

WAKE UP CALL: THE RISE OF THE NEW MAJORITY

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Princeton, NJ - The Diversity and Inclusion (D&I) buzz grows louder. Many in executive suites and boardrooms, however, seem not to hear it, or, if they do, they choose to ignore it.

It seems a wake-up call is not enough. An alarm bell may be more appropriate.

If so, the bell should be ringing loudly this year to herald the “New Majority” of the combined African American, Asian American and Hispanic demographic bloc, which is forecast to have over \$4.1 trillion in consumer buying power in 2019.

Fortunately, some have heard the call. PwC U.S. Chairman and Senior Partner Tim Ryan, for example, led a movement to create CEO Action for Diversity & Inclusion. Announced in June 2017, it has collected more than 500 signatory members. Its robust website, www.CEOAction.com, has data, quotes, pathways and guidelines. Despite Ryan’s goodwill and that of other CEOs, however, progress is painfully, painfully slow.

African Americans, Asian Americans, Hispanics and women, particularly diverse women, are woefully under-represented in executive positions and boardrooms. In fact, in 2018, the number of Fortune 500 women CEOs declined, notwithstanding statements of adherence to lofty principles of equality of opportunity and the value that women bring.

The Hispanic Association on Corporate Responsibility (www.hacr.org) reports that 70 percent of Fortune 500 companies had no Hispanics on their board!

Asian American white-collar professionals are the least likely group to be promoted from individual contributor roles into management – less likely than any other race, including African Americans and Hispanics, according to Buck Gee and Denise Peck from Ascend, a Pan-Asian professional group.

The Alliance for Board Diversity (comprised of Catalyst, the Executive Leadership Council, HACR and the Leadership Education for Asian Pacifics (LEAP)) reports “a severe under-representation of women and minorities on corporate boards of the Fortune 100.” Of particular concern, it says, is the “lack of representation of minority women and of Asian Americans and Hispanics.”

The Business Case

Many studies have made the business case for D&I in recent years. A 2016 report by McKinsey summarized it best:

- Γενдер διώερσε χομπανιες αρε 15% more λικελψ το ουπερφορμ οτηερς;
- Ετηνιχαλλψ διώερσε χομπανιες αρε 35% more λικελψ το ηαβε φινανχιαλ ρετυρνς αβοθε τηειρ νατιοναλ ινδυστρη μεδιανς;
- Διώερσε οργανιζατιονς αρε more αττραχιτωε δεστινατιονς φορ τοπ ταλεντ.

In 2016, Thomson Reuters created a D&I index that analyzed more than 5,000 companies, narrowing its focus to report on the top 100. Those companies, it said in 2018, “have been building on the growing body of research that shows that **diverse companies create more innovative products, happier customers and better financial returns.**”

Diversity Inc. magazine's annual ranking of the top 50 U.S. companies for diversity shows what it's all about. Consistent leaders include Accenture, AT&T, DuPont, IBM,

Hilton, PepsiCo, Prudential, UPS and Walmart. They – and others – “get it,” and their D&I actions are positioning them to remain as leaders in their respective sectors. And their actions will not be lost on consumers and decision makers who know the difference.

Realities of Today and Tomorrow

Demographic change is inevitable. Asian Americans are now the fastest growing segment of the population, and Asia is the principal source of immigration to the United States today. Furthermore,

- In α γενεατιον, μινοριτιες ωιλλ βε οπερ ηαλφ οφ τηε ποπυλατιον, τηε νεω μαφοριτυ;
- Τηειρ πυρχηασινγ ποωερ, νοω εξχεδινγ Ξ4 τριλλιον, ωιλλ γρωω το Ξ8 τριλλιον;
- Τηειρ νυμβερσ ιν τηε Σενατε ανδ Ηουσε ανδ στατε ανδ λοχαλ οφφιχεσ ωιλλ γρωω;
- Τηεψ ωιλλ σηαπε ταστεσ ιν χυσινε, φασηιον, εντερταινμεντ ανδ μορε;
- Τηεψ ωιλλ βε χρεατινγ μορε βυσινεσσεσ τηατ βυψ φορμ, ανδ σελλ το, χορπορατιονσ ανδ γοϋερνμεντσ;
- Τηεψ ωιλλ ηελπ υσ ρελατε μορε τηαν εϋερ το τηε γλοβαλ εχονομψ (σεε Τηε Φυτυρε ισ Ασιαν).

The demonstrated value of D&I to organizations and the above realities should suffice as a “wake-up call” for those who are still asleep. To ignore these realities is to imperil the progress of their organizations.

We and the leaders of such organizations as the Asian American Business Development Center, the Executive Leadership Council and the Hispanic Association on Corporate Responsibility are grateful to the companies that have supported our work over the years. We know they support us in issuing this call to action to those who have not seen – or choose to ignore – the demographic imperative

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