



Addis Ababa University

School of Commerce

**The Effect of Cross-Cultural Workforce Diversity on
Organizational Effectiveness:
A Case of Selected International Organizations in Addis Ababa**

**A Thesis Submitted to School of Commerce, Addis Ababa
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Master's Degree in Human Resource Management**

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The Effect of Cross-Cultural Work Force Diversity on Organizational Effectiveness

CERTIFICATION

Addis Ababa University School of Commerce

Postgraduate Program

This is to certify that this thesis is prepared by Tigist Hamelmal titled, “The Effect of Cross-Cultural Work force Diversity on Organizational Effectiveness” is submitted in partial fulfillment of the requirement for the degree of Master of Human Resource Management complies with regulation of the University and meets the accepted standard with respect to originality and quality.

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ABSTRACT

The purpose of this research is to examine the extent how cross-cultural diversity affects organizational effectiveness in selected international organizations in Addis Ababa. This research was aimed to achieve the following objectives; to assess, explain and identify how power distance, individualism/collectivism, masculinity/femininity uncertainty avoidance time orientation affect the organizational effectiveness. This research adopted explanatory research design to explain the relationship between variables. Quantitative method of research approach was also used to test the relationship between the dependent variables and independent variables. The target populations of this research were comprised of 462 professional employees from the two organizations 352 and 110 respectively. The researcher used 15% sale size from each organization and 70 questionnaires were distributed; 68 were returned. The questionnaire was a self-prepared questionnaire measured on Likert scale used to collect data from respondents. The questionnaire reliability was tested by using Cronbach's Alpha test. The data obtained was analyzed by using statistical Package for Science. Descriptive and inferential statistics method was used to analyze the collected data. The correlation analysis evidenced that cultural diversity influences organizational effectiveness. The beta coefficient results also showed that culture has an influence in bringing variation in organizational effectiveness.

Key words: Power distance, Individualism/Collectivism, Femininity/Masculinity, Uncertainty Avoidance, Long/Short Term Time Orientation

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ABBREVIATIONS

SPSS: Statistical Packages for Social Sciences

ANOVA: Analysis of Variance

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organizational effectiveness can be defined as the ability of an organization to be competitive in its efforts to fulfill its purpose (Denisi, Griffin, 2008).

There are many ways to measure the effectiveness of an organization (Campbell, 1977) lists over 30 different criteria from productivity, profits, growth, turnover, stability, and cohesion. Different theoretical perspectives can account for the diversity in usage of effectiveness measurements.

A country's culture is a set of values, symbols, beliefs and language that guide human behavior within a society (Denis, Griffin 2008).

Culture is an acquired behavioral aspect assigned to a person and his/her group by which the individual is identified, expressed and transmitted through symbols, distinguishing marks, its values and beliefs (Laine, 2004).

Culture is also the creation of meaning through which human beings interpret their experiences and guide their actions (Alveeson, 2002). Cultural differences can influence the effectiveness of an organization and can also contribute to its success. Many researchers demonstrate that it is the glue of the organization.

The concept of managing cross culture workforce has recently emerged. It is increasingly accepted that the heterogeneity provided by cultural diversity can be an engine of growth and greatly contribute to the efficiency of an organization.

Depending on the classic study of Greet Hofstede a Dutch social psychologist who developed his original model of the five cultural dimensions by using factor analysis to examine the results of a worldwide survey of employee values by IBM between 1967 and 1973 in 64 countries subsequent studies by others covered students in 23 countries, elites in 19 countries, commercial airline pilots

in 23 countries, up-market consumers in 15 countries, and civil service managers in 14 countries including Ethiopia. It has been refined since.

The original theory proposed five dimensions along which cultural values could be analyzed on the issues the cause of cultural issues on the organization's effectiveness.

Geert Hofstede 1967 identifies five cultural dimensions, designating a country's beliefs about each of the dimensions. The five cultural dimensions are power distance (PDI), individualism (IDV), masculinity (MAS), uncertainty avoidance index (UAI), and long-term orientation (LTO).

Hence, this research is carried out to assess the effect of cross culture diversity on organizations effectiveness in the case of selected international organizations. These two organizations have professional employees who are from different backgrounds and cultures. The two organizations have a long-standing relationship with Ethiopia and they have been working closely with government and different stakeholders. For the sake of this research the researcher named the companies company "A" and company "B". Which Company A has 150 employees from which 110 of them are professional workers. Company B has around 401 employees from which 312 are professional workers.

1.2 Statement of the Problem

As it is observed from practical experience and being researched by many scholars there are different factors that contribute for a work place to be diversified; to mention some of the factors are: demographic change, labor shortage, globalization, professional mobility and concurrent organizational change are few of many factors (Sultana et.al, 2003).

To give an illustration on the observation of the researcher; an employee might perceive that power is not distributed equally in the organization based on the different cultural background and perception of an individual and if the employee thinks that power is not distributed equally this shows that there is a high degree of power distance between superiors. It is a personal observation of the researcher that high power distance is very dangerous, and it is the very reason why the researcher wanted to explore this area of the organization and it is believed by the researcher that cultural diversity can greatly affect the effectiveness of an organization. This perception creates dissatisfaction and employees tend to focus on these problems rather than maximizing the effectiveness of the organization.

Even though many researchers tried to explore and study this area on other parts of the world when it comes to our country there is a long way to go to explore and study the effect of the cross-culture diversity and its effect on the organization's effectiveness since we have very few organizations that are of this nature.

These two international organizations are two of the few organizations in Ethiopia with the feature of multi-cultural work force and it is an area of interest to search more on how diversity contributes to the effectiveness on the organization by looking into different aspects and issues raised regarding the topic.

This research will attempt to bridge that gap and argue that the future success of any organization relies on the ability to manage a diverse body of talent that can bring innovative ideas, perspectives and views to their work and explore if the stated perspective of culture has the effect on the organization. This topic has not been researched on both organizations before.

1.3 Basic Research Questions

Based on the research problem discussed above this research will try to answer the following research questions:

1. To what extent does power distance affect organizational effectiveness?
2. How does individualism/collectivism affect organizational effectiveness?
3. To what degree masculinity/ femininity affect organizational effectiveness?
4. How does uncertainty avoidance affect organizational effectiveness?
5. To what extent time orientation affect organizational effectiveness?

1.4 Research Objectives

1.4.1 General Objective

The general objective of this research is to explore how cross-cultural diversity influence organizational effectiveness in a case selected international Organizations in Addis Ababa.

1.4.2 Specific Objectives

The research will have the following specific objectives:

- ✓ To assess how power distance affect the organizational effectiveness
- ✓ To explain how individualism affect the organizational effectiveness
- ✓ To identify how masculinity/femininity affect the organizational effectiveness
- ✓ To assess how uncertainty avoidance affect the organizational effectiveness
- ✓ To explain how time orientation affect the organizational effectiveness

1.5 Significance of the Study

Contribution of this study is believed to appear in following ways. Primarily, it may be a valuable reference material for students and other interested parties who may want to undertake similar study by providing theoretical and practical view on the concepts of cross culture diversity and organizational effectiveness practices.

On top of this research help the human resource department of the organizations under study and policy makers of the organization to understand the importance of culture and its effects and how to use it to its full potential to maximize the organization effectiveness.

1.6 Scope of the Study

Geographically, this research is bounded to the employees of the two organizations and doesn't include other organizations with the same feature. Conceptually in this research culture does not include other dimensions as economic, political and the like and by organizational effectiveness side the profit, customer satisfaction dimensions are not included.

Methodologically, this research will be narrowed to quantitative research method to analyze and explain the relationship between culture and organizational effectiveness.

The last boundary for this research will be the time boundary which it will use employees who are working in this organization for more than one year where this time give the employees to have better understanding of the diversity that exists in the organization under study.

1.7 Limitation of the Study

There will be many challenges to the making of researches and this research is no exception. Some of the limitations are the following:

Geographical limitation will be one since we cannot reach all employees of the two organizations; since they are both widely distributed throughout the world; and this research does not have the capacity to cover all employees. Also, this research is only bounded to two Ethiopia head offices in Addis Ababa; only which might not give enough information since there are many international organizations with similar attribute in Ethiopia.

The conceptual limitation is in terms of coverage of the all variables and dimensions of culture as well as effectiveness.

1.8 Operational Definition of Basic Terms

Culture: an acquired behavioral aspect assigned to a person and his/her group by which the individual is identified, expressed and transmitted through symbols, distinguished marks, values and beliefs by having attributes such as background, experience, values and beliefs.

Cross-culture: A business environment where participants from different countries or regions interact, bring different values, viewpoints and business practices.

Organizational effectiveness: Organizational effectiveness can be defined as the efficiency with which an association is able to meet its objectives. Meaning an organization that produces a desired effect or an organization that is productive without waste. Organizational effectiveness is about everyone doing everything they know how to do and doing it well.

1.9 Organization of the Study

This study is organized in five chapters. Chapter one will try to introduce background of the study, problem statement, research questions, research objectives, significance of the research, scope and limitation of the research, definitions of basic terms and organization of the study. The second

chapter presents the theoretical and empirical review of literatures and conceptual framework. Chapter three consists of research methodology and design that describes the type and design of the research; the population and sampling techniques of the study; data collection instruments and procedures used to collect data and the methods of data analysis. The fourth chapter will contain data analysis, presentation and interpretation. Finally, the fifth chapter presents summary of the findings, conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents prior literatures relevant to the study. It deals with the theoretical framework, empirical review of literatures and conceptual framework. The researcher will try to present different theories and practical studies on culture diversity and organizational effectiveness, as well as their relationship, to get clearer ideas on which can help to answer the basic research questions raised in chapter one and to develop the conceptual framework of the study.

2.2 Organizational Effectiveness

Organizational effectiveness is defined as an extent to which an organization achieves its predetermined objectives. It is a broad concept commonly referred to as the degree to which predetermined goals are achieved. Effectiveness concentrates more on human side of organizational values and activities. These two organizations are regularly reviewed to assess their quality, effectiveness and cost-effectiveness. This enables the organization to learn from its experiences, ensure effective project management and achieve sustainable results.

High quality and effectiveness are the two most important features of organization A. It assures the quality of its services through EFQM-based quality management and Capacity WORKS management model. Quality is measured both in terms of how good a service is in terms of client satisfaction.

Organization B also demonstrates its effectiveness through monitoring and evaluation. It uses central project evaluations to evaluate the impact, cost-effectiveness and sustainability of projects that it carries out together with its partners. The projects for evaluation are selected at random. With coverage of 50 per cent ensuring that the sample is 'meaningful' in accordance with the guidelines of the mother organization.

2.2.1 Approaches to Organizational Effectiveness

The **concept of organizational effectiveness** is not simple because there are many approaches in conceptualizing this term. Such approaches can be grouped into following four approaches:

a. Goal Approach

Goal attainment is the most widely used standard of organizational effectiveness. In goal approach, effectiveness refers to maximization of profits by providing an efficient service that leads to high productivity and good employee morale. Several variables such as quality, productivity, efficiency, profit, turnover, accidents, morale, motivation, culture and satisfaction which help in measuring organizational effectiveness. However, none of the single variable has proved to be entirely satisfactory. The main limitation of this approaches the problem of identifying the real goals rather than the ideal goals (Hitt, 1988).

The extent to which individual and organizational goals are integrated, affects the degree of organizational effectiveness, i.e., each individual tries to satisfy his/her goal by working in an organization and simultaneously satisfying organizational goals. He/she may see that their goal satisfaction in satisfying organizational goals. If there is no perfect integration of individual and organizational goals, then organizational effectiveness is affected adversely. However, organizational effectiveness is not a result of integration between individual and organizational goals *only* but there are other causal variables affecting it. Variables like culture which become the main variable when it comes to international organizations.

b. Functional Approach

This approach solves the problem of identification of organizational goals. Parson states that since it has been assumed that an organization is identified in terms of its goal, focus towards attainment of these goals should also aim at serving the society. Thus, the vital question in determining effectiveness is how well an organization is doing for the super-ordinate system. The limitation of this approach is that when organizations have autonomy to follow its independent courses of action, it is difficult to accept that ultimate goal of organization will be to serve society. As such, it cannot be applied for measuring organizational effectiveness in terms of its contributions to social system (Hitt, 1988).

Both the goal and functional approach do not give adequate consideration to the conceptual problem of the relations between the organization and its environment.

c. System Resource Approach

System-resource approach of organizational effectiveness emphasizes on inter-dependency of processes that relate the organization to its environment. The interdependence takes the form of input-output transactions and includes scarce and valued resources such as physical, economic and human for which every organization competes. The System Resource Approach sees an organization as an open system. The organization obtains inputs, participates in transformation processes, and generates outputs. This approach emphasizes inputs over output.

The limitation of this model is that an acquisition of resources from environment is again related to the goal of an organization. Therefore, this model is not different from the goal model. Also relate to its measurement of means (i.e. profit). An issue with this approach is that a higher amount of obtained resources is not going to promise effective usage. In addition, it is tough to define an ideal degree of resource acquisition across distinct organizations.

Thus, discussion of organizational effectiveness leads to the conclusion that there is no single indicator of effectiveness. Instead, the approach should focus on operative goals that would serve as a basis for assessment of effectiveness (Hitt, 1988).

d. Strategic Constituencies Approach

This approach suggests that an efficient organization is one which fulfills the demands of those constituencies in its environment from whom it needs support for its survival. It assesses the effectiveness to satisfy multiple strategic constituencies both internal and external to the organization.

Strategic Constituencies Approach is ideal for organizations which rely highly on response to demands. The Strategic-constituencies approach takes explicitly into consideration that organizations fulfill multiple goals: each kind of organizational constituency (like proprietors, workers, consumers, the local community, etc.) is supposed to have distinct interests vis-à-vis the corporation and will thus use different evaluation criteria(Hitt, 1988)

2.2.2 Factors Affecting Organizational Effectiveness

Likert has classified the factors affecting organizational effectiveness into following four variables:

Causal Variables: Causal variables are those independent variables that determine the course of developments within an organization and the objectives achieved by an organization. These causal variables include only those independent variables, which can be altered by organization and its management. Causal variables include organization and management's policies, decisions, business and leadership strategies, skills and behavior.

Intervening Variables: Intervening variables according to Likert are those variables that reflect the internal state and health of an organization. For example, loyalties, attitudes, motivations, performance goals and perceptions of all the members and their collective capacity for effective interaction, communication and decision-making.

End-Result Variables: End-Result variables are the dependent variables that reflect achievements of an organization such as its productivity, costs, loss and earnings.

Inter-Relationship of Variables: The three variables such as causal, intervening and end-result are interrelated. The inter-relationship may be visualized as psychological process where stimuli or causal variables acting upon the organism or intervening variables and creating certain responses or end-result variables. The causal, intervening and end-result variables comprise a complex network with many interdependent relationships. The causal variables are the key to organizational effectiveness. Hence, to make organization effective, attempt should be made to improve the causal variables, while other variables will be corrected or improved automatically because of causal variables.

The conception of effectiveness sub-sums the following general criteria: (1) organizational productivity; (2) organizational flexibility in the form of successful adjustment to internal organizational changes and successful adaptation to externally induced change; and (3) absence of interorganizational strain, or tension, and of conflict between organizational subgroups. These three criteria both relate to the means-ends dimension of organizations and, potentially, apply to nearly all organizations.

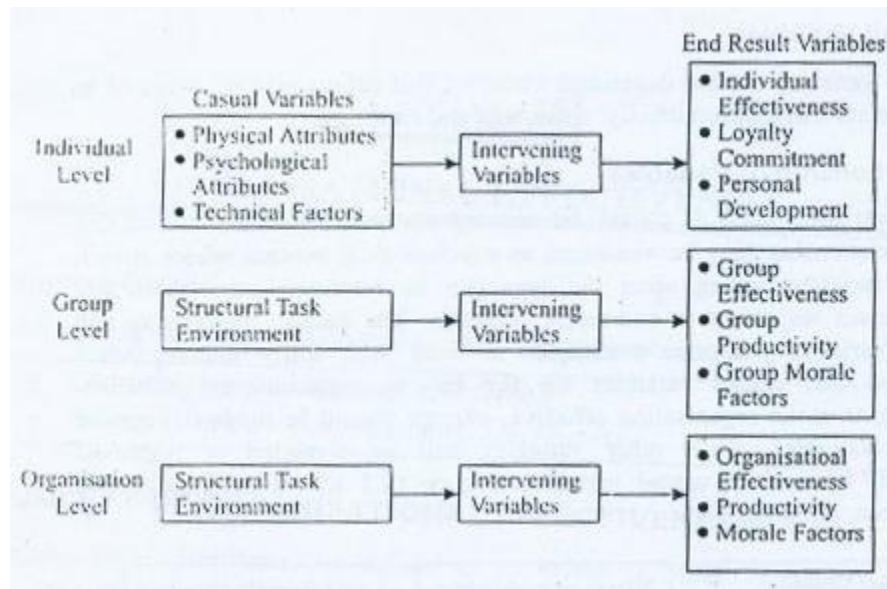


Fig.2.1 Organizational effectiveness Model

After examining the nature and the purpose of these two organizations for the case of this research organizational effectiveness has been bounded by only six factors; which are quality, client satisfaction, corporate sustainability, financial management, relevance and collaboration.

2.3 The Concept of Culture

Culture is broadly defined as, “a learned, shared, compelling, interrelated set of symbols whose meanings provide a set of orientations for members of a society” (Terpstra & David,1991). From the above definition, we perceive that culture constitutes many aspects such as values, behavior, beliefs, communication, music, myths, rituals, sport, and customs (Green, 1997).

For us to discuss how this impacts the international organization, we should also understand what international business all about is. From literature, we realize that international business happens when business activities of a company overlap across two or more countries (Morrison, 2006).

In other words, international business happens when a company expands to the extent that a large portion of its business is outside its home country thereby making international alliances at the confluence of different cultures which include national, organizational, and occupational cultures (Morrison, 2006). Cultural beliefs and values are often unspoken.

Different countries have different cultures, and nations are distinguishable from each other by a shared cultural history like religion, language and racial identity (Morrison, 2006). Moreover, what

creates a common culture include shared language, religious and moral values, history, relationships between the individual and group, and other elements (Chwe, 2013).

As people work together to achieve collective goals, groups tend to develop into organizations. As goals become more specific and longer-term; and work more specialized, organizations become both more formal and institutionalized (Eldridge, Crombie, 2013). Thus, organizations normally tend to take on a life of their own thereby developing widely held beliefs, values, and practices. This situation results into distinction between one organization and another and the difference often affects the organization's success or failure (Harper,2015).

It is important, therefore, that international organizations understand, manage and utilize appropriate cross-cultural diversity practices so that their organization survive and increase their effectiveness.

There is ample research which indicates that culture has a massive impact on the effectiveness of any business and that the impact is even stronger on international companies (Rabl, Jayasinghe, Gerhart, &Kühlmann, 2014). This scenario is said to be because cultural differences can directly impact on the success or failure of a project (Deephouse, Newburry, Soleimani, 2016). Therefore, it is considered very important to assess the effect of culture on the international organizations.

The differences in culture also have a direct impact on work practices in international situations and the organizations effectiveness as well. Cross-cultural Differences in Multi-National Corporations (kawar,2012).

Greet Hofstede who studied employees working in a multi-national corporation (Reynolds & Valentine, 2011). By using factor analysis to examine the results of a worldwide survey of employee values by IBM between 1967 and 1973 in 64 countries.

When Hofstede describe *the five dimensions of culture are described as per the below which can be related to the organization* under study as below:

Individualism vs. Collectivism:Individualism is the opposite of Collectivism. Individualism stands for a society in which the ties between individuals are loose: a person is expected to look after himself or herself and his or her immediate family only. Collectivism stands for a society in which people from birth onwards are integrated into strong, cohesive in-groups, which continue to

protect them throughout their lifetime in exchange for unquestioning loyalty. In some cultures, the individual is emphasized while in others the group is emphasized.

Power distance: Extent to which the less powerful members of institutions and organizations expect and accept that power is distributed unequally

Uncertainty avoidance: is the extent to which the members of institutions and organizations within a society feel threatened by uncertain, unknown, ambiguous, or unstructured situations. some cultures tend to accept change as a challenge while others don't.

Masculinity vs. Femininity: this dimension focuses on how extent to which a society stress achievement or nurture. Masculinity is seen to be the trait which emphasizes ambition, acquisition of wealth, and differentiated gender roles. Femininity is seen to be the trait which stress caring and nurturing behaviors, sexuality equality, environmental awareness, and more fluid gender roles.

Time orientation (past, present and future): Cultures differ concerning their perception of time orientation. For instance, cultures concerned about the past are those that value past traditions in their culture. Their plans are focused on whether they are in concordance with the history and traditions of the company. While cultures concerned about the past are those interested in short-term gain. Future focused companies are those concerned about long-term benefits.

Long Term Orientation is the opposite of Short-Term Orientation. Long Term Orientation stands for a society which fosters virtues oriented towards future rewards, in particular adaptation, perseverance and saving. Short Term orientation stands for a society which fosters virtues related to the past and present, respect for tradition, preservation of "face", and fulfilling social obligations.

2.4 Cross Culture

In the contemporary human resources perspective refers to the comprehensive set of managerial activities and tasks concerned with developing and maintaining a qualified work force- human resources in ways that contributes to organizational effectiveness (Denise, Griffin ,2008)

There are different reasons why organizations tend to go for cross culture recruitment some of the reasons are when: Globalization, sufficient local talent is not available, the firms' overall business strategy is the creation of corporate wide global vision, international units and domestic operations

are highly interdependent, and many other reasons. And because of these there are significant cultural difference.

According to a research conducted by Abdel MoneimElsaid in 2012 The Effects of Cross-Cultural Work Force Diversity on Employee Performance in Egyptian Pharmaceutical Organizations there is a significant positive relationship between different culture aspect and employee performance which directly influence the effectiveness of an organization.

The research on this company which was conducted on the three areas of Culture which are Gender, Educational Background, Age influences organizational performance and the result specifically indicate that high employee performance relates positively with variables such as gender and education. Therefore, according to the research business organizations should start realizing the need to tackle such demographic categories in order increase organizational effectiveness.

Furthermore, employee diversity allows increased creativity, a wider range of perspectives, better problem definition, more alternatives and better solutions (Adler, 1986). It is also argued that with decreasing homogeneity in the workforce, it has become crucial for organizations to develop equal opportunities and diversity management policies to maintain the skills of employees with diverse backgrounds to protect their competitive position in the market place (Gilbert and Ivancevich,2000; Shaw, 1993).

2.5 Empirical Research

Different scholars have said much about the effect of cross-cultural work force diversity on organizational effectiveness. The following part of this research will try to show some related researches and their findings accordingly:

2.5.1 Culture and the Organization

2.5.1.1 Power Distance

This refers to the extent (high or low) to which less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally. The famous Dr. Greet Hofstede postulates that national culture relates primarily to deep-seated values

(Hofstede et al., 1990). In fact, his study found that national culture explains 50% of the differences in managers' attitudes, beliefs, and values (Hofstede, 1991).

According to Khatri (2009) argued that power distance orientation affects organizational structure. In a high-power distance organization, managers tend to micromanage organizational activities. Even minor decisions go to the top of the organization for resolution. Consequently, higher level managers are inundated with routine decisions. We also noted that there is a greater differentiation of organizational activities. However, because of poor communication, coordination, teamwork, and information sharing, integration organizational activities are inadequate. Further, because the top managers want to hold on to the power as long as they can afford to combined with little resistance from lower level employees, high power distance organizations show greater inertia than low power distance organizations.

H1: Power distance has a significant effect on the Organizational effectiveness

2.5.1.2 Individualism/collectivism

Individualism is the one side versus its opposite, collectivism, that is the degree to which individuals are integrated into groups. On the individualist side we find societies in which the ties.

According to Hofstede, Germany can be considered as individualistic with a relatively high score (67) on the scale of Hofstede compared to a country like Guatemala where they have strong collectivism (6 on the scale).

High individualism is positively related to independence and power seeking. High independence is connected with high individual responsibility. High individualism also means focusing on personal goals and this leads to competitiveness.

All above considerations show that there is no simple answer on relation between these two dimensions; high individualism can cause high specialization as well as it can be an obstacle. Similar considerations can be done for collectivism and specialization. Because collectivism is in opposition with individualism, it can be expected that simple answer concerned the relationship between these two dimensions does not exists, i.e. high collectivism can cause high, as well as low, specialization within the organization. In my opinion, the following hypothesis can be formulated:

H2: Individualism/collectivism has significant effect on organizational effectiveness

2.5.1.3 Femininity/ Masculinity

According to Hofstede's study on IBM Germany has a masculine culture with a 66 on the scale of Hofstede where the Netherlands is 14. Masculine traits include assertiveness, materialism/material success, self-centeredness, power, strength, and individual achievements. The United States scored a 62 on Hofstede's scale. So, these two cultures share, in terms of masculinity, similar values. Portrays the extent within cultures to which social gender roles are clearly distinct. E.g. In highly distinct (aka masculinity or assertiveness) cultures men are supposed to be assertive, tough, and focused on material success, whereas women are supposed to be more modest, tender, and concerned with the quality of life. Low or no distinction (aka femininity or modesty) pertains to societies in which social gender roles overlap. Both men and women are supposed to be modest, tender, and concerned with the quality of life.

H3: Femininity/masculinity has significant effect on organizational effectiveness

2.5.1.4 Uncertainty Avoidance

Uncertainty avoidance deals with a society's tolerance for uncertainty and ambiguity; it ultimately refers to man's search for Truth. It indicates to what extent people feel either uncomfortable or comfortable in unstructured situations.

Organizations in high uncertainty avoidance cultures are likely to have longer time perspectives and more structured decision-making procedures. Structured decision-making procedures imply very clear business processes and workflows, which are key prerequisites underpinning effective recordkeeping systems (Peter Smith ,1992: 41).

The relationship between the uncertainty avoidance ranking of a culture with ethical decision making on the part of auditors (J. Cohen et.al,1993). They state: In general, auditors from strong UA cultures are more likely to equate 'legal' with 'ethical' responsibilities. In contrast, when specific legal sanctions are missing, those in low UA cultures might apply a broader ethical framework to decisions and refrain from questionable actions even if they were legal.

This implies that in countries with a high UAI ranking, accountability issues surrounding recordkeeping are less likely to be seriously taken into consideration if they are not also legal or regulatory requirements.

For example, in Germany there is a reasonable high uncertainty avoidance (65) compared to countries as Singapore (8) and neighboring country Denmark (23). Germans are not too keen on uncertainty, by planning everything carefully they try to avoid the uncertainty. In Germany there is a society that relies on rules, laws and regulations. Germany wants to reduce its risks to the minimum and proceed with changes step by step.

The United States scores a 46 compared to the 65 of the German culture. Uncertainty avoidance in the US is relatively low, which can clearly be viewed through the national cultures.

H4: Uncertainty Avoidance has significant effect on organizational effectiveness

2.5.1.5 Long/Short Term Time Orientation

Describes the way cultures think about time. E.g. LTO plays an important role in Asian countries that have been influenced by Confucian philosophy over many thousands of years. Long- and short-term countries seem to divide between East and West. refers to the way cultures conform to time. Past Orientation implies a belief that everything that can occur has occurred before, and past patterns will be replicated. Understanding the principles and truths of the past can guide current and future experience. Present Orientation implies dominance of the mental state of the moment, perhaps because that is most real, or one cannot depend on the future. Future Orientation implies expectancy of advancement, improvement or progression. It enables prediction, scheduling, planning, and changing forthcoming events. Below are some characteristics of the two opposing sides of this dimension.

H5: Long/short Term Time Orientation has significant effect on organization effectiveness

2.6 Conceptual Framework

Based on literatures reviewed the research model which is depicted below is developed. This framework attempts to determine the effect of the different culture dimensions

PROPOSED CONCEPTUAL FRAMEWORK OF THIS RESEARCH

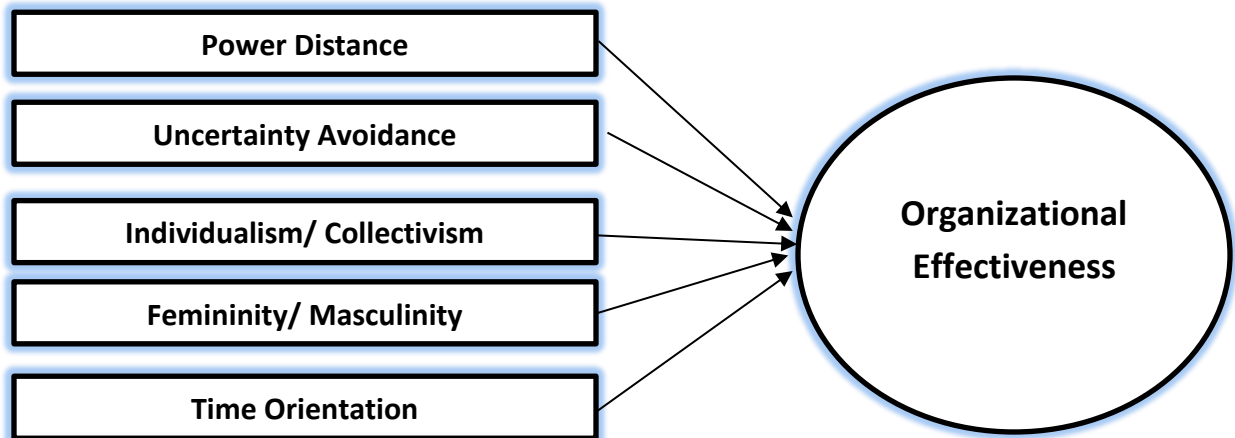


Fig 2.2 Conceptual framework of the research

The above conceptual framework is developed based on the assumption of the researcher, that is, culture plays a significant role and has a direct effect on organizational effectiveness. For the case of these organizations when Power (hierarchy and equality) In the workplace, the level of power is emphasized in cultures which are oriented to hierarchy.

H1: Power distance has a significant effect on the Organizational effectiveness

H2: Individualism/collectivism has significant effect on organizational effectiveness

H3: Femininity/masculinity has significant effect on organizational effectiveness

H4: Uncertainty Avoidance has significant effect on organizational effectiveness

H5: Long/short Term Time Orientation has significant effect on organization effectiveness

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter presents the research paradigm, approach, methods and design being used by the study, while highlighting the population and issues related to sampling technique, sample size determination, and data collection instrument. Besides, the chapter outlines the approach to data collection and analysis.

3.1 Research Design

The research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement, and analysis of data (Kothari, 2004).

According to Saunders, Lewis and Thornhill, (2009) explanatory research design studies a situation or a problem in order to explain the relationships between variables, therefore, this research design will be more appropriate for this study.

3.2 Research Approach

The research approach will be quantitative method of research approach to empirically test the relationship among the two variables in this case cultural diversity and organizational effectiveness and the data can be used to look for cause and effect relationships and help to make predictions. Additionally, this research both descriptive and inferential statistics.

3.3 Population and Sample

The population size in the two selected organizations in organization “A” there are 352 professional employees. In organization “B” there are 110 professional workers. For the sake of this research these employees are divided by two broad categories. National and international employees. The researcher will use the stratified sampling technique method to collect the data from the subjects under study. In this case the strata will be organization A and B. This is conformity with Mugenda O. and Mugenda A. (2003) who postulated that at least 10 percent of the accessible target population is appropriate for statistical reporting. For this research the researcher will take 15% of professional employees from each organization which will be 53 sample from organization A and 17 sample from organization B. Additionally these respondents were selected randomly on the base where only if they have been working in these organizations for more than a year.

3.4 Data Sources and Types

This research used two types of data; Primary and Secondary data types. Primary sources will be employees, company web page, fact sheets, reports and relevant records. And the secondary data sources will be relevant books, different articles, researches and journals made by different scholars.

3.5 Data Collection Procedures

The research used questionnaire to collect data from employees. Data was collected by using structured questionnaire; the questionnaire, a self-developed by the researcher by taking into consideration the different surveys that has been done by other scholars and take consideration of the nature of these organizations. The procedure was that first questionnaire was distributed to subjects and was given time and then all the responses was collected and analyzed. The rationale behind selecting questioner as a data collection instrument is; it helps to get information in a short period of time. Besides, it may be particularly useful when participants wish to remain anonymous, as it provides a more comfortable way for them disclose information that would make them uncomfortable in a face-to-face setting.

3.6 Ethical Consideration

The researcher was granted permission from the two organizations. However, due to data confidentiality agreement signed with the organizations the names of the organization will not be disclosed and this has also been agreed with the advisor of this research.

Additionally, the researcher informed all participants about the purpose of the study, during data collection and the data interpretation process. So, the questionnaires will be completed namelessly by respondents and treats confidentially. This study is intended for academics purpose only and the researcher will not disclose any confidential information to other parties.

3.7 Data Analysis

Descriptive statistical tools for data analysis will be used in this study. The data analysis was supported with software called Statistical Package for Social Science (SPSS) version 20. Mean scores, standard deviations, percentages and frequency distribution was used to summarize the responses. Besides, tables and charts are also used to present facts as required, so as to give more clarifications to readers. Furthermore, correlation and regression analysis were made to show the relationship between culture and effectiveness.

3.8 Validity and Reliability

3.8.1. Validity

Validity refers to the extent to which a test measures what we actually wish to measure. Content validity is the extent to which a measuring instrument provides adequate coverage of the topic

under study (Kothari, 2004). The validity of the study therefore, was checked through content validity method by taking an advice from the advisor an experienced person on the topic understudy and adopting questionnaires from previous researchers also increase its validity.

3.8.2. Reliability

Reliability check for questionnaires was done by using Cronbach Alpha statistic method to ensure internal consistency by using pre-testing method. The basic reason for carrying out pre-testing is to determine whether the instruments are going to serve the purpose of measuring what they were intended to measure.

Reliability Statistics	
Cronbach's Alpha	N of Items
.821	33

Table 3.1 Cronbach Alpha Test (*Source: Own survey, 2019*)

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSION

This Chapter deals with response rate, demographic characteristics of the respondents, description statistics, correlation and regression analysis on the physical working environment and discussions of the study in reference with the research objective and research methodology.

4.1. Response Rate

This research used a self-administered questionnaire with details of guides provided for the respondents. The respondents were given two days to fill in the questionnaires and put the questionnaires in envelopes that were prepared on every floor in the offices. From those 70 questionnaires the researcher manages to get 68 properly filled questionnaires where two were not properly filled. This represents 97% response rate. This was considered a representative sample for further studies according to Mugenda and Mugenda (2003) who report that the rate of 10% and above is acceptable.

4.2. Demographic Information

This part of the questionnaire consists of three descriptive questions regarding the respondent’s personal information. This includes three items that are Gender, staff Category and years of experience. Characteristics of the respondents to determine the frequency of each information will be displayed.

4.2.1. Gender of the Respondents

As shown in the below table, from the entire respondents participated in the research 28 (41.2%) of them are male and 40 (58.8%) are females. This indicates that the numbers of female employees that are considered in this research are more than male respondents. However, this shows that there is good gender balance in both organizations.

Table 4.1: Gender of the respondents

		Frequency	Percent
Valid	Male	28	41.2
	Female	40	58.8
	Total	68	100.0

4.2.2. Staff Category

As can be seen below the staffing category is set into two groups international and national. The international staffs in this study are 30 which is 44.1% from the total sample and 38 staffs are national staff which is 55.9% of the total sample. This distribution indicates that there is a fair balance in the sample size to see the diversity for this research which is the main input to see the difference categories and backgrounds of the respondents according to draw conclusion about how this cultural difference can influence the result of this research:

Table 4.2: staff category

		Frequency	Percent
Valid	International staff	30	44.1
	National Staff	38	55.9
	Total	68	100.0

4.2.3. Years of Experience

According to the collected data it can be seen from the below table that 17 of the respondents have an experience below two years which makes 25% of the total sample. 21 respondents which will make 30.9% of the total sample have 2-5 years of experience. 22 respondents that will be 32.4% have an experience of 6-10 years of experience and 7 respondents which are 10.3% have an experience of 11-15 years of experience. Lastly one respondent have above 15years experience which makes 1.5% of the total sample. This shows that there is an adequate experience among the sample population which makes the research more reliable. Moreover, having work in the organization for years help the researcher to analyze how the more you stay the more you tell the effect how your culture really influence your perspective on how the organization works:

Table 4.3. Years of experience

		Frequency	Percent
Valid	below 2 years	17	25.0
	2-5 years	21	30.9
	6-10 years	22	32.4
	11-15 years	7	10.3
	Above 15	1	1.5
	Total	68	100

4.3 Descriptive Analysis

The second section of the questionnaire was intended to gather information regarding the main variables of the research which are Power distance, Individuality/collectivityFemininity/Masculinity, Uncertainty Avoidance, Long term/Short term Orientation, and Organizational Effectiveness in selected International Organizations in Addis Ababa.

The respondents were asked to select the degree to which best fit their personal background that can help to measure how diverse each group is and regarding their perception on the organizational effectiveness by 5-point Likert- scale measure. Then by collecting and analyzing their response

frequency, mean score and standard deviations were calculated to determine the level of agreement of respondents to each question.

4.3.1 Response of the Respondents on Power Distance

There were six questions asked regarding power distance and the responses of the respondents are displayed hereunder:

Table 4.4: Frequency, Mean and Standard Deviation for Power Distance measures

No	I. Power Distance	Frequency				
		1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	I believe that my supervisor deserves the power he/she currently have	- -	6 (8.8%)	10 (14.7%)	32 (47.1%)	20 (29.4%)
2	I felt that me and my supervisor are essentially important to the organization to achieve its goals	- -	14 (20.6%)	19 (27.9%)	25 (36.8%)	10 (14.7%)
3	I can easily & openly express my disagreement with my supervisor	2 (2.9%)	16 (23.5%)	15 (22.1%)	24 (35.3%)	11 (16.2%)
4	I feel relaxed and at ease at my work place	3 (4.4%)	- -	14 (20.6%)	28 (41.2%)	23 (33.8%)
5	My supervisor consults me when decisions have to be made	2 (2.9%)	19 (27.9%)	12 (17.6%)	21 (30.9%)	14 (20.6%)
6	I believe that I am treated equally by the rules and regulations of the organization as my supervisor	3 (4.4%)	16 (23.5%)	18 (26.5%)	20 (29.4%)	11 (16.2%)

Note: SD= *Strongly Disagree* D= *Disagree* N= *Neutral* A= *Agree* SA= *Strongly Agree*

As it is shown in the table most of the respondents 47.1% agree and 29.4%=strongly disagree that they believe that their supervisor deserves the power he/she have. And 36.8% of the sample responded that they felt equal to their supervisors for the achievement of the organization's goals.

35% agreed and 16.2% strongly agree that of the respondents also responded that they can easily express their disagreements with their supervisors. This shows more than 50% of the respondents agree on this issue. 41.2% agree and 33.8% strongly agree that they feel relaxed and at ease at their work place. 30.9% agree and 20.6% strongly agree that they are consulted by their supervisors when decisions are made in the work place, this makes 50% of the respondents agreed. However, 27.9% of the respondents disagreed that they are not consulted when decisions are made in the work place. 29.4% agreed and 16.2% strongly agreed that they feel that they are treated equally by the rules and regulations of the organization as their supervisors. There are also 23.5% of the respondents said that they are not treated equally as their supervisors. This shows ha there is a low power distance in both organizations.

4.3.2. Response of Respondents Towards Individualism/Collectivism

To analyze the second variable for this research is Individualism/Collectivism there were five questions asked and the results are displayed under the below table:

Table 4.5: Frequency, Mean and Standard Deviation for Individualism/Collectivism measures

No	Individualism/collectivism	Frequency				
		1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	I like my privacy	2 (2.9%)	4 (5.9%)	3 (4.4%)	26 (36.2%)	33 (48.5%)
2	I believe one should live once life independently of others	1 (1.5%)	9 (13.2%)	10 (14.7)	32 (47.1%)	16 (23.5%)
3	When I succeed it is usually because of my abilities	2 (2.9%)	8 (11.8%)	14 (20.6%)	32 (47.1%)	12 (17.6%)
4	The well-being of my co-workers is important to me	1 (1.5%)	3 (4.4%)	11 (16.2%)	24 (35.3%)	29 (42.6%)
5	I enjoy being unique from others in many ways	2 (2.9%)	11 (16.2%)	14 (20.6%)	30 (44.1%)	11 (16.2%)

Note: SD= Strongly Disagree D= Disagree N= Neutral A= Agree SA= Strongly Agree

Based on the above table 38.2% agree and 48.5% strongly agree that they enjoy their privacy. Additionally, 47.1% agreed and 23% strongly agreed that one should live one's life independently of others which makes more than 50% of the sample population agreed on this issue while 10% is neutral the rest disagree on the issue. 47.1% agreed and 17.6% strongly agreed on the point that when they succeed it is usually because of their abilities; while 20.6% of the sample size is neutral the rest disagreed. 42.6% strongly agreed and 35.3% of the sample size agreed that the well-being of their co-workers are important to them; 16.2% were neutral and the rest disagree on the issue. 16.2% strongly agree and 44.1% agree that they enjoy being unique from others in many ways; 20.6% were neutral and the rest disagree on the question. One can see that many of the employees have individualistic behavior.

4.3.3 Response of Respondents towards Femininity/ Masculinity

To analyze the third variable for this research Femininity/ Masculinity there were five questions asked and the results are displayed under the below table:

Table 4.6: Frequency, Mean and Standard Deviation for Femininity/Masculinity measures

No	Femininity/Masculinity	Frequency				
		1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	I am a proud person	- -	2 (2.9%)	14 (20.6%)	37 (54.4%)	15 (22.1%)
2	I have enough time for my personal life	2 (2.9%)	17 (25%)	21 (30.9%)	27 (39.7%)	1 (1.5%)
3	Competitive winning is more important to me than achieving through negotiation and collaboration	8 (11.8%)	19 (27.9%)	11 (16.2%)	26 (38.2%)	4 (5.9%)
4	Money and status are very important to me	5 (7.4%)	17 (25.0%)	16 (23.5%)	24 (35.3%)	6 (8.8%)

No	Femininity/Masculinity	Frequency				
		1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
5	I prefer acquiring power more than good public relation	16 (23.5%)	29 (42.6%)	13 (19.1%)	7 (10.3%)	3 (4.4%)

Note: SD= *Strongly Disagree* D= *Disagree* N= *Neutral* A= *Agree* SA= *Strongly Agree*

As it is displayed from the above table 54,4% agree and 22,1% strongly agree that they have proud personality; whereas 20.6% remain neutral the rest 2.9% disagree on the question. While 30.9% remain neutral on the question of enough personal time 25% and 2.9% agree and disagree said they do not have enough personal time; on the other hand, 39.7% said that they have enough personal time. 38.2% agree that competitive winning is more important than negotiation and collaboration; consecutively 11.8% and 27.9% of respondent said that they disagree while the rest 16,2% remain neutral. And 23.0% remain neutral on the question that money and status are important 35.3% agreed and 8.8% respondents strongly agree; on the other hand, 25.0% respondents disagree that it is not 7.4% respondents strongly disagree on the question. These results show that the population have a masculine characteristic.

4.3.4 Response of Respondents towards Uncertainty Avoidance

To analyze the forth variable for this research Uncertainty Avoidance there were six questions asked and the results are displayed under the below table:

Table 4.7: Frequency, Mean and Standard Deviation for Uncertainty Avoidance

No	Uncertainty Avoidance	Frequency				
		1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	I strictly follow rules and regulation of the organization	1 (1.5%)	4 (5.9%)	6 (8.8%)	36 (52.9%)	21 (30.9%)
2	I want my job to have a lifetime employment benefit	1 (1.5%)	6 (8.8%)	11 (16.2%)	31 (45.6%)	19 (27.9%)

No	Uncertainty Avoidance	Frequency				
		1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
3	I am open to new ideas and take risks	- -	7 (10.3%)	9 (13.2%)	35 (51.5%)	17 (25.0%)
4	I am comfortable with change	1 (1.5%)	6 (8.8%)	11 (16.2%)	30 (44.1%)	20 (29.4%)
5	I am comfortable with detail planning and structures	- -	12 (17.6%)	12 (17.6%)	19 (27.9%)	25 (36.8%)
6	I have good social interaction	- -	6 (8.8%)	10 (14.7%)	34 (50.0%)	18 (26.5%)

Note: SD= *Strongly Disagree* D= *Disagree* N= *Neutral* A= *Agree* SA= *Strongly Agree*

As it is displayed in the above table 52.9% agreed and 30.9% strongly agreed that they strictly follow rules while 8.8% remain neutral the rest disagree on the issue. 45.6% also agreed and 27.9% strongly agreed that they want their job to have a life time employment benefit while 16.2% are neutral the rest disagree on this point. 51.5% agreed and 25% strongly agreed that they are open to new ideas and enjoy taking risks. And on the point whether one is comfortable with change 44.1% agreed and 29.4% strongly agreed and 16.2% remain neutral 8.8% while one respondent disagreed. 36.8% strongly agreed and 27.9% agreed that they are comfortable with change 17.6% remained neutral while the rest 17.6% disagree. 50.0% agreed and 26.5% strongly agreed that they have good social interaction it is shown that there are 14.7% neutral and 8.8% disagree saying they do not have good social interaction. Therefore, one can see that the target group has a high degree of uncertainty avoidance characteristics.

4.3.5 Response of Respondents towards Long/Short Time Orientation

To analyze the fifth variable for this research long/Short time Orientation there were five questions asked and the results are displayed under the below table:

Table 4.8: Frequency, Mean and Standard Deviation for Long/ short time orientation measures

No	Long/Short time orientation	Frequency				
		1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	I want to work hard today to see a better future	– –	1 (1.5%)	5 (7.4%)	28 (41.2%)	34 (50.0%)
2	Work traditions and past trends should always be respected	3 (4.4%)	7 (10.3%)	17 (25.0%)	29 (42.6%)	12 (17.6%)
3	I save money	1 (1.5%)	14 (20.6%)	21 (30.9%)	20 (29.4%)	12 (17.6%)
4	I want to see quick results	– –	14 (20.6%)	14 (20.6%)	23 (33.8%)	17 (25.0%)
5	I want to invest money only if I believe that it is profitable	4 (5.9%)	12 (17.6%)	18 (26.5%)	17 (25.0%)	17 (25.0%)

Note: SD= *Strongly Disagree* D= *Disagree* N= *Neutral* A= *Agree* SA= *Strongly Agree*

As displayed in the above table 50% respondents strongly agreed that they work hard to see better future also 41.2% agreed on this issue while 7.4% remain neutral the rest 1.5% disagree. Work traditions and past trends should always be respected was the second question and 42.6% agreed and 17.6% strongly agree that they should be respected; while 25% remain neutral the rest 10% disagree on the issue. 30.9% remain neutral on saving money while 29.4% agreed that they save, 17.6% strongly agree and 20.6% disagree that they do not save money. 33.8% and 25.0% agree and strongly agree that they want to see quick results in the work they do while 20.6% remained neutral the same percent disagree on the point. On the other hand, 25.0% of agree and 25.0% strongly agree is the response on the question that I want t invest money only if I believe that it is profitable while 26.5% remained neutral 17.6% and 5.9% of respondents disagree on the question.

4.3.6 Response of Respondents towards Organizational Effectiveness

To analyze the sixth variable for this research Organizational Effectiveness there were six questions asked and the results are displayed under the below table:

Table 4.9: Frequency, Mean and Standard Deviation for Organizational Effectiveness measures

No	Organizational Effectiveness	Frequency				
		1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	I trust that the work the work we do in the organization is relevant	1 (1.5%)	5 (7.4%)	10 (14.7%)	28 (41.2%)	24 (35.3%)
2	I believe that the organization works in good collaboration with other stakeholders	– –	3 (4.4%)	10 (14.7%)	40 (58.8%)	15 (22.1%)
3	I am confident that our clients are satisfied with our support	– –	11 (16.2%)	16 (23.5%)	27 (39.7%)	14 (20.6%)
4	The work in my organization promotes sustainability	– –	10 (14.7%)	15 (22.1%)	26 (38.2%)	17 (25.0%)
5	I believe that there is quality in the work	1 (1.5%)	14 (20.6%)	18 (26.5%)	23 (33.8%)	12 (17.6%)
6	I trust that the organization manages its finances properly	2 (2.9%)	14 (20.6%)	21 (30.9%)	23 (33.8%)	8 (11.8%)

Note: SD= *Strongly Disagree* D= *Disagree* N= *Neutral* A= *Agree* SA= *Strongly Agree*

The last of the variable and the dependent variable for this research is organizational effectiveness which was displayed by six questions the responses are shown accordingly, 35.3% strongly agree and 41.2% agreed that the work they do in the organization is relevant while 14.7% remain neutral 7.4% and 1.5% consecutively disagree. 22.1%strongly agree and 58.8% agree that they with good collaboration with other stakeholders while 14.7% are neutral 4.4% of respondents disagree.

25.0% of the respondents strongly agree and 38.2% agree that their clients are satisfied with their support 23.5% are neutral and 16.2% disagree. Sustainability was the next question asked and 38.2%and 25.0% agree and strongly agree consecutively responding that the organization promotes sustainability.17.6% strongly agree and 33.8% agree that there is quality in the work they do while 26.5% remain neutral there is a 20.6% response of disagreement and 1.5% strong disagreement in the quality of work. Finally, 33.8% and 11.8% agreement are seen on the question

whether the employee trust the organization if it is managing its finances properly while 30.9% remained neutral 20.6% disagreement and 2.9% strong disagreement is seen from the responses.

4.3.9. Statistics Summary of Mean Result

Table 4.10 Summary of mean results

Variable	Aggregate Mean Result
Power Distance	3.58
Individualism/ Collectivism	3.868
Femininity/ Masculinity	3.089
Uncertainty Avoidance	3.926
Long/Short Term Orientation	3.644
Organizational Effectiveness (DV)	3.693

According to Akmaliah (2009), mean result measurement can be used while interpreting the data. If Mean Score > 3.79, it is considered as high, if it is between 3.40 and 3.79, it is considered as moderate and if the mean score is below 3.40, it is considered as low.

Accordingly, Table 4.10 above illustrates that majority of respondents' overall assessment of culture and organizational effectiveness are more than moderate, as the aggregate mean result for most variables are above 3.40 except for Femininity/Masculinity measures which has an aggregate mean result of 3.089.

4.4. Correlation Analysis

Correlation analysis describes the strength and direction of the linear relationship between two variables. Pearson Correlation indicates the relationship between variables which can range from -1.00 to 1.00 if a correlation coefficient indicates 0 it means that there is no relationship at all. If a correlation of 1.0 it means that there is a perfect positive correlation and if the correlation coefficient shows -1.0 it means that there is a perfect negative correlation. (Pallant,2005)

The below table will show the relationship between the dependent and the independent variables:

Table 4.11 Pearson Correlation Analysis for independent and dependent variables

Independent Variables	Organizational Effectiveness (Dependent variable)	
	Pearson correlation	Significance (2 tailed)
Power Distance	0.439	0.06
Individualism/Collectivism	0.128	0.965
Femininity/Masculinity	0.075	0.679
Uncertainty Avoidance	0.358	0.200
Long/short time orientation	0.376	0.078

Source: own survey, 2019

Table 4.12: Correlation Coefficient

Correlation Coefficient(r)	Strength of the correlation
0.50 to 1.0 or -.50 to -.10	Strong relationship
0.30 to .49 or -.30 to -.49	Moderate relationship
0.10 to .29 or -.10 to -.29	Weak relationship

(Cohen, 1988)

According to Cohen displayed in table 4.12 above it can be seen that Power distance, uncertainty avoidance and long/short time orientation with a correlation coefficient of 0.439, 0.358 and 0.376 consecutively have moderate relationship with organization; while with the coefficient of 0.128 and 0.075 individualism/collectivism and femininity/ masculinity have weak relationship with organizational effectiveness.

4.5. Regression Analysis and Diagnosis

Regression diagnosis techniques are used to explore the relationship between one continuous dependent variable and several independent variables. It allows a more sophisticated exploration of interrelationship among a set of variables and in this particular research the researcher has tried

to display few of the diagnosis between variables of cross culture and organizational effectiveness as below:

4.5.1. Multi-Collinearity Diagnosis

Multicollinearity refers to the relationship among independent variables. It exists when the independent variables are highly correlated.

According to Menard (1995) tolerance should be >0.2 and VIF should be less than 10 (Myers, 1990) as it can be seen in the below table there is no multicollinearity between the independent variables. The tolerance is >0.2 and the VIF is below 10.

Table 4.13 Multicollinearity test

Variables	Collinearity Statistics	
	Tolerance	VIF
Power Distance	0.867	1.153
Individualism/collectivism	0.779	1.284
Femininity/Masculinity	0.990	1.010
Uncertainty Avoidance	0.765	1.308
Long/short time orientation	0.667	1.498

Source:(Own survey, 2019)

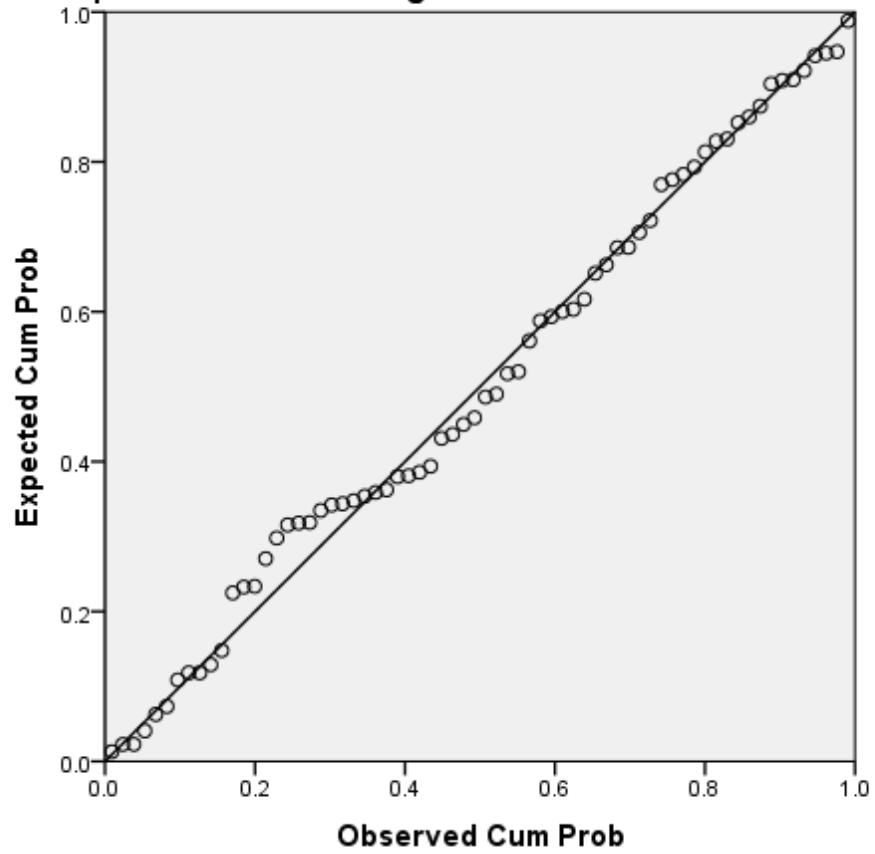
As per table 4.13 it is clearly displayed that there is no multicollinearity problem since the tolerance level is >0.2 and the VIF is less than 10 according to the above sources mentioned.

4.5.2. Normality Test

In the below plot it is observed that the value for each score is plotted against the expected value from the normal distribution. By the inspection of normal probability plot a reasonably straight line suggested a normal distribution. In this research the scores appear to be reasonably normally distributed.

Normal P-P Plot of Regression Standardized Residual

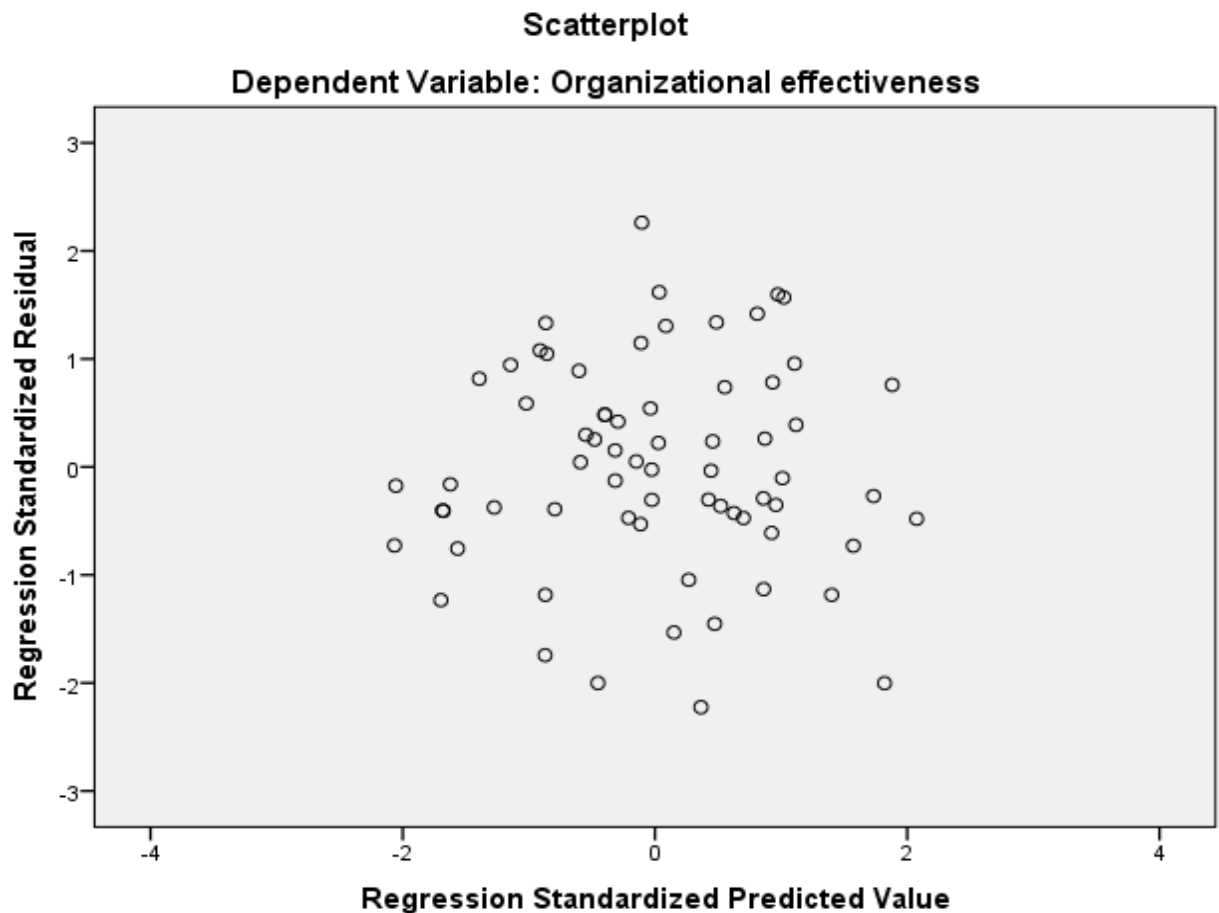
Dependent Variable: Organizational effectiveness



4.5.3 Scatterplot Test

Scatter plot is used to explore the relationship and strength of relationship between two variables. It also gives an indication whether the variables are related in linear or curvilinear fashion (Pallent,2005). The scatter plot also indicates that the residuals will be most of the scores are concentrated in the center. Deviations from a centralized rectangle suggest some violation of the assumptions.

The figure below shows a random displacement of scores that take on a rectangular shape with no clustering. The researcher assumed that perception difference among the respondents with the same question might have its own role for creation of deviations.



4.5.4. Influence of Cultural diversity on Organizational Effectiveness

This part will discuss the regression analysis that was conducted to measure the effect of the independent variables on the dependent variable:

As it can be seen below the model summary indicates that the adjusted R square of 0.234 of the variances in the organizational effectiveness is explained by the model which includes the dependent variables. The model used explained 23.4% of the variance in the organizationaleffectiveness and the rest 77% of effectiveness of an organization is affected by other factors.

Table 4.14. Model Summary				
Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.539 ^a	.291	.234	3.57339
a. Predictors: (Constant), Long/short time orientation, Femininity/masculinity, Power Distance, Individualism/collectivism, Uncertainly Avoidance				
b. Dependent Variable: Organizational effectiveness				

To assess the statistical significance of the result, it is necessary to look in the above ANOVA table. If the significance value is less than 0.01 ($p < 0.01$), it indicates that the model reaches its statistical significance to the dependent variable.

Table 4.15. Analysis of variance (ANOVA)

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	324.845	5	64.969	5.088	.001 ^b
	Residual	791.685	62	12.769		
	Total	1116.529	67			
a. Dependent Variable: Organizational effectiveness						
b. Predictors: (Constant), Long/short time orientation, Femininity/masculinity, Power Distance, Individualism/collectivism, Uncertainly Avoidance						

Source: (own survey, 2019)

Evaluating significance of each of independent variables to Organization Effectiveness

Table 4.16. Regression Coefficients

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)		4.532		0.872	0.387
	Power Distance	0.335	0.118	0.326	2.842	0.006
	Individualism/Collectivism	-0.007	0.151	-0.005	-0.004	0.956
	Femininity/Masculinity	0.059	0.142	0.045	0.416	0.679
	Uncertainty Avoidance	0.184	0.142	0.159	1.296	0.200
	Long/short time orientation	0.318	0.117	0.235	1.793	0.078

Dependent Variable: Organizational Effectiveness

Source: Own survey 2019

In order to find the contribution of each independent variable to dependent variable included in the model, it has to be noticed that the value of un standardized coefficient beta. The greater the value of beta and less value of significant level ($p < 0.05$) of each independent variable shows the strongest importance to the dependent variable (Pallant, 2005).

Therefore, from the table 4.16 the coefficient of the dependent variables also revealed that power distance is significant at $p = 0.06$. This indicates that this variable contributed to the prediction of dependent variable (organizational Effectiveness). The significant value of the other variables is 0.965 for Individualism/collectivism, 0.679 for femininity/masculinity, 0.200 for uncertainty avoidance, and 0.078 for long term time orientation), the four variables are not significant.

The beta coefficient value indicates that one-degree changes in dependent variables cause a variance of 33.5% for power distance followed by long/short term time orientation with 31.8% and also 18.4% of uncertainty avoidance. Therefore, power distance was found to be best predictor of organizational effectiveness with Beta value of 0.335 followed by long term orientation with 0.318 beta value.

No	Hypothesis	Results	Reason
H ₁	Low Power distance has a positive effect on the Organizational effectiveness	Accepted	Correlation results, r=0.439 at P<0.06 Regression Result β =.0.335, sig=0.006
H ₂	Individualistic/collectivism has a positive effect on organizational effectiveness	Rejected	Correlation results, r=0.128 at P<0.965 Regression Result β = -0.007, sig=0.956
H ₃	Femininity/masculinity has a positive effect on organizational effectiveness	Rejected	Correlation results, r=0.075 at P<0.679 Regression Result β = .0.059, sig= 0.679
H ₄	Uncertainty avoidance has a positive effect on organizational effectiveness	Rejected	Correlation results, r=0.358 at P<0.200 Regression Result β = 0.184, sig= 0.200
H ₅	Long term orientation has a positive effect on organizational effectiveness	Rejected	Correlation results, r=0.376 at P<0.078 Regression Result β = 0.318, sig= 0.078

Table 4.17 Summary of Hypothesis (H1-H5) result

4.5.6. Testing Hypothesis

Hypothesis 1

H1: Low Power distance has a positive effect on the Organizational effectiveness

Based on the table and justification provided in the preceding paragraph, low power distance has significant relationship with organizational effectiveness. Power distance with t- statistic value of

2.842 and unstandardized beta coefficient of 33.5% at sig value 0.06 was correlated positively with organizational effectiveness. Therefore, the alternative hypothesis is accepted.

Hypothesis 2

H2: Individualistic/collectivism has a positive effect on organizational effectiveness

The unstandardized coefficient of individualism/collectivism was found to be -0.7% which indicates that it affects organizational effectiveness negatively with a sig value of 0.956. This finding leads to rejection of the alternative hypothesis.

Hypothesis 3

H3: Femininity/masculinity has a positive effect on organizational effectiveness

Based on the results of this research, the independent variable femininity/masculinity has a beta value of 5.9% with sig value is 0.679 which is greater than 0.05. Therefore, it can be concluded that the alternative hypothesis is rejected.

Hypothesis 4

H4: Uncertainty avoidance has a positive effect on organizational effectiveness

Based on the results of this research, the independent variable uncertainty avoidance has a beta value of 18.4% with sig value is 0.200 which is greater than 0.05. Therefore, it can be concluded that the alternative hypothesis is rejected.

Hypothesis 5

H5: There is a significant relationship between long term time orientation and organization effectiveness

Based on the results of this research, the independent variable long-term orientation has a beta value of 31.8% with sig value is 0.078 which is greater than 0.05. Therefore, it can be concluded that the alternative hypothesis is rejected though the beta value is 31.8%.

CHAPTER FIVE

SUMMARY, CONCLUSION & RECOMMENDATION

5.1. Summary of Findings

This study conducted to examine the effect of cross-cultural work diversity on organizational effectiveness on selected international organizations in Addis Ababa. through questionnaire data collected from 68 employees. Therefore, summary of findings has been presented as follows:

The target group consisted majority female respondents than male.

- ✓ With respect to staff category, the number of respondents categorized as national and international staffs are almost proportional
- ✓ Majority of the respondents served the company between 2-10 years.
- ✓ As it is shown from the result of correlation analysis, Power distance (0.439), uncertainty avoidance(0.358)and long-term orientation (0.376) have moderate relationship with organizational effectiveness, while individualism/collectivism (0.128) and Femininity/masculinity(0.075) have weak relationship with organizational effectiveness.
- ✓ Based on this it can be concluded on the standard mean score comparison table, the respondents' perception towards uncertainty avoidance is high (3.926). And they have moderate reaction towards power distance (3.58), individualism/ collectivism (3.868), and long-term orientation (3.644).However, their perception towards femininity/masculinity was found to be low (3.089).
- ✓ As it is evidenced from the model summary of regression analysis, the adjusted R square was 23.4%, which indicates that the independent variables of this study contribute 23.4% to the variance on organizational effectiveness in selected international organizations.
- ✓ The ANOVA result also confirms the model summary result found to be significant to organizational effectiveness.

- ✓ The result of regression coefficients had also further revealed that cultural diversity examined in the study were found to bring variation in organizational effectiveness in selected international organizations in Addis Ababa with different level.
- ✓ Power distance was found to have the better and positive influence (33.4%) on organizational effectiveness followed by long term orientation (31.8%), uncertainty avoidance (18.4%) and femininity/masculinity (5.9%). While individualism/collectivism found to have negative influence (-0.7%) on organizational effectiveness. So, based on the result it can be concluded that only Individualism/collectivism has a negative influence on Organizational effectiveness.
- ✓ With respect to the significance level of the independent variables, only power distance was found to be significant (0.06) as its significance value is less than 0.05 ($P < 0.05$). However, for the Individualism/ Collectivism (0.965), Femininity/ Masculinity (0.679), Uncertainty Avoidance (0.200) and Long-Term Orientation's contribution is (0.078) to the variability of the organizational effectiveness is found to be insignificant as their significance value is greater than 0.05 ($P > 0.05$)

5.2. Conclusion

This research attempted to examine the effect of cross culture with respect to power distance, Individualism/ collectivism, femininity/masculinity, uncertainty avoidance and long/short time orientation on organizational effectiveness. Therefore, based on the above summary it can be concluded that, the descriptive statistical analysis showed that the average agreement of respondents (mean score) on uncertainty avoidance was high; while power distance, individualism/collectivism and long-term orientation was moderate. Whereas, for femininity/masculinity was low as compared to other variables of study, therefore it can be concluded that most respondents have high uncertainty avoidance level, and this has a positive effect on their commitment to the organization which can greatly affect the effectiveness. And the respondents have low agreement level on femininity/ masculinity.

The result of correlation analysis also revealed that cross culture diversity has a positive moderate association with organizational effectiveness. Therefore, the result indicates that power distance, uncertainty avoidance and long-term orientation in the organization has moderate relationship on

the level of employees' perception on the effectiveness of the organization and from the results we can conclude that when there is low power distance there is high effectiveness. Whereas for Individualism/ Collectivism and Femininity/ Masculinity does not have relationship with organizational effectiveness.

The result of regression model summary result also indicates that the effect cross culture is found to be moderate on organizational effectiveness. Therefore, we can conclude that cross-culture diversity has a moderate influence for organizational effectiveness. The β coefficient result also shows that power distance has the better effect on organizational effectiveness, followed by long term orientation, and uncertainty avoidance so it can be concluded that Power Distance has a positive effect on Organizational effectiveness. The contribution of Individualism/collectivism and Femininity/Masculinity is found to be insignificant, so based on the results shown it can be concluded that either Individualism/collectivism or Femininity/ Masculinity does not have an effect on organizational effectiveness.

5.3. Recommendation

Based on the major findings that have been discussed so far, the following points are recommended for practical application to enhance the effectiveness of organizations:

- ✓ The management has to have more platforms to keep everyone on the same page so there can be more of a collectivism spirit which will greatly contribute to effectiveness of the organizations.
- ✓ The result of power distance was shown to be low; therefore, management has to take it as a competitive advantage and put an effort to sustain it.
- ✓ The result of correlation analysis revealed that a positive correlation between cross culture and organizational effectiveness.
- ✓ From the β coefficient result, employees are more influenced by power distance; followed by long term orientation and uncertainty avoidance. And from the results individualism/collectivism has a negative impact. So, it is recommended that the management has have a more collectivist practice in order to enhance the effectiveness of the organization.

- ✓ The influence and significant level of all independent variables were low except of power distance, this indicates employees cultural background did not have a significant influence on organizations' effectiveness. Therefore, it can be concluded that cultural diversity is one of factors but not the major factor that influence organizational effectiveness.
- ✓ Different events and social engagement platforms which can contribute to share experiences of different cultures, expectations, perceptions so that organizational citizenship and effectiveness can increase.

5.4. Suggestion for Future Research

In this research overall, positive effect cross culture was found on organizational effectiveness on the selected international organizations in Addis Ababa. And this research only covered two of many organizations in Addis; therefore, other researchers can conduct similar studies by taking more organizations into the scope.

There were only few measures of culture as well as effectiveness were taken into consideration when conducting this research; so, for future research other researchers can see more detailed measures and factors that influence each variable.

One of the limitations of this research was geographical limitation and other researchers that are interested can cover more geographically dispersed employees in order to look at the results in a more advanced and wider way since this cross-cultural diversity has becoming one of the new interests of the modern human resource, organizations and researchers around the world.

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<https://www.researchgate.net/publication/235259647> The cultural diversity phenomenon in organisations and different approaches for effective cultural diversity management A literary review

Appendix A



Addis Ababa University, School of Commerce

Date: _____

Dear respondents,

My name is Tigist Hamelmal. I am a postgraduate candidate pursuing Master of Arts Program in Human Resource Management at Addis Ababa University, School of Commerce. I am conducting my final year project research with the title *'The Effect of Cross-Cultural Diversity on Organizational Effectiveness Selected International Organizations in Addis Ababa'*

This questionnaire is aimed to gather relevant information that will be useful in the above-mentioned research. I, therefore kindly request your utmost cooperation in filling the questionnaire honestly and accurately, as the quality of information you provide determines the ultimate reliability of the study. Please put the tick mark (✓) on the appropriate space in the box to the point which mostly reflects your idea.

If you are interested to have further information about this study or have any problem in filling the questionnaire, please contact me through:

Tel.: +251-929-951-707

Email: tigibegeta@gmail.com

Note: -

- ✓ ***Please do not write your name.***
- ✓ ***All information will be used only for academic purpose and treated confidentially.***
- ✓ ***Your honest and unbiased response will contribute for the research to achieve its objective.***

Part 1: Demographic Information

Please put tick (✓) mark on the option that best describes you.

1. Gender

Male Female

2. Which staff category do you belong?

International Staff National Staff

3. How many years have you worked for your current organization?

Below 2 years

2-5 years

6-10 years

11-15 years

Above 15 years

Part 2: Close-Ended Research Instrument for Data Collection

Directions: Please put tick (✓) in the appropriate place for each item to express your view and level of agreement with the statements.

Hint: Please use the following key for your information:

- 5=Strongly Agree → if your level of agreement is very high in the measured attribute.
- 4=Agree → if your level of agreement is above average in the measured attribute.
- 3=Neutral → if you are not so sure about the measured attribute.
- 2=Disagree → if your level of agreement is below average in the measured attribute.
- 1=Strongly Disagree → if your level of agreement is very low in the measured attribute.

S/ No	Question Items	Rating Scales				
Power Distance		5	4	3	2	1
1	I believe that my supervisor deserves the power he/ she have					
2	I feel that me and my superior are essentially equal to the organization to achieve its goals					
3	I can easily & openly express my disagreement with my superior					
4	I feel free and at ease at my work place					
5	My supervisor consults me when decisions have to be made					
6	I believe that I am treated equally by the rules and regulations of the organization as my supervisor					
Individualism/ Collectivism		5	4	3	2	1
7	I like my privacy					
8	I believe one should live one's life independently of others					
9	When I succeed it is usually because of my abilities					

S/ No	Question Items	Rating Scales				
		5	4	3	2	1
10	The well-being of my co-workers is important to me					
11	I enjoy being unique from others in many ways					
Femininity/ Masculinity		5	4	3	2	1
12	I am a proud person					
13	I have enough time for my personal life					
14	Competitive winning is more important to me than achieving through negotiation and collaboration					
15	Money and status are very important to me					
16	I prefer acquiring power than good public relation					
Uncertainty Avoidance		5	4	3	2	1
17	I strictly follow rules and procedures of the organization					
18	I want my job to have a lifetime employment benefit					
19	I am open to new ideas and take risks					
20	I am comfortable with changes					
21	I am comfortable with detail planning and structures					
22	I have good social interactions					
Long/ Short Time Orientation		5	4	3	2	1
23	I want to work hard today to see a better future					
24	Work traditions and past trends should always be respected					
25	I save money					
26	I want to see quick results					

S/ No	Question Items	Rating Scales				
27	I want to invest my money only if i believe that it is profitable					
Organizational Effectiveness – perspective of Employees		5	4	3	2	1
28	I trust that the work we do is relevant					
29	I believe that the organization works in good collaboration with other stakeholders					
30	I am confident that our clients are satisfied with our support					
31	The work in my organization promotes corporate sustainability					
32	I believe that there is quality in the work					
33	I trust that the organization manages its finance properly					

Thank you for your time and cooperation to answer these research questions!