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TRAN QUOC DAT

**THE IMPACT OF
MULTICULTURAL
ENVIRONMENT ON WORK
PERFORMANCE OF EMPLOYEES
IN MULTINATIONAL COMPANIES:
A CASE STUDY IN
HO CHI MINH CITY**

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LIST OF PUBLISHED WORKS

Domestic Journals

1. Tran Quoc Dat, 2024, A research model on factors affecting employee performance, Economic and Forecasting Journal, No. 5, p. 146;
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3. Tran Quoc Dat, Vo Khac Thuong, 2025, The impact of a multicultural environment on employee performance in multinational companies (MNCs) in Ho Chi Minh City, Vietnam, Finance and Accounting Research Journal, No. 01, p. 73.

Conference Proceedings

1. Tran Quoc Dat, Vuong Thi Bich Nga, Le Son Dai, Impacts of cultural distance on the performance of employees in MNCs' subsidiaries, Proceedings of the International Conference on Economic Stability and Business Transformation in a BANI World (ISBN: 978-604-480-484-2), Registration number: 3052-2023/CXBIPH/01-191/LĐ; Publishing Decision: 1175/QĐ-NXBLĐ dated September 12, 2023 - Labor Publishing House.

CHAPTER 1. INTRODUCTION

1.1. Urgency of the Topic

In recent years, Vietnam's economy has achieved impressive growth, with GDP per capita increasing nearly 2.7 times over 20 years (2002-2020), reaching 4,700 USD. Despite being impacted by the Covid-19 pandemic, Vietnam still maintained a growth rate of 2.91% in 2020, and it is forecasted to sharply increase to 7.5% in 2022. Vietnam also strongly attracts foreign investors, with more than 34,000 valid projects and total investment capital reaching 405.9 billion USD.

One of the factors that helps Vietnam attract investment is cheap labor and a favorable population structure. However, the shortage of highly skilled labor is a concern. Improving the quality of training and work efficiency of employees in multinational companies is essential to enhance product quality and meet development needs.

Globalization and integration have made the working environment in multinational companies increasingly diverse, requiring employees to work in a multicultural environment and face challenges related to language and culture. The Covid-19 pandemic has led multinational companies in Vietnam to switch to online work, but now, companies have returned to normal operations while maintaining flexible working mechanisms.

Ho Chi Minh City, the largest economic center in Vietnam, attracts thousands of multinational companies, contributing significantly to the economy and creating jobs. These companies not only transfer technology but also help enhance the competitiveness of Vietnamese enterprises. A multicultural work environment helps develop soft skills, optimize work efficiency, and enhance creativity. For example, Coca-Cola and Unilever, two prominent multinational companies in Vietnam, have built multicultural work environments that help improve work efficiency and sustainable development. Their international training programs not only develop communication and leadership skills but also foster creativity and innovation in work.

In general, a multicultural work environment is an important factor helping multinational companies in Vietnam improve work efficiency,

enhance creativity, and achieve sustainable success in the international environment.

1.2. Theoretical Background

In the context of globalization, achieving high performance from human resources is crucial. However, there has been limited in-depth research on this aspect in Vietnam. Current studies mainly focus on factors such as satisfaction, wages, and motivation but have not specifically defined the target employees. While the work environment is an important factor in improving work efficiency, the relationship between a multicultural environment and employee performance in Vietnam has not been well explored.

International studies have shown that a well-rounded work environment positively impacts work performance, with studies in various countries such as Malaysia, the UK, Kenya, Pakistan, and Jordan demonstrating that the work environment directly affects work performance. However, most studies have focused on physical or psychosocial factors of the work environment without providing a comprehensive, systematic approach. Although there are many studies on cultural differences and the impact of cultural distance, very few studies focus on the impact of multicultural environments on employee performance. In Vietnam, while the work environment has been a subject of interest, studies on the impact of multicultural environments on employee performance remain limited.

Therefore, the author decided to study "The Impact of a Multicultural Environment on Work Efficiency of Employees in Multinational Companies: A Case Study in Ho Chi Minh City" to apply the research model in the context of Vietnam and multinational companies in Ho Chi Minh City, contributing to improving work efficiency and enhancing business performance.

1.3. Research Objectives

Through assessing and analyzing the impact of the multicultural environment on employee performance in multinational companies, the thesis proposes several management implications and solutions to improve and enhance the work efficiency of employees in multinational companies in Ho Chi Minh City.

1.4. Scientific and Practical Significance

Firstly, the research has measured the influence of various factors in the Work Environment in general and the impact of the Multicultural Work Environment specifically on employee performance in multinational companies. This helps organizations and individuals gain a clearer understanding of this relationship, and thereby proposes solutions to improve and enhance employee performance, positively impacting business performance.

Secondly, in previous research, although scholars have explored the correlation between the work environment and employee performance, whether this correlation is positive or negative remains an unresolved issue. By clearly defining the correlation between factors based on empirical data collected from employees in multinational companies in Ho Chi Minh City, this study provides additional evidence and insights that contribute to resolving this issue.

Thirdly, in addition to theoretical contributions, this research also proposes some management implications for multinational companies in Ho Chi Minh City. These companies can improve the work environment, minimize the negative effects of unfavorable factors, and leverage the positive impacts of strengths within the work environment and multiculturalism, thereby enhancing employee performance and ultimately contributing to improving organizational performance.

CHAPTER 2. THEORETICAL BASIS

2.1. Concepts Related to the Research

2.1.1. Multinational Companies

A multinational corporation (MNC) is a business that owns or controls the production of goods or services in two or more countries. These companies are headquartered in one country (often referred to as the "parent country") and operate in many other countries through branches, subsidiaries, or joint ventures.

According to the textbook "International Business: Competing in the Global Marketplace" by Charles W. L. Hill: "A multinational enterprise is any company that has production operations in two or more countries" (Hill, Charles W. L., 2021). According to the United Nations (UNCTAD - United Nations Conference on Trade and Development): "Multinational enterprises are those that control assets – factories, mines, sales offices – and manage production or provide services in more than one country" (UNCTAD, World Investment Report, 2021).

2.1.2. Multicultural Environment

Educational and cultural researchers define multicultural environments in different ways, but all emphasize respect and understanding of cultural diversity. James A. Banks (2006) defines multicultural environments as spaces where different cultural groups live and develop harmoniously, with the promotion of equality and fairness for all. Geert Hofstede (1984) argues that understanding cultural differences is essential for effective management in international organizations. Milton J. Bennett (1993) highlights the importance of intercultural communication skills and the ability to adapt to different cultural contexts. John W. Berry (1997) argues that multicultural environments help groups preserve their cultural identity while integrating into the broader society. Harry C. Triandis (1995) emphasizes the recognition and respect of different cultural values to improve international communication and cooperation. Nancy J. Adler (2002) states that mutual understanding and respect are key factors in building a successful multicultural environment. From these definitions, this study adopts Banks' definition as the foundation for further analysis.

2.1.3. Work Environment

Research on work environments has proposed several important theories. Herzberg (1959) classified the factors that influence work

motivation into two categories: motivators (such as achievement, recognition, and growth) and hygiene factors (such as pay, benefits, and working conditions). Maslow (1954) suggested that humans have five levels of needs, from physiological needs to self-actualization needs. When lower needs are met, higher needs become motivators. McGregor (1960) proposed Theory X and Theory Y, where Theory X assumes that people are lazy and need close management, while Theory Y assumes that people are active and capable of self-management. Ouchi (1981) developed Theory Z, which emphasizes employees' long-term commitment to the organization and concern for their needs.

In addition, important elements of the work environment include leadership, meaningful work, clean and safe working conditions, opportunities for employee interaction, and well-being. The work environment has also been defined in various ways. Briner (2000) describes the work environment as the workspace, which includes physical and organizational factors. Meanwhile, studies like those by Ollukkaran & Gunaseelan (2012) and Opperman (2002) define the work environment as the social and occupational environment where employees interact with others, influencing their work performance. Waktola (2019) emphasizes that the work environment is the total of interactions between employees and their surroundings. Al-Omari and Okasheh (2017) provide a general definition, stating that the work environment is any factor surrounding employees that influences the way they perform their jobs.

2.1.4. Work Efficiency

Employee performance has been studied and defined by various scholars. According to Armstrong (2006), work efficiency is the achievement of set goals and is related to the method by which employees perform their work. Motowidlo and Schmit (1999) view work performance as the actual activities and behaviors that employees perform to achieve organizational goals. Berry (2003) emphasizes that work performance is the performance of employees in their assigned tasks, aligned with the company's goals and ideals, and measurable by progress in problem-solving. Koopmans et al., (2013) argue that job performance mainly depends on employee behavior, which must be aligned with organizational goals. Additionally, job performance includes both the quality and quantity of completed work (Shahzadi et al., 2014; Mangkunegara, 2011). Traditionally, employee performance is assessed

by how employees use their skills, experience, personality, and personal abilities to accomplish work goals (Hunter, 1986; Vroom, 1964).

2.2. Theoretical Models Related to the Research Topic

Table 2.1: Summary of Related Research Models

No	Research	Hafeez et al. (2019)	Saidi et al. (2019)	Ekowati et al. (2019)
1	Title	The Impact of the Work Environment on Employee Performance: The Mediating Role of Employee Health	The Correlation between the Work Environment and Employee Performance	The Impact of the Work Environment on Employee Performance through Work Discipline
2	Theoretical Framework	The impact of the work environment on employee performance and the mediating role of employee health in this relationship	The impact of the work environment on employee performance	Theories on the work environment, work discipline, and employee performance
3	Measurement and Variables	<ul style="list-style-type: none"> - Cleanliness - Lighting - Noise - Seating - Lunch - Friendly Environment - Overtime - Employee Health 	<ul style="list-style-type: none"> - Occupational Safety and Job Security - Physical Work Environment - Colleague Relationships at Work - Support and Guidance from 	<ul style="list-style-type: none"> - Work Environment - Work Discipline

No	Research	Hafeez et al. (2019)	Saidi et al. (2019)	Ekowati et al. (2019)
			Management - Working Hours	
4	Research Methodology	Quantitative Method: Survey with interview questions, path analysis combined with multivariate regression analysis	Quantitative Method: Survey with interview questions, Pearson analysis combined with multivariate regression analysis	Quantitative Method: Survey with interview questions, multivariate regression analysis
5	Research Results	Clarifies that both behavioral and physical environmental factors have a significant impact on employee performance, with this influence being mediated by employee health	There is a significant relationship between the work environment and employee performance. Support from supervisors is identified as the most important factor in ensuring a positive work environment.	Proves that the work environment has a significant impact on employee performance. Work discipline is also shown to be a mediating factor in the relationship between the work environment and employee performance.

No	Research	Hafeez et al. (2019)	Saidi et al. (2019)	Ekowati et al. (2019)
6	Research Limitations	Sample size in the study is quite small; the work environment factors are simplified; and factors were only evaluated individually, with no assessment of the collective influence	The sample size is too small, and the factors of the work environment are incomplete	The scope of the study focuses only on a specific company; factors of the work environment were analyzed with a combined impact.
7	Future Research Directions	<ul style="list-style-type: none"> - Expand the sample size and industry scope to increase the generalizability of the study. - Apply a more comprehensive and refined scale to achieve better analysis and more accurate assessment of the impact of work environment factors. - Besides analyzing and evaluating the impact of 	<ul style="list-style-type: none"> - Expand the sample size. - Add new factors in the work environment. 	<ul style="list-style-type: none"> - Expand the research scope. - Break down into separate sub-factors within the work environment.

No	Research	Hafeez et al. (2019)	Saidi et al. (2019)	Ekowati et al. (2019)
		individual factors independently, the study should also test and evaluate the structure of multiple interrelated factors in the research model.		

Source: Compiled by the Author

The models regarding the impact of the work environment on employee performance that have been mentioned earlier have achieved certain outcomes, such as:

1. **The physical environment** has a positive effect on employee performance (Hafeez et al., 2019; Ekowati et al., 2019);

2. **The behavioral environment** influences employee performance (Hafeez et al., 2019);

3. **Job safety & security, relationships with colleagues, management guidance, and working hours** positively affect employee performance (Saidi et al., 2019);

4. **The work environment** positively affects **employee discipline** (Ekowati et al., 2019). A good work environment encourages employees to comply with work regulations and standards, thus creating a more professional and organized work environment.

However, these research models also have limitations, which are research gaps that the current study can address.

Firstly, the factors related to the work environment are still foundational and not sufficiently comprehensive. Therefore, the author

needs to use more comprehensive and refined scales capable of accurately identifying the impact of work environment factors for further study. This would help assess the degree of influence of each factor on their relationship, thus providing a broader perspective on the elements within the work environment.

Secondly, the environmental factors have been considered separately and have not been evaluated comprehensively from the perspective of the work environment's structure. Therefore, the author applies a second-order structural method in the model to clarify the complex relationships and interactions between factors within the work environment. This approach will provide a fuller and more accurate view of the impact of the work environment on employee performance and, from there, develop solutions to improve work efficiency in MNCs in Ho Chi Minh City.

2.3. Hypotheses and Proposed Research Model

The proposed research model is built on the theoretical basis and the individual work performance structure by Koopmans et al. (2014). Based on the research gaps identified from the previous research models, the author introduces a new research model with the impact of the **Multicultural Work Environment (MTĐVH)** on employee performance in multinational companies in Ho Chi Minh City:

The author uses the employee work performance structure proposed by Koopmans et al. (2014), consisting of three main factors: **Contextual Performance, Task Performance, and Counterproductive Work Behaviors**.

Based on the previous theories and qualitative analysis, it has been shown that multicultural environments and cultural diversity can bring both benefits and challenges, creating positive effects as well as potential negative effects (Ward, 2003; Shenkar, 2001; White et al., 2011; Graham, 2010; Luring & Klitmøller, 2015; Stahl et al., 2010; Pettigrew & Tropp, 2008; Mannix & Neale, 2005; Fitzsimmons et al., 2011). The author proposes to build the impact of the **Multicultural Environment** on employee performance.

In addition, based on the work environment classification by Arsalani et al. (2011), the research model uses the classification of the

work environment into two elements: **Psychosocial Environment** and **Physical Environment**. Among them, five variables represent the physical environment:

- (1) Workspace layout,
- (2) Infrastructure,
- (3) Job structure,
- (4) Tools and equipment,
- (5) Safety and health (James R. Carlopio, 1996).

Five variables represent the non-physical environment:

- (1) Job demands at the workplace,
- (2) Job structure and content,
- (3) Relationship between colleagues and supervisors,
- (4) Interaction between work and personal life,
- (5) Social capital (Burr et al., 2019).

There are two mediating variables: **Employee Engagement** and **Employee Creativity**, which play the role of mediating the relationship between the work environment and work performance. These variables are also constructed in the model based on previous studies. Specifically, the **Employee Engagement** variable is based on studies by Wellins & Bernthal (2015), Farh et al. (2012), Phua (2012), and Chandrasekar (2011). The **Employee Creativity** variable is based on the results of Alfes et al. (2013); Eldor & Harpaz (2016); Ahmetoglu et al. (2015); Shin & Grant (2020); Ismail et al. (2010); Pattnaik & Sahoo (2021).

Furthermore, to answer the questions:

- With the same income level, do women or men tend to work longer?
- What are the differences in the ability to attract group participation, predictability, sensitivity, relationship-building with colleagues, participation levels, and work performance between women and men?
- Does employee performance increase or decrease as age increases?
- Are there differences in work performance between groups of employees with different levels of education?

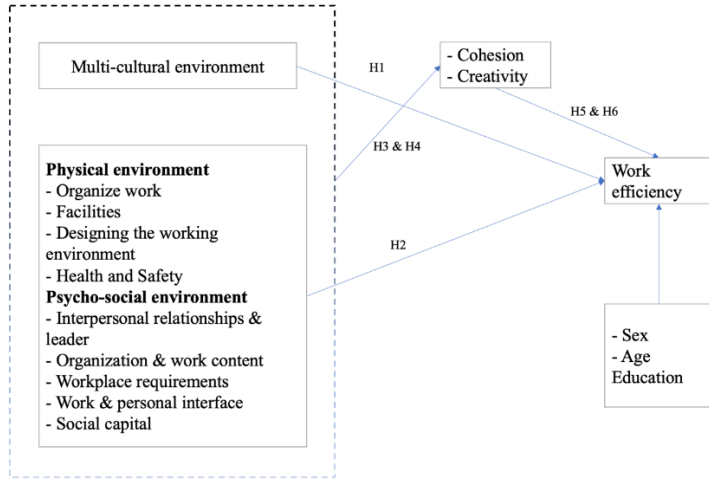


Figure 2.4. Proposed Research Model

(Source: Proposed by the Author)

H1: The multicultural environment impacts employee performance in MNCs in Ho Chi Minh City.

H2: Factors of the work environment (physical environment and psychosocial environment) impact employee performance in MNCs in Ho Chi Minh City.

H3: The work environment impacts employee engagement.

H4: Employee engagement impacts employee performance.

H5: The work environment impacts employee creativity.

H6: Employee creativity impacts employee performance.

CHAPTER 3. RESEARCH METHODOLOGY

3.1. Research Process

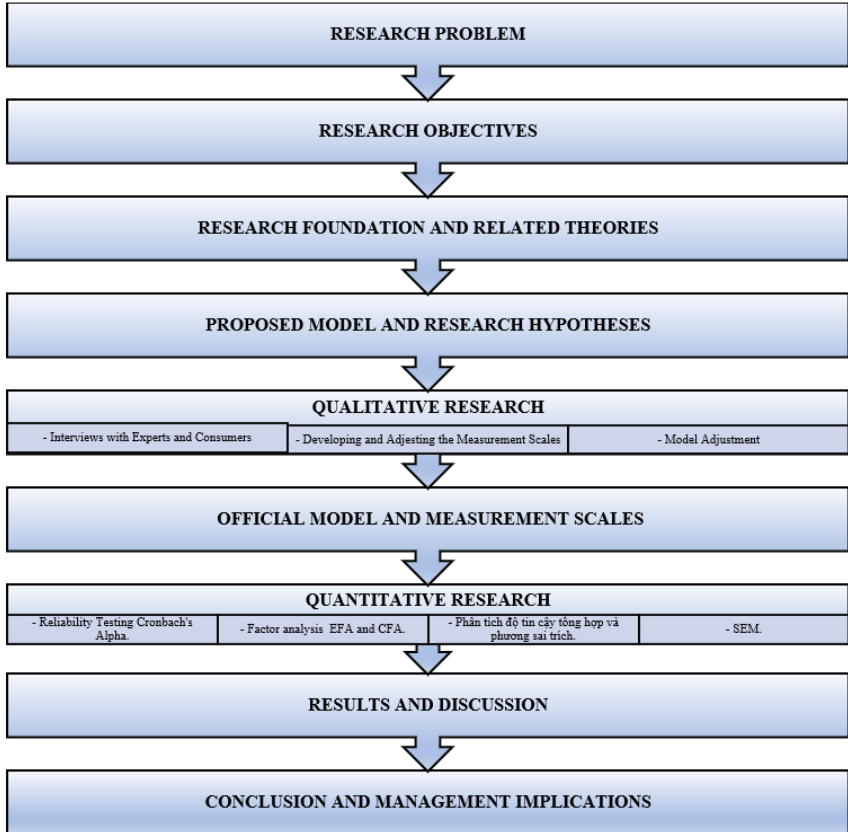


Figure 3.1. Research Process

Source: Proposed by the Author

3.2. Results of Qualitative Research

The objective of this stage is to adjust and clarify the survey questions to ensure their relevance to the research context and the measurement value of the original scales. The qualitative research method was conducted through face-to-face interviews with employees and leaders of departments/units in multinational companies in Ho Chi Minh City from December 15, 2023, to December 20, 2023. The scales were selected based on reputable academic research and were adjusted to fit the cultural context and business environment in Vietnam.

The scale adjustment process consists of three steps:

Step 1: Translate the scales from English to Vietnamese using the back-translation method to ensure equivalence in meaning.

Step 2: Discuss with experts, including lecturers and heads of human resources departments in multinational companies, to adjust the scales to make them clearer and more suitable.

Step 3: Conduct face-to-face interviews with 10 employees in multinational companies to remove or simplify any questions that are not suitable for the characteristics of businesses in Ho Chi Minh City.

The adjustment results show that the items in the “creativity” and “multicultural environment” scales were simplified and clarified. The “engagement” scale was also adjusted by replacing abstract descriptions with more understandable phrases. This process not only builds on previous academic studies but also ensures adaptability to the specific conditions in Vietnam.

3.3. Adjusted Research Model and Research Hypotheses

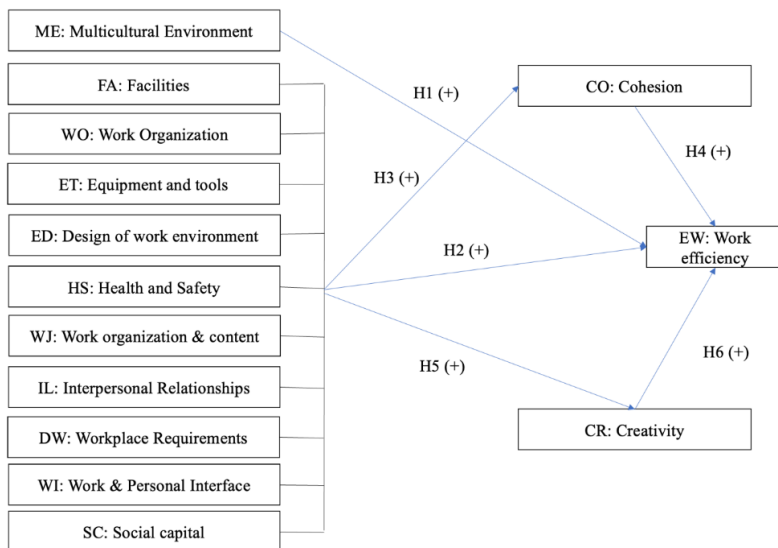


Figure 3.3. Adjusted Research Model

Source: Proposed by the Author

Based on the adjusted research model, the research hypotheses are adjusted as follows:

H1: The multicultural environment positively impacts employee performance.

H2: The factors of the work environment positively impact employee performance.

H3: The factors of the work environment positively impact employee engagement.

H4: Employee engagement positively impacts employee performance.

H5: The factors of the work environment positively impact employee creativity.

H6: Employee creativity positively impacts employee performance.

In this model, the factors of the work environment include: IL, WI, DW, WJ, ME, ED, FA, ET, HS, SC, and WO.

Chapter 3 has presented the research methodology and the steps taken during the thesis process, detailed in this chapter. Based on foundational theories and previous research findings, the author proposes

the research model and measurement scales. The scales selected and determined for use in preliminary qualitative research were adjusted to fit the context of the study after conducting discussions with employees working in MNCs to clarify their meaning and make them more contextually appropriate.

Based on the results of the adjusted scales, preliminary quantitative research was conducted to test the scales before starting the official research. The results of the preliminary quantitative research are also presented in this chapter. The variables extracted from the results of the preliminary study will be used in the final quantitative research to analyze the final results of the model. In Chapter 4, the thesis will present the results from the official quantitative analysis to test and validate the model's hypotheses.

CHAPTER 4. RESEARCH RESULTS AND DISCUSSION

In this chapter, the author will present the main contents in the following order: characteristics of the official sample, evaluation of measurement scales through Cronbach's Alpha analysis as well as EFA, CFA analysis, normality tests, and common method variance assessment, analysis of the research model results, hypotheses, and finally, the analysis of the factors affecting employee performance (HQCv) along with the discussion of the analysis results.

4.1. Results of the Overall Model Testing

The results of the CFA model analysis show 1560 degrees of freedom; $CMIN = 2945.028$; $P = 0.000$; $CMIN/df = 1.888 < 3$. At the same time, these results also indicate that the data fit the market with $GFI = 0.836$; $TLI = 0.925$; $CFI = 0.932$; $RMSEA = 0.42$. Therefore, all measurement scales meet the unidimensionality requirement.

In addition, most of the composite reliability values of all scales meet the condition (≥ 0.7 ; except for SC and IL). However, the AVE of the SC factor does not meet the condition ($AVE < 0.5$). After successively removing the variables ED3, ME2, SC2, ME4, SC4, IL6, IL9, IL7, ET1, FA5, CR1, ME1, ET4, HS1 from the model, all standardized regression coefficients exceeded 0.5 and were significant, except for the SC factor. Therefore, the author continues to remove the SC factor from the model (Figure 4.6).

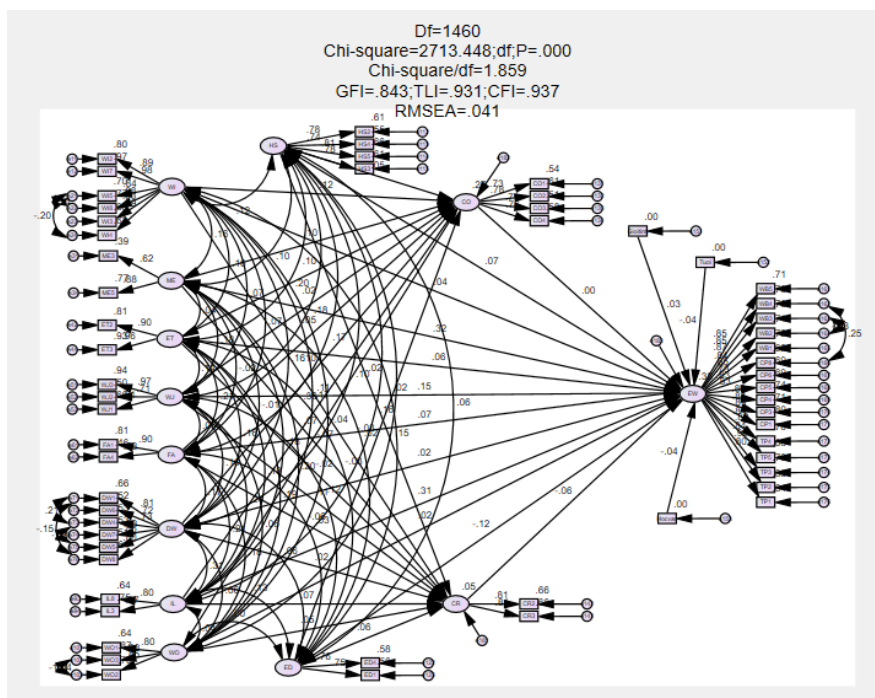


Figure 4.4. Results of the CFA Analysis of the Overall Model

Source: Data Processing Results by the Author

The adjusted model, after removing the SC factor, has 1460 degrees of freedom; Chi-square = 2713.448; $P = 0.000$; Chi-square/df = $1.859 < 3$. Additionally, the CFA analysis shows that the model fits the data well, as evidenced by the following indices: GFI = 0.843, TLI = 0.931, CFI = 0.937, and RMSEA = 0.41. These results reflect the overall fit of the model, with GFI indicating the general fit, TLI and CFI comparing the model with the baseline model, and RMSEA measuring the approximation error. Therefore, the scales meet the unidimensionality requirement.

Furthermore, most of the composite reliability values for all the scales meet the condition (≥ 0.7), and the AVE of all factors meet the condition ($AVE < 0.5$). Hence, the variables used to measure the 12 components: HS, WI, ME, ET, WJ, FA, DW, IL, WO, ED, CO, and CR achieve convergent validity.

At the same time, the AVE is greater than the MSV, indicating that the scales achieve convergent validity. In addition, the measurement scales (factors) have standard errors and the correlation coefficients of the variables lower than 1, and meet the conditions $MSV < AVE$, and the MaxR(H) coefficient is higher than the correlation coefficient within the same scale. Therefore, the measurement scales (factors) including HS, WI, ME, ET, WJ, FA, DW, IL, WO, ED, CO, and CR achieve discriminant validity.

4.2. Analysis and Testing of the Research Model

Firstly, the thesis conducts SEM analysis using the least squares estimation method to test the research hypotheses. Secondly, Bootstrap estimation is performed to evaluate the stability of the model and the reliability of the measurement scales.

The SEM model analysis results show 1460 degrees of freedom; Chi-square = 2713.448, with a significance level of $P = 0.000$, and Chi-square/df = 1.859, which is below the threshold of 3, indicating that the model fits the data. Furthermore, the CFA analysis results also show that the data fit the market, with the indices GFI = 0.843, TLI = 0.931, CFI = 0.937, and RMSEA = 0.41. These indices demonstrate the good fit of the model with the research data.

The estimation coefficients shown in **Table 4.6** indicate the correlations and influences of the factors on employee performance (EW). Four influencing factors have P-values that meet the condition of being less than 0.05 (95% confidence), and one influencing factor has a P-value that meets the condition of being less than 0.10 (90% confidence). These results show that some measurement scales have theoretical value because each measurement variable correlates with EW as proposed in the research hypotheses. The **ME** factor has the strongest correlation with EW with $ML = 0.321$, the effect of **IL** on EW is $ML = 0.310$, the effect

of **WJ** on **EW** is $ML = 0.155$, and the effect of **SH** on **EW** is $ML = 0.075$. **ED** has a negative effect on **EW**.

Furthermore, considering the impact of the factors on the mediating variable **CR**, the results show that **WI** has a correlation with **CR** with $ML = 0.110$, and **WJ** has a correlation with **CR** with $ML = 0.110$. The effect of the factors on the mediating variable **CO** shows that **IL** has the strongest correlation with **CO** with $ML = 0.363$, the effect of **WI** on **CO** is $ML = 0.121$, the effect of **ET** on **CO** is $ML = 0.102$, the effect of **ME** on **CO** is $ML = 0.100$, and the effect of **DW** on **CO** is $ML = 0.098$.

Table 4.6: Results of Testing the Relationships in the Research Model

The Relationship			ML	UE	S.E	CR	P
ME	--->	EW	0,321	0,402	0,063	6,377	***
CO	--->	EW	0,005	0,005	0,05	0,098	0,922
CR	--->	EW	(0,060)	-0,053	0,039	-1,376	0,169
HS	--->	EW	0,075	0,074	0,043	1,736	0,083
WI	--->	EW	0,037	0,033	0,037	0,9	0,368
ET	--->	EW	0,059	0,055	0,039	1,394	0,163
WJ	--->	EW	0,155	0,136	0,037	3,673	***
DW	--->	EW	0,020	0,02	0,044	0,453	0,650
IL	--->	EW	0,310	0,277	0,048	5,796	***
WO	--->	EW	0,023	0,02	0,036	0,563	0,574
ED	--->	EW	(0,121)	-0,116	0,044	-2,656	0,008
FA	--->	EW	0,069	0,057	0,038	1,501	0,133
ED	--->	CR	0,064	0,069	0,064	1,084	0,279
WO	--->	CR	0,049	0,048	0,052	0,915	0,360
IL	--->	CR	0,069	0,07	0,063	1,107	0,268
DW	--->	CR	0,022	0,025	0,064	0,383	0,702
FA	--->	CR	0,033	0,031	0,055	0,566	0,571
WJ	--->	CR	0,110	0,108	0,054	2,011	0,044
ET	--->	CR	(0,023)	-0,024	0,058	-0,412	0,680
ME	--->	CR	(0,072)	-0,102	0,085	-1,199	0,231

The Relationship			ML	UE	S.E	CR	P
WI	--->	CR	0,110	0,111	0,053	2,089	0,037
HS	--->	CR	0,015	0,017	0,063	0,273	0,785
HS	--->	CO	0,049	0,05	0,051	0,98	0,327
WI	--->	CO	0,121	0,11	0,043	2,563	0,010
ME	--->	CO	0,100	0,127	0,069	1,853	0,064
ET	--->	CO	0,102	0,097	0,047	2,089	0,037
WJ	--->	CO	0,023	0,021	0,043	0,48	0,631
FA	--->	CO	(0,055)	-0,047	0,045	-1,042	0,297
DW	--->	CO	0,098	0,1	0,052	1,917	0,055
IL	--->	CO	0,363	0,33	0,053	6,236	***
WO	--->	CO	0,067	0,06	0,042	1,417	0,156
ED	--->	CO	(0,079)	-0,077	0,051	-1,501	0,133

Source: From Data Processing Results

Note: Standardized estimation coefficient (ML), unstandardized estimation coefficient (UE); Standard error (S.E.); Critical value (CR).

4.3. Results of Testing the Research Hypotheses

The research model of the thesis includes hypotheses, denoted as H1, H2, H3, H4, H5, and H6. The results of the standardized estimates of the key parameters are presented in **Table 4.7**, with important indices such as the standardized estimation coefficient (ML), unstandardized estimation coefficient (EU), standard error (S.E.), critical value (CR), and P-value. These results provide detailed information on the fit and reliability of the hypotheses in the research model. Most of the P-values for the hypotheses are less than 5% or 10%, indicating that the hypotheses are statistically significant and can be accepted.

Table 4.7: Results of the Research Hypotheses and Estimation Values

Hypothesis	Impact	ML	EU	S.E	CR	P	Conclusion
H1	ME → EW	0,321	0,402	0,063	6,377	***	Accept

Hypothesis	Impact	ML	EU	S.E	CR	P	Conclusion
H2: MTLV → EW	WJ → EW	0,155	0,136	0,037	3,673	***	Accept
	HS → EW	0,075	0,074	0,043	1,736	0,083	Accept
	IL → EW	0,310	0,277	0,048	5,796	***	Accept
	ED → EW	(0,121)	- 0,116	0,044	- 2,656	0,008	Accept
H3: MTLV → CO → EW	WI → CO → EW	0,121	0,11	0,043	2,563	0,010	Accept
	DW → CO → EW	0,098	0,1	0,052	1,917	0,055	Accept
	ME → CO → EW	0,100	0,127	0,069	1,853	0,064	Accept
	IL → CO → EW	0,363	0,33	0,053	6,236	***	Accept
	ET → CO → EW	0,102	0,097	0,047	2,089	0,037	Accept
H4	CO → EW	0,005	0,005	0,05	0,098	0,922	Reject
H5: MTLV → CR → EW	WJ → CR → EW	0,110	0,108	0,054	2,011	0,044	Accept
	WI → CR → EW	0,110	0,111	0,053	2,089	0,037	Accept
H6	CR → EW	(0,060)	- 0,053	0,039	- 1,376	0,169	Reject

Source: Compiled from the Results of Model Analysis

The research shows that the multicultural environment positively impacts employee performance. Although cultural diversity can promote learning and creativity, it also creates issues and barriers in communication, negatively affecting the quality of work. Therefore, managing cultural diversity is essential to optimize work performance and employee satisfaction.

The research results regarding the factors of the work environment indicate that three factors (WJ, HS, and IL) have a positive impact on work performance. However, the ED factor has a negative impact, suggesting that the work environment in multinational companies in Ho Chi Minh City is not yet fully optimized, especially in terms of lighting, air quality, and facilities.

The study also reveals that employee engagement positively affects work performance, although there is no direct impact. Employees who receive cooperation and support from their colleagues tend to be more optimistic, satisfied, and work more efficiently.

Finally, creativity is identified as an important mediating factor that enhances work performance. Although creativity does not directly affect work performance, when combined with a good work environment, it helps employees perform tasks more effectively, thus improving work performance compared to employees with lower creativity.

CHAPTER 5. CONCLUSIONS AND MANAGEMENT IMPLICATIONS

5.1. Conclusion

Based on the current practices and the research theories discussed, this thesis has addressed important research questions and connected with theories on the work environment, multicultural work environment, creativity, and engagement in multinational companies (MNCs). The objective of the thesis is to identify the factors in the work environment that impact work performance, explore the impact of the multicultural work environment on work performance, and examine the relationships between engagement, creativity, the work environment, and work performance. Based on the analysis results, management implications are proposed to improve work efficiency for both employees and MNCs, contributing to better work performance and operational quality.

The research results demonstrate that factors in the work environment, including the physical work environment (WJ), health and safety (HS), and organizational environment (IL), have a direct positive impact on work performance (EW). This aligns with theories like Herzberg's (1959) and Maslow's (1954), where the work environment and factors such as recognition and working conditions play a crucial role in enhancing employee motivation and job satisfaction. Specifically, according to Geert Hofstede's theory (1984), understanding cultural factors improves communication and collaboration within MNCs, thus enhancing work performance and reducing conflict.

However, the study also shows that the multicultural environment while having a direct positive impact on HQCV, also has some factors, such as the social environment (ED), which have a negative impact on work performance. This reflects the challenges that multicultural organizations face, as highlighted by Hofstede (1984) and Bennett (1993), where lack of understanding and respect for different cultural values can lead to conflicts and affect work motivation.

Additionally, the research results show that **engagement (CO)** and **creativity (CR)** play important mediating roles in adjusting the impact of the work environment factors on HQCV. This reflects McGregor's X and Y theory (1960), where autonomy and intrinsic motivation (creativity and engagement) can create a positive work environment and boost work performance. Specifically, **CO** moderates the impact of work environment and organizational factors (WI, DW), while **CR** moderates

the impact of the physical and organizational environment (WI and WJ), thereby enhancing work performance in MNCs.

Although age, gender, and education level do not directly affect the control variables in the SEM model, there are differences in the relationships between factors depending on the values of gender and education level. This suggests that personal characteristics may still indirectly affect work performance and environmental factors within the organization.

In conclusion, based on the analysis results of the correlations in the proposed model, this thesis has answered the research questions and objectives set forth. The findings show the correlation between the multicultural environment, work environment factors (physical and psychosocial), creativity, engagement, and their direct and indirect impacts on employee performance in MNCs in Ho Chi Minh City. These findings not only provide valuable insights into the factors affecting work performance but also offer important management implications for improving the work environment and operational efficiency in multicultural organizations.

5.2. Management Implications

The analysis results of the model confirm that the factors in the model are stable and have high reliability, with convergent and discriminant validity in the context of employees in multinational companies in Ho Chi Minh City, Vietnam. This result provides a basis for leaders to reference and evaluate the correlations between the factors of the work environment, multicultural environment, psychosocial environment, physical environment, and mediating factors affecting employee performance in multinational companies and businesses in general. Additionally, the analysis results also suggest management implications to increase employee work performance as follows:

5.2.1. Management Activities Related to Organizational and Job Content

According to Burr et al. (2019), organization and job content are key factors in the psychosocial environment. Both organizational structure and job content affect employee performance. Organizing work plays a critical role in shaping the work environment, including management practices, task delegation, and time organization. A well-organized structure creates an environment conducive to employees completing their tasks optimally and efficiently. Additionally, specific job content contributes significantly to work performance. If job content

aligns with the employee's skills and needs, they will feel more engaged and motivated to improve productivity. Conversely, unsuitable job content can lead to a lack of motivation and lower work efficiency. Therefore, considering and optimizing both the organization and content of work is essential to improving work performance in organizations.

The analysis results show that **WJ** has a direct and positive impact on **EW** and also serves as an indirect influence through the mediating variable **CR**, motivating employees to engage in creative activities to achieve **EW**. Therefore, leaders should create an environment with good **WJ**, which will contribute to enhancing employee work performance. Specifically:

For organizational structure, the following solutions are necessary:

(1) **Clear task delegation:** Create job descriptions that ensure responsibilities are clearly assigned to each employee or workgroup, ensuring that everyone understands their duties and can independently complete tasks efficiently.

(2) **Optimize work processes:** Annually, companies should assess and improve work processes to eliminate unnecessary steps and maximize efficiency. This helps minimize time and resource wastage.

(3) **Use of technology:** Apply management software and technology to track task progress, assign duties, and monitor relationships within teams, departments.

(4) **Feedback and evaluation:** Set up a feedback system to identify problems and improvement opportunities, ensuring that organizational solutions are regularly adjusted and enhanced.

(5) **Automate repetitive tasks:** Implement automation for standard tasks and procedures to reduce errors and increase efficiency. These solutions not only enhance work performance but also build a supportive environment to foster the company's sustainable development in the competitive market.

For job content, the following solutions are necessary:

(1) **Proper job allocation:** Ensure that tasks assigned match the skills, abilities, and personal interests of employees. This helps employees feel more inspired and satisfied with their work. Companies should involve employees in job content planning, seeking input from lower-level staff to higher management.

(2) **Provide training and development:** Invest in training and skill development so employees can perform their tasks more effectively and improve productivity.

(3) **Encourage creativity and innovation:** Ensure a favorable environment for employees to propose new ideas and undertake creative projects, enhancing job quality and value.

(4) **Flexible job adjustments:** Allow employees to adjust their job content to accommodate changing work conditions and needs. These solutions enhance work performance, increase employee satisfaction, and contribute to the company's long-term sustainable development.

5.2.2. Management Activities Related to Employee Health and Safety

According to Burr et al. (2019), employee health and safety is one of the factors in the physical environment. Healthy employees typically perform better, meet job requirements more efficiently, and reduce the risk of work-related illnesses and absenteeism. Good health enables employees to maintain high levels of concentration and attention during work, thereby enhancing the quality and efficiency of their work. At the same time, healthy employees tend to have a more positive work experience, feeling more engaged and willing to contribute more to the organization. Regarding safety, a safe work environment helps employees feel more confident in carrying out tasks, reducing anxiety and stress, which in turn boosts work performance, minimizes the risk of accidents and injuries, protects health, and enhances labor performance. Safety at work is also crucial for employee retention, as it helps employees feel happy, satisfied, and committed to the company. Therefore, ensuring employee safety and health is an essential part of optimizing work performance in any organization.

The analysis results demonstrate that **HS** has a positive and direct impact on **EW**. Thus, managers need to create an environment with good **HS** to help increase employee work performance. Some solutions proposed by the author related to ensuring safety and health for employees include:

(1) **Regular health checks:** Conduct regular health checks for employees to identify potential health issues early and prevent underlying medical conditions.

(2) **Provide safety training:** Organize safety training sessions to ensure employees understand safety rules and regulations, and know how to handle and mitigate risks associated with their work.

(3) **Optimize the work environment:** Improve the work environment by providing modern equipment and technology, and adjusting the workspace design to ensure safety and promote employee health.

(4) **Increase cleanliness and hygiene:** Implement regular cleaning and hygiene measures to prevent bacteria and illnesses, ensuring that the work environment is always in optimal condition.

(5) **Encourage physical activity and exercise:** Motivate employees to participate in regular physical activities and exercise to improve their physical and mental health.

(6) **Establish a reporting and feedback system:** Create a system where employees can easily report health and safety issues, allowing the organization to address and improve the situation.

(7) **Provide mental health support policies:** Offer mental health services such as counseling, psychological support, and mental wellness care to help employees manage stress and work pressure.

(8) **Conduct regular risk assessments and continuous improvements:** Regularly assess health and safety risks and implement ongoing improvements to ensure the best safety and health standards for employees.

These solutions help improve the health and safety of employees, creating a supportive environment for them to perform tasks excellently and improve labor welfare.

5.2.3. Management Activities Related to Leadership and Individual Relationships

According to Saidi et al. (2019), the relationship between leaders and individuals impacts employee performance (HQCv). Leadership plays a crucial role in providing support and guidance to employees. A positive relationship and leadership guidance help employees feel more confident in performing tasks and solving difficult problems, thereby enhancing work performance. A strong relationship between leaders and individuals is often based on effective communication. Leaders need to listen, provide constructive feedback, and encourage employees to participate in the decision-making process, creating a sense of being valued and supported, which in turn enhances commitment and work performance. A good relationship between leaders and individuals is often reflected in the creation of a positive work environment. Leaders should encourage collaboration, sharing of ideas, and contributions from each employee, helping them feel appreciated and making meaningful

contributions to the collective work. Therefore, the relationship between leadership and individuals plays a key role in creating a supportive work environment, which ultimately leads to the highest work performance. Effective support, communication, and recognition of individual value are critical elements in building and maintaining a positive working relationship between leaders and individuals.

The analysis results confirm that **IL** has a positive and direct impact on **EW**, and also plays an indirect role through the mediating variable **CO**, motivating employees to engage in activities that foster engagement to achieve **EW**. Therefore, managers should build an environment with good **IL** to increase employee work performance. Some solutions proposed by the author related to leadership and individual relationships include:

(1) **Create open and sincere communication opportunities:** Organize regular meetings between employees and leaders to discuss issues, ideas, and suggestions. This improves communication, fosters better understanding, and builds trust between both parties.

(2) **Encourage continuous feedback:** Enable employees to provide feedback on leadership, guidance, and the work environment. This feedback helps leaders better understand the needs and desires of employees, allowing them to adjust their behaviors and decisions.

(3) **Support career development:** Provide training programs, guidance, and mentorship to help employees enhance their skills and capabilities. Leaders should act as mentors and motivate employees, helping them identify directions and opportunities in their careers.

(4) **Share and recognize achievements:** Evaluate and recognize excellent work, contributions, and achievements of employees. Leaders should create opportunities to share and honor these achievements, encouraging employees to feel valued and motivated to contribute even more.

(5) **Set clear and achievable goals:** Work alongside employees to set and track personal and business goals. Leaders need to provide support, guidance, and feedback to help employees achieve these goals, thereby enhancing commitment and work performance.

(6) **Create fair policies and processes:** Ensure that organizational policies and procedures are fair and transparent. Leaders should ensure that everyone is considered and evaluated based on their performance and contributions, without discrimination based on personal factors.

These solutions help strengthen the positive relationship between leaders and individuals, enhancing work performance and employee satisfaction. Respect, support, and recognition are essential factors in building a healthy and successful work environment.

5.2.4. Management Activities Related to Work Environment Design

According to Hafeez et al. (2019) and Ajala (2012), work environment design impacts employee work performance. An open space can facilitate communication and collaboration between employees. However, it can also be a barrier if there is no private space for tasks requiring high concentration; amenities like desks, comfortable chairs, and modern equipment help increase comfort and employee satisfaction. Natural lighting improves mood and boosts productivity compared to artificial lighting; colors can influence mood and perceptions. Colors like green or blue are often considered to create a calm and focused atmosphere. At the same time, decoration and furniture can form a comfortable and friendly workspace, encouraging creativity and innovation; a quiet environment enhances attention and work performance. However, some individuals may need noise to work better, so this should be considered. Additionally, indoor gardens and green spaces in offices can help reduce stress, improve mood, and enhance work performance; the work environment should be designed flexibly to adapt to the needs and work preferences of each employee group. In summary, work environment design affects not only employee work performance but also their satisfaction, personal development, and mental health. Therefore, investing in an optimal work environment can bring significant benefits to the business.

The analysis results confirm that **ED** has a negative and direct impact on **EW**, meaning that the work environment design in multinational companies in Ho Chi Minh City is not yet satisfactory, failing to meet employee satisfaction. Therefore, managers need to create a better **ED** environment to improve employee satisfaction and work performance. Some design initiatives in the workplace can be implemented to optimize workspaces, enhance performance, and increase employee satisfaction. Some solutions include:

(1) **Design flexible open workspaces:** Create open work environments but ensure private areas for high-concentration tasks such as meetings and independent work. Use flexible, movable desks to allow employees to easily change the workspace layout according to their needs.

(2) **Improve lighting and green spaces:** Optimize natural lighting through large windows, use sun-blocking glass to reduce heat and filter light. Create green spaces with plants and indoor gardens to reduce stress, enhance concentration, and improve air quality.

(3) **Control noise and sound:** Use soundproof materials and design spaces to minimize external noise and maintain a quiet workspace. Provide separate areas for activities with loud noise, such as meetings, so they do not disrupt other employees.

(4) **Provide modern equipment and technology:** Provide advanced equipment and technology to support work, such as computers, software, and collaboration tools. Ensure a stable IT system and network connectivity to avoid disruptions in employees' work.

(5) **Design and furnish the space:** Choose appropriate colors and decor to create a comfortable, friendly, and motivating work environment. Arrange furniture efficiently to optimize space and enhance employee convenience.

Therefore, work environment design requires attention to employees' needs and working styles, integrating innovative and effective solutions to create an optimal and friendly workspace.