Scientific research – analysing the link between Diversity and Innovation

Genesis

Equal opportunities based on segmenting workforce by minorities to develop affirmative actions leads to conflicts instead of efficiency as the reality of minorities and changing economy create a new paradigm. Managing employees by outcome results, rather than by process driven approach
Bamberger & Meshoulam 2000
Lepak and Snell 1999
The Conference Board 1980
Bamberger & Meshoulam 2000
Lepak and Snell 1999
Latimer 1998
Kirton and Greene 2000
Yahura 1996
Kossek and Labell 1996
Prosad 1997

Embracing Diversity can ensure organisational agility, founded upon creativity and innovation
Cox and Blake 1991
Gonzalo Sánchez Gardey 2006
John Naisbitt 1978

Defining Diversity

Encompases a range of differences in ethnicity/nationality, gender, function, ability, language, religion, disability life style or tenure. Innovation has both subjective (such as take up of ideas) and objective (such as patents) aspects and measures, diversity is considered across a wide range of strands ranging from cognitive (such as learning styles, knowledge, and expertise) to non-cognitive (including gender, ethnicity, age, disability, sexual orientation and nationality) strands
Kossek & Lobel 1996
Adler 2002) (Boylan 2006)
Van der Vegt and Janssen 2003
Duranton and Puga 2000).

Diversity Management defined to be systematic and planned commitment of the part of organisations to recruit and retain employees with difference backgrounds and abilities
Betters-Reed & Moore 1992
Thomas 1992

An aggregate effect of HRM sub-system including recruitment, reward, performance appraisal, employee development and individual manager behaviours in delivering competitive advantage through leadership and team work
**Advantages of diversity and inclusion management**

The evidence that diversity constitutes a major challenge – has pushed diversity management up in the business and social agenda

The HRM sub-system in the spectrum of diversity is the aggregate effect and attitude skills and behaviours of managers to sustain high commitment within the diverse workforce

Creativity is a catalyst for Innovation and competitive advantages.

Homogeneous teams are poor performers and lead to obsolescence- research in 5 countries and 72 teams. Diverse teams cross-cultural teams my lead to chaos: diverse profile teams well managed towards inclusion have the highest performance

  J. DiStephano 2002
  Gonzalo Sanchez Gardey (2005)
  Adler (2002)
  West & Anderson 1996

Cultural diversity may contribute to the level of innovation in organisations. -study of team level diversity among 50 teams . A wider survey of over 1000 international teams, show that teams which have gender diversity (with equal numbers of women and men) display optimum levels of innovation.

  Milliken and Martins (1996)
  Cady and Valentine (1999)
  Gratton et al. (2007)

Internationalisation of innovation renders cultural diversity a reality for innovative teams and explains how the possible negative consequences are outweighed by the opportunities that it presents: Gassman (2001, p. 92)

Diverse geographies provide better incubators for innovation

  Puga (2000)
  Niebuhr’s (2006)

Negative consequences that may emerge of diversity issues based on gender, ethnicity and other more visible forms of differences in teams, are overcome in the long term generating higher degrees of innovation as they tend to higher levels and quality of decision making

  Harrison, Bell and Price (1998)
  Iles and Hayers (1997)
Diversity promotes better customer relations and contributes to growth of market share
Fernandez 1991
Cox and Blake 1991
Cox 1993;
Morrison 1992
Thomas 2004).

Improves the competitiveness of organisations
Marable 2000;
Adler and Ghadar 1990
Adler 2002
Chevrier 2003)

Promote better labour relations, reduce labour turnover, absenteeism and recruitment costs
Woods and Sciarini 1995
Fernandez 1991
Cox 1993
Morrison 1992
McEnrue 1993

Improves the quality and performance of internal workforce in terms of skills,
creativity, problem solving and flexibility
Fernandez 1991
Morrison 1992
McEnrue 1993
Bantel and Jackson 1989
Hambrick et al 1996
Smith et al 1994
Bhadury et al. 2000
Kirchmeyer and McLellan 1991
Nemeth 1986

Creativity policies evolve around 4 themes: creative person – creative process – creative
products and creative environment
Isaken 2000

Competitive advantage is as much about incremental systems and process innovation
therefore, it is about radical product innovation
King and Anderson 1995

Only 10% of new ideas that come out to the market are really new to the world, the rest
relates to innovation. Companies are in the business of innovating
John Naisbitt 1978
Why Manage Diversity to generate Innovation

Outsiders (of industry and company) adopt radical innovation in a strategy to overcome barriers of entry – from homogeneous to diverse workforce
   Abernathy and Utterback 1978

5 top drivers to manage diversity inclusion in search of innovation and creativity
   ‘legal pressures’ with 68% is
   ‘to recruit and retain best talent’ (64%),
   ‘corporate social responsibility’ (62%),
   ‘to be an employer of choice’ (62%),
   ‘because it makes business sense’ (60%). ‘Improvements to creativity and

5 drivers to stakeholders improvement realtions through diversity and innovation
   43% of the respondents ranked ‘desire to improve customer relations’ in top
   39% to the globalisation and competition as
   29% of the respondents reporting ‘to respond to the global markets’
   32% to respond to the competition in the market

Quality of performance
   42% to improve creativity and innovation’ to
   42% for ‘to improve products and services’
   35% to enhance decision making’ respective
   Tatlii and Ozbilgin - 2000

Promoting Innovation through Diversity and Inclusion Management
Promote involvement not only in organisation but including suppliers chain
   Kaiser
Inclusive design – when designing for less favoured persons products reach new market segments enlarging business efficiency

Western organisations (1960 – 1990) radical innovation to reduce sots (in pricing, process and systems) through diverse workforce
Japanese sustain leadership by exporting alliances (break through of homogeneity)
   Hamel and Prahalad 1994

Well manager diversity enhances creativity, results, job satisfaction and market
   interface
   Cox and Blake 1991
   Iles & Hayers 1997
   Richard & Shelor 2002

Diversity damages cohesiveness, reduces communications and produces in-groups and out-groups (These authors to not include the management of this diversity as part of their research)
Well managed diversity groups promote creativity, innovation and efficiency

J. DiStephano 2003

Innovation results in product, systems or process that is new to a context and delivers benefits to a social constituency.
Innovation is if the results of creativity that stem out of individuals independently or in teams. 3 stages: conception – development - application
Commings 1998

2 types of challenges:
*technical – requires energy of a team
*human – diffusion and buying of new ideas
Hennessy & Amabile 1998

Diversity combines understanding of strength and weakness – working relations relying on trust, emotion, creativity and problem solving
Abernathy and Utterback 1978

Key factors to create creativity and innovation:
Trust, team spirit, united commitment, principled leadership, an elevating goal, a results-driven structure, standards of excellence, participation in decision-making, external support and recognition, and an aptitude to adjust roles and behaviours to accommodate new emergent values.
Isakbensen and Lauer 2002

Innovation teams are made up by people who have the ability to recognize the personal strengths and dimentions of its colleagues (diversity inclusion)
Katzenbach and Smith 1993

Patterns of mental adjustments reduce conflicts – encourage investment in managing diversity in organisations
Ruscio 1995

Way of absorbing and process information define diverse individual competence profiles: intuitive, sensitive, pragmatic and inclusive which complement each other and define the capability to innovate and implement of a group
Myers Briggs
Management of diversity leverage innovation, while combating negative consequences of heterogeneity by tapping into and fostering the innovative potential of teams and organisations.
  Gebert, Boerner and Kearney (2006)

Managing Diversity

Developing a model for diversity inclusion management in companies is a business imperative regardless the size of the organisation
  Gonzalo Sanzhez Gardey (2005)

12 strategic responses to diversity management
  Dass and Parker  1999

4 stereotypes: Diversity hostile – Diversity blind – Diversity naïve – Diversity integrationist
  Moore  1999

Cognitive and experimental diversity adds contexto perspective to accomplish goals
  Thomas and  Ely  1996

Diverse workforce access new information through broadening networks. Increase choice of decision making in turbulent environments.
  Donnellon  1993
  Tushman  1997

Diverse groups (ethnicity, gender, age, personality and educational background) lead to lower level of “risk aversion and better decision making as well as problem solving” because it supports a more critical evaluation of the first solution that receives substantial support
  Latimer 1998

“Value of diversity” has been countered by theorists who have shown that heterogeneous groups experience more conflict, higher turnover, less social integration and more problems with communication that their homogeneous counterparts. These studies reflect the challenge confronting those seeking to promote commitment amongst diverse work groups… which require management for inclusion.
  Knight  1999
  O’Reilly  1989
  Williams and O’Reilly  1998
  Mighty  1997
  Tsui  1992
Appropriate HRM for Managing Diversity is based on the quality and output from high skilled and knowledgeable employees, rather than from high level of supervision. Creativity and Innovation result from management of work routines and creation of diverse integrated teams.

For higher output, consider not only functional competence but also:
- More preferred style of work
- More different types of work context
- More activities and work role that gives satisfaction to employees

Homogeneity becomes blind spots.

For high performance teams, match functional competence:
- More personality against job
- More balance of work preferences
- More attitude to risk
- More inclusion directs social identity
Blind selection process to ensure balance and diversity within teams
Increase sourcing, recruiting, selection, promotion, remuneration techniques

Nigel Bassett-Jones

Functional diversity raises potential conflicts perception of quality
Procurement ---- value of money
Design ---- intangible and transcendental
Marketers --- perceived value
Sales --- defined by customer
Garvin 1998

Diverse teams have collectivistic orientation with deeper resources to draw when generating ideas, combining them and subjecting them to critical evaluation.
Developing systematic creativity and problem solving
Nigel Bassett-Jones 2005

The greater the diversity, the greater the collectivist orientation needs to be.

**Measure and empowering through**
- balanced score card – Kaplan and Norton  1996
- 360 degrees feedback
- portfolio management by - Ricardo Breveeld
- indicators of cost & benefits by - European Institute for Managing Diversity
- reward systems

Empower management to implement employees ideas on their own initiative and creates supportive infrastructure necessary to deliver results
CONCLUSIONS
Demographic trends and legislative pressure and market forces in competition for scarce skills will make present barrier permeable to minority groups – diverse groups to the company traditional stereotype.
The question for companies is not whether to develop a diverse workforce, but in how to manage its inclusion, now and towards the future.

Paradox
Integral organisational process approach versus decentralising and empowering diverse group to develop creativity and innovation, and advance toward implementing new solutions

Recommendations
There considerable empirical and scientific and academic research in the area of diversity and innovation. But there is a critical lack of research in the way that companies and organisations research, view, implement and measure innovation techniques and strategies to improve their competitive edge and sustainability is these presently highly diverse market and environment.

We recommend carrying out specific projects which identify
1- the awareness of companies related to the critical importance of developing constant innovation to achieve competitive advantage and business results
2- link the creating of a diverse workforce as a major driver for the developing of continued innovation in all areas of the organisation, thus guaranteeing higher efficiency through all the corporate process
3- make available to organisations all the finding of the scientific and academic community in order to assist companies in leveraging the already acquired knowledge in the area of developing a diverse workforce to generate creativity which leads to innovation and to corporate measurable efficiency
4- develop models for the development, implementation and measurement of innovation throughout the corporate process, as a consequence of creating a diverse workforce as company policy and strategy