

CORPORATE SOCIAL RESPONSIBILITY

You May Need to Change How You Manage Diversity, Equity, and Inclusion

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Diversity, equity, and inclusion practices should target synergy from diversity to realize business case for diversity.

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You likely know that the business case for diversity holds that organizations can achieve superior performance by capitalizing on their diversity. Differences between people in their backgrounds, work experiences, and life experiences are associated with diversity of knowledge, insights, and perspectives. By sharing, discussing, and integrating these diverse informational resources, teams and organizations can create synergy from diversity to be more creative and innovative, make higher-quality decisions, and develop better solutions to challenging problems. Especially in knowledge work, diversity therefore can be a key asset.¹ What you may not know is that when it comes to realizing the synergetic benefits of diversity, the diversity, equity, and inclusion (DEI) practices that organizations commonly adopt are off-target; they can do a decent job fostering equal employment opportunity, but they are not geared to deliver on diversity's synergetic potential.² In this contribution, I outline the rationale for this conclusion and discuss along which lines companies can develop DEI practices that are more on-target to realize the synergetic benefits of diversity.

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Historically, organizations' concern with diversity (or D&I, or DEI) has been strongly informed by the discrimination and inequity associated with diversity. In many organizations, different demographic groups do not receive equitable treatment, as evidenced in for instance the barriers to entry to the organization and to advancement to leadership positions that women and people of color experience. From a social justice perspective, there is a clear case to invest in preventing such inequalities. This has resulted in a strong focus in DEI management on equal employment opportunity, the opportunity to work and advance based on merit independent of one's background in terms of gender, race, age, etc.³ Organizations need equal employment opportunity to build and maintain a diverse workforce that reflects the diversity of society at large. Equity

and inclusion are integral to equal employment opportunity because equal employment opportunity is not just about being able to enter and advance in the organization regardless of one's background, but also about equitable treatment beyond hiring and promotion decisions and about a sense of inclusion regardless of one's background. Trying to build a diverse workforce without investing in equity and inclusion is doomed to fail.⁴ This is not just important from a social justice perspective; it is also the foundation for the business case for diversity. Without the ability to build and maintain a diverse workforce, it is impossible to realize the synergetic benefits of diversity.

DEI practices focused on equal employment opportunity are not a good way to realize the synergetic benefits of diversity, however. Equity and inclusion in and of themselves are not sufficient to stimulate the processes necessary to realize these benefits. Synergy requires a specific form of teamwork and current DEI practices largely leave it up to chance whether the conditions to stimulate the teamwork to create synergy from diversity materialize. A wealth of evidence from the study of team diversity supports this conclusion.⁵ This research has considered the team processes through which synergy from diversity is created as well as the conditions that are conducive to these processes. It has done so by surveying teams in organizations, through in-depth interviews of team members, and by studying teams in laboratory settings in which variations in the team context can be introduced to study their causal effects, and it has done so over hundreds of studies. Findings from these different types of research converge on the conclusion that team diversity can be a positive influence on team performance, especially on more complex and nonroutine aspects of performance such as creativity and innovation and complex decision making. At the same time, these findings also show that greater diversity can result in lower performance, because a possible effect of diversity is that team members may have greater difficulty in building trusting relationships. These more precarious relationships may result in subpar teamwork. As a consequence, more diverse teams may perform worse than less diverse teams. What all this means is that we cannot simply put diverse teams together and then wait for the good things to happen. Absent efforts to realize diversity's positive influence, the effects of diversity can go both ways and what happens is luck of the draw.

Team diversity research shows that creating synergy from diversity requires a focused effort.⁶ To realize diversity's potential, team members need to actively seek out the diversity of perspectives in the team. They need to make an effort to understand how these diverse perspectives relate to each other and can be integrated. Integration is not compromise, however, and efforts should not be focused on generating outcomes (ideas, decisions, problem solutions, etc.) that represents everyone's contribution as an end in and of itself. Rather, the focus should be on using, integrating, and discarding contributions as is most conducive to delivering high-quality performance. Such a process of open-minded and critical sharing, discussing, and integrating of perspectives is not guaranteed to occur. One reason for this is that egos and power and status differences based on seniority or functional role, and as expressions of implicit biases according higher status to the one gender or the one race than the other, get in the way. When people act on ego, status, or power (typically closely related issues), they may not accept criticism on their contributions or be dismissive of the contributions of others. In recognition of these dynamics, others may engage in self-censorship and withhold contributions rather than get caught up in these negative dynamics. The end result is that the team underuses the potential of its diversity.

A focus on equity and inclusion is definitely helpful here but does not get you all the way. In creating synergy from diversity, there is no place for egos and reliance on one's status or power. Integrating perspectives to deliver high-quality performance is only possible when, regardless of their background, people experience the psychological safety to contribute and to critically discuss what works and does not work moving the team forward. A focus on equity and inclusion helps push egos to the background, reduce power and status dynamics, and increase psychological safety. Importantly, however, preventing the negative dynamics that diversity can spark does not equate to promoting the positive dynamics that lead to synergetic outcomes. A focus on equity and inclusion to get power and status dynamics out of the way is important in setting the stage for synergetic dynamics, but in and of itself does not stimulate these dynamics.

The reason for this is that teams and team leaders typically do not realize what it takes to deliver on diversity's promise.⁷ Teams can easily mistake an amicable discussion in which everyone contributed for a good discussion. Members can walk away from team meetings convinced that the team drew on its diverse informational resources without realizing it

only scratched the surface at best. Part of the issue here is that in teamwork there is a natural tendency to focus on reaching agreement, which can easily go at the expense of exploring different perspectives. Another part of the issue is that inclusion can be misunderstood to mean that all contributions should be incorporated, or at least should not be critically discussed, which in effect stands in the way of differentiating between more and less useful contributions. Yet another part of the issue here is that in diverse teams, it may be near impossible to be aware of what *could* have been shared, discussed, and integrated, because it is inherent to diversity of knowledge, insights, and perspectives that teams can only learn about others' unique viewpoints when they are shared. Creating synergy is something of a "chain reaction", in which the one step has to be made not just to be able to make the next step, but to even recognize what that next step could be. People typically do not enter teamwork knowing upfront everything that is worth sharing; rather they recognize what may be useful to contribute to the team in response to the teamwork as it unfolds. When teamwork stays at the level of what everyone knows already, is focused on agreeing about an idea, decision, or solution, and tries to avoid critically assessing member contributions, teams may reach closure on outcomes that did not really draw on the team's potential for synergy. A strong sense of inclusion does not prevent this and may even feed into this when inclusion is misunderstood to imply avoiding critical assessment of contributions.

What is needed to move teams beyond inadequate use of their diverse resources is what common DEI practices do *not* address: an explicit focus on sharing, critically discussing, and integrating diverse perspectives to deliver high-quality performance.⁸ Common DEI practices are focused much more on individuals' experience, including how individuals experience teamwork, than on how teams create synergy from diversity; they are focused on inclusion as an end in and of itself rather than as (also) a means to an end. Companies that seek to realize the synergetic benefits of diversity therefore likely need to extend their portfolio of DEI practices to complement their existing practices with practices explicitly focused on developing teams to capitalize on their diversity. While the current scientific evidence base does not offer a set of best practices in this respect, it does identify the key elements that such practices should incorporate.⁷

First, a simple reason why people do not do some things that are good to do, is that they do not realize that they are good to do, or do not know how to do them. This is an issue with teams' ability to capitalize on their diversity, where seeking agreement often comes more naturally than a deep dive into diverse perspectives. A foundational element in developing teams to create synergy from diversity therefore is to develop teams' understanding of diversity as a resource that can be mobilized through an effortful process of sharing, critically discussing, and integrating diverse perspectives in the pursuit of creativity and innovation, high-quality decisions, and solutions to complex problems. Second, integral to effectively using a team's diversity is teams' understanding of what each member uniquely brings to the team. Team members need to develop an understanding of each other's expertise and experiences, not to duplicate that knowledge, but to be able to understand both where others can contribute from their unique perspective and where they themselves are able to do so. This requires team building, but not in the traditional sense of developing interpersonal relationships and *esprit de corps*; rather, such team development efforts should focus on developing members' understanding of what each member brings to the team and how this complements what others bring to the team. Third, teams need to learn through experience. The first two elements – understanding how to create synergy from diversity and understanding the team's diversity – can be developed through conversation up to a point, but they only really gain meaning through action. The third element of developing teams' ability to draw on their diversity is therefore to coach the team in the process of doing so through guidance, feedback, and reflection. These three elements are mutually reinforcing and should be seen as an intertwined package to implement in combination. Because each team is unique in its diversity and how its diversity can benefit its performance, there is no one-size-fits-all, cookie-cutter way of implementing these three elements. Rather, this asks for team-specific development. This can be achieved either through DEI practice targeting team development directly or targeting team leadership development such that team leaders are able to develop their teams through the implementation of these three elements. The latter may be the route of choice for most organizations as the alternative that is more manageable in scope.

The advice here thus is to make creating synergy from diversity – diversity in the service of organizational performance – the ultimate focus of DEI practices. This may give rise to the question whether it would go at the expense of developing an inclusive workplace when

the emphasis shifts from inclusion as an end in and of itself to inclusion as (also) a means to an end. This is a fair question, but shifting emphasis to diversity as a valuable resource likely comes with important benefits for inclusion.⁶ A first reason to conclude this, is that the focus on equal employment opportunity that is common in DEI management runs the risk that a substantive part of the workforce – those people for which inclusion is far less of a concern because they are men, White, able-bodied, etc. – experience DEI as about “others” and at best concerns themselves through allyship. A focus on creating synergy from diversity, in contrast, shifts the emphasis from allyship to *partnership*. The experience of inclusion is ultimately about how others in the organization treat you and being approached as a valued partner likely invites at least as much inclusion as being approached as someone in need of allyship. A second reason to conclude that a DEI management focus on synergy from diversity is a positive influence on inclusion is that a focus on equity and inclusion from an equal employment opportunity perspective can be associated with an understanding of diversity as at best not problematic (the focus is on preventing problems, not on realizing benefits). This can result in a situation observed in many organizations that DEI is not seen as connected to core business but as something that “also” requires attention. This can for instance be reflected in DEI not being part of company strategy and in the highest responsibility for DEI lying with human resources or with DEI officers rather than with top management. In contrast, when the focus is on synergy from diversity, on diversity as integral to delivering high-quality performance, DEI is more likely to be embraced by top management as integral to how the company hopes to realize its strategic vision. This adds credibility to company claims of valuing diversity and helps build a sense of inclusion as it supports partnership more than allyship.

Thus, in considering developing their DEI portfolio to shift emphasis to creating synergy from diversity, companies do not face a choice between an emphasis on synergy or on inclusion. Rather, putting more emphasis on realizing synergy from diversity may be a *better* way to achieve inclusion than a focus on inclusion as an end in and of itself.

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