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THE MODERATING ROLE OF COLLABORATION IN THE RELATIONSHIP BETWEEN CULTURAL DIVERSITY AND PROJECT PERFORMANCE IN DUBAI ELECTRICITY AND WATER AUTHORITY (DEWA)

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Abstract:

This study examines the moderating role of collaboration in the relationship between cultural diversity and project performance in the Dubai Electricity and Water Authority (DEWA). Grounded in Social Identity Theory and Information/Decision-Making Theory, the study investigates two key questions: whether cultural diversity influences project performance and whether collaboration conditions this relationship. A systematic literature review was conducted to identify empirical studies (quantitative, qualitative, and mixed-methods) published between 2019 and 2025 across major databases, including Scopus, Web of Science, IEEE Xplore, and PsycINFO. The selected studies were evaluated using quality appraisal procedures and synthesized through thematic analysis. Findings indicated the absence of a consistent direct effect of cultural diversity on project performance. Instead, cultural diversity produced informational advantages, enhancing creativity and problem-solving, while also introducing social risks such as in-group bias and interpersonal conflict. Collaboration, operationalized through trust, psychological safety, inclusive

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leadership, and information elaboration. High-collaboration climates transformed diversity into performance gains, whereas low-collaboration environments amplified identity-based tensions and weakened outcomes. The study proposes a process model that positions collaboration as the key mechanism through which cultural diversity contributes to project success in complex utility organizations.

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Keyword:

Collaboration, Cultural Diversity, Project Performance, Team Diversity



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Introduction

Globalization and digital transformation have fundamentally reshaped workforce composition, making cultural diversity not merely common but often mandatory for organizational competitiveness. The rise of global, project-based, and virtual work structures has intensified intercultural collaboration across sectors (Yousef, 2024). Empirical syntheses confirm that culturally diverse teams dominate knowledge-intensive industries, though their performance effects are frequently indirect and context-dependent (Stahl & Maznevski, 2021). Large-scale evidence shows that companies in the top quartile for ethnic and cultural diversity on executive teams are 36% more likely to achieve above-average profitability. Diverse teams are 83% more likely to be innovative when inclusion is present, with reported correlations between cultural diversity and overall team performance ($r = 0.858$), communication ($r = 0.738$), and innovation ($r = 0.838$).

Yet challenges remain: 52% of projects report high-intensity conflict linked to cultural differences, 60% of project managers cite diversity-related conflict, and only 20% of employees globally report high inclusion levels. By 2030, five generations will work simultaneously, further expanding diversity dimensions, while women represented 54.5% of Directors and 47.7% of Executive Officials in 2024 (OECD). Moreover, 60% of GenAI vacancies in 2024 were concentrated in middle-income countries, accelerating digital-driven international collaboration. These statistics underscore van Knippenberg's (2024) assertion that diversity generates both cognitive variety and social differentiation, making inclusive leadership and collaboration essential to translate heterogeneity into sustained organizational performance.

Research consistently portrays cultural diversity as a “double-edged sword.” On one hand, heterogeneous teams benefit from broader informational resources, multiple problem-solving strategies, and enhanced creativity (Andersen & Moynihan, 2016). Meta-analytic findings show that diversity is positively associated with creative output and innovation-related processes, particularly in complex tasks (Stahl & Maznevski, 2021). For example, studies demonstrate that culturally diverse software and innovation teams generate more novel solutions when psychological safety and integration mechanisms are present (Verwijns & Russo, 2024). On the other hand, diversity has been linked to higher levels of task and relationship conflict, communication breakdowns, and lower cohesion (Obsuwan et al., 2021). These contradictory findings underscore that diversity alone does not guarantee improved outcomes. The tension surrounding diversity is particularly pronounced in project environments. Projects are temporary, deadline-driven, and characterized by high interdependence and uncertainty (Nguyen & Watanabe, 2017). Evidence suggests that in such contexts, miscommunication or coordination failures can significantly delay schedules and increase costs (Karlsen & Nazar, 2024). Large utilities and infrastructure projects, which often involve multinational contractors and interdisciplinary teams, intensify these dynamics. In geographically dispersed or technically complex projects, the integration of diverse expertise becomes both critical and challenging. Studies indicate that surface-level diversity may hinder innovation in simple tasks but enhance outcomes in complex, interdependent settings. Thus, project characteristics strongly condition diversity-performance relationships.

Literature Review

Two dominant theoretical lenses explain these mixed effects. Social Identity Theory (SIT) posits that individuals categorize themselves into social groups, favoring in-group members and potentially marginalizing out-groups (Turner et al., 1979). In multicultural teams, such categorization may foster subgroup formation based on nationality or language, leading to stereotyping and reduced trust (Guzmán-Rodríguez et al., 2023). Empirical evidence links diversity to increased social categorization processes and ingroup bias, which undermine cohesion (van Knippenberg, 2024). From this perspective, diversity amplifies identity-based divisions that can disrupt communication and coordination. Consequently, SIT highlights the social risks of heterogeneity, particularly when teams lack integrative mechanisms to manage intergroup dynamics effectively.

In contrast, the Information/Decision-Making Theory (IDT) emphasizes the cognitive benefits of diversity. According to this view, culturally diverse teams possess a wider range of knowledge, perspectives, and heuristics, which can enhance creativity and decision quality when effectively integrated (Stahl & Maznevski, 2021). Meta-analytic results reveal that diversity is positively associated with divergent processes such as idea generation and innovation. Teams that successfully pool diverse informational resources demonstrate superior problem-solving capacity (van Knippenberg, 2024). Thus, IDT suggests that diversity is an asset when teams engage in deep information processing and constructive debate. The contrast between SIT and IDT illustrates the dual pathways through which diversity affects performance.

Empirical research confirms that the net effect of cultural diversity on project performance is contingent rather than universal. Large-scale meta-analyses involving more than 100 studies show no consistent direct relationship between diversity and overall performance outcomes (Stahl & Maznevski, 2021). Instead, diversity influences mediating processes such as

creativity, cohesion, and conflict. For instance, diverse teams often report higher creativity but also higher levels of interpersonal tension. Moderating variables, including task complexity, team tenure, and geographic dispersion, significantly shape outcomes (Wang et al., 2019). In long-tenured teams, misalignments may accumulate, intensifying conflict, whereas virtual teams sometimes display reduced overt categorization due to structured communication norms (Yousef, 2024).

Among the most influential moderators identified in the literature is team collaboration. Collaboration encompasses open communication, shared decision-making, knowledge exchange, and mutual support (Guzmán-Rodríguez et al., 2023). Empirical evidence from innovation and public-sector projects demonstrates that collaboration directly predicts project success indicators, including quality, timeliness, and stakeholder satisfaction (Caniëls et al., 2019). Furthermore, cross-departmental cooperation has been shown to enhance knowledge creation, indirectly boosting organizational performance (Wipulanusat et al., 2021). In diverse teams, collaboration facilitates the integration of heterogeneous inputs, transforming potential identity-based divides into productive synergies (Aguilera-Caracuel et al., 2015). Without collaboration, however, diversity may result in siloed communication and mistrust, limiting information sharing and amplifying social categorization.

The moderating role of collaboration can be theoretically justified through the integration of SIT and IDT. High collaboration levels may counteract the in-group biases predicted by SIT by fostering trust and shared identity (Turner et al., 1979). Simultaneously, collaborative processes enable the effective pooling of informational resources envisioned by IDT (van Knippenberg, 2024). Empirical findings indicate that psychological safety and strong teamwork amplify the creative benefits of diversity while mitigating conflict (Verwijs & Russo, 2024). In contrast, low collaboration environments allow identity-based divisions to dominate, suppressing cognitive gains (Obsuwan et al., 2021). Therefore, collaboration acts as a social and cognitive bridge, shaping whether diversity translates into enhanced or diminished project performance outcomes.

Despite extensive scholarship, important contextual gaps remain. Much empirical work has focused on manufacturing, IT, and software development sectors (Osaghae & Olatunji, 2024). Large-scale utility organizations, characterized by high-risk infrastructure projects and stringent regulatory environments, remain underexplored. Additionally, while numerous moderators have been identified, integrative models combining diversity, collaboration, and project-specific pressures are limited (Minbaeva et al., 2021; van Knippenberg, 2024). Questions persist regarding how governance systems, agile methodologies, and virtual collaboration technologies interact with cultural diversity in complex projects (Yousef, 2024). These gaps highlight the need for sector-specific, multilevel research examining conditional mechanisms within utility project contexts.

This study addresses these gaps by examining the moderating role of collaboration in the relationship between cultural diversity and project performance within Dubai Electricity and Water Authority (DEWA). As a large utility operating in a multicultural environment, DEWA provides a relevant context for investigating diversity dynamics in high-stakes infrastructure projects. Drawing on Social Identity Theory and Information/Decision-Making Theory, the study sought to determine: (1) the impact of cultural diversity on project performance, and (2) whether collaboration moderates this relationship. It is hypothesized that high collaboration

strengthens diversity's positive informational effects while attenuating social frictions, whereas low collaboration amplifies identity-based divisions.

Methods And Materials

This study employed a mixed methodological design that combined a systematic literature review (SLR) with a primary quantitative empirical investigation. The combined approach was adopted to strengthen internal and external validity by integrating synthesized global evidence with context-specific data. The systematic review synthesized existing empirical findings on cultural diversity, collaboration, and project performance, while the primary study tested the proposed moderating model within Dubai Electricity and Water Authority (DEWA). The review followed structured, transparent, and reproducible procedures consistent with PRISMA 2020 reporting standards and Cochrane methodological guidance to minimize bias and enhance replicability (Shaheen et al., 2023; Veginadu et al., 2022). The integration of secondary and primary data ensured theoretical grounding while generating new empirical evidence tailored to the utilities sector.

Systematic Literature Review Design

The SLR was conducted to identify, evaluate, and synthesize peer-reviewed studies examining the relationships among cultural diversity, collaboration, and project performance. A protocol was developed prior to commencement to prevent post hoc decision-making. The review question was structured using the PICO framework (Population, Interest, Context) to ensure clarity and focus (Calderon Martinez et al., 2025). The population comprised project teams; the phenomenon of interest was cultural diversity and collaboration; and the context included organizational and project-based environments. Predefining the protocol reduced selective reporting and enhanced methodological rigor (Dagher & Khan, 2025).

Database Selection and Search Strategy

A comprehensive multi-database search strategy was implemented to maximize coverage and minimize publication bias. The databases searched included Scopus, Web of Science, PubMed/MEDLINE, Embase, PsycINFO, and IEEE Xplore. These databases were selected because they collectively index management, organizational behavior, psychology, engineering, and interdisciplinary research relevant to project management and diversity studies (Dagher & Khan, 2025). Searching multiple databases was necessary because no single database provides exhaustive coverage.

Search strings were constructed using Boolean operators, truncations, synonyms, and controlled vocabulary (e.g., MeSH terms where applicable). Core keywords included "cultural diversity," "ethnic diversity," "multicultural teams," "collaboration," "teamwork," "project performance," and "moderating effect." Search strings were adapted to each database's syntax. All searches were documented, including database name, platform, date of search, and applied filters, in accordance with PRISMA 2020 recommendations. Reference lists of included studies and relevant reviews were manually screened to identify additional eligible studies. Language restrictions were limited to English to ensure feasibility, and publication years were restricted to 2015–2025 to capture contemporary evidence while maintaining relevance. These restrictions were justified and explicitly reported to acknowledge potential bias (Calderon Martinez et al., 2025).

Inclusion and Exclusion Criteria

Clear eligibility criteria were established a priori to ensure objectivity. Studies were included if they: (1) were peer-reviewed empirical articles; (2) examined cultural or ethnic diversity in team or project contexts; (3) assessed collaboration, teamwork, or related integrative processes; and (4) reported measurable performance outcomes. Quantitative, qualitative, and mixed-methods studies were eligible if they provided primary data. Studies were excluded if they were editorials, commentaries, dissertations, conference abstracts without full data, or systematic reviews. Articles lacking sufficient methodological transparency or outcome data were also excluded (See Figure 1).

Title and abstract screening were conducted independently by two reviewers. Discrepancies were resolved through discussion, and a third reviewer adjudicated unresolved disagreements to reduce selection bias (Calderon Martinez et al., 2025). Full-text screening followed the same dual-review procedure. Reasons for exclusion at the full-text stage were documented to ensure transparency and replicability.

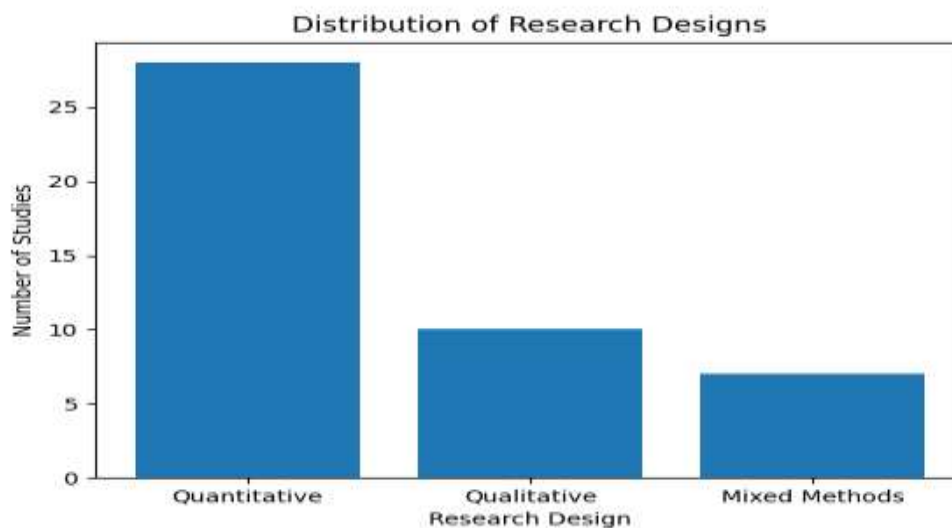


Figure 1: Research Design Distribution

Quality Appraisal

Methodological quality and risk of bias were assessed using validated appraisal tools appropriate to study design. Experimental studies were evaluated using the Cochrane Risk of Bias Tool (RoB 2.0), while observational studies were appraised using the Newcastle-Ottawa Scale (NOS). Qualitative studies were assessed using CASP checklists (Nejadghaderi et al., 2024). Each study was independently evaluated by two reviewers to reduce subjective bias (Shaheen et al., 2023). Domains assessed included selection bias, performance bias, detection bias, attrition bias, and reporting bias. Studies identified as high risk of bias were not automatically excluded but were flagged. Sensitivity analyses were conducted during synthesis to determine whether excluding lower-quality studies altered conclusions. This procedure strengthened internal validity and ensured balanced interpretation of evidence (See figure 2).

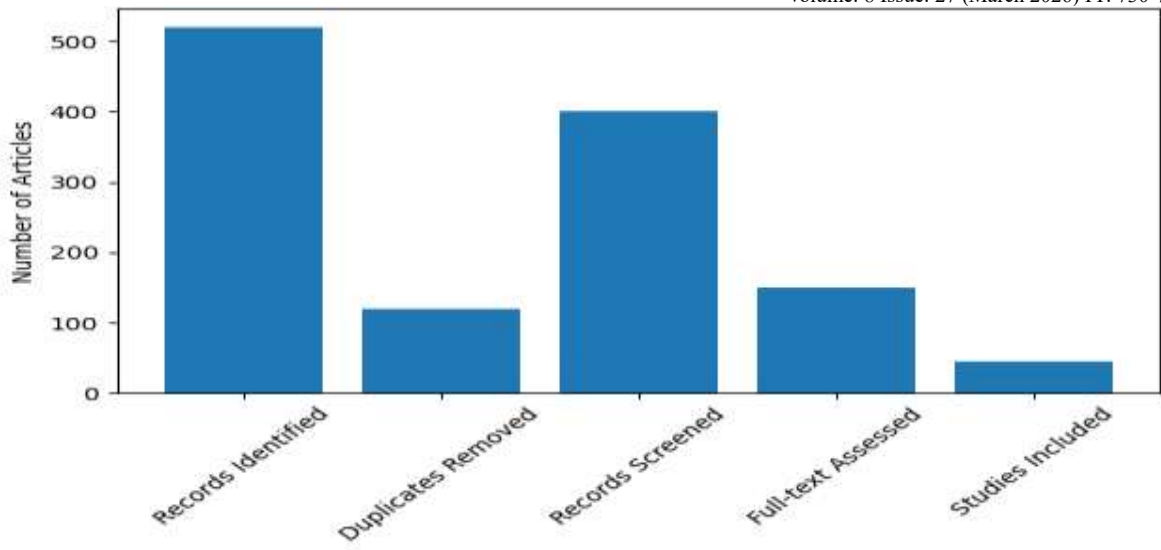


Figure 2: Prisma Flow Summary

Data Extraction and Synthesis

A standardized data extraction form was developed and pilot-tested on a subset of studies before full implementation. Extracted variables included author(s), year, country, sample size, team characteristics, research design, measurement instruments, operationalization of diversity and collaboration, statistical techniques, and key findings (Calderon Martinez et al., 2025). Data extraction was performed independently by two reviewers, and discrepancies were reconciled through consensus. Extracted data were tabulated for transparency.

Where studies were sufficiently homogeneous in design and outcome measurement, meta-analysis was conducted using R statistical software. Pooled effect sizes, 95% confidence intervals, and heterogeneity statistics (I^2) were calculated. Forest plots and funnel plots were generated to assess effect magnitude and publication bias. Where statistical pooling was not appropriate due to heterogeneity, narrative synthesis was performed to identify thematic and conceptual patterns (Calderon Martinez et al., 2025).

Primary Empirical Study

The empirical component employed a cross-sectional quantitative design to test the moderating role of collaboration in the relationship between cultural diversity and project performance within DEWA. A structured questionnaire was administered to project team members and managers across multiple departments. Stratified random sampling was used to ensure representation from engineering, operations, IT, and project management units. The sampling frame consisted of active project personnel listed in DEWA's internal project registry.

Cultural diversity was operationalized using Blau's heterogeneity index based on nationality composition within teams. Collaboration was measured using validated Likert-scale instruments assessing knowledge sharing, communication quality, mutual support, and joint decision-making. Project performance was assessed using multidimensional indicators including adherence to schedule, cost control, quality standards, and stakeholder satisfaction.

Reliability of constructs was evaluated using Cronbach's alpha coefficients, with a threshold of ≥ 0.70 considered acceptable.

Data Analysis

Data were analyzed using SPSS and AMOS. Descriptive statistics summarized demographic and team characteristics. Pearson correlation analysis examined initial relationships among variables. Hierarchical multiple regression was conducted to test moderation effects. Cultural diversity was entered in Step 1, collaboration in Step 2, and the interaction term (diversity \times collaboration) in Step 3. Variables were mean centered prior to interaction analysis to reduce multicollinearity. A significant interaction coefficient indicated moderation. Simple slope analysis was performed to interpret interaction effects at high and low levels of collaboration. Statistical significance was set at $p < 0.05$.

This methodological approach ensured rigorous evidence synthesis and robust empirical testing. The systematic review established the theoretical and empirical foundation, while the quantitative study provided context-specific validation within a large utility organization. The combination enhanced explanatory power and strengthened the credibility of conclusions regarding the moderating role of collaboration.

Results And Discussion

The findings confirmed that the relationship between cultural diversity and team performance was neither linear nor universally positive. Evidence synthesized from the meta-analyses and empirical studies demonstrated that diversity did not exert an unconditional direct effect on performance outcomes; rather, its influence operated through mediating processes such as creativity, cohesion, information elaboration, and conflict, and was shaped by boundary conditions (Minbaeva et al., 2021). For example, Stahl & Maznevski (2021) reported that cultural diversity alone failed to predict higher performance unless information elaboration and social integration were present. Similarly, van Knippenberg (2024) characterized diversity as simultaneously a promise and a challenge, capable of generating synergy through perspective integration while also triggering social categorization that undermines collaboration. These results aligned with Barabino et al. (2023), who emphasized that diversity potential is realized only under enabling team climates. Overall, the evidence indicated that diversity created performance opportunities and risks contingent upon team processes and contextual conditions.

Themes and Patterns

The results revealed two dominant themes in the literature. First, cultural diversity functioned as a dual-force mechanism: it enhanced creative problem-solving through knowledge heterogeneity while simultaneously increasing the likelihood of misunderstanding and interpersonal conflict when mismanaged (Barabino et al., 2023). Empirical studies consistently showed improved innovation outputs in diverse teams that engaged in deep information processing and inclusive dialogue, yet elevated task and relational conflict in teams lacking integrative mechanisms. Van Knippenberg (2024) succinctly framed this tension as synergy versus disruption, where knowledge exchange fostered performance gains but in-group biases hindered cohesion as shown in Figure 3.

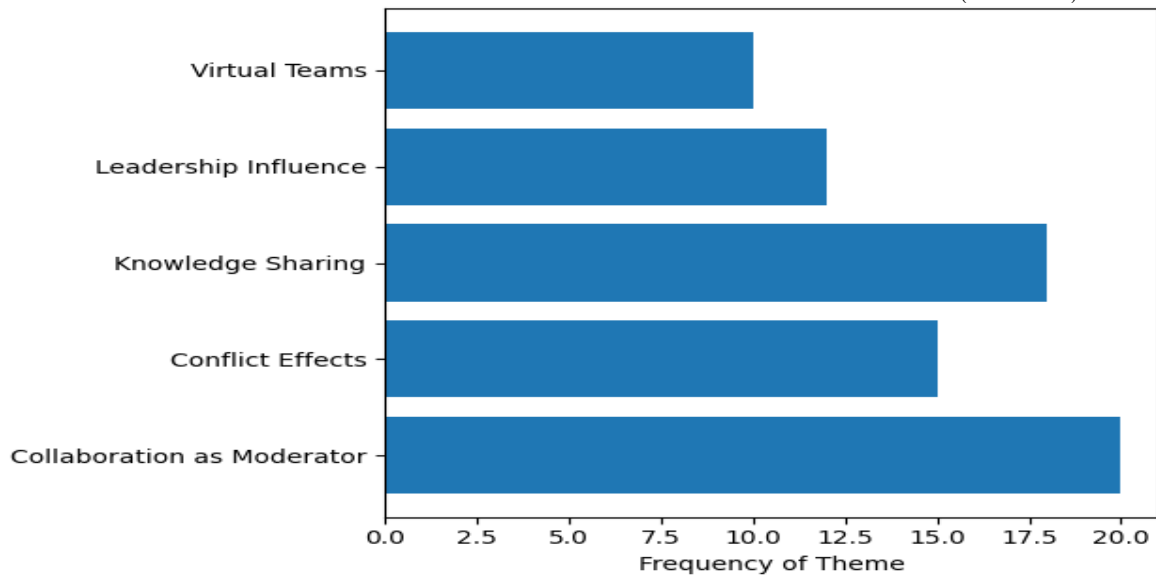


Figure 3: Thematic Frequency Analysis

Second, contextual boundary conditions significantly influenced outcomes. Studies demonstrated that psychological safety, trust, and inclusive climates amplified positive diversity effects (Jin & Peng, 2024). The National Academies review summarized by Barabino et al. (2023) emphasized that numerical diversity alone was insufficient; inclusive climates were necessary to unlock performance gains. These findings suggested that team composition without supportive processes did not yield sustainable advantages. The interpretation indicated that performance variability stemmed from differences in team climates rather than diversity per se, reinforcing the importance of collaboration as an enabling mechanism.

A further pattern concerned the type of diversity and task characteristics. Results showed that deep-level diversity, such as cognitive heterogeneity and knowledge diversity, more strongly predicted decision quality than surface-level attributes such as nationality (Jin & Peng, 2024; Patrício & Franco, 2022). In innovation-driven or knowledge-intensive projects, diversity enhanced performance when teams engaged in structured information elaboration. Conversely, in routine or low-complexity tasks, diversity introduced coordination costs that diluted efficiency gains. These findings indicated that diversity's impact depended not only on team climate but also on task interdependence and industry context. The interpretation suggested that cognitive diversity produced value when teams processed information collaboratively, whereas unmanaged surface diversity risked activating identity-based divisions.

Moderator Effects in Previous Studies

The results consistently identified team processes and climate variables as critical moderators. Psychological safety emerged as a significant positive moderator, strengthening the relationship between diversity and innovation (Jin & Peng, 2024). Teams characterized by open dialogue and mutual respect reported higher levels of information exchange, which translated into enhanced innovation outcomes. Similarly, trust was found to directly influence communication quality and collaboration efficiency, thereby improving project results (Karlsen & Nazar, 2024). These findings suggested that positive relational climates reduced the likelihood of social fragmentation predicted by diversity theories.

Leadership style and collaboration behaviors also demonstrated strong moderating effects. Wang & Duan (2024) found that shared leadership significantly amplified the innovation benefits of cognitive diversity, indicating that decentralized influence structures encouraged broader participation and knowledge integration. In contrast, hierarchical leadership models risked marginalizing minority perspectives, thereby suppressing diversity advantages. Kolzow et al. (2021) further showed that high collaboration in cross-cultural teams transformed potential cultural friction into productive problem-solving, enhancing task satisfaction. The interpretation indicated that collaboration mechanisms functioned as social integration tools, mitigating identity-based divisions while enhancing cognitive exchange.

Task and contextual moderators further shaped diversity-performance relationships. Research demonstrated that diversity yielded greater benefits in non-routine, complex tasks requiring varied perspectives, whereas routine tasks magnified coordination costs (Karlsen & Nazar, 2024). Additionally, digital collaboration tools and structured communication systems were shown to buffer diversity-related misunderstandings in virtual teams. These findings suggested that enabling infrastructures, including communication platforms and organizational support systems, played a significant role in determining outcomes. Collectively, the results reinforced the conclusion that collaboration and contextual enablers were among the strongest moderators transforming diversity into measurable performance gains.

Conclusion

The results aligned closely with Social Identity Theory (SIT) and Information/Decision-Making Theory (IDT). SIT posits that individuals categorize themselves into social groups, leading to in-group favoritism and potential out-group conflict. The empirical evidence demonstrating increased conflict and cohesion challenges in diverse teams without collaboration supported this theoretical prediction. Without integrative mechanisms, diversity heightened subgroup formation and mistrust, consistent with SIT assumptions (van Knippenberg, 2024).

Conversely, IDT emphasizes that diverse teams possess expanded informational resources capable of enhancing problem-solving when effectively integrated. Evidence showing improved innovation and decision quality under conditions of high psychological safety and collaboration supported the IDT perspective (Jin & Peng, 2024; Stahl & Maznevski, 2021). The dual findings confirmed that diversity outcomes depended on whether social categorization processes or information elaboration processes dominated. Collaboration appeared to function as a balancing mechanism, suppressing identity-based fragmentation while enabling knowledge integration. Thus, theoretical integration of SIT and IDT provided a comprehensive explanation for observed variability in performance outcomes.

Implications for Theory

The findings underscored the necessity for integrative diversity frameworks explicitly incorporating team processes as central explanatory mechanisms. Van Knippenberg (2024) noted that diversity research frequently identified numerous moderators without adequately integrating them into coherent models. The present results reinforced the importance of theorizing collaboration not as a peripheral variable but as a core moderating construct linking diversity and performance. Future theoretical models should distinguish between surface-level and deep-level diversity dimensions and specify how collaboration differentially interacts with

each. Additionally, multilevel approaches integrating individual cognition, team climate, and organizational structures are required to advance theoretical precision (Minbaeva et al., 2021).

Implications for Practice

From a managerial perspective, the results indicated that merely assembling culturally diverse teams was insufficient to guarantee superior performance. Managers were required to cultivate collaborative climates characterized by trust, open communication, and inclusive norms. Karlsen & Nazar (2024) emphasized that trust enhanced communication quality and collective problem-solving capacity, directly influencing project outcomes. Similarly, the National Academies findings summarized by Barabino et al. (2023) highlighted that inclusive environments were prerequisites for diversity benefits.

Practical interventions included structured team-building exercises, diversity and inclusion training, and formal mechanisms encouraging equal participation in decision-making. Shared leadership structures were particularly beneficial in innovation-oriented teams, as demonstrated by Wang & Duan (2024), who showed that collaborative leadership amplified cognitive diversity advantages. Establishing formal knowledge-sharing systems, such as cross-functional meetings and digital collaboration platforms, further supported information elaboration processes. Jin & Peng (2024) demonstrated that psychological safety enhanced mutual knowledge exchange, thereby strengthening innovation outcomes.

The results and discussion indicated that collaboration operated as a critical moderator converting cultural diversity from a potential liability into a strategic asset. Diversity alone neither guaranteed improved performance nor ensured dysfunction. Instead, performance outcomes depended on the presence of collaborative climates, inclusive leadership, and structured communication mechanisms capable of bridging social divides and leveraging cognitive heterogeneity. The integration of empirical evidence with theoretical perspectives provided a coherent explanation of why diversity sometimes succeeded and sometimes failed in project environments, offering clear directions for future research and organizational practice.

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