

# Diversity in Business Development-Why Representation Matters?



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**Abstract:** *It has been rightly said by Josh Bersin- ‘Companies that embrace diversity and inclusion in all aspects of their business statistically outperform their peers.’ Today, Diversity and Ethnic Inclusion, popularly known as DEI, is gaining momentum in the corporate world. More and more companies are focusing on being diverse by incorporating D&I policies at all workforce levels. However, making a company diverse and inclusive is much more than a matter of ethics. It is also a driving force of growth, revenue, and profit. This article explores the current trends of the subject matter along with the contemporary statistical analysis and how the organizations are faring in this regard. One of the contemporary trends is inclusion of women and people of color in the leadership positions in business organisations- the same has been statistically proven to result in economic gains. This article enlists several instances and examples which further the cause and the subject matter of the point of workplace diversity. Furthermore, this article exposes the flaws in the current diversity rhetoric and outlines what a 21st-century inclusivity paradigm could look like as well as how leaders can foster it. The reader will be able to acknowledge the dynamic paradigm of this issue and will be able to understand a gist of the concept of workplace diversity and how it is still a work in progress.*

**Keywords:** Diversity, Workplace, Culturally Diverse Leadership, Globalization, FAANG

## I. INTRODUCTION

The economy of the third world countries today, has observed a fundamental shift in its patterns, operations, and approach to keep up with the contemporary trends in the world- the corporate and lucrative culture. Modern businesses and entrepreneurs have started observing and taking advantage of the reach and the opportunities that the development of technology has provided. It would be completely justified to state the fact that the COVID 19 pandemic did knock the world for a loop, yet the retreat of the pandemic brought out a number of profitable business trends and accelerated some economic trends which were already underway. This thus made Entrepreneurship the mainstream of the faces those leading the modern business world. A modern businessperson knows the advantages of Zoom and Venmo- the way these platforms have closed the communication gaps and augmented the reach of the business- increasing the profits and curtailing the inability to adapt to global trends.

Manuscript received on 16 December 2022 | Revised Manuscript received on 24 December 2022 | Manuscript Accepted on 15 January 2023 | Manuscript published on 30 January 2023.

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However, in general terms, Zoom and Venmo are not the only things a modern businessperson has to take care of. A major aspect in Industrial and business development that of course is not new, but quite traditional and crucial is yet to be mastered by a majority of entrepreneurs as well as established businesspersons- Diversity in workplace of all sorts. Workplace diversity is not a new concept, and in recent years, has been brought to the forefront of attention, as many business organizations are realizing the economic advantages that can result from keeping a more diversified workforce. Pluralism at workplace is crucial for some factors that form the basis for any business organisation which remain intangible such as fostering a sense of community in a business as well as enhancing the communications in the company.

## II. LITERATURE REVIEW AND STATISTICAL ANALYSIS

This article has been committed to paper after a clarified and meticulous study of several etymological trends and generalized notion and mindset of the business organisations at all levels inclusive of small and medium enterprises as well as several multinational corporations It also covers a period of significant disruption and change for many enterprises due to the COVID -19 which has brought about new ways of working and social inequalities into sharp focus.

Research has shown that a more diverse workforce can help to boost the bottom line for your business and several businesspersons and entrepreneurs are looking forward to increasing ethnic and cultural variety in their organizations. However, this can still be a long road ahead as mentioned by Forbes [1] in a recent piece on cultural diversity that categorizes a number of aspects that render the argument for the increase in cultural diversity in business organizations quite weak. The article by Forbes mentioned that 12.5% of the population in the United States of America is Black, however, only 3.2% positions of the senior leadership are held by Black people. Furthermore, out of the entire Fortune 500, only 4 CEOs are black, them being men. Over 18.3 % of the population of the States is Hispanic, however only 4% of the executives in the corporate organisations belong to this category. Moving towards the eastern side of the planet, the European Union has had under work several programs and committees that are working towards inclusivity at workplace and tackling several discrimination issues- both at workplace and in general life. The International Labour Organisation [2], through its data for 1995-2004 in the European Union (EU) confirmed that women's participation in the labour force, then reaching 62%, and in paid employment, at 47.1%, was continuing to rise significantly.

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It can be said that presently In the European Union, women have increased their share of high-status positions over the past decade by 3.1% to that of 30.6%.

Given these advances, however, it is still noticeable that women in European countries, still are paid less than men. On this, the European Commission says that the difference in earnings levels between men and women results from "*non-respect of equal pay legislation and from a number of structural inequalities*".

Asia, being the largest continent in the world, has a significant role to play in this inclusivity call. It can be a key driver of innovation and has become increasingly critical for creating competitive opportunities in companies and corporate organisations. Nevertheless, perceptible is the fact that Asian Corporations still have a lot of catching up to do. According to report by Mercer named, Mercer's Diversity and Inclusion: an Asia Pacific Perspective [3], the very understanding of diversity differs from market to market and is also interpreted very differently in the Asian culture than it is in the West. Thomson Reuters Global Diversity & Inclusion Index of the year 2018 [4] showed that companies in Asia were far less open, inclusive, and diverse than their global peers. Of the 7,000 publicly listed organisations evaluated, only 15 of the top 100 most diverse and inclusive organizations in the world were based in Asia.

### III. RESEARCH AND STUDY- WHY DOES IT MATTER

Regardless of the socioeconomic and demographical differences, it is imperative for the organisations throughout the world to focus on moving diverse talent to senior, leadership, technology, and board roles. By hiring a narrow pool, companies often miss out on a meaningful portion of the workforce. What is advisable here is that these companies should invest energy and resources in recruiting and retaining diverse employees, and in creating inclusive workplace cultures in which all individuals are given equal opportunities to contribute and succeed. Instead of trying to find that elusive proof that diversity causes improved business performance, companies should be focused on diversity as a talent problem, and acknowledge that to become industry leaders, tapping the entire talent pool is essential. Product School [5] says that hiring through Diversity can be the most direct, easiest way to improve minority representation at any organisation. It is crucial to be intentional in including diversity representation in the marketing strategies, elevating a larger number of voices of difference to the world. Diversity wins demonstrate that companies need to place a lot more emphasis on inclusivity, even if they are relatively diverse.

'The Value of Belonging at Work' by Evan W. Carr and others, published in the Harvard Business Review [6] in 2019 is a commendable take on this topic. It supports the idea that diversity coupled with inclusivity leads to better recruitment of talented individuals, as well as committed, loyal employees and that companies with more diverse workforces perform better than their peers. It is however vital to acknowledge the fact that just because a company has a huge employee workforce with diverse backgrounds does not mean all the right things with respect to diversity. Diversity and Inclusivity can mean different things to different people, and organizations should apply these definitions to their

companies accordingly. When an organisation has a diverse workforce of workers and leaders from a variety of ethnic and socio-economic backgrounds, they impart a message of success not being limited to a particular kind or category of individuals. Another issue by Harvard Business Review, authored by David Rock and Heidi Grant, titled, 'Why Diverse Teams Are Smarter' [7] emphasizes on this point by bringing up some more stats. A 2015 report by McKinsey on 366 public companies found that the organisations in the top quartile for ethnic and cultural diversity in management were 35% more likely to have financial returns above their industry mean, and those in the top quartile for gender multiplicity were 15% more probable to have yields above the industry mean. The issue states that people from diverse backgrounds might actually be able to alter the behavioral conduct of a social group majority in ways that lead to enhanced and more precise group thinking. The issue thus summarizes the point of concern in some remarkably simple yet impactful words that a diverse workforce is often smarter than an otherwise one. Workers and leaders in the former kind often focus more on facts and process those facts more carefully. They become more innovative. In a study, published in 'Innovation-Organization and Management,' [8] the authors determined that augmented cultural diversity is a godsend to innovation and modernity. They collected data on 7,615 firms that partook in the London Annual Business Survey, a survey conducted with the UK capital's executives that asks several questions about their companies' performance. The results in turn stated that businesses run by culturally diverse leadership teams were more prospective towards developing new products than those with homogenous management.

From a calculative businessman's standpoint, there are unlimited significant advantages of Workplace diversity and inclusivity. Business organisations which ensure that their teams are well-represented by minorities and marginalized groups, turn out to be investing in creative thinking, diversified solutions for day-to-day challenges, and, in turn, in the success of their markets as a whole. Several instances have been perceptible as to how critical diverse leadership and staffing is for companies looking to build reputations and engage customers from racial, ethnic, socioeconomic, and culturally diverse backgrounds. Employees from diverse backgrounds bring to the table their perspectives, ideas, and experiences, helping create organizations that are sustainable and efficient, and outperform organizations that do not invest in diversity. In a global analysis of 2,400 companies conducted by Credit Suisse, organizations with at least one female board member yielded higher return on equity and higher net income growth than those that did not have any women on the board.

All the data and findings in this paper are selected from the large body of research about the benefits of diversity and inclusivity in the workplace, with an emphasis on studies published within the past several years. By keeping a track of the trajectories of a number of companies since the year 2014 in their dataset, McKinsey [9] found that the generally slower increase in diversity that is typically observed actually conceals the upward divergence within those organizations.



The more diverse companies are more likely *a-for-tori* to beat their less-diverse peers in cost-effectiveness and overall profitability. A large difference in probability to outperform, which is 48%, separates the most and least gender-diverse companies. Such outperformance is likely because a more diverse workforce is additionally adept at become accustomed to change and meeting the needs of the global marketplace. Companies with stable, inclusive workplace cultures - particularly those experienced by historically understated groups - have also outperformed the S&P 500 Index in annualized mean share returns over the Great Recession (measured 2006-2014). Women experienced less discrimination and sexual harassment under inclusive workplace cultures. Despite increased interest in diversity in the workplace, women remain underrepresented in critical areas of the workplace. More than one-third of companies in Forbes' dataset still do not have any women on the senior management teams at all. It has been known for some time now that having more women in senior positions aids companies, including their final decisions. Simply put, companies and societies in general are more prospective of growth and are likely to thrive when women gain greater financial independence. Thus, a more diverse workforce leads to greater innovation, better communications, and a better bottom line.

As already mentioned, diversity has become a top priority for the business organisations in the last few years but has especially become crucial in the entire tech industry now in 2021. Following the hard work of people of color, women, and the LGBT+ communities in the industry, a light is being shone on the lack of inclusion in the industry more so than ever. However, in 2020, CNBC [10] reported that although FAANG [Facebook, Amazon, Apple, Netflix, and Google] and other tech companies were releasing annual diversity reports and aiming for transparency in their efforts to increase inclusion, nothing was happening. For example, between 2014 and 2020, the number of black employees at Facebook went from 3% to 3.8%. Amazon's numbers could be called slightly better, but when one looks at the breakdown of who they were employing and where, it is easy to observe that the dispersal of non-white employees has been uneven as one would go up the career ladder. Most new diverse hires are in the lower-level jobs, such as in warehouses and as delivery workers. Diversity among decision makers remained rather untouched. At least for now. However, it is important to acknowledge, how FAANG companies are facing and managing these challenges as it would not be righteous to point out the snags in the tech industry without identifying all the great work that is going into tackling them. In October of 2020, Google, and Alphabet CEO Sundar Pichai made a public statement on Google's commitment and pledge towards racial equality, and on the progress, Google made in 2020 towards their commitments, -these include increasing supplier demand, supporting small businesses and students, donating to racial justice organizations, and supporting diverse and ethnically heterogenous Google employees throughout their careers. Meta is also managing the subject of diversity in its employment practices by running a variability of initiatives intended towards building an equal as well as inclusive workforce. For example, Women LEAD, and Women LEAP are two programs that aim to bolster the next

generation of female leaders. At Apple, the general overall representation of women is undeniably growing. In 2020, 53% of new hires came from typically underrepresented groups in tech, and amongst new hires in the under-30 group, 38% were women compared to 31% in 2014. Apple has also been championing equal pay for all, having achieved pay equity in every country it has been operating in.

**IV. CONCLUSION**

It is imperative to understand and address the subject matter of inclusivity in workplace. As a leader, one may have a unique ability not only to create a diverse and skilled team, but to also provide a competitive edge for their organization in an increasingly global world. Today, we live in a complex, connected world, and diversity--shaped by globalization and advances in technology--forms the fabric of contemporary societies. Staying ahead of social changes communicates to the customers, clients, and business colleagues that the business organisation is open to progress while keeping up with its contemporary values. A complete DEI strategy may sound overwhelming at first, thus a simple start can be with a statement such as inclusion of all the employees' voices in an authentic commitment to build a comprehensive workplace. It should guide hiring, benefits, customer service and company culture. Starting here can be an effective first step on this strategic journey. Author James Baldwin has said it best: " DEI is a journey. A journey is called that because you cannot know what you will discover on the journey, what you will do, what you will find nor what you find will do to you."

**DECLARATION**

Funding	Not funding.
Conflicts of Interest/ Competing Interests	Not conflicts of interest to the best of my knowledge.
Ethics Approval	Not relevant.
Consent to Participate	Not applicable.
Consent for Publication	Not applicable.
Availability of Data and Material	Not applicable.
Authors Contributions	Not applicable, I am only the sole author of the article.
Code Availability	Not applicable.

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