020: observed 5 social events organized by FinAccel (2 hours each) 5 hours: Demo Day (last day of the program)	1) To observe and document how entrepreneurial stories evolve during the 12-weeks program because of the feedback that entrepreneurs receive after their pitch practices 2) To understand what parts of the entrepreneurial stories are more important to the accelerator and why 3) To record how these meeting help founders to learn about and meet accelerator's expectations
Documents	Shared folder: Recordings of all weekly activities and follow-ups (e.g., meetings, pitches and seminars) during the program, updated each week by FinAccel and the teams Follow-up data: LinkedIn, Crunchbase, Startups websites	1) To record changes in the pitch deck 2) To document the feedbacks that founders get when meeting people outside the program (e.g., potential partners, clients) and how those encounters influence the stories 3)To record the amount of funds raised and the number of employees

Table 17: Stratups in the Program

Startups /origin	Field	# Employees when joined (2020)	Age at time 1 (years)	# Employees 2 years after (2022)	Funds raised 2 years after
Agri/Brazil	Risk intelligence for agriculture	6 (2 founders)	2	7	300 K
SBlock/Israel	Tokenization for real estate	8 (2 founders)	2.5	31	1M
Telmed/Canada	AI-enabled injury analysis	6 (2 founders)	3.5	14	1.8 M
Owni/Canada	Mortgage digitization	3 (1 founder)	4	5	700 K
Fiden/Switzerland	Energy post-trading	7 (1 founder)	1	15	1M
Santo/New Zealand	Group insurance	3 (2 founders)	1.5	11	1.1 M
Relam/USA	AI-enabled business classification for insurance	26 (2 founders)	3.5	35	1.5 M
Nano/Portugal	AI-enabled cybersecurity solutions	5 (2 founders)	3	14	1M

Table 18: Frequencies of 317 Feedback Instances

Time (W) / Focus / # of startups[8]	T1	T2	T3	T4	T5	T6	T7	T8	T9	T10
Problem	11	9	8	8	6	5	5	3	4	1
# of startups	8	8	5	6	4	4	3	2	3	1
Solution	3	4	4	6	6	7	8	9	6	7
# of startups	3	3	2	4	4	5	6	8	7	6
Credibility	10	8	6	6	5	6	3	4	2	1
# of startups	8	8	5	6	5	4	2	3	2	1
Achievement	6	5	7	14	12	11	10	9	9	2
# of startups	6	4	6	8	8	7	7	7	6	2
Story	5	5	6	5	7	7	6	5	7	8
# of startups	4	3	5	5	6	5	6	3	6	8

[8] Number of startups that received this feedback

Table 19: Type of Feedback Received by Startups

Time / Stup	T1	T2	T3	T4	T5	T6	T7	T8	T9	T10
Agri	Problem Credibility Story	P[9] C A ST	P S C ST	P S A ST	P S A ST	P S C	P S	S A C	A ST	P S ST
SBlock	Problem Credibility Achievement	P C	C A ST	P S A	S C A ST	P S A ST	C A	S A	P S A	C
Telmed	Problem Credibility Achievement Story	P S C ST	P C ST	C A ST	P A	S C A ST	S A	S A C	S A ST	S ST
Owni	Problem Solution Credibility	P C A ST	P A ST	S C A	S A	S A ST	P S A	S A	S C	ST
Fiden	Problem Solution Credibility Achievement Story	P S C	P A ST	P C A ST	C A ST	P C A	S A	P S A	S A ST	S ST
Santo	Problem Credibility Achievement	P C	S A	P C A	S C A ST	P C A	S A	S A	P S A ST	S ST
Relam	Problem Credibility Achievement	P C A	C A	P C A ST	P C A ST	S A ST	S C A	S C	S A ST	S A ST
Nano	Problem Solution Credibility Achievement Story	P S C A	P C A	P S C A ST	P C A ST	A ST	P A	P S A	P S C ST	S A ST

[9] I am using the first letter of each focus area. Problem=P, Solution=S, Credibility=C, Achievement=A, Story=ST

Table 20: Sample Quotes of Feedback Given by Mentors (& time)

Nature of Feedback:	Sample Quotes
Problem	1)Highlight that "it used to take 7-10 days" [referring to the problem of getting mortgage approvals] (T1) 2)Emphasize on the size of the problem (T1) 3)Bringing the sense of the archaic and inefficient old arduous system. "I can't believe there is not a better way to address this" … Quantify the problem (T2) 4)Highlight that the problem is huge and make VCs go wow (T2) 5)You need better quantification of the problem (T2) 6)Move problematization up front. It is good to quantify and then find an analogy that resonates. Bring COVID in and how it brings up the demand for liquid products. (T3) 7)Work on problematic, what are the main problems today? (T3) 8)When you talk about problem, say it is complex, costly, and slow. Quantify costly and slow. Picture doesn't show complexity in this industry. Maybe showing desks and papers and calculators and people don't know how to get through this. (T4) 9)On average how many times do I [user] get breached? how many times I catch it? And how much does it cost? (T4) 10)Work on storytelling of the problem, there is a data race, and many are losing and they are using billions of $ to not lose customers. (T5) 11)Sell the problem first and then how other solutions are not sufficient and how yours is different. (T5)
Solution	1)Is there an easier way to articulate how your system works? (Maybe include a picture of dashboard?) (T2) 2)Spend more time explaining the ease of implementation. Highlight "It's software only". Focus on how you are winning the competitor. (T3) 3)Quantify the benefits, how much more reliable, scalable? (T4) 4)What is it that you are doing? Is it Wix for group insurance? Show your dashboard when you say simple to change what it means to customer? (T5) 5)Telmed [name] vs. traditional. Show Tel is faster and less expensive. (T6) 6)Quantify metrics, how much $ and how much time you are saving. (T6) 7)Fast onboarding process, how fast? One month? What is this relative to other products? (T6) 8)How long does it take for a bank to offer the same thing, how are you improving the situation? You are not highlighting the solution? T6 9)What Agri [name] delivers? What is the bottom line? How much do you save? (T7) 10)Is exit possible for investors? How is this compared to normal? Sblock [name] is necessary for tokenization without that you can't go on London stock exchange. (T8) 11)Show how much you grew and the pipeline. What is your secret sauce? The data that you are building your product on. You have to give me something so that I go "I want to meet with these guys, I want to have a longer talk..." what is the ultimate benefit on the end user? Don't shy away from the data you have (T8)
Credibility	1)Tell the story of how you worked for a company and threat entered the system that set you up for the solution (T1) 2)What you are doing is working with a complex system that needs expertise and you know what you are talking about. Don't sell yourself short! (T1)

	3)Talk about your background experience, highlight your credibility. Tell us why you are unique in solving the problem. (T1) 4)Say I have been writing codes since 80s and it is still being used by insurance companies and so I understand what the problem is (T2) 5)Introduce yourself as someone who has been in this space (T2) 6)Focus on being MIT graduate (T2) 7)Add 2-billion-dollar companies that you have been engaged with, it boosts credibility (T3) 8)Start like this: I've always wanted to be entrepreneurial investor, highlight the knowledge of blockchain, there are few people who have both blockchain and real estate experience. (T3) 9)Elaborate more on the team: physio+insurance+data science (T3) 10)Why am I going to be successful: because of me, my background. (T4) 11)Brag about yourself, a board member of New Z insurers should come into words, name drop, title drop. (T4) 12)To me it wasn't good enough, explain why you related to the problem, build credibility. (T4) 13)Mention the word Olympian [he was an Olympian], add advisors if any, say a team with combined years of experiences across different geographies (T5)
Achievement	1)Highlight the traction. Say that tier 1 insurance company is our paying customer! (T1) 2)I don't want to see 2^{nd} place there (for awards), just put pictures and name of the awards. You already giving validation to the idea. (T2) 3)90 leads in pipeline is amazing, you need to highlight that. (T3) 4)Say just like dozens of awards and press, never say second or third, say finalist, we keep getting inbound traffic from all these awards, show momentum and then ask. (T4) 5)Talk about how Aspen [a successful project] came about and what you got out of it, business plan and pricing, add project pipeline. (T4) 6)Bring out the experience of the team, different geography, different backgrounds. (T5) 7)Mention IBM and Apple as clients, they are big names, most important part of the pitch. (T5) 8)Mention the award in which you were a speaker. (T6) 9)Explain how big 5 customers is and highlight 10% increase. (T7)
Story	1)Finish your story on positives, channels, expansions, raise. (T2) 2)Build your story in a way that helps people grasp blockchain, especially those who are not experts. (T4) 3)Bring a bit more excitement and passion would naturally speed it up. Hands look good on presentation; it shows that you are leaning in! (T5) 4)You just need to bring passion and energy. I can see the use case. We want to get your face on the pitch deck, talk to camera and memorize how to get some storytelling in this. (T6) 5)Don't be apologetic, ninja swords coming one after another. (T8)

Table 21: Redefine What We Do

Startups	Initial story	Feedback	Final story
Relam	Machine learning is hard. It is sparse, static, and generally misunderstands data. Also, complex business rules distort the data & creating a feedback loop with the people using the predictions is a challenge. And only 3% of enterprises are using it.	•Make sure you mention that your research at MIT, and your thesis, talk about behavioural modeling based on your master's thesis at MIT •Simplify it if you can, not everyone knows about AI/ML. People think AI is just a buzz word everyone uses, try to contextualise the problem •Why don't you use some visuals when comparing to what is now available in the market and related problems, that makes it easier to grasp	Our company started at MIT and our core research is about ways that artificial intelligence and machine learning can be used to better understand and predict customer behavior. But ultimately all that work focuses on reasons behind why people make the purchasing decisions that they do. In that purchasing decision research, the key insight was that context really matters when it comes to being accurate actionable with machine learning. [He shows 2 buildings in a picture, each with some bubbles of info around it] on the left is what insurance companies typically know about their customers, things like where they are based and types of policies that they have, maybe even some claims history. On the right is an example of how our technology provides the context needed to not only retain but actually grow those customer relationships things like location-based events
Nano	Cyber has emerged as one of the top 10 global risks, 40 to 50% of known threats cannot be detected by current solutions. There is a 4 million business cost per breach	•Better story tell the data say cybersecurity is causing 6 trillion globally, that's the bigger number, focus on that. You don't need to mention 4 million •Tell us how slow the detection was before you introduced your product	The world loses 6 trillion dollars to cyber damages a year. Cyber threats spread rapidly but the detection is so slow, it takes 197 days to detect a breach
Fiden	Energy post-trading is complex, costly, and protracted	•I want a clearer presentation of the problem •Emphasize on the size of the problem •Simplify cause audience may not be familiar with energy trading, speak to the need for that •Quantify the problem	Renewable and energy traders face gaps in the post trade process. They experience 10 times higher cost as investment banks, have up to 51 days credit risk exposure and billions of illiquid capitals. It is driven by pdfs, spread sheets and emails reoccurring every month.

Owni	As a broker, the biggest frustration was having to wait several days to verify whether or not the customer could actually qualify for a mortgage especially after all the time spent on the paperwork and follow up. The entire application process on average took 2 weeks	• Talk about why as a broker you experienced frustration, reasoning behind it • You need to do a better job explaining the problem such as not knowing users' financial capabilities so that your solution makes sense to the audience • You keep talking about the time it takes but was there any other reasons? Maybe lack of transparency in the process? Think about how you can come up with a more meaningful story	[continuation of the story that starts with himself as a broker] My day was filled with time consuming manual tasks like following up with clients and filling up paperwork. You know what the biggest problem was, the inability to actually know your customer. What is the real ability to borrow and how and how can you increase the lifetime value of the customer.
Telmed	After each accident, it will take 2 weeks for the case to be assigned to an insurer, also 40% of claims require multiple health evaluations and there is 25% churn rate for insurance carrier	• Think about how you can create a story that brings all parties together, patient, insurer, healthcare provider. It will be easier for people to better understand the problem that you are addressing and then the value of the solution • Try to quantify the problem especially for insurer and healthcare provider • You want to create the perfect storm on the medical side so it is founder expertise and timing	Car accidents are the second leading cause of injury and day lost work annually, as a physiotherapist I have experiences the social, health and financial impact that this had on my patients. Sam experienced the unthinkable in 2019, she was in a car accident and suffered multiple injuries. Traditional claims management would take 2 weeks to assign Sam's claim, leading to delays in health care and overall recovery. Health care professionals evaluating Sam's claims throughout the life cycle lack information to link injury causation to diagnosis. Inefficiencies and lack of transparencies can lead to 14% churn rate for auto policy holder for auto carriers.
Sblock	Real estate investment is closed by design. Because intensive capital is required, deals are inaccessible, and only 1% is liquid	• Try personalizing the problem, connect it to who you are and what you experienced when you started working in this field • Start like this: I've always wanted to be entrepreneurial investor in this space, connect with the knowledge of blockchain and real estate experience. • Try simplifying the problem, make it makes sense to everyone	[continuation of the story that starts with herself] and I realized pretty soon that despite helping other people to invest all their life, I clearly had severe limitations. In real estate, you need to have intensive capital to invest, deals are usually inaccessible, and capital is illiquid, so your money is stuck for 5 to 7 years at best in a single deal.

Table 22: Elaborate Who We Are

Startups	Initial story	Feedback	Final story
Relam	We started working on Relam in 2016 when we were master's students at MIT and now we have 26 FTEs.	• Be solid in presentation, focus on MIT graduate • Talk about the three previous startup attempts that were successful then talk about MIT • You are underselling yourself. Talk about behavioural modeling based on your master's thesis at MIT	[with picture and description] Our company started at MIT…Our team of 26 staff very heavily on data science and data engineering side and we are currently looking to grow our sales and marketing team to capitalise on the recent tractions
Santo	A written description of both founders towards the end and explaining the background of each one of them especially in the established organizations	• Dive into it " I have been writing codes since 80s and it is still being used by insurance companies and so the problem is • Where is the extended team? who coded? who developed? You need to talk about that • Mention the word Olympian, add advisors if any, say a team with combined years of experiences across different geographies • Between us we have global experience from Canada to New Z.	[With the picture] Our team of my cofounder and I: Ray is on the board of Cigna New Zealand, he has led Telstra NZ, New Zealand second largest telecom, in his past he has also managed stage for Tina Turner. For myself I have led technology enabled service delivery for the Toronto Blue Jay for Loblaw companies, for ASB bank, New Zealand Trade and Enterprise and others. I am also a New Zeeland Olympian, so I know a little bit about what it takes to pull a team together to achieve something pretty audacious
Agri	Just the pictures and names of the team with no extra info or link to the overall story	• Be more punchy with team, talk about farming background • Say our team has close to ...years of experience of agrifinance • close to +25 years of experience between management team, keep the PhDs, highlight expertise	[on the picture] We have a strong mix of domains with background in Agri finance, economic policy, and data science

Owni	Only mentioning that he was a mortgage broker before	• Talk about your experience, mention how your previous company serves as a platform for the new company • Expand on the experience as a mortgage broker how that served you to see the problem and pushed you to find a solution	I like to tell you a little bit about my history, I've spent over 25 years as a leading mortgage broker, and I know firsthand how outdated traditional lending process is.
Telmed	Pictures, names, and expertise/experience with a focus on highlighting AI and health expertise	• Make sure your mention expertise in ML/AI because that is what the team seem to be lacking in terms of skills • Begin talking about AI & ML and then move to physio, because then they would ask there guys are from physio what do they know about AI & ML, say experienced research based physiotherapy	[same picture] Our team is filled with subject matter expertise and data partnerships. We supervise our AI to the expert level, and we leave it to the experts to provide enhanced decision making on medical necessity
Sblock	Pictures and names of CEO, CMO, and CFO, and some broad info on them	• Highlight the knowledge of blockchain, there are few people who have both blockchain and real estate experience. • Add something to your personal story elaborate on the relevant experiences • Try selling yourself, I was successful in what I was dong but I always wanted to be real estate, this is my passion	I started my career on Wall Street 20 years ago. I've always helped other people invest money. From Wall Street I moved to M & A and private equity as well as financial engineering for over a decade. Real estate is my passion, I started investing in single family, wanted to move on and

Table 23: Initial Categories of Feedback

1) Defining the problem
2) Explaining background
3) Explaining the nature of technology /solution
4) Explaining the competition
5) Reporting the revenue (customers, funds)
6) Explaining future projection
7) Discussing benefits
8) Introducing the team
9) Team, founders only or everyone
10) Asking for investment
11) Showing testimonials (clients or advisors)
12) Discussing recognition

Final Conclusion

Startups rely heavily on the financial resources that investors provide. However, for startup founders, receiving funding comes at the cost of losing some of the power and autonomy over their ventures. As soon as investors become part of these emerging organizations, they start shaping the internal processes, creating imprints, and eventually constructing organizational structure of startups. However, despite the importance of investors' role, related processes have rarely been studied. In three connected essays, I tried to highlight the roles that investors play in influencing startups and shaping their internal processes.

Constructing an identity, succeeding in receiving funding, and being able to hire effectively are all equally crucial and integral for the development of early-stage startups. By relying on insightful qualitative data, I provide a lens for understanding how the involvement of investors in the aforementioned processes unfold and what the intended and unintended consequences of are for investors as well as startups.

Receiving guidance and feedback from investors help startups better utilize time, human, and financial resources and lower the risk of mistakes and failure. For instance, in essay 1, I show how startups keep using the hiring and role imprints that they previously created with the help and support of investors even when they grow out of their early stages. And in essay 3, I show how the entrepreneurial narratives that startups (co)construct with investors help them in attracting clients', partners', and future investors' attention.

However, I also show that investors do not necessarily make the right decisions and as such they can negatively influence startups. For instance, in essay 2, I show that in the context of accelerators, investors' biases result in stratified evaluation outcomes, especially for startup applicants whose founders are women, ethno-racial minorities, and/or non-native English speakers. Startups that do not receive favorable evaluation are not going to receive the seed funding necessary for the initial development and may not survive much longer.

Explaining the process of investors' influence in startups hiring, evaluation, and identity construction, and highlighting the positive and negatives sides of this influence for both parties is the contribution of this thesis. Moreover, this thesis provides some valuable insights for entrepreneurs, investment firms, accelerators, and incubators.

My hope is that both entrepreneurship and organizations theory scholars can benefit from the insights of this thesis in expanding their understanding of the interactions between startups and their ecosystem and find ways to further explore these processes or related ones in future.

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