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CULTURAL DIVERSITY AND PERFORMANCE OF INTERNATIONAL NON -GOVERNMENT ORGANIZATIONS

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Abstract:

This paper provides a comprehensive review of literature examining the relationship between cultural diversity and organizational performance, with a specific focus on international non-governmental organizations (INGOs). The review explores various dimensions, including the role of organizational culture as a determinant of NGO performance, the impact of diversity on organizational effectiveness, the influence of workforce diversity on the performance of Humanitarian Non-Governmental Organizations (NGOs), and the overall impact of cultural diversity on organizational performance. Employing conceptual analysis as the chosen methodology, the paper aims to thoroughly understand and elucidate the concepts and implications associated with managing cultural diversity in non-government organizations. The findings emphasize that changes in the environment of INGOs have brought to light numerous challenges linked to cultural diversity. Notably, the failure to effectively manage cultural diversity within the organization can lead to a lack of cohesiveness and suboptimal performance. The consensus among most researchers is that cultural diversity serves as a key predictor of organizational performance. A diverse team offers a wealth of knowledge, skills, and experiences that organizations can leverage to enhance their overall performance. The study underscores the imperative for INGOs' management to implement tailored mechanisms that consider the cultural diversity of their workforce, emphasizing the need for special considerations to optimize team cohesion and organizational success.

Keywords: Cultural Diversity, Organizational Performance, and International Non-Government Organization

1.Introduction

Examining how cultural diversity affects international non-governmental organizations' (INGOs') performance was the goal of this review. While some organizations have prospered over time because of their evolving understanding of the sources of organizational performance and the dynamic environment, others have struggled (Robbins, 2006). INGOs have encountered numerous challenges

around the world when putting strategies into practice, which has hampered their operations and resulted in many closures that have been attributed to issues with cultural diversity (Oyaro, 2013; Okoth, 2010).

The situation is particularly difficult in Africa. According to Stuart (2013), South Africa leads the world in the number of poorly executed projects and INGOs closing their doors as a result of cultural diversity-related issues, having closed more than 3000 of the 100,000 registered organizations in the country. A worrying trend in Uganda appears to be the closure of a large number of INGOs within the first two years of registration, according to recent statistics. Of those that make it through, very few continue to operate, and most risk de-registration and termination for subpar work resulting from implementation problems associated with cultural diversity (Ochieng, 2016; UNNGOF, 2019).

These difficulties are best shown by the Pallisa district in Uganda, where a number of INGOs are having trouble implementing their projects. Notably, Action Aid - Pallisa is facing a funding gap, Pallisa National Community for Women Living with HIV/AIDS (NACWOLA) has remained closed since 2016, and Pallisa Civil Society Organization (PACONET) is not meeting expectations (Kaluuba, 2016; UNNGOF, 2019). These incidents highlight how crucial it is to address issues related to cultural diversity in order to guarantee the long-term success and efficacy of global non-governmental organizations.

1.2 Statement of the problem

International non-governmental organizations (INGOs) commonly exhibit a high degree of cultural diversity, employing individuals from various tribes, religions, ethnic backgrounds, races, and regions. The recruitment of managers with diverse cultural backgrounds is typically based on merit, but there may be a gap in their skills to effectively balance and manage this diversity to achieve the organization's overall performance goals. In instances where managers base their leadership on personal principles and opinions rather than adopting the most suitable management styles for INGOs, it can result in a detrimental work environment characterized by conflicts, the manifestation of workplace issues, and poor cohesion among coworkers. Such a situation can lead to a decline in organizational performance and an increase in labor turnover, incurring significant costs for organizations in terms of both money and time. Failure to adhere to management styles like Democratic management and Laissez-faire Management, which are well-suited for international non-governmental organizations, and ensuring balanced cultural diversity, may drive employees to leave the organization. This existing challenge underscores the necessity for the current study to address and provide insights into effectively managing cultural diversity within INGOs for improved organizational performance and employee retention.

This publication is grounded in the Social Categorization Theory (SCT), which was formulated by Turner in 1987. According to this theory, individuals within organizations belong to various social groups, and their identities are reinforced based on distinctive characteristics. Turner suggests that individuals with similar traits tend to collaborate effectively in the workplace, while those with contrasting features may engage in conflict, leading to disorder. Negative biases often arise from such categorization, as highlighted by Turner (1987), focusing on the differences in people's social identities.

The Social Categorization Theory seeks to clarify how a change in self-perception—from personal identity to self-categorization in terms of social identity—can account for higher-order processes in group behavior (Olusegun, Abdulraheem & Nassir, 2018). Alternatively referred to as the social identity theory, it asserts that people have a tendency to categorize both themselves and other people into a variety of social groups, including age cohort, gender, organizational membership, and religious affiliation (George & Akaighe, 2017; Turner & Reynolds, 2011). This theory places a strong emphasis on social dynamics in interpersonal interactions between individuals, regardless of their official roles, organizational hierarchies, ranks, or power. It explores how, depending on the social makeup of individuals, these social dynamics affect intergroup attitudes, interpersonal conflict, satisfaction, and cooperation within establishments or teams (Turner & Reynolds, 2011).

The Social Categorization Theory was chosen for this study because it aims to explain why individuals act in particular ways and how different group activities affect the workplace atmosphere.

The Review is guided by the following objectives.

1.3 Objectives of the study

The following objectives guided this study to:

- i. Evaluate the effect of Ethnic Diversity on performance of International Non-Government Organizations.
- ii. Examine the effect of Religious Diversity on performance of International Non-Government Organizations.
- iii. To establish the effect of Work environment as a moderating factor on Cultural Diversity and performance of International Non-Government organization.

The Review was guided by the following Research questions.

1.4 Research Questions

- iv. “What is the effect of Ethnic Diversity on performance of International Non-Government Organizations”?
- v. “What is the effect of Religious Diversity on performance of International Non-Government Organizations”?
- vi. “What is the effect of work environment as a moderating factor on cultural and performance of International Non-Government organization”?

1.5 Significance of Study

The research holds significance for subsequent scholars in the management field, serving as a valuable literature review for their own research endeavors.

International Non-Governmental Organizations (INGOs) have benefited from the insights provided, gaining an understanding of the most effective management approaches when dealing with cultural

diversity. This knowledge aids in retaining employees, contributing to the overarching goal of achieving optimal organizational performance.

The government of Uganda, along with various institutions such as schools and hospitals, has utilized the findings to enhance employee management strategies. This application aims to retain personnel, fostering a motivated workforce dedicated to achieving the organization's overall performance objectives. Future academics have found utility in this information, using it to discern trends in the application of management styles concerning cultural diversity. The research serves as a benchmark for understanding how these practices have evolved from the time of the study to the period of their own investigations.

2.Literature Review

In this analysis, cultural diversity is defined in terms of variations in ethics and religion. Organizations that embrace diversity in their workforce, encompassing differences in gender, age, race, and educational background, are considered to exhibit cultural diversity (Robbins, 2015). For instance, a diverse workforce may comprise employees with distinct genders, ages, ethnicities, and educational backgrounds. Cultural diversity, as defined by Cox (2014), pertains to distinctions in social and cultural identities among individuals within a specific community or market.

The significance of cultural diversity lies in its capacity to offer insights into the diverse perspectives present in the world. It plays a role in diminishing positive stereotypes and individual prejudices associated with various groups. Additionally, cultural diversity facilitates the recognition and appreciation of "ways of being" that may differ from one's own.

2.1 Ethnic Diversity on performance of International Non-Government Organizations

Differences in religion, language, and cultural backgrounds are characterized as ethnic diversity. Having employees with diverse backgrounds in an organization can positively impact strategic decision-making as they bring a variety of lifestyles, cultures, beliefs, and skill sets to the table (Dahanayake et al., 2018). The organization's performance is directly influenced by this diversity. Effectively managing the extensive ethnic diversity prevalent in most International Non-Governmental Organizations (INGOs) is crucial for achieving the ultimate objective of organizational performance. Examining one's own prejudices and preconceptions is a valuable benefit of ethnic diversity, fostering cooperation and teamwork. However, individuals who prioritize personal convictions and cultural identity over collaboration for the greater good may impede cooperation. One of the earliest recorded studies investigating ethnicity and work-related outcomes dates back to 1958 when Katz et al. explored interpersonal relations between blacks and whites in a laboratory study involving 18 four-person teams. Each team comprised two white students and two black students, with the study focusing on open and positive communication as the primary outcome. Notably, white students were more inclined than black students to engage in communication, and when communication occurred, it tended to be directed toward each other rather than the black students in their team. These findings

likely reflect the status differences between blacks and whites during the 1950s, prompting considerations about the relevance of older studies concerning ethnicity and work-related outcomes. Previous research, such as Hoffman et al. (1962), Hoffman & Maier (1961), and Levy (1964), has difficulties with generalizability. Study relevance must be evaluated in light of the dominant social dynamics when looking at politically and socially charged diversity factors like ethnicity. Mixed results have been found in recent research on the impacts of diversity; although some studies show a beneficial association between ethnic variety and performance, others reveal a negative relationship. Experiments in the field and in the lab have produced these conclusions.

In a 1993 management course, Watson et al., for example, divided the students into 36 groups and assigned them to complete a set of case studies. Compared to more homogeneous groups, those with high levels of diversity tended to take a wider range of viewpoints and options into consideration. In a study by McLeod and Lobel (1992), a sizable sample of undergraduate and graduate college students was divided into groups and given a brainstorming exercise. Diverse groups did not always produce more ideas or solutions than homogeneous groups, but the ideas and solutions they did produce were of a higher caliber.

More recent field research confirms that performance and diversity are positively correlated. Mullen & Cooper (1994) found that in-groups and out-groups changed during the course of a task, with newly formed task-specific groups replacing previously formed groups based on issues that were irrelevant to the task at hand. It was discovered that the presence of in-groups and out-groups related to the task at hand did not impede the organization's ability to attain favorable results. Furthermore, O'Reilley et al. (1997) studied a company known for appreciating employee diversity and discovered that diversity produced favorable performance-related outcomes within the company's work teams.

2.2 Religious Diversity and performance of International Non-Government Organizations

The coexistence of two or more diverse faiths in a place or culture is known as religious diversity. This phenomenon is recognized by the Equality Act 2010, which lists religion and belief as a protected feature. This covers both adhering to certain religions and not believing in any religion at all, as well as philosophical and theological views. This group often includes beliefs like Christianity and Islam that have a major impact on a person's way of life or life choices.

Diversity in religion within companies has several advantages. It makes it easier to overcome gaps in understanding and creates an atmosphere where coworkers who practice various religions feel appreciated, at ease, and included. As the workforce becomes more diverse in terms of culture, ethnicity, and religion, personal values—including religious convictions—are introduced into the workplace. As suggested by Mitroff and Denton (1999), Oliveira (2004), and Cavanagh (1999), encouraging staff members to freely express their faith is seen to enhance organizational effectiveness.

But difficulties can occur when coworkers' views are not shared or accepted by superiors, which could result in discrimination based on religious differences. This dynamic has the potential to have a big effect on both businesses and workers. disputes between members of various religious faiths

frequently occur, according to Robbins and Judge (2013), which increases interpersonal disputes and misunderstandings in organizations with a diversity of religious beliefs. These conflicts have the potential to worsen and breed bias among coworkers (Day, 2005).

3. Methods

The methodology employed for this review was conceptual analysis, aimed at thoroughly understanding and elucidating the concepts and implications of cultural diversity in non-governmental organizations (NGOs). This approach is focused on identifying knowledge gaps, conducting a constructive analysis of the literature, and proposing avenues for new research. Described by Jesson et al. (2011) as a critical analysis and evaluation of a subject, the literature review, according to Hart (1998), serves two purposes: presenting concepts, ideas, facts, and evidence to express viewpoints on the nature of the subject, and outlining the research strategy.

The study utilized a qualitative research approach, employing review methods to analyze empirical studies conducted between 2018 and 2022.

4. Results

“Based on the above-mentioned facts, the researcher has made the following hypothesis”:
“Hypothesis 1: Ethnic Diversity has a positive impact on Organization performance of International Non-Government Organizations”.

“Hypothesis 2: Religious Diversity has a significant effect on performance of International Non-Government Organizations”.

5. Conclusions.

The objective of managing cultural diversity in organizations is to facilitate the achievement of organizational goals. Drawing insights from the reviewed literature, it can be inferred that international non-governmental organizations (INGOs) must cultivate a culturally diverse workforce to enhance competitiveness, optimize the effectiveness of corporate operational plans, and mitigate conflicts arising from cultural diversity. Therefore, the key to successful growth operations and enduring development for a company lies in comprehending and leveraging the positive impact of cultural diversity.

6. Recommendations

Effective communication is strongly recommended at all levels within an organization as a vital strategy for addressing challenges associated with cultural diversity. Company leadership should establish a practical feedback mechanism that considers input from staff members and stakeholders, seeking solutions for issues related to cultural diversity. In team and group settings, employees should strive to set aside their cultural affiliations to prevent the manifestation of cultural preferences that might intensify differences. Corporate management must actively work towards eliminating any traces

of bias against employees based on cultural diversity factors, including language, tribe, religion, customs, and more.

7. Areas of Further Research

“This study comes with several limitations. Firstly, it exclusively focused on ethnic and religious cultural diversity, neglecting other demographic diversity practices that organizations may implement. Recognizing that a wide spectrum of demographic diversity can influence organizational performance, future research should explore a more comprehensive range of diversity dimensions. Secondly, the research is qualitative, and its moderate response rate may constrain the generalizability of the results. Combining qualitative and quantitative methods in future research could harness both structured and unstructured data, providing deeper insights and more specific practical outcomes. Lastly, caution is advised when generalizing the findings, as each society has its unique culture, norms, and social values, which can impact the outcomes related to cultural diversity”.

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