



INNOVATION AND LEARNING: A TOOLKIT FOR DIVERSITY MANAGEMENT

Programme for the Practice of Diversity Management

**Department of Immigration and Multicultural and Indigenous Affairs in
Cooperation with the Australian Centre for International Business**

INNOVATION AND LEARNING: A TOOLKIT FOR DIVERSITY MANAGEMENT

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Foreword

The Programme for the Practice of Diversity Management has produced a range of diversity management resources. This Toolkit explains how organisations can achieve greater innovation and more effective learning through diversity management.

Resources for Diversity Management

The Business Case:

HRM Case
Knowledge Firm Case
International Business Case
Marketing Case
Theory of Diversity and Group Performance

Business Models:

Diversity Management: The Big Picture
Capturing the Diversity Dividend
Engaging Senior Managers
From Compliance to Strategy
Managing Diverse Human Resources Effectively
Adding Value Through HRM
The Innovation and Learning Advantage from Diversity
Managing Diverse Teams
Going Global
Expatriate Management

Toolkits:

Attract, Retain and Motivate
Adding Value Through HRM
Effective Management of Diverse Teams
Innovation and Learning
Using Diversity Climate Surveys
Building Cross-Cultural Capabilities
Keys to Expatriate Success
Engaging Senior Managers

PROGRAMME FOR THE PRACTICE OF DIVERSITY MANAGEMENT

The Programme for the Practice of Diversity Management is a collaborative arrangement between the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) and the Australian Centre for International Business (ACIB) funded through DIMIA's Productive Diversity Partnership Programme.

The mission of the Programme for the Practice of Diversity Management is to meet the practical needs of business by developing a business case for productive diversity, providing business models for diversity management, and creating toolkits and checklists for assessing diversity. The Programme invites your firm to become a member of the electronic Diversity-Network, which brings Australian business together to promote good diversity practices.

Join the diversity network on-line at <http://www.ecom.unimelb.edu.au/acib/diverse>

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Introduction to the Innovation and Learning Toolkit

The Programme for the Practice of Diversity Management's *The Innovation and Learning Advantage from Diversity: A Business Model for Diversity Management* argued that an organisation will achieve greater innovation and more effective learning through diversity management. The Model demonstrated that such learning and innovation represents a knowledge advantage for the organisation, which may result in higher profits.

The *Business Model* identified three action areas with associated key steps. The action areas are:

1. Establishing diverse work teams
2. Resourcing teams
3. Nurturing a learning environment

Action areas 1 and 2 are covered in *Effective Management of Diverse Teams: A Toolkit for Diversity Management*. This Toolkit explores area 3. The action area includes six key steps. They comprise:

Nurturing a learning environment

1. Audit knowledge
2. Audit learning
3. Establish learning and innovation goals
4. Foster creative abrasion
5. Establish feedback loops
6. Reward learning and innovation

This Toolkit provides strategies for implementing these key steps.

What Are Toolkits?

A Brief Guide To Using This Toolkit

The Programme for the Practice of Diversity Management has developed a range of Toolkits to provide guidance to, and examples of, the potential paths to effective diversity management. The Toolkits accompany a set of Business Models.

The Business Models are targeted at HR Managers and Senior Managers to assist in developing a strong business case argument to present to their CEO, their Board and their line/business managers.

The Toolkits are designed to assist in the operationalisation of the commitment to diversity management. The target audience is those individuals with functional responsibilities in the relevant areas e.g. HR, recruitment and training officers.

Each Toolkit involves a number of action areas and/or key steps. Action areas tend to reflect a particular set of functional requirements e.g. recruitment, expatriate selection, training and awareness. The key steps represent a potential implementation strategy in that area.

Each Toolkit is related to at least one of the Business Models. Often it will be more. A number of the Business Models suggest action areas and key steps from more than one Toolkit.

As there is often crossover, rather than replicate an action area or key steps, the Toolkits will, where appropriate, refer the reader to another of the Programme's Toolkits. All Toolkits will be available from the Programme's website.

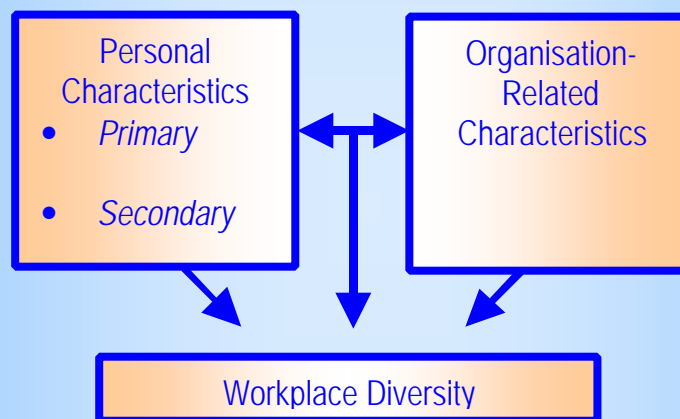
Overleaf are two [Briefing notes](#): *Defining diversity* and *The value of productive diversity*. Briefing notes are designed to aid your understanding of the rationale for adopting these strategies.

Briefing notes

Defining Diversity

Diversity is all the ways in which individuals differ, both on a personal basis and in terms of organisation-related characteristics. These characteristics are broadly categorised into observable and unobservable characteristics. Observable and unobservable characteristics include race, ethnicity, gender, age, tenure, functional background, sexual orientation, socio-economic status, education, physical and mental ability, values, and attitudes (see figure below). The recognition of the complexities of 'diversity' as a multivariate concept forms part of the agenda for better understanding the complexity of productively managing diversity at work.

Components of workplace diversity



Productive diversity management concerns itself with managing teams with diverse members to better communicate with one another. To sustain and develop competitive positions, Australian firms turn to their human resources for creativity and innovation. Creativity and innovation rests on the acquisition, dissemination and reaction to new knowledge. The success of this process depends on the employees' ability to share their diverse ideas and insights. Diverse teams have the potential to see problems from many different perspectives, contributing to enhanced decision-making, problem solving, and innovation. However, dysfunctional in-group and out-group behaviour may repress diversity capabilities. In-group or majority group members tend to marginalise out-group members, capping the potential pool of information. Dissatisfied out-group members tend to be less committed and more likely to engage in withdrawal activity. To achieve the HRM objectives of attract, retain, and motivate, Australian firms must adapt their HRM strategies to the diversity demands of their work force.

Briefing notes

The value of productive diversity

In addition to HRM cost reduction and minimisation benefits, there are clear performance benefits to be captured from diversity management. Once employees experience improved quality of work life, their contribution to decision-making and problem solving increase. As the group develops diversity capabilities, it is more likely to access and utilise latent information for enhanced creativity and innovation. These improvements flow through to bottom line benefits for the organisation.

The information and decision-making perspective purports that diversity is beneficial for group performance. Diversity will bring new knowledge, skills, information, and unique perspectives to the group. Diversity brings to the group greater potential access to information that can promote creative and innovative behaviour, enhancing decision-making, creativity and innovation. The information and decision-making approach predicts three positive diversity effects on group processes: diversity will increase the cognitive processing demands of work groups; diversity will improve analysis in the group, leading to more careful analysis of issues; and diversity will lead to better use of information in the work group. However, harnessing the diversity dividend rests on the ability to manage productive diversity.

Introduction to the Establishing Diverse Work Teams Action Area

Diverse teams will outperform homogenous teams as they draw on a greater pool of ideas and because their interaction will produce better solutions.

Diverse teams that are poorly managed and where team members do not have the requisite skills and understanding to communicate effectively and manage conflict will under-perform. Poor experiences with such teams, or the tendency of like to select like may reduce the occurrence of diverse teams in many organisation.

This may mean there is a need to be more proactive in seeking greater diversity within selected teams. It may take an explicit policy of team diversity to achieve the desired results. Positive work experiences within such diverse teams will have positive spill over effects to the rest of the organisations and may generate broader support for greater diversity within the organisation.

Team members must be selected on the basis of their skill sets and expertise. It is important that there is a clear vision of the desired learning outcomes and how team diversity may contribute to these outcomes. Also team members should develop an understanding of how diversity is contributing to their learning.

The five key steps in this area are:

1. Use existing diversity data
2. Consider desired work outcomes
3. Shortlist candidates
4. Select candidates
5. Inform teams of diversity rationale

These key steps are expanded upon in *Effective Management of Diverse Teams: A Toolkit for Diversity Management*. (see Action Area: Selecting and Structuring Teams).

Introduction to the Resourcing Teams Action Area

The key to innovation and learning with diverse work teams is providing the team members with the necessary skills to function efficiently. Adequate resources must be provided to guide diverse teams through early-stage hurdles. Training of team leaders and members is critical to the performance of diverse teams.

Teams must understand the likelihood of conflict and of communicative dissonance. There needs to be recognition that some forms of conflict can be very constructive. Likewise, the value in different views and means of expression must be emphasised.

Many of the issues around isolation of under represented groups can be tackled by acting to build a stronger team identity that embraces difference as a positive. It is also critical that diverse work teams be given time to develop these skills.

The six key steps in this area are:

1. Assess needs
2. Provide communication training
3. Provide conflict management training
4. Encourage the valuing of difference
5. Develop team identity
6. Give the team time

These key steps are expanded upon in *Effective Management of Diverse Teams: A Toolkit for Diversity Management*.

Introduction to the Nurturing a Learning Environment Action Area

Learning is conflictive by nature. Learning is also experiential. Situations where individuals and groups find their existing mindsets, beliefs and knowledge sets challenged will produce effective learning. This is more likely to happen when there is diverse mix of participants and an environment in which all individuals feel their views are valued.

Diverse workplaces have a greater capacity to tackle more complex problems and produce better solutions. They outperform homogenous workplaces as they draw on a greater pool of ideas and because their interaction will produce better solutions.

The aim of the learning organisation is to profit from the pooled knowledge of its employees, the organisational knowledge that is developed and from the learning and innovation that results. Learning cannot be taken for granted. It is a process that needs to be guided and coordinated. While individuals may, almost unconsciously, learn, it is crucial that the organisation creates some mechanisms whereby new knowledge and ideas are communicated and harnessed by the organisation.

An environment of communication must be created, coupled with appropriate reward practices.

Step one: Audit knowledge

The purpose

- To assess the knowledge base of the organisation
- To assess the diversity of knowledge within organisation
- To develop a best practice knowledge management strategy

The process

- Audit employees' knowledge
- Measure knowledge diversity
- Consider organisational knowledge

Auditing employees' knowledge

A clear starting point for enhancing knowledge management, learning and knowledge creation is developing a clear understanding of the knowledge stocks of the organisation.

Firstly, examine knowledge at an individual level. This should not be a foreign process for organisations, as employees are often evaluated in terms of their knowledge. Skills sets and experience reflect knowledge that employees should possess. Employees attempt to chronicle their knowledge in CVs and when profiling themselves for performance reviews and internal job applications. HR departments regularly run skill audits or keep skill inventories.

A knowledge organisation should attempt to set up a database of employee skills, experiences and knowledge. It may be most effective to allow employees access to their records on this database so they can add in any new knowledge they acquire or modify. Consider keeping this information within an integrated Human Resource Information System.

Knowledge is not typically an easily defined term. A number of views of knowledge are discussed in [Briefing Note *What is knowledge?*](#)

In surveying employees about their knowledge, consider distinguishing between different sorts of knowledge:

1. **Functional knowledge** - skills and the understanding of particular tasks or process
 - Can employees identify and explain the knowledge they have acquired in different roles and situations?
2. **Formalised knowledge** – education and training
 - List educational achievements and trade qualifications
3. **Life knowledge** - experience gained outside of the work environment
 - Encourage employees to identify useful life experiences that make them a more valuable employee
4. **Cultural knowledge** - understanding from being part of a particular cultural group or from extensive interaction with such groups
 - Encourage employees to acknowledge and express their cultural identification(s), language skills and belief sets
5. **Knowledge capacity** - scope for acquired learning
 - Consider recording data from psychological and other tests that may indicate capacity and/or willingness to seek out and absorb new knowledge
6. **Knowledge gaps** – opportunities for learning
 - Encourage employees to identify gaps in their knowledge.
 - This should not be viewed as a negative *per se*, but rather as an opportunity to learn.

Measuring knowledge diversity

While organisations clearly will be concerned with the depth of knowledge within their group of employees, it should not be ignored that a great deal of value and opportunity lies in the breadth. Learning and innovation will happen when existing knowledge is challenged.

Attempt to build measures into the knowledge management system that identify the degree of difference in the knowledge within the organisation. These measures could be as simple as a raw count of the different responses to each question. More complex measures may include:

- Standard deviations from the median or mean
- Generating some taxonomy of different categories with each knowledge variable and observing the deviations
- Creating an index of difference from an identified *typical employee* that incorporates all variables.

This may involve adapting the HR information systems and avoiding narrowly defined input options (such as drop down boxes of only three or four categories). The temptation to capture all data must, of course, be tempered by practicality concerns.

Employees should be educated as to the aims of the knowledge audit process as only with trust and understanding will they be willing to think about and share such information.

Considering organisational knowledge

Knowledge also exists at an organisational level. It represents the competitive advantage the organisation may have in producing and delivering a good or service. It is a way of doing things that distinguishes it from other organisations and may be the justification for the organisation's very existence.

It is important that an organisation has an understanding of how employees contribute, understand and interact with this organisational knowledge.

A useful way to frame the organisational knowledge questions is to identify:

1. **Procedural knowledge** - this is often referred to as *know-how*.
 - Can employees articulate the business **processes** of the organisation, and apply to them to a range of scenarios and problems?

2. **Declarative knowledge** - this is often referred to as *know-why*.
 - Can employees articulate the business **strategies** of the organisation, and apply to them to a range of scenarios and problems?

Briefing notes

What is knowledge?

Knowledge is important and crucial to the success of business activity. Defining knowledge is, however, not easy. Simple distinctions can be drawn between *information* and *knowledge*, and between *explicit* and *tacit* knowledge.

Information is generally described as a flow of messages or meanings. It may be unprocessed. It may contribute to the production of knowledge. Knowledge may be seen as a sub-set of information, in that knowledge may be information that has been *made sense of*.

Knowledge can be broken into two simple categories - *explicit* and *tacit* knowledge.

Explicit or *codified* knowledge is best identified as knowledge that can be easily communicated, shared and compiled. It may take the form of instructions, manuals, formulae or product specifications. Such knowledge may be protected as intellectual property via mechanisms such as patents, copyrights or trade secret protection.

Tacit knowledge is harder to formalise and communicate. It has been described as *knowing how* rather than *knowing about*. It may include processes - both at individual and an organisational level. Tacit knowledge includes individuals' cognitive methods - their *mental models*. This refers to the beliefs, viewpoints, methods of reasoning, and intuitions that an individual may use in approaching and processing information. It also involves the know-how and skills that individuals apply to tasks.

Knowledge represents a resource for an organisation if it is difficult for other organisations to replicate or acquire in the market. Tacit knowledge, imbedded within individuals or routines, will be harder to replicate than explicit knowledge. The tacit knowledge retained by individual employees will not continue to be a resource for a given firm if that individual severs their employment relationship with that firm.

Clearly individuals all bring different knowledge to a situation and a workplace. Their knowledge will be shaped by their experiences - work and personal, their cognitive methods and their cultural understandings. The degree of variation will reflect the demographic diversity of the group. Homogeneity in terms of gender, age, cultural background, education levels, functional roles etc. will typically see a narrower range of knowledge sets relative to a more diverse group.

For further discussions of these definitional issues and the relevant academic references see *The Knowledge Firm Business Case for Diversity Management*.

Step two: Audit learning

The purpose

- To assess the learning processes of the organisation
- To recognise differences in learning
- To identify potential learning gains

The process

- Examine learning processes
- Identify differences
- Highlight value in differences

Examining learning processes

The role of learning is discussed in [Briefing Note *What is learning?*](#)

The primary concern is with the informal processes of learning (versus any formal training procedures). The interest is in how employees share knowledge with each other, and engage with knowledge as it is presented to them on a day-to-day basis.

Methods for examining learning include:

- *External observation of learning* – engage consulting specialists to observe learning in the workplace
- *Survey* – question employees about their learning techniques
- *Using knowledge audit data* – noting and tracking changes in knowledge as it is entered into the knowledge database

Questions to ask of someone's learning style include:

- Do they absorb information quickly?
- Do they absorb visual information easily/well/quickly?
- Do they absorb written information easily/well/quickly?

- Do they absorb spoken information easily/well/quickly?
- Do they typically ask why, or do they ask how?
- What sort of information do they seek out?
- Would they be described as *left-brain* or *right-brain* thinkers? i.e. do they adopt an analytical, logical, sequential way of thinking about problems and problem-solving or an intuitive, values-based, non-linear approach
- Do they learn easily/well/quickly by imitation?
- Do they learn easily/well/quickly when presented by a theoretical argument?
- Do they challenge the views of others?
- Do they show an understanding of other employees' learning methods?
- Do they respond well to challenges from others?
- Are they excited by new ideas?
- Do they respond well to alternative knowledge delivery methods?
- Do they realise, codify and report their learning and knowledge easily/well/quickly?

Identifying differences

The *value in diversity* argument rests on the greater returns from differences in learning styles. As with knowledge (see [Step one](#)), it is important that the organisation identifies and understands the different ways in which individuals learn.

This information can then be fed into the development of:

- Communication strategies
- Team formation
- Knowledge delivery

Highlighting value in differences

Differences in learning can cause significant communication difficulties. This may cause some disharmony within the workplace. Employees

may tend to be drawn to other like-thinking employees due to the greater ease of communication and the likelihood of lower conflict.

To overcome these tendencies:

- Communicate to employees the rationale for investigating learning styles
- Establish that all styles are appropriate if they act to expand and improve the knowledge base
- Emphasise the value in learning from others
- Emphasise the value in developing a range of learning styles
- Develop programmes and a culture that encourages improved learning
- Seek a mix of learning styles on projects and in teams
- Develop strategies to improve the communication techniques within teams and across the workplace in general (see [Step four](#))

Briefing notes

What is learning?

Learning is the process of acquiring, adapting, synthesising and challenging existing knowledge. It is said to occur at a range of *levels* - from low-level rote learning and skill acquisition, to higher-level re-evaluations of fundamental processes and beliefs.

Some learning is a cumulative process where existing understandings are validated, updated and augmented with further knowledge. Other learning will involve direct conflict of ideas, with existing understandings challenged and debated, and potentially the result that new understandings emerge.

This learning will happen at both an individual and an organisational level. The role of the *learning organisation* or *knowledge firm* is to utilise the way in which its employees adapt, transform and build upon their knowledge bases. The aim is to harness this learning in such a way that the organisation benefits from it and that the learning represents positive changes to organisational routines and strategies.

A diverse workplace will experience learning differently to homogenous workplace. Differences in communication styles and the greater mix of mental models and value sets will see greater clashing of ideas. Existing views will be more regularly challenged. More situations will arise where individuals are forced to explain their approach to a problem.

The challenge for managers is ensuring employees feel comfortable within these clashes, and see the conflict as manageable and productive. It is also crucial that the tendency towards in-group, out-group behaviour is avoided.

For further discussions of these definitional issues and the relevant academic references see *The Knowledge Firm Business Case for Diversity Management*.

Step three: Establish learning and innovation goals

The purpose

- To create an learning culture
- To develop a common purpose
- To allow rewards for learning and innovation

The process

- Consider desired environment
- Consider desired outcomes
- Articulate goals

Considering desired environment

Learning will prosper in an environment where individuals and groups find their existing mindsets, beliefs and knowledge sets challenged. This is more likely to happen when there is diverse mix of participants and in an environment in which all individuals feel their views are valued. The challenge for managers is ensuring employees feel comfortable within these clashes, and see the conflict as manageable and productive. It is also crucial that the tendency towards in-group, out-group behaviour is avoided.

It is important to discuss the desired environment with the employees. Highlight the importance of:

- Questioning the current ways of doing things
- Questioning the views put forward by others
- Challenging in an appropriate fashion
- Articulating and sharing new ideas
- Developing strong and agreed ground rules

Consider the way in which to achieve such an environment. Discuss the impact of:

1. Current communication methods

- Are new ideas and processes explained adequately?
- Should they be presented differently? e.g. more visually, at greater length, personally, through a hands-on demonstration, in a manual

2. Existing knowledge management structures and procedures

- Is knowledge easily accessed?
- Is knowledge easily understood?
- Is knowledge regularly updated?
- Do all employees have equal access?
- Can/do employees regularly seek knowledge from others?

3. Workplace design

- Is communication easy/difficult?
- Can employees regularly observe others at work?
- Is there space allocated to learning?
- Is there significant scope for interaction with other employees?
- Are there adequate visual prompts and aids?
- Are resources such as files, books, magazines, journals, diagrams and tools easily accessible?
- Do employees with different functions, responsibilities and hierarchical status regularly interact?

In response to these findings, consider the modification and changes that may be necessary and articulate the likely payoffs of such change.

Considering desired outcomes

It is important to understand the learning aims. Learning should result in innovation. The importance of innovation is discussed in [Briefing Note *What is innovation?*](#)

Tie learning aims to the strategic aims of the organisation. Identify areas in which learning is most important. Consider the existing competitive advantages of the organisation. It is about doing what you do well even better.

Does the organisation have an advantage in, for example:

- Speed of service delivery?
- Product design?
- Marketing?
- Understanding of global trends?
- Quality of service delivery?

Identify a number of priority areas where learning should be focused. Do not, however, ignore the possibility of also improving on weaknesses.

Encourage employees to understand their role in:

- Building on their existing knowledge and skills
- Contributing to new ways of thinking
- Communicating new ideas to their colleagues
- Considering the market applications of new knowledge and learning
- Linking their learning to the strategic goals, strengths and weaknesses of the organisation

Articulating goals

It is important that all employees, particularly managers, have an understanding of the desire for learning and new ideas within the organisations.

The desired environment and outcomes must be communicated throughout the organisation. Link these outcomes directly with the strategic vision and aims of the organisation. Identify the associated

competencies and include them within job requirements and key performance indicators.

For example, learning, learning facilitation and innovation competencies might include:

- Understanding of learning styles
- Respecting other people's values
- Presenting new ideas
- Investigating cause-and-effect relationships
- Understanding of organisational strategies
- Articulating value of learning
- Challenging existing processes
- Offering procedural changes
- Providing resources for learning
- Bringing a new product/service to market

The issue of rewarding learning and innovation is discussed in [Step six](#).

Briefing notes

What is innovation?

Innovation is about transforming a new idea into a new process, product or service. It reflects a learning outcome, as it involves making new knowledge or understandings explicit.

Innovation is a term with a distinct meaning in economics and business strategy literature:

"... the process of applying a new idea to create a new process or product" (Galbraith 1996:357);

or

"... the generation of a new idea and its implementation into a new product, process, or service...to a creation of pure profit for the innovative business enterprise" (Urabe 1988:3).

The key distinction is the development of a marketable good or service, or an organisational change that improves efficiency. As Urabe (1988:3), explains

"...innovation is... an economic concept rather than a technological one. However marvellous technological invention may be, it does not constitute innovation if it creates no growth or pure profit..."

Therefore, these new processes, products or services must be of value. The aim of innovating is to generate a competitive advantage. Innovation is the key to growth and dynamism in the business world. The aim of a knowledge organisation is to create and nurture an environment where innovation is expected, respected and rewarded. Ideally a knowledge firm will develop capabilities in innovation in various chosen areas.

Sources:

Galbraith, J. R. (1996), 'Designing the innovating organisation', in K. Starkey (ed), *How Organisations Learn*, London, Thomson

Urabe, K. (1988), 'Innovation and the Japanese management system', in K. Urabe, J. Child and T. Kagona (eds), *Innovation and Management: International Comparisons*, Berlin, Walter de Gruyter

For further discussions of these definitional issues and the relevant academic references see *The Knowledge Firm Business Case for Diversity Management*.

Step four: Foster creative abrasion

The purpose

- To foster debate and interaction
- To create a more innovative environment
- To improve knowledge exchange

The process

- Open communication channels
- Create a culture of debate

Opening communication channels

Employees must be able to communicate freely.

- 1. Ensure employees have the appropriate communication skills**
 - For appropriate communication training strategies see *Effective Management of Diverse Teams: A Toolkit for Diversity Management*
- 2. Nurture an environment where a diverse range of employees is willing and able to share their views, knowledge and learning. For example,**
 - Cross functional
 - Cross hierarchical
- 3. Establish a wide range of communication forums**
 - Formal
 - Informal
 - Face-to-face
 - Intranet based
 - Static
 - Dynamic
 - Verbal

- Written
4. **Emphasise the importance of sharing information, knowledge and learning**
 5. **Tap into externally generated knowledge and learning, from:**
 - Educators
 - Consultants
 - Customers
 - Suppliers
 - Other business contacts
 - Community contacts
 - Retired employees

Creating a culture of debate

Higher-level and higher quality learning occurs in environments where there is debate of existing knowledge. This is often referred to as *creative abrasion* (See [Briefing Note Creative Abrasion](#)).

1. **Create diverse project teams or breakout groups to discuss issues**
 - Seek a mix of skills, backgrounds, languages, mental models etc. ([Effective Management of Diverse Teams: A Toolkit for Diversity Management](#))
2. **Discuss role of constructive conflict**
3. **Reduce likelihood of personal conflict**
4. **Establish debating forums**
 - Formal debates
 - Ideas fairs
 - Hypotheticals
 - Within this context encourage employees to present the view of particular groups. For example
 - "In my culture..."

- "From an engineer's perspective..."
- "In the 1960s we..."
- "As a woman..."
- "In my language..."
- "As a new employee..."
- Occasionally ask employees to present from someone else's perspective

Briefing notes

Creative Abrasion

The notion of conflict is essential to the innovation process. In a 1997 **Harvard Business Review** article, Leonard and Straus popularised the term *creative abrasion*. Innovation, the authors argue, breeds in a space where “different ideas, perceptions, and ways of processing and judging information collide”. The value of this diversity is the way in which these ideas, perceptions and ways of processing and judging information grate against each other to produce new ways of thinking and doing, and therefore, innovation.

As Leonard and Strauss say,

“the manager successful at fostering innovation figures out how to get different approaches to grate against each other in a productive process we call *creative abrasion*.”

To be creative and foster an environment for innovation, managers need to ensure individuals interact with those who support their way of thinking, and also those who challenge their way of thinking, their ideas, and perceptions. Creating an environment where individuals can engage in constructive conflict propels the creative and innovative process. The value of the team as a whole is in the diversity of talent, backgrounds, perspectives, expertise and so on.

Problems can occur when people don't understand or recognise the value of thinking differently and conflict becomes personal and the creative process stalls. But providing training and information on the value of difference can spark the process, as people become aware of the power of difference working together. Teaching people that constructive conflict fuels innovation, and personal conflict destroys it helps teams to reach and exceed their goals. Reframing what members mean by *conflict* can help teams to work more productively.

See further: Dorothy Leonard and Susaan Straus, 'Putting Your Company's Whole Brain to Work', published in *Harvard Business Review* July-August 1997, pp. 111-121.

Step five: Establish feedback loops

The purpose

- To ensure continuous learning
- To more explicitly recognise and codify new knowledge
- To ensure organisational learning

The process

- Embrace and encourage double loop learning
- Facilitate communication of breakthroughs (and failures)
- Create and store *knowledge artefacts*
- Communicate value of diversity

Embracing and encouraging double loop learning

Double-loop learning is a fundamental precursor to innovation. The revolutionary shock to existing *ways of doing* is key to the development of new ideas, new processes, new products and services (See [Briefing Note *Double-loop learning*](#)).

Encourage such learning by challenging employees to:

- Examine the logic for performing a task in a particular fashion
- Encourage examination of *fundamental* questions
- Explain their view on current processes with an *outsider*, such as a colleague from a different functional area, different hierarchical level etc.
- Ask “Why can’t we do this?” or “Why do we do it this way?”

Facilitating communication of breakthroughs (and failures)

It is important that new ideas and knowledge are communicated and re-examined. Establish forums and mechanisms for communicating innovations by:

- Ensuring it is a regular item on agendas for meetings
- Establishing an *innovation notice board* (physical or virtual) or a *new learning column* in newsletters
- Establishing an innovation committee

It has been said that an organisation that has never had failed attempts at innovation is an organisation that doesn't take enough risks. Be equally willing to communicate the failed ideas and projects. They are also learning experiences. Communicating them may also spark a new response from some employee(s) not originally involved in the project.

Likewise communication of new ideas may throw up new challenges from other employees, thereby facilitating further learning and perhaps greater innovation.

Creating and storing knowledge artefacts

Knowledge artefacts are those sets of rules, propositions, procedures, structures, tools, products and services that represent and signify the knowledge of the organisation.

It is important from the organisation's perspective that such knowledge is kept as it represents the competitive advantage of the organisation, and can easily be diluted or lost with employee departures.

Creation of such artefacts is important from the employee's perspective as it represents the stock of knowledge on which new knowledge and learning and can be based.

Creating an environment and culture as outlined in the previous four Steps should ensure the creation of such artefacts. It is important to consider, however, the format and content of such artefacts from the perspective of diversity:

- Is the knowledge clearly understood by all appropriate employees?

- Is the knowledge easily accessed by all appropriate employees?
- Is it stored and communicated in the range of fashions that will attract and inspire a range of employees? e.g. visual, written, different language styles
- Does the knowledge represent the understandings of all appropriate employees?

Communicating the value of diversity

There is a danger the diversity message is lost on occasion and that employees and managers *forget* the rationale for seeking a greater mix of views, knowledge and understanding.

- Emphasise the impact different views have had in generating new knowledge
- Highlight the process of learning, debate and challenge that has led to a new process, product or service
- Acknowledge and applaud the fact that ideas are forced to contend and that new ideas may have sprung up from non-traditional sources
- Challenge employees to present their learning and new ideas in non-traditional fashions

Briefing notes

Double-loop learning

Argyris and Schön (1996) distinguish between two forms of learning: *single-loop* and *double-loop* learning. The loops here are feedback loops.

Single-loop learning involves inquiries that add to the knowledge base or routines of the organisation without altering the nature of the organisation's values, norms or activities. This has also been described as *supplementing of existing knowledge* (Dodgson 1993) or *low-level learning* (Bloom 1956). For example, applying the same business rules one has learnt in a previous situation to a new problem and the resultant outcome would be considered single loop learning.

Double-loop learning is more substantial and transformational, as it
"...results in a change in the values of theory-in-use, as well as in its strategies and assumptions" (Argyris and Schön 1996:21).

The process of learning here is much more reflective and revolutionary. For example, some inconsistency in operations may lead to inquiry, but rather than a solution being found and subtle but consistent changes implemented, as occurs in single-loop learning, the inquiry leads to a change in the way things are done.

Double-loop learning represents greater adaptivity and change and as a result, greater or more substantive (and hopefully more valuable) innovation.

Sources:

Argyris, C. and D. A. Schön (1996), *Organizational Learning II: Theory, Method, and Practice*, Reading, Massachusetts, Addison-Wesley

Bloom, B.S. (Ed). (1956), *Taxonomy of Educational Objectives Handbook 1: Cognitive Domain*, New York: Longman, Green & Co

Dodgson, M. (1993), 'Learning, trust and technological collaboration', *Human Relations* Vol. 46

For further discussions of these definitional issues and the relevant academic references see *The Knowledge Firm Business Case for Diversity Management*.

Step six: Reward learning and innovation

The purpose

- To provide appropriate incentive to employees
- To reinforce culture of learning and innovation

The process

- Establish learning performance measures and reward schemes
- Establish innovation performance measures and reward schemes

Establishing learning performance measures and reward schemes

Developing learning performance measures encourages employees to embrace learning as a valuable day-to-day activities. Linking these measures to remuneration and promotion will reinforce this behaviour.

Develop measures that:

- Identify new learning
- Prioritise and emphasise double-loop learning
- Include cross-functional and cross-cultural learning
- Quantify the impact and value of learning
- Identify the degree to which learning has been successfully communicated, adopted and adapted through the team, division and organisation
- Acknowledge different types of learning
- Include breadth of learning as well as depth

Measure learning at an organisational, divisional, team and individual level, and develop reward mechanisms at each level.

Include learning competencies in performance reviews, such as those outlined in [Step three](#).

Establishing innovation performance measures and reward schemes

Innovation is more easily identified, measured and rewarded.

Establish measures such as:

- New processes successfully introduced on production line
- New processes successfully introduced administratively
- New products in development
- New products in market
- New service delivery methods in development
- New service delivery methods offered to customers

Attempt to quantify bottom line gains from these innovations:

- Did sales increase?
- Did profits increase?
- Did the organisation's customer base expand?
- Is this new customer base more diverse?
- Is this product/service viable in culturally different markets?
- Were there cost savings?

Build innovation into the Key Performance Indicators of managers and employees. Avoid punitive measures against those involved in failed innovation, unless failure can be identified as a result of incompetence, systematic errors or managerial failure.

Checklist Of Key Steps

Nurturing A Learning Environment Action Area

Step One: Audit Knowledge ?

Step Two: Audit Learning ?

Step Three: Establish Learning And Innovation Goals ?

Step Four: Foster Creative Abrasion ?

Step Five: Establish Feedback Loops ?

Step Six: Reward Learning And Innovation ?