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Realizing the Social Mission: The Economic Development and Social Impact of Digitalundivided on Women of Color and “Black Meccas”

Introduction

Of significant essence in social entrepreneurship analysis is studying how the social enterprise fosters and promotes accountability and realizes the purported social and economic vision. Focusing on the importance of the demographic characteristics of the target population and the economic and social economic profile of the location in which the social enterprise seeks to serve, this paper meditates on the extent through which Kathryn Finney’s ventures in social entrepreneurship meet envisioned social and economic change in both people and milieu, particularly to uplift women of color and American cities with high concentrations of Black communities. Focusing on expanding the parameters of social entrepreneurship economic development outcomes, this impact study argues that economic development better meets its full transformative potential when social enterprises also couple economic development with social uplift in pursuits to realize impact. Tying the economic with the social animates the people-centric premises of social entrepreneurship beyond the vision and the current state of the present and propels the impact of the social enterprise into actualized economic and social transformation.

Theoretical Frameworks Linking Economic Development to Social Outcomes

As a framework to couple economic development with social uplift, I use Amartya Sen’s work on economic development to illustrate the link and dependency between the two. As

quoted by Cathie Davies (Davies, 2017) and Saeed Ahmed (Ahmed, 2017), economic development, to Sen, is “creating freedom for people and removing obstacles to greater freedom. Greater freedom enables people to choose their own destiny. Obstacles to freedom, and hence to development, include poverty, lack of opportunities, corruption, poor governance, lack of education, and lack of health” (Sen, 2001). Through Sen’s coupling of economic development with employment opportunities, income, health, and education, he creates a dependency between economic development and non-economic well-being, where the flourishing of the latter means that economic development has reached a higher potential in outcomes by providing both economic and non-economic freedom.

In social entrepreneurship literature, this link between economics and social outcomes is also a means through which social enterprise performance and impact assessments could be done. According to Kanter and Summers, “A fundamental reason why traditional performance measurements used to evaluate for-profit businesses do not apply to social enterprises is that their mission affects multiple stakeholders (public authorities, private investors, internal stakeholders, and external beneficiaries). Social enterprises should therefore ideally use a “multidirectional” accountability system, focusing *not only on the economic bottom line but also on social outcomes* (my emphasis)” (Kanter and Summers, 1987). I adopt Sen’s link between economic development and non-economic being and Kanter and Summers’ multidirectional accountability system of examining both economic impact and social outcomes as my frameworks to examine Digitalundivided’s economic development’s ramifications on demographic- and location-based social uplift.

Feminist Social Entrepreneurship As Social Impact Lens

Worldwide, the OECD underscores that lack of training and initial financing are two significant inhibitors that prevent women from engaging and flourishing in entrepreneurship (OECD, 2016). In numbers, this barrier created for women is present in a financing gap along gender lines: of the \$58 billion invested by venture capitalists in 2016, according to the OECD, only \$1.46 billion reached women-led companies. For women of color in the United States in particular, only 3.9 percent occupy executive or senior-level officials and manager positions out of 25 percent women overall. Out of CEOs, 6 percent are women, while 0.4 percent are women of color. In 2013, more than two-thirds of Fortune 500 companies had no women of color as board directors. In 2017, after the departure of Ursula Burns as CEO of Xerox, there was no remaining Black women left leading any of the Fortune 500 companies in the country (Warner and Corley, 2017). Acknowledging gender gaps, Eoin Gergard McGeeney writes that among 7 principles of social business that Gomez (Gomez, 2016) identified, “tackling gender discrimination is vital” for social enterprises to confront and solve pervading gender gaps” (McGeeney, 2017). This feminist perspective on social entrepreneurship is in alignment with Haugh and Talwar’s assertion that “our examination of the micro-processes of increasing women’s agency in a region of deep poverty uncovered the barriers to economic activity that impoverished rural women face and linked income generation to economic, social and political empowerment” (Haugh & Talwar, 2016). Combining these two frameworks, a critical element of social entrepreneurship is the closing of gender gaps, particularly in income generation, in order to advance the empowerment of women in the economic, social, and political spheres.

Demographic Economic and Social Impact: Examining the Incubator's Cohort

This leveraging of social entrepreneurship towards the purpose of female empowerment is manifested in the BIG Incubator program, Digitalundivided's entrepreneurship incubator, particularly in the demographic profile of its cohort that it chose to serve. In 2016, Digitalundivided received 100 applications and created a cohort of 7 women of color entrepreneurs for BIG Incubator, a 12-week accelerator program. 64 percent of the cohort had co-founders, 68 percent had worked in a startup, and 38 percent already had sales. Educationally, 48% had a master's degree, 32 percent had a bachelor's degree, and 20 percent had an associate's degree (Digitalundivided, 2016). In terms of the businesses they submitted for the social enterprise incubator, 29 percent were modelled after subscription-based revenue, 12 percent through commissions or affiliates, 8 percent via e-commerce, and the remaining 51% revenue sources involved sponsorship, licensing, freemium, and reverse auction. These figures mean that although the cohort members were qualified, experienced, and educated, they were nevertheless in the early stages of forming their new woman of color-owned businesses. The cohort size also means that although the aims of Digital undivided are socially ambitious, the scale of the impact remained limited.

A year later, in 2017, Digitalundivided nearly tripled their cohort size by enlarging it from 7 to 20. They received 120 applications and expanded their incubator program from 12 weeks to 26 weeks. Digitalundivided structured the 26 weeks (6.5 months) with three thematic modules on Customer Development, Product Development, and Company Development. The top cities serviced in the cohort were Atlanta, New York City, Washington DC, Detroit, and Los Angeles. The demographic profile of the 2017 consisted of the following: 30% resided in Atlanta, 86% has a co-founder for their startup, 34% has prior experience in a startup, and 4%

have raised money from \$200,000 to \$850,000. Educationally, 18 percent of the 20 incubator participants held an associate's degree, 35 percent a bachelor's degree, 24 percent a master's degree, and 3 percent a doctorate. The sectors and professions of their startups ranged from accountancy, photography, aesthetics, project management, therapists, students, chefs, civil engineers, diplomats, and technicians.

The dimensions of Digitalundivided's cohort demographics hold economic and social significance and position the social enterprise to tackling structural economic and social inequities in American society, particularly those that affect women of color. In the United States, Black women are the most educated group in American society (US Department of Education National Center for Education Statistics, 2017), although they make about \$20,000 less than white males for the same job. This gender pay inequity means that if a woman were to work for 40 years, this would lead to \$430,000 in lost wages by women as an aggregate demographic group in a given lifetime. Intersecting race and gender, for Black women, this figure is bleaker. Faced with the compounded double oppression of racism and sexism (Crenshaw, 1994). Black women working for 40 years would lead to \$878,040 in lost wages in a 40-year career-span (National Women's Law Center, 2015), more than double the lost wages that women as a whole face.

Considering these lifetime pay inequities that women of color, particularly Black women, endure as both economic and societal backdrop for Black women in American society, Digitalundivided's incubator program's deliberate selection of their cohort demographics position the social enterprise to provide redress to historical and present material discrimination against women of color towards the feminist and womanist (Phillips, 2006) labor and socioeconomic vision of "equal pay for equal work" (Blum, 1991). Framing this race and gender

pay inequity with a focus on socioeconomic ramifications, the pay inequity that Black women face is a poignant structural pain point not only for women of color but also their children, especially considering that more than 80 percent of Black women with children in the United States are either the sole or principal breadwinners in their families (White, 2017), a figure higher than 50 percent of all women in the US regardless of race. This social reality stems from and is exacerbated by the prison industrial complex's mass incarceration rate of Black males, a carceral figure that incarcerates more Black males per head than there were slaves before the American Civil War (Alexander, 2010), and subsequently forces many Black women to assume the role of head of household in pursuit of subsistence for themselves and their families. A structural and forced removal of Black males away from Black households by a racialized carceral state has left many Black women alone in confronting the health, educational, and income disparities that they themselves and their children encounter in a highly inequitable United States.

In examining spending trends, sociologists and behavioral economists have also documented that women, especially women of color, dedicate more financial resources towards health, nutrition, and education. Focusing on the children of Black women, 38 percent of Black children live below the federal poverty level (The Annie E. Casey Foundation, 2015). Deprivation of pay equity and economic opportunities for Black women would deliver an immobilizing blow to governmental and civil society efforts in uplifting youth of color from poverty, especially when their very own mothers—those who tend to prioritize their children's interests, wellness, and success to the forefront oftentimes even before their own—are incapacitated from intervention due to persistent structural pay gaps and lack of employment opportunities, professional development, and lack of access to the “old boy's network” (Jones,

2003). On the contrary, providing greater economic opportunities to Black women and boosting their wages towards the feminist and womanist socioeconomic goal of “equal pay for equal work” would elevate not only Black women themselves but, because of their spending behavioral patterns, would also increase the likelihood of Black children attending better schools, increase their ability to afford and choose healthier food options and after-school exercise and enrichment activities, and subsequently improve educational and professional opportunities and outcomes. In a podcast interview, Digitalundivided Chief Community Officer and Co-Founder Darlene Gillard Jones states, “For Black women, for Latina women, it’s [social entrepreneurship] a much bigger risk than for a white dude. We don’t necessarily have a parent or someone, the network, to give us money to do this business, and when we screw up, to give us more money. When we lose, a lot of times, our family loses because we are taking care of folks whether it’s for our own family, our grandparents, etc.” (Gillard Jones, 2017). As head of households salient in her statement is the support that women of color provide to their extended families intergenerationally. This spending across generations would not only provide economic development for Black women and their children but would also act as an economic stimulus and carve out an investment infrastructure to economically develop a given society’s future.

Revitalizing Atlanta as “Black Mecca”

Another significant dimension of Digitalundivided’s demographic cohort is location, specifically the economic and social impact the social enterprise has on locations involved. Soon after its founding, Digitalundivided relocated from New York City’s Harlem to Atlanta, Georgia. Atlanta has a Black population of 286,126 or 54 percent of the population, according to the 2010 US census (US Census Bureau, 2010) and a Latino population of 56,142 or 10.2 percent, which

is a 74 percent increase from 2000 to 2010. Serving as home to the United States' 4th largest Black-majority city, long-known as "Black mecca" for its role as a center of Black enterprise, political power, education, and culture (Hobson, 2017). Despite accolades of Atlanta as America's "Black mecca," 80 percent of the city's Black children live in neighborhoods with high concentrations of poverty compared to 43 percent of Latino children and 6 percent of white peers (The Annie E. Casey Foundation, 2015). Plotting pay based on race, white Atlantans earn more than triple the amount per year as their Black counterparts and double per year compared to Latinos. At the same time, Atlanta boasts the accolade of being ranked as 4th best tech hub in the United States (Pirani, 2017). The city was also regarded as the "#7 in the US" as the best city to launch a startup (Hudson, 2015), and the number 1 city with the most Black-owned businesses (Todd, 2016). The city was also considered by KPMG as the "2nd cheapest major US city to do business" according to a 2010 Competitive Alternatives Study (KPMG, 2010). Georgia, as a state out of 50, "ranks as #5 in the US for greatest number of women-owned companies" (Georgia Department of Economic Development, 2017). Contextualizing these startup business accolades with the social backdrop of widespread income inequality and prevalent high poverty levels among Black and Latino children in the same city, selecting Atlanta as headquarters emerges as purposeful and intentional for Digitalundivided. As Benjamin Sharratt writes in analyzing Peredo and McLean (Sharratt, 2017), "When considering...a potential social venture, those involved have more to think about other than themselves, so therefore will consider the community and social mission heavily when making business decisions" (Peredo & McLean, 2006). To Digitalundivided, selection of Atlanta as headquarters with its Black business-friendly environment, a local city government supportive of Woman-Owned Business Enterprises (WBEs) and Minority-Owned Business Enterprises (MBEs), and a highly economically

underserved Black population, the social enterprise's decision maximized its own likelihood for entrepreneurial success in the market, while at the same time continuing to seize and serve the particular needs of the city's population with special attention to racial, class, and gender inequities by serving women of color founders.

Conclusion and Future Insights

The saliency of both cohort demographic and location vis-a-vis economic development and social impact is palpable in Digitalundivided's strategy for greater scalability. Speaking on expanding their impact, Darlene Gillard Jones explains, "Part of our expansion is to go to other cities like Philadelphia. We definitely are looking at places like LA [Los Angeles]...We want to go to communities and areas like Philly [Philadelphia], Detroit, and Newark in New Jersey" (Gillard Jones, 2017). These cities, like Atlanta, are American cities that have high proportions of working class Black residents. At the same time, these same cities are cities with capital, where many companies historically or in the present have chosen to invest in and have chosen as sites for their company's headquarters and satellite offices. The selection of these four cities demonstrates profound knowledge of Digitalundivided's community and audience that the social enterprise seeks to help and prospectively tap into as a consumer base, substantially because these cities are hotbeds of resistance, community development, and an intersection of racial-, working class-, and women of color-solidarity that all arise from the unfinished work of the Civil Rights Movement starting in the late 1950s, to Third Wave Feminism in the 1990s and 2000s, and to Black Lives Matter in the present.

Since these 4 cities are planned as part of Digitalundivided's strategy, taking the incubation program there in subsequent years would likely involve remunerating and exerting

action on difficult financial choices, such as charging participants a fee for participation, a move that the social enterprise began in 2017 (Gillard Jones, 2017). According to Pomerantz, social entrepreneurship “involves taking a business-like innovative approach to the mission of delivering community services. Developing new social enterprise business ventures is only one facet of social entrepreneurship. Another facet is maximizing the revenue generation from programs by applying principles from for-profit businesses without neglecting the core mission” (Pomerantz, 2013). Digitalundivided did not see charging a fee to participate in its incubator program as antithetical to its social mission and social service provision that gives training, mentorship, and starting capital to women of color founders. While the social enterprise was not completely transparent in how these fees collected as funds were used, any possible expansion to build offices and programs in any of the four cities beyond Atlanta would require significant internal revenue or external angel investor or sponsorship funding. One way to facilitate this expansion would be to reinforce the revenue streams, such as the incubator fee, in order to make possible the expansion in the social enterprise’s scalability strategy to spread Digitalundivided’s impact to more “Black meccas” across the United States. Through this elucidation of Digitalundivided’s expansion strategy, we obtain an insight as to how Digitalundivided might remain agile and seize the financial, operational, and social impact challenges that come with increasing scale as opportunities. As Digitalundivided approaches and hits milestones in its expansionary roadmap, we would then learn whether Digitalundivided would withstand the tests of time and scale and remain true to their convictions towards economic and social transformation for women of color and “Black meccas.”

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