

# Chapter 1

## 1.1 Introduction

The last decade has witnessed innumerable changes in both the external and internal environments of a company. These changes include economic boost, technological advancements, legal and socio-political alterations, and last but not least, demographic changes. Demographic changes have, together with the other transformations, provided a major challenge to managers and employers, by increasing the cultural diversity in the workplace (1998), for example when talking about organizational workforce and diversity, a number of researchers agree upon the fact that diversity can bring positive outcomes to the overall organizational performance (Amy, 2006; T. Cox, 1993, 1994; Desere, 2003; Kirton & Greene, 2005; D. A. Thomas & Ely, 2001). Today understanding and managing the impact of these changes and cultural differences are vital concerns of most international organizations (Wederspahn, 2002). Cox (1994) argues that the most frequently asked question by executives regarding workforce diversity involves how it affects the performance of organizations. Questions involving the outcome of having a multicultural workforce arise specially in countries where labor cost is cheaper, therefore bringing to the country specialized human resources from abroad, thus impacting on some way or another the company.

## 1.2 Overview of the Study

The world as a whole is increasingly becoming a big heterogeneous group. "Not only are we going to have a relatively small workforce, but also one that's more diverse" says William Frey, demographer at the Brookings Institution in Washington (Bazar & Overberg, 2008). Accordingly to Bazar and Overberg (2008), in 2050, the American working-age population will be 30% Hispanic, 12% non-Hispanic black and 8% non-Hispanic Asian. Today, the breakdown is 15% Hispanic, 12% black and 5% Asian. However, these socio-economic phenomenon, in fact, if occurred in Asia, particularly Thailand where there is high homogenous society and predominant government policy towards cultural diversity has been one of assimilation (Jory, 2000).

Despite Thailand is homogenous, Jory (2000) argues that with the growth of regional tertiary education in recent decades a renewed interest has emerged in the history, language, literature, and culture of Thailand's varied regions; for example, in 1996 the International Thai Studies Conference was held in Chiang Mai, northern Thailand, in

commemoration of the city's 700th anniversary. The conference included panels on the history of "Lanna" (the old kingdom of which Chiang Mai was the capital) and the culture of the Yuan people of the region, with little reference to the official narratives of Thai history or to the usual Bangkok-centric notion of Thai identity. Also, there is a great reappearance of the Chinese (and Muslim) identity in Thailand: more and more people of Chinese descent are "coming out" with regard to their ancestry and businesses as well (Jory, 2000). According to Jory (2000) that is because of the quick economic development in Thailand since the 60s, there was a reduction in the threat that cultural diversity posed to national unity, where minorities are now more willing to identify with the Thai nation-state, as they have more to gain economically. Also because of economic development, Jory (2000) argues that there is a growing emphasis on increasing economic ties, which results in greater interaction among minorities and Thais.

The boost in travel, economic trade and activities, intellectual exchange, political movements, and new technologies – in other words known by the globalization process - has united the different clusters of diversity and has made possible the emerging of a wider community. For example, according to the U.S. Census Bureau (Bureau, 2009), the USA-Thailand trade increased from \$8,336.4 million (2007) to \$9,066.6 million (2008). Imports also increased, from \$22,754.7 million to \$23,538.3 millions of dollars (Bureau, 2009). As a result, an Organization operating in Thailand is inevitably becoming heterogeneous in terms of race, gender, ethnicity, and other diverse groups of employees, and that raises important questions for managers and their organizations as they move further into the twenty-first century (Street & Street, 2006).

### **1.3 The Context of the Study**

Located in the heart of South-east Asia, Thailand covers an area of 513,120 square km, and has a population of over 67.4 million people (National Statistical Office of Thailand, 2010). Thailand's population is relatively homogenous (Jory, 2000). Ethnic Thais (including Laos) constitute that vast majority, though 14% of the population can claim significant Chinese heritage and Malays in the south make up 2.3% of the population. Smaller groups such as the Khmer, Mon, and Vietnamese are also present (Jory, 2000).

Since 1997, Thailand has been consistently pushed for structural reform, moving away from the raw industry of old, and investing more in education, agriculture, value-added industry, and technology (Oxford Business Group, 2008). When the value of the baht fell from US\$1 for 25 baht in June of 1997 to US\$1 dollar for 54 baht in January of 1998, the dollar value of Thai exports was reduced by half and the price Thailand had to pay for imports doubled (Leightner, 2007). Thailand fell into a serious recession. The consequences included: international investors were reluctant

to lend to developing countries leading to economic slowdowns in developing countries in many parts of the world, including Asian countries and Thailand. Thailand saw itself having to open its borders and with that came opportunities. Though privatization efforts in the finance, telecommunications, and energy sectors are evidence of the continued impetus towards liberalism and self-sufficiency has also been a goal of a Thai economy, Thailand had become wary of dependence on foreign investment after 1997. By having to strongly rely on foreign investment, the country opened its borders to not just money and monetary tangibles, but also to diversity.

In recent years, the country has pursued a number of free trade agreements abroad, notably with China, Japan, and the US. These agreements helped the emerging in the last years of foreign-owned companies in Thailand, more specifically in the capital Bangkok region and the Northern region, which includes the city of Chiang Mai.

Specifically, this research focuses on the Chiang Mai Metropolitan Area, which is the urban district of the twin cities of city of Chiang Mai and town of Lamphun. It has an area of around 3,905.13 km<sup>2</sup>. There are 1,970,479 inhabitants in the metropolitan area. The population density is 504.60 inh/km<sup>2</sup>. The metropolitan area covers a great percentage of the whole population, indicating therefore, the importance of such region to Thailand's growth. The Metropolitan Area of Chiang Mai is located within the eight inner amphoe (districts) of Chiang Mai province and two districts in Lamphun Province, northern Thailand.

As seen in Table 1, Chiang Mai Metropolitan Area is the second largest region in Thailand in terms of population comparison to other Metropolitan areas in the country and, therefore, is my interest of study.

Similarly, Chiang Mai is becoming center of businesses in the region and there are a number of businesses corporations established in the Chiang Mai Metropolitan area. Appendix 4 shows that the Commercial Bank Credits Classified by Types of Businesses in Chiang Mai Province, accordingly to data from the Bank of Thailand. The data shows an increase in credits made by the Bank to the different industries which indicates that companies have a greater spending and therefore they can hire better personnel, which may or may not include employees from abroad.

**Table 1- List of Metropolitan Areas in Thailand by Population**

Rank	Region	Provinces or Districts	City Population	Regional Population	Area (km <sup>2</sup> )	Density (inh. per km <sup>2</sup> )
1	<u>Bangkok Metropolitan Area</u>	<u>Bangkok, Nonthaburi, Samut Prakan, Pathum Thani, Samut Sakhon, Nakhon Pathom</u>	6,353,144	11,971,000	7,761.50	1,315.27
2	<u>Chiang Mai Metropolitan Area</u>	<u>Mueang Chiang Mai, Mueang Lamphun, Lamphun Province, San Sai, Mae Rim, San Pa Tong, Saraphi, San Kam Phaeng, Hang Dong, Doi Saket, Ban Thi, Lamphun Province</u>	175,226	1,970,479	3,905.13	504.60
3	<u>Pattaya-Chonburi Metropolitan Area</u>	<u>Mueang Chonburi, Bang Lamung, Si Racha, Sattahip, Ban Bueng</u>	105,905	1,183,604	3,215.25	368.12
4	<u>Greater Hatyai-Songkhla Metropolitan Area</u>	<u>Hat Yai, Kho Hong, Khuan Lang, Khlong Hae, Ban Phru, Phatong, Songkhla, Khao Rup Chang, Sadao, Padang Besar, Phang La, Prik, Singha Nakhon</u>	266,702	899,985	3,397.23	285.99
5	<u>Nakhon Ratchasima Metropolitan Area</u>	<u>City of Nakhon Ratchasima, Khok Sung, Cho Ho, Parr, Yai, Hua Thale, Nong Phai Lom, Pho Klang, Khok Kruat, Nong Khai Nam, Kud Chik, and Kham Thale So</u>	145,793 (2008)	439,546	767.98	572

Source: Department of Provincial Administration, Ministry of Interior, Royal Thai Government.

The following table indicates the Foreign Trade through Customs Houses in the Northern Region (US\$), accordingly to the Bank of Thailand.

**Table 2 - Foreign Trade through Customs Houses in the Northern Region (UNIT: Millions of Dollars – US\$)**

	Jan'10	Dec'09	Nov'09	Oct'09	Sep'09	Aug'09
<b>Total Exports</b>	<b>257.1</b>	<b>256.9</b>	<b>240.3</b>	<b>248.6</b>	<b>215.0</b>	<b>207.6</b>
Chiang Mai Airport Customs House	143.6	131.8	131.8	144.1	127.3	120.1
Chiang Mai Airport Customs Service Sub Division	5.0	5.4	6.9	7.1	0.7	0.2
Lamphun Customs Service Sub Division	138.6	126.4	124.9	137.0	126.6	119.9
<b>Border Trade</b>	<b>113.5</b>	<b>125.1</b>	<b>108.5</b>	<b>104.5</b>	<b>88.6</b>	<b>87.5</b>
Myanmar	98.9	100.5	86.6	89.2	76.8	74.4
Laos	7.4	8.5	8.6	7.1	5.7	8.8
China (Yunan)	7.2	16.0	13.3	8.2	6.1	7.3
<b>Total Imports</b>	<b>99.8</b>	<b>116.4</b>	<b>141.7</b>	<b>104.7</b>	<b>121.8</b>	<b>106.5</b>
Chiang Mai Customs House	90.6	104.9	130.7	92.9	110.6	96.2
Chiang Mai Customs Sub Division	5.2	24.2	7.2	6.7	24.2	20.4
Lamphun Customs Service Sub Division	85.4	80.7	123.5	86.2	86.4	75.8
<b>Border Trade</b>	<b>9.2</b>	<b>11.5</b>	<b>11.0</b>	<b>11.9</b>	<b>11.2</b>	<b>10.4</b>
Myanmar	3.0	2.9	2.2	2.0	1.8	2.7
Laos	4.2	3.8	3.8	2.8	3.4	4.1
China (Yunan)	2.0	4.8	5.0	7.0	5.9	3.5
<b>Trade Balance</b>	<b>157.3</b>	<b>140.5</b>	<b>98.6</b>	<b>14.4</b>	<b>94.2</b>	<b>101.1</b>

Source: Customs Houses in the Northern Region, Customs Department, Ministry of Finance / Bank of Thailand

As shown in the table, total exports from the area have risen from \$256.9mi in December 2009 to \$257.1 in January 2010, an increase of 0.07%. Another interesting figure retrieved from the Bank of Thailand shows the Export growth. As shown in the following table, exports have increased from January to February 2010.

**Table 3 - Export Growth**

<b>Billion USD</b>	<b>2008</b>	<b>2009</b>	<b>Q1- 2009</b>	<b>Q2- 2009</b>	<b>Q3- 2009</b>	<b>Q4- 2009</b>	<b>Dec- 2009</b>	<b>Jan- 2010</b>	<b>Feb- 2010</b>
<b>Trade balance</b>	0.11	19.42	7.74	3.88	5.12	2.67	-0.12	0.59	0.45
<b>Export</b>	175.23	150.88	33.33	33.97	40.71	42.87	14.53	13.63	14.25
<b>%YoY</b>	15.85	-13.90	-20.04	-26.13	-17.15	12.19	26.15	31.39	23.48
<b>Import</b>	175.12	131.47	25.59	30.09	35.60	40.20	14.65	13.04	13.80
<b>%Yoy</b>	26.47	-24.93	-37.56	-32.97	-28.29	1.43	33.00	50.05	80.84

<b>Billion USD</b>	<b>2008</b>	<b>2009</b>	<b>Q1- 2009</b>	<b>Q2- 2009</b>	<b>Q3- 2009</b>	<b>Q4- 2009</b>	<b>Dec- 2009</b>	<b>Jan- 2010</b>	<b>Feb- 2010</b>
<b>Services &amp; transfer</b>	1.52	0.87	1.80	-1.12	-1.41	1.60	0.88	1.41	1.07
<b>Current A/C</b>	1.63	20.29	9.54	2.76	3.71	4.27	0.76	2.00	1.52
<b>Net capital movement</b>	14.60	-1.29	-3.20	-3.47	2.85	3.59	1.53	3.79	---
<b>Monetary authorities</b>	0.06	1.47	-0.15	-0.06	1.73	0.09	-0.17	0.23	---
<b>Government</b>	-0.50	-0.47	-0.81	-0.11	0.49	0.53	0.08	-0.09	---
<b>Bank</b>	10.60	8.39	-2.18	1.14	4.41	5.02	0.96	1.05	---
<b>Others</b>	4.44	-10.68	-0.06	-4.44	-3.79	-2.04	0.65	2.61	---
<b>Overall balance</b>	24.69	24.13	7.43	1.27	7.66	7.77	2.50	4.97	0.12
<b>Reserves (outstanding)</b>	111.01	1,495.44	116.22	120.81	131.76	413.50	138.42	142.40	141.80

Source: Customs Houses in the Northern Region, Customs Department, Ministry of Finance / Bank of Thailand

Thailand is becoming a business centre. Exports have increased in the past quarters and it is likely to keep increasing, as Thailand is turning into a major business hub in Asia. As exports rise, it can be inferred that cultural diversity also becomes a major characteristic of the country, hence the importance of realizing the significance of multiculturalism in Thailand, especially in the Northern region, the second biggest in the country.

## 1.4 Corporation Heterogeneity

Choy (2007) points out that as an increasing globalization of the world economic, corporation has been inevitably engaging a cultural diversity or workplace diversity. No country or a company, particularly multi-corporation could avoid this new business environment, workplace diversity (2007). As a result, it could be argued that there is no longer a single culture occurring in the workplace. This is where a number of business corporations have adopted homogenous and heterogeneous management strategy for their organizational development.

In terms of cultural diversity, groups may be either homogeneous (i.e., all members share the same cultural background) or heterogeneous in composition. This research, however, specifically explores the heterogeneous, which generally comprises of three categories of groups: token, bicultural, and multicultural groups (Ho, 1997, p.17). Token groups are those in which all but one of their members are from the same cultural background. In bicultural groups, two or more members represent each of two distinct cultures. Multicultural groups have members that represent three or more ethnic backgrounds, a mix which is believed to carry more productivity potential than homogeneous groups (Ho, 1997, p.17). In fact, it have found that though the homogeneous groups remained superior in overall task performance, the culturally diverse groups were more creative at generating ideas and problem-solving as well as enhancement of communication within the work process (T. Cox, 1993; D. A. Thomas & Ely, 2001).

A number of researchers point out that companies are developing from big homogeneous groups of employees into smaller multiethnic cluster of employees (Cox, 1991; T. J. Cox, 1994). This is similar to the study of Choy (2007) who found that increasing workforce diversity in multinational corporations is part of an economic and social imperative in response to globalization. Consequently, the way the organization looks at these new workforce phenomenon inside the workplace has changed significantly. There is a greater demand for integration, knowledge of different perspectives, and flexibility. The new workplace has different characteristics; employees do not only come from the company's headquarters or host country, but from all over the world. These employees from different backgrounds have different values, perceptions and beliefs, who do not belong to a homogeneous work environment anymore, but yet to an environment that brings a variety of customs, languages, mores, and traditions. If the players of the game have changed, organizations must therefore, change the way they play it as well. An understanding of the advantages and disadvantages of this new workplace is now required, in order for one to be able to successfully and effectively operate in it. It is necessary to know what this workforce brings to the organization as a measurement of performance so management level can better tap the resources. After all, diversity and inclusion are vital to the core business strategy of a sustainable organization.

As the number of employees from different backgrounds keeps increasing in the workplace (Harisis & Kleiner, 1993), managers are definitely seeing the benefits of cultural diversity. They notice that, by integrating workers from different environments into their workforce, the company can hit specialized skills and knowledge from the employee and about the external environment (Harisis & Kleiner,

1993). In today's global markets, as companies face themselves interacting with a pile of different cultures and clients, they seek the need to have a better understating of their internal diversity, which will direct the organization to create more innovative and effective programs and services, benefiting this way both its internal and external customers, ultimately affecting its performance. Companies must now ask themselves what they can do to boost the number of customers for which they supply while determining the needs of these customers. This business process makes diversity a crucial part of a company's growth and operation, or in other words, a company's performance. Hiring and retaining employees with cross-cultural backgrounds to meet the demands of the global marketplace is the first step to meeting these new challenges. And what happens when organization can be satisfied, or meet even more the needs of your customers? The company encounters more targeted satisfied customers, improved access to new market segments, more sales, therefore, more profit. At the end, it is all about knowing how to manage cross-cultural employees and making the most of it.

This research attempts to answer the question of how cultural diverse workforces are affecting the performance of selected exporting organizations. The initiative took into consideration the different impacts of the cross-cultural work environment on organizational performance. It is important to point out that numerous studies have focused on the impacts of diversity as a whole in organization performance. This study, however, has as its main objective to come across the impacts of cultural diversity in organizational performance.

### **1.5 Overall Area of the Study**

There is a suspicion that managing diversity is all about individuals, rather than the commonality of disadvantage that some groups can experience. The concept that we still cling to is overcoming disadvantage and getting rid of discrimination, which is not something that employees feel comfortable with (Greene & Kirton, 2005).

Figure 1 shows how this research is development from a very broad area of research problem to answer the research question of "how will a cultural diverse workforce impact organization performance in Thai Business context?" The specific organizational performances include: Problem Solving; Flexibility; Resource Acquisition; Creativity & Innovation; Enhanced Service Level and Customer Satisfaction and Improved Access to New Market Segments.



<b>BROAD PROBLEM AREA</b>	<b>RESEARCH QUESTION</b>	<b>PERFORMANCE MEASUREMENTS</b>	<b>TOPIC OF RESEARCH</b>
Cultural diversity in the workplace and its relation to organization performance.	<i>How will a cultural diverse workforce impact organization performance in Thai Business context?</i>	<ul style="list-style-type: none"> <li>- Problem Solving</li> <li>- Flexibility</li> <li>- Resource Acquisition</li> <li>- Creativity &amp; Innovation</li> <li>- Enhanced Service Level and Customer Satisfaction</li> <li>- Improved Access to New Market Segments</li> </ul>	<i>The Impacts of Cultural Diversity on Organization Performance in Foreign-Owned Export Companies in Metropolitan Chiang Mai.</i>

**Figure 1 - Broad Problem Area and its Relation to Topic Proposal**

### 1.6 Objectives of the Study

This study has as objectives to explore the relationship of cultural diversity and organizational performance as a means of problem solving, flexibility, resource acquisition, creativity & innovation, customer satisfaction, and improved access to new market segments. These are the measures of organizational performance that the study takes into consideration.

### 1.7 Significance of the Study

This study is a significant endeavor in promoting cultural awareness and insights within cross cultural work environments. It also helps companies and scholars to understand better the impacts that may arise from such environments on organizational performance, the impacts of managing an intercultural workforce, and the different concerns related to this issue in the Thai national context.

Generally, teams made up of members with differing cultural, ethnic and corporate backgrounds can be significantly superior to homogeneous teams if properly managed (M. Miller, Fields, Kumar, & Ortiz, 2000). If this is correct then cultural diversity could bring advantages to a workplace. The advantages could include adaptability, capitalizing the differences, enhanced customer service and access to new markets, and flexibility. Adaptability emphasizes the willingness to change old rules that might discourage or ruin the full realization of the benefits of diversity. By candor – or capitalizing the differences – there will be an engagement in constructive dialogue about differences, whether they are individual, ethnic, or cultural ones. That might be

a challenging task, in view that many organizational policies and practices are designed to minimize differences, though people should not be treated as identical.

One of the major significant contributions of this study is that theory and practice will be put together to come up with findings that can be used to tackle problems arising from certain work situations.

Another impact consists into the fact that cultural diversity might bring into consideration many views along the way, enhancing therefore the problem solving issue. Tasks will have to be resolved; decisions will have to be made. And different world views often lead to different solutions to identical problems. A multicultural workforce will be more flexible because of its nature. Flexibility will modify expectations, readjust the norms, try new approaches and force patience. Employees will need to adapt to their work environment while maintaining their individuality.

This study aims to understand the six main impacts of cultural diversity in organizational performance, which are characterized by problem solving, flexibility, resource acquisition, creativity and innovation, enhanced service level and customer satisfaction, and last but not least, improved access to new market segments. By understanding the advantages and disadvantages of a cross-cultural workforce, a manager can deal with problems and conflicts more effectively. The manager will have a clear understanding of where he or she stands at, which conflicts are constructive ones, which are destructive ones, and who they are dealing with. Generally, intercultural workforces differ greatly from homogeneous ones in terms of having extremely flexible systems, as well as more openness to new ideas. Although is impossible for managers to know everything about all cultures and ethnic groups, it is important to learn as much as possible. At last, diversity in the workplace will enable organizations to develop more innovative and effective programs and services for the diverse clients they serve, both internally and externally. This study will attempt to answer the question of “How will a cultural diverse workforce impact organization performance in Thai Business context?”

### **1.8 Scope and Limitations of the Study**

This research mainly focuses on heterogeneous export-oriented companies in Chiang Mai Metropolitan Area.

In addition to the limitations arising from the qualitative nature of my research methodology, there are other limits worth mentioning. These are mostly due to the theoretical framework and contentious nature of the nature problem. They include:

- a) Untested theoretical framework: it is important to notice that different strategic approaches to managing diversity in the workplace are not based on any extensive empirical research. Also, theories of many of the authors were not entirely sufficient

or appropriate, since they did not take into account such specific variables. For example, some authors only mention certain variables and not others. Other authors mention the impacts of diversity of workplace as a whole and do not mention the impact of cultural diversity specifically.

b) Contentious nature of the research problem: issues concerning prejudice, stereotype, racism and discrimination in the workplace remain taboos, thus people are afraid of expressing their true opinions and feelings, especially when they may be incriminating and seen as socially undesirable.

c) It has been already proved that culture plays a major role in the workplace. Several studies in Western countries have proved this theory, but the lack of research in such field in Thailand comes as a limitation to this study.

d) Several literature reviews were found to be in Thai language, therefore making it impossible to this researcher to understand it, and consequently, this comes as a major limitation to this study.

e) As this is a qualitative study, the population is narrowed to 3 companies in the Chiang Mai Metropolitan Area. This comes as a limitation since it does not cover the entire population of the study, although these companies were carefully studied, and an in-depth analysis of each of them was conducted in order to learn the most from the scenario they operate in.

## **1.9 Definitions of Technical Terms**

This section discusses the definitions of the following terms: diversity, organizational performance, quality, creativity, and effectiveness.

### **1.9.1 Diversity**

Diversity embraces race, age, minorities, cultural, sex, etc . This study, however, aims to understand the impacts of cultural diversity in selected organizations. Therefore, in this research, cultural diversity means employees coming from different backgrounds (countries).

### **1.9.2 Organizational Performance**

Organizational Performances in this study represent the measurements of output created from input, by a measurement of three organizational drivers: quality, creativity, and effectiveness. Specialists in many fields are concerned with organizational performance including strategic planners, operations, finance, legal, and organizational development. In recent years, many organizations have attempted to manage organizational performance using the balanced scorecard methodology where performance is tracked and measured in multiple dimensions such as: financial

performance (e.g. shareholder return), customer service, social responsibility (e.g. corporate citizenship, community outreach), and employee stewardship.

### **1.9.3 Quality**

The 3 drivers (quality, creativity and effectiveness) embrace the 6 main organizational forces: problem solving, flexibility, resource acquisition, access to new market, customer satisfaction, and creativity.

Quality is defined as “the customers' perception of the value of the suppliers' work output” Accordingly to the same magazine, (Magazine, 2010) Quality itself has been defined as fundamentally relational: 'Quality is the ongoing process of building and sustaining relationships by assessing, anticipating, and fulfilling stated and implied needs.' Also, quality means providing customer with innovative products or services characteristics/attributes and defects free which provide fitness for use. Finally, the source cites that quality is “the degree to which something meets or exceeds the expectations of its consumers ” (Magazine, 2010).

### **1.9.4 Creativity**

The broad definition of the term embraces the idea of “The ability to make or otherwise bring into existence something new, whether a new solution to a problem, a new method or device, or a new artistic object or form” (Woloschuk, 2010). The bad side of creativity is that, if a company is too technical and isn't open to new challenges and ideas, creative employees usually won't be able to compete with the company's political and bureaucratic structure. Also, a good creative act can often threaten your coworkers. According to Robinson and Stern (1997), unless the company is set up to receive and accurately evaluate creative ideas, it is liable to be rejected. American companies adopt about 38% of all creative ideas presented to them, as compared to Japanese companies who adopt about 90%.

### **1.9.5 Effectiveness**

This variable embraces the idea of achieving an output to the extent of which targeted problems are resolved, or the extent to which an activity fulfils its intended purpose or function. Efficiency means doing the thing right, in contrast to effectiveness which means doing the right thing. For example, effectiveness would relate to the ability of a company to find new market segments, one of the variables studied in this research.

### **1.10 Contribution to the Study**

This study will contribute to a both managerial and theoretical spectrum. The contributions include the following:

1. Managerial contribution: (a) Particular companies in Northern Thailand and in the specific Chiang Mai Metropolitan Area, as well as outside that area which intend to comprise more comprehension of having a diverse workforce, which will ultimately help the management of such companies, leading to a higher performance. (b) Guide business entities as a whole in terms of intercultural workforce communication, hiring and training.
2. Theoretical contribution: (a) Worldwide academic development in the sense that the findings of this study will build awareness among scholars about the specific subject, as well as build a new workforce heterogeneity theory.

### **1.11 Organization of Thesis**

This thesis consists of five chapters. Chapter one deals with the introduction of the thesis. It provides an introduction of the Chiang Mai Metropolitan Area, the overview of the study, and the meaning of corporation heterogeneity. This chapter also provides the significance, scope, and limitation of the study, followed by the definition of technical terms, and lastly, the contributions of this research. The main purpose of the chapter is to highlight the rationale behind this study before moving to the next chapter.

Chapter two includes a literature review involving the basic assumptions of cultural heterogeneity, the linkage between cultural diversity and workforce and the drawbacks of cultural diversity in the workplace. It also comprises the definition of workplace heterogeneity, the cultural dimensions studied in this research, and the theory underpinning the study. Thirdly, chapter links the characteristics of cultural diversity and organizational performance and defines these two variables. Lastly, the chapter presents the conceptual framework of this thesis research.

Chapter three presents the research design and methodology, which includes data analysis, the population of the study, the hypothesis, and how the data was collected, the data analysis, and the limitation of the study. Finally, the chapter presents the research validity and the time frame of the study.

Chapter four introduces the findings of in-depth interviews and observations of the research. The respondent's views on the six main organizational performance measures, their justifications, and examples, are presented in this chapter.

Chapter five discusses the informant's responses in accordance with the various literature reviews. The consensus and divergences of respondents from the literature reviews and the in-depth interviews were used to guide this research to reach its conclusions, together with the recommendations.