



# HOW *IDE*

CAN ENHANCE  
LONG-TERM  
COMPETITIVENESS



Competitive advantage can be short-lived in an ever-changing business world of digitisation. Companies are therefore looking at inclusivity, diversity, and equality (IDE) to enhance their competitive advantage. This approach has been mainly pushed by investors and new employees.

**A** sustainable competitive advantage enables a business to have greater focus, more sales, better margins, as well as better customer and staff retention than their competitors. It is almost impossible for companies to maintain that advantage without funds from investors and new employees to bring new skills into the business.

Globally, investors are pushing for commitments and intensifying engagement with companies on IDE. Companies aiming to maintain long-term >>

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competitiveness are most likely to feel the pressure, especially if growth needs to be funded.

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% more likely to experience above-average profitability than their less diverse counterparts.


The need to understand and deal with biases about race is also becoming clearer. The death of George Floyd and the ensuing global outcry have catalysed companies to look at their inclusivity and diversity strategies. A contributing factor is customer activism, which is at a high and very visible in our technology-driven societies.

For example, last year, Clicks was caught in a social media storm about a hair product advertisement that was insensitive to issues around black hair. Chief diversity officers have become a hot item in US corporate suites, with hirings reaching record numbers and big-name companies, such as Levi Strauss & Co., poaching management talent from peers.

In South Africa, we have seen a move towards inclusivity at board level, with companies like PEPKOR announcing several diverse candidates on their boards.

However, progress is still very slow. Companies operate within a society, and it is important that leaders view IDE as part of social justice and corporate responsibility, and not only as compliance with legislation, such as the Employment Equity Act 55 of 1998 and the Broad-Based Black Economic Empowerment Act 53 of 2003. Although legislation in the country has gone some way in the push for IDE, the entrance of investors and employees into the fray will most likely have a bigger impact on companies.

The simplest illustration of the importance of IDE in the South African context 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 issues of massive unemployment, low economic growth and inequality. Most people facing these issues fall within the scope of IDE. Long-term sustainable advantage is an enabler to, among other things, increased sales, which can only become a reality when the majority who face exclusion are considered and included. This, in turn, will bring the much needed rise in incomes that SA so desperately needs.

So, it would be short-sighted of the business world to ignore the link between IDE and the long-term competitiveness of both their businesses and the country in general. We cannot grow and create value if IDE is not part of our strategic imperative. 

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