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## ***An ethnically diverse workforce plus good employee participation practices - a winning combination for organizational innovation***

Which organizations are most likely to innovate – to introduce new products, services or processes, or to improve on existing ones? Organizations that employ workers from diverse ethno-racial backgrounds and that involve these employees in high-level decision-making, according to a study published recently in the *Journal of Organizational Behavior*.

Researchers Yang Yang and Alison Konrad, from the *Richard Ivey School of Business*, used a sample of organizations and employees from Statistics Canada's *Workplace and Employee Survey* (2001 and 2002) to test a new approach to organizational innovation.

Their approach combined insights offered by two distinct research streams, both of which seek to improve the impact of human capital on business outcomes through the effective development and use of employee skills:

- 1) ***Diversity management*** : employees from “historically marginalized groups” (such as women and minorities) make businesses more innovative, due to the wider variety of information and knowledge resources available for generating new ideas.
- 2) ***Employee involvement*** : enhancing employee knowledge and skills, and involving them in decision-making leads to innovation by generating more and better ideas.

Yang and Konrad assume that both these elements will affect innovation. A diverse workforce, for example, will stimulate innovation **only** if properly involved in the organization's decision-making process. Employee participation strategies, in other words, will only be effective if they are available to ALL employees, not only to those in the “traditionally predominant” groups (i.e. white males).

With a sample of 183 organizations and 1289 employees (only organizations with more than 500 employees, of whom at least five responded to the survey were included in the sample), the study tests three hypotheses:

- 1) *Women and minorities will have an even more positive impact on innovation in companies with a high level of employee involvement.*
- 2) *Their effect will be even stronger in companies where access to employee involvement practices is spread equally between employees.*
- 3) *Involving women and minorities will strengthen even further the positive relationship between white male involvement and innovation.*

The hypotheses are tested separately for women and ethno-racial minorities – two radically different groups that are lumped together into a single “historically marginalized” category in much of the research in this area. An intelligent move, as is clear from the results of the analysis which were quite different for the two groups.

Take the third hypothesis, for example, which was not confirmed for women but was clearly confirmed in the case of minority workers. Female employee participation had no significant impact on the positive relationship between white male employee involvement and innovation. Empowering minority employees, on the other hand, increased the relationship between white employee participation and innovation significantly.

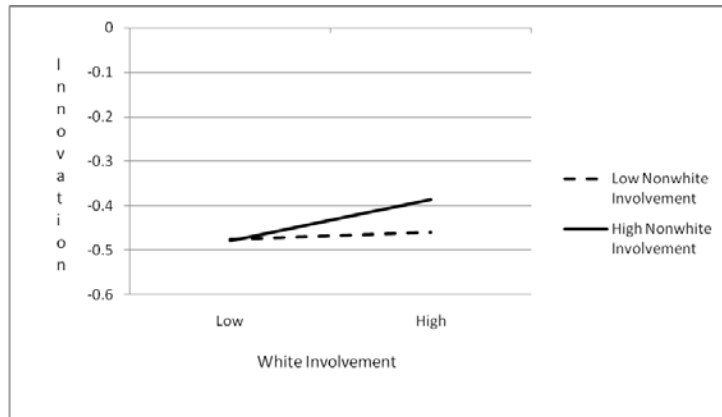


Figure 2: Interaction of Racioethnic Majority and Minority Involvement

Overall, organizations with more female employees are also more innovative, irrespective of their employee involvement strategies. These strategies are far more relevant to the way in which organizations benefit from the new ideas brought in by a diverse racio-ethnic minority workers and innovation, and in some unexpected ways.

To find out more about the data, method and results, or to discuss the implications of this innovative study, come and join us at the UWORDC Brown Bag on Wednesday, October 6, 12:30-1:30 PM at Room 2R07 of the Ivey Building.

Note: Summary prepared by Heather Juby, CRDCN Knowledge Transfer Coordinator, based on Yang Yang and Alison M. Konrad. 2010. Diversity and organizational innovation: The role of employee involvement. *Journal of Organizational Behavior*. Published online in Wiley InterScience ([www.interscience.wiley.com](http://www.interscience.wiley.com)) DOI: 10.1002/job.724.

The analysis was carried out at the University of Western Ontario Research Data Centre. The Research Data Centre program is part of an initiative by Statistics Canada, the Social Sciences and Humanities Research Council, the Canadian Institutes of Health Research and university consortia to strengthen Canada's social research capacity.