Diversity and Inclusion—A Key Business Strategy

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> Diversity and Inclusion is a top-to-bottom business strategy—not just an HR program.
> —Josh Bersin, Bersin by Deloitte

Abstract The concept of diversity and inclusion is no longer merely a lip service of the human resource function, but a deeper strategic decision underlined in the policy of the organization, owned and led by the top management team. It is a win–win for both the organization within as well as externally to its various stakeholders. This paper aims at understanding the various concepts of diversity and inclusion the world over as well as specifically in the Indian context and focuses on documenting few case studies—both international and Indian. Each case study depicts how the companies have progressed over the years in including more and more diverse workforce and benefitting out of it.

Introduction

The term diversity and inclusion has gained momentum in recent times as the world became a global village, migration for a better life became an accepted norm and the rapid penetration of the Internet in the remotest corner of the world became a necessity. This created increasing pressure on the organizations to think out of the box, speak the language that the customers want to hear, respect and embrace differences, and thereby cater to a large target audience across the globe. In other words, organizations faced increasing pressure to compete in a global market with diverse customers (DeSimone & Werner, 2011). This gave rise to the need to just and

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equitable employment which paved the way for responsible employers to consciously accommodate and encourage diversity and inclusion in their workforce.

However, the concept of diversity and inclusion (D&I) went a step ahead than just a human resource function; it translated to a strategic function. Green (2009) observed that valuing diversity and having a diverse workforce is not just morally correct but makes great economic sense, as it could be a key component of effective people management to improve workplace productivity.

What is Diversity and Inclusion?

Interestingly, while they are almost always mentioned together, they have very different connotations. Diversity has been described by Hays-Thomas and Bendick (2013) as "the mixture of attributes within a workforce that in significant ways affect how people think, feel, and behave at work, and their acceptance, work performance, satisfaction, or progress in the organization". Inclusion, on the other hand, refers to "the degree to which an employee is accepted and treated as an insider by others in a work system" (Pelled et al., 1999). A latest article in Gallup's *Workplace* magazine defines the difference between **Diversity and Inclusion**: "Inclusion has to be understood as very different from Diversity because simply having a wide roster of demographic characteristics won't make a difference to an organization's bottom line unless the people who fall into any one demographic feel welcomed. Inclusion refers to a cultural and environmental feeling of belonging" (Washington & Patrick, 2018). Examples of diversity would include but not restrict to appreciating those differences in terms of demographics and beyond.

Inclusion, on the other hand, results in a cultural and environmental sense of belongingness as inclusive cultures foster values and innovation by accepting individuals for who they are and what they believe in. Inclusiveness ensures that every voice is duly heard and acknowledged which would remove all barriers, discrimination and intolerance at a workplace. In fact, Inclusion plays an important role "at the heart of the global sustainable development agenda, i.e. to leave no one behind" (United Nations, 2019). According to Gallup's research, some of the requirements that need to be considered as an inclusive culture are that employees are treated with respect and that they are valued for their strengths (Washington & Patrick, 2018).

A study from Deloitte observed that organizations with inclusive cultures have a clear advantage over those that do not. For example, organizations with inclusive cultures are (Bourke & Dillon, 2018):

- Two times more likely to exceed financial targets
- Three times more likely to be high-performing
- Six times more likely to be innovative and agile
- Eight times more likely to achieve business outcomes.

However, the practice of D&I in workplace is not automated. It is a carefully crafted strategic decision backed by a strong implementation plan. Pedulla (2020) mentions some of the key elements to be considered for D&I as follows:

(a) Collect, count, and compare change over time and in comparison, to other organizations;
(b) Deploy alternative complaint systems like the Employee Assistance Plans (EAPs), Ombud's offices, and transformative dispute resolution systems;
(c) Test for biased technology with an eye to screening out discrimination and then checking for it on the back end;
(d) Beware of the small-N problem by increasing the representation of particular groups;
(e) Involve managers from the start in the design process to increase buy-in and smooth implementation, making interventions more sustainable and long-lasting.

As is with all strategic decisions, the onus lies on thoughtful and engaged leadership in order to make the D&I strategy work and leave a significant impact on company culture and the workplace. Majorly six traits have been identified to become an inclusive leader—"Commitment, Courage, Cognizance of bias, Curiosity, Cultural intelligence and Collaboration" (Bourke & Dillon, 2018). This would mean celebrating differences, showing respect for all employees and looking out for opportunities to share leadership with people from underrepresented groups. In order to foster D&I, organizations need to enhance recruitment and retention strategy of key talent and catalyze innovation. That is why, D&I initiatives need to be incorporated in leadership development and workforce engagement processes. "Empirical research has shown that when leaders solicit and appreciate employee input, it helps create work climates that are high in psychological safety" (Nembhard & Edmondson, 2006).

Examples of Diversity and Inclusion Policies Worldwide

Let us look at some of the companies that have recently consciously upgraded their D&I policies. However, with these examples, we neither endorse nor criticize policies, merely state them as examples where certain companies have reported their D&I policies and/or reports publicly:

(a) **Facebook**: As per the latest annual diversity report (2020) by Facebook, it has been indicated that, over a period of time, there has been an improvement in the representation of women in the company that includes but not limits to Black and Hispanic women. However, its long-term objective of having at least 50% workforce from underrepresented groups is yet to be achieved by 2024. In fact, by the year 2020, the percentage has risen to 45.3 per cent compared to 43 percent in 2019 (The Verge, 2020).

(b) **Sodexo**: Diversity of different nationalities, gender, age is an integral part of Sodexo Benefits and Rewards Services. About 45% of Sodexo's managers and 53% of all employees are women at senior development level. In Mexico, Sodexo Benefits and Rewards Services is focused on empowering marginalized communities by creating opportunities for them. This is done with the help of Inroads, a local non-governmental organization (NGO). Young talent from low-income families works at Sodexo four hours a day under the guidance of a mentor and attains rigorous training for community service programmes. Another initiative, INLASO, focuses on disabled/differently abled people, while in Mexico, there is no specific quota scheme to incentivize companies to appoint this target group. But now, an awareness campaign has been initiated within Sodexo and a local recruitment agency, Manpower, hires such people. Similarly, in Tunisia (North Africa), Sodexo offers financial and practical aid for Foundation against Exclusion (FACE) in order to assist the human resource departments of various corporations in incorporating gender equality by conducting various recruitment events.

(c) **Unilever**: Alan Jope, Chief Executive Officer, CEO, says "Diversity and Inclusion is one of the three things that we want Unilever to be famous for". This statement translates to Unilever ensuring that its operations are fair, attractive, and retain the best talent and assisting them to unfold their full potential. In order to ensure this, the list of eight changes that they have been included in their strategy are as follows:

   a. Leading change from the top: Unilever incorporates a Global Diversity Board that includes senior leaders to be accountable for creating diversity and inclusion strategy, giving direction and acting as a catalyst for action. Enhancing gender representation is already written into their yearly business and development targets.

   b. Improving numbers and culture at the same time: A more holistic approach is recognized by using data on current and historical challenges to set stretching targets for every market and function within Unilever. The Unilever Leadership Executive checks progress against these targets every month.

   c. Un-stereotyping business and brands: This means to un-stereotype the workplace to shatter conventional norms as 60% of women, and 49% of men believed that existing stereotypes held them back at work.

   d. Addressing unconscious bias: A metric "Gender Appointment Ratio" looks at the record of senior leaders over a five-year period measuring how many men they had hired compared with the number of women hired.

   e. Offering better support for new parents: Initiatives such as Global Paternity Leave Standard and Global Maternal Wellbeing standard enable new fathers to take three weeks paid and 16 weeks paid maternity leave, respectively.

    f.   Flexible working hours: All employees are entitled to ask for flexible working, granting them more control over how, when and where they work.

    g.   Addressing tricky hot-spots: In order to build proactive talent pipelines, development of existing female leaders and working with recruitment specialists in supply chain is taken into account.

    h.   A shift in senior positions: Female representation in Vice President has improved from 17% in December 2015 to 30% in December 2018.

(d) **Bumble**: Whitney Wolfe Herd founded Bumble in Austin, Texas, United States of America (USA), the dating app where women make the first move. Bumble has 85% of the employees and 80% of the executive team as women. It has generated USD37 million in revenue from the App Store and Google Play in the first quarter of 2019. The company also offers flexibility at work, generous parental leave policies and fully funded health care.

(e) **Genentech**: The USA-headquartered biotechnology company, Genentech, commits to inclusive culture as 54% of its employees are women and 41% of its executives are women. The company has a six-point plan for gender balance that includes merit- and performance-based systems to ensure equity, career and work flexibility to retain employees, as well as visible senior leadership support.

(f) **23 and ME**: The Consumer DNA testing company founded by Anne Wojcicki in Sunnyvale, California, USA, has a true gender balance with 51% women share. About 42% of the leaders, at director-level and above, are women. Also, this women-tech company provides 16 weeks paid maternity and paternity leave.

(g) **Pinterest**: Pinterest, headquartered in San Francisco, USA, has 47% of employees as women, including 30% of its engineers**.** It focuses on hiring more women engineers.

Diversity and Inclusion Practices in India

In developing countries, such as India, the idea of diversity has become more relevant owing to rocketed globalization, demographic shift in societies, and transition in labour markets (Kundu, 2003; Kundu et al., 2015). However, India has a markedly different societal context for diversity from Western countries and is one of the most diverse nations in the world (Sowell, 2002). The country must address a range of diversity issues, including age, education, religion, caste, socially disadvantaged (e.g. scheduled castes, scheduled tribes, and other deprived classes), gender, language, regional background, ethnicity, economic well-being, and lifestyle (e.g. vegetarian vs non-vegetarian) (Som, 2007; Ratnam & Chandra, 1996). This is indeed a challenge. Moreover, when organizations define the term diversity and inclusion, it generally includes inclusion of women and people with disabilities. While sexual minorities

are mostly overlooked as they neither avail any benefits from inclusive policies nor become the part of the diversity pool.

Till recently, there has been a rising trend of visible investments introduced by Indian companies to contact lesbian, gay, bisexual, transexual, queer, and ally (LGBTQ+ buyers. As per the report by Forbes taken from Now Consulting, a marketing consultancy expert in this area, nowadays, companies are getting an advantage to be perceived as LGBT friendly, as the discretionary income of this growing 30 million strong adult community with yearly earnings amounted to 1.5 trillion Indian rupees (Chari & Vohra, 2015). But recent report by Philip & Soumyaja (2019) demonstrates the fact that transgendered people are often ignored at work in India and face social exclusion, marginalization and stigma. Throughout their working lives, they also face hurdles pertaining to their career choices starting from the recruitment and selection process till the time they continue to work.

Some of the selected examples of Indian corporations and multinational companies operating in India embracing D&I have been documented as under.

Wipro—A Global Information Technology, Consulting, and Outsourcing Company

The global information technology (IT) company with over 1.5 hundred thousand employees, Wipro strongly advocates for diversity and inclusion in the workforce. In order to promote D&I, senior teams at leadership positions have taken an initiative to publish blogs and mentor young women employees in the organization. The diversity and inclusion (D&I) programme, at Wipro formally launched in 2008, focuses on four aspects—gender, disability, nationality, and disadvantaged communities. Firstly, to ensure gender diversity, men are also equally included in gender-related initiatives. For example, mentors in the "WOW Mentorship programme for high potential women employees" are senior male employees. **Moreover, life stages of women are also considered like initial years are focused on learning, while the middle stage is more on flexibility and organizational support and last stage is to make an impact on the organization**. The percentage of women employees in the senior management level has risen to 22 per cent from 2014.

For disabled/differently abled community, "Winclusive", a vibrant community has been created to further discuss the employee's accessibility. For example, Wipro's social media platform, Yammer, is able to connect people and share updates in the disability sector. Also, Wipro has joined hands with several NGOs and conducts job fairs in assisting disabled communities to find job opportunities and provides tools and training to work in the IT industry. For disadvantaged communities, Wipro's rural BPO centre was launched in Manjakkudiin, Tamil Nadu, in 2011 as a tie up with Swami Dayananda Education Trust. This centre has been able to generate employment for 150 employees in the first three years. To counteract societal biases and cultural biases, increased awareness and gender sensitization workshops and sessions

are conducted on the inclusion of persons with disabilities (PwD). Moreover, Wipro also collaborated with universities in rural areas to harness talent from rural communities and tie up with NGOs to provide skill training to underprivileged people. To promote sensitivity towards different cultures, it has tools such as Global smart and Onsite Readiness Program focusing on cultural sensitivity.

Vodafone

One of the world's largest telecommunications companies, Vodafone Group Plc., even as a stand-alone company before merging with India, strived to work for the welfare, health, and wellness of its employees and partners involved. Vodafone joined hands with the social sector to address India's most pressing challenges such as increasing women participation in the workforce, hiring disabled people to name a few. To promote D&I at Vodafone, a module on inclusive leadership and unconscious bias was firstly introduced to bring a change in the mindset. Women for non-conventional roles were hired under the Project Shakti Program. Project "Samridhi" was introduced to promote women empowerment in Haryana by developing entrepreneurial skills. Through initiatives such as Project Drishti, Vodafone India tied up with the National Association of Blind (NAB) to employ blind people for their call centres in Mumbai. **Also, to enhance gender diversity, Vodafone focused on maternity leave workplace safety for women among many other policies**.

Capgemini

Having a global presence in over 40 countries, Capgemini has embedded D&I as a strategic intervention to promote innovative, inclusive, and creative solutions. Their vision is to hire the best of talent from varied backgrounds, build collaboration for diversity, equity, and inclusion. In order to advance gender equality, it focuses on four pillars, viz. recruit, develop, retain, and promote. This includes inclusive employment policies and benefits and employee network groups to create equal opportunities in the workplace.

WinspirE for advancing gender balance and OUTfront for LGBTQ+ inclusion are some of the initiatives which are strong foundations of diversity and inclusion, as embraced by Capgemini. This programme helps in providing equal growth opportunities and better working conditions for all women employees to achieve their career aspirations. Also, to promote diversity in its truest sense, multiculturalism is adopted to benefit from a diverse mix of cultures and ethnicities and gives equal importance to the happiness and well-being of employees in the workplace. Another initiative CAPtivate assists women employees to address their professional gap and offers guidance to bring back talent pool back into the workforce. As part of their

Corporate Social Responsibility (CSR) programme, gender balance initiatives for people with disability and LGTBQ+ community among others are also included.

At Capgemini India office, women employees account for 35% of the workforce. It supports women leadership programmes that inspire women to take higher risks, experiment, and build communities of support and challenge. Capgemini India has been awarded the Economic Dividends for Gender Equality (EDGE) Certification in recognition of their commitment towards gender inclusivity.

It is not just the larger companies with huge portfolios that are directing their energies towards promoting D&I; newer and smaller organizations are also setting their paths right by early identification and commitment to D&I cause as under.

Vindhya Infomedia

Vindhya Infomedia founded in 2006, headquartered in Bangalore, boasts of a state-of-the-art Global Delivery Centre across four locations in Bangalore and Hyderabad. Its Centre of Excellence has thirteen years of leadership in the market providing high-quality business process outsourcing (BPO) solutions for complex to multinational, transnational companies in microfinance, telecom, banking, insurance, retail, and government sectors. Vindhya has over 1400 staff of which 50% are women and 50% with physical disability. One day as Pavithra sat near a window looking outside, she saw a physically disabled boy trying to cross the road and that was the trigger. Vindhya that was jointly started by Pavithra and her husband Ashok has consciously brought in a culture of change. They have employed women and people with physical disability and helped them to be financially independent and voice their opinions.

Gradually, she convinced their clients that the employing PwD comes with an added advantage of higher efficiency, quality work, and higher productivity. During the pandemic, Vindhya facilitated the Government Helpline desk for migrant workers. They were also entrusted by the government to manage the command centres which helped in arranging for testing for Covid, arranging ambulances, reaching them to the nearest hospital, ensuring medical care for home quarantined patients, support in retesting them till they get negative and return to their homes. Vindhya with its team of physically disabled team came out strongly to support the government and its people. FY 2020–21 will see Vindhya employing more than 5000 people with additional centres across the country. Pavithra has been felicitated by various organizations in the last few years like "2009 TATA—Stree Shakti for enabling women Entrepreneurs".

Meesho

Bengaluru-based Meesho—which literally means "Meri Shop" (my shop)—provides potential entrepreneurs with a virtual shop. The social commerce platform has created

an alternate distribution channel by helping housewives, young mothers, aspiring entrepreneurs, students, and teachers to launch, build, and promote their online businesses who were earlier held back by lack of capital. Meesho, the Facebook-backed social commerce enabler, says it has empowered more than 2,000,000 Indians to become entrepreneurs with zero capital over the years. Of these, 70% are women entrepreneurs. According to Vidit Aatrey, Founder and CEO of Meesho—"These are the first-generation women entrepreneurs leading the social commerce revolution in India", As a result, these women become financially independent and have their own professional identity. This is also proving to empower women at large. For example, one of the West Bengal natives, Susmita Bardhan, has managed to pay 80% of the down payment for her dream home. She is paying the remaining instalments with her monthly profits. This social-selling platform wants to grow its community of women entrepreneurs and social commerce leaders beyond metros and tier I cities and to be inspired by entrepreneurial minds.

Conclusion

The conversations around diversity and inclusion have begun the world over and have also percolated in India both among the MNCs as well as companies of Indian origin. However, it is not strong enough. It has to be a policy decision, owned and led by the top management team (TMT) and monitored by a dedicated diversity and inclusion manager to monitor, evaluate and enforce corporate standards pertaining to diversity, tolerance, and inclusion. D&I policies are strategic decisions that make a company richer in its resources, versatility, creativity, and out of the box thinking. Moreover, it brings about a culture of mutual respect that transcends to the external audience as well, thereby positively impacting its' financial in form of bigger markets and non-financial performance in terms of enhanced image and reputation. Most importantly, diversity and inclusion caters to the sustainable development goals or the global goals which aim at "leaving no one behind".

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