

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

Johnston & Packard 1987 “Work force 2000”

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

Encompasses 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

Bettters-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 may lead to chaos: diverse profile teams well managed towards inclusion have the highest performance

J. DiStefano 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 relations 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 andn 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 costs (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 do not include the management of this diversity as part of their research)

Ely and Thomas 2001
Ibaarra 1993
Kanter 1997
Tafjel 1982
West and Anderson 1992
Isaken 2000

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
Comings 1998

2 types of challenges:
*technical – requires energy of a team
*human – diffusion and buying of new ideas
Hennessey & 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 dimensions 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 Sanchez 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 than 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 orients 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 feed-back
- 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