

Inclusion, diversity and equality - driving long term competitiveness



In an ever-changing business world of digitisation, competitive advantage is sometimes short-lived. However, inclusivity, diversity, and equality (IDE) is a factor companies are starting to consider to enhance their competitive advantage in the market. This approach is largely due to a push from investors as well as new employees. The business case for diversity in the workplace is crystal clear. The most recent evidence includes a McKinsey report finding that companies with greater gender diversity are 25 percent more likely to experience above-average profitability compared to their counterparts.

A sustainable competitive advantage is a force that enables business to have greater focus, more sales, better margins, customer, and staff retention than their competitors. It will be almost impossible for companies to maintain that advantage without adequate funding as well as acquiring new employees who are able to bring new skills into the business.

Chief diversity officers are gaining popularity in U.S. corporate suites, with hirings setting records and big-name companies such as Levi Strauss & Co. poaching peers for management talent. The George Floyd Movement has been a catalyst for companies to look at their inclusivity and diversity strategies, as customer activism is at a high and competitive advantage needs to be maintained. Last year, a leading health and personal care company in South Africa, was caught in a social media storm about a hair product advert that was insensitive around black hair. The need to understand and be sensitive around race, gender and other social issues is becoming clearer and even more pressing for businesses to remain competitive.

Globally, investors are pushing for commitments and are vowing to intensify engagement with companies on IDE. Companies that are aiming to maintain long term competitiveness are most likely to feel the pressure, especially if growth needs to be funded. In South Africa, we have seen a move towards inclusivity at board level. However, progress is still very slow. Companies operate within a society, and it is important that leaders view IDE as being part of social justice, corporate responsibility, and regulation

compliance in terms of the Employment Equity Act and Black Economic Empowerment (BEE). Regulation in the country has come some way to push for IDE, however, the entrance of investors and employees into the fray will most likely have a bigger impact on companies than regulation.

The importance of IDE in South Africa is through a quote by Mr. Alan Mukoki, CEO of SACCI, who said, "We can only build economies when people have rising incomes." Our country faces massive unemployment, low economic growth, and inequality. Most people facing this will fall under the IDE scope. Long-term sustainable advantage is an enabler to increase business activity such as more sales. Only when the majority that are excluded are included, will this bring much needed rising incomes that the country so desperately needs. There is a short-term approach from many businesses where they don't see this linked to long-term competitiveness of both their company and the country. We cannot grow and create value if IDE is not part of our strategic imperative in a country such as ours.