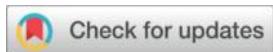OPEN ACCESS

Managing Diversity as a Strategic Tool for Enhancing Organizational Competitive Advantage

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Abstract

The concept of managing human diversity represents a modern management approach that is concerned with strategic investment in human resources within the organization, through managing individual differences across their demographic, cognitive, and cultural dimensions, and directing them to serve organizational objectives. In light of intensifying competition at both local and global levels, contemporary organizations have increasingly adopted strategic human resource management concepts, including the strategy of managing human diversity, as an effective tool for transforming diversity from a mere organizational reality into a strategic resource capable of utilization.

The systematic application of the human diversity management strategy contributes to promoting organizational innovation and creativity, achieving higher levels of organizational effectiveness and productivity, through improving employee performance and enhancing the degree of harmony and integration among different competencies. This is reflected positively on the economic, commercial, and financial performance of the organization, thereby strengthening its ability to achieve sustainable competitive advantage. Accordingly, this research emphasizes that managing human diversity represents one of the fundamental pillars for achieving competitive excellence, provided it is integrated within the organization's comprehensive strategic vision.

Keywords Human diversity management; Strategic human resources; Organizational performance; Innovation; Competitive advantage.

Introduction

Given the importance of human diversity and its vital role in building and strengthening the competitive position of organizations, it has become necessary to adopt a human diversity strategy and manage its various dimensions, applying effective policies for the proper management of individual differences, controlling their negative aspects, and activating their positive ones. In light

of contemporary organizations' pursuit to enter the arena of global and local competition, they have hastened to adopt strategic human resource management concepts, including the concept of managing human diversity, with the objective of transforming this human difference and variation into a strategic resource to achieve competitive advantage. This is accomplished by making it a source of innovation, creativity, and productivity, thereby increasing the organization's economic, commercial, and financial performance, which may establish it in its competitive environment.

Research Problematics

Primary Research Question:
How can diversity management become an effective strategic tool for promoting competitive advantage in organizations?

Secondary Research Questions:

- What is meant by the strategy of managing human diversity?

- What is meant by competitive advantage?

- What is the relationship between human diversity management strategies and competitive advantage?

General Hypothesis

Organizations that implement an effective strategy for managing diversity achieve clear competitive advantage through promoting innovation, improving organizational performance, increasing employee satisfaction, and enhancing customer satisfaction.

Research Objectives

- To identify human diversity management as a strategic approach in organizations.

- To recognize the competitive advantage of organizations.

- To analyze the correlation relationship between diversity management and competitive advantage.

Research Methodology

Descriptive Method

The research employs the descriptive method, which is based on studying scientific phenomena as they exist in reality, by collecting available data about them, organizing it, and analyzing it with scientific precision. This enables understanding of their characteristics, dimensions, and the relationships that connect their components, without seeking to influence them or control their variables. The descriptive method is considered one of the most common approaches in administrative and human sciences studies, due to its ability to deal with complex organizational phenomena that are difficult to subject to direct experimentation. Based on this, the adoption of the descriptive method in this article allows us the possibility of deepening the theoretical understanding

of the relationships existing between variables, such as the relationship between diversity management strategy and competitive advantage.

Section One: The Concept of Human Diversity Management

1. Diversity Definition

Diversity refers to the classification of things into different types, or the variation in work methods and approaches. It describes differences between individuals, groups, and races resulting from various factors. In social and behavioral sciences, diversity indicates differences among individuals and groups in age, health, race, cultural background, gender, religion, and ideology (Amer, 2012).

2. Definition of Diversity Management

Diversity management definitions have become numerous, with no unified definition agreed upon by researchers. Therefore, this section attempts to address the most important definitions proposed by a group of scholars. GOX defines it as "a set of procedures beginning with planning and implementing systems and policies related to human resource management, which should create competitive advantage stemming from the diversity present in the workforce and customers, while working diligently and rigorously to combat all forms of discrimination, while maximizing the importance of each individual regardless of gender, identity, race, age, color, physical health, and organizational and political orientation" (Bodia Safi, 2010).

Roosevelt also defines it as "an administrative style or pattern that allows an institution to achieve a satisfactory level of productivity and profitability through a heterogeneous yet harmonious workforce, and to work as one cohesive group while exploiting all the skills and knowledge of each element regardless of differences." The institution recognizes that individual differences can create value through their role in activating creativity and understanding customer and employee needs, viewing these differences as fundamental assets and new organizational models presented by current changes. Others define it as "a policy for managing conflicts, combating discrimination, and promoting equality among all" or as a step aimed at employing and maintaining workers from various community groups (Badia Safi, 2010).

Therefore, diversity management is an administrative approach aimed at eliminating discriminatory behavior within the organization and establishing a culture of tolerance, cooperation, and communication that allows for the integration of workers with their differences and contributions without discrimination based on gender, race, religion, physical condition, age, or political orientations. This diversity requires conscious and effective management that respects the feelings of each group and prevents any violation of their privacy on one hand, while working to integrate and create a cohesive fabric that increases the effectiveness of competitive advantage on the other (Al-Ameri).

3. Importance of Diversity Management

The importance of diversity management is evident through the diverse experiences, skills, and thinking approaches that the workforce in the organization provides, offering the possibility of presenting new ideas to the organization, especially during crisis periods when there is a need for

everyone to unite to face challenges. Diversity also contributes to improving the organization's competitive position, enhancing its public image, and increasing the market value of the organization's shares. It leads to integration and organizational harmony of human resources across all functions and different administrative levels, and increases productivity.

When individuals from different diverse groups feel appreciated, justice, and equal treatment, they will exert their maximum efforts to improve performance, activate creativity, and bring forth innovation—the main competitive element in today's world. Members of diverse groups usually attempt to prove their existence through perseverance and presenting what is distinctive and new. Large businesses today resort to developing multicultural organizational culture by enriching the prevailing organizational culture with the cultures of diverse groups within the organization, which leads to significant positive effects.

The participation of diverse groups within the organization in their celebrations and respecting their privacy, considering it as a constant context in the organization's work system, has significant returns. The existence of the Institute for Managing Diversity in the United States of America, and the fact that many organizations have allocated diversity management within their organizational structure, such as IBM, emphasize the importance of diversity and its management. Some scholars view diversity as one of the organization's assets (Lotfi, 2013).

4. Dimensions of Human Diversity in Human Resources

These dimensions are represented by three fundamental perspectives:

First Perspective:
This perspective defines dimensions of human resource diversity from a narrow concept, such as origin and race.

Second Perspective:
This perspective defines diversity dimensions from a broad concept in two groups:

- Primary Dimensions Group: Includes subdimensions such as age, origin, race, gender, physical abilities, and sexual orientations (Vincent, 2012).

- Secondary Dimensions Group: Includes subdimensions such as professional experience, income, individual's social status, professional expertise, religion, place of residence, parental status, education, work pattern, communication, organizational level, and language.

Third Perspective:
This perspective defines diversity dimensions from a more comprehensive concept in three groups:

- Internal Dimensions Group: Includes subdimensions such as age, gender, sexual orientations, physical abilities, origin, and race.

- External Dimensions Group: Includes place of residence, income, personal habits, religious identities, educational background, work experience, individual's external appearance, parental status, individual's social status.

- Organizational Dimensions Group: Includes functional level, job content, work group, seniority, workplace, union membership, and management's position on diversity (Al-Tabal, 2011).

Section Two: The Concept of Human Diversity Management Strategy

Human diversity management strategy refers to the systematic framework that an institution adopts in order to accommodate individual differences among employees, whether these differences are demographic (such as gender, age, cultural origin), or cognitive and skill-based (such as experiences, qualifications, thinking patterns). It works to utilize them in an integrated manner that serves the strategic objectives of the institution.

Diversity management is not limited to merely recognizing difference, but goes beyond that to build policies and organizational practices that ensure justice, equal opportunity, and promote institutional belonging for all individuals without discrimination.

From a strategic perspective, human diversity management is a long-term management approach that aligns with the institution's overall vision and aims to transform diversity from a potential source of organizational conflict into a lever for performance and innovation. Institutions that adopt a clear strategy for managing diversity seek to integrate this direction within recruitment processes, training, performance evaluation, and career development, ensuring maximum benefit from diverse human capital (Dessler, 2020).

1. Definition of Human Diversity Management Strategy

Human diversity management strategy is defined as a set of planned decisions and policies aimed at creating an inclusive work environment that encourages positive interaction among different individuals, promotes mutual trust, and reduces manifestations of exclusion or organizational bias. This approach emphasizes that diversity does not represent an administrative burden, but rather a strategic resource that can contribute to improving decision-making quality and increasing competitive capacity, particularly in dynamic environments characterized by multicultural elements and diverse markets (Cox, 1994).

Therefore, human diversity management strategy is considered one of the components of modern strategic human resource management, based on linking the management of individual differences with achieving sustainable organizational performance, through adopting a holistic vision that considers the human being as a fundamental axis for institutional excellence.

2. Strategic Dimensions of Diversity Management in Organizations

Diversity management strategy is based on a set of strategic dimensions that ensure its effectiveness, most notably: the dimension of leadership supporting diversity, the dimension of fair policies and procedures, and the dimension of human resource development. The success of this strategy requires clear commitment from senior management to establish values of respect for difference and integrate it into recruitment processes, training, and performance evaluation (Thomas, 2001).

The strategic dimension of diversity management also includes the transition from traditional treatment of individual differences to utilizing them as a lever for innovation and problem-solving, allowing the organization to respond flexibly to variables in the internal and external environment (Daft, 2018).

3. Diversity Management Strategy as an Approach to Enhancing Organizational Value

Diversity management strategy contributes to enhancing organizational value through improving decision-making quality, increasing organizational creativity, and raising the level of job satisfaction and institutional belonging. Organizations that adopt clear diversity management strategies are better able to attract and retain talent, as well as enhance their institutional reputation in a changing competitive environment (Armstrong, 2020).

Therefore, diversity management is not limited to being an ethical or social practice, but represents a strategic choice that promotes organizational sustainability and supports the achievement of competitive advantage in the long term (Dessler, 2019).

4. Considerations to be Observed When Adopting a Diversity Management Strategy

The most important considerations that an organization should observe include:

- Building an objective system for wages, incentives, and performance evaluation that does not discriminate among the diverse workforce.

- Developing managers' awareness of different cultures and their impact on diversity management.

- Rewarding managers who implement and manage diversity efficiently and effectively.

- Recognizing that diversity is not only racial differences but also includes multiple dimensions, most importantly age, gender, physical characteristics, and other different diversity dimensions.

- Providing support from senior management for diversity management.

- Adopting systems management concepts, where interaction and harmony among different administrative functions—including planning, organization, direction, and control—should be achieved in the field of diversity management.

Section Three: The Concept of Competitive Advantage

1. Definition of Competitive Advantage

The concept of competitive advantage encompasses everything related to strategic tool fields and business economics. This concept emerged clearly at the beginning of the 1980s when PORTER introduced the concept of competitive strategy and indicated that the most important and determining factor for organizational success is their competitive position in the industry in which they operate (Shaker, 2004).

Definitions of competitive advantage have varied; we mention the most important ones:

Igor Ansoff's Definition: He defines it as the characteristics of advantageous opportunities within a defined field characterized by duality (product, market) oriented toward growth. It aims to define special characteristics for a marketable product that grants the institution a strong competitive position.

Charles Hill and Judith Jones's Definition: "An institution acquires competitive advantage when its profit rate is higher than the prevailing average in the industry" (Charles, 2008).

Nabil Musa Khalil's Definition: He defines it as "an advantage or element of superiority for the institution that is achieved in the case of following a certain competitive strategy" (Nabil, 1996). This definition focuses on one source of competitive advantage: competitive strategy. An institution can achieve competitive advantage in the case of following a specific competitive strategy either through cost reduction and thus achieving the advantage of lower cost, or through product differentiation and achieving the advantage of superior quality.

Almel Bounfour's View: He believes that competitiveness is measured by the institution's ability to achieve a relatively larger market share than its competitors. According to this definition, an institution is considered capable of competing if it can possess a considerable market share compared to its competitors (Ahmed, 2008).

2. Dimensions of Competitive Advantage

The dimensions of competitive advantage are indicated to include the culture and values of the organization, attention to human resources as intellectual capital, continuous education and training, the ability to create rapid change, available technological capabilities and competencies, and the efficiency and effectiveness of the organization's main processes and market orientation.

Competition is based on pillars that we mention, including information technology, quality, cost rationalization, and competitive prices, product and service evaluation at the right time from the customer's perspective, innovation in offering new products to the market. This competition requires the existence of management capable of achieving excellence and competition through a global perspective and knowledge in skills, mental capabilities, and effective behavioral performance (Abu Bakr, 2000).

3. Indicators for Measuring Competitive Advantage

There are numerous indicators used in empirical studies to assess competitiveness. At the institutional level, the most important indicators used in selecting and assessing competitiveness include:

A. Profitability

Profitability is considered a sufficient indicator of and measure for competitiveness. If the profit of an institution that wants to remain in the market should extend for a period of time, then the present value of the institution's profits is related to its market value. The ratio of the market value of creditors and the capital of the enterprise to the cost of replacement of assets is called Tobin's Index. If this ratio is less than one, the enterprise is considered non-competitive.

B. Manufacturing Cost

The average manufacturing cost measured against competitors' costs is a sufficient indicator of competitiveness in a sector of activity with homogeneous production, unless cost reduction is at the expense of the future profitability of the enterprise. The cost per unit of work can be a good alternative to average manufacturing cost, and this is when labor costs constitute the largest proportion of total cost. However, this situation contradicts its existence (Muhammad Adnan, 2003).

C. Total Factor Productivity

Total factor productivity measures the efficiency with which the institution transforms a set of production factors into products. However, this concept does not clarify the advantages and disadvantages of the cost of production elements. Furthermore, if production is measured in physical units such as tons of paper or numbers of televisions, then the total productivity of factors does not clarify anything about the attractiveness of products offered by the institution.

It is possible to compare total factor productivity by differences based on prices attributed to marginal cost. Weak productivity can be interpreted as less effective management.

D. Market Share

An institution can achieve profits and secure a significant portion of the domestic market without being competitive at the international level. This occurs when the local market is protected by barriers to international trade. Domestic institutions can also have immediate profitability but be unable to maintain competition in the face of trade liberalization or due to market decline. Therefore, the institution's costs must be compared with those of its international competitors.

When a state of equilibrium is achieved in maximizing benefits within a specific sector of activity with homogeneous production, the weaker the marginal cost of the institution compared to the marginal costs of its competitors, the larger its market share and the more profitable the institution, assuming other things remain equal. Market share thus translates advantages in productivity or in the cost of production factors (Raslan, 2014).

Section Four: The Impact of Human Diversity Management Strategy on Creating Competitive Advantage

1. The Role of Human, Commercial, and Financial Aspects of Diversity Management in Creating Competitive Advantage

A. The Human Aspect

Diversity management in the organization brings workers together around a shared culture based on equality and respect for others and their differences. Diversity solves the problem of labor shortages in structural or cyclical work, as many European studies have shown that companies began to face shortages in appropriate labor. Therefore, they became in urgent need to attract talents and skills from diverse backgrounds to increase work quality and promote diversity, which is a source of performance and reinforces cultural values within the organization to ensure its reputation, in

maintaining employee performance and motivating and encouraging their creativity, and facilitating cooperation and teamwork (Abu Bakr Mustafa, 2000).

To create competitive advantage based on effective human resources, considering it the fundamental pillar in creating competitive advantage, requires increasing openness, liberation, and flexibility as key elements in organizational movement and as a fundamental consequence of world variable movements, which lead to igniting competitive forces among themselves. Competitive capabilities of organizations are formed through design, planning, and preparation to transform available advantages and resources into higher benefits and values for customers and distinction and differentiation from competitors. The true source for forming competitive capabilities and their continuity is the effective human resource, where its role has emerged in every element of the organization's competitive capacity.

The fate of organizations in today's world is renewed by what they achieve in terms of profits and results based on available capabilities that lead them to customer satisfaction and competition superiority (Al-Shammari, 2007).

Human resources are also a competitive capability that allows an organization to compete with other organizations through dependence on effective diversity management and adoption of effective communication and information systems, provision of material resources and equipment, and recruitment of individuals with diverse skills and abilities. The organization carries out materializing these resources through implementing policies and processes such as building diverse collaborative work teams through development, education, and training, and designing and developing flexible systems for managing human resources that push them toward creativity and innovation, leading to maximizing competitive capabilities (informational, organizational, productive, marketing, leadership, and innovative) in order to survive and distinctive continuity and differentiation from competitors, and thus achieving customer satisfaction.

The Role of Human Diversity Management Strategy in Achieving Innovation

The human diversity management strategy contributes effectively to promoting organizational innovation through providing a work environment that allows for interaction of multiple perspectives and different knowledge and cultural backgrounds. Diversity in experiences and thinking patterns leads to expanding the scope of proposed ideas and increases the chances of reaching creative solutions to complex organizational problems. Studies emphasize that institutions that adopt comprehensive policies for managing diversity are more capable of developing new products and services, due to their ability to benefit from individual differences and transform them into a source of collective creativity (Cox, 1994).

Integrating diversity within the overall human resource strategy enhances an organizational climate that supports experimentation and continuous learning, which constitutes a fundamental condition for achieving sustainable innovation in competitive business environments (Robbins & Judge, 2019).

The Role of Human Diversity Management Strategy in Improving Employee Performance

Human diversity management strategy plays a pivotal role in improving employee performance through creating an organizational environment characterized by justice and inclusivity, which provides each individual equal opportunities to demonstrate their capabilities and develop their professional competencies. When an institution adopts clear policies for managing individual differences, whether related to cultural backgrounds, experiences, or thinking patterns, this contributes to reducing organizational bias and promotes a sense of job fairness, which is reflected positively on the level of motivation and individual performance.

Managerial literature indicates that employees who work in diverse and effectively managed environments are more inclined to cooperate and exchange knowledge, which leads to improving work quality and accelerating task completion (Dessler, 2020).

Diversity management strategy also contributes to improving employee performance by promoting organizational learning and skill development, as daily contact among individuals with diverse backgrounds provides greater opportunities to acquire new knowledge and develop innovative work methods. This diverse interaction emphasizes building high-performing work teams capable of addressing problems in more comprehensive and effective ways. Additionally, integrating diversity within performance evaluation and training systems contributes to aligning employee capabilities with job requirements and promotes investment in human capital in the long term (Robbins & Judge, 2019).

Therefore, it can be said that human diversity management strategy is not limited to achieving social or ethical objectives, but represents a strategic administrative tool for improving employee performance and raising their efficiency levels, through promoting organizational trust, increasing job commitment, and achieving harmony between individual and organizational goals, which supports the organization's sustained performance in an environment characterized by change and competition (Cox, 1994).

The Role of Human Diversity Management Strategy in Achieving Job Satisfaction

Human diversity management strategy directly contributes to promoting the level of job satisfaction among employees through establishing a work environment based on mutual respect, equal opportunity, and organizational justice. When an institution adopts clear policies for managing diversity, it ensures fair treatment for all employees regardless of their individual differences, which reinforces their sense of appreciation and organizational belonging. This sense is considered one of the fundamental determinants of job satisfaction, as it is reflected positively on employees' psychological attitudes toward their jobs and institution (Robbins & Judge, 2019).

Diversity management strategy also contributes to achieving job satisfaction through improving human relations within the organization, as an inclusive climate provides greater opportunities for positive interaction among different individuals and reduces conflicts resulting from misunderstanding or discrimination. This leads to creating a supportive work climate that encourages participation in decision-making and promotes trust between management and employees, thereby raising the level of job satisfaction and increasing job stability (Cox, 1994). Additionally, integrating diversity principles within motivation and professional development systems contributes to meeting the different needs of employees and promotes their sense of self-actualization and fairness in

promotion and evaluation, which is a crucial factor in establishing job satisfaction in the long term (Dessler, 2020).

Therefore, human diversity management strategy can be considered an effective organizational tool for achieving job satisfaction through aligning employee expectations with institutional practices and building an inclusive organizational culture that supports employee welfare and contributes to achieving organizational performance and sustainability.

B. The Commercial Aspect

To better understand customer needs, it is necessary to provide a diverse workforce that enables the company to better reflect the diversity of society. We can mention an example of this: ethnomarketing, which is a part of the local or international market based on the diversity of consumer groups. The impact of diversity on the economic performance of organizations is reflected in the term "business case for diversity," to become more productive and perform better in general, combining the conditions for success in different work groups and combining different skills and knowledge as well as effective cooperation and communication among members.

Diversity management policy leads to increased productivity, and therefore diversity management has beneficial effects on individual and group performance. New organizational practices affect the behavior of individuals in different and diverse work teams (Attali, undated).

C. The Financial Aspect

In one American study, a comparison was conducted between the performance of a group of companies in the period from 1986-1992. The first group includes companies that received awards from the American Labor Office because of their efforts in managing diversity, and the second group includes companies that do not pay attention to the subject of diversity management. To compare the performance of the two groups, stock profitability was relied upon, and the results were astounding. It became clear that the group of companies that manage diversity efficiently is more profitable than companies that practice biased policies in treating their employees. Perhaps the reason for this difference is that the first group of companies is more capable of attracting and retaining outstanding talents (Gerald, 2004).

2. Diversity Management as a Mechanism for Achieving Sustainable Competitive Advantage

The implementation of human diversity management programs achieves competitive advantage for the organization through changing the way of thinking about the human element from being merely a cost to the organization to being a strategic advantage. This advantage is generally achieved for the organization through the way it carries out its activities. This competitive advantage can be a ratio that the organization enjoys during a certain period of time, and it can also be a continuous competitive advantage for the organization such that it distinguishes the organization for a long period of time, where none of the competitors can imitate or replicate that advantage and cannot reproduce the benefits resulting from it (Baqa Sharif, 2009).

This is only achieved through implementing the principle of justice in the process of selection and employment, as well as providing high wages that achieve public aspirations and job security such

that the worker does not feel threatened or the possibility of being dispensed with at any time. Implementing the principle of justice in wages and incentives and training opportunities, providing the right to participate and delegating decisions at times, in addition to many other matters that all contribute to achieving competitive advantage through managing the human mixture and implementing human diversity policies.

To successfully implement human diversity programs and achieve competitive advantage for the organization, some fundamentals related to cultural, structural, and organizational differences must be provided. This is achieved through certain requirements:

- The necessity of change in shared culture in line with new technology requirements.

- Considering diversity as a permanent and continuous process, not temporary.

- The impact of global trade movement and international economic openness.

- Conducting a detailed analysis of human diversity in the organization.

- Commitment of senior management to providing support.

- Including human diversity within human resource activities.

- Considering human diversity management as a future axis for human resource management and the achiever of competitive advantage for the organization (Gong, 2008).

Conclusion

This research has concluded that human diversity management strategy represents one of the essential pillars of modern management, given its pivotal role in promoting organizational performance and achieving sustainable competitive advantage. The results have shown that the presence of specialized management in human diversity within the organization, which undertakes the tasks of analysis, planning, implementation, and evaluation, contributes to employing individual differences among employees in a systematic manner that serves the strategic objectives of the institution, rather than constituting a source of tension or organizational waste.

The study also demonstrated that the effective application of human diversity management strategy is reflected positively on employee performance through promoting organizational justice, raising levels of satisfaction and job commitment, and developing skills and knowledge, which leads to improved productivity and quality of performance. This improvement contributes to creating an organizational climate that supports innovation and creativity, where the multiplicity of experiences and viewpoints are invested in improving decision-making quality and developing products and services.

The research has concluded that human diversity management, when integrated within the organization's overall strategy, is transformed into a strategic resource that is difficult to imitate, thereby achieving for the organization a competitive advantage based on diverse and integrated human capital. This advantage is reflected in improving economic, commercial, and financial performance, strengthening the capacity to adapt to environmental changes, and consolidating the

organization's competitive position in a way that ensures its continuity and survival in a business environment characterized by dynamism and intense competition.

Therefore, the research emphasizes that human diversity management strategy is not limited to its social or ethical dimension, but represents an effective strategic tool for achieving sustainable competitive excellence through linking human resource management, innovation, and high organizational performance.

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