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Relation Between Cultural Diversity Management and Organizational Innovativeness

SUMMARY OF DOCTORAL DISSERTATION

Social sciences,
Management (S 003)

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ANNOTATION

The UNESCO Declaration states that cultural diversity is essential to humanity, just as biodiversity is essential to nature. Global changes — the growth of the international business, rising employee mobility, intercultural cooperation, and migration — have led to increasing heterogeneity, affecting countries and companies confronted with a gradually more culturally diverse workforce. Researchers agree that cultural diversity presents challenges and opportunities for organizations. Organizational innovativeness is one of the potential opportunities; thus, this topic has received increasing attention from researchers; however, research has not yet produced consistent results. Moreover, research focuses mainly on the impact of cultural diversity on innovativeness rather than on the management of cultural diversity, which is crucial to mitigate the challenges and reap the opportunities and benefits of diversity.

The dissertation aims to substantiate the relations between cultural diversity management and organizational innovativeness. Based on the theoretical analysis, a model of the relations between cultural diversity management and organizational innovation was developed and tested in the empirical research. A qualitative study was conducted, and a multi-case analysis strategy was selected. Data were collected using expert surveys, web content analysis and interviews, and processed by content analysis using the NVivo software.

INTRODUCTION

Relevance of the study. UNESCO declaration states that "cultural diversity is as essential to humanity as biological diversity is essential to nature" (UNESCO, 2001). Gelfand et al. (2017) have analysed scientific literature from the past 100 years on the topic of workplace behaviours and determined that "an essential direction of this era is the growing importance of cultural diversity" (Gelfand, et al., 2017). According to Stahl et al. (2017), due to worldwide changes — the growth of the international business, popularization of inter-cultural cooperation, growing employee mobility, and migration — heterogeneity increases in many countries, thus encouraging the pursuit of new, innovative solutions that would yield positive benefits related to inter-cultural aspects (Stahl, et al., 2017). This situation has affected both countries and companies that face increased employee cultural diversity (Lozano & Escrich, 2017).

According to the "WWWforEurope" report, the number of studies analysing cultural diversity and regional expansion is constantly growing. Authors of the report (Doshe & Gold, 2014) have also noticed that cultural diversity influences important economic variables: Economic growth, innovativeness, and welfare. Therefore, it is vital to integrate people with different cultural foundations into society and the labour market and involve cultural differences to generate new ideas and promote creativity and innovations.

Researchers agree that innovation is a necessary part of every organization, country, or region. However, the modern world is changing rapidly, and there is a high level of environmental uncertainty; therefore, organizations need to conduct innovative activities and implement innovations constantly. Innovative organizational activities include scientific, technological,

organizational, financial, and commercialization steps to implement innovations. Conditions required to encourage and perform these steps are a creative environment open to new ideas, knowledge sharing, innovative process, skill promoting organizational and cultural climate, etc. These aspects are often combined using the term innovativeness (Leal-Rodriguez, 2020). Therefore, it is essential to study cultural diversity management to create an innovation-friendly environment (Ariss & Sidani, 2016).

Scientific problem and the extent of its investigation. Scientific research has been conducted analysing challenges created by cultural diversity on various levels: Workgroups (Chatman & Flynn, 2001), (Joshi & Roh, 2009), organizations (Østergaard, et al., 2011), (Nathan & Lee, 2013), regions (Niebuhr, 2010), (Kemeney & Storper, 2012) countries (Easterly & Levine, 1997), (Hart, 2007) and combining several levels (Trax, et al., 2013), (Lee, 2015). Also, the influence of cultural diversity training on organizations has been widely researched (Roberson & Park, 2007), (Waight & Madera, 2011), (Simons & Rowland, 2011), (Manoharan, et al., 2014), (Madera, et al., 2016), (Dietz, et al., 2017).

Many scientists agree that cultural diversity has a positive influence on an organization: It promotes creativity, adaptiveness, problem solutions, knowledge transfer, and other aspects (Ancona & Caldwell, 1992), (Cox, 1994), (Cox & Blake, 1991), (Jackson & Joshi, 2002), (Watson, et al., 2002), (Stahl, et al., 2017). Similarly, cultural diversity in the labour market creates conditions for innovative ideas and perspectives (Ottaviano & Peri, 2006), (Nathan & Lee, 2013), (Cameron, 2017), (Pesch & Bouncken, 2017). However, it also increases the probability of conflicts and lowers trust (Jehn, et al., 1999), (Biriera, et al., 2005), (Putnam, 2007).

Many researchers analyse the importance of cultural diversity on innovativeness; however, according to Ortlieb & Sieben (2013), research still has not provided conclusive results. Most researchers confirm the positive influence of cultural diversity on innovativeness (Bantel & Jackson, 1989), (Richard, et al., 2003), (Simonen & McCann, 2008), (Sollner, 2010), (Ozgen, et al., 2011), (Brunow & Stockinger, 2013), (Nathan & Lee, 2013), (Parrotta, et al., 2014), (Lee, 2015), (Parrotta, et al., 2016), (Makkonen, et al., 2018), (Solheim & Fitjar, 2018), etc. However, many conducted studies state that innovativeness or positive effect of cultural diversity depends on various characteristics (Borjas, 1990), (Østergaard, et al., 2011), (Parrotta, et al., 2014), (Ozgen, et al., 2014) (Suedekum, et al., 2014). There is research where the relations between cultural diversity and innovativeness have not been identified (Mare & Fabling, 2001), (Mare, et al., 2010), (Mare, et al., 2011), (Lee, 2013), (Mare, et al., 2014), (Lee, 2015) or research, that showed negative influence of cultural diversity on innovativeness (Zajac, et al., 1991), (Borjas & Doran, 2012), (Bratti & Conti, 2013).

Jensen (2014) noted that the field is dominated by research conducted in North America ((Ottaviano & Peri, 2006), (Joshi & Roh, 2009), (Hunt & Gauthier-Loiselle, 2010), (Kerr, 2010), (Qian, 2013), (Yadav & Lenka, 2020)), and Western Europe ((Niebuhr, 2010), (Ozgen, et al., 2011), (Østergaard, et al., 2011), (Nathan & Lee, 2013), (Ozgen, et al., 2013a), (Ozgen, et al., 2013b), (Lee, 2015), (Nathan, 2015b)), while the share of research conducted in other regions is either very small or non-existent. The conducted research is directed towards cultural diversity within the workforce, but not cultural diversity management, while cultural management is essential in reducing challenges and taking advantage of possibilities and benefits all rising from cultural diversity. According to EU's international

research, the creation of cultural diversity management systems is still necessary (Zanfrini & Monaci, 2017), as is their analysis, since research in this area is still lacking (Bohme & Kups, 2017), (Nathan, 2015b). Studies analysing the relations between cultural diversity and innovativeness tend to be quantitative in nature, but in many cases, they do not address the management of diversity or the more deeply grounded relations between these constructs. Therefore, the relations between cultural diversity management and organizational innovativeness have not yet been fully explored and substantiated.

The object of the scientific research is the relation between cultural diversity management and organization innovativeness.

The object of the scientific research is to establish the relations between cultural diversity management and organizations innovativeness.

The aim of the scientific research is to substantiate relations between cultural diversity management and organization innovativeness.

Objectives of the scientific research:

1) To analyse and classify cultural diversity management and organization innovativeness concepts.
2) To analyse and generalize cultural diversity management models and studies, revealing cultural diversity management and organization innovativeness relations.
3) To develop cultural diversity management and organization innovativeness relation model.
4) To validate the model for relations between cultural diversity management and organization innovativeness, using empirical research.

Methods of the research include: Analysis of scientific literature, based on the methods of synthesis and abstraction, historical and comparative analysis. These methods were

employed to reveal cultural diversity management concepts, practices, and organization innovativeness relations. A qualitative research method was chosen for the empirical research conducted following the case analysis strategy. Data collection methods: Expert evaluation, web content analysis, and interviews. The collected data were analysed using qualitative web content analysis methods of web content by employing the NVivo software suite. The research was conducted from April 2020 to March 2021.

Scientific novelty of the research:

1) The scientific literature on cultural diversity management and organization innovativeness was systemised by providing new theoretical insights.
2) Cultural diversity management practice has been refined and classified into formal and informal practices.
3) The approaches and conceptual and empirical models for managing cultural diversity were systemised, and cultural diversity models containing dimensions of organizational innovativeness were identified.
4) Based on the empirical analysis of the relations between cultural diversity management and organization innovativeness, the relation types were classified.
5) Original cultural diversity and organization innovativeness relation model was developed.

Practical importance of the research:

1) For HR and inclusivity managers, categorizing formal and informal diversity practices and cultural diversity practices will help implement or update diversity management practices and plans.
2) For innovative team managers, the supplemented list of the organization innovativeness dimensions will help analyse the organizations or teams' innovativeness in more detail. The

benefit of cultural diversity management on organizations innovativeness was revealed.

3) For organizations, positive and negative cultural diversity management and organization's innovativeness relations were determined, based on which, organizations can strengthen benefits from cultural diversity and lessen the arising challenges. The diversity management practices that contribute most to an organization's innovativeness or innovation were identified.

Structure of the dissertation. The dissertation comprises an introduction, three main parts (theoretical, methodological, and empirical), conclusions, recommendations, references, and appendices. The dissertation consists of 203 pages; it includes 79 tables, 38 figures, 11 appendices, and 362 literature sources.

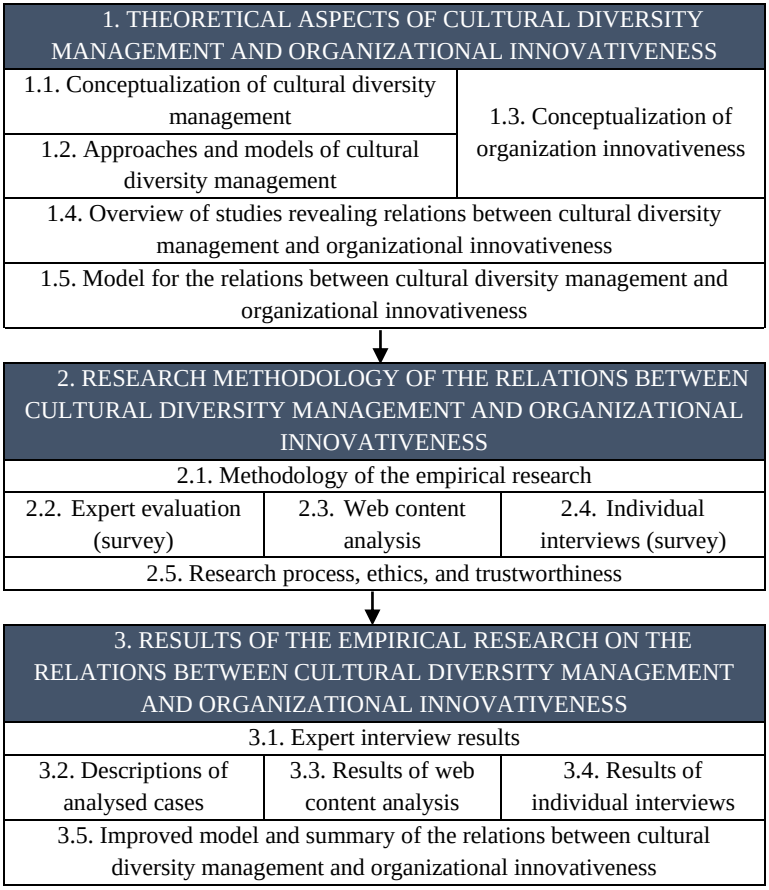
The theoretical part of the work presents the conceptualization of cultural diversity and examines cultural diversity management's positive and negative aspects. Cultural diversity management approaches and models are analysed. A conceptualization of organizational innovation is presented. Research revealing the relations between cultural diversity management and innovativeness is analysed. The ambiguous results of the empirical research are further analysed. A conceptual model for relations between cultural diversity management and organizational innovativeness is developed.

The second part presents a research methodology for testing cultural diversity management and organizational innovation model. Thus, this part presents the methodological assumptions of the empirical research and the research methods used (expert survey, web content analysis, and survey of analysed cases), research process, ethics, and validity.

The third part of the dissertation presents empirical research analysing the relations between cultural diversity management

and organizational innovativeness. In particular, the results of an expert survey are presented. The characteristics of the cases studied, the results of the web content analysis, and the findings of individual interviews are presented. The results are summarised, presenting an improved model and a scientific discussion.

Fig. 1: Schematic structure of the dissertation



1. THEORETICAL ASPECTS OF CULTURAL DIVERSITY MANAGEMENT AND ORGANIZATIONAL INNOVATIVENESS

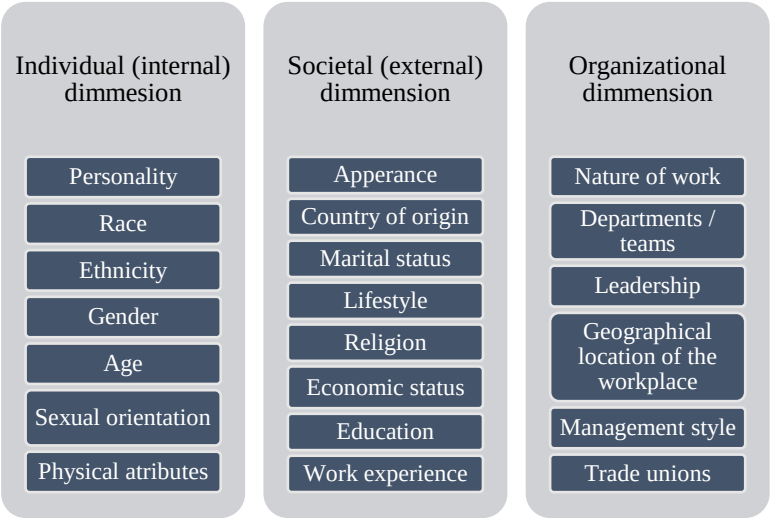
In this chapter, cultural diversity management, cultural diversity management models, the concept of innovation, and research revealing the relations between cultural diversity management and organizational innovativeness are analysed.

1.1 CONCEPTUALIZATION OF CULTURAL DIVERSITY MANAGEMENT

Cultural diversity and the dimensions thereof. Mazur (2010) defines cultural diversity as representing individuals with different cultural identities and assigning themselves to different groups. Cultural diversity can also be defined as representing people with different cultural identities in one social system (Cox, 1994). Frequently cultural diversity is defined using the concept of cultural identity. Identity is a multifaceted definition, usually associated with assigning oneself to a cultural group or groups; identity can change (Michalopoulos, 2008), (Aspinall, 2009), (Ahlerup & Olsson, 2012).

Maier (2005) compiled a list of 38 dimensions of cultural diversity and argued that individuals are multidimensional. Ivancevich & Gilbert (2000) distinguished between superficial (visible and immortalized) and deep (invisible and immortalizable) dimensions of cultural diversity. The first dimension consists of race, ethnicity, nationality, gender, age, and physical aspects, while the deep dimension consists of values, personality, religion, beliefs, education, and work experience. Many authors equate the dimensions of cultural diversity with the cultural dimensions. The dimensions of cultural diversity are summarised in Figure 2.

Fig. 2: Individual, societal and organizational dimensions of cultural diversity



Source: Compilation by the author according to (Ivancevich & Gilbert, 2000), (Maier, 2005), (Vegt & Janssen, 2003), (Michalopoulos, 2008), (Mazur, 2010), (Ahlerup & Olsson, 2012).

The term "cultural diversity management" was first used in the Hudson Institute Report 1987 "Workforce 2000: Work and Workers for the 21st Century" (Johnston & Packer, 1987), which stated that most U.S. workers in the 21st century would be migrants, ethnic minorities, women, and other subgroups. The management of cultural diversity is further defined as a management philosophy that recognizes and values heterogeneity (Groutsis, et al., 2018).

According to Bassett-Jones (2005), cultural diversity management means a systematic and planned commitment of the organization to accept and retain employees with diverse cultural backgrounds and abilities. According to this definition, cultural diversity management is part of human resource management

(HRM), including recruitment, motivation, job evaluation, skills development, and other activities that seek competitive advantage through leadership and teamwork. According to Sabharwal (2014), cultural diversity management changes from passive (perceived value of diversity) to active (diversity management practices) methods. Otaye-Ebede (2018) defines cultural diversity management practices as practices developed and implemented by an organization to manage diversity effectively. A summary of cultural diversity management practices is provided in the table below.

Table 1: Cultural diversity management practices

Formal cultural diversity management practices	**Informal cultural diversity management practices**
Strategic plan for diversity management Diversity management policy Recruitment Diversity training Performance appraisal Wages and allowances Career management Redundancies Flexicurity Working time flexibility and adaptation to needs. Ensuring religious practices Managing language challenges Communication management Diversity councils/committees/groups Measurement and accountability of diversity management	Creating an organizational climate: inclusion, fairness, and tolerance Knowledge sharing Networking Leadership Mentorship Socialization

Despite the positive attitude in the scientific literature towards diversity management practices and the opportunities they create, this topic has not been systematically analysed, nor the most

effective diversity management practices and strategies have been identified (Choi & Rainey, 2014).

1.2. APPROACHES AND MODELS OF CULTURAL DIVERSITY MANAGEMENT

This section describes approaches to cultural diversity management and cultural diversity management models. Approaches to managing cultural diversity have been analysed:

1) Cox (2001)
2) Thomas & Ely (1996)
3) Adler (2002)
4) Podsiadlowski et al. (2013)
5) Schonwalder & Triadafilopoulos (2017)
6) Rodriguez-Garcia (2010)
7) Berry (2016)

To summarise the approaches towards cultural diversity, it can be argued that cultural diversity may not exist or may be ignored in an organization, and culturally diverse employees need to assimilate. However, many authors agree that an organization must strive to integrate culturally diverse employees. The integration usually has two strands: Multiculturalism (an organization seeks to integrate a culturally diverse workforce by reaping the benefits of cultural diversity) and legitimacy (an organization integrates a culturally diverse workforce via legal measures to avoid discrimination or other negative aspects that may result from non-management of cultural diversity). In this section, cultural diversity management models were analysed as well:

1) Cox & Blake (1991)
2) Palich & Gomez-Mejia (1999)
3) Seymen (2006)
4) Gilbert et al. (1999)
5) Ivancevich & Gilbert (2000)
6) Mor Barak (2000)
7) Pitts (2006)
8) Nishii & Ozbilgin (2007
9) McMahon (2010)
10) Ozman & Erdil (2013)
11) Meckl & Johanning (2013)
12) Guillaume et al. (2014)
13) Zhan et al. (2015)

14) Caputo & Ayoko (2015)
15) Bouncken et al. (2016)
16) Mor Barak et al. (2016)
17) Lisak et al. (2016)
18) Korzilius et al. (2017)
19) Shore et al. (2018)
20) Jankauskaitė (2018)

Cultural diversity management models mainly single out cultural diversity management processes (e.g., HRM practices, diversity policy, strategy, etc.) and outcomes (e.g., creativity, productivity, income, etc.). Many models consider different typologies of cultures and dimensions of cultural diversity. Some models include diversity management practices: Leadership, knowledge networks and cultural intelligence, which are closely related to the cultural diversity management of and organizational culture. Different models — (Nishii & Ozbilgin, 2007), (McMahon, 2010), (Ozman & Erdil, 2013), (Guillaume, et al., 2014), (Zhan, et al., 2015), (Bouncken, et al., 2016), (Lisak, et al., 2016), (Korzilius, et al., 2017), and (Jankauskaitė, 2018) — present an organization's innovation or innovativeness as an outcome or one of the outcomes.

1.3. CONCEPTUALIZATION OF ORGANIZATIONAL INNOVATIVENESS

In today's world, innovation is an essential part of every organization, country or region, and innovation has become a fundamental guarantee for business success. Therefore, innovation and innovation management have remained a relevant area of research in Lithuania and worldwide for many years. Innovation is usually defined as the successful development of new ideas, modifications, methods, processes, products, services, technologies, and business models (Oldham & Cummings, 1996). According to OECD (2005), there are four innovation types: 1) product, 2) process, 3) organizational, and 4) marketing. Bigliardi and Dormio (2009) divided technological and non-technological

innovations and noted that all four OECD types of innovation are interrelated. Meanwhile, Satell (2017) provided different innovation types:

1) Sustained innovations;
2) Breakthrough innovations;
3) Disruptive innovations;
4) Basic research.

Researchers, various organizations, and businesses agree that innovation is a necessary part of every organization, country, or region. However, the modern world is changing rapidly, and there is a high level of environmental uncertainty; thus, organizations need to constantly engage in innovative activities and implement innovations. Innovative organizational activities include scientific, technological, organizational, financial, and commercial steps to implement innovation. Moreover, the preconditions required to perform or encourage these steps are: An environment that is creative and open to new ideas, knowledge sharing, innovative processes, skills, culture, organizational climate, etc. These aspects are often combined with the term "organizational innovativeness" (Leal-Rodriguez, 2020). Organizational innovativeness is examined based on four approaches (Binder, et al., 2013, 2016), (Kessler, et al., 2015):

1) A structure-oriented approach;
2) People-oriented approach;
3) Process-oriented approach; and
4) Culture-oriented approach.

This dissertation follows a culture-oriented approach. **Organizational innovativeness** includes an organizational climate that creates a supportive environment for continuous ideas and products (Ruvio, et al., 2014). Keskin (2006) describes innovativeness as part of an organizational culture that encourages and supports new ideas, experimentation, and openness to new concepts. Innovativeness can be defined as an essential strategic attitude of an organization and the ability to develop innovations

(Hult, et al., 2004), (Keskin, 2006), (Rhee, et al., 2010), (Binder, et al., 2013, 2016), (Jun, et al., 2020), (Leal-Rodriguez, 2020). Many authors point out that innovativeness is a prerequisite for an organization's innovation capacity. Innovation capacity is generally defined as the organization's ability to develop new products, adopt new technologies, or otherwise adapt an organization's resources to a changing environment (Cassia, et al., 2020). In summary, it was singled out that an organization's innovativeness can be focused on:

1) Prerequisites for innovation — external environment, research, and development (R&D) budget, etc.
2) Innovative abilities — behaviour, culture, knowledge, abilities, processes, learning, technology, etc.
3) Innovation results — different types of innovations.

Organizational innovativeness may consist of different dimensions. The systematic dimensions of organizational innovativeness are presented in Table 2.

Table 2: Dimensions of organizational innovativeness

	Ability to innovate	Willingness to innovate	Creativity	Openness to new ideas	Proactiveness	Risk-taking	Openness to change	Future orientation	Result orientation
(Tang, 1998)	x		x	x	x	x	x		
(Hult, et al., 2004)									x
(Wang & Ahmed, 2004)	x								x
(Behrends, 2009)	x	x		x		x	x		
(Lynch, et al., 2010)	x	x	x	x		x			
(Moos, et al., 2010)									x
(Shoham, et al., 2012)			x	x	x	x			

(Ruvio, et al., 2014)			x	x	x	x		x	
(Alegre & Pasamar, 2018)									x

According to Ozgen et al. (2013b) and Lungean & Contractor (2015), the scientific literature shifts to the view that it is not the organization but its employees that are the primary source of innovation. Culturally diverse employees in organizations can be one of the factors that drive innovative activities and solutions. Many scholars agree that the external environment, economic growth, democracy, and many other factors positively impact innovation; however, cultural diversity is an area of little research (DiRienzo & Das, 2015). A summary of the theoretical relations between organizational innovativeness and cultural diversity management is presented in Table 3.

Table 3: Theoretical relations between organizational innovativeness and cultural diversity management

	Common dimensions between organizational innovation and cultural diversity management
Positive impact of cultural diversity management on organizational innovativeness	Creating an innovative work environment, culture, and climate. Problem-solving. Creativity. Cooperation. Sharing knowledge, experiences, and different perspectives. Openness to new ideas. Risk-taking. Openness to change. Flexibility. Orientation towards results.
Negative impact of cultural diversity management on organizational innovativeness	Communication challenges. Increase in conflicts.

1.4. OVERVIEW OF STUDIES REVEALING RELATIONS BETWEEN CULTURAL DIVERSITY MANAGEMENT AND ORGANIZATIONAL INNOVATIVENESS

Many authors agree that cultural diversity has a positive impact on organizational innovativeness (Cox & Blake, 1991), (Rice, 1994), (Milliken & Martins, 1996), (Shore, et al., 2009), (Pitts, 2009), (Nathan & Lee, 2013), (Ozgen, et al., 2013a), (Brunow & Stockinger, 2013), (Parrotta, et al., 2014), (Pesch & Bouncken, 2017), (Ikegami, et al., 2017), (Lozano & Escrich, 2017). However, there are not many studies that specifically analyse the relations between cultural diversity management and organizational innovativeness; thus, this section also discusses studies that investigate similar relations:

1) The relations between cultural diversity and economic indicators.
2) The relations between cultural diversity and patents and scientific production.
3) The relations between cultural diversity and innovation.
4) The relations between cultural diversity and entrepreneurship.
5) The relations between cultural diversity management and innovativeness.

To summarise the research on the relations between cultural diversity management and innovation, it was found that cultural diversity management can positively impact innovation by fostering creativity, enabling knowledge sharing and solving complex problems. However, increasing conflicts, social exclusion and hostility are associated with cultural diversity. Many studies have found that different dimensions of cultural diversity (e.g., religion, age, or education) have different influences. Four types of relations were distinguished: 1) positive, 2) negative, 3) hybrid, and 4) statistically insignificant.

Many studies have found a positive link between cultural diversity and innovation. The research results show the distinction between high and low-skilled culturally diverse employees and their impact on innovation. Research analysing the links between cultural diversity and innovation is more quantitative but does not provide a deeper basis for the relations between cultural diversity management and organizational innovativeness.

1.5. MODEL FOR THE RELATIONS BETWEEN CULTURAL DIVERSITY MANAGEMENT AND ORGANIZATIONAL INNOVATIVENESS

The developed model of cultural diversity management singles out the cultural context. When discussing the available ones analysing the links between cultural diversity and innovation (Section 1.4), it was observed that many studies do not consider the country's cultural context and its importance for cultural diversity management practices. However, many authors (Rabl, et al., 2018), (Manoharan & Singal, 2017), (Knights & Omanovic, 2016), (Janssens & Zanoni, 2014), (Roberge & Dick, 2010), (Rodriguez-Garcia, 2010), (Nishii & Ozbilgin, 2007) agree, that the impact of cultural diversity management practices depends on the cultural context of the city, region, or country. Also, many cultural diversity management programs fail because they are "taken over" from the United States regardless of the historical, political, or cultural context of a particular country (Knights & Omanovic, 2016), (Nishii & Ozbilgin, 2007). Thus, when analysing cultural diversity management practices, it is necessary to consider the cultural context of the country under study (Manoharan & Singal, 2017).

The model also singles out the organizational context, which includes the organizational culture and the level of cultural diversity. The successful implementation of cultural diversity management practices depends on the organizational culture

(Yadav & Lenka, 2020), (Shore, et al., 2018), (Rabl, et al., 2018), (Trittin & Schoenebor, 2017), (Podsiadlowski, et al., 2013), (McMahon, 2010), (Cox, 2001), (Doherty & Chelladurai, 1999). Also, with a higher level of cultural diversity (multiculturalism), cultural diversity management practices are easier to implement and execute (Rodriguez-Garcia, 2010). However, managing cultural diversity leads to greater diversity in staffing and contributes to forming an open and inclusive organizational culture; thus, there is a two-way index between these elements in the model.

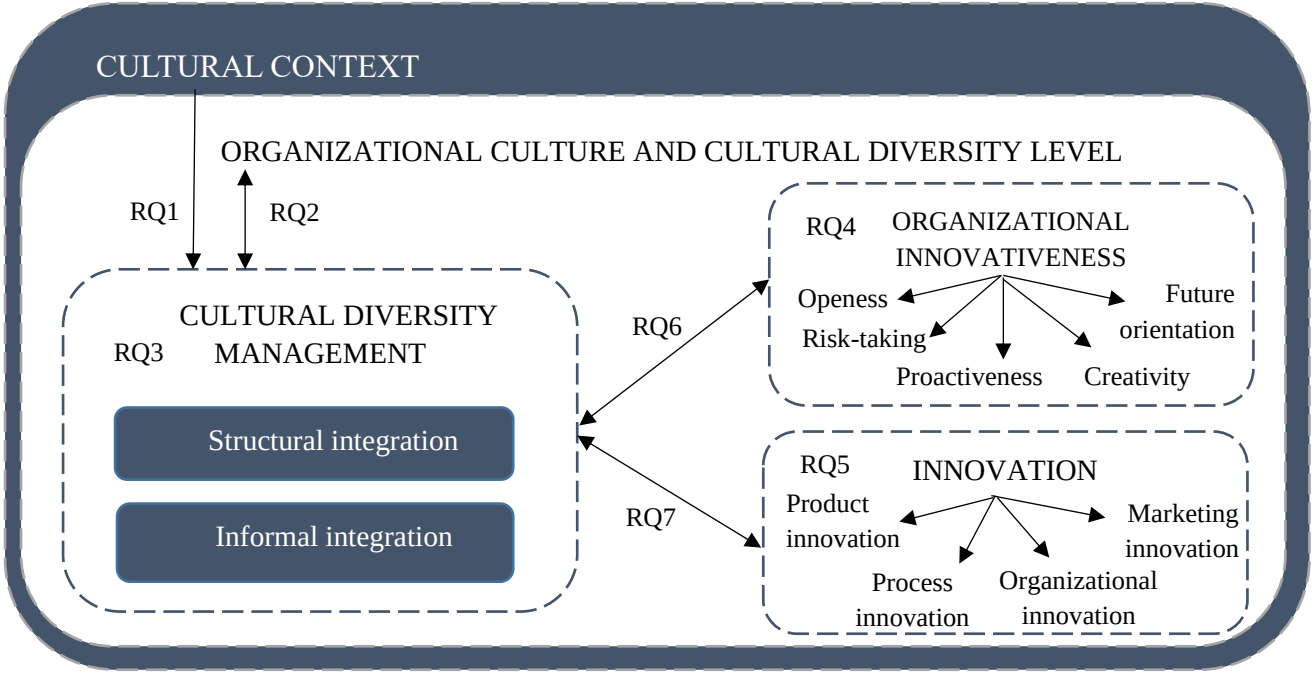
The model distinguishes cultural diversity management practices, divided into structural (formal) integration and informal integration. Structural integration includes formal organizational actions to integrate culturally diverse employees into the organization: Strategy, long-term and short-term plans, diversity policy, job evaluation system, flexible work environment, etc. Informal integration, meanwhile, includes leadership, informal communication, knowledge networks, non-prejudice, and non-discrimination policies, etc.

The model singles out the dimensions of organizational innovation based on the five dimensions of organizational innovation presented by Shoham et al. (2012) and Ruvio et al. (2014): Creativity, openness to change, risk-taking, proactivity, and future orientation. The model also distinguishes the classic types of innovation: Product, process, organizational, and marketing. Besides, the model also presents the links between cultural diversity management and organizational innovativeness and innovation using two-way arrows. Thus, according to the developed model (Figure 3), cultural diversity management depends on cultural context, organizational culture, and cultural diversity, which has links with organizational innovativeness and

innovation. The model shows the following **research questions (RQ)**:

1) Does the country's cultural context determine cultural diversity management?
2) What are the relations between organizational culture, the level of cultural diversity, and cultural diversity management?
3) What are the cultural diversity management practices in the organization?
4) What are the dimensions of organizational innovativeness?
5) What are the types of innovation in organizations?
6) What are the relations between cultural diversity management and organizational innovativeness?
7) What are the relations between cultural diversity management and innovation?

Fig. 3: Model for the relations between cultural diversity management and organizational innovation



To summarise the theoretical part of the thesis, it was found that cultural diversity in an organizational context is a subjective aspect of HR, whereby members identify differences in social identities and describe other members as “similar” or “dissimilar” in terms of visible (e.g. gender, age, physical appearance, race, etc.), invisible (e.g. religion, education, sexual orientation, economic status, etc.), and deep invisible (e.g. beliefs, values, feelings, etc.) aspects. The beginnings of cultural diversity can be traced back to the early 20th century. However, the term was first mentioned in 1987. Since then, the focus has been on strategic organizational actions to promote diversity, change organizational culture, and empower employees to build work-oriented skills in the work environment, i.e. cultural diversity management.

There are various perspectives and models of cultural diversity management. Cultural diversity in an organization can be ignored (culturally diverse employees assimilate) or integrated. When integrating culturally diverse employees, two directions usually stand out: Multiculturalism and legitimacy. Cultural diversity management models focus on the processes and outcomes of cultural diversity management and consider cultural typologies and dimensions of cultural diversity. Various cultural diversity management models present organizational innovativeness or innovation as a result.

Organizational innovativeness encompasses an organization’s culture, climate, and behaviour to create an organizational environment conducive to innovative solutions, where ideas are freely generated, and experimentation and innovation are encouraged and enabled. Innovativeness is a prerequisite for the creation of innovation; however, innovativeness itself does not guarantee innovation. Innovation is developing and introducing new products, processes, organizational or marketing approaches into business practice, intra-organizational and extra-organizational relations. Innovation cannot be just an idea, it must

be implemented, and organizational innovation is one of the elements that makes innovation more likely. In summary of the research on the relations between cultural diversity management and organizational innovativeness, it was found that cultural diversity management can positively impact innovation, i.e. it can stimulate creativity, create conditions for knowledge sharing and complex problem-solving. However, cultural diversity could increase conflict, social exclusion, and hostility. While analysing the links between cultural diversity management and innovativeness, four relations were identified: 1) positive, 2) negative, 3) hybrid, and 4) statistically insignificant.

Many studies have found a positive link between cultural diversity and innovativeness at the organizational and broader levels. The research results show a significant distinction between high and low-skilled culturally diverse employees and their impact on innovation. Also, many studies have shown that cultural diversity has different influences on different types of innovation. However, as mentioned earlier, these studies are ambiguous and primarily conducted in multicultural, economically strong countries or regions, mainly in the USA and Western Europe; therefore, it is appropriate to empirically investigate the links between cultural diversity management and innovativeness in different contexts.

Based on the theoretical part, a model for the relations between cultural diversity management and organizational innovativeness was developed. The model considers the cultural context, the organizational culture, the level of cultural diversity, and the formal and informal aspects of cultural diversity management. According to the model, cultural diversity management creates an innovative work environment and positively impacts innovation.

2. RESEARCH METHODOLOGY OF THE RELATIONS BETWEEN CULTURAL DIVERSITY MANAGEMENT AND ORGANIZATIONAL INNOVATIVENESS

This chapter presents the methodology of empirical research: The nature of the research, research sample, data collection methods and instruments, the pilot study, the reliability of the research, and other aspects. The empirical research aims to test the model of the relations between cultural diversity management and organizational innovativeness.

2.1. METHODOLOGY OF THE EMPIRICAL RESEARCH

The research aims to identify the peculiarities of cultural diversity management to substantiate the relations between cultural diversity management and organizational innovativeness.

Research questions:

1) Does the country's cultural context determine cultural diversity management?
2) What are the relations between organizational culture, the level of cultural diversity, and cultural diversity management?
3) What are the cultural diversity management practices in the organization?
4) What are the dimensions of organizational innovativeness?
5) What are the types of innovation in organizations?
6) What are the relations between cultural diversity management and organizational innovativeness?
7) What are the relations between cultural diversity management and innovation?

Table 4 presents the epistemology of the empirical study, study design/plan type, the strategy chosen, and case type.

Table 4: Empirical research aspects

Empirical research aspects	
Epistemology	Interpretivist
Research design	Exploratory (content-driven)
Research strategy	Qualitative research, case study
Case study type	Embedded multiple-case design

Previous research on the relations between diversity management and innovativeness is based on the logic of both qualitative and quantitative research. In the analysis of empirical research (Section 1.4), it was observed that quantitative research methods are mainly used to investigate this problem, which establishes a statistically significant or insignificant correlation. However, they do not have a deeper connection between cultural diversity management and organizational innovativeness. Therefore, the **qualitative research** was selected because it focuses on interpreting the phenomenon and establishing relations. This research aims to identify cultural diversity management, organizational innovativeness constructs, cultural diversity management practices and substantiate the links between these constructs.

The case study strategy was chosen because it provides an in-depth analysis of one or more cases using one or several research methods. In analysing the relations between cultural diversity management and organizational innovativeness, researchers (Lauring, 2009, Bridgstock et al., 2010, Bouncken & Winkler, 2010, Janssens & Zanoni, 2014, Knights & Omanovic, 2016, Bouncken, et al., 2016) also applied case study analysis strategy. In this research, it was chosen to conduct an **embedded multiple-case study**. Embedded design means that several units of analysis are independent of each other but are combined for data analysis (Yin, 2012). In this study, respondents are CEOs, HR employees,

or innovative team leaders who may be independent of each other in the organization and represent different teams.

Data collection methods and instruments. This study combines **expert surveys**, **web content analysis,** and **individual interviews**. The table below shows the data collection methods used in the qualitative study.

Table 5: Data collection methods

Data collection method		Research question
Expert surveys	8 expert surveys. Semi-structured interview Textual data (transcribed interview). Encoding and content analysis.	RQ1, RQ2, RQ3, RQ6, RQ7.
Web content analysis	10 internet websites. 18 documents hosted on the internet website of investigated cases. Textual and visual data. Encoding and content analysis.	RQ2, RQ3, RQ4, RQ5.
Individual interviews	12 interviews with organization and department managers. 11 interviews with HR department employees. 11 interviews with innovative team managers / Research and development managers/ product managers/project managers. Semi-structured interview Textual data (transcribed interview). Encoding and content analysis.	RQ1, RQ2, RQ3, RQ4, RQ5, RQ6, RQ7.

Expert surveys were used to answer the research questions related to the country's context in terms of cultural diversity and diversity management practices. Expert surveys were applied to obtain neutral data from people with knowledge and expertise directly involved in cultural diversity management to assess cultural diversity management in the country. In addition, the experts provided insights on research methods and tools and

identified target cases for further research. In agreement with specific organizations on the conduct of the study, a website content analysis of the case under investigation was initially carried out to gain a deeper understanding of the specific case. This research method delves into the object and context to check and revise the initial categories and concepts. Web content analysis provides additional insights and opens opportunities to interpret the context of the case. The primary research method is individual interviews with representatives of the organizations under research.

The collected data were processed and analysed using **content analysis**. The interviews were transcribed, critical aspects related to cultural diversity management practices and organizational innovativeness were extracted, and the identified semantic elements were grouped into categories and subcategories (Neuman, 2006). The **NVivo software** was used for encoding.

Research sample. Research cases were selected based on **purposive sampling** when the researcher purposefully selects specific cases of the investigated phenomenon, and the study aims to identify features common to all cases under research. At the beginning of the empirical study, the researcher contacted various organizations that met the following criteria:

1) The organization operates in the field of STEM.
2) The organization employs highly qualified, culturally diverse employees.
3) The organization has cultural diversity management practices in place.
4) The organization is exposed to the cultural diversity of suppliers and consumers.

2.2. EXPERT EVALUATION (SURVEY)

Experts for the study were selected following **purposive sampling**. Selected experts had to meet one of the following

criteria: 1) scientists with a doctorate in social sciences who are researching cultural diversity; 2) experts with at least five years of work experience related to diversity management. A questionnaire was prepared for the expert interviews in Lithuanian and English, emphasizing the issues revealing the peculiarities of the cultural context and cultural diversity.

Table 6: Expert survey questions

RQ	Expert survey questions
RQ1	1) Could Lithuania be considered a culturally diverse country? Why? 2) What influence does the country's culture have on businesses and other organizations? 3) What influence does the country's culture have on cultural diversity and its management practices?
RQ2	4) How do you understand cultural diversity? 5) Do you think that cultural diversity management depends on the organizational culture? Why? How? 6) Do you think that cultural diversity management depends on the level of cultural diversity within the organization? Why? How?
RQ3	7) What cultural diversity management practices are employed in companies and other organizations?
QR6 QR7	8) Does cultural diversity contribute to organizational innovativeness and innovation? Why? 9) What cultural diversity management practices contribute to organizational innovativeness? 10) What cultural diversity management practices contribute to innovation? 11) Does organizational innovativeness result in greater cultural diversity in the company? Why? How? 12) Does innovation result in greater cultural diversity in the company? Why? How?

Expert interviews were conducted from January to October 2020. Due to COVID-19 and geographical distance, the interviews were conducted remotely, using various software (Skype, Microsoft Teams, Zoom), telephone, or at the expert's workplace.

In total, eight expert interviews were conducted. The results of the expert surveys are presented in Section 3.1.

2.3. WEB CONTENT ANALYSIS

Web content analysis as a research method is a systematic tool for describing various data types, which helps to identify and evaluate the research object (its distinct categories, words, phrases, images, objects, etc.). This qualitative research method allows delving into the object and context to check the initial categories and concepts. Therefore, after agreeing with the organization under research, the official website's content was initially analysed to understand the case better. To ensure that the web content analysis answers the empirical research questions, Table 7 presents the empirical research questions and the web content analysis.

Table 7: Research questions for web content analysis

RQ	Web content analysis questions
RQ2	What are the values of the organization? What is the culture of the organization? How is diversity defined? What is the perspective of the organization's cultural diversity?
RQ3	What are cultural diversity management practices in the organization?
RQ4	What dimensions of organizational innovation prevail in the organization?
RQ5	Is there innovation in the organization? What types of innovations are implemented in the organization?

10 websites and 18 documents on the websites were analysed. The results of the web content analysis are presented in Section 3.3.

2.4. INDIVIDUAL INTERVIEWS (SURVEYS)

The primary research method used were **individual interviews**, during which employees in various positions were interviewed in the cases under research. The respondents selected for the empirical research are divided into three groups:

1) CEOs/heads of departments.
2) HR employees.
3) Innovative team leaders/R&D managers/product managers.

At least three interviews were conducted with each organization under research, and each category of respondents was covered. A **semi-structured questionnaire** was used, emphasizing the issues revealing the peculiarities of cultural diversity management and organizational innovativeness.

Table 8: Semi-structured questionnaire

RQ	Interview questions
QR2	1) Please describe the prevailing culture within your organization. 2) Do you consider your organization to be culturally diverse? 3) How are cultural diversity and cultural diversity management understood in your organization? 4) Do you think that cultural diversity management depends on organizational culture? Why? How? 5) Do you think that your organization's cultural diversity management depends on prevailing cultural diversity in the organization? Why? How?
QR3	6) Is cultural diversity management included in the strategy or other plans? Which? 7) What cultural diversity practices are employed in your organization?
QR1	8) Does the country's cultural context influence cultural diversity management?
QR4	9) Do you perceive your organization as innovative? Why? How does the innovativeness manifest?
QR5	10) Has your organization engaged in developing or adopting innovations over the past three years?
QR6 QR7	11) Does cultural diversity contribute to innovativeness or innovations within the organization? Why? 12) Which cultural diversity management practices contribute to organizational innovativeness? 13) Which cultural diversity management practices contribute to innovations? 14) Does organizational innovativeness contribute to higher cultural diversity? Why? How? 15) Do innovations contribute to higher cultural diversity? Why? How?

2.5. RESEARCH PROCESS, ETHICS AND TRUSTWORTHINESS

Research process. The study was conducted from April 2020 to March 2021. The interviews were mainly conducted onsite at the premises of the organizations under research. Due to COVID-19 and geographical distance, many interviews were conducted remotely, using various software (Skype, Skype for Business, Microsoft Teams, Zoom). The duration of the interviews depended on the abundance of the organization's cultural diversity management tools and the respondents' position in the company; thus, the duration of the interviews varied from 30 to 120 minutes.

A pilot study was conducted to assess the depth and clarity of the interview questions. The first four interviews (TELIA 1.1.–1.4.) and expert surveys were used as a pilot study to validate the empirical research questionnaire. Following the interviews, respondents were asked about the clarity and wording of the questions and possible excess or missing questions.

Research ethics and trustworthiness. Semi-structured (standardized) interviews were conducted following recommended research ethics. Table 9 summarises the trustworthiness aspects of the study.

Table 9: Trustworthiness of the qualitative research

Criteria	Trustworthiness aspect
Credibility – internal validity	Method triangulation: Expert interviews, web content analysis, individual interviews.
	Member checks: One interview was conducted with each informant, but some respondents were contacted during the data analysis to clarify the information. Some respondents were sent transcribed interviews to ensure the relevance of the data obtained.
	Crosschecking (to substantiate internal validity): It is common to present the research report (or part of it) to the respondents and find out what they think about the accuracy of the research

	report, so parts of the dissertation were sent to some of the researched organizations. The results were shared with the respondents and other employees or managers of the organizations.
	To achieve early exposure to the culture of the participating organizations, a web content analysis was carried out before the individual interviews, during which the initial categories were identified.
	Diversity of informants: Expert interviews and individual interviews with CEOs, HR staff, and innovative team leaders were conducted.
	Debriefing sessions were conducted with the doctoral study supervisor and consultant, and the results are discussed during various presentations to obtain feedback from other researchers and doctoral students (peer review of the research project).
	Examination of former research findings: The scientific discussion compares the obtained results with previous research. More similar than contrasting results were found in this study.
Transferability – external validity	The transferability of the study was ensured by presenting the context of the study — the country's cultural context was defined through expert interviews.
	Organizational context: Innovative companies that employ culturally diverse employees are exposed to suppliers or consumers' cultural diversity and have diversity management practices. Section 3.2 presents the characteristics of the organizations surveyed.
Dependability	Method triangulation using "overlapping methods": Expert interviews, web content analysis, individual interviews to answer the same research questions.
	Ensuring replicability: Research design viewed as a "prototype model".
Confirmability	Method triangulation was applied.
	An audit aimed at validating data collection tools to assess the depth and clarity of interview questions. Experts and respondents from the TELIA case participated in the pilot study.
Other aspects	All interviews were recorded.
	The NVivo software was used to encode the data.

Limitations of the study. Because a qualitative study was conducted and the cases selected for the study were high-tech or STEM, have culturally diverse staffing, cultural diversity management practices, and are confronted with the cultural diversity of suppliers or consumers, the data cannot be summarised for the general population, but is still valuable for seeing trends.

3. RESULTS OF THE EMPIRICAL RESEARCH ON THE RELATIONS BETWEEN CULTURAL DIVERSITY MANAGEMENT AND ORGANIZATIONAL INNOVATIVENESS

This chapter presents the results of the empirical research on relations between cultural diversity management and organizational innovativeness: The results of expert surveys, case descriptions, web content analysis, individual interviews, the improved model, and the discussion of the outcomes.

3.1. RESULTS OF EXPERTS SURVEYS ON THE RELATIONS BETWEEN CULTURAL DIVERSITY MANAGEMENT AND ORGANIZATIONAL INNOVATIVENESS

This section presents the results of expert interviews. It has been established that there is currently a growing focus on diversity, increasing awareness of the topic and the need to manage diversity (i.e. to implement various diversity management practices). In Table 10, expert interview categories and subcategories related to countries culture and cultural diversity are provided.

Table 10: Cultural diversity and cultural context

Category	Subcategories
	Stereotypes

Countries cultural context	Discrimination
	Preconceived notions
	Social exclusion
Diversity dimensions	Age
	Gender
	Education
	Work experience
	Social status
	Disability
	Sexual orientation and identity
Level of cultural diversity	Low level of cultural diversity in the country
	Average level of cultural diversity in the country
	High level of cultural diversity in the country
Cultural diversity dimensions	Nationality
	Religion
	Language
	Citizenship
	Race
	Country of origin
	Ethnicity
Status of diversity management in the country	First steps: A growing focus on diversity and the need to manage cultural diversity
	First steps: Understanding the benefits of diversity management (awareness)
	Implementing diversity management

Most of the experts pointed out that Lithuania's level of cultural diversity is low, and that cultural diversity is not typical for companies operating in Lithuania, while organizations/companies with culturally diverse employees are somewhat atypical cases. In summary, four types of Lithuanian organizations can be distinguished, which are characterized by cultural diversity: 1) international organizations that "transfer" their values to a branch in Lithuania; 2) organizations that increase cultural diversity as a result of international expansion or workforce shortage; 3) born global companies; 4) and organizations founded by culturally diverse entities. The experts singled out the most common diversity

management practices and cultural diversity management practices presented in Table 11.

Table 11: Cultural diversity management practices

Category	Subcategories
Diversity management practices	Diversity management research
	Diversity policy
	Diversity management plans
	Include work environment / climate / organizational culture
	HRM activities
	Leadership support
	Diversity in all organizational structures
	Communication management
	Flexibility in the workplace
	Diversity promotion
Cultural diversity management practices	Cultural, religious customs
	Spaces of prayer or peace
	Working language and intercultural communication
	Diversity training and awareness-raising events

Experts pointed out that both culturally diverse organizations and innovative organizations have many similarities in terms of searching for new inventions, risk-taking, implementing change, pioneering mindset, etc. Thus, cultural diversity can contribute not only to process or product innovation but also to the overall organizational innovativeness. Table 12 presents the experts' views on the relations between cultural diversity management and organizational innovativeness.

Table 12: Relation between cultural diversity management and organizational innovativeness

Category	Subcategories
The positive impact of cultural diversity on innovativeness	Unconventional solutions
	Different approaches, ideas, and views
	Better understanding of consumer needs
	Creativity

	Quality
	More ways to solve complex problems
	Attracting and retaining talent
The negative impact of diversity on innovativeness	Differences in perception of time
	Communication challenges
The positive impact of innovativeness on cultural diversity	Innovative organizations can attract a broader range of employees because of greater visibility

Organizations face a negative impact of cultural diversity on innovation: Communication challenges and differences in perceptions of time. Communication includes both language skills and different communication styles. Innovativeness is negatively affected by misunderstandings and conflicts that arise due to cultural differences and varying attitudes of employees, both over time and other issues. Moreover, due to conflicts, employees cooperate less and are not too eager to share their ideas and knowledge — they do not get involved in knowledge networks.

3.2. DESCRIPTION OF ANALYSED CASES

In this section, descriptions of analysed cases are provided.

Table 13: Organizational characteristics

Case code	Activity field	The number of employees
TELIA	Telecommunications, IT, and television services	About 20 000
HOST	Web hosting	About 750
DLN	Architectural metal structures	About 400
VISMA	Programming services	About 11 000
FINT	Financial services	About 15 000
CROZ	E-commerce services	About 20
IGNITIS	Electricity and gas supplier	About 4 000
DMIN	Engineering, equipment, and service solutions for various industrial industries	About 12 000

SHIPS	Innovative construction solutions	About 150
RUPTELA	Transport telematics products	About 250

3.3. RESULTS OF WEB CONTENT ANALYSIS ON THE RELATIONS BETWEEN CULTURAL DIVERSITY MANAGEMENT AND ORGANIZATIONAL INNOVATIVENESS

This section presents the results of the web content analysis of the relations between cultural diversity management and organizational innovation. The analysis of websites, diversity policies or other documents under research identified cultural diversity management practices: Inclusive organizational climate and environment development, HRM activities, diversity promotion, diversity policy and training, leadership, diversity principles, awards, and memberships.

In many of the cases studied, organizational culture encompasses the pursuit of equal opportunities and the desire to innovate and be innovative. Almost all websites under research claim the development of innovative solutions. The study singled out a new category: Innovative partnerships with various stakeholders. Summarizing the web content analysis, the categories and subcategories were created.

Table 14: Categories and subcategories of web content analysis

	Category	Subcategories
Cultural diversity	Organizational values	Values related to culture and diversity Values related to innovativeness and innovation
	Dimensions of diversity	Gender, ethnicity, race, religion, sexual orientation, physical disability, age, social environment and status, marital status, experience, gender identity, membership in public organizations, associations, societies, etc., health status, membership in a political party, trade union membership

Cultural diversity management practices	Creating an organizational climate and an inclusive environment	Equal rights Friendliness/positivity Tolerance and respect Integrity Respect for human rights Inclusion Anti-discrimination
	Diversity paradigms	“Discrimination-and-fairness” paradigm “Access-and-legitimacy” paradigm “Integration-and-learning” paradigm
	HRM: Staff selection and recruitment	Principles of equal opportunities or diversity Principle of non-discrimination Principle of promoting diversity “Cultural fit” principle
	HRM: Publicity of vacancies	Representing culturally diverse employees/teams, presentation of culturally diverse employee success stories, job advertisements (in the same country) in various languages, additional attachments to job postings
	HRM: Principles	Ensuring equal opportunities, equal working conditions, equal pay for equal work or work of equal value, unified criteria and principles for employee performance evaluation, equal opportunities to improve at work, to improve qualifications, to participate in study programs, to retrain and to develop a career, unified criteria, and procedures for dismissal
	Diversity policy	The aim of the policy: Regulation and fairness The aim of the policy: Promoting diversity. Policy principles: HRM principals Policy principles: Ethical norms Problem reporting method: Direct Problem reporting method: Indirect
	Diversity training	Manager training Staff training
	Leadership and mentoring	Formal responsibility of managers to promote diversity Informal responsibility of managers to promote diversity
	Networking	Internal (employee) networks External (membership) networks

Organizational innovativeness	Dimensions of innovation	Creativity Risk-taking Future orientation Openness Proactivity
	Innovative partnerships	With scientific institutions With public authorities With start-ups With other companies
Innovation	Types of innovation	Technological innovations Product and service innovation Process innovation Marketing innovations HR innovation Design innovation
Relations	Positive relation between diversity and innovation	Diversity encourages creativity.
		Diversity facilitates the search for new markets and can provide additional knowledge about specific markets.
		Diversity helps to better respond to the needs of consumers and other stakeholders.
		Diversity drives productivity and company growth.

3.4. RESULTS OF INDIVIDUAL INTERVIEWS ON THE RELATIONS BETWEEN CULTURAL DIVERSITY MANAGEMENT AND ORGANIZATIONAL INNOVATIVENESS

This section presents the results of a content analysis of the relations between cultural diversity management and organizational innovativeness.

Cultural context and organizational culture. When answering the questions about the culture and cultural diversity of the organization, many respondents singled out: 1) branches in different countries; 2) markets in which the organization operates; 3) country of origin/ethnicity of employees; and 4) internationality. In most cases, the study found that the definition of organizational culture focuses on the culture of the **central business**

unit/headquarters, which was only partially taken over by other business units. This trend was particularly prevalent in the case studies headquartered in Scandinavian countries, where companies often adopt "Scandinavian" values and attitudes.

Cultural diversity management practices. The study highlighted cultural diversity practices: Inclusive organizational climate and environment development, HRM activities, diversity publicity, diversity policy, diversity training, leadership, communication management, cultural celebrations, traditions and customs, networking, and marketing. It should be noted that some practices are related to diversity in the organization in general and not only to cultural diversity management.

Cultural diversity management practices in the cases studied are often defined based on traditional **HRM activities**. During the interviews, respondents emphasized that diversity management is related to these HR principles:

1) Matching selection criteria and application of conditions.
2) Creating equal conditions for professional development, career pursuits, learning, improvements.
3) Compliance with the general criteria for job evaluation and dismissal.
4) Transparent pay system and pay gaps reduction.
5) Ensuring favourable working hours and arrangements.

These principles comply with the provisions of the Law of the Republic of Lithuania on Equal Opportunities. Respondents highlighted the competencies of potential employees as a critical aspect of recruitment and selection processes. There are no quotas for recruitment and selection processes. The respondent favoured all types of diversity, both in the supervisory board and in the organization's activities, but viewed the increase in quotas negatively, as people are not selected based on their competence but other aspects. Respondents singled out that it was more difficult

for culturally diverse employees to move up the career ladder (due to language skills, specialized jobs).

In some of the cases studied, **diversity policies** are in place. The comparison of the expert interviews and case studies shows a clear difference: In the cases studied, respondents feel that the implementation of a diversity policy has received a lot of attention. On the contrary, the experts point out that many Lithuanian organizations (not necessarily case studies) have a diversity policy in place, either because it is required by their head office or because they have adopted it from other organizations or competitors. This improves their reputation. The implementation of a diversity policy and compliance with it is not required.

One of the challenges of managing cultural diversity is **communication**. The most common challenges arising from cultural differences were: Giving and receiving feedback, speed of decision-making, attitudes to work, hierarchy, communication norms and styles, and differences in emotional expression. As communication management, respondents named various cultural differences in terms of attitudes to work, perceptions of work-life balance, attitudes towards remote working or doing tasks at a convenient time. Although these aspects were not related to communication, they became the cause of misunderstandings, miscommunication, or conflicts.

Following the analysis of cultural diversity management, Table 15 summarises the categories and subcategories of the content analysis.

Table 15: Categories and subcategories of cultural diversity management

Category	Subcategories
Organizational culture	The culture of the organization corresponds to the culture of the country/region, organizational culture in line with organizational values, innovation

	culture, organizational culture as an inclusive and open organizational climate, changing culture, organizational culture as the equal opportunities and absence of discrimination
Selection and recruitment of culturally diverse employees	Knowledge of specific cultures Knowledge of specific languages
Diversity policy	There is no approved diversity policy. There is an approved diversity policy. Diversity policy is being implemented
Diversity training	Training for managers Staff training External training Internal training
Leadership	Supporting diversity management practices Leadership engagement in diversity management Diversity in leadership
Communication in English in Lithuanian departments	English Lithuanian Lithuanian and English
Communication challenges	Challenges due to cultural differences Challenges of language proficiency Challenges due to different perceptions of time Challenges due to stereotypes
Cultural celebrations, traditions, and customs	Integration of traditions and customs Extension of the holiday calendar Prayer rooms
Networking	External (membership) networks Internal (employee) networks
Diversity promotion and marketing	The image of a socially responsible employer Rejection of workplace stereotypes Attracting talent

Organizational innovativeness and innovation. In justifying the organization's innovation, respondents paid close attention to proactivity, research, experimentation, risk-taking, openness, and other aspects. Therefore, even during the interviews, respondents often singled out various innovative technologies currently being

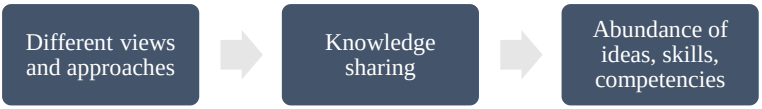
tested, researched, or applied in activities (e.g., Internet of Things, blockchain technology, smart contracts, 3d printing, etc.). However, most of the innovation was based on the modern and innovative work organization methods used, such as Agile, Lean, Scrum, Xerox, etc. Respondents also singled out various external initiatives with which organizations support and work with start-ups and technology parks. Such collaboration helps to attract new ideas outside the organizations, and the purpose of such events is to commercialize innovative ideas.

Relations between cultural diversity management and organizational innovativeness. During the interviews, respondents identified the same or very similar relations with both organizational innovativeness and innovation. Respondents identified an organization as having an innovative organizational culture that is conducive to the creation and implementation of innovation. Two types of relations were identified in the analysis of cultural diversity management and organizational innovativeness: 1) intra-organizational relations and 2) extra-organizational relations.

Respondents most often singled out the **new knowledge, competencies, and skills** group of relations between cultural diversity management and organizational innovativeness. Innovation creation is a process that is inseparable from the generation of ideas, during which employees work in a team to discuss, develop, modify, and implement new ideas. Meanwhile, cultural diversity can facilitate the generation of new ideas through **different views and approaches**. Respondents emphasized that diversity focuses on non-standard visioning, looking at problems or solutions from different perspectives, thus encouraging innovative solutions. In addition to differences in attitudes, an **abundance of ideas, skills and competencies** was also singled out. Diverse teams are free to share different perspectives, creating a larger pool of ideas, competencies, and skills. An organization

can use this pool to implement new ideas and ensure more productive work. Another aspect related to idea generation is **knowledge sharing**. In this way, the organization's knowledge base is expanded, and conditions for the growth of intercultural competencies are created in the organization. Thus, the relations between cultural diversity management and organizational innovativeness linked to new ideas are presented in Figure 4.

Fig. 4: Relations between cultural diversity management and organizational innovativeness: New knowledge, competencies, and skills



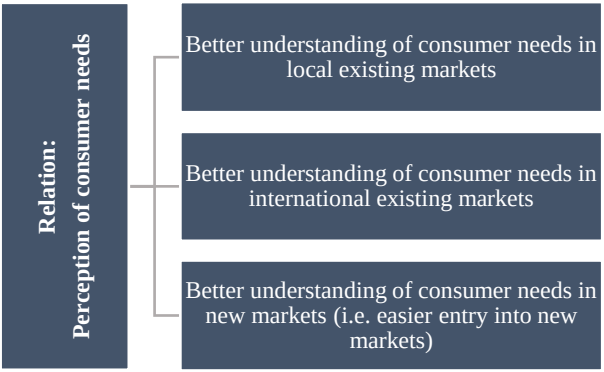
Another group of relations between cultural diversity management and organizational innovativeness is the **work environment, environment, and organizational climate**. Respondents highlighted the importance of **openness** in both diversity and innovation management. Various aspects were included in the concept of openness: 1) open communication; 2) openness to change; and 3) openness to other cultures and tolerance. Another relation that is closely related to openness is **working conditions, environment, and organizational climate**. Organizational innovation is a part of the organizational culture, which encourages and supports new ideas, experimentation, innovative work behaviour, and preconditions for creating and implementing innovations. Therefore, working conditions, the environment, and the inclusive organizational climate created by managing cultural diversity are among the most frequently distinguished relations. Working conditions, environment, and organizational climate create openness, allow for the expression of different perspectives, knowledge sharing, etc.

According to the respondents, inclusive and diverse organizations **attract and retain talents** more efficiently. With a more diverse staff, the company becomes more attractive to culturally diverse employees and those who are not culturally diverse but value diversity, openness, etc. Thus, a diverse workforce enables an organization to attract and retain the most talented employees, and talent and competencies are essential in creating and implementing innovation. Respondents also pointed out that the talent needed to create and implement innovations may simply not be enough in a particular country. The relations between cultural diversity management and organizational innovativeness about the work environment, organizational culture and climate are presented in Figure 5.

Fig. 5: Relations between cultural diversity management and organizational innovativeness: Work environment, organizational culture, and climate

Many respondents singled out that cultural diversity and cultural diversity management can contribute to organizational innovativeness by perceiving **consumer needs**. The diversity within the organization provides a better understanding of consumer needs in domestic and international markets. Respondents also singled out that cultural diversity is essential for discovering and entering new markets, as cultural diversity helps organizations understand specific target groups and cultural contexts. Different skills, experiences, and competencies (such as language proficiency, cultural awareness) help organizations adapt products and services to consumers worldwide. The interface for perceiving consumer needs is shown in Figure 6.

Fig. 6: Relations between cultural diversity management and organizational innovativeness: Perception of consumer needs



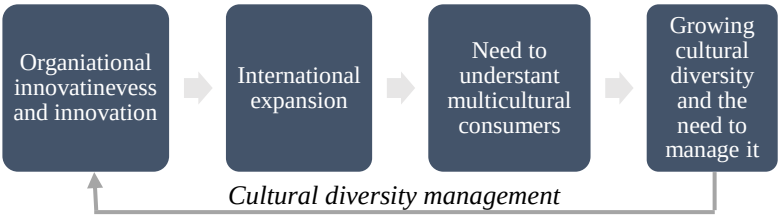
Many of the cases studied highlighted that cultural diversity "emerged" as organizations expanded internationally. Therefore, there is a need for a culturally diverse workforce to understand consumers. Cultural diversity (in terms of consumer awareness) is beneficial in three aspects:

1) Knowledge of specific markets and perception of consumer behaviour.
2) Knowledge of languages.
3) Social capital in specific markets.

During the research, managers associated the growth and development of the organization with the organizational innovativeness and innovations (in many cases, product innovations were singled out). Moreover, as the organization grew and expanded into international markets, a better understanding of consumer needs was a critical aspect that led to diversifying the workforce. Managers also pointed out that culturally diverse employees have contributed to the search for new markets or innovative products, thus encouraging innovation and development. The relations identified in the study between

organizational innovation, development, and cultural diversity presented in Figure 7.

Fig. 7: Organizational innovativeness, international expansion, and cultural diversity



Although respondents of the study singled out that managing cultural diversity facilitates creativity and innovative solutions, cultural differences lead to misunderstandings and more challenges in managing communication, complicating the creation, implementation, and commercialization of innovations. Therefore, negative relations were also singled out, which were divided according to the classical cultural dimensions:

1) **Context**: The "unwritten rules", giving feedback, straightforwardness and courtesy, categoricalness, acknowledging and hiding mistakes, etc.
2) **Time:** Meeting deadlines, delays, prioritizing work overtime, speed of decision making, etc.
3) **Power distance**: Hierarchy, non-sharing of knowledge between managers and employees, micromanagement, etc.

The analysis of the relations between cultural diversity management and innovation found that respondents identified similar links to those found in organizational innovativeness, namely creativity, new ideas, knowledge sharing, a better understanding of consumer needs, and communication challenges. According to the respondents, most culturally diverse employees contribute to the product, organizational management, and process innovation. Respondents singled out which cultural diversity

management practices contribute most to the organizational innovativeness and/or innovation:

1) Creating an open and inclusive organizational climate.
2) Knowledge sharing.
3) Communication management.
4) Staff selection, integration, and retention.
5) Leadership.
6) Networking.

3.5. IMPROVED MODEL AND SUMMARY OF THE RELATIONS BETWEEN CULTURAL DIVERSITY MANAGEMENT AND ORGANIZATIONAL INNOVATIVENESS

This section summarises the results of the empirical study and presents the improved model for the relations between cultural diversity management and organizational innovativeness.

Cultural context. In Lithuania, the focus is on gender, age, disability, work experience, sexual orientation, and marital status diversity issues, while cultural diversity is at a low level. Cultural diversity has been defined based on the following dimensions: Ethnicity, race, language, religion, and nationality. Cultural diversity is not typical for companies operating in Lithuania. Organizations with culturally diverse employees are atypical cases that can be divided into four types:

1) international organizations that “transfer” their values to a Lithuanian branch;
2) organizations that increase cultural diversity because of expansion of workforce shortages;
3) born global companies; and
4) organizations founded by culturally diverse entities.

Organizational culture and cultural diversity. An organization’s culture depends on the country’s culture where the branch is located or on the culture of the headquarters country.

Organizations with headquarters in other countries tend to adopt diversity management tools or policies and cultural features of the particular country. Organizations with headquarters in Lithuania emphasized the values of the organization and their transfer to business units in other countries. “Discrimination and fairness”, “legitimacy and access”, and “integration and learning” paradigms prevail in organizations (Cox, 1994), (Cox & Blake, 1991), (Thomas & Ely, 1996).

Cultural diversity management practices. Various practices are designed to manage diversity, and some practices are specifically focused on managing cultural diversity. All practices are summarised in Table 16.

Table 16: Generalized cultural diversity management practices

Diversity management practices	Cultural diversity management practices
Formal	**Formal**
Diversity management plans Diversity and equal opportunities policy HRM activities (selection, recruitment, career management, job evaluation) Diversity management research Diversity management training Diversity in all organizational structures Mentoring Formal communication management Diversity promotion Networking	Spaces of prayer or peace Working language and intercultural communication Diversity training and awareness-raising events. Cultural committees and networks
Informal	**Informal**
Inclusive work environment/organizational climate/culture Leadership support and involvement Informal communication Flexibility in the workplace	Inclusions of cultural and religious customs in the calendar of the organization

Organizational innovativeness and innovation. The analysis was based on the five dimensions of organizational innovation presented by Shoham et al. (2012) and Ruvio et al. (2014); however, during the analysis, the list of innovation dimensions was supplemented:

1) Modern/innovative work organization methods.
2) Attention to knowledge management.
3) Innovative partnerships.
4) Proactiveness.
5) Future orientation.
6) Openness.
7) Risk-taking.
8) Creativity.

Most organizations based their innovation on modern and innovative work organization methods and singled out various innovative technologies that they are currently testing, researching, or applying in their activities. Types of innovation in organizations:

1) Product innovations.
2) Technological innovations.
3) Process innovations.
4) HR innovations.
5) Marketing innovations.
6) Design innovations.

Relations between cultural diversity management and organizational innovation. The growth and development of the organization were associated with the innovativeness and innovations of the organization (usually product innovations). Moreover, as the organization grew and expanded into international markets, a need arose to understand consumer needs better. This has led to greater diversity in staffing and growing cultural diversity, shaping the need to incorporate diversity management practices. The culturally diverse employees themselves contributed to the search for new markets or the development of innovative products, thus encouraging innovation and development. Thus, the study identified a link between organizational innovation, development, and cultural diversity. During the empirical research, two types of positive cultural diversity management and organizational innovativeness relations

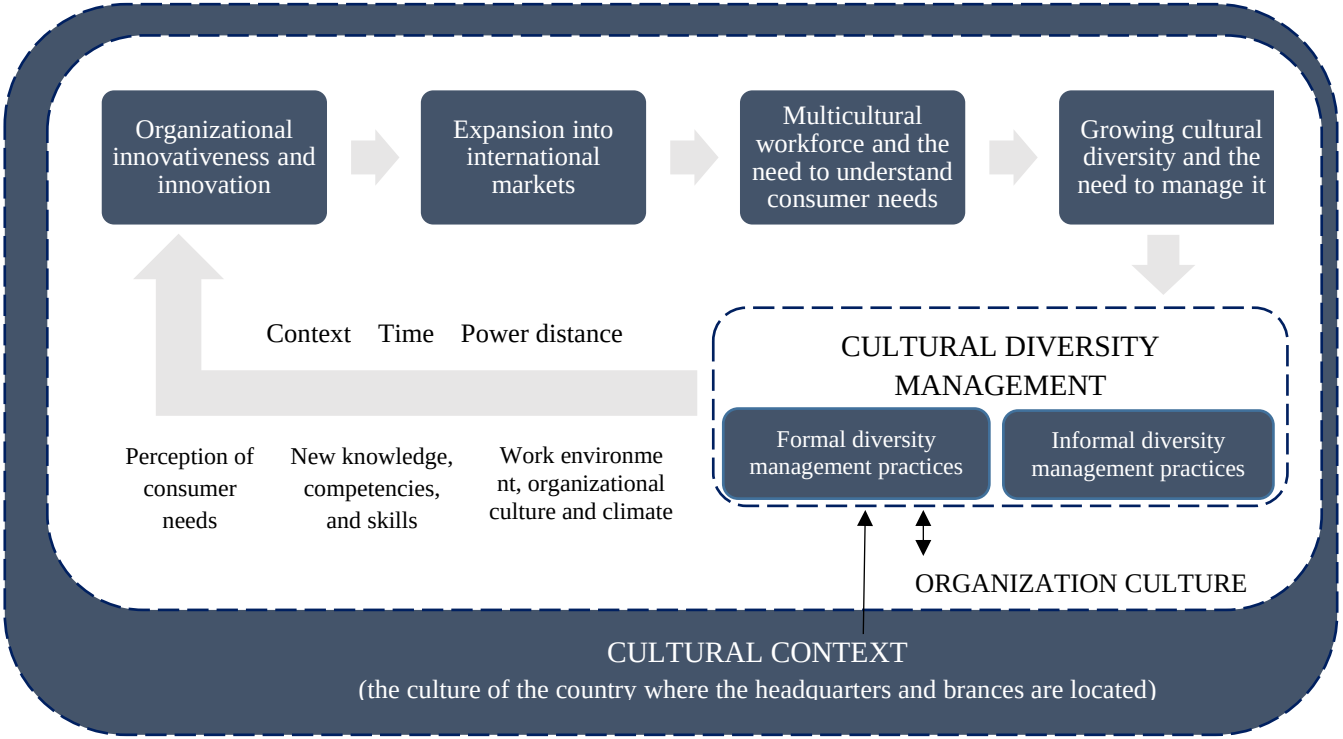
were distinguished: 1) intra-organizational relations and 2) extra-organizational relations.

Table 17: Positive relations between cultural diversity management and organizational innovativeness

Intra-organizational relations	Extra-organizational relations
New knowledge, competencies, and skills: 1) Different approaches. 2) Abundance of ideas, competencies, and skills. 3) Knowledge sharing.	**Perception of consumer needs:** 1) Better understanding of consumer needs in existing local markets. 2) Better understanding of consumer needs in existing international markets. 3) Better understanding of consumer needs in new markets (i.e. more accessible access to new markets).
Work environment, organizational culture, and climate: 1) Openness (communication, change, other cultures, and tolerance). 2) Working conditions, environment, and organizational climate. 3) Attracting and retaining talent.	

The study also identified negative relations between cultural diversity and organizational innovativeness: 1) context; 2) time; and 3) power distance. Creating an open and inclusive organizational climate, knowledge sharing, recruitment, integration, and retention of employees were identified as the most critical cultural diversity management practices that contribute most to organizational innovativeness and/or innovation. Based on the summarised results of the empirical study, the model for relations between cultural diversity management and organizational innovativeness was improved and is presented in Figure 8.

Fig. 8: Improved model for relations between cultural diversity management and organizational innovativeness



Empirical research has refined the relations between cultural diversity management and organizational innovativeness by incorporating the established relations between organizational innovation, international expansion, and cultural diversity. Innovative organizations start to expand by developing innovative products, and as internationalisation increases, there is a need to understand more diverse consumer needs and the workforce becomes multicultural. Increasing cultural diversity creates a need for diversity management practices. The improved model for managing cultural diversity identifies the cultural context and emphasises that the culture of an organization and the management of cultural diversity depend on the culture of the country where branches or headquarters are located. The model is complemented by the positive (perception of consumer needs, new competencies, knowledge and skills, work environment, organizational culture, and climate) and negative (context, time, and power distance) relations between cultural diversity management and organizational innovativeness that emerged from the empirical research.

Discussion. When discussing the existing relations between cultural diversity and innovation, it was noted that most studies do not take into account the cultural context of the country, although many authors (Rabl, et al., 2018), (Manoharan & Singal, 2017), (Knights & Omanovic, 2016), (Janssens & Zanoni, 2014), (Roberge & Dick, 2010), (Rodriguez-Garcia, 2010), (Nishii & Ozbilgin, 2007) emphasise the importance of context for the cultural diversity management. Therefore, the country's cultural context and the organization's cultural context (i.e. organizational culture) were included in this study. The successful implementation of cultural diversity management practices depends on the organizational culture (Yadav & Lenka, 2020), (Shore, et al., 2018), (Rabl, et al., 2018), (Trittin & Schoenebor, 2017), (Podsiadlowski, et al., 2013), (McMahon, 2010), (Cox,

2001), (Doherty & Chelladurai, 1999); the cultural diversity management promotes greater diversity in the workforce and contributes to the formation of an open and inclusive organizational culture. Cultural diversity is not typical for companies operating in Lithuania. Organizations with culturally diverse employees are atypical cases that can be divided into four types. Various authors single out the same distinguished types (Wang, et al., 2019), (Bogilović, et al., 2020), (Brixy, et al., 2020), (Brown, et al., 2018), (Groutsis, et al., 2018), (Solheim & Fitjar, 2018), (Parrotta, et al., 2016), (Nathan & Lee, 2013), (Ozgen, et al., 2013b); however, they have not been generalized.

The relations between cultural diversity management and organizational innovativeness identified and substantiated during the research are related to the perception of consumer needs that have also been singled out by other authors (Rametse, et al., 2018), (Parrotta, et al., 2016), (Vissak & Zhang, 2014), (Nathan & Lee, 2013), (Bridgstock, et al., 2010). The perception of consumer needs was divided into three groups: 1) a better understanding of consumer needs in existing local markets; 2) a better understanding of consumer needs in existing international markets; and 3) a better understanding of consumer needs in new markets (i.e. easier access to new markets).

The study identified and substantiated the relations between cultural diversity management and organizational innovativeness — "different approaches" and "abundance of ideas, competencies and skills" — which were theoretically singled out by other researchers (Jinyong & Chanhoo, 2021), (Brixy, et al., 2020), (Bogilović, et al., 2020), (Tshetshema & Chan, 2020), (Laursen, et al., 2019), (Wang, et al., 2019), (Roh & Koo, 2019), (Makkonen, et al., 2018), (Kemeny, 2017), (Cooke & Kemeny, 2017), (Stahl, et al., 2017), (Bove & Elia, 2017), (Korzilius, et al., 2017), (Frijns, et al., 2016), (Alesina, et al., 2016), (Bouncken, et al., 2016), (DiRienzo & Das, 2015), (Ozgen, et al., 2014), (Parrotta, et al.,

2014), (Østergaard, et al., 2011), (Lauring, 2009), (Roberge & Dick, 2010), (Milliken & Martins, 1996). The study also found that knowledge sharing is an essential link between cultural diversity management and innovativeness and innovation, as confirmed by other authors (Mohammadi, et al., 2017), (Bouncken, et al., 2016), (Rodríguez-Pose & Hardy, 2015), (Ozman & Erdil, 2013), (Lauring, 2009), who single out knowledge sharing as a mediator or moderator.

Empirical research has shown that managing cultural diversity helps to attract and retain talents that contribute to innovation, as confirmed by results obtained by other authors (Mayer, et al., 2018), (Rilla, et al., 2018), (Groutsis, et al., 2018), (Hiemstra, et al., 2017), (Momani & Stirk, 2017), (Podsiadlowski, et al., 2013).

The study identified "working conditions, environment and organizational climate" as the relation between cultural diversity management and organizational innovativeness; similar relations were also identified by Ashikali & Groeneveld (2015), including inclusive culture, which is driven by cultural diversity management, and Roh & Koo (2019), who highlighted collaborative culture as a relation. Empirical research singled out the "relation of openness", which was identified by other authors as well (Bogilović, et al., 2020), (Bouncken & Winkler, 2010). The relation of openness was refined by distinguishing the following aspects: 1) open communication; 2) openness to change; 3) and openness to other cultures and tolerance.

Difficult communication is often singled out as a negative aspect of cultural diversity for the organizational innovativeness due to increased "non-communication", conflicts and multiplied communication costs (Jones, et al., 2021), (Makkonen, et al., 2018), (Momani & Stirk, 2017), (Bohme & Kups, 2017), (Bouncken, et al., 2016), (Parrotta, et al., 2016), (Frijns, et al., 2016), (Bosetti, et al., 2015), (Rodríguez-Pose & Hardy, 2015), (Ozgen, et al., 2014), (Bassett-Jones, 2005). Meanwhile, Jinyond

& Chanhoo (2021) conducted a study in South Korea, where no data showed a statistically significant relations between conflict and team diversity. However, in this study, communication challenges were also singled out as unfavourable rather than positive relations. Thus, negative relations (context, time, and power distance) between cultural diversity and organizational innovativeness were identified, partially confirmed by (Bouncken, et al., 2016). Bouncken et al. (2016) singled out the power distance as the most challenging aspect of cultural diversity and innovation. Consequently, the results of the empirical research supplement the theory with systematized positive and negative relations between cultural diversity management and organizational innovativeness.

The "greater collaboration between culturally diverse and other employees" identified by other researchers (Roh & Koo, 2019), (Bakir, 2017), (Mohammadi, et al., 2017) was not found during the empirical study period. This can be explained by the country's cultural context, as described by the experts, where stereotypes, prejudices and social exclusion are prevalent, and employees tend to work with colleagues with similar cultural and/or social identities.

The empirical study found more positive than negative relations, confirming the results obtained by numerous researchers and contradicting Frijns et al. (2016), who stated that the challenges of cultural diversity outweigh the potential benefits.

CONCLUSIONS

1) Research of cultural diversity management and organizational innovativeness led to the following outcomes: Cultural diversity management focuses on the organization's strategic actions to promote diversity, change the organizational culture, and empower employees to create a working environment focused on employee development and acquisition of new skills. Cultural diversity in an organization can be ignored (culturally diverse employees need to assimilate) or integrate culturally diverse employees. Cultural diversity management practices can be divided into structured (formal) and informal practices. Structured/formal practices include strategic management of cultural diversity, cultural diversity policies, HRM activities, workplace flexibility, communication management, diversity councils, cultural diversity assessment, etc. Informal practices include leadership, inclusive organizational climate, mentoring, networking, communication, etc. In many models of cultural diversity management, the result is organizational innovativeness or innovation. Organizational innovativeness encompasses the organizational culture, climate, behaviour, which aim to create an organizational environment conducive to innovative solutions, where ideas are freely generated, experimenting is encouraged, and innovation is motivated and enabled. Innovativeness is a prerequisite for innovation, but organizational innovativeness per se does not guarantee innovation.

2) The analysis of cultural diversity management models has shown that the models mainly distinguish between processes and outcomes of cultural diversity management, considering cultural typologies and dimensions of cultural diversity. Many cultural diversity management models result in an organization's innovativeness and/or innovation. The research analysis on the relations between cultural diversity management and

organizational innovativeness resulted in four types of relations: 1) positive; 2) negative; 3) hybrid; and 4) statistically insignificant (relations not found). Many studies have found a positive link between cultural diversity and innovation, both at the organizational and broader levels. The results of the research record a significant distinction between high and low-skilled culturally diverse employees and their impact on innovation. Also, many studies have found that cultural diversity influences different types/levels of innovation. Thus, a significant number of studies are emerging in which the relations between cultural diversity and innovation is not statistically significant, is not recorded, or some studies have shown a negative impact of cultural diversity on innovation.

3) Based on the analysed cultural diversity management models and research on cultural diversity management and organizational innovation, the model for relations between cultural diversity management and organizational innovativeness was established. The model consists of five elements: 1) cultural context; 2) organizational culture and level of cultural diversity; 3) cultural diversity management; 4) organizational innovativeness; and 5) innovation. The model considers the cultural context, the organizational culture, the level of cultural diversity and the structural/formal and informal aspects of cultural diversity management. The management of cultural diversity depends on the cultural context, the organization's culture, the league of cultural diversity and the perspective, which can contribute to the organization's innovativeness. Organizational innovativeness does not guarantee innovation per se but can create an environment conducive to generating ideas and enabling innovation. This means that innovativeness would encourage an organization's innovative behaviour and lead to a product, process, organizational, or marketing innovations.

4) After validating the model for relations between cultural diversity management and organizational innovation with empirical research, the influence of the country's cultural context on cultural diversity was determined. In Lithuania, the focus is on the diversity of gender, age, disability, work experience, sexual orientation, or marital status. Cultural diversity was defined based on dimensions of ethnicity, race, language, religion, and citizenship. The country is dominated by stereotypes and prejudices that lead to discrimination and social exclusion. Nevertheless, there is a growing focus on diversity, public awareness, and cultural diversity management practices. Cultural diversity is not typical for companies operating in Lithuania. Organizations with culturally diverse employees are atypical cases that can be divided into four types: 1) international organizations that "transfer" their values to a Lithuanian branch; 2) organizations that increase cultural diversity because of expansion of workforce shortages; 3) born global companies; and 4) organizations founded by culturally diverse entities.

5) After validating the model for relations between cultural diversity management and organizational innovation with empirical research, the peculiarities of organizational culture and culturally diversity were identified. The organizational culture depends on the country where a branch or the head office is located. Organizations with headquarters in other countries tend to adopt diversity management tools or policies and cultural features of the particular country. Organizations with headquarters in Lithuania emphasize the organizational values and their transfer to branches in other countries. There are six categories of organizational culture: The paradigms of discrimination and justice, access and legitimacy, and integration and learning prevail in organizations.

6) After validating the model of cultural diversity management and organizational innovation relations with empirical research, cultural diversity management practices were categorized.

Organizations use diversity management practices (of all types), and practices specifically focus on cultural diversity management. A distinction was made between formal and informal practices. Formal diversity management practices are plans, policies, human resource management activities, research, training and awareness-raising events, cultural committees, networking, mentoring, quiet rooms, working language and intercultural communication, etc. Informal diversity management practices include organizational climate, leadership, informal communication, incorporating cultural, religious traditions and customs into the organization's calendar, etc.

7) After validating the model of cultural diversity management and organizational innovation relations with empirical research, the dimensions of organizational innovation and types of innovation were determined. Culturally diverse dimensions of organizational innovation are as follows: 1) modern/innovative work organization methods; 2) focus on knowledge management; 3) innovative partnerships; 4) proactivity; 5) future orientation; 6) openness to change; 7) risk-taking; and 8) creativity. Most organizations based their innovation on modern and innovative work organization methods and singled out various innovative technologies that they are currently testing, researching, or applying in their activities. Types of innovations in organizations: 1) product and service innovations, 2) technological innovations, 3) process innovations, 4) human resource innovation, 5) marketing innovations, 6) design innovations.

8) Empirical research has highlighted the relations between cultural diversity management and organizational innovativeness. The growth and development of the organization were associated with the organizational innovativeness and innovations. Moreover, as the organization grew and expanded into international markets, a need arose to understand consumer needs better. This has led to greater diversity in staffing and growing cultural diversity, shaping

the need to incorporate diversity management practices. The culturally diverse employees themselves contributed to the search for new markets or innovative products, thus encouraging innovativeness and development. Thus, the study identified a connection between organizational innovation, development, and cultural diversity. Empirical research distinguishes three types of positive links between cultural diversity management and organizational innovativeness: 1) innovative knowledge, competencies, and skills; 2) work environment, organizational culture, and climate; and 3) perception of consumer needs. Negative links between cultural diversity and organizational innovativeness have also been identified: 1) context, 2) time, and 3) power distance. Creating an open and inclusive organizational climate, knowledge sharing, recruitment, integration, and retention were identified as the most critical cultural diversity management practices that contribute most to organizational innovativeness and/or innovation.

RECOMMENDATIONS

Recommendations for organizations:

1) It is recommended to develop a more favourable approach to the implementation and execution of diversity management; to establishing an inclusion coordinator (reinforce their role) responsible for implementing and updating diversity management practices, thereby reducing the fragmentation of diversity practices. As the organization grows, a policy on diversity and equal opportunities should be developed to focus on disseminating its principles, thus avoiding a gap between the formal diversity policy and the reality on the ground. It is recommended to provide periodic diversity management training for managers and employees and remote/virtual training on diversity, negative attitudes, etc., for other employees. Handbooks for new employees

should be produced in different languages with information on the organization, its values and practices, and more general information on the country, city, and culture. It is also recommended to collect data on cultural diversity, cultural diversity management practices and evaluate diversity management practices. Employee quotas are not recommended because diversity management seeks to distance itself from legal aspects, such as AA/EEOs, focusing on quotas and "forced equality". Quotas can lead to resistance and more significant social exclusion.

2) It is recommended to focus on reducing the negative links (context, time, and power distance) between cultural diversity management and organizational innovativeness. In terms of context and time, it is recommended to describe the organization's values, norms, and rules, present them in different languages to new employees, and constantly remind existing employees. In terms of power distance, it is recommended to "flatten" the structure of the organization, reducing the divide between managers and employees, thus promoting knowledge sharing.

Recommendations for future research:

3) The empirical research on the relations between cultural diversity management and organizational innovativeness has revealed further problematic issues that should be addressed in organizational management practice. The following questions for further research are recommended: 1) What are the main obstacles to implementing diversity management practices? 2) How to evaluate the effectiveness and efficiency of diversity management practices? 3) What diversity management practices are most effective in achieving innovation at the organizational level? 4) What is the interaction between organizational innovativeness, development, and cultural diversity?

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