

# CHAPTER I

## INTRODUCTION

### 1.1 Background of Research

Business on its run will try to meet the market demand or create consumers need. In order to sustain, business will have to undergo continuous improvement. Therefore, the word innovation is no longer a new term. Innovation is one of the most important concerns of many organizations and its role in order to create development and coordination of the market is inalienable (Tohidi & Jabbari, 2012). Business and innovation are inseparable from each other, innovation is essential in order to expand and develop business. Innovation itself widely considered as the life blood of corporate for its survival and growth. It is recognised to play a central role in creating value and sustaining competitive advantage (Baregheh et al., 2009).

As already mentioned before, innovation is important because it influence the longevity of business. Diversity has also been tied to several other performance indicators in organizations including sustainability (Cox et al., 1991), and productivity (Barta et al., 2012). Innovation is one form of adaptation towards the current situation and changes of the upcoming future. Innovation is an important means for achieving competitive advantage, organisations can gain competitive advantage only by managing effectively for today while simultaneously creating innovation for tomorrow (Tushman & Nadler, 1986). Accordingly, the number of scholarly works dealing with innovation has

increased tremendously over the last decades (Mumford, 2000), proving that innovation remain crucial.

Diversity on this matter create a heterogenous workforce. Recruiting more people into the organization adds more diverse dimension which later leads into creating a larger diversity in the workplace. Diversity in the workplace involves bringing management contributes to creativity and productivity, together people with different backgrounds, religions different cultures and clients, new solutions to difficult and age groups into a cohesive and productive unit (Sundari, 2018). Talking about diversity will not only talking about it on surface-level, but also on deeper level. The way individuals think and perceive things is also what needed to be considered as diversity, this usually related to norms and values that individuals possess. Ethnic and races are what visible to the eye while on the other hand, beliefs and values are things that need time to be unveiled. Enhancing diversity will help companies and organizations to create a better work environment and outcome. The addition of people across the globe has increased dynamic in the workplace. As we all already know that behaviour, preferences and characteristics of people differs from one another. Therefore, this will influence the work outcome of every individual.

Diversity among workforce results in positive affects like creativity, problem solving, innovation but on other hand diversity may results in some negative aspects like increasing conflicts, decreasing group performance and decreasing group cohesiveness (Kreitz, 2008). The negative consequences are what to be hindered by every company and organization while positive outcomes

such as creativity, problem solving, and innovations is the main aim of global recruitment. It is mentioned before that one of many positive outcomes of diversity in the workplace is innovative work behaviour. Innovative work behaviour itself is defined as the behaviour of an individual that is intended to intentionally create, introduce, and apply new ideas, processes, or products (Onne Janssen, 2000). Innovative work behaviour is one thing that is being nurtured by every company, and adding diversity to the workplace will increase the chance of having it improved. This because innovation initiatives tend to depend heavily on employees' human capital and behaviour at work as key inputs in the value creation process (C. J. Chen & Huang, 2009), resulting in an understanding that more people from different background will generate more ideas for innovation and problem solving.

As an essence from previous paragraphs, both things mentioned before are part of diversity which are; the surface-level diversity (visible dissimilarities) and the deeper level of diversity (cognitive group diversity). Related to dimensions of diversity, the outcome of each would be resulting in either more positive or negative effect towards innovative work behaviour. After we find out the result of both dimensions of diversity, we can later solve a research question related to the relations of both diversity dimensions towards innovative work behaviour. By observing what both things create upon innovative work behaviour will help companies understanding more about the importance of having diversity in the workplace and how it affects the employees' engagement in the organization.

## 1.2 Problem Identification

Based on the background of this research, the effect of diversity in the workplace towards innovative work behaviour can be identified due to:

1. Diversity is divided into two parts which is the visible dissimilarities (diversity on surface-level) and cognitive group diversity (diversity on deeper level.)
2. The aim of creating a diverse workplace is to generate work outcome.
3. Innovative work behaviour is needed in the workplace and it help business to be able to sustain.
4. Diversity affected work outcome, such as boosting innovative work behaviour.

## 1.3 Research Scope

Based on research background that already been mentioned, the research is limited to analyse only the relationship between visible dissimilarities and cognitive group diversity on innovative work behaviour.

## 1.4 Research Question

The purpose of this paper is to undergo a research related to how diversity affect innovative behaviour. Therefore, there will be some questions arises that will help to be a guide for answering the main issue itself: Impact of Diversity towards Work Innovative Behaviour. Hence, here listed research questions that may help frame the configuration of related issue:

1. Does visible dissimilarity (diversity on surface-level) negatively affect more on innovative work behaviour?
2. Does cognitive group diversity (diversity on deeper level) positively affect more on innovative work behaviour?

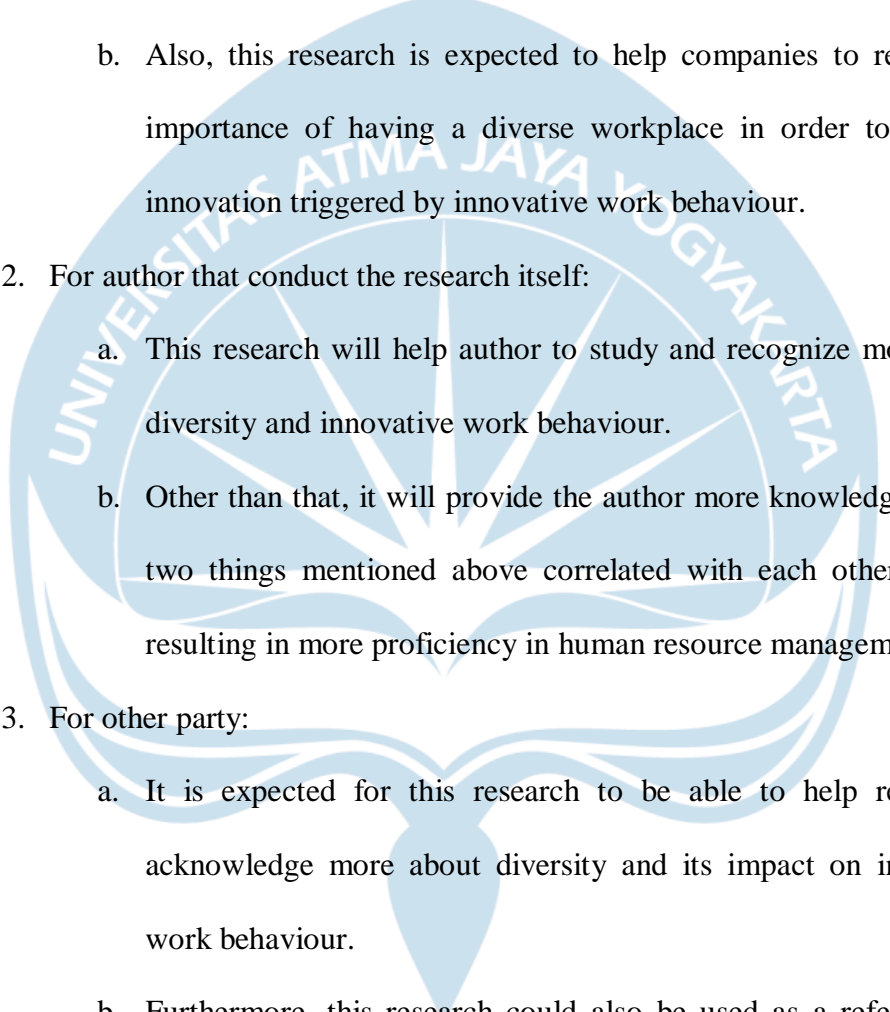
### 1.5 Research Objective

Based on both background research and research questions, it could be seen that the research objective of this paper mainly aims to understand about diversity and work innovative behaviour. Furthermore, here listed specified objectives of the research:

1. To analyse whether visible dissimilarities (diversity on surface-level) negatively affect innovative work behaviour
2. To analyse whether cognitive group diversity (diversity on deeper level) positively affect innovative work behaviour

### 1.6 Benefits of Research

After figuring out the research questions and acknowledging the research objectives, this leads to understanding the benefit of research itself. As every research purposely intended for problem solving, this research aims to aid readers to acknowledge more about definitions, cause, correlations and utilization of diversity and innovative work behaviour. With this research, here are some benefits that can be taken:

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1. For companies:
    - a. In order to expand business knowledge, this research conducted to help companies understand the impact of diversity in the workplace and why it a competitive advantage for company.
    - b. Also, this research is expected to help companies to realize the importance of having a diverse workplace in order to increase innovation triggered by innovative work behaviour.
  2. For author that conduct the research itself:
    - a. This research will help author to study and recognize more about diversity and innovative work behaviour.
    - b. Other than that, it will provide the author more knowledge of how two things mentioned above correlated with each other. Hence, resulting in more proficiency in human resource management field.
  3. For other party:
    - a. It is expected for this research to be able to help readers to acknowledge more about diversity and its impact on innovative work behaviour.
    - b. Furthermore, this research could also be used as a reference for possible future research which focuses on the same field of problem.