

# DIVERSITY POWERS INNOVATION – WELCOME TO YOUR MUCH BRIGHTER FUTURE AND SOME SERIOUS COMPETITIVE ADVANTAGE!

Priyani de Silva-Currie and Samantha Almeida – Calibre Consulting Ltd

## Abstract

If you believe that you have to be smarter or have clever ideas to innovate, think again, although those attributes help you, the most powerful, but least understood force for innovation is diversity. It's truly the best possible competitive advantage you'll ever have and one of the easiest to uptake. If fostering creativity, guiding business strategy, promoting out of the box thinking, encouraging new ideas, new services and new products is important to you, then you need to hear our story!

This paper will:

1. Explain why diversity trumps ability, powers innovation, and provides a redefinition of top talent.
2. Provide evidence that those organisations who invest in diversity have better results.
3. Discuss barriers that prevent effective diversity within our NZ workplaces.
4. Provide helpful tips on how to increase diversity within your organisation.

We live and work in a super-diverse country, our aim is to open some doors for you, when you choose to walk through, you won't look back.

## Keywords

Diversity, Inclusion, Innovation, People, Competitive Advantage, Top Talent, Cultural, Bias.

## Introduction

Having people in your organisation who are diverse is your greatest competitive advantage. But born diversity or having what we call inherent diversity will only achieve so much. Organisations also need acquired diversity, a genuine appreciation of difference, and an established culture in which all employees feel free to contribute ideas.

Popular rhetoric supports most people's belief that innovation requires smarter people, better ideas. That premise, though intuitive, omits what may be the most powerful but least understood force for innovation. Scott E Page (2007), a leading researcher in this area, believes diversity is the greatest force in innovation.

Diversity, Page goes on to say, usually calls to mind differences in race, gender, ethnicity, physical capabilities, sexual orientation, social

or political differences that at first glance have little to do with innovation. Yet the key to innovation, in economic terms, resides inside the heads of people, the more diverse the better. That link may not be immediately apparent, yet any understanding of innovation's role in economic growth must focus on diversity as well as ability.

Society struggles to achieve this proper balance. Countries cannot just throw money into an innovation fund and expect to reap dividends. Constructing organisational and institutional structures that encourage innovative activity has been one of the most vexing problems for businesses and countries over the past half century.

The positive news is that latest research from McKinsey & Company (2015) finds that companies who proactively foster gender or racial and ethnic diversity are more likely to

outperform financially than their national industry medians.

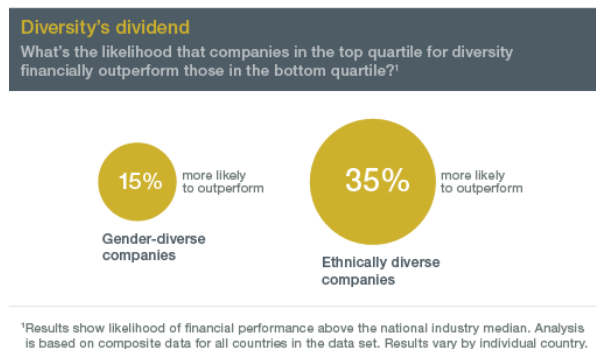


Figure 1: Diversity's dividend (McKinsey & Company, 2015).

The bad news is that organisations who do not actively support diversity (that is, bottom-quartile companies), are lagging financially rather than merely not leading financially.

We also know that if you don't include everyone in the conversation around diversity and inclusion, you've already lost half the battle.

### ***Diversity in New Zealand – The Numbers***

The 2014 Hays Report on 'The Balancing Act: Creating a Diverse Workforce' based the findings in Appendix A on a survey of 303 employers and employees in late 2014 to map diversity in New Zealand workplaces.

On the face of it, these values would suggest that New Zealand has a diverse workforce, but closer inspection of these findings reveals that there are imbalances in the application of diversity where policies exist, irregular representation of diverse groups and perceptions that diversity is given 'lip service' rather than real focus within organisations. Of worry is a real and perceived discrimination bias which is apparent across all sectors.

### **Diversity trumps ability, powers innovation and provides a redefinition of top talent.**

To understand innovation we must focus on diversity as well as ability. Policies of successful organisations reveal a tacit understanding of diversity's role in innovation. They understand that differences in the

composition of their work forces boosts their bottom lines. Let's unpack the idea of diversity.

One of the useful things Page (2007) does in 'The Difference' is to unpack the notion of diversity. He focuses on cognitive differences between people and suggests that cognitive diversity has four dimensions: perspectives, interpretations, heuristics, and predictive models.

**Diverse perspectives:** people have different ways of representing situations and problems; they who see or envision the set of possibilities confronting them differently.

**Diverse interpretations:** people put things into different categories and classifications. People have different interpretations of the world.

**Diverse heuristics:** People have different ways of generating solutions to problems. Some people like to talk through their thinking about problems; others prefer to write out his solutions first and then talk. 'The way we code our thoughts' (Fan, 2011).

**Diverse predictive models:** Some people analyse the situation. Others may look for the story. When you add this cognitive diversity to identity diversity differences like race, gender, ethnicity or religion you achieve a 'super charge' of sorts to your innovation model.

### ***Why Diversity is so important***

A diverse and smart person is generally someone who has lots of interesting experiences, diverse perspectives and many effective heuristics. This person performs well, and often innovates, because of the many tools he or she possesses. A group of smart and diverse people can consider a wide range of ideas, and bring to the table new perspectives and cognitive sources of information based on the way these people think. Wisdom of the crowd theory naturally leads to creative betterment and innovation.

To appreciate the full potential of the power of difference and our argument, we look at problem solving. When confronted with a problem, we encode our perspectives and then apply our particular heuristics to explore new and better resolutions. Diverse groups of

problem solvers outperformed the groups of best individuals at solving problems. The reason Page (2007) suggests that diverse groups got stuck less often than the smart individuals who tended to think similarly. Fan (2011) confirms that diverse teams often outperform teams composed of the very best individuals, because this diversity of perspective and problem-solving approach trumps individual ability.

This premise is also supported by Prof. Ron Burt of the University of Chicago who confirms that diversity is a valuable resource for innovation (Fan, 2011). He conducted an empirical study indicating that people with more diverse sources of information generate consistently better ideas, as the graph below mentions. In the graph, the vertical axis shows management assessments of a series of employee ideas related to supply-chain management. The horizontal axis measures the level of diversity in an employee's internal connections. As you move to the right, you see employees who are more insular in their connections. They lack diversity of input in their day-to-day world.

The graph indicates that higher diversity of connections also translates to the perception of higher quality ideas, which is a fundamental component of innovation.

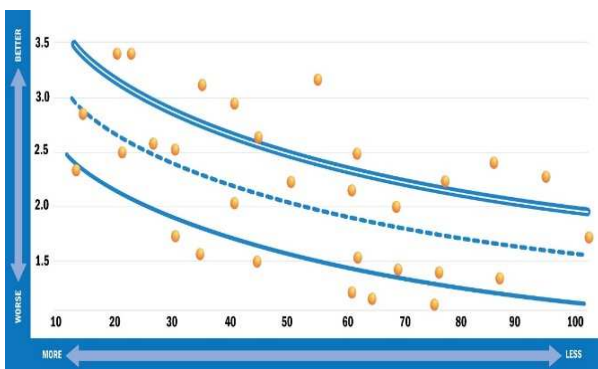


Figure 2: Higher diversity translates to higher quality ideas (Fan, 2011).

Hong (2004) at the University of Michigan developed a mathematical theorem proving that teams of problem solvers—viewed as bundles of perspectives and heuristics brought together to solve a particular problem—do better when the diversity of perspectives and heuristics is greater than the overall ability or

talent of the team's members. In other words, diverse teams outperform teams composed of the very best individuals. More interestingly, he found that a random collection of agents drawn from a large set of limited-ability agents typically outperforms a collection of the very best agents from that same set. This result is because, with a large population of agents, the first group, although its members have more ability, is less diverse. To put it succinctly, diversity trumps ability.

This theorem mathematically:

$$\#\{i \in \{1, \dots, N\} : \phi^i(\omega_2) = \phi^*\} > \frac{\mu(\phi^*)N}{2} \geq \bar{n}_1 = N_1,$$

All this evidence strongly suggests that teams who wish to innovate and problem solve effectively should limit homogenous thinking by not grouping similar individuals with limited diversity of thought, we provide an example here of middle aged white European males in the engineering and infrastructure who have all progressed through the same identity and environmental conditioning systems. We suggest improved 'tools' for problem solving, where the sum of diverse tools is a far more powerful advantage, than existing methods where everyone has gone to the same schools, been trained in the same manner, and likely now thinks in almost identical ways. Engineering could mirror recent breakthroughs in science and technology which increasingly come from teams of bright, diverse people. Page (2007) surmises that interdisciplinary work is the biggest trend in scientific research.

### Top Talent

In redefining top talent, it has become apparent that organisations should be seeking individuals that are first identity diverse and second of high ability. In the fight for global talent, diversity and inclusion policies are being designed specifically as recruiting and retention tools, helping to broaden the pool of talent an organisation can recruit from, while also helping to build an employment brand that is seen as fully inclusive. "If you want to attract the best talent, you need to be reflective of the talent in that market," said Eileen Taylor, Deutsche Bank's global head of diversity in Forbes Insights (2011).

More diverse companies are better able to win top talent and improve their customer orientation, employee satisfaction, and decision making, and all that leads to a virtuous cycle of increasing returns. This in turn suggests that other kinds of diversity—for example, in age, sexual orientation, and experience (such as a global mind-set and cultural fluency)—are also likely to bring some level of competitive advantage for companies that can attract and retain such diverse talent.

Organisations take a variety of tactics to engage the kinds of diverse populations they hope to bring on board. AT&T and Mattel enlist their employee groups to act as company ambassadors. These groups reach out to talent by attending external job fairs, conferences, and community events. “The more they reach out to the public, the more it will help fill our talent pipeline,” said Mattel’s Wilson (Forbes Insights, 2011). L’Oréal USA executives understand the value and insight the organisation’s diverse workforce can provide in building consumer brands and offerings that cater to specific ethnic groups.

At technology companies such as Intel some of their efforts are aimed at getting more women and minorities into STEM (Science, Technology, Engineering and Math) Programs. The gap they believe for women and minorities in STEM is long-standing and will continue to be, so they are working to get women and others into this field.

**Provide evidence that those organisations who invest in diversity have better results.**

It is becoming a widely accepted notion that organisations that commit themselves to diversity are more successful. Numerous studies have attributed greater diversity of boards and executive teams as one of the key influencers of increased organisational performance.

The ability to deliver positive economic performance and organisational health is a key benefit of having a diverse leadership team.

In McKinsey & Company’s (2015) latest report titled ‘Why Diversity Matters’, data from 366 public companies across a range of industries in Canada, Latin America, the United Kingdom, and the United States revealed a statistically significant connection between diversity of leadership and financial performance. Organisations in the top quartile for gender diversity were 15 percent more likely to have financial returns that were above their national industry median, and organisations in the top quartile for racial/ethnic diversity were 35 percent more likely to have financial returns above their national industry median. It is also interesting to note that companies in the bottom quartile both for gender and for ethnicity and race were statistically less likely to achieve above-average financial returns than the average companies in the data set (bottom-quartile companies are lagging rather than not leading). Refer to Appendix B and C.

Additionally, the research showed that there is a linear relationship between racial and ethnic diversity and better financial performance in the United States; for every 10 percent increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes (EBIT) rose by 0.8 percent. While in the United Kingdom, greater gender diversity on the senior-executive team corresponded to the highest performance uplift in the data set; for every 10 percent increase in gender diversity, EBIT rose by 3.5 percent. It is important to note that although these findings are consistent, they aren’t proof of a direct relationship between diversity and financial success. Refer to Appendix D.

Having a leadership team with two-dimensional diversity is another way an organisation can improve its results. This team has the ability to be innovative and think outside the box, better understand its clients and employees, understand unmet needs in underleveraged markets, make the most of market opportunities and have a broad strategic perspective.

Two-dimensional diversity is made up of inherent diversity and acquired diversity. Inherent diversity is the traits one is born with,

for example ethnicity and gender. On the other hand acquired diversity is the traits one gains from experience, such as learning to appreciate cultural difference when working in another country (Hewlett, Marshall and Sherbin, 2013).

Research conducted by Hewlett, Marshall and Sherbin (2013) looked at these two types of diversity and classified companies where leaders exhibited at least three inherent and three acquired diversity traits as having two-dimensional diversity. The findings showed that companies with two-dimensional diversity had the ability to out-innovate and out-perform others. Research findings also indicated that companies with two-dimensional diversity were 45% likelier to report that their market share grew and 70% likelier to report that the company captured a new market.

### **Barriers that prevent effective diversity within our NZ workplaces.**

Few New Zealand organisations can claim to truly have a diverse workforce. Over half (58 per cent) of New Zealand employees want to see more diversity in the workplace, according to a survey of both employers and employees by Hays (2014). It became apparent that when people think of diversity, they often focus on gender diversity alone. But a true diverse workforce is one inclusive of people of various genders, ages, cultural backgrounds and people with physical and mental disabilities.

In the survey, 55 per cent of employees said their organisation's public face and the way it portray itself on issues like diversity is not a true representation of the real business culture. Of these, 34 per cent said diversity is not a genuine concern for the organisation, 29 per cent said the public face is a goal not reality, and 24 per cent said line managers fail to genuinely embrace policies such as diversity when they recruit.

There are numerous reasons why organisations fall short of delivering on their diversity strategies. For some the challenge is about hiring or promotion mechanisms. For others, it is due to branding the diversity plan in a certain way, not securing executive commitment, or using ineffective training

techniques. Some lagging organisations do not see it as important.

Common negative outcomes or problems encountered in working with diverse teams and workforces are conflict, poor communication, lack of cohesion, and a resistance to change. These concepts are tabled in Appendix E.

To support our argument, Australian Professor of Management Sinclair (McPherson, 2008), identifies barriers related to workforce diversity as due to:

- Entrenched discriminatory attitudes and beliefs
- Conflict between the views and rights of different diverse groups, e.g. women and some different ethnic groups
- Inability to change workplace culture
- Responsibility marginalised to an overworked HR person
- Driven by compliance or being part of a multinational rather than a real commitment to diversity and change
- Lack of awareness of existing systemic discrimination and the need for structural change
- Defining the problem as managing other people's differences rather than requiring change by those in power
- An aim of harmony and consensus that inhibits the benefits of conflicting ideas and diverse ways of thinking and doing
- Diverse people being placed in the difficult position of needing acceptance by the leaders of the status quo while also needing to challenge that status quo.

### ***Diversity fatigue***

Some organisations suffer from 'diversity fatigue' after months or years of implementing diversity programs, according to the Hays Report (2014). This could be caused by lack of executive involvement, to failure to link programs with a business case, or lack of accountability and responsibility.

The CEO and leadership table should visibly champion diversity, it states "Without such drive from above, even the most supportive manager of diversity can struggle to create real change" (Hays, 2014).

Kirton and Greene (McPherson, 2008) state that overall, at a national level, equal employment opportunity and diversity policies and practices have made little headway in reducing or removing the inequalities and disadvantages faced by the groups they were designed to assist. This is due to a range of factors from societal attitudes and norms, and a lack of real implementation and culture shift within workplaces.

## **Provide helpful tips on how to increase diversity within your organisation.**

Organisations have long realised that workplace diversity makes good business sense. While most organisations understand and embrace the notion of diversity, the difficulty is in making it work. Many organisations find their diversity progress has stalled or are unsure of what actions to take to increase diversity within the organisation. Below are 10 tips to help organisations develop and leverage their diversity programs.

### **1. Unpick workforce metrics**

Prior to setting diversity targets and creating an action plan, an important first step is to unpick the workforce's metrics to understand the current level of workplace diversity (or lack of it). A close look at demographics by level and function, organisational culture, recruitment and selection, appraisal scores and promotion rates, staff turnover, exit interviews, employee engagement and pay and reward will provide insight into areas that need to be addressed and a baseline to measure progress against (Equal Employment Opportunities, no date).

### **2. Include everyone in the definition of diversity**

Diversity is not just women and minorities, or people from other countries; it is the entire mix of people and possible employees (UCLA Anderson School of Management, 2013). Organisations are adopting this broader interpretation of diversity as it will impact the majority of employees at some point in their careers. Additionally, if their employees and clients can see themselves in the definition, they are more likely to be invested in diversity initiatives.

### **3. Raise awareness of unconscious bias**

Unconscious or 'hidden' bias is one of the greatest barriers in creating a diverse workforce. Unconscious bias encompasses any attitudes or stereotypes that affects our understanding, actions and decision making in an unconscious manner. It keeps us from seeing people as individuals and can stand in the way of objective decision making. Providing training on unconscious bias awareness can help recruiters and managers make better decisions when choosing who to hire and promote (Kitching, 2014), and help all employees build skills to overcome these biases in everyday workplace interaction.

### **4. Lead by example**

Leaders of a business play a key role in successfully increasing diversity in an organisation. Getting their buy-in and support of the diversity agenda is essential as they hold the power to act as role models, motivate employees across the organisation and demonstrate that diversity is highly valued and of importance to the organisation. Therefore it is imperative that the leadership team are a visible voice for diversity and equality, they 'walk the talk', support organisational change and encourage creativity and thought of a diverse range of groups (Hunt, Layton and Prince, 2015). Additionally, they play a key role in encouraging employees to participate in unconscious bias training, ensuring there are rigorous and transparent promotions processes and that they mentor, sponsor and retain the next generation of leaders at all levels.

### **5. Diversity is a business-wide initiative**

Diversity needs to move away from being a nice to have initiative to a core business initiative.

The first step to create this is to ensure that the business as a whole takes ownership of diversity and it is central to all its systems, in contrast to the status quo which is typically something that is carried out by Human Resources.

A key part of the business-wide ownership of diversity is obtaining employee buy-in. One way this can be achieved is by creating a diversity committee with employees across multiple levels and functions of the

organisation (Wall Street Journal, 2009). This committee can be used to implement policies and develop initiatives that support the organisation's diversity goals and attract more diversity into the organisation.

### **6. Make flexible work arrangements available for all**

Outdated working patterns and inflexible organisations are key barriers to creating a diverse organisation. Whether it's part-time hours, job sharing, a reduction in hours worked by full-timers, working from home or video conferencing as an alternative to travel, flexible work arrangements should be made available for all for all (Equal Employment Opportunities Trust, no date). Low attrition rates, reduced sick days, increased employee engagement and excellence in performance are rarely achieved by 'in office' hours or hours-related targets. Instead, encourage efficient use of time and reorient key performance indicators towards contribution to business performance. The adoption of flexible work practices not only shows that an organisation is diversity-friendly and is willing to accommodate people from different backgrounds and with different lifestyles, but it also positions it as an employer of choice, which is a powerful branding tool and ultimately attracts and retains the right kind of people.

### **7. Improve recruitment practices**

Does your workforce reflect the demographics of the region you operate in or the clients you want to serve? Attracting a diverse pool of candidates for an advertised role doesn't happen overnight, but there are a number of initiatives organisations can implement to improve recruitment practices:

- Rather than focusing on creating diversity by hiring based on demographic statistics, hire based on uniqueness of thought and experience (Wall Street Journal, 2009). It should be clear to candidates and employees that hiring decisions are based on finding the best candidate and not by filling quotas.
- Advertising efforts should not be limited to standard online and sector specific job boards, but instead use a

variety of channels such as community centres, education institutes and professional associations and to reach to a diverse range of people.

- Make the recruitment process transparent so that employees and candidates can see that the process is fair and that the best person for the role has been successful. (Wall Street Journal, 2009).
- Ensure that recruiters and managers have undertaken unconscious bias training.
- Recruiting efforts should focus on networking with diverse individuals and communities as a significant number of jobs are filled through employee referrals.

### **8. Give new hires a reason to stay**

A great deal of time has been spent getting a new employee in the door so it is important that an equal amount of time and effort is spent in retaining them. The first few weeks can be daunting for a new employee while they familiarise themselves with their new role and the organisational culture (Wall Street Journal, 2009). While it's essential that a new employee gains an understanding of their new work environment, it's important that an organisation doesn't focus on making them fit in. Instead, focus on getting to know their personal identity, encourage them to play to their strengths (Equal Employment Opportunities Trust, no date) and share their ideas.

### **9. Encourage networking**

Networking through participation in professional organisations has been credited as a successful initiative to increase diversity in an organisation. Through networking, employees are able to expand their perspectives and knowledge, foster collaboration and connect with potential candidates. Organisations need to ensure that they encourage networking so that employees don't feel as if they are taking time off work to participate in these events.

### **10. Foster open communication**

“Organisations that give diverse voices equal opportunity to contribute are nearly twice as likely as others to unleash value-driving insights” (Hewlett, Marshall and Sherbin, 2013). In order to maximise the benefits of diversity of thought and drive innovation, organisations need to create a culture where all employees feel free to contribute ideas. Hewlett, Marshall and Sherbin (2013) have found six behaviours that do just this: ensuring that everyone is heard; making it safe to propose novel ideas; giving team members decision-making authority; sharing credit for success; giving actionable feedback; and implementing feedback from the team.

### **Conclusion**

Success and growth are dependent on an organisation’s ability to continually innovate. Contrary to the belief that innovation requires smarter people, the reality is that innovation requires thinking differently. Diversity therefore trumps ability and is the greatest force in innovation and your best possible competitive advantage.

In a world where globalisation is increasing, organisations with greater levels of diversity are performing better. Not only do they have better financial results, they have the ability to think outside the box, better understand their clients and employees, understand unmet needs in underleveraged markets, make the most of market opportunities, have a broad strategic perspective, plus attract and retain the top talent. Uptake of diversity is one of the easiest investments you will ever make.

Diversity is an essential part of a healthy organisational culture. While many organisations have made efforts to increase diversity in their workplaces, many barriers still exist that prevent effective diversity within workplaces. Authentic leadership is key, diversity starts at the top table and flows to all. Acceptance, tolerance and communication which embraces different perspectives is the answer to increase your competitive advantage and improve innovation.

Steve Jobs said, “The source of wealth and capital in this new era is not material things ... it is the human mind, the human spirit, the

human imagination and our faith in the future.” When organisations invest in diversity and inspire their employees to have diversity of thought and perspective to generate value in an inclusive culture, only then does true innovation thrive.



## References

- ACENZ. (2015). 'Our Business Always in Progress: ACENZ Industry Snapshot Report'. [Online] Available from: <http://www.acenz.org.nz/uploads/Client/2015%20Our%20Business%20Industry%20Snapshot%20Report-LR.pdf> [Accessed 20<sup>th</sup> March 2016].
- Chen, M. (2015). 'Superdiversity has reached critical mass - it's New Zealand's future'. [Online] NZ Herald. Available from: [http://www.nzherald.co.nz/nz/news/article.cfm?c\\_id=1&objectid=11531147](http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11531147) [Accessed 19<sup>th</sup> March 2016].
- Dreifus, C. (2008). 'In Professor's Model, Diversity = Productivity'. [Online] The New York Times. Available from: [http://www.nytimes.com/2008/01/08/science/08conv.html?\\_r=0](http://www.nytimes.com/2008/01/08/science/08conv.html?_r=0) [Accessed 20<sup>th</sup> March 2016].
- Equal Employment Opportunities Trust. [No date]. '10 Tips to increase diversity in your organisation'. [Online] Available from: <http://www.eeotrust.org.nz/content/Ten%20Tips%20to%20Increase%20Diversity%20in%20Your%20Organsation.pdf> [Accessed 19<sup>th</sup> March 2016].
- Fan, D. (2011). 'Proof That Diversity Drives Innovation'. [Online] Diversity Inc. Available from: <http://www.diversityinc.com/diversity-management/proof-that-diversity-drives-innovation/> [Accessed 18<sup>th</sup> March 2016].
- Forbes Insights. (2011). 'Global Diversity and Inclusion Fostering Innovation Through a Diverse Workforce'. [Online] Available from: [http://images.forbes.com/forbesinsights/StudyPDFs/Innovation\\_Through\\_Diversity.pdf](http://images.forbes.com/forbesinsights/StudyPDFs/Innovation_Through_Diversity.pdf) [Accessed 18<sup>th</sup> March 2016].
- Hays Report. (2014). 'Few NZ organisations can claim to truly have a diverse workforce'. [Online] CIO. Available from: <http://www.cio.co.nz/article/583402/mapping-new-zealand-diversity/> [Accessed 19<sup>th</sup> March 2016].
- Hewlett, S.A., Marshall, M. and Sherbin, L. (2013). 'How Diversity Can Drive Innovation'. [Online] Harvard Business Review. Available from: <https://hbr.org/2013/12/how-diversity-can-drive-innovation> [Accessed 20<sup>th</sup> March 2016].
- Hong, L. and Page, S.E. (2004). 'Groups of diverse problem solvers can outperform groups of high-ability problem solvers'. [Online] 101 (46). Available from: <http://www.pnas.org/content/101/46/16385.full> [Accessed 20<sup>th</sup> March 2016].
- Hunt, V., Layton, D. and Prince, S. (2015). 'Diversity Matters'. [Online] McKinsey & Company. Available from: <http://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters> [Accessed 19<sup>th</sup> March 2016].
- Kitching, R. (2014). 'Unconscious bias: the biggest block to gender equality?' *New Civil Engineer*. [Online] Available from: <http://www.newcivilengineer.com/engineering-equality/unconscious-bias-the-biggest-block-to-gender-equality/8670211.article> [Accessed 20<sup>th</sup> March 2016].
- Krawcheck, Sallie. (2014). '10 Ways to Improve Your Company's Diversity Results'. [Online] Available from: <https://www.linkedin.com/pulse/20140108113954-174077701-10-ways-to-improve-your-company-s-diversity-results> [Accessed 19<sup>th</sup> March 2016].
- McPherson, M. (2008). 'Workforce Diversity: Evidence of Positive Business Outcomes and How to Achieve them. A Review of the Literature'. [Online] Equal Employment Opportunities Trust. Available from: <http://ojs.victoria.ac.nz/LEW/article/view/1651/1494> [Accessed 19<sup>th</sup> March 2016].
- Ohr, R. (2012). 'Innovation and Diversity'. [Online] Innovation Excellence. Available from: <http://www.innovationexcellence.com/blog/2012/04/18/innovation-and-diversity/> [Accessed 19<sup>th</sup> March 2016].

Page, S.E. (2007). 'Diversity Powers Innovation'. [Online] Center for American Progress. Available from: <https://www.americanprogress.org/issues/economy/news/2007/01/26/2523/diversity-powers-innovation/> [Accessed 20<sup>th</sup> March 2016].

Page, S.E. (2007). *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and Societies*. Princeton, NJ: Princeton University Press. ISBN: 0-691-12838-3.

Stone, A. (2011). 'Different is good: how diversity can benefit your organization'. [Online] EY Performance Preview. Available from: <http://performance.ey.com/2011/11/15/different-is-good-how-diversity-can-benefit-your-organization/> [Accessed 18<sup>th</sup> March 2016].

UCLA Anderson School of Management. (2013). 'Redefining Diversity: What makes a workforce truly diverse?' [Online]. Available from: <http://www.anderson.ucla.edu/publications/prospect/article-diversity-2014.html> [Accessed 19<sup>th</sup> March 2016].

Wall Street Journal. (2009) 'How to Increase Workplace Diversity'. [Online] Available from: <http://guides.wsj.com/management/building-a-workplace-culture/how-to-increase-workplace-diversity/> [Accessed 19<sup>th</sup> March 2016].

Wladowsky-Berger, I. (2006). 'Innovation and Diversity'. [Online] Innovation America. Available from: <http://www.innovation-america.org/innovation-and-diversity> [Accessed 20<sup>th</sup> March 2016].

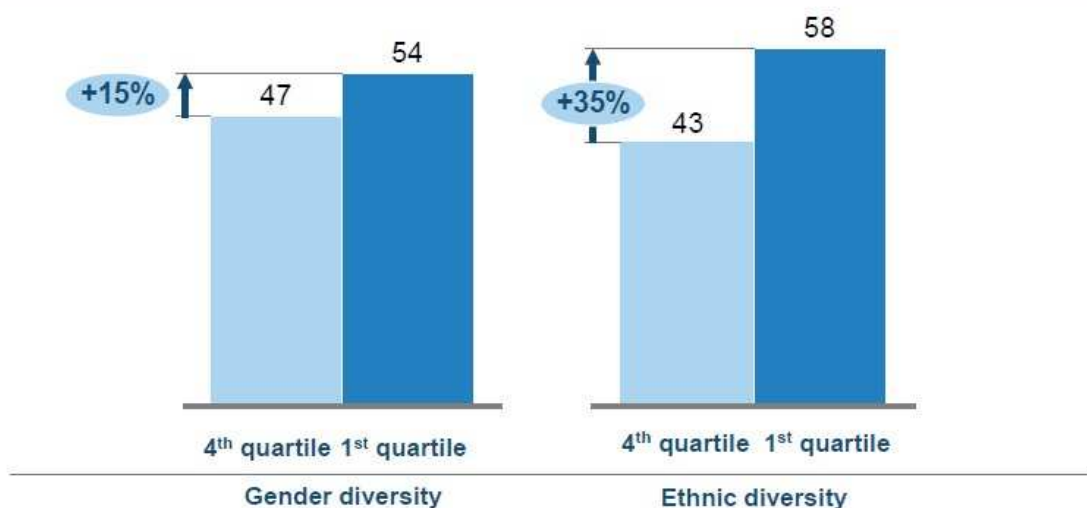
## Appendices

### Appendix A:

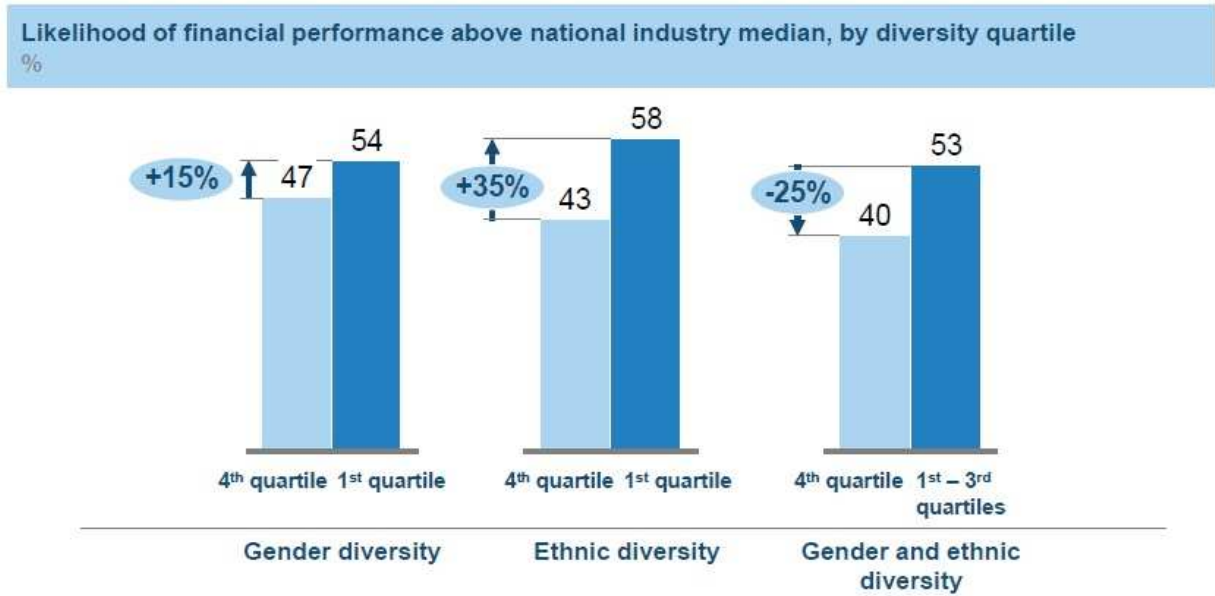
Gender	Age	Multicultural	Disabilities
<ul style="list-style-type: none"> <li>• <b>67%</b> of employees say organisation is gender diverse;</li> <li>• <b>53%</b> not satisfied with the career path available to women in organisation;</li> <li>• <b>54%</b> say not a balance of male and female representation at senior executive level;</li> <li>• <b>45%</b> of employers say women are equally represented in leadership positions;</li> <li>• <b>64%</b> say clear maternity leave policy is available.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>68%</b> of employees say organisation has workforce of various ages;</li> <li>• <b>23%</b> say organisation does not value mature-age workers;</li> <li>• <b>32%</b> of employers have plans in place to retain mature-aged staff.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>72%</b> of employees say organisation has a workforce of various cultural backgrounds;</li> <li>• <b>77%</b> of employers committed to recruiting a multi-cultural workforce;</li> <li>• <b>62%</b> of employees said immigrants face discrimination when accessing or gaining employment in New Zealand.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>29%</b> of employees say organisation's workforce includes people with a disability.</li> </ul>

### Appendix B: How diversity correlates with better financial performance (Hunt, Layton and Prince, 2015:p.3)

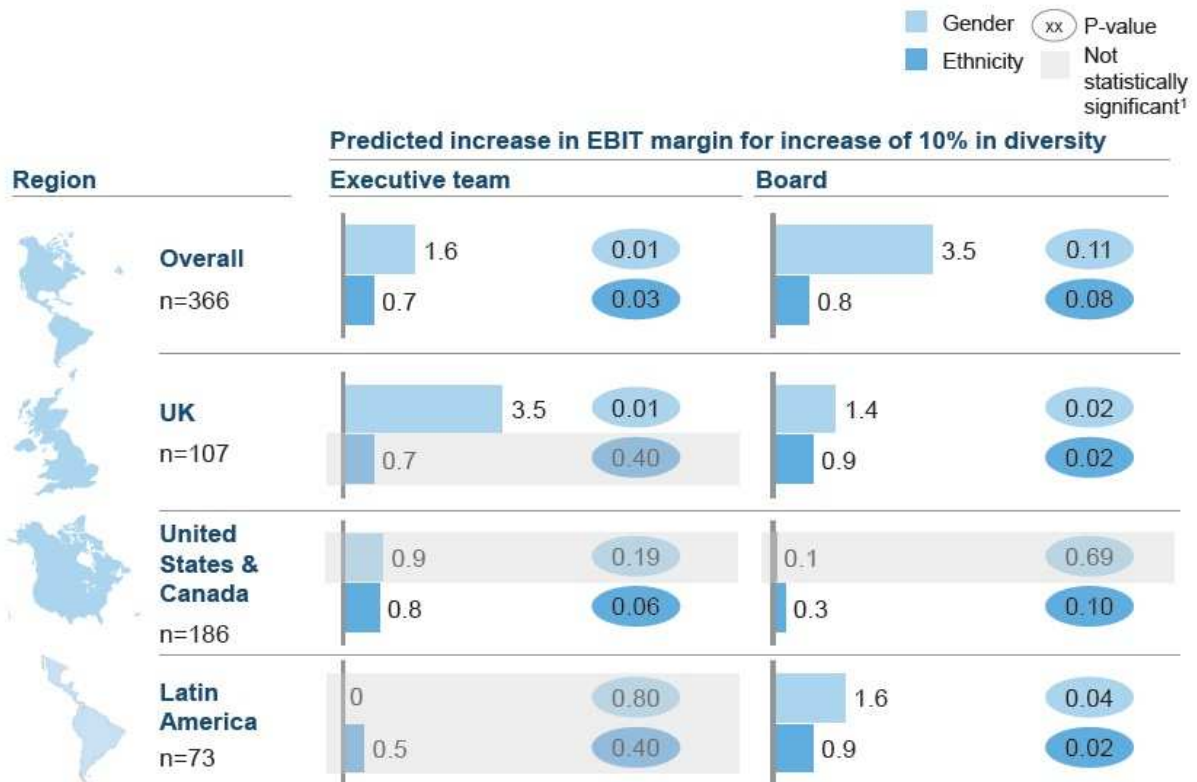
Likelihood of financial performance above national industry median, by diversity quartile %



Appendix C: How low gender and ethnic diversity correlates with poorer financial performance (Hunt, Layton and Prince, 2015:p.3)



Appendix D: Strength and statistical significance of the relationship between financial performance and diversity (Hunt, Layton and Prince, 2015:p.4)



<sup>1</sup> P-values of 0.1 and under were considered statistically significant (90%).

## Appendix E: Common negative outcomes or problems encountered in working with diverse teams and workforces

### Poor communication

- Perceptual, cultural and language barriers need to be overcome for diversity programmes to succeed.
- To overcome differences, leaders need to establish a “clear sense of direction” and “common purpose” together with spending time developing mutual trust, respect, cultural tolerance and acceptance.
- Employees and managers need to be helped to overcome bias for communicating with those who share values, experiences, language and cultural norms.

### Conflict

- Can be a barrier to collaboration when different people work together, whether they are demographically different or bring different functional perspectives.
- It is not necessary or even desirable to avoid or eliminate conflict as conflict of perspectives can produce the added value from diversity.
- Negative conflict of emotions, personalities and relationships requires effective, constructive management “to transform it from a major liability into a significant asset” (Weiss and Hughes, 2005:94).

### Cohesion

- An emotional attachment of group members to each other, is also aided by homogeneity of the group.
- Lack of cohesion results in highly fragmented groups and hence negative productivity outcomes.
- Mutual understanding, attraction and acceptance lead to higher engagement and free expression of ideas and information.
- Too much cohesion to the point of conformity pressure equals ‘group think’ and results in negative process outcome.
- Norms are established and adhered to in order to keep things comfortable and “outsiders” are ignored and deviant ideas or behaviours disregarded or punished.
- The ability to make quality decisions with bias present is, therefore, diminished.

### Resistance to change

- There will always be people that refuse to accept the fact that the social and cultural makeup of workplaces is changing.
- The ‘we have always done it this way’ mentality silences new ideas and inhibits progress.

## Author Biography



**Priyani de Silva-Currie, BComMgt, NZDipBus, NZDipMgt, NZIM, NZDIAM (Assessor), Principal**

NZ Asset Management Business Unit Leader

Unit 1, 207 Bridge Street, Nelson 7010

E [priyani.dsc@calibreconsulting.co](mailto:priyani.dsc@calibreconsulting.co)

T +64 3 545 9345 | M +64 21 192 8114

Priyani is the New Zealand Asset Management Leader for Calibre Consulting and is responsible for the direction and growth of asset management as a technical discipline and valuable service.

Priyani is a national leader in many fields including asset management, energy management, diversity and women in leadership. Her former roles include Partner and Principal at Opus, Immediate Past President of the EMANZ and of Multicultural New Zealand. Priyani has undertaken advisory roles for strategic policy and programme development for entities such as NZQA, EECA, Spark (Telecom NZ), AIAL, and IPWEA.

Priyani knows that for companies, government and industry to improve their outcomes, realise potential opportunities, and grow, it is vital to harness and engage the power of human diversity within these organisations. Priyani is passionate about promoting this latent and emerging advantage to spur innovation and growth.



**Samantha Almeida, BCom, BSc**

NZ Marketing and Communications Leader

Level 1, Building 8, Central Park, 666 Great South Road, Ellerslie, Auckland, 1051

E [samantha.almeida@calibreconsulting.co](mailto:samantha.almeida@calibreconsulting.co)

T +64 9 580 6516 | M +64 21 136 3041

Samantha is the Marketing and Communications Leader at Calibre Consulting New Zealand, where she is responsible for the strategic and operational management of all marketing and communications activities.

Her career in marketing has seen her work in Europe, Australia and New Zealand within engineering organisations such as Alstom and Laing O'Rourke with a focus on developing marketing strategy, branding, corporate communications and digital strategy to raise an organisation's profile and drive future growth.

Samantha strongly believes that diversity and inclusion initiatives are a competitive advantage from a talent perspective, to drive innovation, growth and marketplace value. Through her experience she has seen the challenge to increase the diversity of thought in leadership and is passionate about engaging and inspiring the next generation of leaders.