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A global review and conceptual framework for inclusive business models for social equity and diversity

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Abstract

This study examines the potential of Inclusive Business Models (IBMs) to address global inequality by integrating marginalized populations including low-income communities, women, ethnic minorities, and persons with disabilities into economic value

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chains. Drawing on an extensive literature review, including secondary evidence covering over 1,000 companies across 15 countries, we propose a four-pillar conceptual framework encompassing Stakeholder Integration, Equitable Value Distribution, Risk and Resilience Sharing, and Innovation for Inclusion. Empirical evidence shows that gender- and ethnicity-diverse firms are 25–36% more likely to outperform peers on profitability. Persistent challenges include inequitable benefit distribution, neglect of the most vulnerable groups, and unintended environmental consequences. Recommendations are advanced for practitioners, policymakers, and future researchers, aligned with UN Sustainable Development Goals 8 and 10.

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Keywords: *Inclusive business models, Social equity, Diversity, Equity, Inclusion, Sustainable development, Marginalized communities, Global business strategy.*

1. Introduction

Growing global concerns over economic inequality, climate change, and social exclusion have elevated the strategic significance of social equity and diversity in business practice. Inclusive Business Models (IBMs) represent a structured mechanism through which organizations integrate underserved groups not merely as beneficiaries but as active participants in value creation [1]. This orientation aligns with the United Nations Sustainable Development Goals, specifically SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities). In contrast to traditional Corporate Social Responsibility (CSR) frameworks, IBMs embed equity and diversity into core business strategy. In doing so, they facilitate access to markets, employment, and essential services for marginalized populations, while fostering organizational resilience and social innovation [2]. Critical scholars caution, however, that IBMs may inadvertently perpetuate neo-colonial dynamics wherein corporate interests overshadow community benefit [3].

This paper contributes to the emerging IBM literature by (i) synthesizing global evidence on their effectiveness, (ii) identifying critical implementation gaps, and (iii) proposing a structured conceptual framework adaptable to diverse geopolitical and socioeconomic contexts. Section 2 presents the literature review; Section 3 introduces the conceptual framework; Section 4 presents global case studies; Section 5 discusses implications; and Section 6 concludes the paper.

2. Literature Review

2.1 *Evolution of Inclusive Business Models*

IBM scholarship has progressed from early Base-of-the-Pyramid (BoP) discourse toward sophisticated frameworks integrating sustainability and systemic inclusion. Schoneveld [1] defines Inclusive Businesses as entities that prioritize net value creation for economically disadvantaged groups, distinguishing them from profit-driven models through alignment with post-2015 Sustainable Development frameworks. Subsequent scholarship has extended this foundation to address power imbalances, stakeholder participation, and long-term community empowerment.

2.2 *Diversity, Equity, and Inclusion in International Business*

Newburry et al. [4] identify cultural biases and institutional barriers as primary impediments to equitable participation in global business. Empirical evidence from McKinsey and Company [5], based on over 1,000 companies in 15 countries, shows that gender-diverse and ethnicity-diverse firms are 25% and 36% more likely, respectively, to outperform industry peers on profitability. Klingler-Vidra [6] examines DEI across ten national innovation systems and identifies a dual mandate: diversifying innovative workforces and generating socially just outcomes. The study highlights persistent exclusion of Persons with Disabilities and LGBTQ+ individuals and recommends targeted policy instruments including dedicated funding and education programs.

2.3 *Critical Perspectives and Research Gaps*

Mangnus [3] contends that IBMs may function as instruments of neo-colonial practice, disproportionately benefiting corporations while extracting value from communities. Existing DEI scholarship remains concentrated on race, ethnicity, and gender, often overlooking intersecting vulnerabilities such as disability, socioeconomic status, and religious identity. Many organizations engage in performative DEI—prioritizing superficial compliance over systemic change. Future scholarship should address intersectionality-informed interventions, inclusive leadership effectiveness, algorithmic bias in technology platforms, and Global South contexts including caste-based marginalization in India.

3. Conceptual Framework

Based on the reviewed literature, this study proposes a four-pillar conceptual framework for IBMs integrating social equity and diversity within sustainable global business practice. The framework, presented in Table 1, advances existing models by embedding DEI metrics [5] to ensure measurable social impact aligned with SDG 8 and SDG 10.

Table 1

Conceptual Framework for Inclusive Business Models (IBMs)

Pillar	Key Elements	Global Considerations
Stakeholder Integration	Co-creation; Participatory governance; Marginalized groups as suppliers and innovators	Cultural sensitivity in diverse regional contexts; Prevention of tokenism
Equitable Value Distribution	Fair wages; Profit-sharing; Income access for Base-of-Pyramid populations	Addressing BoP inequalities; Transparent equity metrics
Risk and Resilience Sharing	Shared financial and environmental risk; Adaptive insurance and training mechanisms	Climate-resilient strategies; Equitable risk allocation in volatile markets
Innovation for Inclusion	DEI-driven technologies and processes; Accessible product design	Cross-national policy synergies; Bridging digital divides

Source: Authors' synthesis based on [1], [3], [4], [5], [6]

3.1 *Stakeholder Integration*

This pillar emphasizes participatory design wherein marginalized groups function as co-creators—as suppliers, innovators, or governance participants—rather than passive recipients [1]. Cultural sensitivity is essential to prevent tokenism. Unilever's Sustainable Living Plan engages African smallholder farmers as active co-designers of sustainable sourcing standards, yielding productivity improvements of 20–30%. Jaipur Rugs in Rajasthan empowers over 40,000 women artisans through community councils with participatory design authority, connecting traditional craftsmanship to global markets. Amul's dairy cooperative in Maharashtra and Gujarat enables smallholder women to participate democratically in pricing and production governance, India's largest cooperative success story.

3.2 *Equitable Value Distribution*

This pillar ensures economic benefits are fairly distributed, redirecting value toward communities [3]. The Grameen Danone partnership in Bangladesh [8] engages local women micro-entrepreneurs as producers and distributors of nutritionally fortified yogurt ("Shokti Doi"), with profits reinvested in community development. In India, Project Shakti by Hindustan Unilever [7] engages rural women as micro-entrepreneurs who distribute products within their villages, raising household incomes and hygiene awareness. ITC's e-Choupal platform, with over 8,500 digital hubs, connects approximately 4 million farmers to real-time market data, reducing intermediary exploitation and increasing farm incomes by 15–25%.

3.3 *Risk and Resilience Sharing*

This pillar advocates equitable distribution of financial, operational, and environmental risks through adaptive mechanisms [4]. The International Finance Corporation's Climate Smart Agriculture initiative in Latin America deploys farmer field schools and innovative crop insurance systems, achieving productivity improvements of up to 30% across more than 60,000 smallholders. In India, Jain Irrigation Systems provides drip irrigation on credit with buy-back guarantees, supporting over 5 million farmers in adapting to climate variability. Shared risk mechanisms improve operational stability by up to 25%, reducing long-term costs by preventing supply chain disruptions.

3.4 *Innovation for Inclusion*

This pillar leverages technology and cross-national policy synergies to generate DEI-oriented innovations [6]. Aravind Eye Care System treats over 4 million patients annually through a tiered pricing model wherein paying patients subsidize care for low-income patients, eliminating preventable blindness while remaining financially self-sustaining. Tata Group's Tata Swach employs low-cost silver nanotechnology to deliver safe drinking water to millions in rural India. B Corporations such as Patagonia institutionalize DEI in organizational culture and governance, demonstrating that inclusive innovation yields both social and competitive advantage. Research indicates diverse teams can enhance innovation performance by approximately 20%.

4. Global Case Studies

The following cases illustrate the operational diversity of IBMs across varied geographic and institutional contexts, affirming their adaptability while revealing context-specific challenges.

4.1 *Africa: Masara N'arziki, Ghana*

Ghana's Masara N'arziki program in the Northern Region embeds a community-run savings and credit mechanism within agricultural supply chains [9]. Participants recorded significantly higher output and income than non-participants, driven by improved credit access, farm expansion, and fertilizer use. Social benefits include improved housing and community welfare. Challenges include soil degradation from monoculture and inequitable resource distribution favoring larger farms, underscoring the need for sustainable agricultural practices and inclusive access mechanisms.

4.2 *Europe: French Tech Diversity and Norway's Gender Quota*

France's French Tech Diversity program, launched in 2017, selects approximately 35 startups per cohort from underrepresented backgrounds—including residents of priority urban neighborhoods and social welfare recipients—providing a €45,000 support package of grants, incubation, and mentoring [10]. Women founders constitute approximately 60% of selected participants, demonstrating meaningful progress toward closing the gender gap in technology entrepreneurship. Norway's 2008 legislation mandating a minimum 40% female representation on corporate boards diversified boardroom composition, improved corporate governance, and stimulated positive feedback loops in female leadership development [11]. However, limited impact on gender parity in middle management highlights the necessity of multi-level systemic strategies beyond boardroom mandates [12].

4.3 *Americas: U.S. Investing in Innovation (i3) Fund*

The U.S. Department of Education's Investing in Innovation (i3) Fund supported educational organizations serving high-need and underrepresented student populations. A summary of 67 independent evaluations of i3-funded programs found that only 12 demonstrated a positive impact on at least one student academic outcome [13], signaling

persistent challenges in scaling inclusive educational models and the importance of robust theory-of-change frameworks in program design.

5. Discussion

IBMs offer a strategically compelling approach for organizations to pursue commercial objectives while advancing social equity. The evidence reviewed demonstrates clear potential for IBMs to catalyze innovation and expand market access for marginalized groups. Nonetheless, global case studies reveal that these models can inadvertently perpetuate inequalities through disproportionate benefit distribution and unintended environmental consequences.

5.1 *Implications for Business Strategy*

Organizations adopting IBMs must reorient from profit maximization toward stakeholder-centered value creation. Practitioners are encouraged to deploy the proposed framework to embed DEI into core business functions, prioritizing measurable outcomes in participatory governance and equitable value distribution over symbolic compliance. This requires shifting management metrics from financial performance alone to indicators of social impact and community empowerment [14].

5.2 *Implications for Public Policy*

Effective IBM implementation requires an enabling regulatory environment. Harmonized cross-national policy frameworks and targeted incentive structures can amplify the reach of inclusive initiatives. Governments should align IBM regulation with SDG commitments, providing transparent guidelines and risk-reduction mechanisms to ensure equitable benefit distribution and prevent neo-colonial capture.

5.3 *Implications for Future Research*

The scholarly discourse on IBMs remains nascent, marked by a lack of longitudinal and cross-cultural empirical studies. Future research should empirically validate the proposed framework across diverse geographic and socioeconomic contexts, generating evidence-based insights into the long-term effects of IBMs on both business performance and social outcomes. Intersectionality-informed methodologies also merit attention, and the dual role of technology as both an enabler and a perpetuator of bias warrants particular scholarly attention.

6. Conclusion

Inclusive Business Models represent a strategically significant mechanism for advancing social equity and diversity in global commerce. This study has demonstrated that IBMs, when designed with rigor and intentionality, can transcend performative inclusion to enable transformative systemic change. The proposed conceptual framework—anchored in Stakeholder Integration, Equitable Value Distribution, Risk and Resilience Sharing, and Innovation for Inclusion—provides actionable guidance for organizations committed to embedding equity within core business strategies. Case evidence from Asia (Section 3) and from Africa, Europe, and the Americas (Section 4) affirms the versatility of IBMs across diverse institutional contexts, while simultaneously revealing persistent challenges including inequitable benefit distribution, environmental trade-offs, and risk of neo-colonial capture. Realizing the full potential of IBMs requires genuine multi-stakeholder engagement, coherent regulatory support, and rigorous longitudinal evaluation, positioning IBMs as essential instruments of inclusive and sustainable development aligned with SDG 8 and SDG 10.

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