

Cultural Diversity and Organizational Performance and Organizational Performance of Food and Beverages Firms in Port Harcourt, Nigeria

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ABSTRACT: This study examined the influence of cultural diversity on organizational performance in food and beverages firms in Port Harcourt, Nigeria. A cross sectional research design was adopted for the study. Primary data was collated through self-administered, structured questionnaire. A cross sectional research design was adopted for the study. The population of this study comprised of the entire Food and Beverages Firms in Rivers State. A survey by the Manufacturing Association of Nigeria (MAN), Rivers State branch revealed that seventeen (17) registered Food Beverages Firms in Port Harcourt Rivers State Nigeria. The population was made up of 115 managers made up of plant managers, depot managers, trade managers and commercial managers in three selected Food and Beverages Firms. A sample size of 89 was determined using Taro Yamene sample size determination formula. The research hypotheses were tested using the Pearson Product Moment Correlation coefficient. The study findings revealed that cultural diversity significantly influences organizational performance in food and beverages firms in Port Harcourt. The study recommends effective organizational policies and strategies regarding the management of diverse workforce for a better organizational performance at the Food and Beverages Firms in Port Harcourt, Rivers State, Nigeria.

Keywords: Cultural Diversity, Organizational Performance, Market Share, Productivity Introduction

I. INTRODUCTION

Organizations and their employees do not exist in a vacuum, separated from their cultural surroundings, but in a specific culture or socio-cultural environment (Hofstede, 1991). For an organization to remain relevant in a competitive environment, it's necessary for the management to hire employees who represent its demographics (Jehn & Bezrukova, 2004). This could include people who represent a particular ethnic community, who understand and know the needs of their culture. It could also mean having a representative from a particular religion, who may be able to give insight on the acceptable and non offensive traditions that could be used by the organization, for example during a marketing campaign (Worman, 2006). Worman (2006) further explains that understanding the effect of culture on human behavior is crucial to the business success of any organization.

Farrer (2006) believes that, organizations aiming to expand their market and increase their performance need to give greater attention to relating to a multi-cultural workforce. Jehn & Bezrukova (2004) state that the trend of having different work functions and departments in an organization that have different cultures, adds a strong element of cultural diversity to today's workgroups in many organizations. For an organization to succeed and have a competitive edge over the rest in the industry, it has to greatly embrace diversity to be able to realize its benefits, Farrer (2006). Being able to successfully handle workplace diversity issues as well as develop and implement diversity plans gives an organization several benefits (Stahl, Maznevsk, Voigt & Jonsen, 2010).

Cultural diversity is the representation, in one social system, of people with distinctly different group affiliations of cultural significance (Ang, Van, Koh, Templer, Tay & Chandrasekar, 2007). Tayeb (2003), describes culture as the shared norms and values of a social system which characterize a society, and lie beneath its art and architecture, clothes, food, ways of greeting, working together and ultimately ways of communicating. On the other hand, Hofstede (2001) defines culture as the collective programming of the mind based on values that distinguishes one group or category from another. To Tayeb (2003) cultures are different

from one another in the degree to which they generally hold certain values and attitudes, and not in the kind of those values and attitudes.

Effectively managing staff diversity ought to be a top precedence for managers in all organizations, massive and small, public and private, for-profit and not-for-profit. Managers desire to make sure that they and their subordinates appreciate the cost that diversity brings to the organization, recognize why diversity should be celebrated rather than ignored, and have the capability to engage and work successfully with men and ladies who are physically challenged or are of a diverse race, religion, gender, ethnicity, culture, nationality, or sexually orientation.

Every organization aims to sustain its existence and meet the needs of highly competitive markets by continuously improving its performance (Arslan & Staub 2013). According to Chen (2002), organizational performance means the transformation of inputs into outputs for achieving certain outcomes. Ely & Thomas (2001) describe performance as the execution or accomplishment of work, tasks or goals to a certain level of desired satisfaction. There are several ways to understand organization performance but for the purposes of this thesis, we will look at it as the ability of an organization to satisfy the desired expectations of two main stakeholders comprising of owners and customers. This is measured in terms of the following parameters; owners' satisfaction with financial returns or profits from organizational operations and customers' expressed satisfaction with the quality of products and services of the organization.

Workforce diversity management troubles abound in organizations and it is expedient that they are proactively recognized and as it should be addressed. Prejudice and discrimination appear to be alive greater in settings where there are numerous units of persons. The food and beverages firms in Rivers State leverages a worldwide team that is rich in diverse people, and has a workforce drawn from almost all gender, religion, racial and cultural system in Nigeria, working under unique social and environmental circumstances that provided a rare area of study on cultural diversity management. This study sought to examine the relationship between cultural diversity and organizational performance of food and beverages firms in Port Harcourt.

This study was also guided by the following research questions:

- i. To what extent does cultural diversity influence the market share of food and beverages firms in Pot Harcourt?
- ii. To what extent does cultural diversity influence the productivity of food and beverages firms in Pot Harcourt?

II. LITERATURE REVIEW

Theoretical framework

Social Categorization Theory

Social-categorization theory propounded by Turner (1987) suggests that people belong to many exceptional social agencies (e.g. nation, employer, or school). It predicts that men and women sort themselves into identification businesses primarily based upon salient traits and that they act in live performance with their categories and prefer contexts that verify team identity (Hogg & Terry, 2000). In consequence, diverse individuals are less probably to collaborate with one every other compared to comparable individuals. In this way, social categorization may additionally disrupt elaboration of task-relevant information because of viable biases towards in-group contributors and negative biases towards out-group individuals (Knippenberg, Kleef & De Dreu, 2007).

This is a theory of the self, group processes, and social cognition (Turner, 1987) which emerged from research on social identification theory. It is worried with version in self-categorization (in the level, content, and meaning of self-categories). It focuses on the difference between private and social identity. Social-categorization concept seeks to show how the emergent, higher-order tactics of group conduct can be explained in terms of a shift in self-perception from self-categorization in phrases of non-public identity to self-categorization in terms of social identity.

Cultural Diversity

Baridam and Nwibere (2008) are of the opinion that an organizations culture is a hidden but unifying force that provides meaning and direction in the organization. The culture of a workplace may be a very important consideration for effective diversity management as diversity and diversity management practices have become more prevalent in workplaces across the globe. Effective diversity management is even more important for a culturally diverse nation like Nigeria and some Multinational Companies (MNCs) which not only have to manage the diversity of their workforce across geographic regions, but also do so with consideration for the history and traditions that are unique to each country within their corporate umbrella.

According to Aluko (2003), culture is a wide and multidimensional concept that one cannot hope to deal with in its entirety in a single study. This is because culture is divided into two major aspects which are (i) material and (ii) non-material cultures. Aluko (2003) goes further to describe material culture as the physical pieces that are

clear and noticeable, such as clothing, tools, technology and art. The non-material aspects of culture are described as the abstract ideas and ways of thinking, morals, languages, attitudes, values, and norms shared and transmitted in a society. They cannot be seen or touched but can be revealed through the psychological state and behavior of individuals.

Differences in cultural characteristics can predict team scores which can further be interpreted as an advantage of having ethnically different views for a team, resulting in increased problem solving and team performance. Many private firms have also manifested this kind of diversity, although a good number—especially the multinationals and those that have adopted professionalism as a value hire purely on merit (Zgourides & Watson, 2002). While there have been a significant number of studies that have explored the effect of diversity at individual and group level, there is little theoretical guidance and a scarcity of empirical findings concerning the potentially beneficial impact of firm-level cultural diversity on organizational outcomes (Richard Dwyer & Chadwick, 2003). Researchers have observed that diversity on a cultural context can influence organizational synergies, innovativeness, and effectiveness in implementation of technological programs (Gomez-Mejia & Palich, 2015). Cultural diversity can further influence interpersonal dynamics within an organization. Interpersonal barriers rooted in cultural differences may impede the flow of information on a corporate wide basis. Cultural norms and practices may further influence the manner in which human resource programs are implemented (Gomez-Mejia *et al.*, 2015). Culture is critical to business success, according to the results of the 2013 Culture and Change Management Survey. When more than 2,200 global businesspeople were surveyed to get their take on culture's role in business, it was observed that culture is widely seen as more important than companies' strategies or operating models. This view of culture's importance holds true around the world (Cox, 1991; Cox, 1994; Gilbert & Ivancevich, 2000). According to Ahiauzu (1999), cultural diversity implies diversity in religion, norms, values and attitude. The growth of cultural diversity was the focus since before Christ was born. To achieve organizational goals, the management needs to manage employees with different cultural diversity. When people of diverse cultures are grouped together to perform a specific task, it will lead to high effectiveness and efficiency of the organization. Multicultural workforce is an influential source of heterogeneity which can be positive on efficiency and effectiveness. This is as a result of different people pooling their belief, knowledge and skills together to achieve effective productivity in the organization. Cultural diversity is, therefore, the representation, in one social system, of people with distinctly different group affiliations of cultural significance (Powell & Persico, 1995; Cox, 1994). Multiculturalism emphasizes that acknowledging the existence of ethnic diversity and ensuring the rights of individuals to retain their culture should go hand in hand with enjoying full access to constitutional principles and commonly shared values prevailing in the society or organization. It has been used interchangeably with cultural diversity. In the light of this, organizations and societies are becoming increasingly diverse in terms of gender, race, ethnicity, and are being charged to create the multicultural organization.

Primary characteristics of this kind of organization include integration of minorities in all structural levels of the company, including management/executive positions; integration of in formal/social networks of the business; absence of prejudice and discrimination; and a mindset that not only accommodates diversity but also values that diversity. An organization which simply contains many different cultural groups is just a plural organization, but it is considered multicultural only if the organization values this diversity (Sales & Mirvis, 1984).

Organizational Performance

Measures of Employee Commitment Market Share

Market share is a key indicator of organization's competitiveness, that is, how well a firm is doing against its competitors (Farris, 2010). As a measure organizational performance, market share is also linked with the overall organizational productivity. Vargo and Lusch (2004) have urged the scholars and practitioners interpret market share as a measure of how well a company has been able to predict market dynamics and the needs of the targeted competitive advantages. It is important to point out that market share should be closely monitored for signs of change in the competitive landscape; this proxy frequently drives strategic policymaking or tactical actions.

The market share and productivity link should be interpreted with caution given the specificity of external environmental factors: However, in spite of numerous ways of defining market share and establishing this metric as a valid measure of organizational performance, the present state of the literature reveals some conceptual pitfalls that cannot be ignored and they pose potential threat to validity and operationalization of the market share concept. However, although some early works indicate that market share has a significant and positive effect on business profits or even establish a negative relationship between the two variables (Armstrong & Green, 2007). Market share has a significant and positive effect on business profits; the multivariate findings have revealed that the estimate of market share elasticity is contingent upon various specification errors, sample, and measurement characteristics. Overall, Prescott (1986) suggests that the relationship between market share and organizational productivity is context-specific.

Productivity

Productivity is a summary measure of the quantity and quality of work performance, with resources utilization taken into account. Productivity shows whether the activity of an organization is efficient and effective. It can be measured at the individual, group, or organizations level, Productivity may be expressed as success into dimensions of organizations performance, effectiveness and efficiency. Though the terms like productivity, efficiency and effectiveness are used together and scholars sometimes alternate their meanings, however we must not identify productivity with efficiency and/or effectiveness of the most important issues facing the applied behavioral sciences is that of human productivity, the quality and quantity of work. Productivity concerns both effectiveness and efficiency because a certain activity will not be productive if it is only efficient, but not effective, or effective, but not efficient. According to Drucker a founding father of management theory wrote, effectiveness is a minimum condition for survival after success has been achieved. Efficiency is concerned with doing things right and effectiveness is doing the right things. Ricardo, (2001) explains that there is a difference between performance and productivity. Productivity being a ratio depicting the volume of work completed in a given amount of time. Performance is being seen a broader indicator that could include productivity as well as quality, consistency and other factors. Waiganjo, Mukulu and Kahiri, (2012) note that organizational performance may be measured in terms of its multiple objectives of profitability, employee satisfaction, productivity, growth among many other objectives Productivity in economic position is defined as the relation between output and input.

From the foregoing point of view, we hereby hypothesized thus:

- H₀₁:** There is no significant relationship between cultural diversity influence the market shares of food and beverages firms in Pot Harcourt.
- H₀₂:** There is no significant relationship between cultural diversity influence the productivity of food and beverages firms in Pot Harcourt.

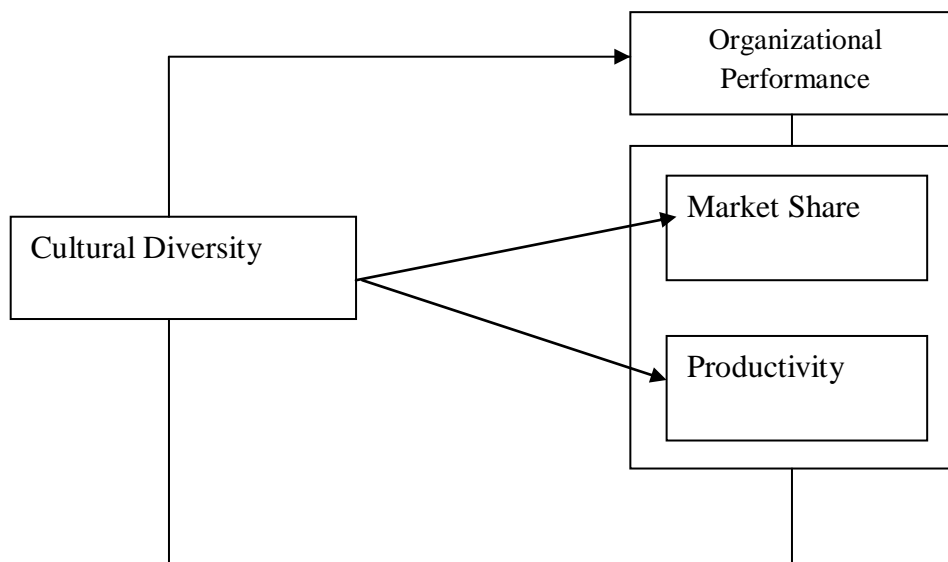


Figure 1.1: Operational framework for the relationship between cultural diversity and organizational performance

Source: Desk Research, 2018

III. METHODOLOGY

A cross sectional research design was adopted for the study. Primary data was collated through self-administered, structured questionnaire. A cross sectional research design was adopted for the study. The population of this study comprised of the entire Food and Beverages Firms in Rivers State. A survey by the Manufacturing Association of Nigeria (MAN), Rivers State branch revealed that seventeen (17) registered Food Beverages Firms in Port Harcourt Rivers State Nigeria. The population was made up of 115 managers made up of plant managers, depot managers, trade managers and commercial managers in three selected Food and Beverages Firms. A sample size of 89 was determined using Taro Yamene sample size determination formula. The research hypotheses were tested using the Pearson Product Moment Correlation coefficient.

IV. RESULTS AND DISCUSSION

Bivariate Analysis

Data analysis was carried out using the Spearman rank order correlation tool at a 95% confidence interval. Specifically, the tests cover a H_0 hypothesis that was bivariate and declared in the null form. We have based on the statistic of Spearman Rank (ρ) to carry out the analysis. The level of significance 0.05 is adopted as a criterion for the probability of accepting the null hypothesis in ($p > 0.05$) or rejecting the null hypothesis in ($p < 0.05$).

Test of Research Hypothesis One

H_{01} : *Cultural diversity does not significantly affect the market share of the organization*

Table 1: Correlation Result for Cultural Diversity and Market Share

		CUL5	MAK5
CUL5	Pearson Correlation	1	-.006
	Sig. (2-tailed)		.962
	N	89	89
MAK5	Pearson Correlation	-.006	1
	Sig. (2-tailed)	.962	
	N	89	89

Source: SPSS 20.0 Data Output, 2018

Interpretation:

The result in table 4.15 shows that shared correlate with market share ($r = -0.006$, $p = 0.962 > 0.001$). This represents a slight correlation indicating an almost negligible relationship. The relationship that exists within cultural diversity and market share is shown to not be significant at 0.01 significant levels.

Decision:

Since an r value that is less than 0.20 ($r < 0.20$) is the benchmark for accepting the null hypotheses and r value that is greater than or equal to 0.20 ($r \geq 0.20$) is the benchmark for rejecting the null hypotheses, based on this guidelines for accepting or rejecting the null hypothesis formulated for the study according to Irving (2005) cited in Ahiazu&Asawo(2016), the researcher rejected the null hypothesis and uphold the alternate hypothesis. This was because, the r value obtained from our SPSS computed output is less than 0.20 i.e. $r = -0.006$ is less than 0.20. Hence the null hypothesis which states that there is no significant relationship between culture diversity and market share was accepted.

Test of Research Hypothesis Two

H_{02} : *Cultural diversity does not significantly affect productivity of the organization*

Table 2 Correlation Result for Cultural Diversity and Productivity.

		CUL5	PRO5
CUL5	Pearson Correlation	1	.006
	Sig. (2-tailed)		.964
	N	89	89
PRO5	Pearson Correlation	.006	1
	Sig. (2-tailed)	.964	
	N	89	89

Source: SPSS 20.0 Data Output, 2018

Interpretation: The result in table 4.16 shows that cultural diversity and productivity ($r = 0.006$, $p = 0.964 > 0.001$). This represents a slight correlation indicating an almost negligible relationship. The relationship that exists between cultural diversity and productivity is shown not to be significant at 0.01 significant.

Decision:

Since an r value that is less than 0.20 ($r < 0.20$) is the benchmark for accepting the null hypotheses and an r value that is greater than or equal to 0.20 ($r \geq 0.20$) is the benchmark for rejecting the null hypotheses, based on this guidelines for accepting or rejecting the null hypothesis formulated for the study according to Irving (2005) cited in Ahiazu&Asawo (2016), the researcher accepted the null hypothesis. This was because, the r value obtained from our SPSS computed output was less than 0.20 i.e. $r = 0.006$ is less than 0.20. Hence the alternate hypothesis which states that there is a significant relationship between cultural diversity and market share was accepted.

Discussion of findings

The finding of the test of hypothesis one and two (Cultural diversity and market share, productivity), revealed that there is a negative and low correlation between cultural diversity and market share of Food and Beverages Firms in Port Harcourt, Rivers State. This finding does not corroborates with that of (Okoro& Washington, 2012), who contended that business organizations will be successful only to the extent that they are able to embrace and encourage workforce diversity by ensuring that their workplace is significantly diverse and that their diverse workforce is effectively managed, respected, appreciated and valued. It also supported the study (Milken, & Martins, 1996) who stated that underlying premise is that heterogeneous groups are more likely to be creative, productive, or effective in attainment of organizational goals as opposed to homogeneous groups.

Conclusion and Recommendation

Workforce diversity creates problems when left unmanaged. Thus, it is concluded that the overall workforce diversity had a significant influence on the organizational performance of Food and Beverages Firms in Port Harcourt.

Based on the discussions above, the researcher concludes as follows:

1. Cultural diversity does not have a significant relationship with market share of Food and Beverages Firms in Port Harcourt.
2. Cultural diversity does not have a significant relationship with productivity of Food and Beverages Firms in Port Harcourt.

It is recommended that companies should create diversity managers in their organizations who are saddled with the responsibility of ensuring that organizational performance is enhanced. For the purpose of managing conflicts, food and beverage companies should craft its values in accordance with the employee cultural values. The need for constant training cannot be overemphasized and needs to be done with the various dimensions of cultural values to reduce on any conflict that arises because of differences in value system, and enhance unity and organizational cohesion.

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