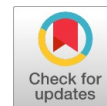


Diversity in Business Development: Why Representation Matters?

Harsh Bhalla



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, Equity, and Inclusion (DEI) is gaining momentum in the corporate world. Increasingly, companies are prioritising diversity by implementing D&I policies across all workforce levels. However, making a company varied and inclusive is much more than a matter of ethics. It is also a driving force of growth, revenue, and profit. This article examines the current trends in the subject matter, along with contemporary statistical analysis, and how organisations are performing in this regard. One of the modern trends is the inclusion of women and people of colour in leadership positions in business organisations; this has been statistically proven to result in economic gains. This article presents several instances and examples that further the cause and subject matter 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 nature of this issue and understand the gist of the concept of workplace diversity, recognising that it is still a work in progress.*

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

I. INTRODUCTION

The economies of third-world countries today have undergone a fundamental shift in their patterns, operations, and approach to keep pace with contemporary global trends, including the corporate and lucrative culture. Modern businesses and entrepreneurs have begun to observe and capitalise on the reach and opportunities that technological development has provided. It would be entirely justified to state that the COVID-19 pandemic caught the world off guard; yet, the retreat of the pandemic revealed several profitable business trends and accelerated some economic trends that were already underway. This thus made Entrepreneurship the mainstream of the faces that lead 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 profits and mitigating the inability to adapt to global trends.

However, in general terms, Zoom and Venmo are not the only things a modern businessperson has to manage. A significant aspect in Industrial and business development, which is not new but rather traditional and crucial, is yet to be mastered by a majority of entrepreneurs and established businesspeople: diversity in the workplace of all sorts. Workplace diversity is not a new concept, and in recent years, it has been brought to the forefront of attention as many business organisations realise the economic advantages that can result from maintaining a more diverse workforce. Pluralism in the workplace is crucial for several factors that form the basis of any business organisation, which remain intangible, such as fostering a sense of community within the business and enhancing communication within 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 boost the bottom line for your business, and several businesspersons and entrepreneurs are looking forward to increasing ethnic and cultural diversity in their organisations. However, this can still be a long road ahead, as mentioned by Forbes [1] in a recent piece on cultural diversity that categorizes several aspects that render the argument for the increase in cultural diversity in business organizations relatively weak. The article by Forbes mentioned that 12.5% of the population in the United States of America is Black; however, only 3.2% of the senior leadership positions are held by Black people. Furthermore, out of the entire Fortune 500, only four CEOs are black, all of whom are men. Over 18.3% of the population of the States is Hispanic; however, only 4% of the executives in corporate organisations belong to this category. Moving towards the eastern side of the planet, the European Union has been working on several programs and committees aimed at promoting inclusivity in the workplace and addressing various discrimination issues, both at work and in everyday 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 percentage points to 30.6%.

Given these advances, however, it is still noticeable that women in European countries are still 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 several structural inequalities"*.

Asia, the world's largest continent, plays a significant role in this call for inclusivity. It can be a key driver of innovation and has become increasingly critical for creating competitive opportunities in companies and corporate organisations. Nevertheless, it is perceptible that Asian Corporations still have a lot of catching up to do. According to a 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 socioeconomic and demographic differences, organisations worldwide must focus on promoting diverse talent into 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, as well as in creating inclusive workplace cultures that provide all individuals with equal opportunities to contribute and succeed. Instead of trying to find the elusive proof that diversity leads to improved business performance, companies should focus on diversity as a talent management issue and acknowledge that tapping the entire talent pool is essential to becoming industry leaders. Product School [5] says that hiring through Diversity can be the most direct, most straightforward 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 and loyal employees. Companies with more diverse workforces tend to outperform their peers. It is, however, vital to acknowledge that just because a company has a large employee workforce with diverse backgrounds, it does not necessarily mean it is doing all the right things concerning 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 comprising workers and leaders from various ethnic and socio-economic backgrounds, it conveys a message that success is not 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 suggests that people from diverse backgrounds may be able to influence the behavioural conduct of a social group's majority in ways that lead to enhanced and more nuanced group thinking. The issue thus summarises the point of concern in some straightforward yet impactful words: a diverse workforce is often more intelligent than an otherwise homogeneous one. Workers and leaders in the former type usually focus more on facts and process them 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 homogeneous management. From a calculative businessman's standpoint, there are unlimited significant advantages of Workplace diversity and inclusivity. Business organisations that ensure their teams are well-represented by minorities and marginalised groups tend to invest in creative thinking and diversified solutions for day-to-day challenges, ultimately benefiting the success of their markets as a whole. Several instances have been perceptible as to how critical diverse leadership and staffing are for companies looking to build reputations and engage customers from racial, ethnic, socioeconomic, and culturally diverse backgrounds. Employees from diverse backgrounds bring their perspectives, ideas, and experiences to the table, helping create organisations that are sustainable, efficient, and outperform those 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.

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



Diverse companies are more likely to outperform their less-diverse peers in terms of cost-effectiveness and overall profitability. A significant difference in the probability of outperforming, at 48%, separates the most and least gender-diverse companies. Such outperformance is likely because a more diverse workforce is also adept at adapting 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 in an inclusive workplace culture. Despite increased interest in diversity in the workplace, women remain underrepresented in key 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, improved communication, and a stronger bottom line.

As already mentioned, diversity has become a top priority for business organisations in the last few years, but it has become especially crucial in the entire tech industry now in 2021. Following the hard work of people of colour, women, and the LGBT+ communities in the industry, a spotlight is being shone on the lack of inclusion in the industry more 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 goes up the career ladder. Most new diverse hires are in lower-level jobs, such as warehouses and delivery work. Diversity among decision-makers remained essentially unchanged, at least for now. However, it is essential to acknowledge how FAANG companies are facing and managing these challenges, as it would be unjust to highlight the snags in the tech industry without also recognising the significant efforts being made to address them. In October of 2020, Google and Alphabet CEO Sundar Pichai made a public statement on Google's commitment and pledge towards racial equality. Regarding the progress Google made in 2020 towards its obligations, these include increasing supplier demand, supporting small businesses and students, donating to racial justice organisations, and promoting diversity and inclusivity among Google employees throughout their careers. Meta is also addressing the subject of diversity in its employment practices by implementing various initiatives aimed at building an equal and 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 where it operates.

IV. CONCLUSION

It is essential to understand and address the topic of inclusivity in the workplace. As a leader, one may have a unique ability not only to create a diverse and skilled team, but also to provide a competitive edge for their organisation in an increasingly global world. Today, we live in a complex, interconnected world, and diversity — shaped by globalisation and advances in technology — forms the fabric of contemporary societies. Staying ahead of social changes communicates to customers, clients, and business colleagues that the business organisation is open to progress while upholding its modern values. A complete DEI strategy may sound overwhelming at first; thus, a simple start can be with a statement such as the inclusion of all 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 a practical 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."

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