

Midocean University

College of Management

Project Management



**The Impact of Cultural Diversity on PMO Performance at
AECOM Co. in Saudi Arabia**

تأثير تنوع الثقافات على أداء مكتب إدارة المشروع لشركة أيكوم في
المملكة العربية السعودية

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Summer 2023

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Abstract

This study aims to examine the influence of cultural diversity on team performance. A questionnaire was distributed to 51 team members to gather data on the correlation between experience, nationality, and ethics with team performance. The results indicated that experience, nationality, and ethics all play a significant role in team performance, supporting the initial hypotheses above. These findings hold important implications for enhancing project team performance within organizations that possess a substantial level of cultural diversity.

Keyword: Cultural diversity, Experience, Nationality, Ethics, and Performance

1. Introduction

Cultural diversity can be defined as the presence of individuals from various cultures within a team or organization. This diversity can contribute valuable perspectives and ideas, but it can also present challenges to team performance. That is why we have chosen this topic. Cultural diversity can affect the workplace in numerous ways. Towards the end of the 1980s there was a massive growth of researchers studying how diversity in an organization impacts its functioning, something that was previously known to not correlate or have an impact and found out that employees' cultural backgrounds often influenced the culture of their work environment, with positive results (Chaturvedi, K. 2022). The organizational structure and management seek to determine the impact of diversity on employees to acquire how they can be managed and how all employees can benefit from a diverse-based workforce (Podsiadlowski et al. 2013). Diversity provides both challenges and opportunities for the organizations. Diversity involves not just

how people recognize themselves but also how they recognize others (Makhdoomi, U. 2018). Negative effects can include miscommunication, the creation of barriers, and dysfunctional adaptation behaviors. Positive effects can include building a sound knowledge base with in-house talent, which can make for smoother integration of the organization into foreign cultures (Al-Jenaibi, B. 2011). However, it is important to note that the concept of diversification within a company is a sensitive matter and cannot be expected to flourish in every context (BARAK, M. E. M., & Travis, D. J. 2010).

2. The Theoretical Framework of the Study

2.1 Research Problem

There is a growing body of research on the impact of cultural diversity on PMO team performance. However, there is still a lack of understanding of the specific factors that contribute to the impact of cultural diversity on PMO team performance. This research will address this gap by exploring the following research problem:

How cultural diversity is impacting PMO team performance at AECOM Co. in Saudi Arabia.

2.2 The Importance & Objective of Research

In order to improve PMO team performance, it is important to examine cultural diversity's impact on PMO teams. Cultural diversity can provide several benefits for PMO teams, such as understanding and respecting different cultures, we can create a better working environment

and achieve higher performance. The objective of this research is to explore the impact of diverse cultures on designated team performance.

The research will examine the following questions:

1. Does experience impact the PMO team's performance?
2. Does nationality impact the PMO team's performance?
3. Does ethics impact the PMO team's performance?

2.3 Research Hypotheses

The main hypothesis is that there will be an impact either positive or negative of cultural diversity on the team's performance.

The sub-hypotheses:

1. Experience impacts the PMO team's performance.
2. Nationality impacts the PMO team's performance.
3. Ethics impacts the PMO team's performance.

2.4 Pervious Study

There is a growing body of research on the impact of cultural diversity on project team performance. Some studies have found that cultural diversity can lead to increased conflict and decreased team performance. However, other studies have found that cultural diversity can also lead to increased performance. The impact of cultural diversity on project team performance is likely to vary depending on several factors, including the specific cultures represented in the team performance which are experience, nationality, and ethics. The acceptance and management of cultural diversity

have been promoted and touted as a positive tool in social and organizational engineering intended to solve and prevent group dynamics problems in both business organizations and society as well (Donatus 2007). The similarity-attraction theory suggests that members tend to associate with humans, whom they perceive similar to them (Byrne, 1971). On the other hand, other theory says the diverse workforce leads to a surge in group knowledge and perspectives, which in turn enhanced organizational performance (De Dreu, 2006). The information/decision-making perspective arrives at quite different predictions, holding that diverse groups should outperform homogeneous groups (Van Knippenberg 2004). The impact of cultural diversity on project team performance is likely to vary depending on several factors, including the specific cultures represented in the team performance which are experience, nationality, and ethics.

2.4.1 First Variable

The Culture Diversity is a power which if well controlled it will become a strength of the companies to increase their performance. diversity can be seen as a way for improving the workplace environment and specially the performance, creating an atmosphere of collaboration and competence to be more creative and adopting the mindset of changing. Culture Diversity has been defined in many research papers, it's a comprehensive term that involves meanings and perspectives. The Culture Diversity is a set of conscious practices that involve understanding and appreciating interdependence of humanity, cultures, and the natural environment; practicing mutual respect for qualities and experiences that are different from our own; understanding that diversity includes not only ways of being but also ways of knowing; recognizing that personal, cultural, and institutionalized discrimination creates and sustains privileges for some while creating and

sustaining disadvantages for others; and building alliances across differences so that we can work together to eradicate all forms of discrimination (Patrick, H. A., & Kumar, V. R. 2012).

The Culture Diversity is characterized in terms of demographic characteristics (gender, age, race or nationality) and/or human capital (education, functional specialty, length of service in the organization or in the position) (Triguero-Sánchez, R., Peña-Vinces, J., & Guillen, J. 2018).

Every diverse culture has its own strengths and weaknesses, those mostly come from the uniqueness of every individual background within the firm. In this research, we are seeing the diversity from our interesting characteristics points of diversity, and depending on the group we are aiming to imply the survey on. The diversity characteristics will be Experience, Nationality and Ethics. Those characteristics have been chosen carefully to measure its impact on the chosen team performance. The experience is defined as the duration of time that an employee has worked with the organization (Wiersema & Bantel, 1992). The experience factor has a high impact on the team performance and it can make the difference in some cases by only providing great ideas and concentrated knowledge. The process of development of social knowledge and shared norms within an organization (Bader et al., 2019). In Addition, working in an environment with a variety of experienced employees gives an opportunity to share the knowledge among the team which leads to a homogeneous working and well outcomes. In contrast, less contribution of information and sharing them may become obstacles to develop the team performance and the organization overall. The nationality is a very sensitive factor, team members have to be treated equally with no differences in the perspective of nationality diversity, once the treatment of employees becomes dependent on the nationality the problems will start to come. Furthermore, positions and promotions sometimes are not given to those who have economic issues in their countries. National diversity could be a huge contribution when using the

background differences to solve complex problems. Ethics failure could bring the organization bad reputation and decrease the organization performance. Ethics as a practice does not merely affect the organizational decision-making but consequently the organizational culture overall (Grigoropoulos, J. E. (2019)). Empirical research indicates a significant and positive relationship between organizations perceived to be ethically responsible and valuable business outcomes such as enhanced reputation, customer loyalty and sustainable profitability (Bhattacharya & Sen, 2004).

2.4.2 Second Variable

A review has indicated that the effects of workforce diversity can yield both positive and negative influences on organizational performance (van Knippenberg et al., 2004). If an organization is able to show the same performance, profits and quality, with a diverse workforce as with a homogenous workforce without any changes in standards, or compromising competence then that organization will be able to increase competition in the marketplace (Makhdoomi, U. M., & Nika, F. A. (2018)). The diversity can affect an organization's functioning through four ways first is diversity can have affective consequences, like lower organizational commitment or lower satisfaction, because people prefer interactions with similar others (Bogaert, S., & Vloeberghs, D. 2005).

As organizations become more diverse, maintaining high performance becomes a challenge. When culturally diverse workers are placed in a group to achieve a goal with mutual effort and collaboration, these differences of opinions and other variables can hinder the development of unity (Martin, G. C. (2014)). Companies with greater diversity demonstrate improved organizational performance and most scholars agree that diversity always leads to greater organizational performance (BARAK, M. E. M., & Travis, D. J. (2010)).

3. Practical Study and Methodological Procedures

3.1 Research Methodology

The study utilized a mixed-methods approach for its methodology. Initially, a literature review was conducted to identify previous studies relevant to our research. Following that, a questionnaire was developed and administered to a sample of participants to collect data on their experiences, attitudes, and beliefs regarding the research.

3.2 Field Results

We conducted the research society of AECOM PMO's in the Kingdom, a specialized consulting and project management company. The study is to investigate the impact of cultural diversity on team performance. In this survey, we gathered responses from 51 individuals of varying ages and experiences. We asked them 15 different questions that focused on experience, nationality ethics, and how these variables potentially influence team performance. To collect the data, we utilized a Google Form, which is attached as an appendix for your reference. As a result, the collected data has been thoroughly analysed using software. The findings provide valuable information about the relationship between cultural diversity and team performance.

3.3 Data Analysis

In this section, there will be a three-factor analysis:

3.3.1 Experience Diversity Analysis

- A. The highest proportion of the participants (58.8%) strongly agreed that experience impacts teams' capability to solve problems. See table 1 and figure 1.

Experience affects the team's ability to solve problems					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	9	17.6	17.6	17.6
	Disagree	5	9.8	9.8	27.5
	Strongly agree	30	58.8	58.8	86.3
	Strongly disagree	7	13.7	13.7	100.0
	Total	51	100.0	100.0	

Table 1

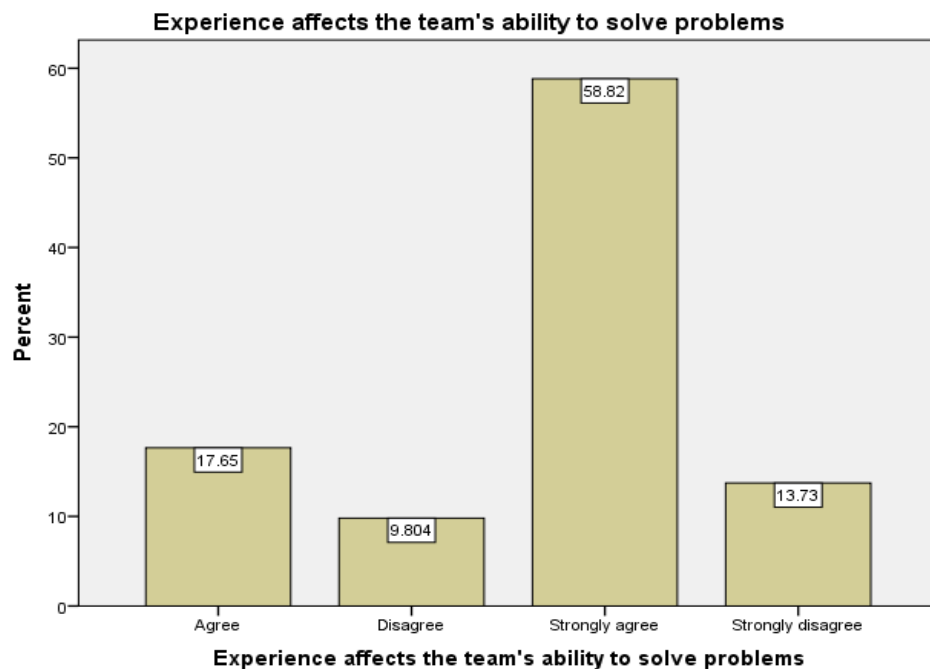


Figure 1

- B. The highest number of participants strongly agreed (31.4%) and agreed (21.6%) that experience is crucial in decision-making. See table 2 and figure 2

Experience affects a team's ability to make decisions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	11	21.6	21.6	21.6
	Disagree	4	7.8	7.8	29.4
	Neutral	4	7.8	7.8	37.3
	Strongly agree	16	31.4	31.4	68.6
	Strongly Agree	9	17.6	17.6	86.3
	Agree	7	13.7	13.7	100.0
	Strongly disagree	7	13.7	13.7	100.0
Total		51	100.0	100.0	

Table 2

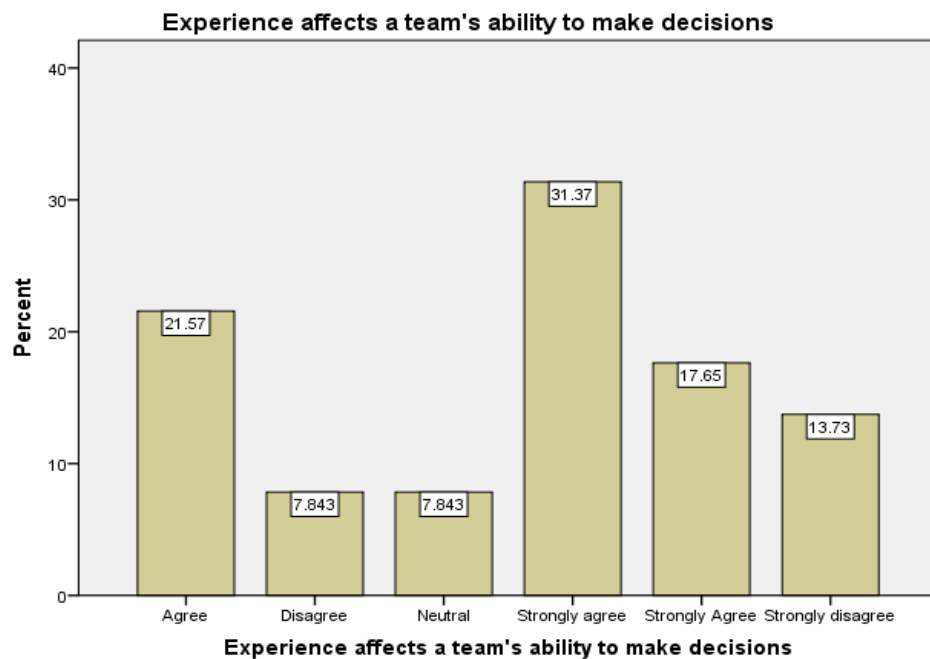


Figure 2

- C. The highest proportion of participants (33.3% agreed and 27.5% strongly agreed) believe that experience promotes effective communication in a team. See table 3 and figure 3

Experience affects a team's ability to communicate effectively

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	17	33.3	33.3	33.3
	Disagree	8	15.7	15.7	49.0
	Neutral	5	9.8	9.8	58.8
	Strongly agree	14	27.5	27.5	86.3
	Strongly disagree	7	13.7	13.7	100.0
	Total	51	100.0	100.0	

Table 3

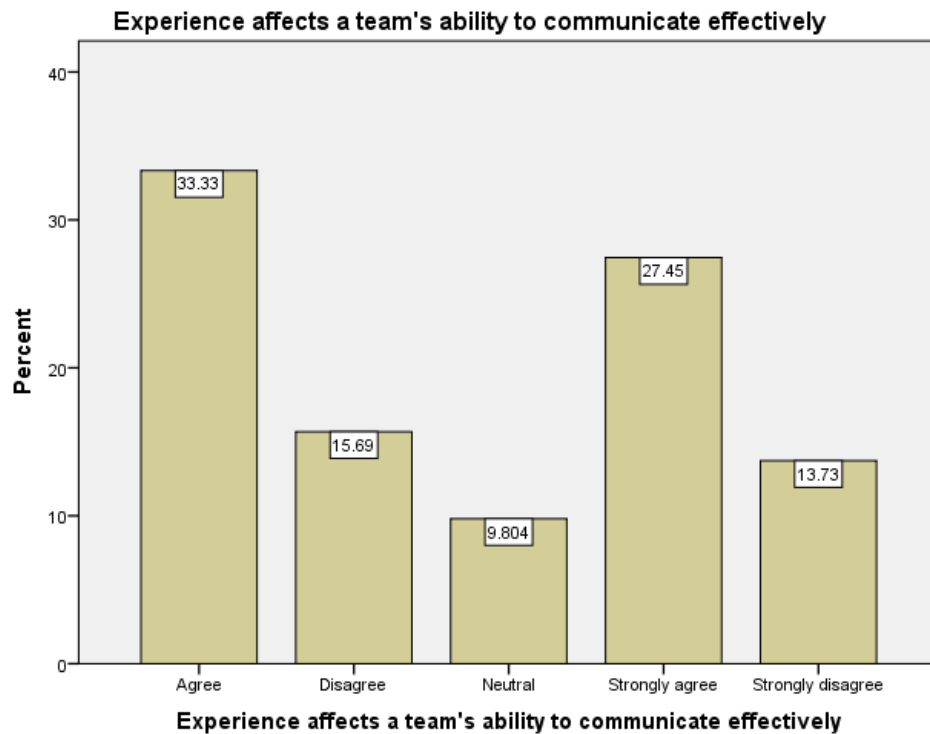


Figure 3

- D. The highest proportion of participants (33.3% agreed and 21.6% strongly agreed) believe that experience promotes easy adoption of change. See table 4 and figure 4

The experience affects the team's ability to adapt to change

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	17	33.3	33.3	33.3
	Disagree	8	15.7	15.7	49.0
	Neutral	9	17.6	17.6	66.7
	Strongly agree	11	21.6	21.6	88.2
	Strongly disagree	6	11.8	11.8	100.0
	Total	51	100.0	100.0	

Table 4

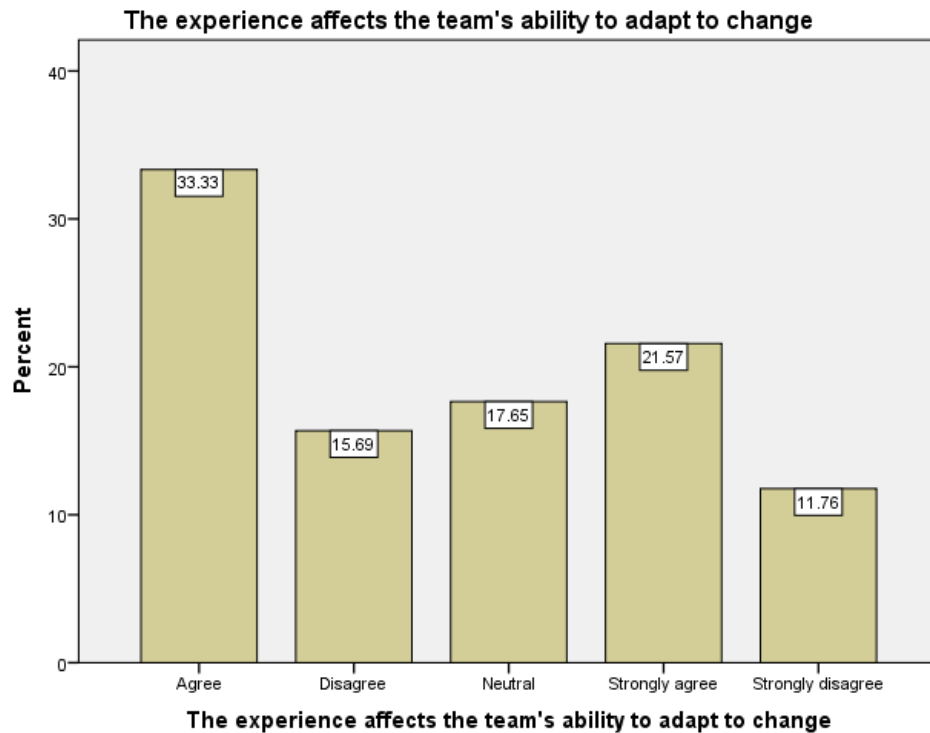


Figure 4

- E. The highest number of participants (31.4% strongly agreed and 29.4% agreed) believed that experience promoted team motivation. See table 5 and figure 5.

The experience affects the team's motivation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	15	29.4	29.4	29.4
	Disagree	7	13.7	13.7	43.1
	Neutral	6	11.8	11.8	54.9
	Strongly agree	16	31.4	31.4	86.3
	Strongly disagree	7	13.7	13.7	100.0
	Total	51	100.0	100.0	

Table 5

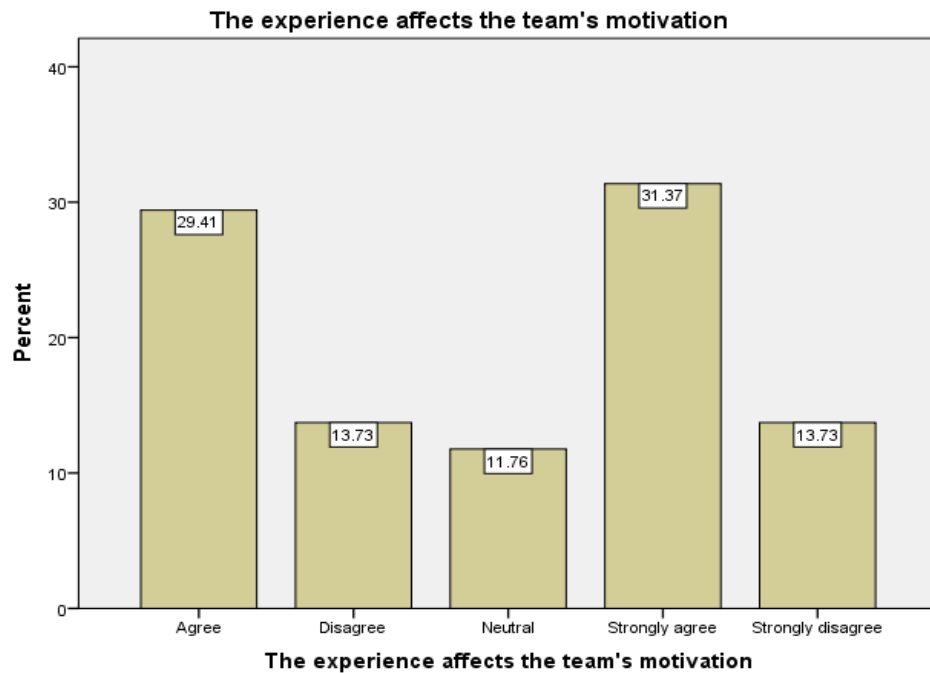


Figure 5

3.3.2 Ethics Diversity Analysis

- A. The highest proportion of the participants (37.3% agree and 29.4% strongly agree) believe that ethics diversity promotes efficiency in the work environment. See table 6 and figure 6.

Ethics diversity helps to have an effective work environment					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	19	37.3	37.3	37.3
	Disagree	2	3.9	3.9	41.2
	Neutral	12	23.5	23.5	64.7
	Strongly agree	15	29.4	29.4	94.1
	Strongly disagree	3	5.9	5.9	100.0
	Total	51	100.0	100.0	

Table 6

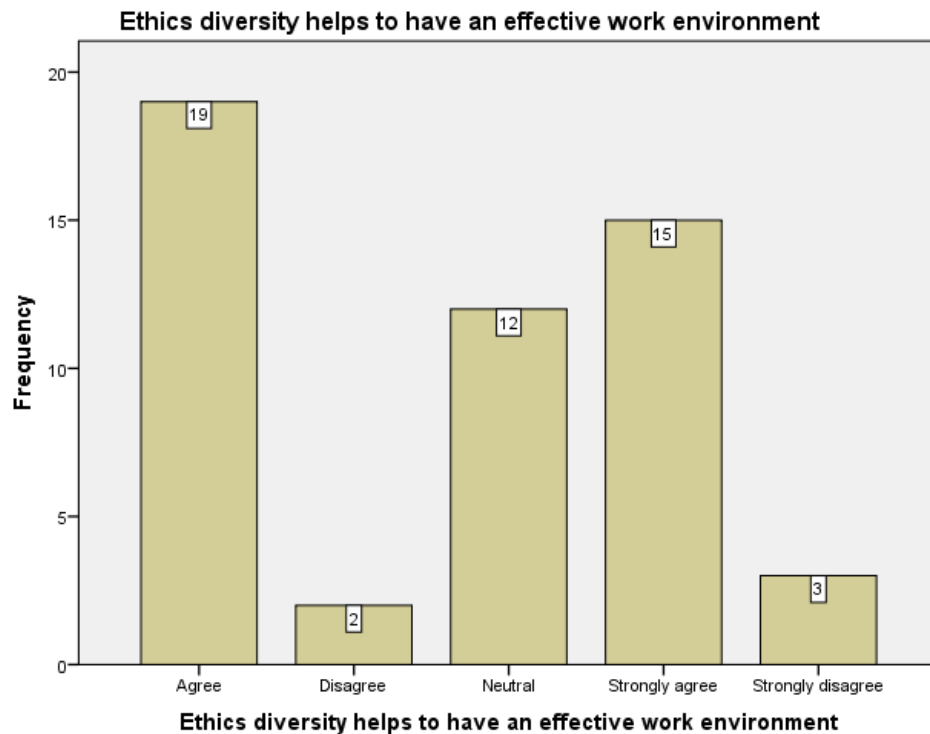


Figure 6

- B. The highest number of participants (strongly agreed 33.3% and agreed 35.3%) believed that ethics diversity promotes employee loyalty. See table 7 and figure 7.

The ethics of diversity helps to gain the loyalty of employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	18	35.3	35.3	35.3
	Disagree	4	7.8	7.8	43.1
	Neutral	9	17.6	17.6	60.8
	Strongly agree	17	33.3	33.3	94.1
	Strongly disagree	3	5.9	5.9	100.0
	Total	51	100.0	100.0	

Table 7

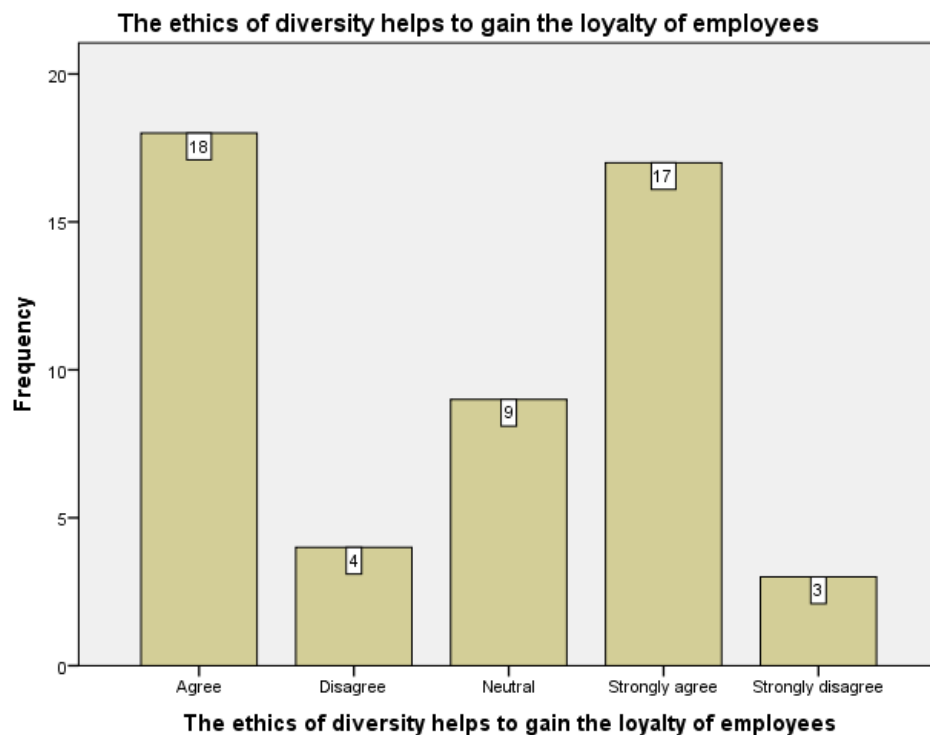


Figure 7

- C. The highest proportion of participants (39.2% agreed and 35.3% strongly agreed) believe that ethics diversification strengthens teams with better communication. See table 8 and figure 8.

Ethics diversity helps to build stronger teams with better communication

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	18	35.3	35.3	35.3
	Disagree	2	3.9	3.9	39.2
	Neutral	8	15.7	15.7	54.9
	Strongly agree	20	39.2	39.2	94.1
	Strongly disagree	3	5.9	5.9	100.0
	Total	51	100.0	100.0	

Table 8

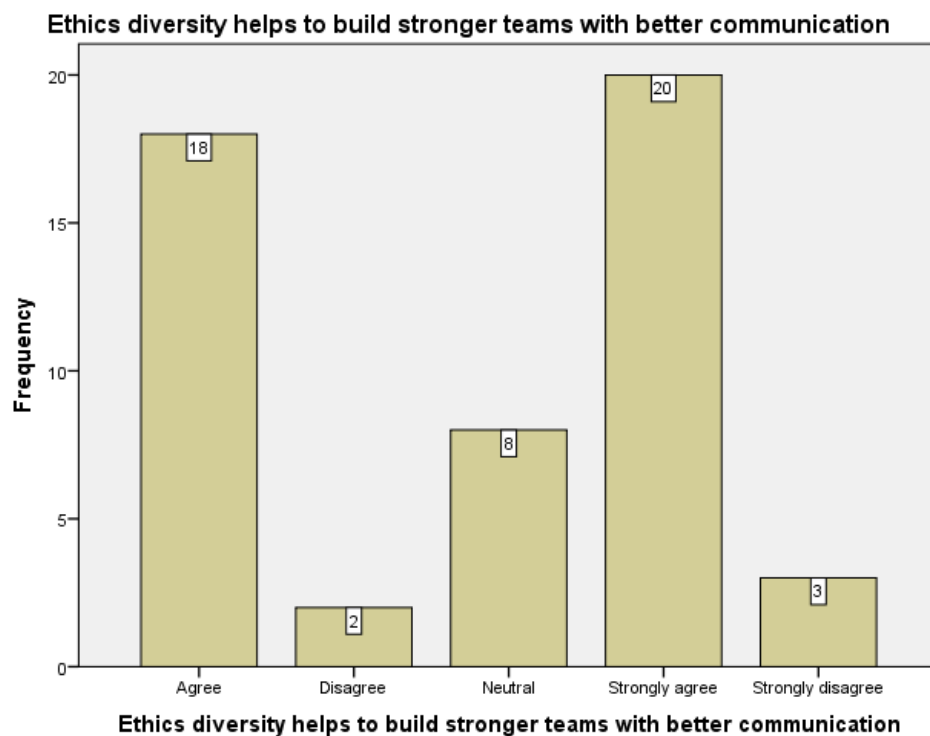


Figure 8

- D. The highest proportion of participants (45.1% agreed and 31.4% strongly agreed) believe that ethics diversity influences the conduct of employees. See table 9 and figure 9.

Ethics diversity helps to influence the way employees conduct themselves in the workplace

				Cumulative	
		Frequency	Percent	Valid Percent	Percent
Valid	Agree	23	45.1	45.1	45.1
	Disagree	3	5.9	5.9	51.0
	Neutral	5	9.8	9.8	60.8
	Strongly agree	16	31.4	31.4	92.2
	Strongly disagree	4	7.8	7.8	100.0
Total		51	100.0	100.0	

Table 9

Ethics diversity helps to influence the way employees conduct themselves in the workplace

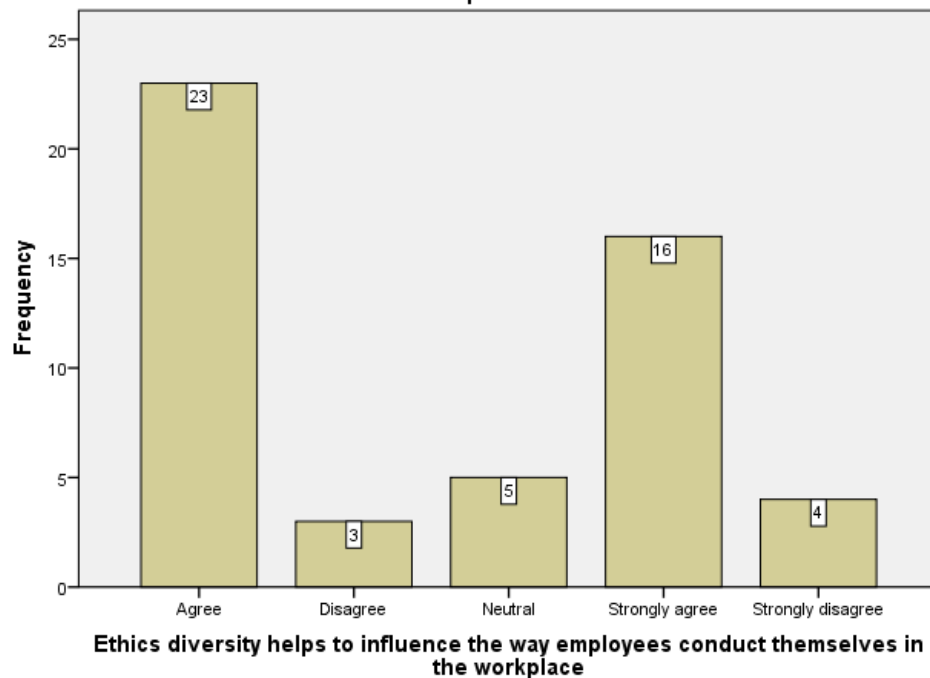


Figure 9

- E. The highest number of participants (25.5% strongly agreed and 29.4% agreed) believed that ethics diversity promotes quick adoption in the workplace. See table 10 and figure 10.

Ethics diversity helps to quickly adapt to the environment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	15	29.4	29.4	29.4
	Disagree	4	7.8	7.8	37.3
	Neutral	10	19.6	19.6	56.9
	Strongly agree	13	25.5	25.5	82.4
	Strongly disagree	4	7.8	7.8	90.2
	Agree	5	9.8	9.8	100.0
	Strongly disagree	5	9.8	9.8	100.0
	Total	51	100.0	100.0	

Table 10

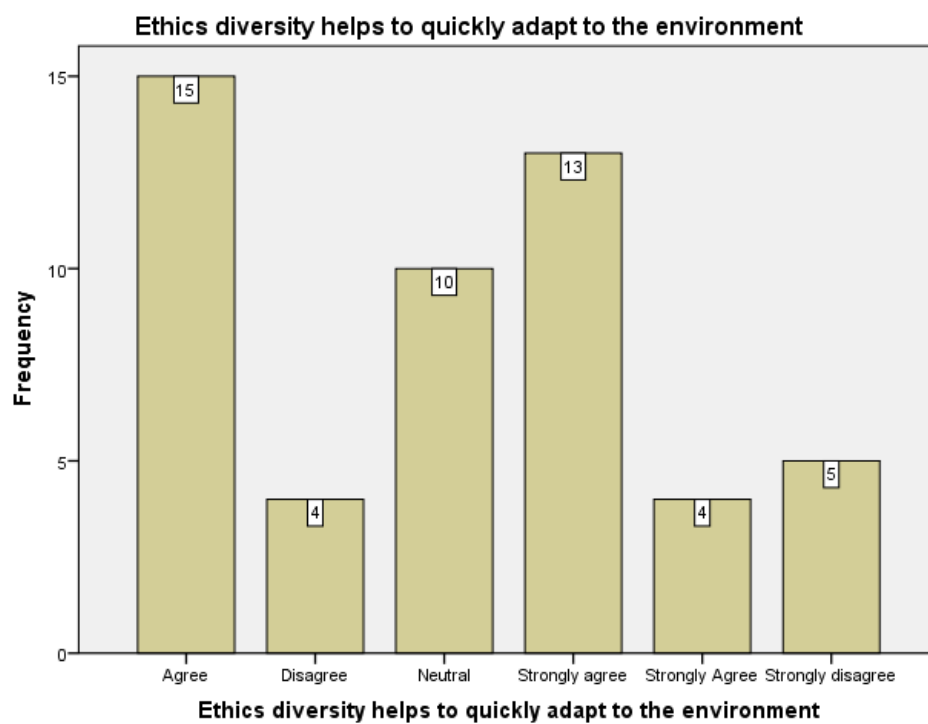


Figure 10

3.3.3 National Diversity Analysis

- A. The highest proportion of the participants 33.3% agree that national diversity promotes team performance. See table 11 and figure 11.

I believe that nationality diversity is affecting the overall project team performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	17	33.3	33.3	33.3
	Disagree	6	11.8	11.8	47.1
	Neutral	10	19.6	19.6	66.7
	Strongly	3	5.9	5.9	82.4
	Agree				
	Strongly	9	17.6	17.6	100.0
	disagree				
	Total	51	100.0	100.0	

Table 11

I believe that nationality diversity is affecting the overall project team performance

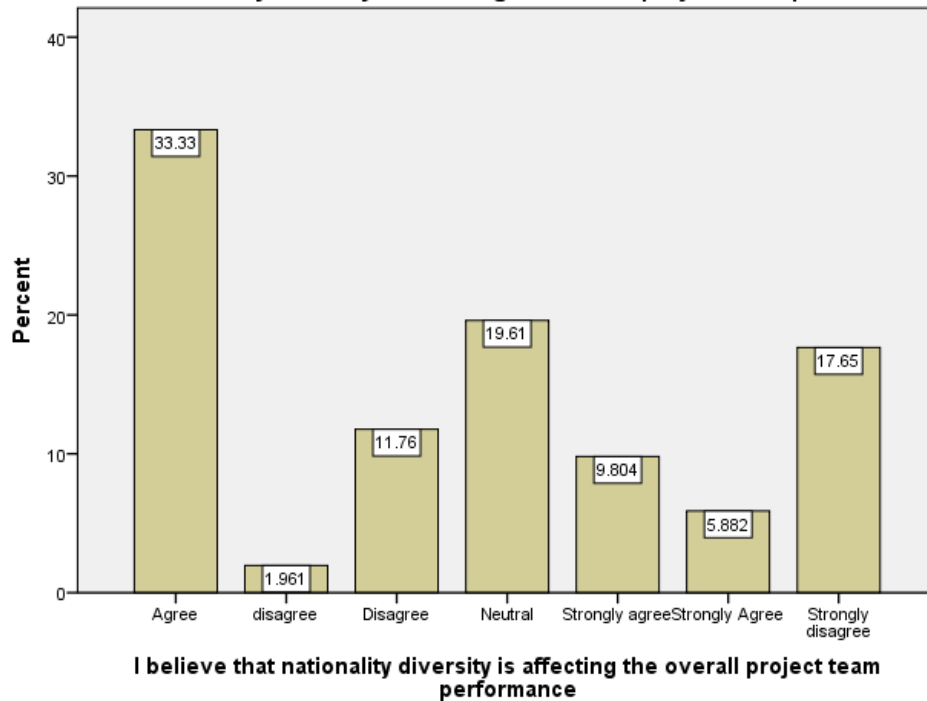


Figure 11

- A. The highest number of participants (strongly agreed 33.3% and agreed 33.3%) support national diversity in workplaces. See table 12 and figure 12.

I support nationalities diversity in the workplace environment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	17	33.3	33.3	33.3
	Disagree	3	5.9	5.9	39.2
	Neutral	4	7.8	7.8	47.1
	Strongly agree	17	33.3	33.3	80.4
	Strongly Agree	5	9.8	9.8	90.2
	Agree				
	Strongly disagree	5	9.8	9.8	100.0
	Total	51	100.0	100.0	

Table 12

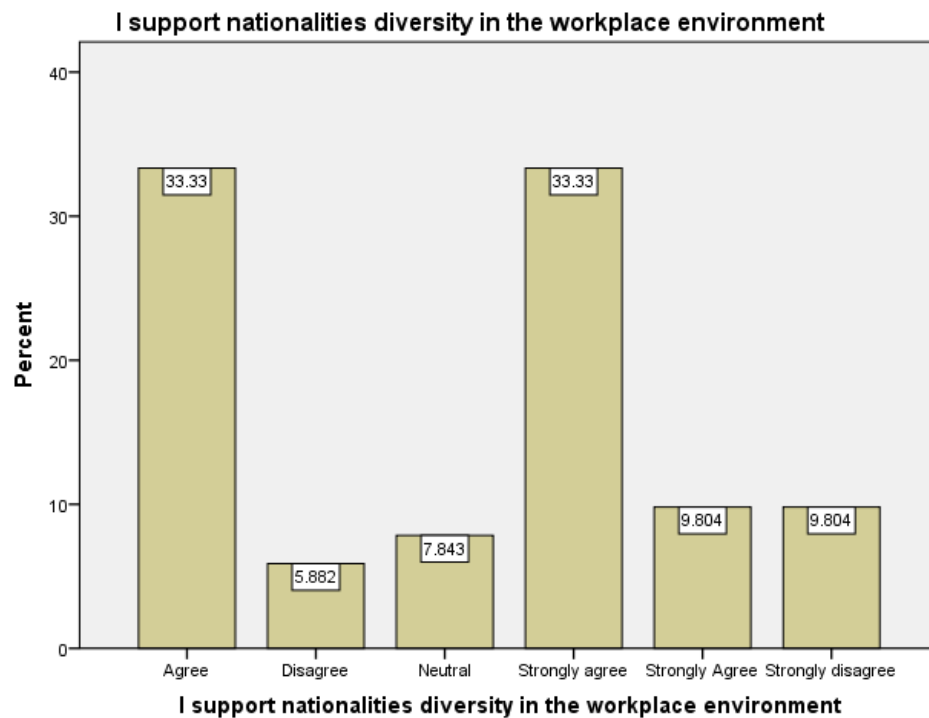


Figure 12

- B. The highest proportion of participants (43.1%) agreed that national diversification reduces bias. See table 13 and figure 13.

I think nationality diversity will cause a decrease in nationality bias					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	22	43.1	43.1	43.1
	Disagree	5	9.8	9.8	52.9
	Neutral	8	15.7	15.7	68.6
	Strongly agree	9	17.6	17.6	86.3
	Strongly disagree	7	13.7	13.7	100.0
	Total	51	100.0	100.0	

Table 13

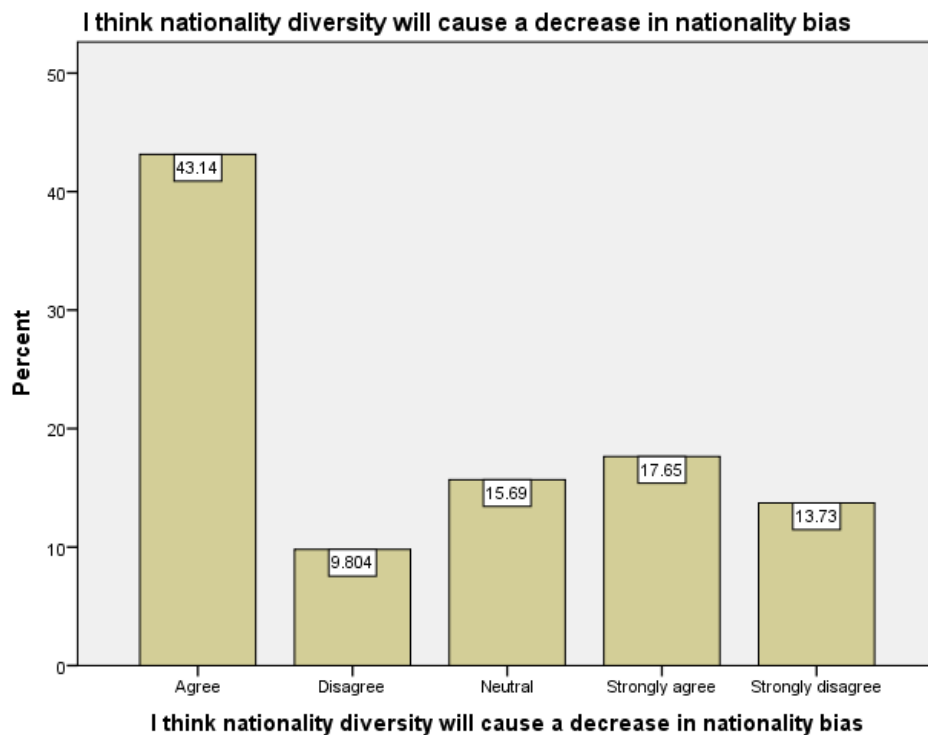


Figure 13

- C. The highest proportion of participants (39.2% agreed and 33.3% strongly agreed) depicted that they comfortably work with nationalities of diversity. See table 14 and figure 14.

I feel comfortable among teams with nationalities of diversity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	20	39.2	39.2	39.2
	Disagree	2	3.9	3.9	43.1
	Neutral	6	11.8	11.8	54.9
	Strongly agree	17	33.3	33.3	88.2
	Strongly Agree	3	5.9	5.9	94.1
	Strongly disagree	3	5.9	5.9	100.0
	Total	51	100.0	100.0	

Table 14

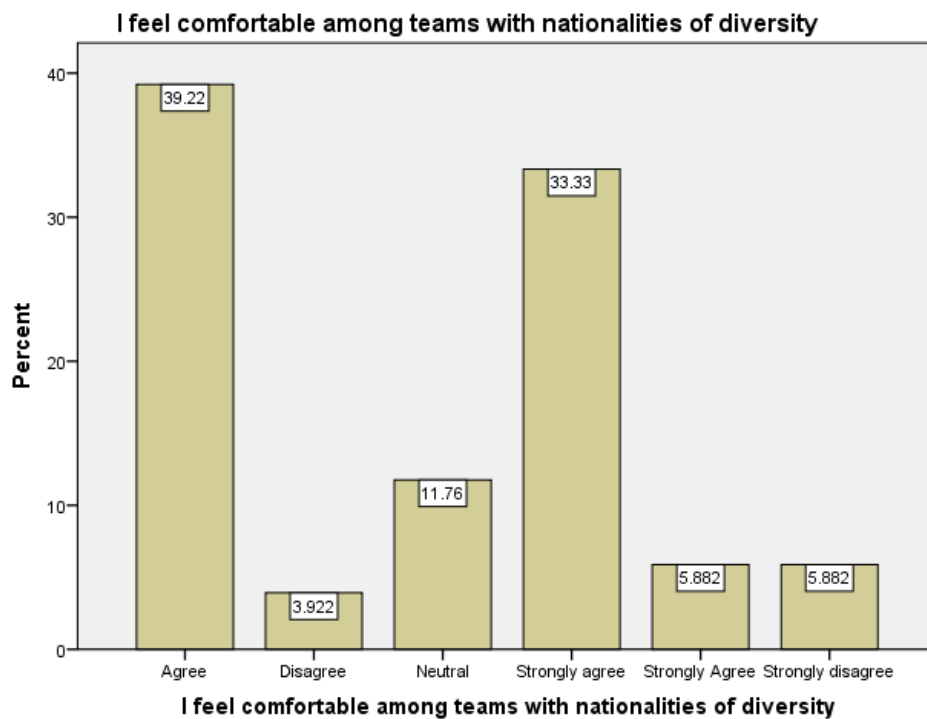


Figure 14

- D. The highest number of participants, 29.4%, agreed that national diversity would cause communication issues. See table 15 and figure 15.

The nationality diversity would cause communication issues and misunderstanding

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	15	29.4	29.4	29.4
	Disagree	13	25.5	25.5	54.9
	Natural	4	7.8	7.8	62.7
	Neutral	7	13.7	13.7	76.5
	Strongly agree	4	7.8	7.8	84.3
	Strongly disagree	8	15.7	15.7	100.0
	Total	51	100.0	100.0	

Table 15

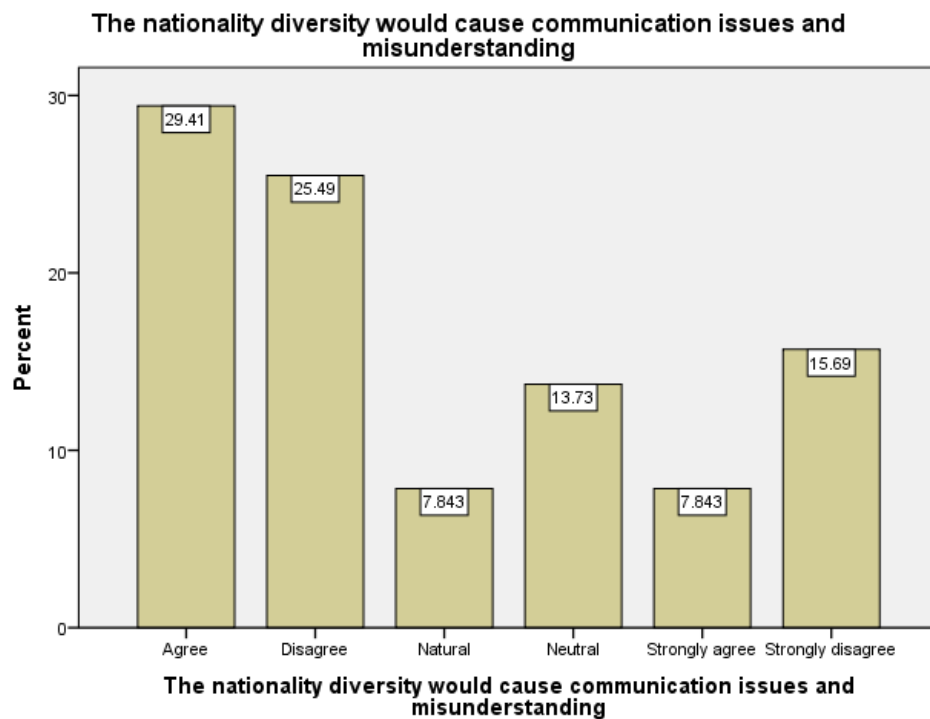


Figure 15

4. Conclusion and Recommendations

The previous study found that most workers agreed that group work with culturally diverse individuals helps to overcome cultural differences through shared experiences within a team (Martin, G. C. 2014). This study findings that cultural diversity has an impact on team performance and by implementing these recommendations, organizations can optimize the advantages of cultural diversity and foster a more efficient and inclusive work environment.

- **Recognize the benefits of cultural diversity.** Having a diverse team can help teams develop more creative and innovative solutions, as well as better understanding.
- **Build an inclusive culture.** Everyone should feel valued and respected, regardless of their cultural background.
- **Provide cultural diversity training.** It can help team members understand and appreciate the cultures of others, as well as improve communication and collaboration.
- **Encourage open and honest communication.** Trust and understanding must be built between team members from different cultures.
- **Resolve conflict.** When cultural differences lead to conflict, it is important to resolve it in a respectful manner that benefits everyone, creating a win-win situation.

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6. Appendixes

We are truly grateful for the responses we received to our email sent to arbitrators.

Dr. Abdullah Jameel Halawany and Dr. Walid El-Leithy regarding the survey questions. It was a pleasure to receive such valuable feedback.

The questionnaire link:

https://docs.google.com/forms/d/e/1FAIpQLSdDoIFsY5oVonJNj4yVFGAQZFsqWlg0KMtWLF9DIPCVMYxyA/viewform?usp=sf_link