

An Initiative by

**INDIA
GLOBAL
FORUM**

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**UK FUTURE
FORUM
INDIA**

**FOUNDERS
WITHOUT BORDERS**

**Why Diversity Builds
Better Startups**

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Hosted at India Global Forum (IGF) London 2025, this pivotal session marked a significant chapter in the platform's commitment to catalysing bold conversations around innovation and inclusion. Taking place amid a shifting global landscape where some regions, including the UK, are seeing increasing pushback against DEI efforts, this session aimed to anchor the conversation in hard evidence and global relevance.

Chaired by Kuppuswamy Krishnamoorthy, Global Head – Zoho for Startups, Zoho Corporation, the dialogue brought together global founders and investors to examine how diverse entrepreneurial ecosystems shape the future of innovation. As IGF continues to provide a forum for future-facing agendas, this session advanced the call for inclusive entrepreneurship as a strategic imperative, not just a moral one.

In an era where global startups are redefining entire industries, the diversity conundrum exists against puzzling data. Research has found that ethnically diverse venture capital teams have a 26-32% greater success rate for acquisitions and IPOs compared to more homogenous teams, as well as producing a greater proportion of revenue from innovation (Gompers and Kovvali, 2018; Forbes, 2020).¹

Despite this, the startup ecosystem remains stubbornly homogeneous. Through rich discussion and case studies, the participants made a compelling case for why inclusive teams are not just more innovative but also more likely to build resilient, globally scalable startups. The conversation revealed that unlocking the ROI of representation is not about compliance or optics but about strategic advantage, with insights into how diverse perspectives compel disruptive thinking, what institutional barriers still hinder inclusive investment and hiring, and what concrete actions founders and investors must take to embed inclusion into the DNA of their ventures.

Diversity as a Strategic Advantage

- Diversity should be reframed not just as an ethical concern but as a foundational driver of performance. When DEI is recognised as a key pillar of ESG frameworks, it becomes central to enterprise value creation and risk mitigation.
- Founders who build products and platforms directly out of their lived experience of exclusion and underrepresentation often identify neglected markets and unaddressed user needs. This results in stronger product-market fit and more meaningful, mission-aligned innovation. For companies to serve a diverse user base, the training data must be inclusive and representative.
- Dermatology education provides a critical example of how the lack of diversity in datasets can produce systemic gaps in outcomes. A focus group study at UCL found that a lack of teaching on various skin tones in UK medical education reduces diagnostic confidence and accuracy in identifying unique symptoms in people of colour, contributing to disparities in healthcare diagnostics and outpatient care (Kesavan, 2024).²
- This is also mirrored across other sectors, such as health and wellness, where supplements are often designed with Caucasian populations in mind. In response, inclusive innovation is emerging through representative datasets and culturally specific product development by integrating input from diverse communities. This demonstrates how diversity in data is not simply a matter of fairness, it is essential to functionality and effectiveness in real-world applications.
- Teams with cognitive, cultural, and experiential diversity are not only more resilient but also more innovative. This approach eliminates the need for assumption in understanding customer preferences, instead drawing directly on lived experience, leading to better design choices, increased adoption, and more relevant features that support users' real lives. Importantly, diverse teams also unlock new growth pathways. Markets that were not part of an initial strategy often become viable opportunities simply because someone on the team recognises their potential and cultural nuance.

Diversity as a Strategic Advantage

- Drawing on the work of renowned behavioural economist Daniel Kahneman, organisational researchers have identified groupthink, loss aversion, and confirmation bias as persistent pitfalls in large organisations. Kahneman advocates for systems that foster cognitive diversity, such as structured debate and the inclusion of dissenting voices, to counteract these biases and improve institutional resilience (McKinsey & Company, 2024).³
- However, while diversity is often promoted as a universal advantage in building better startups, this assumption warrants more critical examination. Diversity can be a strategic asset, but its impact is context-dependent and may present challenges at different phases of a company's growth. To build more equitable and high-performing companies, the focus should shift from promoting diversity as a moral imperative to understanding it as a form of cognitive diversity. Diversity, in this context, then becomes about more than representation: it ensures institutions are better equipped to anticipate risk and adapt.

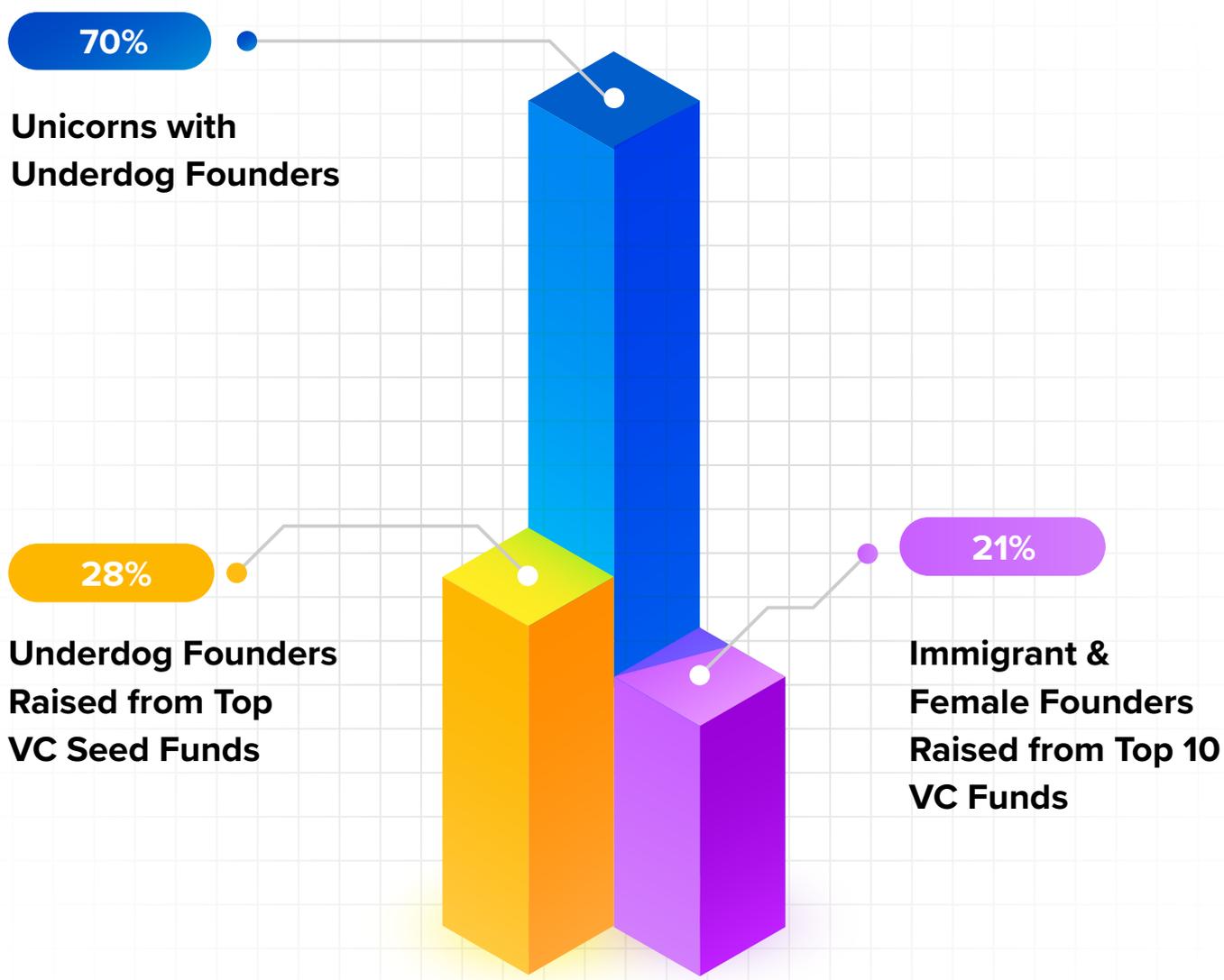
Inclusive Leadership & Organisational Culture

- In sectors and spaces where minority representation is minimal, those who are the ‘only’ in the room must overcome both external barriers (such as overt and implicit bias, patriarchal culture, and exclusion from informal networks) and internal conditioning (including lack of self-confidence, hesitation to assert, and internalised cultural norms around likability and deference). These patterns often require people to deliberately challenge social comfort zones and actively advocate for themselves, sometimes going against their upbringing or societal expectations in order to take up positions of influence (Sabarwal et al., 2023).⁴
- Startups today are increasingly aware of the generational changes reshaping the workforce. In the UK, women outnumber men in university enrollment and graduation, and are more likely to achieve first-class degrees (HESA, 2024).⁵ This has led to a sense among some young men that they are being left behind, creating a growing narrative of perceived exclusion.
- Looking ahead to 2030 and beyond, with Gen Alpha entering the workforce, startups must prepare for even more dramatic shifts in attitudes and expectations and look at designing systems, cultures, and leadership structures that allow all individuals, regardless of age, gender, or background, to contribute fully and thrive.
- Geographical differences also play a role. UK-based accelerators and support systems are increasingly focused on diversity and inclusion as prerequisites for global competitiveness, particularly in sectors like technology and AI. Indian corporates and startups are making similar progress, but the general trend is that diversity efforts are more often tied to operational needs (such as gender or regional diversity in hiring) rather than a global market orientation (Grant Thornton and Confederation of Indian Industry, 2025; Economic Times, 2025).^{6,7}

The Capital Conundrum

- In venture capital, the makeup of Limited Partners (LPs) and General Partners (GPs) directly shapes which founders get funded and which ideas are given space to grow. Without representation in decision-making roles in venture capital, many high-potential founders are excluded before they even pitch.
- At the same time, the fundraising experience for women of colour founders is disproportionately challenging. A 2022 report on UK VC and female founders notes that women are underrepresented at every stage of the venture pipeline. The report specifically states that, because male entrepreneurs are the majority, women are often perceived as “atypical” or “riskier” by comparison. This dynamic is especially pronounced in early-stage investing, where subjective assessments of founder potential dominate (British Business Bank et al., 2022).⁸
- A compelling investment thesis was presented in favour of backing early to growth-stage startups (seed to Series A) in the UK and US that are led by non-homogenous founders. Despite the absence of a dedicated fund for this demographic, the data supports a strong case. Recent analysis of 845 unicorns in the UK and US found that 70% have ‘underdog founders’ (defined as immigrants, women, or people of colour), yet only 21% of immigrant and female founders raised capital from top 10 VC funds. The study also highlights that only 28% of underdog founders overall raised capital from a top VC seed fund (TechCrunch, 2024).⁹
- This discrepancy highlights a deep misalignment between where value is being created and where capital is being allocated. To address this, systemic change must occur beyond the VC level, starting with asset owners, institutional capital sources, and individual investors.
- Alignment between founders and investors is critical, even possibly requiring founders to say ‘no’ to investors who do not resonate with their mission, even if it means sacrificing short-term capital access. Investors who understand and support the founder's broader goals are more likely to contribute to long-term sustainable success.

VC Access for Underdog Founders in UK & US Unicorns (TechCrunch, 2024)



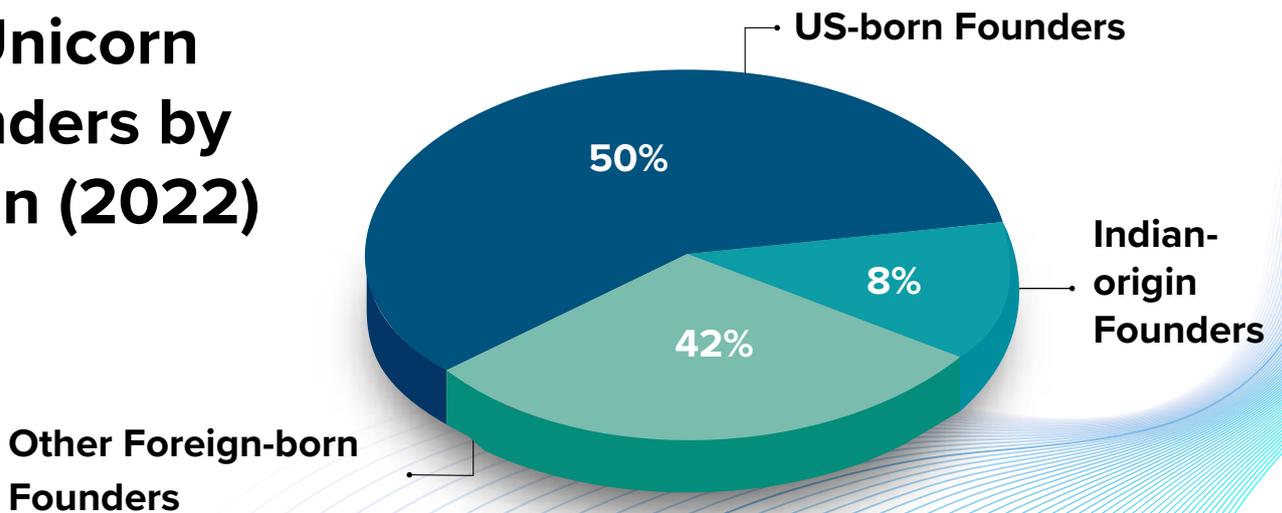
Technology, Inclusion, and Accessibility

- Diversity covers many dimensions, including disability and neurodivergence, which are often overlooked in discussions about innovation. Over the past three decades, rapid development in digital technologies has changed the way people live and work. The rise of AI and accessible technology has marked a significant turning point – enabling individuals with disabilities to engage with tools and environments that were previously inaccessible. Addressing these changes does not require advanced academic credentials simply a societal desire to facilitate advancement in inclusivity.
- The advent of AI is accelerating shifts in hiring, marketing, and workforce development, but it also risks widening existing inequalities unless inclusivity is embedded by design. Startups have a unique opportunity to lead in this area. Unlike larger multinational corporations constrained by legacy HR systems, startups can operate with greater agility and can build more inclusive processes from the ground up.
- One of the most urgent challenges is the inherent bias in training data used by large language models (LLMs). Because much of this data is historically sourced, it reflects inequalities in the narratives, roles, and outcomes that these systems are trained on. As a result, these models can perpetuate and even amplify exclusion unless corrected.
- Efforts to de-bias algorithms after the fact have proven limited. Retrofitting fairness into vast datasets and model architectures is technically complex and often insufficient. Instead, the most promising path forward is increasing diverse inputs now. AI can also be reframed not as the root of bias, but as a mirror to human behaviour. If properly designed, it can serve as a tool to identify and flag biases in decision-making, especially in areas like recruitment or performance review.
- As startups are designed for rapid scaling, founders must be intentional about how they hire for both culture and capability. However, a persistent barrier to inclusive hiring is the lack of diversity in the candidate pipeline itself. Even when roles are crafted with inclusion in mind, applicants are often disproportionately from homogenous backgrounds. This points to structural issues in education, representation, and awareness.

The India Opportunity

- The UK-India corridor represents a particularly compelling case study for borderless innovation. With over half of Indian diaspora individuals in the UK holding higher education qualifications compared to the national average of 36% this represents an extraordinarily high-potential founder demographic. (Office for National Statistics, 2023).¹⁰
- Similarly in the US, nearly half of US unicorn founders were born outside the United States, with Indian-origin founders comprising approximately 8% of all US based unicorns. This is clear evidence of a profound opportunity for targeted investment and ecosystem development. (Times of India, 2022; Global Finance Magazine, 2022).^{11 12}
- For UK startups, this presents a strategic advantage in global expansion, particularly as India's technological capabilities and entrepreneurial ecosystem continue to mature. The cultural fluency and representational leadership that naturally emerge from diverse founding teams provide crucial advantages when scaling across the UK-India corridor and beyond.
- Despite its rapid progress, technological advancement, and dynamic entrepreneurial ecosystem, India's global brand remains underdeveloped. Public perception in regions like the UK and US often fails to reflect the country's modern capabilities, innovation, and cultural confidence. There is a strong opportunity to reposition Brand India, not only to celebrate its achievements across sectors, but also to reshape how Indian entrepreneurship, talent, and creativity are perceived on the world stage. Platforms such as India Global Forum are well placed to take a leading role in showcasing the energy, progress, and diversity emerging from India, across gender, industry, and geography.

US Unicorn Founders by Origin (2022)



For Founders

- Founders should regularly audit their teams and hiring practices for diversity across gender, ethnicity, socioeconomic background, and other dimensions, and implement anonymised, skills-based assessments to surface overlooked talent. Academic research from Imperial College London demonstrates that such practices are strongly associated with higher innovation and organisational resilience (Imperial College London, 2023).¹³
- Inclusion should be a key facet in a company's hiring process from day one, including using anonymised and task-based assessments, clearly stating inclusive values in job descriptions, and prioritising candidates who demonstrate cultural competence and a growth mindset. These methods can help level the playing field for individuals who may not have traditional credentials but possess critical skills and perspectives.
- Leaders must develop self-awareness around how they process pressure and uncertainty and exploring frameworks such as neurodiversity and neuroplasticity can help better promote mental wellbeing.
- Founders, particularly from underrepresented backgrounds, should resist the urge to explain their personal or professional history in order to justify having a seat at the table. Peer networks are invaluable in navigating power dynamics and difficult interactions, particularly in matters of diversity and inclusion.

For Investors and VCs

- Investors and VCs should aim to include non-traditional indicators of leadership and vision into evaluation frameworks that look at cognitive diversity, lived experience, and other factors that standardised checklists often miss.
- A company's GPs and LPs must be built to be more diverse and/or open-minded. Venture networks that reflect a broad set of perspectives are better equipped to identify under-the-radar opportunities and foster inclusion across their portfolios.
- Investors can look at offering more than just capital, also becoming promoters for mentorship, safe spaces for reflection, and flexible structures that meet founders where they are. Many forms of exclusion stem from ignorance rather than intentional bias and those who take time to educate rather than retaliate can help shift culture from within.

For Companies

- HR should look at establishing regular check-ins and team learning sessions focused on recognising unconscious bias, improving communication styles, and building cultural humility. It's crucial for leaders, HR, and managers to create an environment where cultural identities are acknowledged and celebrated. A possible suggestion could be the inclusion of symbolic but meaningful policies such as recognising cultural holidays through floating leave days or inclusive workplace rituals.
- DEI should be repositioned as a core business imperative tied to innovation outcomes, retention metrics, and customer satisfaction, not a compliance checkbox. As companies prepare to scale internationally, it is essential to build teams with cultural fluency and representational leadership. UK government policy, as outlined in the UK-India Free Trade Agreement negotiation objectives, specifically highlights inclusive business practices and workforce diversity as critical for innovation and global competitiveness (UK Department for Business and Trade, 2024)¹⁴



The opportunity cost of inaction is profound. The most successful startups of the next decade will be those that recognise diversity not as a constraint to navigate, but as a strategic asset to leverage. The question is no longer whether diversity drives better outcomes, in fact the data settles that debate clearly. The question is which founders, investors, and ecosystem builders will act decisively to capture this competitive advantage while others continue to operate within outdated paradigms.

ROI may indeed be the outcome of running successful organisations where cultural complexity is appreciated and representation is real. The future of global entrepreneurship depends on our collective ability to make this vision a tangible reality, starting today.

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- **Pragya Saboo**, Founder, Stealth Startup
- **Sahiba Patni**, Co-founder and CEO, WeDeliver UK
- **Utkarsh Amitabh**, CEO, Network Capital

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