

Working in an  
ideological echo chamber?  
*Diversity of thought as a  
breakthrough strategy*



# Working in an ideological echo chamber?

## *Diversity of thought as a breakthrough strategy*

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### In a global, fast-paced and complex market, how do businesses stay ahead of the game?

Textbook strategies include developing innovative products and services; opening new customer segments or taking existing segments to a new level; and proactively managing risk. The real differentiator is in the sophistication of those strategies and the efficiency of their execution.

Raising the concept of diversity at this point might seem out of place, however, we suggest that diversity of thought is the key to unlocking the power of these strategic challenges. In this point of view we:

- Explore the evidence connecting diversity of thought to innovation and risk mitigation
- Examine the conditions necessary to create and leverage diversity of thought
- Suggest that diversity of thought provides a new energy point for addressing demographic diversity (e.g. gender, age and race).

#### The case for diversity of thought

The case connecting diversity of thought to innovation and creativity has been growing for some years, with landmark insights accumulating along the way. These include Jim Surowiecki's 'The wisdom of crowds'<sup>1</sup> (2004) which identified the predictive capability of groups compared with individuals, and Professor Page's 'The difference'<sup>2</sup> (2007) which identified the heightened problem-solving capacity of teams of diverse thinkers compared with teams having members selected for intellectual ability.

Whilst sounding counter-intuitive, Page found that when teams comprise people with diverse perspectives (arising from their education, experience or identity) their collective intelligence was greater than a team whose individual members are uniformly 'smart'.

In 2008 Professors Amabile and Khaire's, 'Creativity and the role of the leader' (2008) took the case one step further by linking diversity of thought to innovation and demonstrating that creativity is enhanced when people have multiple social identities (e.g. people who are both Asian and American or who are both female and engineers). Even within the mind of an individual, therefore, diversity of perspectives can enhance creativity: 'Social identities often have distinct knowledge associated with them, and to the extent an individual is comfortable integrating multiple identities, his or her knowledge sets can combine productively'<sup>3</sup>. In summary, the case connecting diversity of thought to innovation and creativity appears comprehensive and well accepted.

<sup>1</sup> Surowiecki, J. (2004) *The Wisdom of Crowds: Why the Many Are Smarter Than the Few and How Collective Wisdom Shapes Business, Economies, Societies and Nations*, Doubleday, USA.

<sup>2</sup> Page, S.E. (2007) *The Difference: How the power of diversity creates better groups, firms, schools, and societies*, Princeton University Press, USA.

<sup>3</sup> Amabile, T. M. & Khaire, M. (2008) 'Creativity and the role of the leader' *Harvard Business Review*, October pp. 101–109.



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# “Diversity, in this context, isn’t a form of political correctness, but an insurance policy against internally generated blindness that leaves institutions exposed and out of touch”

(Margaret Heffernan)

Surprisingly, the case connecting diversity of thought to risk mitigation has been somewhat delayed. Although perhaps this is not so surprising given that research often reflects a market need, and in a growth economy the market need had been for insights into innovation. That was until the 2008/09 financial crisis, when the demand shifted to a need to understand the flaws which generated the downturn, as well as insights into how risk can be better predicted and managed. This gap has been filled by Heffernan’s recent broad analysis of major institutional failures including Enron, the BP disasters and the Madoff fraud: ‘Wilful Blindness’<sup>4</sup> (2011).

Heffernan’s exploration is only indirectly about diversity of thought as a risk prediction and management strategy, as her starting point is actually about homogeneity of thought as part of risk creation. Imagine homogeneity of thought as leaders talking within an ideological echo chamber. Whilst there may be debate and discussion, it has a limited range. To guide Heffernan’s analysis of failure she asks two deceptively simple and related questions: “What are the forces at work that make us deny the big threats that stare us in the face? What stops us from seeing that burying knowledge makes it more powerful, and us so much more vulnerable?”

Through a range of examples Heffernan identifies our individual and group biases. For example, our bias for homophily (love of same) which causes us to cluster in like-minded communities and workplaces with limited exposure to people with different experiences and values and our bias for confirmation, which causes us to notice and feel comfortable with information consistent with our world view and to ignore or devalue an alternative perspective.

Building on the positive case connecting diversity of thought and innovation, Heffernan also identifies the positive link between diversity of thought and risk mitigation. To this she adds insights into the forces that support homogeneity and suppress diversity, demonstrating how these aggregate to create institutional flaws. Her conclusion is that “*Diversity, in this context, isn’t a form of political correctness, but an insurance policy against internally generated blindness that leaves institutions exposed and out of touch*”.

Having established a robust case for diversity of thought in terms of both innovation and risk mitigation, the next question relates to the nature of the conditions which unleash or stifle these outcomes.

## Creating optimal conditions to nurture and leverage diversity of thought

Surowiecki argues that there are three conditions necessary to enable the wisdom of crowds to materialise. Firstly, the group must comprise individuals with diverse perspectives, secondly, group members must have independent opinions and thirdly, there must be a way of aggregating the information. Whilst Surowiecki touches upon the potential negative impact of group think and peer pressure when making reference to the ‘independence’ condition, and Page identifies the potential impact of group dynamics and individual misunderstandings on group performance, it is Heffernan who explores these negative pressure points with granular detail.

<sup>4</sup> Heffernan, M. (2011) *Wilful blindness: Why we ignore the obvious at our peril*, Simon and Shuster, UK.

- <sup>5</sup> Roberge, M. & Dick, R. (2010) 'Recognising the benefits of diversity: When and how does diversity increase group performance?' *Human Resource Management Review* Vol. 20 pp. 295–308.
- <sup>6</sup> Van Woerkom, M. & de Reuver, R. (2009) 'Predicting excellent management performance in an intercultural context: a study of the influence of multicultural personality on transformational leadership and performance' *The International Journal of Human Resource Management* Vol. 20 (10) pp. 2013–2029.
- <sup>7</sup> Pieterse, A. N., van Knippenberg, D. & van Ginkel, W. P. (2011) 'Diversity in goal orientation, team reflexivity and team performance' *Organizational Behaviour and Human Decision Processes* Vol. 114 pp. 153–164.
- <sup>8</sup> Deloitte (2011) *Women in the boardroom: A global perspective*.
- <sup>9</sup> Kelan, E. K. (2009) 'Gender Fatigue: The ideological dilemma of gender neutrality and discrimination in organizations' *Canadian Journal of Administrative Sciences* Vol. 26 (3) pp. 197–210.
- <sup>10</sup> A recent study by Professors Brescoll and Dawson (Yale University) and Assistant Professor Uhlmann (HEC Paris) examined the effect of mistake making on perceptions of leadership competence. In particular they explored whether men and women judge mistakes by leaders objectively – or through a biased lens. The researchers found that both men and women judged a mistake made by a leader in a gender incongruent role more harshly than a leader in a gender congruent role (e.g. a female police chief vs. a male police chief): Brescoll Dawson, E. & Uhlmann, L. (2010) 'Hard won and easily lost: The fragile status of leaders in gender-stereotype-incongruent occupations' *Psychological Science* September, pp.1–3.

By identifying the individual and psychological pressures for homogeneity and group think, Heffernan makes a clear argument for actively nurturing diversity of thought rather than assuming we will naturally seek out diversity, or derive the benefits of diversity, merely by placing 'different' people in a room together. She places particular weight on the role of the leader in creating an environment which is inclusive and open. This perspective is echoed by other researchers who have focused on the need for empathy, self-disclosure, providing an environment of psychological safety and creating a sense of collective identity<sup>5</sup> or shared goals. In relation to racial diversity within global teams, researchers have also identified the explicit need for cultural competency<sup>6</sup>.

Whilst a leader's actions and behaviours help create an environment in which a person with a diverse perspective is willing to speak up, and therefore have been a focal point for researchers, it is clearly critical to provide the relevant opportunity. Far less attention has been devoted to the nature of the processes which will facilitate opportunities for the latent diversity of thought to be leveraged in the pursuit of risk prediction/management and innovation. Fledgling research points to the value in providing reflection points for team members to actively contribute and calibrate their perspectives against agreed goals<sup>7</sup>. But there must be more we can learn. Defining toxic and enabling environmental conditions requires further examination, along with the development of a strong body of applied research which demonstrates the organisational impact of the diversity of thought on a range of tangible outcomes, including team collaboration.

Coming at this from a different angle, one observable outcome of the focus on diversity of thought has been the positive impact on support for interventions to progress demographic diversity.

### A new pathway to diversity of talent and inclusion

Traditional approaches to diversity have focused on eliminating overt discrimination and harassment and more recently mandating inclusion via gender targets<sup>8</sup>. Implicit in these approaches is an element of finger pointing at those who have 'done wrong', and it is often a finger pointed at white male leaders. Yet we know that this is not an effective strategy to win hearts and minds, rather it creates anger, defensiveness or frustration. Anger and defensiveness seem self explanatory, but what is the story behind frustration? Frustration may be explained according to 'gender fatigue' theory<sup>9</sup> which argues that when leaders are unable to identify the root cause of inequitable outcomes via demonstrable behaviours and practices, they lose direction and energy.

Finger pointing is also an unfair strategy, seeking to lay blame on one demographic group as if it is a homogeneous group of white men opposed (actively or passively) to diversity. Moreover, it is somewhat disingenuous if we accept that everyone has biases and makes assumptions, for example both men and women are prone to gender stereotypes and biases about 'suitable' roles for men and women<sup>10</sup>.

For reasons of both efficacy and integrity, focusing on diversity of thought offers a more inclusive and engaging discussion than one focused on demographic diversity. The underlying premise that each of our perspectives is valuable is an inherently inclusive approach, whilst the focus on demographic diversity is often binary (men vs. women, white vs. black) and therefore divisive. Hence, diversity of thought offers a new starting point to the discussion of demographic diversity, one which should lead to an analysis of the psychological processes and environmental conditions which unleash or limit diversity of thought. And they are the same factors which influence demographic diversity, namely respect, safety, homophily, confirmation bias, in-groups and out-groups and a sense of shared identity and inclusion.

Not unexpectedly therefore, a focus on diversity of thought leads to a discussion about talent diversity. As Chris Lynch, CEO of Transurban, said *“Hopefully diversity of thought leads to better outcomes. It provides a more robust process for the basis of your decision. In very simple terms if you exclude 50% of the population (women) you exclude 50% of the available original thought and that’s a lot of knowledge and input”*. At Deloitte we are even more certain about the outcomes. According to Peter Williams, Partner at Deloitte Digital *“Emue<sup>11</sup>, Bamboo<sup>12</sup>...everything we have done in innovation leverages diversity. For me, diversity is a pre-requisite – different people, different skills and a different way of thinking combine to create value through innovation. Having diversity is bigger than being a good corporate citizen or addressing talent needs – it’s a serious competitive advantage when it’s done properly. And by that, I mean truly living a culture which embraces and leverages diversity. Diverse teams take longer to form and can be trickier to lead, but when they get there, it’s always a better result”*.

A different starting point, but the same end point.

#### Concluding comments

This point of view suggests that business leaders face common problems associated with finding growth and managing risk, however, the critical differentiator between those who stay ahead of the game and those who run with the pack is the sophistication of the business strategy to address these challenges and the efficiency and effectiveness of execution. Attracting and retaining the best people and creating a workplace capable of harnessing the power of diverse thinking will help leaders achieve growth and manage risk more effectively.

Critically, we have argued that in order for the leaders to leverage the potential connections between diversity, innovation and risk mitigation, diversity of thought must be actively nurtured. Part of that nurturing process is for leaders to develop greater awareness about the nature of individual and group biases, the competencies associated with being a more inclusive leader and providing opportunities for employees to contribute to shared goals.

We have also suggested that a positive by-product of a focus on diversity of thought is a renewed energy for another common corporate objective, namely increasing demographic diversity, and particularly at leadership levels where major corporate decisions are made.

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(Peter Williams)

<sup>11</sup> [www.emue.com.au](http://www.emue.com.au)

<sup>12</sup> [www.bambooforbcm.com.au](http://www.bambooforbcm.com.au)

## Contact us

### Sydney



**Juliet Bourke – Partner**  
julietbourke@deloitte.com.au



**Jason White – Partner**  
jaswhite@deloitte.com.au

### Brisbane



**Steve Giles – Director**  
sgiles@deloitte.com.au

### Perth



**Jennifer Morris**  
– Senior Manager  
jenmorris@deloitte.com.au

### Melbourne



**Sandy Caspi-Sable – Director**  
scaspisable@deloitte.com.au

### Sydney

225 George Street  
Sydney, New South Wales  
Australia

Tel: +61 (0) 2 9322 7000  
Fax: +61 (0) 2 9322 7001

### Perth

Level 14, Woodside Plaza  
240 St Georges Terrace  
Perth WA 6000

Tel: +61 (0) 8 9365 7000  
Fax: +61 (0) 8 9365 7001

### Brisbane

Riverside Centre  
Level 26, 123 Eagle Street  
Brisbane Qld 4001

Tel: +61 (0) 7 3308 7000  
Fax: +61 (0) 7 3308 7001

### Melbourne

550 Bourke Street  
Melbourne  
Victoria 3000

Tel: +61 (0) 3 9671 7000  
Fax: +61 (0) 3 9671 7001

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