

THE EFFECT OF DIVERSITY MANAGEMENT IN THE CONTEXT OF HUMAN RESOURCES ON TALENT MANAGEMENT¹

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ABSTRACT

In a globalized world, organizations with multicultural environments are increasingly common and the need for diverse types of talents and skills is becoming necessary. Diversity imposes many advantages and opportunities for the organization; however, there are other challenges that accompany the phenomenon. The study targets investigating the effect of diversity management and its dimensions on talent management using statistical evidence and through the case study of A total of 430 valid questionnaires were collected from subjects in Turkey and Libya. The two concepts are two important mechanisms used in organizations around the world to identify potential talents, develop them, and use it individual and collective powers to increase the efficiency and competency of the organization. The investigation of the influence of diversity management on talent management is necessary to understand the success and failure factors in organizations with diversified culture and operations. Diversity management is a human resource practice that is meant to turn diversity in gender, culture, and talent into an empowerment tool. The comprehension of the effect of diversity management on talent management allows professionals to focus on specific diversity management components that can enhance talent management practices.

Keywords: Diversity management; talent management; human resource management

Jel Kodları: M54, D23, J24

INTRODUCTION

In a globalized world, organizations with multicultural environments are increasingly common and the need for diverse types of talents and skills is becoming necessary. Diversity imposes many advantages and opportunities for the organization; however, there are other challenges that accompany the phenomenon. Therefore, there was a need for specific strategies and management techniques in order to maximize its positive effects and alleviate the undesired challenges (Edewor & Aluko, 2007). There are two main dimensions that are considered as fields of diversity; diversity related to the job nature in terms of expertise, education and tenure, and demographic diversity related to age, gender and ethnicities of the employees (Simons & Rowland, 2011).

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Moreover, research on the concept of talent management has commenced among researchers and practitioners around twenty years ago. The urgency of constructing, adopting and implementing specific strategies in order to ensure the satisfaction of organizations' needs of skills and talents was the main factor that contributed into the increase of the discipline significance (McDonnell, Collings, Mellahi, & Schuler, 2017). Concepts and models of talent management has been developed for a clearer definition of its strategies, where the main aim is to yield the best performance possible from the individual and collective talents available in the organization. One of the most important models is the AMO model constructed by the model specifies that the performance of the employee is determined through the abilities and skills (A), motivations and incentives (M) and opportunities to participate (O). Thus, there are five main dimensions that are identified for talent management: human resource policy, training and development, ability, motivation, and opportunity. Each of these dimensions has been generally used in the majority of the research on the subject with indicators used based on the organization size, nature, and characteristics (Bayyurt & Rizvi, 2015). Other dimensions have been included in other literature sources including recruitment, compensation and reward, promotions, and retention of talent (Sareen & Mishra, 2016).

1. Problem Statement

Two key emerging concepts in human resource management are diversity management and talent management, which study the diversity within the corporation in terms of the social and technical characteristics, in addition to the ability of the corporation to acquire, develop and retain the needed talent. The two concepts are two important mechanisms used in organizations around the world to identify potential talents, develop them, and use it individual and collective powers to increase the efficiency and competency of the organization. Diversity in the organization addresses the social and technical diversities that can achieve the optimum performance of the organization according to its needs and goals. Moreover, talent management is concerned with the internal processes in the organization that can attract the best talents in the market and retain them.

2. LITERATURE REVIEW

2.1. Diversity Management

The definition of diversity management can be summarized by the objective of creating an organizational environment that facilitates an effective and active contribution of all diverse employee groups into reinforcing the competitive advantage of the organization, which is achieved through clear plans, directed management strategies, and effective implementation. According to Kreitner and Kinicki (2001, p. 37), diversity "Stands for the various differences in individuals as well as similarities that exist among them." (Kreitner & Kinicki, 2001).

The definition of Kreitner and Kinicki highlights three critical aspects of diversity management: the application of diversity management to the entire spectrum of employee without focusing or restricting its practices to a certain group rather than focusing on individuals with differences to emphasize their uniqueness. Thus, diversity management should consider all differences and do not limit its implementation to religious, racial, or gender differences. One of the primary activities of diversity management is to define the similarities and differences between individuals in the organization in order to deal with their disadvantages and manage them towards its interests. In this context, it is one of manager's main tasks to achieve the suitable integration between these similarities and differences within the organization. Furthermore, there are four layers that describe diversity (Kreitner & Kinicki, 2001, p. 38):

- Personality: the collective identity of a person through stable and clear characteristics, which naturally vary from one person to another. The characteristics and traits are identified through actions, behaviour, and attitude, which leads to the categorization of personality traits into positives and negatives.
- Internal dimensions: the characteristics that have substantial impact on an individual's or groups attitudes, expectations and perceptions of events and people, which include race, physical ability, age, ethnicity, and gender.
- External dimensions: the characteristics that can be controlled or influenced in impacting individual's or group's attitudes, expectations, and perceptions, which include geographic location, marital status, appearance, work experience, education, religion, habits, and income.
- Organizational dimensions: the characteristics that are directly controlled by the organization, including management status, union affiliation, seniority, work field, structure, and management status.

Attainment of a diverse and integrated workforce is achieved through affirmative action nowadays. Kreitner and Kinicki express their view that "affirmative action is an artificial intervention aimed at giving management a chance to correct an imbalance, an injustice, a mis-take or outright discrimination" (p. 40). The authors state that such a method does not require the leadership of the organization to change their practice, thinking, or attitude towards diversity management. Jeffery, et al. (1996: 11-13) support the need of affirmative action; however, they also suggest that private organizations should create economic and wealth opportunities for minorities instead of awarding them jobs. Affirmative action has a higher level of awareness termed as "valuing diversity", which focuses on appreciating human differences through understanding, recognition, and awareness. The objective of this approach is to empower employees emotionally to be accepted, valued, and

recognized as essential assets of the organization and its success (Kreitner and Kinicki, 2001: 41). Grobler (2003: 49) states that drawing a clear line between employment equity and valuing diversity is essential for an organization to value diversity. While legislations enforce employment equities, the desire of leadership is the main driver for valuing diversity to achieve competitive advantage for the organization of the various talents of its workforce.

Diversity management is considered the highest level of discipline of “diversity awareness”, which is achieved through intentional and strategized changes in the organization to maximize performance and potential of all employees (Kreitner and Kinicki, 2001: 42). The example of South African workforce is beneficial to study, as the country’s population is made of different racial, religious, and cultural groups. After years of struggle, the country finally found a formula to turn diversity from a liability to national asset (Esty, Griffin, & Hirsch, 1995). Achieving competitive advantage through the management of diversity has become an important managerial, and hence leadership, consideration (Thomas & Ely, 1996). It is therefore obvious that management discipline needs effective leadership in order for it to be successfully implemented. According to Kreitner and Kinicki (2001: 551) leadership is “a social influence process in which the leader seeks the voluntary participation of subordinates in an effort to reach organizational goals”. The cooperation of employees with diversity management and personal relationships is crucial in its success and the effectiveness of attitude change toward diversity. Thus, diversity management requires managers to think further than creating plans, organization, and monitoring. Diversity management needs to be treated as a competitive necessity, strategic priority, and business imperative (McEnrue, 1993). Sauers (1994) expresses his agreement to this view of the concept, while stating that diversity can become a disadvantage to the organization if not managed correctly.

Diversity imposes many advantages and opportunities for the organization; however, there are other challenges that accompany the phenomenon. Therefore, there was a need for specific strategies and management techniques in order to maximize its positive effects and alleviate the undesired challenges (Edewor & Aluko, 2007). There are two main dimensions that are considered as fields of diversity; diversity related to the job nature in terms of expertise, education and tenure, and demographic diversity related to age, gender, and ethnicities of the employees. Therefore, diversity main components are functional diversity and social diversity, which is a definition adopted for business and community organizations (Simons & Rowland, 2011), as shown in Figure 1.

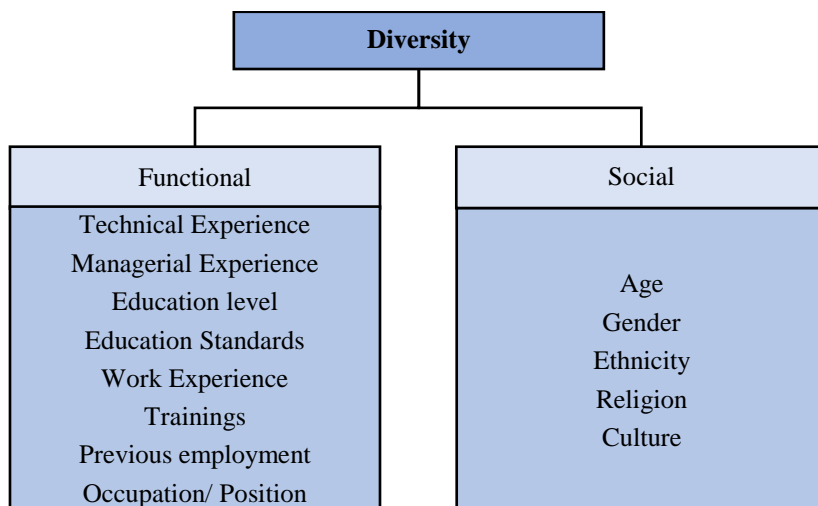


Figure 1. Sources of diversity in the workplace

The functional diversity is related to the informational and business value-added of the overall employee composition within the organization, while the social diversity is the most common understanding of the term in regard with demographical differences. The study of diversity is concerned with the perception of the employees with the personal differences of each other (Simons & Rowland, 2011). Moreover, diversity management is a group of strategies that are implemented within the organization to promote a wide range of needed and imposed differences between the staff members. The main task of diversity management is to acknowledge these differences, develop strategies to utilize its benefits and implement the necessary strategies and plans to simulate creativity and productivity, while reducing discrimination based on ethnicity, physical attributes, gender or religion (Olusegun, Abdulraheem, & Nassir, 2018; Hudson, 2014). Managing diversity in the workplace is also associated with the ability of the organization's management to enforce equality within it through continuous evaluations of the organization's structure composition and the issues emerging from the individual differences between its members (Sharma, 2016). Amaliyah (2015) reviewed the literature and found the following benefits of diversity management, and as illustrated in Figure 2:

- Improve efficiency of employees and their communication with each other and with the organization.
- Stimulate organization readiness to respond to social and demographic changes within its structure.
- Increase the efficiency and the speed of dispute resolution.
- Gives a sense of justice, equality, and fairness amongst the employees of the organization.

- Increases productivity, especially with the presence of complex tasks.
- Overall enhancement in sales, revenue, and profit.

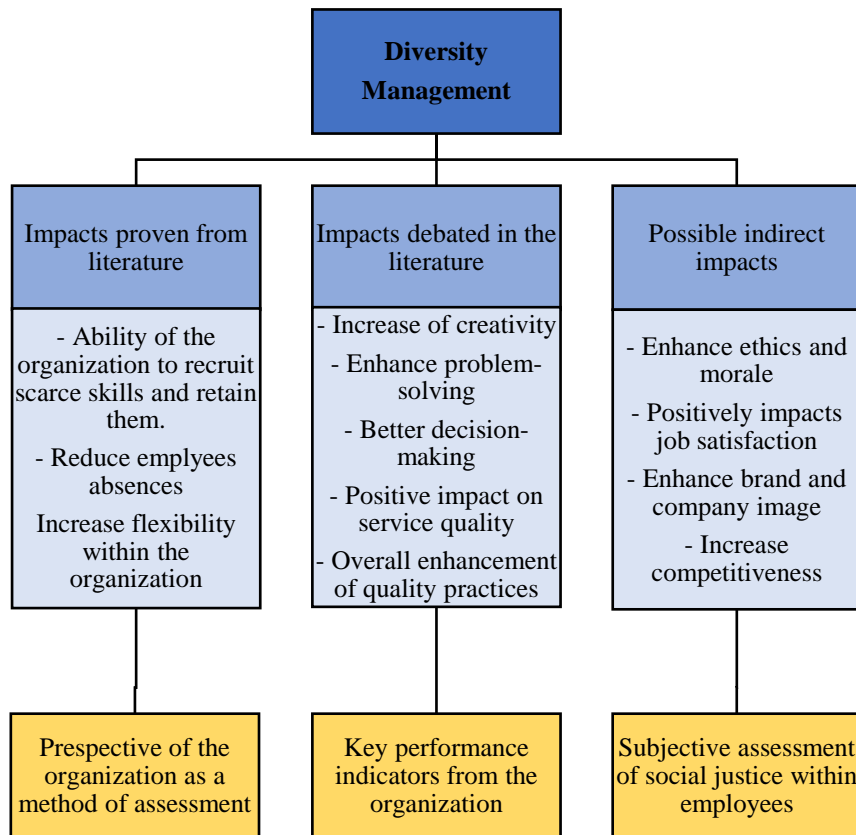


Figure 2. Positive impacts of diversity management and their method of assessment

Diversity management and diversity in the workplace has been studied in association with different factors within the literature, including management support, organizational characteristics, work efficiency, knowledge sharing, leadership, structure stability, organization’s identity, and performance attributes (Bedi, Lakra, & Gupta, 2014). A review on studies between 1995 and 2011 showed that statistical analysis, meta-analysis, interviews and econometric analysis are the most common methodologies used for studying diversity management. Moreover, the results of the surveyed studies show that the diversity components, functional and social, have direct impact on diversity management practices, while the latter affects the performance, efficiency and stability of the organization (Simons & Rowland, 2011).

2.2. Talent Management

The psychological needs of humans are prioritized according to the five human needs described in the need hierarchy theory of Maslow (Iles, Preece, & Chuai, 2008). The needs of the employee are satisfied through his or her working environment and pay, which gives an organization an important role in this aspect (Jiang & Xiao, 2012). Therefore, the theory of Maslow turns the attention of the

organization towards the needs of its employees. In return, employees are attracted to organizations that provides them with care to their welling, as well as the opportunity to develop and grow (Jing & Avery, 2011). The theory of Maslow facilitates several aspects in human resources, including retention and attraction, which requires an organization to pay additional attention to their needs (Kehinde, 2012).

The knowledge of employees, their abilities and skills are the pillar of human capital theory (Kessler & Lulfesmann, 2006). The resources and assets of an organization include indeed its human capital, where investing in it can yield added-value and productivity (Kehinde, 2012).

Human capital theory draws attention to another concept, which is talent management, that addresses human resource issues at a high level. It is proven that investment in high performers in the organization and retaining them reflect on the overall performance and competitiveness of the organization. Therefore, adequate investment, in addition to retention strategies and management, lead to creating creative and innovative work environments that are available at the organization's disposal when needed to achieve its goals (Lepak & Snell, 1999).

Knowledge infusion is a concept that laid the fundamentals of talent management model, where the DNA theory of talent establishes the necessary frameworks to fulfil organizational objectives. The main pillar of the theory's model is the concept of DNA: key roles, crucial roles, and identified competencies. Several human resource processes developed from the DNA theory, such as performance management and career planning (Lucas & Kirillova, 2011).

Two components are emphasized for organizational performance and talent management in the talent DNA model, which are capabilities and skills. These components need to be structured according to the needs of the organization and its projects. Therefore, the talent DNA model is deployed following the identification of the three components (Lyria, 2014).

Research on the concept of talent management has commenced among researchers and practitioners around twenty years ago. The urgency of constructing, adopting, and implementing specific strategies to ensure the satisfaction of organizations' needs of skills and talents was the main factor the contributed into the increase of the discipline significance (McDonnell, et al., 2017). Concepts and models of talent management has been developed for a clearer definition of its strategies, where the main aim is to yield the best performance possible from the individual and collective talents available in the organization. One of the most important models is the AMO model constructed by Appelbaum, et al. (2000). The model specifies that the performance of the employee is determined through the abilities and skills (A), motivations and incentives (M) and opportunities to participate (O), as illustrated in Figure 3. The function of performance identifies those three components as prerequisites to performance that need to be available in the assessment of any current or potential talent. The relation

between the three factors is interactive, where ability is defined by the skills available by each individual employee or candidate, motivation is defined through the behaviour, direction, and intensity of performance of the employee, and opportunity is defined through the work environment that provides the required support for the skill and motivation (Appelbaum, et al., 2000). (Appelbaum, Bailey, Berg, & Kalleberg, 2000) (McDonnell, Collings, Mellahi, & Schuler, 2017)

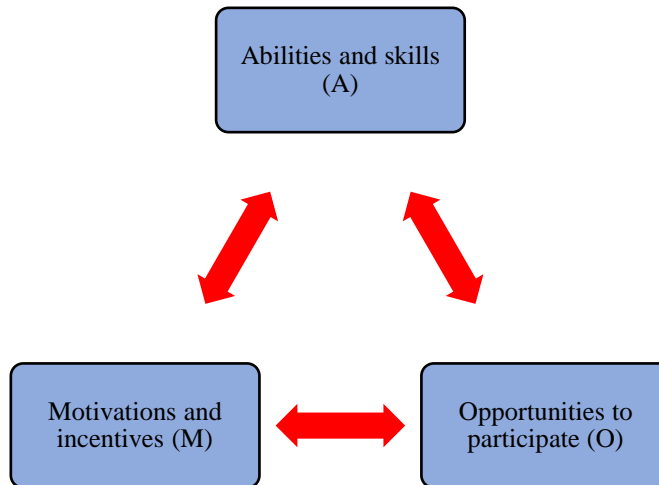


Figure 3. Talent management AMO model

Talent management is defined differently in literature studies. While Bayyurt and Rizvi (2015) defined it through the AMO model, in addition to the human resource policy and training and development, other studies went into studying the organizational structure factors, including recruitment, compensation and promotion (Sareen & Mishra, 2016). The scope of talent management and the strategies need to ensure that skills and talents are attracted to the organization, utilized efficiently, and retained within it have been addressed and defined differently among researchers. However, there is an agreement that talent management is defined through the strategies and policies that allows the organization to acquire the suitable talent, develop it and retain it (Ahmed, 2016).

There are five main dimensions that are identified for talent management: human resource policy, training and development, ability, motivation, and opportunity. Each of these dimensions has been generally used in most of the research on the subject with indicators used based on the organization size, nature, and characteristics (Bayyurt & Rizvi, 2015). Other dimensions have been included in other literature sources including recruitment, compensation and reward, promotions, and retention of talent (Sareen & Mishra, 2016). A sum of the literature dimensions is shown in Figure 4.

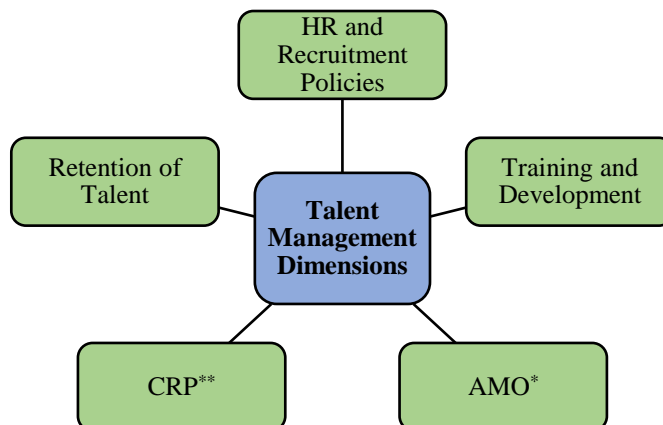


Figure 4. The five dimensions of talent management as collected from the literature (Bayyurt & Rizvi, 2015; Sareen & Mishra, 2016)

*. Ability, motivation, and opportunity (AMO)

** . Compensation, reward, and promotions (CRP)

3. RESEARCH DESIGN

3.1. Measuring Scales

The questionnaire constructed for this research is based on tested scales for the studied variables. A summary of the scales, the resources, and the cut-off points of the measuring scales based on the performed factor analysis is provided in Table 1. The cut-off point for the factor loading mainly depended on choosing the most relevant and reliable indicators. The scales used in the study were as follows:

- Diversity management: the scale is adopted from Ergul and Kurtulmis (2014), where items were validated for their intercorrelation and reliability. Indicators that scored above 0.7 in the factor analysis were considered in the current study, which resulted into the compilation of 15 items. The scale of diversity management was confirmed with (Nart, Yaprak, Yildirim, & Sarihan, 2018).
- Talent management: the scale is adopted from Jayaraman, Tallb, and Khan (2018), where an integrated scale for the measurement of talent management was constructed from 26 indicators. The items were validated within the same study, while in the current research 18 indicators that scored more than 0.6 in the factor analysis were considered.

Table 1. Summary of the measuring scales used in the research

Concept	Source	Number of original scale indicators	Min. Factor Loading	Number of used indicators
Diversity Management	Ergul and Kurtulmis (2014)	27	0.7	15
Talent Management	Jayaraman, Tallb, and Khan (2018)	26	0.6	18

3.2. Hypothesis

Diversity management and diversity in the workplace has been studied in association with different factors within the literature, including management support, organizational characteristics, work efficiency, knowledge sharing, leadership, structure stability, organization's identity, and performance attributes (Simons & Rowland, 2011). Furthermore, an Egyptian study, that researched the relationship between diversity with job satisfaction and human resource practices in the hospitality sector, have found through a regression analysis that human resource's practices has a positive impact on diversity management with an R square value of 0.404, while the t-test analysis showed that diversity is influential in job satisfaction with a significance value of 0.001 (Badran & Khalifa, 2013). Impacts of diversity management have also been addressed in a Korean study, which researched its impact on organizational commitment. The study indicators of diversity management on four main levels; compensation, promotion, training, and leadership in management, and compared the results between Japanese and Korean organizations. The results showed that the Japanese organizations are significantly more successful in implementing diversity management in terms of seniority, while organizations in both countries have shown similar positive results in diversity based on gender and nationality. The results indicated that diversity management practices have direct influence on the organizational commitment on the company and the individual levels (Magoshi & Chang, 2009).

Research on the concept of talent management has been significantly increasing since 2006, with a peak of twenty-three studies in 2012. Empirical studies in the literature have shown correlations between talent management practices with loyalty levels, leadership, knowledge management, economic growth, performance, competitive advantage and organizational structure (McDonnell, Collings, Mellahi, & Schuler, 2017). Bayyurt and Rizvi (2015) studied the effects of each of the five talent management dimensions on organizational effectiveness in five banks in Pakistan. The evaluation scale has been compiled from several studies and the statistical analysis showed a positive impact of the human resource policy, training and development, ability, and motivations. Nonetheless, no significant impacts were found by the opportunity dimension on the organizational effectiveness through this research

(Bayyurt & Rizvi, 2015). Effect of talent management practices on the organizational performance has been addressed in the literature. Sareen and Mishra (2016) found that the different aspects of talent management are correlated to each other through medium to strong correlation factors. Furthermore, the regression analysis showed significant differences in organizational performance based on talent management dimensions including recruitment, compensation, promotions and training and development.

Based on the findings of the literature, the hypothesis of the research can be structured, as follows:

H: There is an effect of diversity management in human resource context on talent management.

3.3. Population and Sample

The data collection methods used in the study are in the form of subjective evaluation of Turkish and Libyan business employees through literature review and questionnaire. The questionnaire was installed on an online platform and distributed via the link e-mail addresses and social networks from which the questionnaire was accessed. In order to support more efficient data collection, businesses in Libya and Turkey were contacted. Total of 561 questionnaires were received, while 430 questionnaires were qualified for completeness and completion within the minimum time required for an adequate participation.

3.4. Data Collection and Analysis

The data collection methods used in the study are the literature survey and the subjective evaluation by Turkish corporation professionals through the questionnaire. The questionnaire is constructed through an online platform and the link to the questionnaire form is distributed through emails and social networks.

After compiling the complete questionnaire forms, the data is entered into SPSS (version 25) for statistical analysis. The relationship correlation is performed through Spearman's or Pearson's coefficients, as well as other testing tools for factor significance such as t-test, ANOVA, and factor analysis. The reliability of the scales is evaluated through the scale option on SPSS, which provides factors that shall be compatible with the reliability factor targeted in this study.

4. RESULTS

4.1. Validity and Reliability

The total of the 15 statements (items) covers the concept of Diversity Management scale. Exploratory factor (EFA) and Cronbach's Alpha were used to examine the data for this concept. For talent management, the original scale is structured from 26 items. However, based on factor analysis procedures, only eighteen (18) items are selected. For factor analysis, items on the survey that did not exceed 0.4 factor loadings cut off were deleted. Cross-loaded statements also were deleted. Only factors

with eigenvalues greater than 1 were extracted and retained. Prior to performing the analysis, the researcher examined for the accuracy of data entry, missing values, normality, and outliers. Skewness and kurtosis coefficients were also reviewed to determine the appropriateness of the data for factor analysis. Table 2 shows the overall mean value, standard deviation, and Cronbach's alpha of diversity management and talent management scales.

Table 2. Mean, standard deviation, and reliability of scales

Construct	Mean	Std. deviation	Cronbach Reliability	Alpha
Diversity Management (DM) Scale	4.31	.990	.920	
Talent Management (TM) Scale	4.02	.968	.932	

Table 3 shows the KMO and Bartlett's test of the scales. For diversity management, the appropriateness of factor analysis was supported by Bartlett's test of sphericity, an indicator of the strength of relationship among variables. It was found the results are significant ($\chi^2 = 3872.168$). The KMO measure of sampling adequacy yielded a value of 0.879, indicating that the sample size was large enough to assess the factor structure. The procedures generated Kaiser–Meyer–Olkin value .879 was above 0.6 with a significant Bartlett's test of sphericity value, indicating that the data were sufficient to proceed for the factor analysis.

For talent management, the appropriateness of factor analysis was supported by Bartlett's test of sphericity, an indicator of the strength of relationship among variables. It was found the results are significant ($\chi^2 = 4920.225$). The KMO measure of sampling adequacy yielded a value of 0.908, indicating that the sample size was large enough to assess the factor structure. The procedures generated Kaiser–Meyer–Olkin value .908 was above 0.6 with a significant Bartlett's test of sphericity value, indicating that the data were sufficient to proceed for the factor analysis.

Table 3. KMO and Bartlett's test of scales

Test	DM	TM
Bartlett's Test of Sphericity Approx Chi- Square(χ^2)	3872.168	4920.225
Kaiser-Meyer-Olkin (KMO) measure of Sampling Adequacy	.879	.908
df	105	153
Sig	.000	.000

For diversity management, the factor analysis results have showed that the DM statements produced two factors, domains (Table 4). The analysis showed the presence of two components with eigenvalues exceeding 1.0. Result of EFA revealed there were seven (7) items that loaded onto Factor 1, and eight (8) items in Factor 2. Factor Analysis results has demonstrated that there are two main factors in generating the DM scale.

Table 4. Factors loading based on a principal component analysis extraction with varimax rotation for the DM scale (Rotated component matrix)

Items	Description	Component	
		1	2
DM_11	Feelings and thoughts about employees' differences are welcomed and clearly expressed	0.773	
DM_12	There is an optimistic view of the differences between employees	0.756	
DM_13	Discussions about employees' differences are considered important in the organization	0.747	
DM_15	Differences between abilities and work styles are not ignored	0.721	
DM_10	Differences between employees are viewed as a source of new ideas	0.713	
DM_14	It is reasonable to clearly express the opinions about employee's differences	0.712	
DM_9	Tasks are assigned to employees based on their qualifications	0.670	
DM_1	All employees are treated fairly regardless of having different qualifications (position, experience, income)		0.405
DM_5	No discrimination is made against employees based on cultural differences and background		0.845
DM_4	No discrimination is made against employees based on opinions and thoughts		0.832
DM_3	No discrimination is made against any employee based on personal lifestyle or belief		0.807
DM_2	No prejudice is made against employees based on individual differences such as sex and race		0.693
DM_8	No privileges are granted to employee due to political opinions or tendencies		0.654
DM_6	Employees can talk and express ideas about their differences in an open environment		0.621
DM-7	All employees from different regions and cities can use and benefit from the company's facilities with equal opportunity to the local employees		0.592

For talent management, the factor analysis results have showed that the TM statements produced two factors, domains (Table 5). The analysis showed the presence of three components with eigenvalues exceeding 1.0. Result of EFA revealed there were seven (7) items that loaded on Factor 1, five (5) items on Factor 2, and six (6) items on factor 3. Factor Analysis results has demonstrated that there are three main factors in generating the TM scale.

Table 5. Factors loading based on a principal component analysis extraction with varimax rotation for the TM scale (Rotated component matrix)

Items	Description	Component		
		1	2	3
TM_2	My company differentiates the identified talent based on their contribution level	0.891		
TM_1	My company builds up talent pool in the organization	0.764		
TM_3	The training activities for the identified talent are focused on required competencies	0.683		
TM_9	Talents have clear career paths in this organization	0.573		
TM_5	The content of the training activities for the identified talent are based on job performance	0.545		
TM_4	The training activities for identified talent are implemented continuously	0.530		
TM_12	My supervisor discusses and provides meaningful and helpful feedback on job performance	0.474		
TM_6	The training activities for the identified talent require time and extensive financial resources		0.776	
TM_7	The training activities for the identified talent are designed to develop firm-specific skills/knowledge		0.775	
TM_11	Developmental activities include feedback on developmental growth agenda for the identified		0.731	
TM_8	Identified talent have many opportunities for upward mobility		0.654	
TM_10	Talents have more than one avenue for promotion		0.483	
TM_17	My company provides medical aid, retirement, and pension benefits			0.840
TM_18	My company provides recognition via nonfinancial means, e.g., certificates of recognition			0.649
TM_16	My company supports a balanced lifestyle (between my work and personal life)			0.568
TM_15	I have supportive and likeminded colleagues			0.525
TM_14	I believe that my company has a fair and just system of rewarding employees			0.543
TM_13	My company values my work and contribution			0.522

4.2. Descriptive Statistics

Descriptive statistics for the Diversity Management and Talent Management Scales are shown in Table 6. Participants score on both scales and the five domains high mean scores. All the mean scores are above 4.0. since the range of scores on the scales is between 1-6, therefore, this can be considered

an indication about participants' general agreement on the items for the two scales. All the standard deviation values are small which show less diversity between participants' responses on the scales.

Table 6. Descriptive Statistics for the Diversity Management and Talent Management Scales

Statistics (Mean, Std. Deviation)	DM	DMF1	DMF2	TMF1	TMF2	TMF3
Diversity Management	4.274	4.176	4.451	4.334	4.178	4.092
Talent Management	0.988	1.09	1.11	1.09	1.06	1.00

4.3. Effect Analysis and Hypothesis Testing

A correlational analysis is performed to understand the nature and strength of relationship between diversity management and talent management, and their components, as shown in Table 7. All relationships were found positive and significant at the 0.01 level, and a highly moderate level correlation was found between diversity management and talent management ($\rho = 0.688$). Correlations between each variable and its own component were deemed strong. Relationships between diversity management and the components of talent management ranged between moderate to highly moderate (TMF1 $\rho = 0.663$; TMF2 $\rho = 0.589$; TMF3 $\rho = 0.568$). Relationships between talent management and the components of diversity management ranged between moderate to strong (DMF1 $\rho = 0.711$; DMF2 $\rho = 0.536$).

Table 7. Correlational analysis between diversity management and talent management and their dimensions

	DM	DMF1	DMF2	TM	TMF1	TMF2	TMF3
DM	1						
DMF1	.907** .000	1					
DMF2	.906** .000	.643** .000	1				
TM	.688** .000	.711** .000	.536** .000	1			
TMF1	.663** .000	.688** .000	.513** .000	.928** .000	1		
TMF2	.589** .000	.612** .000	.456** .000	.872** .000	.740** .000	1	
TMF3	.568** .000	.580** .000	.450** .000	.849** .000	.697** .000	.576** .000	1

** . Correlation is significant at the 0.01 level (2-tailed).

A linear regression model is constructed to investigate the effect of diversity management and its components on talent management, as summarized in Table 8. The R square value ($R^2 = 0.516$,

F(1.234) = 228.048, $p < 0.001$) confirms a moderate effect of diversity management on talent management at the 0.05 level. Table 9 shows the coefficients of the regression model. While the first diversity management component (DVF1) had a highly moderate positive effect on talent management ($\beta = 0.548, p < 0.001$), the second component (DVF2) had a weak positive effect ($\beta = 0.118, p < 0.01$). Therefore, the research hypothesis stating: “H: There is an effect of diversity management in human resource context on talent management” is accepted and the nature of the effect is identified by the prediction of diversity management components of talent management through the linear regression model.

Table 8. Regression model summary of the effect of diversity management on talent management

R	R Square	Adjusted Square	R Std. Error of the Estimate	F	Sig.
.719 ^a	.516	.514	.66676	228.048	.000

a. Predictors: (Constant), DMF2, DMF1

Table 9. Coefficients of regression model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.234	.143		8.636	.000
DVF1	.548	.039	.625	14.223	.000
DVF2	.118	.039	.134	3.053	.002

a. Dependent Variable: TM

Figure 5 shows a pathway model of diversity management and talent management using structural equation model with the main components of each variable with standardized coefficients. The coefficients indicate a moderate positive impact of diversity management on talent management ($B = 0.375$).

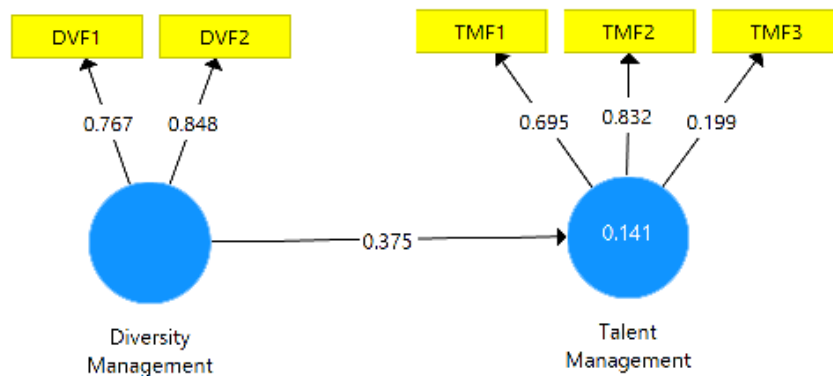


Figure 5. SEM analysis with standardized coefficients using variables of main components

Figure 6 shows a SEM analysis with standardized coefficients from the effect of diversity management on talent management using the single indicators of each variable. The model indicates a strong positive impact from diversity management on talent management ($B = 0.727$).

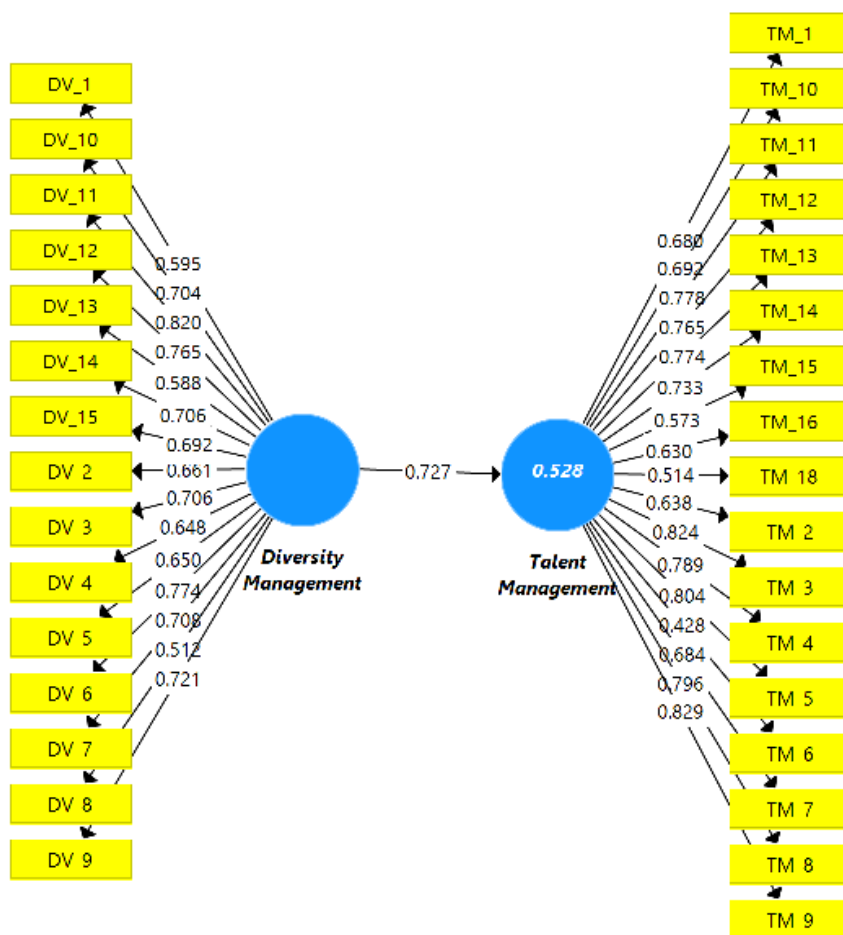


Figure 6. SEM analysis with standardized coefficients using single variable indicators

RESULT AND DISCUSSION

The significance of diversity management in influencing human resource management has been realized for a while. Ng & Bruke (2005) showed that in the banking sector in Canada diversity importance had a moderate positive correlation with organization attractiveness ($0.211 < \rho < 0.417$, $p < 0.05$). The findings of the research showed gender is one of the most significant diversity factors to be considered, especially for women, in addition to minority cultural groups. In the relationship research, Boudreau (2013) called for researchers to embrace studying diversity in talent management and include diversity of talent into it. In a specialized human resource journal, Sheehan & Anderson (2015) called for research to focus on the relationship between talent management and diversity in the organization. The authors identified a gap in modern organization, or as they called it: “shadow side”, where diversity and promotion equality were becoming an urging question. Al Ariss et al. (2014) identified diversity management as one of the most important research topics in conjunction with talent management to

identify organizational benefits. Baker & Kelan (2017) identified the connection between the two concepts; however, the author focused their statement on imperative changes in talent management to accommodate diversity.

Since then, few researchers have focused on the relationship between diversity and talent management. Abidi et al. (2017) identified three components of diversity management: avoidance of discrimination, diversity management, and diversity work harmony. The effect and relationship in the study was focused on investigating the relationship between diversity management and human resource management practices, which include talent management. The regression model results showed a moderate positive relationship ($R^2 = 0.374$, $F(0.701) = 88.157$, $p < 0.001$). Correlations were all moderate, positive, and significant at the 0.01 level. Li et al. (2020) presented a structural model of the effect of diversity management on three human resource concepts: job satisfaction ($\beta = 0.36$, Sig. = 0.001), job performance ($\beta = 0.14$, Sig. = 0.013), and job match ($\beta = 0.40$, Sig. = 0.001), which showed a moderate positive impact. These results confirm the findings of the current research on the effect of diversity management on talent management, while the current research provides a specific statistical evidence on the direct relationship between the two variables.

Daubner-Siva et al. (2017) suggested a framework to integrate diversity management and talent management, which highlighted the contradictions that occur in incorporating these practices in human resource. The authors suggested that talent management should focus on identifying and developing the necessary talent, while promoting inclusions of minorities in the organization and diminishing inequalities simultaneously. These conclusions can be accepted as a general strategy of “dovetailing” the two concepts. Nonetheless, the current challenges imposed by diversity onto talent management requires emphasized direction towards the specific areas that need to be addressed to realize the best integration and influence of diversity management on talent management.

The statistical analysis presented in the current research indicates that of the two identified components of diversity management, the first component is the most influential. Thus, it is recommended that practical implementation prioritize indicators within this component. The importance of social interaction and communication between employees is evident in that sense. Employees should be encouraged to share their thoughts and feelings about differences, which can be carried out through human resource workshops and daily. Discussions on key differences, such as gender and culture, should become a regular practice. Human resource management practitioners have to work towards a positive work environment that embraces differences to achieve an optimistic perception among employees, which can be achieved through highlighting the advantages of diversity on employees' knowledge and performance. Nonetheless, diversity management should not become the main driver in talent management strategy. Employees should be solely appraised and promoted based on their qualifications

and performance. The role of diversity management in that sense is to make sure that these activities are not affected or biased by personal differences.

According to Johnston (2024); In order for diversity management to improve talent management, it is useful to consider the following suggestions:

- Conduct a thorough assessment of your organization's current diversity landscape, including workforce demographics, policies, and practices.
- Define specific, measurable goals related to diversity and inclusion that align with the organization's strategic objectives.
- Implement unbiased recruitment practices.
- Adopt a participative management approach.
- Provide diversity training and development.
- Implement mentoring and consulting programs.
- Provide fair and impartial performance management.
- Continuous monitoring and evaluation

The statistical evidence provided by the research is an indication and a general direction for connecting diversity and talent in human resource management. Any plans and strategies should take into consideration the wide spectrum of diversity management activities. Moreover, future research into the relationship between the two variables should provide empirical verification of the presented results in different organizational contexts. While the study is performed in Turkey, studies in different countries can enrich and compliment the findings of the current research.

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