Chapter 4 Diversity and Inclusion in Talent Management for Innovation

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ABSTRACT

In a globalized world, the importance of diversity is obvious, and an inclusive work environment is necessary to manage diversity to improve organizational performance. Studies have explored the relationship between diversity, inclusion, and organizational performance, and the results obtained have been inconsistent. Past studies have also explained that unmanaged diversity is the main cause of the inconsistencies. The current book chapter carried out a detailed literature review aimed at unraveling what is known so far, what remains to be explored, and how this should be done. In doing this, the chapter developed some propositions and a conceptual model to guide future exploration. While past studies have utilized quantitative, meta-analysis, and longitudinal methodologies, the chapter recommended that more qualitative studies should be developed and analyzed using the grounded theory approach. In this way, the nuanced and multifaceted nature of the relationships would be fully unravelled.

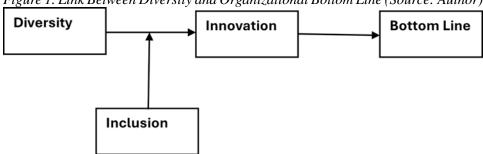
INTRODUCTION

Diversity is any dimension that differentiates people and groups in the workplace. Such dimensions include religion, political beliefs, gender, age, ethnicity, education, social status, tenure, experience, and generational differences. Diversity is compared

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to a double-edged sword. When managed effectively, it offers diverse advantages to the organization. The results of managed diversity include diverse skills and abilities, creativity and innovation, better decision-making, and organizational productivity (Mohideen *et al.*, 2024). However, when it is not managed, it produces negative outcomes such as misunderstanding, miscommunication, increased conflict, and erosion of the bottom line. Management of diversity is achieved through creating an inclusive work environment in which differences are valued, respected, and supported. Figure 1 below demonstrates the relationship between diversity, inclusion, innovation, and organizational bottom line.

Figure 1. Link Between Diversity and Organizational Bottom Line (Source: Author)



An inclusive work environment makes people feel respected and valued, irrespective of their differences. For example, an inclusive work environment will recognize, appreciate, and value gender differences. According to Global Diversity Practices (2024, p.2), "Diversity is the mix, and inclusion is getting the mix to work well together". When diversity is managed through an inclusive work environment, talent management is made effective since diversity makes it easier to attract, recruit, and retain employees in an environment that values differences. Thus, diversity and inclusion will make a talent management strategy more effective.

Much has been written about diversity, inclusion, and the relationship between innovation and talent management (Karamat *et al.*, 2024; Koushik & Dixit, 2024; Szymanska & Aldighieri, 2017). While innovation is a powerful driver of organizational growth, Koushik and Dixit (2024) posit that the people part of innovation needs to be adequately developed. The authors claim that organizations want employees to be innovative, but the environment created may need to be more conducive to innovation. For example, most job descriptions do not contain skills that drive innovation. In a study by Prasu (2017), the author asked people if they had a job description with skills for innovation, and only 27% answered yes. Only 3% agreed they have documents that indicate the innovative skills required in their roles. This implies that organizations know the importance of innovation in driving superior

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