

Cognitive Diversity: Real Fuel for Growth Engine with Sustainable Future

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Abstract: Diversity is the art of thinking independently together, as defined by Malcolm Forbes. The idea behind its significance lies in the fact that the strength lies in differences and not in similarities. It is widely presumed and even followed by many companies across the world that presence of diversity among the people is helpful in improving business performance. Thereby, there is a trend, particularly during last one decade to adapt diversity among their employees, leadership and even customers. This needs to be substantiated with carefully crafted inclusion. But, a study carried out and reported in Harvard Business Review (HBR) claims to have found no correlation between general diversity factors like age, ethnicity and gender and business performance. However, the same study speaks about 'Cognitive Diversity' and its effects on business performance. **In this paper, the Author has discussed the significance of general Diversity and their mapping with Inclusion for better business performance. The importance of creating scope for Cognitive Diversity blended with psychological safety among the employees appears to be the fuel for business growth engine with sustainable future.**

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I. Introduction

It has been observed that gradually, the businesses are switching to Diversity & Inclusion (D&I) as a vital tool for achieving sustainable future in almost all the areas. As per Ernst & Young, Diversity is about seen and unseen differences among the people and Inclusion is about creating a working environment where every employee is valued. A focus on diversity mostly begins with a focus on hiring, and even with substantial investments of time and money, it takes years to fetch the results. Cisco attaches its technological innovations to its diverse leadership team. Diversity is all about respecting and appreciating the differences among the colleague employees. The prime objective of the companies is to leverage those diverse perspectives, talent, views, thinking, lifestyles, genders, qualifications, culture, background and such other conventional parameters to drive business success and innovations. Importantly, the blend of all aforesaid parameters reflects the society, in which the business is to be done. When the companies are expanding their base to different geographical locations across the world, with new challenges and geopolitical shifts, diversity is considered as a solution to succeed. It has been reported that when the employees feel being valued, connected and part of the system, the employers can extract greater richness of ideas and their involvement in solution to the problems. These in turn help companies to attract and retain high performing employees, respond effectively to the customer queries, raise productivity and take futuristic measures for the business. This is nothing but a systematic process towards delivering sustainable growth. As per McKinsey & Company, business with a healthy balance of men and women are 15% and those with employees from good mix of ethnic backgrounds are 35% more likely to show better results compared to their competitors. However, it must be kept in mind that diversity can be the easier element to achieve, but the real test lies in creating an inclusive ambiance and then leverage diversity to improve business performance. There exists a typical relationship between diversity and inclusion. If a company succeeds in creating inclusive environment, then it is more likely to attract and retain diverse employees. It has been recently reported that if the diversity of cognitive nature is supplemented by Psychological Safety, the teams are more successful in delivering their business performance. And this is the real fuel for business growth and its sustainable future.

II. Literature Reviews

The term diversity in general, is normally used to describe the constitution of working groups and their demographic differences. As mentioned education, socio-economic status, gender, race, ethnicity and age are some of the factors which have been considered for securing best practices in managing organizational diversity [1], [2]. Few researchers [3] have defined inclusion as the individuals feeling the sense of belongingness. Another Paper [4] defines inclusion as the degree to which an employee believes that s/he is the esteemed

member of workforce on the basis of treatment experienced by her/ him. The studies on Inclusion are limited as this has been considered as an important aspect only recently. The US Civil Rights Act of 1964 makes it mandatory for all the Organizations in the United States to have diverse workforce [5]. Some Researchers opine that if the diversity factors are based more on the visible form of differences among the workforce rather than their hidden qualities, (attitude, behavior, culture, belief, temperament) it may cause hindrance in development of inclusive cultures by overemphasizing differences over commonalities [6]. The Papers [7,8] deals different diversity perspectives and as per these Papers, they can vary from negative view of diversity marked by internal resistance to more positive approaches. The Empirical research carried out by the researchers has shown that if the leaders expect and appreciate employee contribution, it helps create work climate that is high in psychological safety [9]. The systematic review carried by the researchers [11] observes that the evidence on workplace diversity impacts is predominantly qualitative. Some of the authors opine that awareness of the inconsistencies is needed to foster the important task of finding the conditions under which demographic diversity has positive or negative effects [12]. A very interesting research involving positive effects of cognitive diversity is discussed by the authors [14] in HBR Report.

III. Implementation Of Diversity & Inclusion

It is said that Diversity is the mix and Inclusion is making the mix work. There is a systematic step wise procedure for implementing diversity and inclusion (D&I) in any organization. The company leaders and the HR need to plan the steps carefully for improved business performance. The procedure is as mentioned below :

- **Preparedness:** Even well before trying to begin a D&I program, the organization shall determine its developmental capacity to receive instructions and engage in D&I. The objectives and key results along with key performance indicators shall be located at the beginning towards preparedness for the program.
- **Response:** After determining preparedness, the level of receptiveness to potential program and interventions, the company is required to assess the ambiance for acceptance by the employees and accordingly shall design implementation plan, in tune with the existing culture. It is to be noted that if the people are pushed too fast for which they are not prepared, then it may have unexpected consequences.
- **Determination:** There is significant amount of determination required in implementing the D&I as it's a cultural shift and many a times get lot of resistance. The HR therefore, needs to stick to their plan and slightest of indecision is not allowed in the approach.
- **Impact:** After implementation of policies, the efficacy of the initiatives shall be closely monitored and compared with the impact that has been anticipated. This shall lead to the next step, with necessary correction.
- **Refine:** The efficacy needs to be analyzed and constant customization and refinement of Key Performance Indicators (KPI) and Objectives and Ker Results (OKR) shall be carried out critically.
- **Conviction:** D&I are neither sudden nor easy to implement. It is found to be comprehensive progression of small, medium or large advancements that gradually improves culture, understanding and there by business performance.

The aforesaid D&I implementing policy in any company needs to be customized based on company culture, ambiance and expectations. The precaution must be taken so that there are no negative impacts.

IV. Effects of Diversity & Inclusion

The conditions in which the diverse teams operate have impact on their performance. These include understanding and communication within the team, leadership, socio-cultural backgrounds and even the length of time for which the teams have worked together. The D&I management is a delicate issue and needs to be handled very carefully. The benefits of D&I are found to include reduced cost, better products and services, improved resourcing of talented personnel, enhanced corporate image, improved creativity and problem solving, innovations, better decision making, increased productivity, greater flexibility, enhanced trust in relationship, better efficiency, satisfaction and commitment within the workforce, improved customer relations and service delivery. However, if not properly implemented, the D&I policies may have detrimental effects on the business performance. Some of the negative outcomes are reported to be more absenteeism, weaker employee attachment, more conflicts, poorer in-role and extra-role performance, more discrimination leading to higher costs and reduced profit margin. It also may lead to lower commitment, lower job satisfaction, higher work tension, loss of talented employees and matters in the court of law causing bad publicity. The relationships between D&I are shown in the Figure '1'.

HIGH DIVERSITY	Competitive Advantage – Low Collaboration – Low Morale – Low Engagement – Low Retention - Low	Competitive Advantage – High Collaboration – High Morale – High Engagement – High Retention – High
	Competitive Advantage – Average Collaboration – Average Morale – Average Engagement – Average Retention - Average	Competitive Advantage – Low Collaboration – Low Morale – High Engagement – High Retention – High
LOW DIVERSITY	LOW INCLUSION	HIGH INCLUSION

Figure ‘1’ – Relationship between Diversity and Inclusion (Source- Janakiraman, 2011)

The research [12] suggests that the negative interpersonal conflicts triggered by diversity can be eliminated in inclusive culture. The carefully crafted inclusion policy has potential to marginalize the negative effects of diversity. The primary reasons given by respondents in survey for their diversity benefits relate to practical business benefits affecting company’s ability to succeed in the market. As reported in survey report [13], the top three reasons given for the benefits of diversity in the workplace are increased ability to serve customers and customer relations, better reflection to customer demographics and market and promotion of positive and healthy work environment. And, the bottom three reasons are increased profits, lower absenteeism and decrease in complaints and litigation.

The survey was also carried out [16] to assess the criteria used by the companies to implement their D&I policy. These results are interesting and considered only physically visible diversities (no cognitive). The results are shown in Figure ‘2’.

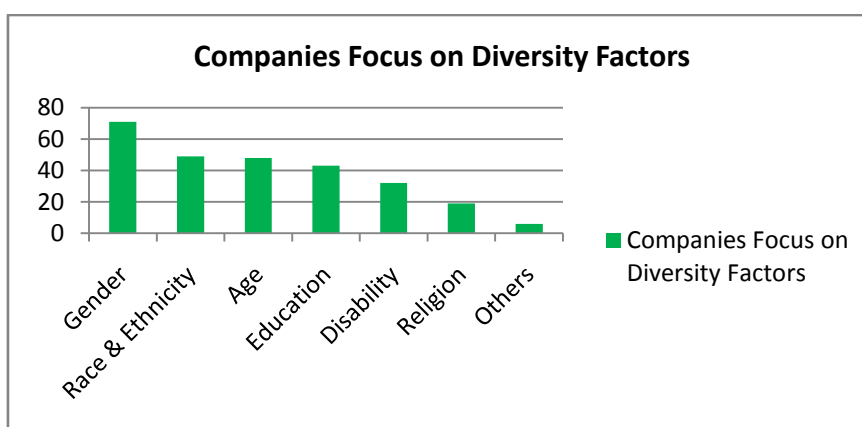


Figure ‘2’ – Survey Results on the Criteria used to define D&I (Source – LinkedIn Global Recruiting Trends 2018 Report)

The Research studies say that the concept of inclusive decision making can lead to rapid improvements. It is the blend of D&I which together can change the performance. The survey was spread to around 600 business decisions, made by 200 different teams from different companies for over two years. It has been observed that inclusive decision making has positive effect on business performance. The same is shown in Figure ‘3’.

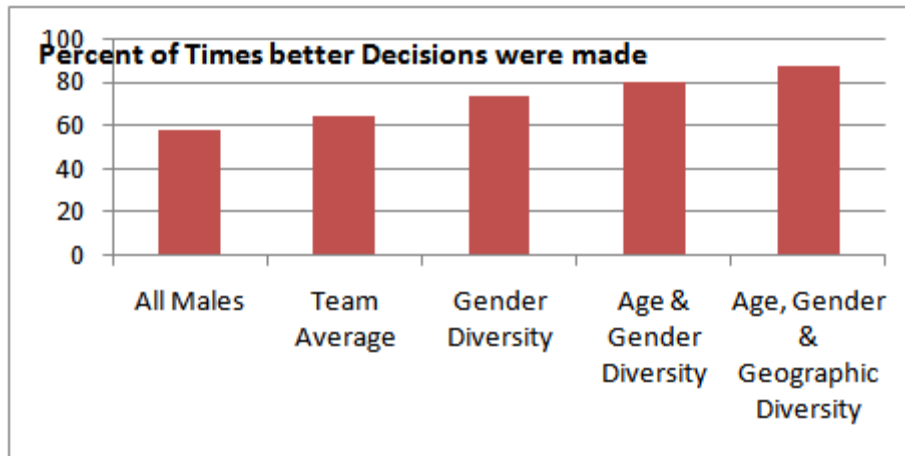


Figure - '3': Effect of Diversity & Inclusion on Business Performance

This result evidences the importance of D&I as a means of establishing decision making process. Normally, the human decisions are constrained by the biases towards the colleagues and other employees. Therefore, it is difficult to change their perceptions, thinking and bent of mind. The solution to this is creating a decision making team that comprises of diversity.

V. Cognitive Diversity And Its Significance

During last one decade the awareness of introducing D&I in workforce has considerably increased and the HRs are giving it top priority. The general perception is that the more diverse the team is in terms of gender, age and ethnicity; it is more likely to be creative and productive too. But as per report published in HBR, on the basis of their exercise across the world for more than 100 times over the last 12 years, no relation is found between this type of diversity and performance. In this survey, all possible groups of age, designations, qualifications and professions have been covered. The reason behind this lies in non consideration of cognitive diversity.

Cognitive diversity is defined as the difference in perspective or information processing style among the employees in a group. It is not predicted by the general factors like age, ethnicity and gender. A high degree of cognitive diversity could generate accelerated learning and performance in case of new, uncertain and complex situations which in fact, are the real testing areas today for the Managers. The cognitive diversity is independent of age, culture and socio-economic status. Some of the typical characteristics of cognitive diversity are that it is less visible; it cannot be easily detected, predicted or orchestrated and as it is an internal difference, it calls for hard work to surface and harness its benefits. In the groups with cognitive diversity, a blend of different problem-solving behaviors, like collaboration, identifying problems, applying information, maintaining discipline, breaking rules, and inventing new approaches have been observed.

COGNITIVE DIVERSITY HIGH	OPPOSITIONAL Cautious, Controlling, Flexible, Hierarchical, Reasoned, Resistant	GENERATIVE Curious, Encouraging, Experimental, Forceful, Inquiring, Nurturing
	DEFENSIVE Cautious, confirming, Controlling, Directive, Hierarchical, Resistant	UNIFORM Appreciative, Considered, Controlling, Competitive, Flexible, Hierarchical
COGNITIVE DIVERSITY LOW	LOW HIGH PSYCHOLOGICAL SAFETY	

Figure '4' – Relationship between Cognitive Diversity and Psychological Safety (Source – ALISON REYNOLDS AND DAVID LEWIS, HBR.ORG, April 2, 2018)

The cognitive diversity causes groups to perform well provided the interaction ambience of psychological safety is created by the HR. Psychological safety is the belief that one will not be punished or

humiliated for speaking up with ideas, questions, concerns, or mistakes. Without this, the power of cognitive diversity is left unrealized. The relation between cognitive diversity and Psychological safety is shown in Figure ‘4’ above.

VI. Cognitive Diversity Versus Business Performance

A survey where the effect of cognitive diversity on how the individuals think about and engage with new, uncertain and complex situation (as normally witnessed in organizations) is reported in [14]. The AEM cube, a tool developed by Peter Robertson, a Psychiatrist and Business Consultant, assesses differences in the way people approach changes. It measures:

- Knowledge processing: the extent to which individuals prefer to consolidate and deploy existing knowledge, or prefer to generate new knowledge, when facing new situations
- Perspective: the extent to which individuals prefer to deploy their own expertise, or prefer to orchestrate the ideas and expertise of others, when facing new situations

The strategic execution exercise has been run for over 100 times and big differences in the performance of six different teams have been observed. The AEM cube was used to measure the level of cognitive diversity in those groups. A significant correlation between high cognitive diversity and high performance is seen, as shown in Figure ‘5’.

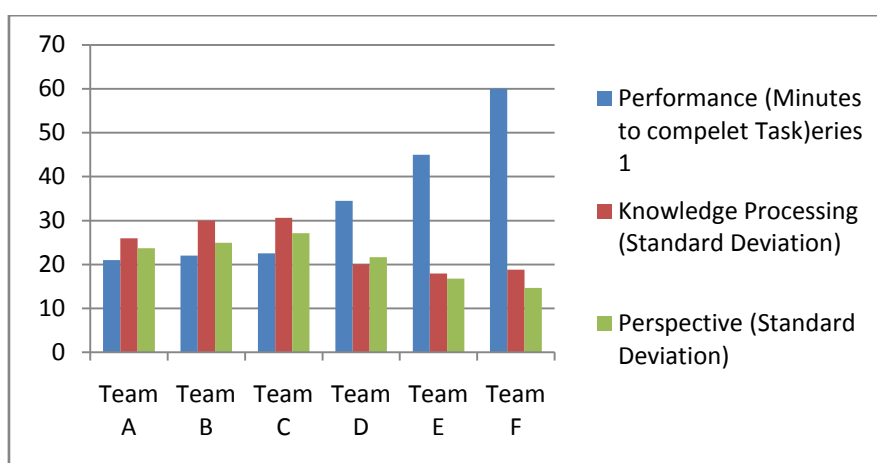


Figure ‘5’ – Effect of variation in Standard Deviation of Knowledge Processing and Perspective on Task Performance. (Source - Alison Reynolds and David Lewis, HBR.ORG)

VII. Conclusions

The HR Team in a company is bestowed with the responsibility of selecting the employees so as to improve business performance. Simply choosing them on the basis of conventional diversity and then their inclusion in decision making may provide improved results or sometimes even may boomerang, as discussed in above sections. Therefore, a better option is to concentrate on cognitive diversity blended with psychological safety. This clearly has proved to be the best option for improved business performance. But it calls for extensive studies to ascertain diversities in knowledge processing and perspective of employees working in a group. It has been proved in survey that higher is the standard deviation in knowledge processing and perspective, better is the performance.

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