

Workforce Diversity Affecting on the Non-financial Performance of Taiwanese Multinational Enterprises under Different Environmental Factors: CEOs' Viewpoints

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Abstract

Workforce diversity has been a constant heterogeneous phenomenon affecting foreign employees within the general international businesses field. Often, multinational enterprises envelope their own organizational culture within which different effects might be substantially produced when workforce diversity is incorporated. This study introduces the concepts of technological degrees of industry, types of multinational enterprises and degree of involvement in overseas markets; these are not often mentioned in related research involving workforce diversity, but may be strongly related to non-financial performance (NFP) of enterprises. In this study, related data were collected from CEOs (chief executive officers) of Taiwanese multinational enterprises to examine the reaction and perception of workforce diversity, and the results were analyzed under specific conditions to investigate how the prevalence of industrial structure and international competition would affect the organizational performance. Basically, the empirical results signify that the effects of workforce diversity have Influenced on the non-financial performance of Taiwanese multinational enterprises under different environment factors.

JEL classification numbers: M12, M14, M16.

Keywords: Multinational Enterprise, Workforce Diversity, Organizational Performance, Technological Degrees of Industry, Internationalization.

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1. Introduction

In general, workforce diversity can be considered as similarities and differences among employees in terms of embracing differences and varieties, including age, cultural background, education, work style, physical abilities and disabilities, ethnicity, religion, gender, sexual orientation and many others (Wentling and Palma-Rivas, 2000 and Saxena, 2014). In a constantly changing global business environment, multiculturalism and diversity are becoming important discussion topics for multinational enterprises (MNEs). As such, during the recruiting processes, workforce diversity is often considered in order to be in line with policies and backgrounds of MNEs. This might be necessary to construct the dynamics of diversity and will in turn influence the formation of basic standards of social psychology, in order to restrain sour interactions among groups, to avoid situations such as prejudice, stereotype and discrimination (Adler and Gundersen, 2008 and Velten and Lashley, 2018). By properly managing or valuing workforce diversity, it could potentially mean that the qualities different people bring to their jobs are valued, and if the differences are adequately managed, they can contribute to the efficiency and effectiveness in the working organization. While evaluating the efficiency of an enterprise's management, non-financial norms or non-economic measures (Behyan, Mohamad and Omar, 2015) are also of important influence on a company's long-term performance. These non-financial norms can be expressed as: attendance rate, resignation rate, employees' morale, etc. (Chou, 2000 and Halkos and Tzeremes, 2015). Although the enterprise's non-financial performance is not easy to analyze quantitatively, it still has significant impacts on the organization efficiency (Roberge and Dick, 2010 and Kolk and Fortanier, 2013). Moreover, whether it is a cross-cultural or interdisciplinary perspective, workforce diversity could also benefit MNEs as to increase the learning effects on its employees considering cultural diversity to contribute in upgrading its overall performance. Managing diversity is a key component of effective people management in the workplace. Even today, it is widely believed that a diverse workforce is a key business strategy that can provide a long-term competitive advantage. Based on theory of organizational behavior, workforce diversity can be defined as a phenomenon of social and cultural heterogeneity, especially existing in non-dominant or minority communities. Recently, relevant researches reflecting this perception of diversity have been extended to industrial and educational contexts such as work tenure, living conditions and geographic resources (Bhadury, Mighty and Damar, 2000 and De Jong and van Houten, 2014), but less research has been discussed further on the management of workforce diversity for enterprises under particular circumstances such as types of technological degree of industries (capital intensive/labor intensive), internationalization of enterprises (MNEs/non-MNEs) and the degrees of overseas market involvement (cooperated with overseas partners) within multinational enterprises.

Nowadays, with constant globalization facing perpetual rising wages, environmental issues, and worldwide adjustments on workforce management,

uncertainty and flexibility to adapt is essential for industrial sectors. Under such circumstances, Taiwanese multinational enterprises might be forced to recruit foreign workforce from different countries, but in the period of structural transformation, there may be some differences workforce diversity management (Carpenter, Sanders and Gregersen, 2001 and Raziq and Maulabakhsh, 2015). In this case, multinational enterprises trying to stand out in this dynamic environment must integrate and coordinate cross-cultural, cross-ethnic workforces to increase efficiency. The increase in workforce diversity may affect the non-financial performance of enterprises (Dossi and Patelli, 2010). Therefore, in this study, we have established an empirical model and applied it to the types of technological degree of industries, the types of multinational enterprises and the involvement degree of overseas markets to detect the relationship between employee diversity and non-financial performance within MNEs. It is hoped that the empirical results of this study will provide better management strategies and policy implications for MNEs and government agencies.

The remaining of the study is organized as follows. Section 2 reviews the main literature. Section 3 develops the research hypothesis. Section 4 describes the research framework and model specification. Section 5 discusses the empirical results and analysis. Section 6 presents the concluding remarks.

2. Literature Review and Hypothesis Development

2.1 Literature Review

Jackson and Alvarez (1992) addressed that the formation of workforce diversity can positively affect organizational innovation, but negatively influence employee satisfaction and commitment to stay in the same position. Often, when there are more similarities between employees, there will be more mutual understanding and consideration between them. Nevertheless, dissimilarity of the workforce might in another perspective bring negative effects, such as divergence in ideas and variance in methods procreate infighting, which might in turn affect organizational performance significantly. Considering the above, by utilizing a culture assimilation and cross-cultural training, the existence of workforce diversity can thus ensure that interactions would be beneficial to provide more opportunities for success. In addition, Jain and Verma (1996) as well as Scroggins and Benson (2010) found that workforce diversity may also affect the functioning of local markets and create competitive challenges that ultimately lead to globalization.

In order to emphasize on how employee forms a common consensus to interact and share their learning experiences, Argote and Miron-Spektor (2011) indicated that there are several factors that influence organizational learning that are associated with interactions, trusts, conflicts, and solutions. Due to the workforce diversity forming organizational behavior by learning effects, it seeks for feedback and assistance to share resources through trial and error and becoming the priorities for enterprise operation. Kahn (2013) and Barak (2016) both evaluated the enterprise performance from the perspective of workforce diversity changes based on the

diversity modes in the organization climate, rather than based on diversity itself. Indeed, workforce diversity may in one way or another increase enterprise performance, strengthening creativity and innovation to improve management qualities and adapt to changing environments.

Hofstede (1980, 1994) pointed out that in multinational corporations, the interrelationship between management experience and the workforce requires the wise implementation of international strategies. Although many articles have related internationalization to consequently emphasize potential advantages of dealing with foreign affairs when operating multinational enterprises; still coming problems are intertwined from the complication of multiple-cultural management by competition, bounded by different national laws and the needs of customers (Carpenter, Sanders and Gregersen, 2001 and Jraid and Alhanaqta, 2018). From the perspective of supervisors dealing with performance evaluation, some unfair circumstances may be encountered. Generally speaking, the opinions of the employees are indeed different, but for an organization, considering these different ideas and solve each specific individual or groups are important (Dundon, Wilkinson, Marchington and Acketts, 2004). Workforce management is often inconsistent with organizational goals due to differences in values, beliefs and attitudes, and learning methods of different employees (Gardenschwartz and Rowe, 1998). In order to adapt to the organizational climate, once diversity is not effectively addressed, diverse values and understanding may be detrimental to the organization (Simons and Rowland, 2011).

According to the findings related to the workforce diversity in different working environments within industrial structures (Salin, 2003, Wang, 2010 and Östbring and Lindgren, 2013), industrial structure could be defined as to be labor-intensive, technical-intensive, material-intensive, or knowledge-intensive based on the economic concept of developmental model of industrial structures. Iverson (2000) and Li, Qian and Qian (2012) demonstrated that non-financial performance has different efficiencies in different work environments. workforce diversity with different industry characteristics or different countries may affect the non-financial performance of the company. Therefore, the management efficiency of the company will be considered by its multinational factors (Dossi and Patelli, 2010 and Bal and Bozkurt, 2013). Cultural diversity training focuses on increasing the cultural sensitivity of workers, and helps them to co-operate effectively (Mazur, 2010). However, the results may be doubtful for both the MNEs and non-MNEs. MNEs that understand the cultures in which they do business will be better equipped to meet the worker needs to successfully manage their global operations. Based on the above issues, this study aims to clarify and understand the workforce diversity through relevant factors to reflect its relationships with organizational performance, and further to investigate the relationships among them under different circumstances involving different technological degrees (capital intensive/labor intensive), internationalization of enterprises (MNEs/non-MNEs) and the degrees of overseas involvement (co-operated with overseas partners).

The occurrence of workforce diversity, especially for the management of foreign

employment, will become heterogeneous characteristics that could potentially affect the organizational operation of MNEs. While involved in overseas markets and facing global internationalization, MNEs might, on one hand, improve their operation performance due to workforce diversity, but on the other hand might also cause conflicts due to disharmony among employees. Therefore, considering the above issues, we believe that it would be meaningful to investigate the influence of workforce diversity on the operational performance for multinational enterprises under different environmental factors. With the globalization trend and the increase of workforce diversity, enterprises might employ native workers based on different markets in order to fit the designed goods and services to local market needs. Nevertheless, the degree of involvement in overseas markets and the increase of workforce diversity might assist enterprises to perceive more information from overseas markets (Behyan, Mohamad and Omar, 2015) and improve organizational performance.

The management of foreign employees, especially those involving workforce diversity, has become the main concerning issue of multinational enterprises and authorities. Although organizations include employees with different characteristics, especially those with different cultures and ethnicities, an effective management system has become a vital link for international businesses (Mazur, 2010). Our research is expected to discuss changes in non-financial performance between domestic or international enterprises, capital-intensive or labor-intensive industries, and the degree of involvement of overseas markets affected by the intervention of workforce diversity in Taiwan.

Previous research related to workforce diversity has been mostly concentrated on the outcomes of value norms, working behavior and the contribution of human resource management to businesses. Recently, exploring the influence of workforce diversity on non-financial performance is a major concern for organizations to discuss their heterogeneous effects. Therefore, the process of this research avails the clarification of the effectiveness of workforce diversity on multinational enterprises. Regarding non-financial performance under different circumstances and to investigate which varied conditions, involving different technological degrees (capital intensive/labor intensive), internationalization of enterprises (MNEs/non-MNEs) or the degrees of overseas involvement (co-operated with overseas partners) might interfere with the relationships considering organizational performance. Obviously, this study will provide some suggestions for international management based on the empirical results, hoping to contribute to the creation of knowledge and the basics of practical application.

2.2 Hypothesis Development

Based on the above literature, this study will detect that the combination of three sets of variables will provide the basis for our hypothetical model. When integrating workforce diversity, non-financial performance and different environment factors into assessing organizational performance of multinational enterprises, this research

can produce the enhanced results, and thus we consider them in our hypotheses. The circumstance variables, such as different technological degrees, levels of internationalization and the involvement degree of overseas markets are also included. These factors might lead us to a more comprehensive research in constructing our hypotheses. In hope that our study can provide interesting insights and bridge the arguments made in the previous study, further strengthen the arguments that support our hypothesis development and model specification.

H₁: The higher the degree of workforce diversity, the better the non-financial performance of MNEs

Previous literature suggests that the diverse group would stimulate brainstorming and produce high quality thoughts (McLeod and Lobel, 1992; Okoro and Washington, 2012) or provide service quality such as customer satisfaction and enhance organizational performance, productivity, effectiveness and sustainable competitiveness (Maingi, 2015). In contrast, the heterogeneous members are usually more active in exploring the problems and seeking solutions to avoid the conflicts caused by workforce diversity (Maingi, 2015). Nason, McKelvie and Lumpkin (2015) also discovered that the occurrence of heterogeneity would lead to various self-evaluations by the same team. Thus, Saxena (2014) and Maingi (2015) thought that through mutual understanding, cooperation and the establishment of MNEs can embrace multiple cultures (Kolk and Fortanier, 2013; De Jong and Van Houten, 2014), which enables them to increase opportunities for problem-solving and non-financial performance improvements through increased heterogeneity. Therefore, hypothesis **H₁** can be developed.

H_{2a}: The higher the degree of workforce diversity, the higher the non-financial performance in the capital-intensive industries

Higher workforce diversity would reduce the employees' self-consciousness and increase their integrated ability. Thus, members with different nationalities may need to communicate more to increase their mutual understanding and creativity to stimulate themselves and improve their performance accordingly. Workforce diversity comes with different opinions, which produce new knowledge for company interests, especially in a capital-intensive industry (Simons and Rowland (2011) and Kundu and Mor, 2017). If the workforce diversity can be effectively included in capital-intensive enterprises, then the integrated goal will easily increase further interests and benefits for non-financial performance of the enterprises (Kefela, 2010, Besler and Sezerel, 2012 and Tracey, 2014). Then, hypothesis **H_{2a}** is proposed.

H_{2b}: The lower the workforce diversity, the higher the non-financial performance in labor-intensive industries

In contrast, industries with a low degree of technology are labor-intensive and require less communication and co-operation. Therefore, less workforce diversity might lead to higher performance in these industries. Barge-Gil and Modrego (2011) discovered that management of multiplicities must depend on the conditions of safety and productivity under different work environments that senior managers thought. By way of managing the uniformed work, enterprises with a low degree of technology like the labor-intensive industries will improve workforce performance when workforce diversity is low (Iverson, 2000, Kefela, 2010 and Tracey, 2014). This reasoning leads to **H_{2b}**.

H₃: When the workforce diversity increases, the non-financial performance of MNEs is higher than that of non-MNEs

MNEs often hire more foreign employees to handle overseas affairs and to understand the local markets. The increase of workforce diversity means that enterprises tend to accept diverse opinions, especially on different cultures and nations. Therefore, domestic and foreign customers recognize that multinational companies will be more efficient than non-MNEs (Wentling and Palma-Rivas, 2000, Adler and Gundersen, 2007 and Kinyanjui, 2013). In general, managers in MNEs are apt to perceive the diversity in different cultures. While communicating with foreign employees, through cultural diversity training, improve their sensitivity and achieve compound opinions. It also helps foreign employees work harmoniously with local workers and improve more non-financial performance of MNEs. Then, hypothesis **H₃** is proposed.

H₄: When the workforce diversities increase, capital-intensive compared to labor-intensive industries in MNEs produce higher non-financial performance than that in non-MNEs do

In MNEs, capital-intensive enterprises need to engage more in labor negotiations to reduce diversity (Robbins and Judge, 2016). Often, frequent communication and technical training are required in this area (Chen, Jiang, Wang and Hsu, 2014). Compared with labor-intensive industries, the increase in workforce diversity in capital-intensive industries in MNEs is likely to lead to higher non-financial performance. In addition, according to the research of Robbins and Judge (2016), when multinational enterprises enter the global market, capital-intensive industries need more communication and interaction than labor-intensive ones to eliminate diversity. In contrast, in labor-intensive industries, foreign employees who are usually assigned to work in a unified and systematic manner often collide with domestic workers, thereby reducing the enterprise's non-financial performance. Based above discussions, hypothesis **H₄** can be developed.

H₅: Under the existing condition of workforce diversity, the higher the degree of involvement in overseas markets, the greater the increase in non-financial performance

The degree of involvement of enterprises in overseas markets can be analyzed by the number of their co-operated businesses in foreign countries (Behyan, Mohamad and Omar, 2015). The more co-operated businesses they have, the higher is the degree of involvement in overseas markets. In the globalization trend, workforce diversity is designed to meet domestic work requirement. Therefore, local employees are hired to produce individual goods that can be adapted to the needs of the local market (Fernández Olmos and Díez-Vial, 2015). Thus, the increase of workforce diversity will help enterprises fully understand the overseas market, and at the same time increase its non-financial performance. Hence, the hypothesis **H₅** is proposed.

3. Research Framework and Model Specification

This study has engendered the research hypothesis in order to examine the influence of workforce diversity on non-financial performance of enterprises, using different conditions to establish the research structure, aspects and variables. The appropriate questions were carefully selected and a questionnaire was designed to conduct a pilot study. The quasi-questionnaire must be pre-tested and re-encoded for adjustment before distribution. This is critical to collecting consistent results related to the non-financial performance of MNEs, as the workforce diversity in operating MNEs mentioned in previous studies is very important. Meanwhile, this study aims to explore the relationship between workforce diversity and non-financial performance of MNEs under different levels of internationalization and industrial structure.

3.1 Research Framework

The research structure is established to discover the relationships between employees of different nationalities and the non-financial performance of the MNEs in various circumstances. This is achieved by using a comparable discussion of workforce diversity in the literature review above. In our model, workforce diversity is considered as an independent variable (IV) which could influence the non-financial performance of MNEs. In this case, it is depicted as the dependent variable (DV), see Figure 1. The different circumstances relate to the characteristics by controlled variables (CV), such as different technological degree, the levels of internationalization and the involvement degree of overseas markets.

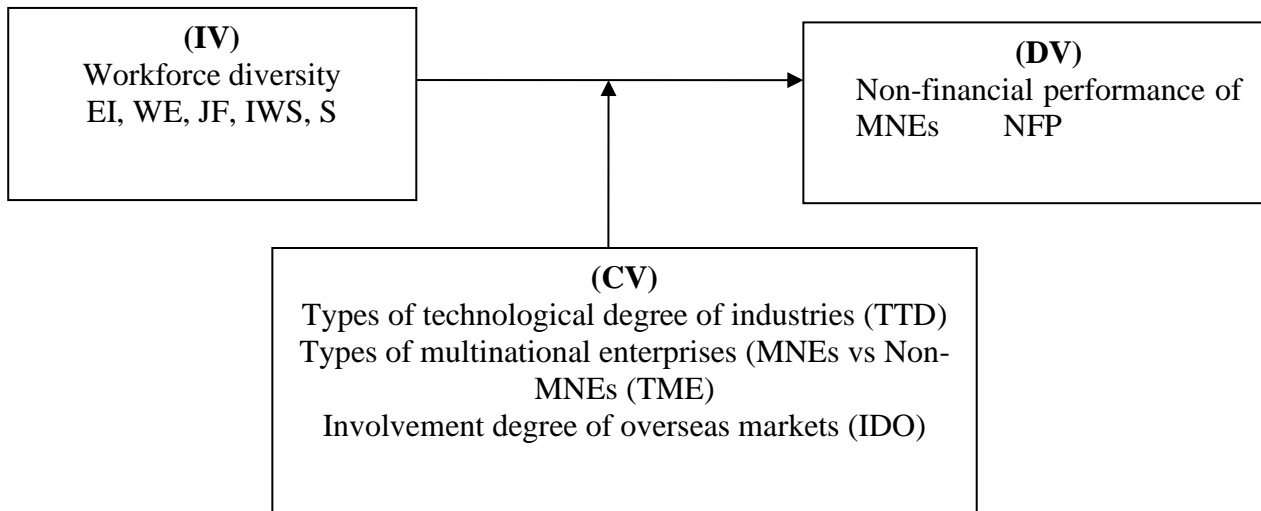


Figure 1: The Conceptual Framework Model

3.2 Model Specification

Workforce diversity (WD) with respect to multiple cultures can improve the enterprises' non-financial performance (NFP) of MNEs. Thus, it is necessary to further study the application of empirical regression analysis to discuss the results. This aims to understand the relationships between enterprises' non-financial performance as the dependent variable (DV). In accordance, workforce diversity is measured by the following five dimensions: enterprise internationalization (EI), working efficiency (WE), job fit (JF), interactions with the supervisors (IWS) and socialization (S), as independent variables (IV). For the next step, we incorporate the issues related to: types of technological degree of industries (TTD), Whether the enterprise belongs to a multinational enterprise (TME) and involvement degree of overseas markets (IDO) as control variables (CV). Therefore, our conceptual model can be set up as follows:

$$\text{NFP} = f(\text{WD}; \text{TTD}, \text{TME}, \text{IDO}) + \varepsilon \quad (1)$$

Workforce diversity (WD) is measured in five dimensions: EI, WE, JF, IWS, S. Then we can replace these five variables with WD, and the new function model can be created as follows:

$$\text{NFP} = f(\text{EI}, \text{WE}, \text{JF}, \text{IWS}, \text{S}; \text{TTD}, \text{TME}, \text{IDO}) + \varepsilon \quad (2)$$

Where

NFP= Non-financial performance of MNEs

EI= Enterprises' internationalization

WE= Working efficiency

JF= Job fit

IWS= Interactions with the supervisors

S= Socialization

TTD= Types of technological degree of industries

TME= Types of multinational enterprises (MNEs vs Non-MNEs)

IDO= Involvement degree of overseas markets

ε = Error term or residual, $\text{iidN}(0, \sigma^2)$

3.3 Dependent Variable (DV)

Non-financial performance (NFP) has been established to measure organizational performance as a dependent variable. The reasons for the impact that business operations may have on organizational performance and related workforce strategies and human resource management have been widely discussed (Porter, 1980; Hernaus, Pejić Bach and Bosilj Vukšić, 2012). While assessing the efficiency of business management, non-financial norms have a significant impact on the enterprise's long-term performance. These norms can be represented as: attendance rate, resignation rate, employees' morale, etc. (Chou, 2000). This research focuses more on the discussion of subjective norms of non-financial performance, which is difficult to quantify but greatly affects an enterprise's long-term operations (Dossi and Patelli, 2010). The questionnaire regarding the norms of non-financial performance is designed and amended from that of Delaney and Huselid (1996), Chou (2000) and Dossi and Patelli (2010). The focus of the survey is on issues related to whether hiring foreign employees would increase the non-financial performance of an enterprise.

As noted above, non-financial performance of MNEs is difficult to quantify, but has a significant impact on organizational efficiency (Lau and Sholihin, 2005 and Dossi and Patelli, 2010). Therefore, we apply this problem to a more detailed analysis. In our research, we obtained excellent evaluations and discussions on non-financial performance from sample data of Taiwanese enterprises; inquiries, important personnel within the company. As such, especially the labor turnover rate is used to explain whether employees are satisfied with their working environment. Whereas non-profits, particularly related to the expansion of overseas market shares, have been linked to the growth rate of exports; and standard salary has then been utilized to reflect the degree of employee devotion. In addition, corporate image, value and customer satisfaction are also included in our survey to measure the enterprise's non-financial performance (Lee, Ho and Chiu, 2008, Dossi and Patelli, 2010 and Hernaus, Pejić Bach and Bosilj Vukšić, 2012).

3.4 Independent Variables (IV)

To define workforce diversity, we first calculate the percentage of foreign employees within the same enterprise (at both white and blue-collar levels). The next step is to perceive how foreign employees reflect heterogeneous phenomena. Based on the questionnaires designed for this study, it will be helpful for supervisors to assess the working performance of foreign employees and issues related to employee adaptation. In continuation, five dimensions are established for workforce diversity through our survey, and they are depicted as follows:

3.4.1 Enterprises' Internationalization (EI)

The trend of internationalization usually signifies the level of commitment of an enterprise to foreign markets (Fernández Olmos and Díez-Vial, 2015 and Mellahi, Frynas and Collings, 2016). As global products become identical and homogenized, increased competition forces local enterprises to become internationalized to reduce operational risk (Hofstede, 1980 and Bal and Bozkurt, 2013). Due to the incomplete competition within commodity and/or factor markets, this will lead to different competitive advantages. Enterprises involved in overseas market operations typically outperform domestic manufacturers in market operations (Bal and Bozkurt, 2013). When companies face internationalization, they will become more complicated in organizational management. For example, when extending labor production factors to foreign markets, there are more opportunities to deal with more diverse cultures (Hofstede, 1980; Griffin and Pustay, 2015), managing business internationalization activities by workforce diversity is an important strategy to improve organizational performance

For the measurement of enterprise internationalization, this study considers the viewpoints from related researches, and selects the most relevant items, such as using the operational style from a multinational enterprise to identify with a questionnaire of enterprise internationalization. For instance, ❶ to measure the level of an enterprise relying on overseas market by asking “*the average percentage of annual overseas sales in the past three years*”, ❷ to measure the level of an enterprise supplying overseas production by evaluating “*the average percentage of owing overseas properties in the past three years*”, and ❸ to measure the interactions between an enterprise and its overseas branches by perceiving the data of “*the number of local employees dispatched to overseas branches*” and “*the Number of foreign employees recruited in the past three years*”. In addition, this study also measures the level of market expansion by measuring “*the numbers of commercial transaction with foreign companies in the past three years*”, also as the degree of involving in overseas markets.

3.4.2 Working Efficiency (WE)

In this study, working efficiency of employees with different nationalities is measured by task identity and task importance. Task identity refers to whether the

employees can finish an assignment and completing their portion of the work independently (Mellahi, Frynas and Collings, 2016). In addition, task importance also refers to the extent to which individuals influence the lives and work of others (Saxena, 2014). The questionnaire is designed by the factors of skill variety, task identity, task importance, and task feedback from the job diagnostic scale made by Hackman and Oldham (1975). In this study, six questions related to task identity and task importance are measured by the 5-point Likert Scale.

3.4.3 Job Fit (JF)

Edwards (1991) defined an individuals' job fit as whether the individual's skill can fit the required abilities, or whether the working resources are suitable for the individuals' needs. Job fit plays a crucial role in sociology and human resource management, where the employees' value, beliefs and personal characters, together with the organizations' values, beliefs and norms have become key points of research while considering job fit (Raziq and Maulabakhsh, 2015). Therefore, job fit can be considered as a vital factor in measuring the degree of harmony between individuals and organization (Kundu and Mor, 2017). This study selects seven questions from the questionnaires made by Cable and Judge (1996) and Chhabra (2015) in order to measure the degree of job fit using a 5-point Likert scale.

3.4.4 Interactions with the Supervisors (IWS)

When facing foreign employees with diverse backgrounds, supervisors might need to put more effort into interactions in order to enhance organization performance. The interactions between supervisors and employees will create the knowledge and techniques related to their tasks, which will be either the constraints or the development for the organization, depending on the solutions to the problems (Reijers, Vanderfeesten, and van der Aalst, 2016). Our questionnaire was revised by the above criteria, and we regard the questionnaires of Kim (2003) and Goby, Nickerson and David (2015) as references to discuss the interactions between the supervisors and their foreign employees in the enterprise.

3.4.5 Socialization (S)

Often, it is comparatively impractical to quickly adapt to new values, norms and roles in the process of social learning. Through continuous learning and adapting, an individual might become more accommodated within a society. Chao, O'Leary-Kelly, Wolf, Klein and Gardner (1994) explored the perspectives of socialization in organizations and defined six aspects: history, language, politics, people, organizational goals and values, relating to performance proficiency as means of measuring degree of socialization. As for individuals, Goby, Nickerson and David (2015) discovered that newcomers to organizations are not only passively accepted, but do also automatically adapt to the environment, seeking information and developing abilities of social support and coordination. Griffin and Pustay (2015) argued that learning to manage multicultural and diverse organizations often has

higher levels of productivity associated with organizational goals and values, and suggests that these organizations are generally well socialized and lead to workforce harmony. Based on the above discussions, this study uses the concepts of Chao, et al., (1994) and Griffin and Pustay (2015) to measure socialization as a proxy for work diversity.

3.5 Control Variable (CV)

The purpose of using control variables is to analyze whether the relationships between dependent variables and independent variables will be affected by changes in external environmental factors. The interpretations of the control variables in this study are described as follows:

3.5.1 Types of technological degree of industries (TTD)

Distinct industries require different degrees of technology and this causes an impact on workforce diversity regarding organizational performance. When enterprises face different levels of technology, they have different perspectives on the impact of workforce diversity on their non-financial performance (Li, Qian and Qian, 2012, Shen and Tzeng, 2016). Therefore, the technological degree of an industry is considered as a control variable. In this study, due to industrial specializations in Taiwan, some traditional industries have been converted into multi-innovational industries (Liu, Tsai and Tsay, 2015). The surveyed data confines the industries to be divided into two categories: capital-intensive and labor-intensive, based on the factor intensity by capital/labor (K/L) ratio. This variable is operated as a dummy variable in the statistical analysis. If 1 represents capital-intensive industry; 0 represents labor-intensive industry.

3.5.2 Types of multinational enterprises (TME)

The evaluated companies in Taiwan are sampled from the official data, and the interviewed data is divided depending on whether they belong to multinational or domestic enterprises. Multinational enterprises with higher workforce diversity have been able to manage foreign employees more effectively than domestic or non-multinational enterprises (Hofstede, 1980 and Bal and Bozkurt, 2013). In this study, a multinational enterprise is defined as a single company with domestic and overseas factories, with only its own product sale branches, and the remaining companies are considered as non-multinational enterprises. This variable is also operated as a dummy in statistical analysis. If 1 represents multinational enterprises, 0 represents a non-multinational enterprise.

3.5.3 Involvement Degree of Overseas Markets (IDO)

A successful enterprise most likely might expand its overseas markets. The degree of involvement in overseas markets will be based on the numbers of cooperative overseas businesses or partners as the main measurement. Meanwhile, overseas cooperative businesses or partners in the last three years are considered in order to

perceive the impact of enterprise internationalization regarding workforce diversity (Weusthoff, Grieser and Meckl, 2014 and Garcia-Fuentes, Ferreira, Kennedy and Perez, 2016). In this study, one of the objectives is to assess whether workforce diversity would affect the non-financial performance after involvement in overseas market. This variable is also operated as a dummy variable in the statistical analysis. As for the involvement degree of overseas markets, the analyzed results are presented by their involvement degree (d) values, where d=5 the numbers of foreign company cooperated with more than 80 partners; d=4, 60~80; d=3, 40 ~60; d=2, 20 ~40; and d=1 less than 20.

4. Empirical Results and Analysis

4.1 Sampling and Survey

The collected data is categorized by using statistical analysis in order to test the hypotheses. The interviewees' responses to the questionnaires can influence the validity and reliability of the data, both of which form the basis for understanding the answers to the questions. The executive managers of the evaluated enterprises in Taiwan were selected as the interviewees. The survey inquired important staffs such as CEOs within the investigated enterprises. Because CEOs with longer tenure, higher educational level, greater international experience or greater stock ownership are more likely to achieve internationalization (Nielsen and Nielsen, 2011). In this study, 360 surveys were conducted with 200 answered returning samples; data was then re-organized into 102 validated samples.

4.2 Basic Characteristics of Samples

Of the 102 complete questionnaires, 83 were filled out by males and 19 by females. The demographic information of the interviewees is listed in Table 1. With the majority serves the same company for at least 10 years. Regarding the duties of the interviewees, 80 % belong to the management level, and the remaining 20 % are administrators or technical staffs. Regarding marital status, 84 of them are married and the remaining 18 are single or divorced. Most of the interviewees are of Taiwanese, with only 5 of them have dual citizenship, and just one has a foreign nationality (American). 80.4 % of the interviewees have higher positions than managers, including 13 presidents and 69 CEOs of the enterprises.

**Table 1: The Demographic Information in This Research
(Characteristics of Respondents)**

Demographics	Categorization	Amount (n=102)	Percentage (%)	
Gender	Male	83	81.37	
	Female	19	18.62	
Age	0~29 years old	1	0.98	
	30~39 years old	25	24.51	
	40~49 years old	52	50.98	
	Over 50 years old	24	23.52	
Service years	Less than 6 months	1	0.98	
	6-12 months	4	3.92	
	1-2 years	7	6.86	
	2-4 years	8	7.84	
	4-6 years	14	13.73	
	6-10 years	28	27.45	
Sorts of duties	More than 10 years	40	39.22	
	Management	79	77.45	
	Technique	1	0.98	
	Administration	22	21.57	
	Business (Sales)	0	0	
	Educational background	Graduate Degree	49	48.04
		Under Graduate Degree	42	41.18
Vocational or Specialist College		8	7.84	
High school		3	2.94	
Marital status	Married	84	82.35	
	Single	18	17.65	
Nationality	Taiwan, R.O.C.	97	95.09	
	USA, Japan, Europe	1	0.98	
	Double Nationalities	5	4.91	
Position	President/Boss	13	12.75	
	General Managers/CEO	69	67.65	
	Director /Section Chief	20	19.60	
Annual Income (NT\$)	<500,000	12	11.76	
	500,000~800,000	8	7.84	
	800,000~1,000,000	42	41.18	
	1,000,000~2,000,000	19	18.63	
	2,000,000~3,000,000	9	8.82	
	>3,000,000	12	11.76	

According to our survey data, the average number of distinct nationalities amongst foreign employees of all enterprises is 4.95. The average number of workers per enterprise is 3952.46, and the average number of foreign employees (including executives and workers) is 830.29; indicating a high degree of workforce diversity. Within three years, the average number of foreign workers recruited at one time is 203.07, and the average employment time is 23.37 months. Of the 102 companies, 64 are labor-intensive and the remaining 38 are capital-intensive. Enterprises with overseas branches, average to 3.42 countries (including Mainland China). In addition, 75 enterprises do have their own domestic or overseas factories and branches of sales.

4.3 Results of Reliability and Correlation Analysis

4.3.1 Results of Reliability

Reliability analysis is conducted using Cronbach's α . A reliable scale possesses an α score of at least 0.7 (Bagozzi and Yi, 1988). The reliability of the relevant variables for five dimensions established for workforce diversity through our survey from the questionnaire are discussed and the corresponding Cronbach's α values are shown in Table 2. It depicts that all the Cronbach's α values are greater than 0.70, which indicates that the measured variables have good reliability.

Table 2: Estimated Cronbach's α for Measuring the Reliability of Each Variable about Workforce Diversity and Non-financial Performance

	Cronbach's α	Numbers of items
Internationalization of an enterprise	0.705	5
Working efficiency	0.707	6
Job fit	0.714	7
Interaction with the supervisors	0.705	9
Socialization	0.754	24
Non-financial performance	0.708	9

4.3.2 Results of Correlation Analysis and MANOVA

Estimated correlations of the variables are shown in Table 3. All the values are smaller than 0.626 reflecting that their relationships are less collinearity. Also, the three norms among the workforce diversity (WD) measurement variables (work efficiency, job fit and the interaction with supervisors) clearly reveal that there is a significantly positive correlation with the dependent variable (organizational non-financial performance).

Table 3: Estimated Correlation Coefficients

	Degree of Enterprises' Internationalization	Measurement of WD and Working Efficiency	Measurement of WD and Job Fit	Measurement of WD and Interactions with Supervisors	Socialization	Enterprises' Non-financial Performance
Degree of Enterprises' Internationalization	1	-.025	.300	.261	.096	.095
Measurement of WD with Working Efficiency	-.025	1	.135	.320	-.365	.354
Measurement of WD and Job Fit	.300	.135	1	.626	-.090	.440
Measurement of WD and Interactions with Supervisors	.261	.320	.626	1	-.151	.296
Socialization	.096	-.365	-.090	-.151	1	-.240
Enterprises' Non-financial Performance	.095	.354	.440	.296	-.240	1

Based on the above correlation analysis, the coefficients relating to the variables of workforce diversity on the dependent variable are slightly higher. Indicating that when workforce diversity is higher, the workforce diversity and enterprises' non-financial performance have a trend of moderate correlation or more. Hence, in this research, it is predicted that enterprises may perform more efficiently in multicultural environments. From the perspective of a multivariate analysis, the dependent variable of enterprises' non-financial performance (Y_j) can be first utilized the analysis of variance (ANOVA) to verify that the dependent variable is influenced by one or more other factors, or one or more variables, and determine the main interactive effects among these variables for workforce diversity. In the multiple regression analysis, not only the hypotheses are tested, but also the relevant factors are estimated. If the result of the F-test is significant, the data can be analyzed further by multiplicity in order to estimate the difference and report the interactive effects by presenting their marginal estimates. The above issues will be discussed below.

As indicated in Table 4, among the workforce diversity variables in this research, those that belong to internationalization process with work efficiency, job fit, and interaction with supervisors, all showed that the entire mode has reached statistical significance. The significant p-values in multivariate analysis of variance (MANOVA) are smaller than 0.05, meaning that these three variables have absolute influence on the dependent variable of enterprises' non-financial performance. The preliminary results may indicate that enterprises' non-financial performance can be a function of three variables related to workforce diversity such as: work efficiency, job fit and the interactions with supervisors. Notwithstanding, the results of job fit

mixed together with interaction with supervisors (p-value=0.037) are found to strongly influence non-financial performance. Implying that these two variables both have more influence on enterprises' non-financial performance than does job fit alone.

Table 4: MANOVA Analysis for Between-Subjects Effect Test

Sources	Sum of Squares	df	Mean Square	F-test	P-value.
Corrected Model	12.868	93	.138	7.797	.002
Intercept	638.594	1	638.594	35983.396	.000
WD and Working Efficiency	1.911	11	.174	9.790	.002
WD and Job Fit	1.464	8	.183	10.314	.002
WD and the Interaction with Supervisors	2.101	15	.140	7.892	.003
WD and Working Efficiency * WD and Job Fit	.017	2	.009	.484	.633
WD and Working Efficiency * WD and the Interaction with Supervisors	.071	3	.024	1.336	.329
WD and Job Fit * WD and the Interaction with Supervisors	.111	1	.111	6.261	.037
WD and Working Efficiency* WD and Job Fit* WD and the Interaction with Supervisors	.000	0	.		
Error	.142	8	.018		
Total	1143.383	102			
Corrected Total	13.010	101			

Note: Dependent Variable: The enterprises' non-financial performance (NFP) as Y_j

$R^2 = 0.989$ (Adjusted $R^2 = 0.862$) F-statistic=8.1467 (7.9836) Prob(F-statistic) 0.0000

4.4 Results of Multiple Regression Analysis

From the perspective of MANOVA, the workforce diversity in a multicultural context can improve the enterprises' non-financial performance. Thus, we further utilize multiple regression analysis in order to discuss the results. Our purpose is to understand the relationships between Y_j (the dependent variable DV) and X_j the (independent variables IV) by creating a linear combination in order to predict the capability of dependent variables. The multiple regression model constructed from our previous conceptual framework model (equation3) is expressed as follows:

$$Y_j = \alpha + \sum_{j=1}^n \beta_j X_j + \varepsilon \quad (3)$$

Where

Y_j : dependent variable, enterprises' non-financial performance (NFP), $j = 1 \sim n$

X_j : independent variables, workforce diversity (WD) measured by the five dimension variables of EI, WE, JF, IWS, S

α, β : an intercept and regression coefficient

ε : error term or residual, the possibility distribution satisfying $iidN(0, \sigma^2)$

The above model is theoretical because the real values of α, β_j , are not available. After estimation based on the data, the equation is then re-written as:

$$\hat{Y}_j = a_0 + \sum_{j=1}^n b_j X_j \quad (4)$$

Where a_0 and b_j , regression coefficients are estimated by using maximum likelihood estimation (MLE) method.

Based on the results in Table 5, the estimated coefficients of work efficiency (WE) and job fit (JF) show a statistically significant impact on the enterprises' NFP but interaction with supervisors (IWS) does not. As for the enterprises' internationalization (EI) and job fit (JF), they both have positive effects and the effect of enterprises' internationalization is not statistically significant effect on the enterprises' NFP. Though coefficients of WE, IWS and socialization (S) show negative impact on the enterprises' NFP, the combined sum of all coefficients of these factors together still leads to overall positive results. Therefore, we can recognize that the participation of foreign workforce has a positive effect from the combination of the workforce diversity on the enterprises' NFP in their operating environment. We have more detail discussions in following section.

Table 5: Results of Multiple Regression Analysis

	Coef.	Std. Err.	t	P>t
Intercept	2.9566	0.4207	7.03	0.000
Internationalization	0.0330	0.0525	0.63	0.531
Work Efficiency	-0.1275	0.0435	-2.93	0.004***
Job Fit	0.3650	0.0929	3.93	0.000***
Interactions with Supervisors	-0.0761	0.0921	-0.83	0.011
Socialization	-0.1186	0.0925	-1.89	0.063*

Note: 1. *** means the significant level < 1%, ** means < 5%, * means < 10%.

2. Dependent variable: the enterprises' NFP

3. Number of obs=102

4. R-squared=0.2978 F-statistic=8.1467 Prob(F-statistic) 0.0000

5. Adj R-squared=0.2612 F-statistic =7.9836 Prob(F-statistic) 0.0000

6. White-test statistic 2.2345

Due to the various effects of workforce diversity (WD) mainly arising from working efficiency (WE), job fit (JF) and the interaction with supervisors (IWS) based on the results of MANOVA above, the workforce diversity can be considered as a category of these three factors. In terms of the marginal effect it produces from working efficiency (WE), job fit (JF) and the interaction with supervisors (IWS), this workforce diversity can be turned into a workforce diversity category indicator (WDI). Based on Greene's hypothesis (2012), by using linear regression analysis, the regression coefficient can act as an estimation of parameters needed to explain the effects. The coefficients produced from these variables interacting with the dependent variable, they can only be expressed as the marginal effects of the model. It is expected that each variable can partially explain a phenomenon; individual effects may come from the accumulation of marginal effects of the related explanatory variables. Some explanatory variables can be jointly explained a group phenomenon, the effect can be summed up by the marginal effect of each explanatory variable. In our study, the impact of measurement variables of workforce diversity on the enterprises' NFP is generated by work efficiency, job adaptability and interaction with supervisors, and these effects are shown main effects of workforce diversity, but there is no dependency between them. Therefore, the accumulation of the three estimated regression coefficients of the workforce diversity is as follows:

$$\text{WDI} = \sum_{i=1}^3 b_i \quad (5)$$

WDI= workforce diversity category indicator

As shown in Table 5, the sum of marginal effects of the category indicator for the workforce diversity is 0.1614, which shows that the workforce diversity has a positive impact on the enterprises' NFP in general. **H₁** is supported. The study of Ogbo, Anthony and Ukpere (2014) supports our results, indicating that the increase in workforce diversity helps the enterprises' NFP to increase. It should be noted that this model was estimated by MLE, the R² (or adjusted R²) is statistically significant, whereas the F-statistic for each result is 8.1467 (7.9836). The model also showed no heteroskedasticity in the estimated residuals based on White-test. Hence, the estimated model has a reasonable fit and the empirical results are also useful and applicable.

This study further analyzes the influences of workforce diversity on the enterprises' NFP in labor-intensive and capital-intensive industries. According to the empirical results shown in Table 6, it demonstrates that the workforce diversity has less impact on the enterprises' NFP in labor-intensive industries than in capital-intensive industries (WDI, 0.0743 < 0.4565). In addition, we also have found that the interaction with supervisors is positively related to capital-intensive industries, but negatively related to labor-intensive industries. This phenomenon can be explained by the fact that the capital-intensive industries can succeed with multiple cultures and are hence able to brainstorm more ideas than labor-intensive industries. Both **H_{2a}** and **H_{2b}** can also be accepted.

The research findings of Liu, Tsai and Tsay (2015) and Kundu and Mor (2017) support our results.

Table 6: The Values of Workforce Diversity in Different Industries and MNEs

	Labor intensive industries	Capital intensive industries	MNEs	Non-MNEs
WDI Value	0.0743	0.4565	0.2074	0.001
Samples (%)	38(37.3%)	64(62.7%)	83(81.7%)	19(18.3%)

Note: Based on the results of regression analysis under each sample case

Of the 102 samples, 83 enterprises are in line with the definition of MNEs, and the remaining 19 are in line with the definition of non-MNEs. According to empirical findings, in the regression analysis of related independent variables, only job fit and working efficiency under workforce diversity have significant effects in MNEs, and the remaining workforce diversity variables are not significant in both MNEs and non-MNEs. Reviewing the workforce diversity category indicator (WDI), the workforce diversity of MNEs has a higher impact on the enterprises' NFP than non-MNEs (WDI, 0.2074 > 0.001) (Table 6). H_3 is then accepted. This signifies that Taiwanese CEOs or executive managers in MNEs has more emphasis on the workforce diversity management of foreign employees than others. The research findings of Lonial and Carter (2015) supports our results.

The next step in this study is to compare the impact of workforce diversity on the enterprises' NFP in different types of industries. As shown in Table 7, in the case of MNEs, the impact of workforce diversity on the enterprises' NFP in capital-intensive industries (WDI = 0.5135) are higher than labor-intensive industries (WDI = 0.1058). This means that when the workforce diversity increases, the enterprises' NFP of MNEs in capital-intensive industries is higher than that of non-MNEs compared with MNEs in labor-intensive industries. Thus, H_4 is also accepted. The research findings of Kinyanjui (2013) supports our results.

Table 7: Analysis of Workforce Diversity of MNEs in Different Industries

	Labor-intensive Industry	Capital-intensive Industry
WDI value	0.1058	0.5135
Samples (percentage)	32 (38.6%)	51 (61.4%)

Note: Based on the results of regression analysis under each sample case

In order to further discuss the involvement degree of enterprises in the overseas markets, this study takes one variable as "the number of cooperative enterprises or partners overseas in the past three years" as a dummy variable for statistical analysis, where d defines the number of cooperative enterprises or partners (d = 5: over 80, d= 4: 60 ~ 80, d=3: 40 ~ 60, d=2 : 20~ 40, and d=1 : less than 20). For d=1, the samples are too few to be analyzed and for d=2, all the samples are capital-intensive

industries, and thus causes serious deviation. These two conditions therefore are omitted. The results are shown in Table 8 and reveal that the higher the degree of involvement of the enterprise in the overseas markets, the higher the WDI value and the workforce diversity is beneficial to the enterprises' NFP. Therefore, **H₅** is also supported. The research findings of Behyan, Mohamad and Omar (2015), Fernández Olmos and Díez-Vial (2015) and Fitzgerald and Rowley (2016) support our results. It is worth noting that the model was estimated by MLE. The R^2 or adjusted R^2 is statistically significant, whereas the F-statistic for each result is 8.2564(7.5657), 8.6878 (7.6845) and 8.9012(7.8765). These three models also showed no heteroskedasticity in the estimated residuals. Hence, these empirical results are reasonable.

Table 8: The Influence of Workforce Diversity on the NFP with Its Involvement Degree in the Overseas Markets

	d=3 (n=33)	d=4 (n=30)	d=5 (n=23)
Intercept	3.7920	4.7016	3.7883
Internationalization	.1211	.0134	-.1253
Work Efficiency	-.2958***	.0089	-.1661**
Job Fit	.5950**	.1576**	.4901*
Interaction with Supervisors	-.4003*	-.0893*	-.1423
Socialization	-.1927	-.4998***	-.2655**
R^2	0.2757	0.2869	0.3098
F-statistic	8.2564	8.6878	8.9012
Adj R^2	0.2533	0.2754	0.2866
F-statistic	7.5657	7.6845	7.8765
WDI Value	-0.1099	0.0772	0.1817

Note: 1. *** means the significant level < 1%, ** means < 5%, * means <10%.

2. Dependent variable: The questionnaire of the enterprise' NFP

3. d=5: the number of cooperative enterprises or partners over 80, d=4: 60 ~ 80, d=3: 40~60.

4. Prob (F-statistic) 0.0000

Based on above discussions of the empirical results, All hypotheses have been verified. First of all, for the **H₁** hypothesis, when the workforce diversity increases, the enterprises' NFP also increases. Secondly, in **H_{2a}** and **H_{2b}**, as the level of technology increases, the capital-intensive industries under the workforce diversity will statistically significantly increase their NFP. In another aspect, workforce

diversity ought to be lower in the labor-intensive industries, because the relevant technologies are lower and enterprises would not need deep solutions to stimulate their organizational performance. Therefore, it confirms the hypotheses **H_{2a}** and **H_{2b}**. For the discussion of the **H₃** hypothesis, with the comparison of MNEs and non-MNEs, the increase of workforce diversity will increase the enterprise value, and also improve organizational performance. It shows that with the increase of workforce diversity, the NFP in MNEs is higher than that of non-MNEs. This implies that hypothesis **H₃** is accepted. In addition, comparing the impact of workforce diversity on the enterprises' NFP in different types of industries, the empirical results demonstrate that when the workforce diversity increases, the enterprises' NFP of MNEs in capital-intensive industries is higher than that of non-MNEs compared with MNEs in labor-intensive industries. Thus, the **H₄** hypothesis is supported. Finally, for the involvement degree of enterprises in the overseas markets, it is defined as the number of cooperative enterprises or partners overseas in the past three years. The results reveal that with the increase of the involvement in overseas markets, workforce diversity can help to increase the enterprises' NFP, and this supports the hypothesis **H₅**. The summarized results for the hypotheses are shown in Table 9.

Table 9: Summary of Hypothesis Tests

Items	Research Hypotheses	Examined Results
H₁	The higher the degree of workforce diversity, the better the non-financial performance of MNEs	Supported
H_{2a}	The higher the degree of workforce diversity, the higher the non-financial performance in the capital-intensive industries	Supported
H_{2b}	The lower the workforce diversity, the higher the non-financial performance in labor-intensive industries	Supported
H₃	When the workforce diversity increases, the non-financial performance of MNEs is higher than that of non-MNEs	Supported
H₄	When the workforce diversities increase, capital-intensive compared to labor-intensive industries in MNEs produce higher non-financial performance than that in non-MNEs do	Supported
H₅	Under the existing condition of workforce diversity, the higher the degree of involvement in overseas markets, the greater the increase in non-financial performance	Supported

5. Concluding Remarks

This study aims to explore and discuss the influences of workforce diversity on the enterprises' NFP (non-financial Performance) under specific circumstances. The main findings and implications are described in this section.

When considering work diversity, we used 3-dimension indicators. The empirical results show that enterprises with higher levels of technology (capital intensive) are

likely to increase their organization's NFP under the influences of workforce diversity. The value of workforce diversity category indicator (WDI) represents the integrated impact effects of workforce diversity on NFP. These following three indicators: working efficiency (WE), job fit (JF), and interactions with supervisors (IWS) combined together is the best way to explain the significance of WD. Taiwanese companies are more one-way thinking, mainly considering whether the employee's job attributes or personal skills are in line with the company's needs; in this way, labor diversity is considered to be more adjustable. Further empirical results indicate that interaction with managers has had a positive impact on the non-financial performance of capital-intensive industries. Communication problems often arise between foreign workers and their managers; therefore, managers need extra effort to manage employee diversity. Another, from the perspective of the relationships between demands and supplies for foreign workers, the fit of people and work may enhance the adaptability of people-organizations, thereby improving the non-financial performance of the organization. Therefore, low workforce diversity may be able to create higher performance in labor-intensive industries.

The performance of MNEs can be highly affected by workforce diversity. The effect of workforce diversity on the NFP of MNEs is greater than that in non-MNEs. This conclusion proves that workforce diversity has a positive impact on the enterprises' NFP of Taiwanese MNEs. In addition, foreign employees of MNEs have better work efficiency (WE), job fit (JF) and the interaction with supervisors (IWS) than non-MNEs. This also means that MNEs in Taiwan are more focused on workforce diversity than non-MNEs. Therefore, with the different degrees of involvement in overseas markets, workforce diversity may have a direct impact on organizational NFP. It is worth noting that the degree of internationalization or the degrees of involvement in overseas markets has a negative impact on NFP in capital-intensive industries, but it is positive for labor-intensive industries. Domestic enterprises are gradually expanding their overseas markets and hiring more foreign workers in their home countries to increase internationalization, not just foreign direct investment (FDI) in host countries.

As the trend of internationalization intensifies, enterprises in Taiwan have more opportunities to hire foreign employees. Workforce diversity impacting on the enterprises' NFP within an organization can have a positively creative effect or a negative crowding out effect. These two effects may affect the organizational performance of the enterprises under certain circumstances in many ways. Even with negative impacts, from a positive perspective, a perception of workforce diversity within an organization can mean increased ability to solve problems and strengthen the ability to overcome heterogeneity, which ultimately undoubtedly affects overall performance of enterprises. Management strategies in workforce diversity should be used to educate and train personnel and enterprises about diversity and its issues, including laws and regulations.

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