DIVERSITY MANAGEMENT AND ORGANIZATIONAL CULTURE: LITERATURE REVIEW, THEORETICAL PERSPECTIVES, AND FUTURE DIRECTIONS

Syaiful Bakhri

Ph.D Scholar, Business and Economics Faculty, Diponegoro University,
Sekolah Tinggi Ilmu Ekonomi Lampung Timur

Udin*

Ph.D Scholar, Business and Economics Faculty, Diponegoro University,
* Corresponding author: udin_labuan@yahoo.com

Daryono

Faculty of Economics and Business, Universitas Jenderal Soedirman

Suharnomo

Business and Economics Faculty, Diponegoro University

ABSTRACT

The existing *literature on the relationship between diversity management and organizational culture is fragmented due to differences in methodological treatments and theoretical perspectives. This study investigates several key themes in diversity management and organizational culture research. By reviewing the related antecedents and outcomes to shape a comprehensive framework, this study addresses the underlying theoretical perspectives, and highlights the future direction. This study provides clear conceptual explanation to the impact of diversity management on strong organizational culture for organizational competitiveness.*

Key words: Diversity management, Organizational culture.

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1. INTRODUCTION

Various challenges faced by modern organizations cause the organization seeks to leverage its potential to achieve goals. The most striking challenge for organizations today is the issue of

managing diversity. This is in line with what Benschop (2001) argue that diversity management is considered one of the key challenges for HRM in modern organizations. With regard to human resources, organizations will be exposed to increasing pressure on human resources diversity. That is, the diversity requires proper attention, understanding, and management in order for the organizations to get the real benefits, which in turn is expected to bring meaningful influence to achieve the organizational goals (Handayani, Udin et al., 2017).

Along with the changing business environment, the work also changed to become more diverse. Likewise the human resources that work in organizations also become increasingly diverse. Consequently there is an increasing trend of variation and interaction among different human resources (Wibowo 2010). In an organizational context, uniformity is described as a number of important characteristics of human beings that influence the values, opportunities, and perceptions of people in themselves and others.

Miller and Katz (2002) argue that diversity is a range of social identity groups that include within an organization. This diversity is in fact a tremendous opportunity when diversity is effectively managed. But on the contrary diversity can also be a disaster when it comes to the conflict of its members. Robbins (2013) mentions that if diversity is not managed well then emerging is conflict, disagreement and reduced productivity. In addition, inability of management in managing diversity within the organization will cause its diversity to be barriers to organizational progress (Allison 1999). These are the reaction to multiculturalism's commitment, anger and sustained disappointment from women and minorities, and systematic institutional resistance within the organization to the differences.

Managing diversity cannot be separated from managing culture. A diversity that can be effectively managed will bring about the total support of members of the organization and that is the part of the acceptance of diversity as part of an organizational culture. Therefore, this is an importance of organizational leaders to have ability to manage diversity effectively. Effective religious management will ultimately create a strong culture of the organization. Furthermore, through this strong organizational culture will be expected to have competitiveness of the organization.

2. LITERATURE REVIEW

2.1. Diversity Management

Thomas and Ely (1996) explain that diversity could be understood as a varied perspective and approach to work in which members carry on different group identities. Guillory in Hartini (2012) argues that diversity could be viewed as an environment in which business-related differences are part of organizational life.

In the context of organizational, management diversity is a voluntary organizational program designed to create involvement of all larger people into informal social networks and formal enterprise programs, and to create greater opportunities for their progress (Gilbert and Ivancevich, 2001). This sense brings the meaning that diversity is a force that is seen as a variation of work within an organization. The existence of these variations makes the organization look more dynamic and more vibrant. Not just variations but also has become an important business skills, so it needs to be integrated into every aspect of the business in order to become a strong organizational culture.

The issue of diversity that can create competitive advantage has been discussed for a long time. Cox and Blake (1991) wrote that consultants, academics and business leaders have directed organizations to respond to this trend with a valued diversity approach. They claim

that if managed well, the diversity of labor will lead to a potential competitive advantage for the organization.

Research on diversity management and its effects on organizational outcomes is also largely done by researchers. Studies conducted by Magoshi and Chang (2009) show the result that diversity management practices have a positive impact on the organizational commitment of employees in 10 major companies in Japan and Korea. Other findings suggest that diversity management is strongly associated with work group performance and job satisfaction (Pitts 2009). Thomas (2004) says that managing diversity is one of the basic competencies commonly used to demonstrate executive performance. When a manager is able to manage the diversity that appears in the organization well, it means that the manager has behaved effectively.

There is a lot of diversity that arises from an organization. According to Magoshi and Chang (2009), diversity is shown in matters relating to citizenship, ethnicity, gender, age or physical and mental abnormalities. While Lestari (2015) with almost the same language, mentioned there are some characteristics of the signifiers of diversity. These characteristics will include the main characteristics, such as age, ethnicity, gender, ability, race, and other secondary characteristics such as geography, work experience, income, religion, language, communication style, family status, work style, and education (Handayani, Udin et al., 2017). The existence of this diversity of course requires considerable complex management especially when issues of diversity deal with human resource management issues such as compensation, promotion, training, leadership and other issues within the organization.

Table 1 Empirical Studies of Diversity Management

Author	Sample	Key Finding
Magoshi and Chang (2009)	HR managers of 10 major companies in Japan and Korea	The research described the realities of diversity management practices in Japanese and Korean companies, and empirically examines how the practices influence employees' attitudes at the workplace. The results indicated that diversity management practices trigger positive effects on employees' organizational commitment, which was mediated by their perception of procedural justice.
Pitts (2009)	140,000 of US federal government employees	The findings indicated that diversity management is strongly linked to both work group performance and job satisfaction, and that people of color see benefits from diversity management above and beyond those experienced by white employees.
Gilbert and Ivancevich (2001)	284 employees of two US organization	Study results suggested that a culture that stresses inclusion of all individuals will have a positive impact on the demographic majority.
(Shen, D'Netto et al. 2010)	530 Chinese employees in a range of industries	The results indicated that overall, HRDM is positively related to OCB, compensation diversity management is the strongest predictor of OCB, recruitment and selection diversity management is also significantly associated with OCB.

2.2. The Importance of Managing Diversity

Many organizations talk about the actions needed to unleash their workforce's potential to deliver higher value from the market. Increasing diversity creates an opportunity to improve everyone's performance, enhance organizational capabilities innovate and serve all customers to succeed in the 21st century (Wibowo, 2010). Through an effective diversity management will be manifested in a strong culture of the organization. A strong organizational culture will in turn improve the competitiveness of the organization. This is because organizational culture can lead employees who have more competence to be able to get together to achieve goals. In addition a strong organizational culture will avoid organizational failure.

2.3. Organizational Culture

Recently, the topic of the importance of managing culture within the organization is still an interesting conversation for researchers. This is proven by many studies of organizational culture related to organizational outcomes such as those conducted by Tsai (2011), Acar (2012), Yesil and Rich (2013), Iljins, Skvarciany et al. (2015) and Lee, Shiue et al. (2016). The discussion that occurred at least includes two things namely the elements of organizational culture and the process of forming the organizational culture itself (Brahmasari and Suprayetno, 2008).

Similar to other variables in the field of organizational behavior and human resource management, the notion of organizational culture is very diverse. Schein (2010) mentions that organizational culture is a system of shared meanings that shared by members to distinguish an organization to another. Meanwhile, according to Sinding and Waldstrom (2014) organizational culture is a set of shared implicit assumptions held by the group and that determines how perceptions, thoughts and reactions to various environments.

Organizational culture greatly affects many aspects of the organization, such as employee interaction, organizational functions, decision-making processes, and employee success in the face of challenging situations (Joel 2015). Many aspects arise as a result of the culture that make the organization need to choose what kind of cultural classification is worth developing so recognized as a driver for the progress of an organization.

Organizational culture can have considerable influence, especially when the culture is strong (strong culture). A strong organizational culture can result in a company able to improve its competitiveness, so it can take action and coordinate against competitors and customers. In addition, corporate culture can lead employees who have more competence to get together to achieve goals (Build, 2008).

Identification of strong culture could be known from Robbins's (2006) statement that strong culture is a culture where organizational values are held intensively and widely shared from members of the organization. Further Robbins (2006) says that a strong organizational culture provides stability to an organization. Strong culture can also be called a positive culture. A positive organizational culture will encourage employee achievement motivation and company effectiveness. To be clear, the following table can illustrate the difference between strong culture and weak culture.

Table 2 Differences between strong culture and weak culture

Strong culture	Weak culture
Values are widely accepted	Values are embraced by only a handful of people within the organization, usually top management
Culture provides a consistent message of what matters	Culture provides conflicting messages about what matters
Employees can tell the history and hero of the organization	Employees have little knowledge about the history and heroes of the organization
Employees are strongly identify with the culture	Employees have little concern for their organizational cultural identity
A strong relationship between shared values and behavior among members of an organization	Weak relationship between shared values and behavior among members of the organization

Source: Dessler (2013)

2.4. Relationship between managing diversity and strong culture organization

The linkage between organizational diversity and culture management is that basically diversity management could be defined as a company's ability to provide opportunities and exploit people's resources from different cultural backgrounds (Magoshi and Chang, 2009). This sense means that between diversity and culture there is a close relationship.

The issue of organizational diversity becomes important for all organizations to address today. Not only because of the increasing level of competition but also with the increasingly complex workforce in an organization. Organizational competition is no longer happening at the local level but across regional boundaries. Similarly, complexity of labor and heterogeneity are a necessity.

There are several ways that could be done in the face of diversity of human resources, so even though coming from different backgrounds, these ways could be applied in order to maximize the potential diversity that exists within the organization, among others (Robbins and Coulter, 2012):

Peak management commitment to diversity

Organizations need a strong commitment to diversity and inclusion programs. Diversity needs to be integrated into every aspect of the business - from labor, customers and suppliers to products, services and communities served

Mentoring program

Mentoring is a process by which experienced members of the organization offer advice and guidance to less experienced members. A good mentoring program will be aimed at all the diversity of employees who have high potential to rise to the career ladder of an organization

Diversity skills training

Organizations have a challenge to find ways how an employee can work with different employees. That is when it comes to the training of diversity skills, a special training to educate employees about importance of diversity and teach them the skills to work in diverse environments.

Recognition and support to the employee resources group

Recognition of an employee resource group is a strategy that could be used to embrace different groups that are not seen and ignored within an organization. This group of employee resources provides an opportunity for these people to have a voice.

Diversity is an absolute thing for the organizations. It therefore is necessary to plan management strategies to overcome the problems that arise as a result of these differences. The hope, once the organization knows the problems that arise then top management to do strategic steps in solving the problem. Diversity of human resources is very influential on business strategy and organizational management. It has to be a top priority for organizational leaders who need to be considered for effective performance of the organization.

3. CONCLUSIONS

Diversity in organizations is a necessity since the organizations are established. Diversity management becomes a challenge for top management to gain competitive advantage. Basically a diversity management strategy focuses on how to harness the resources they possess in a fair and dignified way. Therefore, the organization should pay attention to some of the strategies and conditions as mentioned above. Implementation of the strategy as expected is not an easy job, because it takes the will and effort hard to be able to make it happen.

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