Examining the Role of Employee Diversity Management and Employee Involvement Variation on Organizational Innovation: A Study from Pakistan

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Abstract

The current study has examined the role of cultural & employee diversity, employee diversity management, employee involvement level, and employee involvement variation on organizational innovation. In order to prove the relationship, survey based questionnaire was employed to collect the data from 844 respondents who are working in different large public and private organizations of the Punjab and Sindh provinces plus the Capital Territory Islamabad. Multiple regression was applied using SPSS version 20.0 to analyze the data. The study reveals that the employees diversity management and the employees involvement variations impact on organizational innovation. Furthermore, employee diversity and employee involvement significantly shown negative impact on organizational innovation. Ensuring the highly level of employee diversity management and employee involvement variation in employees trigger the innovation outcomes in the organization, which ultimately enhances the organizational innovation. This study provides an insight for the organization how they can increase their productivity through innovation and by proper utilizing their human resources.

Keywords: Employee diversity, employee diversity management, employee involvement level, employee involvement variation, Organizational innovation

Introduction

Employee involvement and employee diversity management have a lot of common things. These are directly having an effect on the organizational innovation (Yang and Konrad, 2011). It enhances their level of knowledge and promotes the knowledge sharing culture among all employees, also it makes decision making better (Benson, Young, & Lawler, 2006). Diversity management leads to encourage the employees to work in some unrelated situations, and with employees having different back grounds and culture (Cox, 2001). This study aims to identify that whether the diversity and its proper management along with the employee involvement level and its variation has impact on organizational innovation. Historically, diversity has no link with the organizational practices at all (Kalev, Dobbin, & Kelly, 2006), and also some studies show that it has also negative effects on organizational innovation (Heilman, Block, & Stathatos, 1997). Tomaskovic-Devey (1993) postulated that employee diversity management plays an important role in predicting and implementing new policies for the management and increases the employee involvement in social closure, and employees always try to become dominant over others by keeping resources with themselves and to maintain their power. Employee involvement plays a vital role in the diversity management and it creates harmony among different working groups. Specifically, it has been argued by Allport (1954) in his contact hypothesis that there are four things we must have to keep in mind in order to make diversity management decisions. These are equality, common goals, cooperation and institutional support.
Pettigrew & Tropp (2006) also concurred that these equalities make employee more involved in organizations to enhance organizational innovation. Employee involvement enhances teamwork and communication which provide inter-organization contacts. So, this study examines the combine effect of all independent variables on Organizational innovation. Employee involvement programs anticipates to create new knowledge to enhance organizational processes which ultimately impacts positively on financial performance (Benson et al., 2006).

**Literature Review**

Theoretically, employee involvement and employee diversity management can enhance organizational innovation. As it was proved by different researchers that organizational innovation is affected by these factors to some extent (Joshi & Roh, 2009).

**Demographic Composition and the Generativity:** Organizational innovation means that generation of new creative ideas and it is the process of having some idea and then making it feasible. The demographic composition of the employees always plays an important role to enhance organizational innovation. This is what we call the diversity of employees in the organization (Kilgour, 2006, p. 82, Leung, Maddux, Galinsky, & Chiù, 2008). Demographic composition of the employees affects organizational outcomes (Joshi & Roh, 2009). Leung et al. (2008) highlighted that information exposure from multiple cultures improves organizational performance. Cady and Valentine (1999) found empirically by studying 50 teams of 500 companies and concluded that diversity is positively associated with innovative ideas.

**Employee Involvement and Elaboration Process:** Creativity of the employees on the workplace always depends upon their level of commitment in the different tasks they are going to perform in the organization (Leung et al., 2008). It can be further elaborated that it is not only the employee involvement that matters but also the variation of their involvement during fulfilling the different tasks also matters a lot and this thing when work together, it enhances the organizational innovation (Van Knippenberg et al., 2004). Yang and Konrad (2011) postulated that elaboration process is critical and difficult for organizational diversity and for its learning. A meta analyses shows that organizational environment, within which employees work, can influence employee creativity or it can also be hindered (hirst et al., 2009). Further, evaluation of employees’ knowledge possesses myriad of barriers for employees involvement for organizational innovation. Specifically, the learning and knowledge occupied by individuals on the lower rungs of the organizational progressive system is an under-used wellspring of original thoughts that can possibly increase the worth of the organization (Batt, 2000). A significant assortment of research has demonstrated that worker inclusion projects can without a doubt result in changes to organizational items and procedures (Hunter, MacDuffie, and Doucet, 2002).

Employees involvement has numerous significant results for organizations alike on the grounds that these practices make specialists. All the more particularly, formalized practices that construct specialists’ abilities, give them self-governance and expert to decide, and remunerate them for giving an incentive to the organization prompt a condition of mental empowerment (Laschinger et al., 2001). Empowerment, feel of being important, ability, and self-assurance have been connected to significant employee manners (Riordan et al., 2005), inventive practices (Spreitzer, 1995), and significantly more serene social orders (Spreitzer, 2007). The empowerment practiced by employees in organizations using high involvement brings innovation since it connects with employees in the thought. With these practices, employees take part in more choices, share more thoughts, trade and process more data, and incorporate a greater amount of their reasoning into their work forms.

**The Categorization-Elaboration Model of Diversity:** It has been observed that more diversified group of employees working in a group for the organization and involved in decision making and policy planning can generate much better results as compared to some homogenous group of employees working for the same tasks. But the condition is that this diversified group of employees must be management properly and keep them involved in different tasks with a lot of variations. Diversity on the other hand has some negative effects of the organizational innovation too like it can create some destructive conflicts and miscommunications among other colleagues (Jehn et al., 1999). However, it also creates problems in their creativity process (De Dreu & Weingart, 2003). According to van Knippenberg et al. (2004), the conceivably negative results of diversity are inferable from what they called social categorization impacts, characterized as the differences between in-
groups, who are individually different, and out-group who are individually unlike self. Social classification brings about negative results for assorted groups because of the operation of intergroup predispositions (Brewer & Brown, 1998). Intergroup inclinations upset working connections by decreasing knowledge sharing and trust (Jehn et al., 1999). While various groups contain a bigger assortment of knowledge, learning, and points of view, the capacity of the employees to draw upon these more prominent assets is hindered if social order forms progress toward becoming activated by psychological availability of arrangement (van Knippenberg et al., 2004). It also infers that expanding the support of generally underestimated groups will just prompt positive innovation results when organizations limit the effect of intergroup inclinations through administration.

Employees involvement help organizations to stay away from/or reduce intergroup predispositions as employees arrangement changes. Practices that construct employees reinforce the certainty of all gatherings that they can contribute emphatically to the organization, which diminishes issues of low aggregate confidence and personality threat (Crocker et al., 1999). Practices that include employees in collaboration and basic leadership make more open doors for intergroup contacts over the organization. According to Pettigrew (1998) that contact is a fundamental condition that lessens intergroup preference and upgrades the probability of building positive working connections crosswise. Practices that propel employees help to connect with individuals from generally underestimated assemble by making a more positive organizational setting for them (Cox, 2001). Since, employee empowerment programs decrease personality danger, upgrade between gathering contact, and spur individuals from all character gatherings, they can possibly limit arrangement forms and boost the generative and elaboration forms in work environments experiencing statistic changes. Thus, employee empowerment projects might be very powerful to maximize organizational innovation as the nearness of verifiably minimized gatherings increments.

Research Methodology

Sample Selection & Data Collection: Employees working in private sector organizations in Pakistan have been targeted for research purpose. The current study employed simple random sampling technique for sample selection out of the total population for data collection. Survey based questionnaire technique was used for data collection and total 1500 questionnaires were distributed and the sample response rate was 56.27% which was 844. These samples were mainly collected from Punjab & Sindh Provinces and Capital Territory Islamabad.

Variables: For model development and identifying the research gap from the literature, Organizational Innovation is used as a dependent variable. Employee diversity, diversity management, employee involvement level and employee involvement variation are the other variables that may also affect the Organizational Innovation. These are independent variables in current study.

Hypothesis Development:

H1: Employee diversity would influence organizational innovation positively.
H2: The more employee diversity is managed; it would positively influence organizational innovation.
H3: Better employee involvement will lead to better organizational innovation.
H4: More variation in employee involvement will lead to better organizational innovation.
H5: Employee diversity, diversity Management, employee involvement level, and employee involvement variation have positive association with organizational innovation.
Empirical Model

In order to measure the effect of employee diversity, diversity management, employee involvement level and employee involvement variation on organizational innovation, a multiple regression technique was used for empirical analysis.

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\text{Organizational Innovation} = \alpha + \beta_1 \text{Diversity} + \beta_2 \text{Diversity Management} + \beta_3 \text{Employee Involvement Level} + \beta_4 \text{Employee Involvement Variation} + \epsilon
\]

Results and Data Analysis

Table 1: Diversity and organizational innovation

|   | Coef. | Std. Err. | t    | P>|t|  | [95% Conf. Interval] |
|---|-------|-----------|------|------|---------------------|
| _cons | 27.15603 | 0.246401 | 110.10 | 0.000 | 26.67192 - 27.64013 |
| diversity | -0.0779759 | 0.0137789 | -5.66 | 0.000 | -0.105021 - 0.0509308 |

The results show that employee diversity has a negative impact on organizational innovation. The more the employees will be diversified, the lesser will be by the organizational innovation. But this impact is a minor one as we can see that its impact is only 7.7976% negative.
The results show that employee diversity management has also negative impact on organizational innovation. The more the employees’ diversity will be managed, the lesser will by the organizational innovation. But this impact is a little higher as we can see that its impact is 19.7082% negative.

Table 3: Employee Involvement and organizational innovation

| Coef. | Robust Std. Err. | t | P>|t| | [95% Conf. Interval] |
|-------|------------------|---|-------|------------------|
| cons  | 29.5939 | 5834627 | 50.72 | 0.000 | 28.44837 | 30.7388 |

The results show that employee involvement has also negative impact on organizational innovation. The more the employees’ will be involved in the management process, the lesser will be the organizational innovation. But this impact is a little higher as we can see that its impact is 21.5942% negative.

Table 4: Employee Involvement variation and organizational innovation

| Coef. | Robust Std. Err. | t | P>|t| | [95% Conf. Interval] |
|-------|------------------|---|-------|------------------|
| cons  | 33.42285 | 5533765 | 60.40 | 0.000 | 32.33669 | 34.50901 |

The results show that employee involvement variation has also negative impact on organizational innovation. The more the employees’ involved has variation in the management process, the lesser will be the organizational innovation. But this impact is a little higher as we can see that its impact is 43.9179% negative.
Overall results show that employee diversity and employee involvement has some significant results as compared to other variables. This shows that other variables including employee diversity management and employee involvement variation will effect more negatively on the organizational innovation.

Discussion and Conclusion

Diverse organizations react more innovatively with their broader knowledge resources for creating new ideas (Kilgour, 2006; Leung et al., 2008). Important factors that are affecting organizational innovations are employee diversity and employee involvement variation in the management process. Although both also have some sort of negative results but these are of minor level. As they may be due to some error of data collection and lack of respondent towards questionnaire filling. But we can conclude as per previous studies that these are two variables which are more important in the course of achieving better organization level in Pakistan. So, the organizations must have to think about these two aspects like better diversified employee poll and more variation in their involvement level in the organizational management processes in order to increase productivity level through better organizational innovation.

Additionally, employee involvement points of view contend that including employees all the more completely in learning and basic leadership procedures will bring about the improvement of increasingly and better thoughts (Hunter et al., 2002). Coordinating these lines of contention, we anticipated that the relationship amongst different qualities and advancement would be expanded under the state of more noteworthy employee contribution, and especially with low variety in involvement where verifiably minimized and overwhelming groups take part similarly in involvement practices.

One motivation behind why an abnormal state joined with high variety in contribution practices reinforced the relationship between racioethnic differences and development could be on the grounds that under states of higher variety in involvement, few employees turn out to be required in the learning and basic leadership procedures of the involvement. The large positive relationship amongst differing qualities and development in this arrangement of foundations may well mirror the estimation of including individuals from an assortment of racioethnic group among this subset of exceedingly included employees.

Past studies have pointed at irregularity in the execution of employee involvement practices over the involvement as a noteworthy motivation behind why the aftereffects of contribution projects (Riordan et al., 2005). The three-way connection impact, includes incorporation of generally underestimated racioethnic bunches as another component that can upgrade the estimation of employee contribution. This finding proposes that at least, strengthening hones that effectively produce a high general normal of contribution crosswise over employees are required before assorted qualities progresses toward becoming related with development.

One limitation of this study is that not able to measure the hypothetical systems which clarify the joint impacts of assorted qualities and employee involvement on administrative development. Employee contribution inquire about proposes that employee strengthening (Spreitzer, 1995, 1996) is a basic procedure bringing about
development. Social conclusion hypothesis focuses on connection building and driving the basic leadership forms affecting hierarchical advancement (Tomaskovic-Devey, 1993).

References


