The Impact of Openness to Diversity to Work Motivation: 
Case Study in Banking Industry in Greater Jakarta, Indonesia

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Abstract

The objectives of this research are to find out how the employee openness to diversity is in banking industry; and what is impact of employee openness to diversity to work motivation. The research was performed using quantitati

ve method and the data obtained by administering questionnaire to 200 bank employees in Greater Jakarta area. The result revealed that openness to diversity has positive impact to work motivation. There are three dimensions of openness to diversity, including openness to gender differences, openness to religion differences, and openness to ethnic differences. All the three dimensions have positive and significant impact to work motivation. It means, when the three dimensions are enhanced, the work motivation will increase. However, among the three dimensions, openness to gender differences has the most significant influence to work motivation. Followed by openness to religion differences and the openness to ethnic differences.

Keyword: Openness to Diversity, Gender Differences, Religion Differences, Ethnic Differences, and Work Motivation

1. Introduction

In the globalization era and an advancement of transportation technology, migrate from one area to another is easy. Even, move to another country. Thus, the diversity is unavoidable in society. Diversity can be defined in many ways, but commonly the dimensions that used to measure what make a person different from others are gender, age, ethnicity, nationality, education, or work status (Kreitz, 2008).

Different from society, a business organization is able to avoid diversity by set preferences in recruitment that is not related to performance, such as race, gender, religion, tribe, and etc. The motivation to avoid diversity is usually because the business organizations considered diversity as a threat. If the rejection of diversity does not come from the organization perspective, value, and policy; there is also a possibility that individual inside the organization cannot tolerate diversity.

When such of conditions occur, the differences in an organization can lead to stereotyping, discrimination, employment disparities, and conflicts (Krell & Wachther, 2006).

However, nowadays many business organizations are more open to diversity. The reason of the openness is because the organization believes that diversity is able to promote positive work environment. Moreover, it also increases the motivation and satisfaction level, which will lead to better performance. So, they can reach their potential and give a maximum contribution, which leads to better outcomes for the company (Briner, 2000).

In several other researches such as the one that performed by Hofhuis, van der Rijt, and Vlug (2016), the diversity in the workplace is found to have positive impact to performance. But, in order to bring such impact, the employee in the workplace must able to embrace it. When it happened trust will increase and open communication can be
performed among the employees. Then, both factors will drive up the performance.

Unfortunately, the rejection toward diversity is more often to be found in the personal level instead of the organizational or managerial level. When such a condition occurs, it can trigger the adverse effects. The work environment might turn negative and tense. Also, the members of organizations will find it difficult to work together as a team. Due to the inability to tolerate diversity can lead to stereotyping, discrimination, employment disparities, and conflicts (Krell & Wachter, 2006). Indeed, Shaban (2016) has noted that diversity in the workplace is a double-edge sword. It can bring both positive and negative implications. The latter includes reduce the work motivation of the employees and impact their performances.

The varied impacts of diversity in the business organization, according to Barkley, Boone, and Holloway (2005) are the result of openness to diversity. Higher openness to diversity most likely will bring positive impact and it applies vice versa.

The urgency to perform research about the openness of diversity among employees is significantly increased in Indonesia. Due to the country have long histories of conflict that caused by primordialism. Moreover, recently many mass media both domestic and foreign stated that Indonesia is experiencing intolerance crisis to diversity. Many people in the society are not only building stereotype and prejudice, but also turned it into the actual behavior. Negative comments that mocked other race, culture, and religion can easily be found in social media. Several cases also shown, a group of intolerant individuals began to protest religious event that belongs to minorities. In the worst case, the group tried to prevent minorities to build places to worship God.

For business organizations that hire employees with various of background such as banking industry, these tendencies raise a concern. Mwani (2010) stated that because banking industry has a complex structure, it requires a lot of workforces and it is impossible to hire them with homogenous background. Therefore, the author intrigued to conduct a research about openness to diversity in banking industry. So, the findings can be used by banks to understand the employees’ openness to diversity and how it impacts work motivation. Through the understanding, an effective strategy to manage diversity at workplace can be developed. Hence, the diversity will bring positive impact to the banks, including increase employees’ motivation.

Motivation is a key factor in the organization’s achievement. The motivated employees tend to perform well, because they often committed, creative and loyal in such a way that they become part and parcel to the organization. According to the research conducted by Listianto and Setiaji (2007), the work motivation had significant and positive influence toward work performance.

Based on the background of problem, the objectives of this research are how the employee openness to diversity is in banking industry; and what is impact of employee openness to diversity to work motivation. As the building blocks of openness to diversity, the author includes three. Namely openness to gender differences, openness to religion differences, and openness to ethnic differences.  

2. Literature Review
2.1 Diversity, Workforce Diversity, and Managing Workforce Diversity

Diversity might be a very powerful and emotional subject for some people, who ever experienced it whether direct or indirect. The impact of diversity is very varied. It likes to the side of coins, which is bad side and the good side. For example, it could increase the
tolerance and justice, or instead, trigger hatred and animosity. Thus, for any nation, diversity can raise challenges and opportunities.

In this millennial era, the diversity still associated with some issues such as stereotype, prejudice, ethnocentrism, and discrimination. These problems often create conflicts. For instance: "white supremacy" groups had caused severe racial conflicts in United States of America and Russia (Mutjaba, 2007).

Examining the belief of person and the values of life for his/her. Also, their ability to cope with those who has different belief and values through learning explains the general subject of diversity. Like communication, diversity is fact and cannot be separated from human's life. It has some natures, which are natural and irreversible. Thus, every human requires to able tolerate diversity to function effectively in this world. Although, it makes the human life not monotonous and exciting. It raised some challenges, such as misunderstanding, a person gets offended, and even conflicts. People that come from different backgrounds have the distinct perception of reality, as the result, what considered acceptable might not acceptable for others (Mujtaba, 2007).

Some researchers conceptualized the determinants of diversity itself, into two views, which are narrow and broad. In the narrow view, diversity is only defined based on specific cultural categories, such as race and gender. In the general view, a lot of dimensions can be used to define diversity. In fact, everything different from one people to another can be considered as diversity. Jackson, May, and Whitney emphasized that not only race, gender, age and other demographic categories can be the determinants of diversity but also values, abilities, organizational function, tenure and personality (2015).

While Wentling and PalmaRivas also presented the dimensions can be included as the determinants of diversity are age, national origin, religion, disability, sexual orientation, values, ethnic culture, education, language, lifestyle, beliefs, physical appearance and economic status (2010). While, the research about diversity by U.S government, stated that all the characteristics and experiences that define each of us as individuals are the determinants for diversity (in Hur & Strickland, 2012).

It raised the concern if the dimensions/determinants to assess diversity is too broad. Then, the meaning of diversity itself will be benign and worthless (Nkomo & Cox, 2007). Also, it will be difficult to identify discrimination practices.

This study is specifically discuss about workforce diversity, which according to Jannsens and Steyart (2008), is one of the most political, controversial, and complex phenomenon in the workplace.

Carrell defines workforce diversity is the differences between one individual to others such as age, gender, race, education, religion, and culture, which can bring an impact to task or relationship inside an organization (2009).

Greenberg also defines workplace diversity refers to the variety of differences between people in an organization including race, gender, ethnic group, age, personality, cognitive style, tenure, organizational function, education, background and more (2014).

It can be seen that most of the scholar have the same definition of diversity and its determinants. But, some researchers, divide the determinants of workforce diversity into five clusters (McGath, Berdahl, and Arrow, 2010):

- Demographics such as age, ethnicity, gender, sexual orientation, physical status, religion, and education;
- Task-related knowledge, skills and capacities;
• Values, views, and attitudes;
• Personal, cognitive and attitudinal styles;
• Status in the organization such as one's hierarchical position, professional domain, departmental affiliation and seniority.

Nowadays, workforce diversity is unavoidable. However, not every organization is supportive of diversity. Thus, many employees unable to feel the luxury to pursue his or her career aspirations without being inhibited, if they possess one of the determinants of diversity that can be used to make the stereotype, such as gender, race, nationality, religion, or other factors. Although, these determinants are irrelevant with their performances (Wirick, 1999). For instance, the newspaper editor reluctant to assign a woman journalist to report on riots because the stereotype that woman is weak or a woman as employee often received lower paycheques compared to man.

According to Torres and Bruxelles, the definition of managing diversity is an attempt to allow workforce with different background and various characteristics to work at its best in the supportive environment. While one of workforce member that being disadvantaged (2012). Slightly different, Ivancevich and Gilbert define management diversity as the commitment to making the systematic plan and implement it. So the organization can recruits, retain, reward and promote the employee with different background and various characteristics (2011).

Other researchers, Patrick, and Kumar, management diversity, is considered as the process to establish and keep the supportive work environment that able to valued, whether the differences and similarities of individuals (2012). Then, it can be concluded that management diversity is a commitment and plan of organization to involve employee from different background and appreciated the differences to maintain conducive working environment, which makes the performance more effective and efficient.

In the corporation, political, and legal field, diversity has become the hot-button. The practitioners on that area had experienced the complexity and hardship that arise due to diversity. It has been proved that the performance of any organization is highly affected by diversity, even the most common demographic differences, such as sex and age (Williams & O’Reilly, 2008). The understanding of diversity is very substantial for supervisor or manager in the business organization.

2.2 Advantage and Disadvantage Managing Workforce Diversity

One of the benefits of managing diversity is established the competitive edge for the business organization. Some of the plethora benefits increase the effectiveness of decision-making, improve the quality and quantity of creativity also innovation.

Moreover, when the business organization attempts to enter the market in the foreign countries or local ethnic community, diversity can escalate the success rate and also make the distribution of economic opportunity more even (Cox and Blake, 2011). A study by Watson et al. highlighted that culturally diverse group show better interaction process and the work productivity compared to the homogeneous group. However, important to note, those results can be seen after being together quite long (2013).

Other researchers found in the business organization with diversity; the work performance has increased due to the extent of group’s perspectives. However, the benefits that mentioned above only can be experienced, if the diversity is well-managed. It has been confirmed that excellent diversity management is positively correlated with the performance
improvement of organization (Tatli et al., 2007). In the workplace environment, the benefits of diversity can be seen in several places. For instance: increase the relations between the employee, allow the business organization to create strategic advantage based on the view from different perspectives, and assist then in penetrating into new markets. In the diverse environment, it is possible to every member to interact and share ideas. Moreover, it can stimulate the organizational growth. The individuals that feel valued by the organization for their thoughts and culture will experience the significant increase in their ownership toward the organization. Thus, the opportunity to exchange ideas will produce the "cultural acceptance" atmosphere, which might directly impact on employee relations (Chavez & Weisinger, 2008).

On the other hand, diversity also had some disadvantages. Having a co-worker with someone with different age, sex and culture sometimes put people in the threatened situation. They feel if they are not comfortable in diversity like that.

If we take a look from the company perspective, they need to spend some amount for the cost of training. Sadly, this one costs much. Thus, the company has such an increasing budget to afford the training itself. The form of training could be like seminars, programs, and lectures to promote diversity in the business organizations. Training should be obtained by each of the employees at all levels of the organization. They will be taught about how to accept ideas, thought, personalities from each of the employees. Dealing with conflicts, prejudice in a professional and civil manner are the next subject they will get later on (Henry & Evans, 2007).

If we get back to the opposing sides of diversity, the next thing would be like conflict increasing. Conflict will arise when two people do not see eye to eye. In other words, it means that they do not do eye contact. Eye contact is the most basic thing that can fuel a conflict. Another factor which may be arising conflict is ignorance. Having prejudiced against each other or even derogatory comments cause a lack of acceptance. "Ethnocentrism, stereotyping and culture clashes are the results of negative dynamics" (Henry & Evans, 2007). If eye contact is the essential thing which may trigger conflict, feeling superior is a common thing to fuel the dispute, as well. Ignoring conflict will affect company's performance. Even worse, it may be damaging as well. "If management ignores such conflicts, the company's performance may suffer" (Henry & Evans, 2007). If the company can cope the problem, let say if they can manage and control it well, creativity and performance can be easily increased. How does it work? The answer is employers will create a solution or invention to gain acceptance so they will work a little bit harder than before. Conflicts are inevitable, indeed. However, it should be managed properly to reach the organization benefit.

Besides conflicts, the labor turnover and absenteeism should also be the concerns. It is because those are the other disadvantage in having the diverse workplace. Based on the research, it is shown that there is forty percent greater for African Americans turnover in the US workplace than whites. Corning Glass, who once conducted research, stated that the turnover rate for women in a professional job was two times higher than males between the years 1980 – 1987. Women, particularly have fifty-eight percent absentee higher than men. Nevertheless, another study reveals that absolutely a person from the outside group tends to be the first who will leave the company. In the meantime, some researchers oppose the idea that flextime reduces these rates; absenteeism and turnover. Eventually, it means that workforce diversity increases labor turnover and absenteeism in organizations (Henry & Evans, 2007).
It turns out; diversity may produce some harmful effects. In fact, some results may appear from mismanaged diversity. Both of employee satisfaction and productivity are the long-reaching effects of mismanaged diversity. Those who have been working hard, innovative, participating and contributing themselves in the company regard themselves as valued members. In the meantime, those who are less involved in the company feel if they come from minority-group. That is why; they often feel less valued regarding stereotyping, ethnocentrism, and prejudice. In the form of denied access or unfavorable treatment, turns out mismanagement diversity can have negative consequences as well. For examples are inhibiting workers' abilities and motivation. If it happens, it may lower job performance. If an organization ignores those signs, let us say ignoring the existence and importance of workforce diversity, it may be possible if the conflict emerges in the future. As a result, neither the corporation nor its employees will realize their potential (Goetz, 2011).

2.3 Work Motivation

According to Frederick, Bernard, and Barbara (2011, p. 3), work is one of the most absorbing things men can think and talk about. It is the source of great satisfaction for the fortunate, but it is the cause of grief for many others. Work often related to personal things like emotion, family problems, relationship problems, working partners, and many other factors. Every working people are hoped to do their best in each day of work, which means it is related to how these working people can find their own motivation to work with the best every day.

Motivation is rooted to Roman word, “movere” meaning moving. Motivation is defficiency physiological and psychological that move an individual to do certain act. Meanwhile, according to Stoke (2009) motivation is a human psychological characteristic that contributes to a person's degree of commitment. It includes the factors that cause, channel, and sustain human behavior in a particular committed direction. Further, Stokes stated that there are basic assumptions of motivation practices by managers which must be understood. First, that motivation is commonly assumed to be a good thing. One cannot feel very good about oneself if one is not motivated. Second, motivation is one of several factors that go into a person's performance (e.g., as a librarian). Factors such as ability, resources, and conditions under which one performs are also important. Third, managers and researchers alike assume that motivation is in short supply and in need of periodic replenishment. Fourth, motivation is a tool with which managers can use in organizations. If managers know what drives the people working for them, they can tailor job assignments and rewards to what makes these people “tick”. Motivation can also be conceived of as whatever it takes to encourage workers to perform by fulfilling or appealing to their needs.

On the other hand, Luthan (2008) emphasizes that motivation is the process that arouses, energizes, directs, and sustains behavior and performance. That is, it is the process of stimulating people to action and to achieve a desired task. One way of stimulating people is to employ effective motivation, which makes workers more satisfied with and committed to their jobs. Money is not the only motivator. There are other incentives which can also serve as motivators.

3. Research Framework and Hypothesizes

Based on the literature review, the openness to diversity in this research is grounded to three bases. Openness to gender differences, openness to religion differences, and openness to ethnic differences. Then, it linked to the work motivation as the determinant of employee performance.
Refers to the research framework, the hypotheses of this research are:

In a research that performed by Stefko et al (2017),

- H1: Openness to gender differences has positive and significant impact to work motivation
- H2: Openness to religion differences has positive and significant impact to work motivation
- H3: Openness to ethnic differences has positive and significant impact to work motivation

4. Methodology

Quantitative approach is used in this research. This approach allows the researcher to perform a research in a large number of samples, so the result is more generalizable. Moreover, since the data is analyzed with statistical equation, the result will also more accurate. Moreover, there are other advantages of using this approach, such as able to reduce bias due to highly controlled environment between researcher and subject of research. Besides that, the steps of research are clearer because it guided by research framework and hypothesizes. The research also become less complex compared to qualitative due to limited number of variables, and consume less time in data collection and analysis with help of technology and statistical software (Teddlie & Yu, 2007). Besides using quantitative approach, this research is a descriptive research.

The source of data is divided into two, primary and secondary. The primary data means the data that extracted directly from the subject of research (Zikmund & Babin, 2010). To collect the primary data, this research used questionnaire. Meanwhile, According to Saunders, several types of data can be categorized as the secondary data source, which are textbooks, surveys, reports, newspapers, magazines, articles, video recordings (2007). This secondary data is used to construct the literature review which being the foundation of research and draw implications. Creswell (2009) highlighted that secondary data source function to enrich the researcher existing knowledge and also be the guide to gather data from the primary resource.

As previously mentioned, questionnaire is used to collect primary data. The questionnaire will be developed based on research variables, whether dependent or independent. In this research, the questionnaire consists of 30 items. The first five items are created to obtain information about sample demographic profiles. These items are in the multiple questions form. Meanwhile, the other 25 are created based on research variables. Each research variable is presented by five questions. 5-Likert scale will be used in these items. The answers that can be selected by samples are ranged from Strongly Agree (SA) to Strongly
Disagree (SD). It is considered as a technique that able to prevent bias since every respondent obtained the same questions. It is also effective to collect data from a significant number of respondents in the limited amount of time. Moreover, it does not require a lot of funding.

The questionnaire is given to 200 respondents that have work in banking industry for more than one year. The sampling method that is used for this research paper is quota sampling.

Data also analyzed with quantitative approach, which utilize statistical software SPSS to process the data. The analysis consisted of validity and reliability, classical assumption, frequency descriptive test, and regression analysis.

Validity and reliability and classical assumption are obligated to perform to make sure the data is eligible for regression analysis and can provide an accurate result. The validity and reliability test revealed that the data is valid and reliable. Because, the r-value is greater than 0.3 and the Cronbach’s Alpha is greater than 0.7 (Mahlutra, 2010). Meanwhile, when it comes to classical assumption, the data was tested with Kolmogorov-Smirnov for normality, multicollinearity, and heteroscedasticity. The result revealed that the data is normally distributed and free from multicollinearity and heteroscedasticity problems (Please refers to appendix 1 – 3). Therefore, it is eligible for regression analysis.

5. Findings
5.1 Profile of Respondents

There were 200 respondents that participate in this research. The profile of respondents were identified to express the diversity in banking industry and showed that the respondents came from different backgrounds which enhance the generalizability of the result.

The gender of respondents in this research paper are almost equal between male and female. However, the male respondent is slightly more than the female respondent. There are 56% male respondents participate in this research, and 44% female respondents. Meanwhile, more than half of the respondents belong to the age group 20–40 years old with percentage 58.5%. Followed by 41-50 years old with percentage 28% and more than 50 years old with percentage 13.5%. There is no respondent below 20 years old. Most of the respondents mostly are staff and senior staff. With percentage of staff 71.5% and senior staff 26.5%. Only 2% of respondents are manager. There is no general manager nor directors participate in the questionnaire. The respondents come from different area origin. However, the respondents from Java Island contribute significantly in the percentage with 63.5%. Followed with respondents from Sumatera 17%, Sulawesi 10%, Kalimantan 4%, Maluku & Papua 3% and last Bali, Nusa Tenggara Barat, Nusa Tenggara Timur 2.5%. The religion of respondents also varied. However, still dominated by Islam with 61%. Followed by respondents from Christian 28.5%, Catholic 5%, Buddha 3%, and Hindu 2.5%. There is no respondent that practicing Konguchu, others, or non-practicing religion.

5.2 Degree of Openness to Diversity

<table>
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<th>Table 1. Respondents’ Degree of Openness to Diversity</th>
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<td>Openness to Gender Differences</td>
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As shown by table 1 above, the respondents’ openness to gender difference is in moderately high, 19% of respondents are very open to gender differences, 24.5% respondents are open to gender differences, 29.5% respondents are neutral to gender differences, 23.5% respondents are not so open to gender differences, 3.5% respondents are not open to gender differences. Meanwhile, the openness to religion differences also moderately high, only small percentage of respondents that not so open and not open to religion differences. 21.5% of respondents are very open to religion differences, 51.5% respondents are open to religion differences, 15.5% respondents are neutral to religion differences, 8.5% respondents are not so open to religion differences, and 3% respondents are not open to religion differences. On the other hand, the openness to ethnic differences moderately low. Only 43.5% that showed very high and high openness to ethnicity differences. Meanwhile, the rest revealed neutral, low, to very low openness.

5.3. Regression Analysis

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<td>Opennes to Diversity</td>
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<td>Openness to Gender Differences</td>
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<td>0.318</td>
<td>0.002</td>
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<tr>
<td>Openness to Religion Differences</td>
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<td>0.178</td>
<td>0.046</td>
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<td>Openness to Ethnic Differences</td>
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a. Dependent variable: Work Motivation  
b. Confidence Level 95%, Significance Level 0.05

Based on the table 2 regression analysis results, the dimensions of openness to diversity which are openness to gender differences, openness to religion differences, and openness to ethnicity differences simultaneously have moderate impact to work motivation. It indicated by R value 0.477. Meanwhile, refers to $R^2$ 0.227, it revealed that simultaneously the dimensions of openness to diversity can predict 22.7% of work motivation. On the other hand, 77.3% is predicted by other factors that not included in this research. Also, the Sig. F table showed that simultaneously the dimensions of openness to diversity have significant impact to work motivation. Because, it less than 0.05 or 0.00 < 0.05.
Further the T test performed to find out the impact of each dimension to work motivation. The significance of openness to gender differences is 0.000 which far less than 0.05; it means it has significant influence to work motivation. Meanwhile, the significance of openness to religion differences is 0.002 which far less than 0.05; it means it has significant influence to work motivation. On the other hand, the significance of openness to ethnicity differences is 0.046 which close to 0.05, yet not exceed 0.05; it means it still has significant influence to work motivation.

To reveal whether the significant influence of the dimensions of openness to diversity is positive or negative, the B unstandardized coefficient can be reviewed. The openness to gender differences showed 0.673, it means every an additional item to gender differences will increase employee motivation 0.673. Whereas, the openness to religion differences showed 0.318, it means every an additional item to religion differences will increase employee motivation 0.318. On the other hand, the openness to ethnicity differences showed 0.178, it means every an additional item to ethnicity differences will increase employee motivation 0.178. Hence, the openness to gender differences has most significant positive influence to employee motivation. Followed by the openness to religion differences. And the last is the influence of the openness to ethnicity differences. It means, the hypothesizes one to three are accepted.

6. Conclusion

The finding showed that employee in banking industry in Indonesia has moderate level of openness to diversity. However, the openness is higher on gender and religion differences. Such openness commonly appeared when the employees are often exposed to gender and religion differences compared to ethnicity differences. The finding also revealed that the H1, H2, and H3 are accepted. Yet, compared to other dimensions of openness to diversity, the openness to ethnicity differences is less significant. Perhaps, it is because the employee of in banking industry more used to deal with gender and religion differences but not ethnicity. Despite of that, the employee still able to embrace ethnicity differences because their previous experience dealing other type of differences. According to Chavez and Weisinger (2008), positive response to diversity can occur when an individual grew up in the environment, which consists of people with various of background. Due to, it makes them learn to appreciate differences to get along with others and to be accepted by environment. Meanwhile, individual that grew up in environment which consists of people with homogenous background tend to be resistance to diversity and response negatively.

References


