



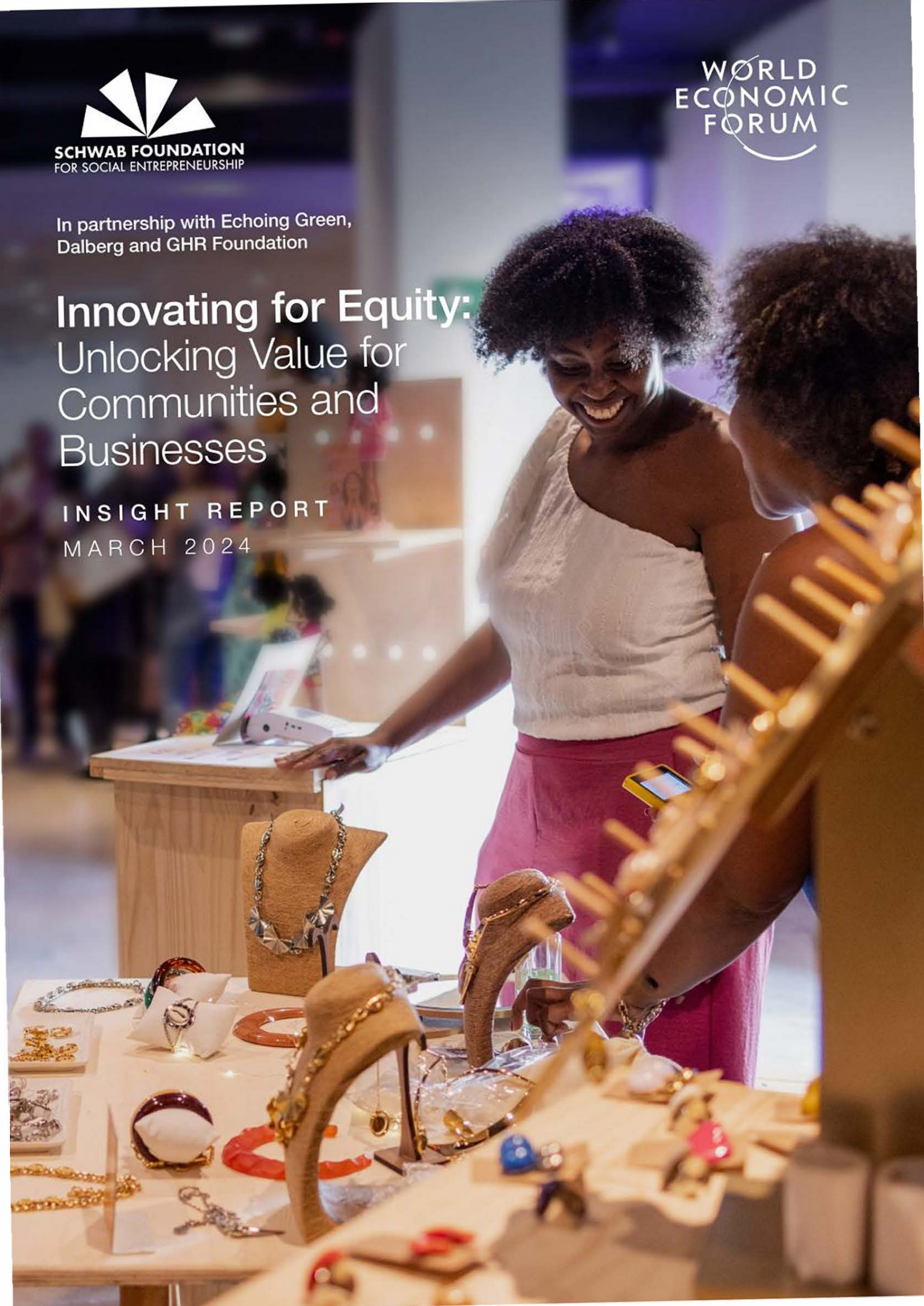
SCHWAB FOUNDATION
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**WORLD
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FORUM**

In partnership with Echoing Green,
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Innovating for Equity: Unlocking Value for Communities and Businesses

INSIGHT REPORT
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Foreword



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For too long, untapped economic opportunities have been hidden in systematically excluded communities. But instead of giving into the barriers facing them, more often than not, social innovators arise from this scarcity to drive ingenuity and innovation.

In the current debate about diversity, equity and inclusion, it is easy to focus on the backlash and lose sight of the practical solutions that can make a real difference. This report takes a fresh look at the issue. Instead of diving into a value-driven discussion, it focuses on how working with social innovators who are advancing racial and ethnic equity is a smart business decision.

The essence of the report is simple: overlooked communities are bursting with potential for innovation and growth. Systemic racism and economic exclusion, which are big problems not just in the US but around the world, hold back entire communities and, in turn, the global economy. But within these challenges lie incredible opportunities for businesses willing to think differently.

We highlight three pathways for businesses to unlock business value: by reaching new markets; by tapping into diverse talent pools; and by building inclusive networks to strengthen their innovation capabilities. These insights are based on tangible success stories that show how inclusive practices can bring benefits for everyone involved.

This report offers solutions to move beyond ticking boxes for diversity to seeing the economic value in bringing everyone into the fold. Businesses that understand this are finding new opportunities and partnerships to drive growth in ways that uplift everyone.

It is clear that the path to a fairer, more prosperous world involves working together. This report outlines for businesses and leaders everywhere the clear economic and impact opportunity of making equity a core part of their operations, and shows that solutions and partnerships already exist to realize this untapped value.

Executive summary

Social innovators demonstrate how to unlock economic value and build a more inclusive economy at the same time.

Racially and ethnically marginalized communities are a largely untapped source of innovation. Addressing their needs is not only a moral imperative, it is a growth opportunity for businesses. Overlooking this potential places a prosperity cap on the global economy. Not acknowledging their potential places a prosperity cap on the global economy. In the US alone, it is estimated that the widening racial wealth gap will cost the country up to \$1.5 trillion in economic growth by 2028.¹ This translates to a cap on GDP growth of 6%. It takes little to imagine the effect on the global economy of unlocking racial equity through social innovation solutions.² This report offers social innovation solutions for integrating racial equity into business practices and, thereby, unlocking additional economic growth worldwide.

Economic exclusion is both a local and global challenge driven by social, historical, political and institutional factors. Many communities are excluded and underrepresented, curtailing the exponential value opportunities for society and the global economy. For example, in the US and the United Kingdom, per capita wealth for Black people is less than a sixth of that of their white counterparts and the gap is increasing.^{3,4} In Canada, the poverty rate of Indigenous people is twice that (13.9%) of non-Indigenous people (7.4%) and racialized groups have a higher poverty rate (9.5%) than non-racialized groups (6.5%).⁵ Indigenous peoples in Latin America are 2.7 times more likely to live in extreme poverty,⁶ while in Asia and sub-Saharan Africa, ethnic divisions with roots in colonialist times continue to define individual opportunities.⁷ Public and private sector leaders at all levels have a role and a vested interest in overcoming these deeply embedded challenges with economic consequences.

Economic value can be unlocked by pursuing business objectives that also drive inclusion. These initiatives can go beyond the moral imperative to drive racial and ethnic equity and present a clear business case – even during changing political and economic climates. Between talent, resources, groundbreaking business ideas and untapped consumer markets, people with marginalized racial and ethnic identities hold significantly underinvested assets. The individuals and organizations leveraging new approaches to social and market problems are social innovators. Organizational, government and business practices that better engage and

invest in these communities can actively address systemic inequities and access novel commercial opportunities they could not generate internally.

Innovative founders and collectives are building successful commercial solutions to the structural challenges presented by racial and ethnic inequity. These models are creating shared prosperity for communities and businesses. They are also beginning to shift underlying business practices – from hiring to product design – in ways that drive measurable outcomes and bring about more equitable, just and prosperous economic systems.

This report presents three pathways for social innovators, companies and governments to leverage racial equity opportunities across different business practices. Based on case studies of current innovations with proven impact, each pathway represents a socially innovative approach to value creation that addresses inequities at their roots:

- The first pathway, **Expanding markets**, centres on social innovators providing products and services that better meet the needs of communities and geographic contexts. The innovations feature “last-mile” delivery models that empower local asset owners and provide access to new customer bases – from Black and Latinx/Latino/Hispanic neighbourhoods in US cities to Nigerian smallholder farmers from ethnic minority groups.
- The second pathway, **Unlocking talent**, spotlights social innovators creating more equitable hiring practices. Social innovations challenge historical models of assessing candidate risk and potential – reshaping employment opportunities at all levels and removing barriers to onboarding high-performing employees, unlocking previously untapped talent pools for businesses.
- The third pathway, **Broadening networks**, focuses on social innovators building more inclusive and diverse supplier ecosystems. The innovations feature successful, grassroots-led efforts to equitably engage with the skills and assets of vendors that have been historically excluded and economically marginalized. From digital libraries for Indigenous art to fairs for Afro-Brazilian products, innovators are redefining who benefits from and is represented in global business networks.

“ Social innovators are at the forefront of reimagining the economic status quo. These leaders are generating value for communities and the economy. By simultaneously addressing social problems and introducing financially sustainable products and services, they build a more equitable and prosperous world.

By partnering with social innovators, corporate leaders can both grow their businesses and play an essential role in accelerating progress on racial and ethnic equity.

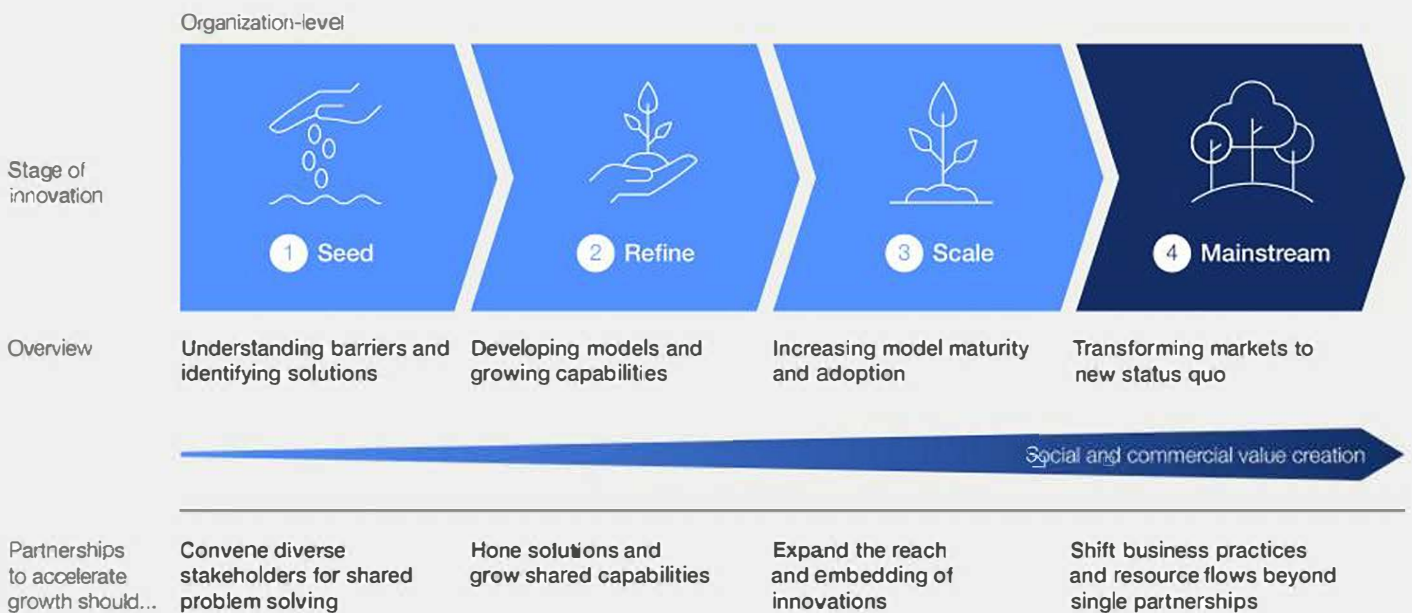
Corporate commitments to advance racial and ethnic equity have often taken the form of internal diversity, equity and inclusion (DEI) initiatives or philanthropic corporate social responsibility (CSR), both of which can be impacted by dynamic political environments. However, some corporate leaders are finding that partnerships with social innovators can create more lasting benefits for communities and novel commercial opportunities. Social innovation is sparked by the identification of social and commercial challenges not fully or not systemically addressed by existing social or commercial activity. Therefore, social innovators frequently create business-facing solutions that offer both economic and social value, including the advancement of racial and ethnic equity.

Across the stages of scaling innovations for racial and ethnic equity, corporate and public sector leaders have opportunities to partner with innovators. These stages include:

- **Seed** – Social innovations at this stage are exploring root causes, solutions and market opportunities. Solutions may still be nascent ideas or models subject to further proof.
- **Refine** – Progressing from initial ideas, innovations become defined business models. This stage focuses on testing social innovations and building the capabilities needed for future scale-up.
- **Scale** – As they increase in maturity, innovations expand to reach broader populations or sectors. Private and public sector partners are also increasingly adopting and more deeply embedding them.

Mainstream – Social innovations ultimately move beyond discrete initiatives and fundamentally change business models, products and services, and approaches to innovation. They influence how companies address the needs of economically marginalized communities.

FIGURE 1: Stages of social innovation and corresponding partnerships



There is an important call for social innovators, businesses and governments to partner in addressing systemic economic exclusion. Platforms for global collaboration play an important role in seeding collaboration but the onus is on leaders to come together and act. Through

collective efforts to advance social innovation, a transformative shift can be made – towards an economy of shared social and commercial value by emphasizing business practices that address economic disfunctions at their root, particularly those exacerbated by racial and ethnic inequality.

Key concepts and terms

These concepts and terms are shaping the global conversation on racial and ethnic equity.

Racial and ethnic inequities vary in name and nature across geographies. This includes race-based dynamics, such as anti-Black discrimination in Western Europe, as well as inequities along ethnic lines, such as the economic exclusion of certain groups and tribes in East Africa.⁸ As a result, organizations use different and sometimes contesting terminology, as in the case of “Latinx” and “Latino/a” in the US.⁹

This report aims to be precise and race/ethnicity explicit while recognizing that no individual

is defined by a single identity or by the marginalization they experience. Where possible, it refers to specific communities in the terms used by social innovators themselves, which may differ based on the local context. This approach leads to a clear articulation of the challenge affecting people in local contexts while acknowledging that there are common dynamics across global expressions of racism.

Table 1 outlines definitions of the concepts used in this report.

TABLE 1 Concept definitions

Term	Definition
corporations	Corporations are economic institutions that, through their business operations, play a significant role in shaping economic and social systems on national and global scales. ¹⁰
ethnicity	A classification of people based on a shared understanding of history, territorial origins, ancestry and cultural characteristics such as language and religion, often varying by context and self-identification. ¹¹
last mile	Individuals and populations who are typically the furthest from, most difficult to reach, or last to benefit from a product or service. ¹²
power	The ability of individuals and communities to shape their destinies through agency over outcomes – including through resources, norms, narratives, practices, laws and policies. ¹³
proximity	The lived experience of, and meaningful relationships with, communities or social issues being served, helping to create expertise and trust. ¹⁴
race	The social construct that categorizes people into groups based on phenotypic characteristics such as hair texture, facial features and skin tone, and geographic ancestry. ¹⁵
racial and ethnic equity (REE)	The state in which outcomes are not predicted by race or ethnicity due to the intentional practice of shifting policies, practices, systems and structures to ensure people with marginalized identities have equitable opportunities and outcomes. ¹⁶
scale	The expansion, replication, adaptation and sustainability of successful policies, programmes or projects to reach more people or places, thereby increasing social impact. ¹⁷
shared value	The creation of economic value for a company by addressing societal and environmental challenges as business opportunities. ¹⁸

Term	Definition
social enterprises/ innovations	Organizations that put social or environmental purposes first and often employ an entrepreneurial, for-profit and innovative way to provide goods and services. ¹⁹
social innovation	"The process of inventing, securing support for, and implementing novel solutions to social needs and problems." ²⁰
stakeholder capitalism	A form of capitalism where companies consider the needs of all stakeholders and society while seeking long-term value creation. ²¹
structural barriers	Obstacles that collectively and disproportionately affect a specific group and continue or preserve differences in outcomes. These can be "policies, practices and other norms that favour an advantaged group while systematically disadvantaging another." ²²
systemic racism²³	A term used throughout the report referring to the normalization and legitimization of dynamics, such as historical, cultural, institutional and interpersonal, that disadvantage specific racial and ethnic groups while perpetuating positions of power for specific groups (e.g. white, "higher-caste"). ²⁴
systems change/ transformation	Confronting interconnected root causes rather than symptoms of social or environmental challenges by transforming structures, customs, mindsets, power dynamics and policies. ²⁵

Introduction

Global economic opportunities are created when commercial activity addresses economic exclusion and unlocks assets in economically marginalized communities.



The shared challenge

Economic exclusion is both a local and global challenge driven by social, historical, political and institutional factors. Many communities are excluded and underrepresented, curtailing the exponential value opportunities for society and the global economy. For example, in the US and the United Kingdom, per capita wealth for Black people is less than a sixth of that of their white counterparts and the gap is increasing.^{26,27} In Canada, the poverty rate of Indigenous people is twice that (13.9%) of non-Indigenous people (7.4%) and racialized groups have a higher poverty rate (9.5%) than non-racialized groups (6.5%).²⁸ Indigenous peoples in Latin America are 2.7 times more likely to live in extreme poverty,²⁹ while in Asia and sub-Saharan Africa, ethnic divisions dating back to colonialism continue to define individual opportunity.³⁰ Public and private sector leaders at all levels have a role and a vested interest in identifying their roles in addressing these deeply embedded societal challenges.

The evidence is clear that people with marginalized racial and ethnic identities, at best, face inequality of opportunity and, at worst, often face insurmountable structural barriers. These challenges drive long-term inequities at the population level and place a cap on the global economy by excluding potential customers, talent, investment and ideas. The root causes of inequities span from economic to social to political. They can be visible (e.g. discriminatory practices), semi-visible (e.g. exclusion from networks, inequitable policies) and invisible (e.g. historical legacies of colonization and exploitation).

In many business communities, progress in translating growing awareness into action is stalling. Three concerning trends are signalling a slow-down in – and potentially even a reversal of – progress:

1. Most funds pledged to racial equity between 2020 and 2022 are yet to be disbursed.³¹

Corporate leaders have committed to advancing racial and ethnic equity (REE) in recent years.

However, data shows that less than 10% of the pledges made by businesses and philanthropies has been spent on achieving that goal.³²

2. Critiques of affirmative action and environmental, social and governance (ESG) initiatives are shaping the agendas of business leaders. Following a surge in pledges for racial equity in 2020, legal objections, political actions and a shift in media representation of commitments to racial equity have created existential challenges for these leaders in the US and beyond. An early sign of the influence of this change in societal sentiment is observed in corporate communication: References to “environmental, social and governance”, “diversity, equity and inclusion”, and similar concepts in US corporate earnings discussions decreased by 31% in 2023 when compared to the same timeframe in the preceding year.³³

3. Business communities are disinvesting from diversity, equity and inclusion (DEI) programmes. This trend is partly attributed to the broader shifts in societal and organizational focus, leading to a reduced emphasis on and, in some cases, the elimination of explicit DEI efforts. Indications of this change are visible in the elimination of DEI leadership positions. A survey conducted in early 2023 revealed that diversity executives experienced an 8-percentage point decrease in the perceived adequacy of their influence compared to the previous year.³⁴ Additionally, employment figures from 2022 highlighted a 33% decrease in corporate DEI positions, in contrast to a 21% decrease in non-DEI roles, signalling for some companies the elimination of entire DEI departments.³⁵

This report outlines that – beyond a value-based discourse – there is a business imperative to maintain a strategic focus on racial and ethnic equity as it spurs innovation and unlocks economic opportunities.

Defining characteristics of innovation that drives racial and ethnic equity (REE)

Drawing on six innovator case studies – and over 60 years of combined experience in social innovation work across Echoing Green and the Schwab Foundation for Social Entrepreneurship – three distinctive characteristics emerge in innovative models driving REE:

– **Intersectional** – Innovations treat customers as multi-faceted, with asset-based approaches designed across different elements of identity, from race to gender, from geography to culture.

– **Proximate** – Innovators behind these models have deep familiarity with and proximity to the populations they are working with, allowing solutions to be rooted in the specific needs, preferences or characteristics of a particular location or group.

– **Inclusive** – Innovative models leverage local entrepreneurs via structures that give them a stake in success, such as through community agent programmes and rent-to-own financing.

“ To grow economic opportunities unlocked by REE, stakeholders throughout the economy – including business executives, government and philanthropic leaders, and researchers – have a role in scaling partnerships and embedding transformative practices from social innovation.

Social innovation as a solution

Surmounting these challenges and accelerating progress will require new solutions that create social and commercial value at scale. Moving beyond discrete corporate social responsibility (CSR) and DEI initiatives, there are opportunities for novel approaches that create shared value for communities and business alike.

Social innovators are taking the lead by redefining paradigms of who gets included in economic systems. These entrepreneurs are addressing REE by pinpointing systemic obstacles and crafting effective business strategies to solve them – often referred to as double or triple bottom line efforts. These approaches benefit the communities they engage with and their corporate allies. Furthermore, these strategies are changing foundational business operations. From recruitment to product conceptualization, they are

reshaping systems for greater economic prosperity through inclusion.

Despite their scope for creating shared value, partnerships between corporate leaders, governments and social innovators remain underused and rare. Partnerships with innovators should be recognized as an impactful approach to achieving corporate and policy goals, with increasing research and evidence supporting their potential value for businesses and governments alike.³⁶ Lived experience experts – the people experiencing inequitable systems and who, at the same time, frequently act as healers, connectors, artists, conveners, etc. – are often essential to these partnerships. Likewise, the resources, networks and expertise required to scale up solutions are often out of reach for innovators through organic growth alone.³⁷

Driving the discussion

This report profiles social innovators who have partnered with corporations and governments and hold critical lessons for leaders on driving value creation at scale. These innovators are creating product and service models that tackle structural challenges affecting people with marginalized racial and ethnic identities. They are also partnering with major corporations to scale these solutions in ways that align social value with commercial opportunity. The innovators profiled in this report are proximate leaders – they identify as or are intimately familiar with the members of the communities that their products and services serve – which is an unassailable asset to the design of their commercial solutions. They have experienced inequities and economic exclusion themselves and are deeply embedded in the communities they are seeking to impact.

Featured case studies are structured along three pathways illustrating how social innovators can create business value by driving REE in collaboration with private and public sector leaders. Each pathway intentionally features successful case studies from diverse industries and geographic contexts. They demonstrate that corporations across the board

have an opportunity to drive long-term value, market share and sustainable business growth by partnering with social innovators. The spotlights dive deep into a social innovation case study by identifying the underlying challenge identified by the innovator, as well as their innovative solution and journey to achieve scale via partnerships. The *Widening the lens* sections showcase a different social innovator tackling the same structural barriers but in a different context or with an alternative approach. The concluding *From pathways to practice* section distills practical lessons and best practices from case studies on the role of corporate and government leaders in scaling solutions through different types of partnerships.

This report encourages readers to reimagine economic systems that unlock economic value while driving equal opportunity for all people, with social innovators bridging the gap between economically marginalized communities, corporate leaders and policy-makers. A transformational shift is needed to a different economic status quo that creates value for groups excluded from opportunity. Scaling solutions from social innovators is one key ingredient in driving that change.

Methodology

This report is based on global social innovation case studies, underpinned by a conceptual framework for shared value creation.

To complement this framework, the following research activities have been carried out:

- A review of existing literature on social innovation, entrepreneurship and private partnerships, including previous works by the Schwab Foundation, World Economic Forum and Echoing Green.
- Interviews with six social innovators to capture unique insights on how they successfully integrated racial and ethnic equity (REE) into their social innovations.
- Consultation rounds with the World Economic Forum Global Alliance for Social Entrepreneurship's Racial Equity Leadership Group.

The case studies were selected from a global longlist of Schwab Foundation Awardees and Echoing Green Fellows who met criteria that included:

- A focus on race and ethnic equity. Case studies demonstrated a clear relationship between enterprise success and a commitment to tackling structural barriers to racial and ethnic inequity.
- Socially innovative organizations. Selected organizations were intersectional and inclusive in their approach and led by innovators with a place-based, or demographic, proximity to the social issues that they addressed.
- Scaled through corporate partnerships. Interviewed innovators demonstrated a track record that leverages corporate partnerships to scale their innovation models, such as Hello Tractor's partnership with a large agricultural equipment manufacturer and Greyston Bakery's work with a global cosmetics and skincare company.

As a result of this research approach, three high-impact pathways featuring six case studies were developed and tested. Case studies were also selected to represent innovators that are diverse in their place of origin or place of operation, as well as an approach to REE informed by their geographical contexts.

Pathways

Corporations that partner with social innovators unlock new markets, provide access to talent and strengthen innovation capabilities.



Photo Credit: Hello Tractor

Pathway 1: Expanding markets

All people need resources, products and services to maintain and generate value from their assets, whether their land, homes or equipment. However, individuals with marginalized racial and ethnic identities often find that these resources, tools and services are not available in their markets, not designed for their

use cases or that they are excluded from accessing them. Two innovators in different geographic contexts are designing delivery models tailored to serve the needs of these owners, empowering them to invest in themselves, better operate businesses and grow community wealth.

Innovator case studies

Shared value model overview



Spotlight: Jehiel Oliver, Hello Tractor (Nigeria and Kenya)

Hello Tractor facilitates accessible tractor hiring, affordable equipment financing and easier fleet management.

As a result, rural **communities** – primarily comprising marginalized ethnic groups – benefit from increased smallholder farmer yields and incomes. And machinery manufacturing businesses such as a large agricultural equipment manufacturer have access to new user markets whose members previously could not afford their products or services.



Widening the lens: Donnel Baird, BlocPower (US)

BlocPower offers affordable home upgrades, creating smarter and more energy-efficient residential environments.

As a result, neglected urban **communities** – which are predominantly Black and Latinx – inhabit greener, safer and lower-cost buildings and **businesses** have appropriate technical and financial products aimed at serving previously unreached neighbourhoods.

1.1 Spotlight: Jehiel Oliver, Hello Tractor

In many parts of the world, smallholder farmers from economically marginalized groups cannot access mechanization, significantly lowering the productivity of their fields. With Hello Tractor's tractor-sharing application, farmers find it easier to manage, hire and own equipment.

The challenge

Some 60 million smallholder farms in sub-Saharan Africa are operating in an environment that is stacked against them. Most farms are small and family-run, producing up to 90% of the food for the region. The average farm is 1.6 hectares (four acres), less than 10% of the mean in high-income countries.³⁸ In good years, small-scale farmers can sell higher proportions of their harvest on the market. With yields increasingly threatened by climate change-driven heatwaves and droughts, a larger portion of the food produced goes towards feeding their families instead.

Multinationals providing agricultural equipment are not successfully partnering with or serving smallholder farmers; the products and business services available are designed for larger farms or matched to the conditions of the informal economy. In Nigeria, where the cost of buying a used tractor can be more than triple a farmer's annual income, there are only seven machines per 10,000 hectares.³⁹

Smallholder farmers in sub-Saharan Africa face significant inequities.



From fertilizer to mechanization, farmers pay an additional **15%-40%** over the cost of agricultural inputs in Europe due to import and distribution mark-ups.⁴⁰



Working capital loans for farms in the region can average a **34% interest rate**, compared to **6%-11%** in Western Europe.^{41,42}



In sub-Saharan Africa, **cereal yields are 70% lower** per hectare of land than in Europe (1.6 vs 5.7 kg). This gap is mainly due to differences in access to modern fertilizer and mechanization, such as tractors.⁴³

Closing the gap would significantly impact the global economy and food security, fostering racially equitable and inclusive growth.



There are more than **500 million** smallholder farms worldwide; **60 million** are in sub-Saharan Africa.⁴⁴



Agriculture accounts for **17% of GDP** and **over 60% of employment** across sub-Saharan African countries.^{45,46}



Smallholder farmers produce **70% of Africa's food** and are crucial to addressing food security challenges.⁴⁷

“Our team comes from these communities, so the answers to these challenges were obvious.

– Jehiel Oliver,
Founder of Hello
Tractor

Further, if the farmer is from an economically marginalized tribe or ethnic group, their business likely operates on less land and faces higher barriers to accessing inputs. In much of sub-Saharan Africa, the distribution of farmland remains rooted in European colonial rule. In Kenya, the former “White Highlands” still hold larger and more fertile farm plots, while former “Native Reserves” are more fragmented and degraded, hosting a higher proportion of farmers from non-dominant ethnic groups.⁴⁸ These historical legacies of land ownership continue to shape economic outcomes, deepening challenges for smallholder farmers throughout the region.

The innovation

Social innovators like Jehiel Oliver, Founder and Chief Executive Officer of Hello Tractor, know how to partner with community leaders to create value for underserved markets.

Developing career-building collaborative solutions in emerging markets, he chose to focus on a consistently underserved stakeholder group: smallholder farmers in Nigeria.

Oliver saw that global agricultural equipment multinationals did not understand the local context in Nigeria and were missing an opportunity. Unlike more developed farm equipment markets in Europe and the US, African smallholders typically rent out tractors through fractured, informal equipment networks and lack the tracking and management software that allows for lower rental fees.

Seeing this challenge, Oliver recognized two complementary pain points:

- A. Nigerian smallholder farmers, especially those from marginalized ethnic groups and women, were paying a premium to rent the least dependable machines.
- B. Machine owners, often independent entrepreneurs or smallholder farmers themselves, relied on informal networks to find customers and could not track their fleet, resulting in higher risks.

As a result, farm machinery was sitting idle and fields lay untilled. Oliver began by creating a technical solution: an application and tracking mechanism that helped owners of single small tractors manage their assets. This helped solve the supply pain point but Oliver still needed to connect those tractors with smallholder farmers in need.

In a context as large and varied as Nigeria, Oliver needed a business model that created proximity between his enterprise and the farms of his smallholder clients. He started with Hello Tractor's leadership, drawing on local experts from the company's markets. The same principle led to Hello Tractor's booking agent model. The company hires local community members to be the interface between the farmers and the application, providing technical support and gauging local market needs and perspectives. Additionally, Hello Tractor provides beneficial financing opportunities so booking agents can buy their own tractors and rent them out on the

“At its root, the racial and ethnic equity challenge goes beyond both Africa and the agriculture sector: designers of mainstream business products and services do not consider people from economically marginalized racial and ethnic groups as potential business owners.

Innovation in action – the journey of a Hello Tractor booking agent



Step 1: Capacity building

Booking agents are hired from farming communities. They are trained to identify local farmers' specific needs and help navigate the app.



Step 2: Monetize bookings

Booking agents aggregate demand and earn by connecting farmers to tractor owners.



Step 3: Entrepreneurial opportunities

An inclusive payment model allows booking agents to qualify for pay-as-you-go tractor financing. This way, they can move from agents to owners in their communities.

platform, becoming business operators in their own right. Booking agents who are women and who aim to graduate to tractor ownership are offered relaxed down payment requirements. This initiative has resulted in women constituting over a third of Hello Tractor's portfolio.

Hello Tractor's innovation was not just about machinery; it was about understanding communities' needs and leveraging technology to bridge gaps. The platform – akin to a ride-sharing app for tractors – enables farmers to request, schedule and prepay for tractor services, while tractor owners can efficiently rent out their machinery. This synergy boosts agricultural productivity and fosters the emergence of community entrepreneurs, empowering them as business owners. More crops also mean more food and an improved local economy, reducing hunger and improving health in the area. In short, when farmers thrive, the whole community benefits.

Different types of partnerships – from acceleration to, eventually, equity investment – have boosted Hello Tractor's scale and impact. In 2018, Hello Tractor participated in a large agricultural equipment manufacturer's Startup Collaborator programme. It quickly became apparent that Hello Tractor's local networks were valuable for farmers and represented a business

opportunity for the tractor owners. The partnership then progressed into an investment from the agricultural equipment manufacturer, driven by a desire to "increase connectivity, connect with customers and solve problems" across African and South Asian markets, such as Bangladesh and Pakistan.⁴⁹ The growth in the partnership between Hello Tractor and the agricultural equipment manufacturer has driven mutual opportunity for both companies and created value for business owners – in this case, smallholder farmers and tractor owners – who had been excluded from global markets.

Building on successes to date, Oliver hopes to see all farmers gaining access to inputs that fit them and their needs as business owners. Oliver envisions access to the most effective inputs for each context, whether an ethnic minority smallholder in Kenya cultivating maize or a large-scale wheat producer in Europe. As the company plans for expansion into Asia, the Hello Tractor team has identified that introducing Shariah-compliant financing through their pay-as-you-go product can cater to Muslim farmers who are marginalized in their country.⁵⁰ Hello Tractor is also setting up regional "hubs" for specific crops as a first step in providing wrap-around services for smallholders – a facility long available for larger farms and one that represents another step towards recognizing the value of smallholders as business owners.

1.2 | Widening the Innovation Lens: Donnel Baird, BlocPower

With BlocPower, Chief Executive Officer Donnel Baird is designing a delivery model for a different group of underserved asset owners: low-income Black and Latinx residents in urban areas.

For a variety of reasons, residential buildings in neglected urban neighbourhoods are the second highest polluters in the US – only surpassed by suburban luxury homes. For residents of these blocks – who are predominantly Black and Latinx – this means higher costs, risks of health hazards such as asthma, and increased emissions from fossil fuels. As Baird puts it when it comes to carbon footprint: “If it’s not a heated pool at a mansion, it’s a low-income block in the Bronx burning oil in the basement.”

As buildings in affluent, predominantly white neighbourhoods increasingly benefit from policies and investments that improve energy efficiency and amenities, low-income Black and Latinx communities are left with products and services that are poorly tailored for their contexts. Residents and owners are often deemed ineligible for the requisite financial products. Even when they can access retrofit equipment, technologies built for new homes tend to translate poorly to buildings that are older, leakier or poorly insulated.⁵¹

Baird is tackling this challenge head-on – taking a vertically integrated approach to making home upgrades more effective, affordable and accessible for all. BlocPower uses proprietary software and data modelling to comprehensively analyse the electrification potential for buildings nationwide. This software aggregates building data, carbon reduction estimates and incentive information at scale to better serve customers in neglected neighbourhoods. Likewise, existing financial instruments are largely inadequate to meet community needs. To remove the structural barrier, BlocPower designed a novel financing model that does not require upfront payment or demand repayment guarantees from users. Instead, equipment is leased over 10 to 20 years. Building owners and residents are provided with energy-efficiency equipment as a service, avoiding the need for collateral or impacts on credit, which often present structural barriers for Black and Latinx communities. The buildings upgraded to date have seen significant reductions in both greenhouse gas emissions and energy costs.⁵²

Powering this model is a workforce of at-risk Black and Latinx youth who have been upskilled for green jobs. Partnering with Mayor Eric Adams, BlocPower runs a workforce development programme training thousands of people in green construction basics. Many are formerly incarcerated

or come from communities impacted by gun violence. The vast majority are Black, Indigenous and other people of colour (BIPOC). Support includes paid training, mental health assistance and guaranteed roles in heat pump installation, building energy auditing and other related fields. The programme is solving social challenges of violence reduction and economic development, as well as the business challenge of accessing skilled labour and reskilling existing workers for a green economy.^{53,54}

It took Baird nearly a decade to get the right public and private sector stakeholders to the table to better serve these communities but the hard work has proved valuable. Microsoft, McKinsey & Company and the New York City Mayor’s Office have all played their part with joint ventures, mentoring and catalytic funding. Baird worked with leaders at Goldman Sachs to create a bespoke financial product that pairs accessibility with commercial viability – the fruit of over three years of co-creation. These connections were facilitated through a series of roundtables facilitated by Echoing Green. In Baird’s view, making such meetings commonplace would unlock many more mutually valuable partnerships between innovators and corporations.

Baird sees today as a pivotal moment for the economic viability of investing in REE and environmental sustainability – one in which social innovators play an essential role in connecting public and private sector resources to communities. The projected market volume for solutions related to climate adaptation may reach \$2 trillion annually by 2030.⁵⁵ Government policies will drive market growth through investment and incentives for cross-sector partnerships like the ones Baird is demonstrating. For example, the United States Inflation Reduction Act (IRA) includes record-level commitments to investments in climate friendly infrastructure in low-income communities.⁵⁶ Delivering on these aims will require proximate leaders like Baird who can engage neglected markets and communities. Companies also have a pivotal role in better serving these consumers, whether it’s an energy-efficient heat pump designed for leaky buildings or a flexible financial instrument. As social innovators navigate government funding and investments, they will likely encounter the same barriers to entry that Baird did: gaps in resources and technical expertise. Corporate leaders can bridge these gaps and, in doing so, create social, commercial and planetary value all at once.

“Our focus is communities historically left behind – it’s not a side mission. [It takes] cultural competency as well as financial competency.”

– Donnel Baird, Founder of BlocPower

1.3 The future: Access to tools and services that improve livelihoods

To better engage underserved asset owners, innovators can help businesses and policy-makers bridge the gap to engage communities.

Businesses are missing out on providing products and services that can support the growth of the assets held by historically marginalized and underserved groups. African smallholders and Black/Latinx residential blocks are just two examples of groups that companies can struggle to engage, often due to challenges in the “last mile” delivery of services and products. This results in higher costs, lower quality and squeezed margins for businesses and asset owners. Finding effective ways to serve asset owners with marginalized identities is critical to creating business value and achieving global goals – from opportunities to more than double agricultural productivity in Africa to an energy retrofit market opportunity of up to \$24 billion in New York City alone.⁵⁷⁻⁵⁸

Social innovators offer market-based, community-centred service delivery models that provide access in areas that companies find harder to reach. Businesses can work with innovators to identify community-centred delivery models that are adapted to local contexts. In Hello Tractor’s case, this has involved reducing upfront costs, providing favourable finance for purchasing farm equipment, and setting up community hubs

to improve local after-sale markets – a model that represents a transformation in the way a large agricultural equipment manufacturer is engaging with smallholder markets in Africa and beyond.

Another opportunity to scale delivery models is by centring innovators in public-private partnerships to enhance community voice and ownership. Businesses and government can work together to help scale innovations creating social and commercial value. BlocPower provides a case in point: Baird worked closely with businesses, municipal governments and communities to develop the products, financing and workforce needed to deliver green building upgrades in underserved Black and Latinx neighbourhoods.

By applying these new practices – and implementing these lessons – business leaders can join with social innovators driving the creation of business value and a more equitable status quo. A more prosperous future is one in which people with marginalized racial and ethnic identities are recognized and served as asset owners and customers with equal access to tools that are suited to their needs.

BOX 1 Scaling innovation through partnerships: Lessons for companies, governments and social innovators

The case studies in this pathway evolved from initial ideas to scaled-up models over time, supported by partnerships at each stage:

- In **seeding** the BlocPower model, Baird credits Echoing Green for providing platforms to **support and convene innovators** like him. These platforms were critical in his near-decade-long efforts to engage and identify synergies with corporate and government leaders. Similarly, Oliver, from Hello Tractor, was selected to participate in an accelerator programme by a large agricultural equipment manufacturer. The **accelerator**, aimed at **emerging social innovations**, allowed him to build internal networks, understand business needs, and hone the company’s unique value proposition.
- When **refining** BlocPower’s delivery model, **place-based pilots** proved a useful tool for Baird. For example, Mayor Eric Adams of New York City participated in the inauguration of the organization’s workforce development programme as part of a wider initiative to reduce vulnerability to gun violence among local youth.
- Partnership was also critical in **scaling** the adoption of Oliver’s innovation at Hello Tractor. The agricultural equipment manufacturer made **strategic investments to integrate practices** from the company into the delivery model for customers in African and South Asian markets.
- Looking at **mainstreaming** BlocPower’s innovation, **public-private-innovator partnerships** will be critical in shaping markets for accessible energy retrofits. Thus far, Baird at BlocPower has established programmes with the support of corporate partners and collaborating municipalities throughout New York State, including developing local workforces to conduct home installations.

Pathway 2: Unlocking talent

Access to skilled labour is a key business challenge. As job seekers and employees, people with marginalized identities are systematically excluded from consideration, in part due to biased processes and practices. As a result, businesses are losing out: strong

job candidates are filtered out as companies struggle to fill labour gaps. Two innovators are shifting status quo hiring practices, dismantling biases against Black and Latinx candidates and strengthening talent pipelines along the way.

Innovator case studies

Shared value model overview



Spotlight: Laurin Leonard, R3 Score (US)

R3 Score provides contextualized assessments that more accurately gauge risks presented by applicants with criminal records.

As a result, Black and Latinx **communities** historically subject to discrimination in selection and hiring processes have increased opportunities and **businesses** significantly grow their pipeline of potential employees, as well as credit and student applicants.



Widening the lens: Joseph Kenner, Greyston Foundation and Greyston Bakery (US)

Greyston Bakery gives every applicant, even those with significant barriers to employment, the opportunity for a job through its Open Hiring and apprenticeship model. Greyston Foundation also provides consulting services to help other companies, such as a global cosmetics and skincare company, adopt Open Hiring.

As a result, **communities** historically excluded by hiring processes can access and progress in stable employment. Businesses have lower hiring costs, new pipelines of loyal employees and boosted brand profiles in their communities.

2.1 Spotlight: Laurin Leonard, R3 Score

The stigma of a criminal record impacts the professional opportunity of millions of Americans. R3 Score offers businesses a novel approach to measuring candidate risk and assessing potential.

The challenge

In the US, research on numerous industries, geographies and elements of the hiring process shows that Black and Latinx candidates are disproportionately excluded from employment. The odds are against these applicants from the offset: Black and Latinx candidates are less likely to be called back to interviews than white counterparts with similar qualifications.⁵⁹ Many commonplace hiring criteria have been shown to imply racial and ethnic biases – including non-anonymized CVs, credit checks and mailing address requirements.⁶⁰ Without sufficient oversight, technologies can emphasize these biases and therefore amplify the shortage of skilled labour by excluding particular racial groups.⁶¹

Background checks introduce an additional barrier for candidates with a criminal record.

Transitioning back into the economy after incarceration has always been difficult. However, the barriers rose dramatically after the September 11 attacks in 2001, as US businesses began adopting risk assessment methods from the criminal justice system, such as background checks. A criminal record makes receiving a call-back or job offer less than half as likely.⁶² Further, the US criminal justice system disproportionately polices and prosecutes Black and Latinx men and – increasingly in recent years – women.⁶³ This combination of factors results in hiring practices that exclude more than a million employees from the workforce before they can demonstrate their potential to contribute.⁶⁴

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