

Impact of Cultural Diversity and Corporate Culture on Performance of Unilever Nigerian Employees

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Abstract

This study aimed to assess the impact of cultural diversity and corporate culture on organizational performance in Unilever Nigeria. The study used exploratory and descriptive survey designs. The sample size for this study was 390, with 55.8% male and 44.2% female. The data were collected using both descriptive and inferential statistical tools, with correlation and regression analysis used to evaluate hypotheses that were processed by SPSS version 22. The results showed that cultural diversity is a significant predictor of the level of performance of employees and managerial staff. The findings also revealed a positive but weak correlation between corporate cultural aspects and the performance levels of employees. It also revealed significant positive relationships between corporate culture aspects and performance levels. Overall, the study emphasizes the importance of both cultural diversity as well as corporate culture in influencing organizational performance. This study also provides valuable insights for organizations seeking to enhance their performance and create an environment that empowers employees and drives innovation.

Keywords: *Cultural diversity, Corporate culture and Performance*

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Background to the Study

The increasing globalization of markets and the rise of multicultural workforces have highlighted the importance of cultural diversity in organizations. In today's globalized business environment, organizations operate in diverse cultural settings, which present both challenges and opportunities. Understanding the impact of cultural diversity on organizational performance is crucial, particularly in developing economies where cultural differences play a significant role in shaping business practices and outcomes. However, it can create challenges such as communication barriers, conflict, and difficulties in establishing shared norms (Hofstede, 2021). In the context of developing economies, cultural diversity is even more prominent due to the rich tapestry of cultural backgrounds, languages, and traditions. Nigeria, as a developing economy, is a vibrant mosaic of cultural diversity, with over 250 ethnic groups (Akpan & Udoh, 2019). Managing cultural diversity effectively becomes critical for organizations operating in such contexts to leverage the benefits and mitigate the challenges associated with it.

Unilever Nigeria, a subsidiary of the multinational consumer goods company, operates in a developing economy that is characterized by diverse cultural backgrounds, traditions, and values. Globalization has transformed the business landscape, leading to increased interconnectedness between countries and cultures. According to Gupta and Govindarajan (2021), globalization has resulted in the convergence of customer preferences, technological advancement, and business practices across nations. This convergence has necessitated organizations to operate in multicultural environments where diverse perspectives and cultural norms are prevalent. Studies have indicated that cultural diversity can contribute to enhanced creativity and innovation (Ely & Thomas, 2021), improved decision-making processes and better problem-solving capabilities. Corporate culture, defined as the shared values, beliefs, and norms within an organization, plays a significant role in shaping organizational behavior and performance. It influences how employees perceive and interpret their work environment, their commitment levels, and their motivation to achieve organizational goals (Schein, 2004).

A growing body of research has highlighted the link between corporate culture and organizational performance. Kotler and Heskett (2022) found that strong organizational cultures aligned with the company's strategic objectives positively influenced financial performance. Denison (2020) demonstrated that organizations with adaptive cultures, characterized by openness to change and innovation, outperformed their competitors. In the case of Unilever Nigeria, understanding the impact of its corporate culture on organizational performance is crucial. Unilever is known for its emphasis on diversity and inclusion as part of its corporate values (Unilever, 2021). Assessing the influence of Unilever Nigeria's corporate culture on performance will provide insights into how cultural diversity is managed and leveraged within the organization.

To effectively manage cultural diversity and align it with organizational goals, companies often employ strategies of corporate cultural adaptation. These strategies involve adjusting and integrating cultural practices, values, and behaviors to create a cohesive and inclusive

work environment. One commonly used strategy is cultural intelligence, which refers to the ability of individuals and organizations to understand, appreciate, and adapt to different cultural contexts. By developing cultural intelligence, organizations can foster better cross-cultural communication, collaboration, and decision-making. Organizational practices such as diversity training programs, mentoring, and employee resource groups can also contribute to cultural adaptation and performance improvement. These initiatives provide employees with the necessary skills, knowledge, and support to navigate cultural differences effectively.

Statement of the Problem

The discriminatory attitude of some employees, individual identity, lack of cooperation amongst employees has been extended by workers in same diverse organization like Unilever Nigeria beyond limits, which dampens morale with negative performance index. This is because departmental goals are pursued more at the expense of broad organizational goals and objectives. Understanding the significance of corporate culture on organizational performance in Unilever Nigeria is crucial because it is known for its emphasis on diversity and inclusion as part of its corporate values. Corporate profitability dwindles because the core values of diversity are not properly harnessed. Countless studies have been conducted on cultural diversity. This study is provoked by the gap left unfilled by a substantial number of researches works that has been conducted on cultural diversity and its significance on the organizational performance. Studies undertaken by Sifa (2009) have all treated organization performance as a dependent variable. The findings of each of these studies indicate that performance is a function of a combination of factors. Ahiauzu (2000) states that, most of the literature on cultural influences on organizational performance and behavior is of poor quality consisting of anecdotes and prescriptions based on western experience and imagination. The above-mentioned negative effect of cultural diversity in workplace is prevalent to organizations today, but requires solutions for organizations to perform optimally. Hence, this study investigated the impact of Cultural diversity and its impact on organization performance.

Objectives of the Study

This research study was guided by the following objectives:

- i. To assess the relationship between cultural diversity and organizational performance in Unilever Nigeria.
- ii. To evaluate the strategies employed by Unilever Nigeria for corporate cultural adaptation and their impact on performance levels.

Research Questions

The research study endeavored to provide comprehensive responses to the following question:

- i. How do the corporate cultural aspects of Unilever Nigeria, such as values, beliefs, and behaviors, influence the performance of its employees and managerial staff?
- ii. What specific strategies has Unilever Nigeria used to adapt its corporate culture, and how have these strategies affected its performance level?

Research Hypotheses

The null hypotheses are expressed as follows:

- i. **H₀₁**: There is no significant influence of corporate cultural aspects on the performance of employees and managerial staff in Unilever Nigeria.
- ii. **H₀₂**: The strategies of corporate cultural adaptation employed by Unilever Nigeria do not significantly improve its performance levels.

Literature Review

Conceptual Review

Culture

Culture is the sanctity of intellect. Wealth and other things can be renounced by a man, for without holiness and culture, which are considered a gift for some people, but a man cannot renounce jealousy, revenge, envy and hatred (Pauleen, 2007). It has its inception in mid fifteenth century, inferred from the Latin expression, "cultural" initially implied "a cultivating agriculture", or "the tilling of land", symbolically "culture, honoring and care" and it assumes a significant part in confirming the personality of a group of humans, likewise as disposition verifies the character of an individual (Hofstede, 1984). Culture is referred to as something which is shared by all members of a specified society. It is passed on from one generation to another, which has a great impact in shaping up the behaviours of people and their perceptions, attitudes and behaviours about the world.

Organizational culture

Organizational culture is composed of a range of intricate social phenomena resulting to classification of corporate culture as a multi-layered assemblage which is divisible based on accessibility and observability of these issues (Kotler & Heskett, 1992). Human capital is the main component of an organization because it is made up by individuals. Therefore, performance of the organization and its effectiveness in achieving the strategic organizational goals is affected by the interactions among people within an organization (Jones, 2010). These interactions are epitomized in and headed by the culture of the organization (Browaeyts & Price, 2008). Specifically, organizational culture is a collective beliefs and values which are absorbed within the organization that defines the way individuals treat their superiors, subordinates, suppliers, shareholders, customers, and each other (Dolan, Garcia & Auerbach, 2003). The culture of the organization is controlled by the ways individual members makes choices and decisions, the way they decipher and supervise the environment of the organization, what is done with the information by them and how they act (Jones, 2010). The qualities that makeup corporate culture is comprised of two contributory components, in particular the outcomes, which a corporate want to achieve and preferred kind of behaviours, which a corporate encourages its people to adapt, together they are made as particular rules and standard, specific norms and operating procedures that harmonize the members of the organization (Jones, 2010).

National Culture

Beliefs, assumptions and values which are learned by individuals in their early stages of development and differentiate one group of individuals from the other group of individuals

are known as national culture (Hofstede, 1996). On the other hand, Tayeb (2003), defined national culture as a thread which is incorporated, in our lives. This constant thread differentiates people from each other particularly those from the other countries. It is imbedded profoundly in people's regular life and in this way impenetrable to change (Newman & Nollen, 1996). In any case, when talking about multifaceted matters, it's indispensable to precisely recognize "culture" from "country" (Tayeb, 2008). The cultural boundaries between nations, as a result of economic integration, are becoming less and less significant, and obvious differences in culture might exist even inside one nation (Pauleen, 2007). The characteristic of a large number of people who possess the same education, experiences of life and backgrounds is called national culture (Doney, Cannon, & Mullen, 1998).

Denison's Framework of Organizational Culture

According to Denison & Mishra (1995) four cultural traits are the basis of its organizational cultural model, which include:

Involvement: Organizations which are efficient, engage their individuals, construct their corporations around groups, and advance human proficiency in each level of organization.

Consistency: Behaviours and attitudes are the roots of the set of core values, and even the leaders and followers have a different point of views but still they are talented, skilled enough at reaching agreement (Pham, 1994).

Adaptability: It was found that organizations, which are considered to be well integrated, are often not easy ones to be changed. External adaptation and internal integration can often be at chances. Those organizations, which are adaptable in terms of culture are driven by their customers, they are more willing to take risks and learn from their past mistakes. They have the experience and capability for creating change in the organization (Nadler & Nadler, 1998).

Mission: The organizations that are successful possess a clear direction and sense of purpose which identifies and defines the organizational strategic goals and objectives and articulate the vision of how the organization will look in the future. When there is a change in an organization's underlying mission, the aspects of organizational culture are also changed.

Performance Management

This is suggested by Armstrong and Baron (1998), the integrated and strategic approach for delivering continuous success to corporations is performance management by enhancing and improving the performance of the employees who are part of the organization and by developing the individual contributors and team. It underpins the justification that individuals and not capital give corporations with an intense advantage (Reynolds & Ablett, 1998). Performance management aims to transform the rare perspective of human resource into performance by eradicating transitional hurdles as well as rejuvenating and motivating the human resource (Kandula, 2006). The essence of performance management is to effectively manage and build strong people through whom competitive capacity of the organization can be increased (Pham, 1994).

Relationship between Organizational Culture and Performance Management

Good performance and strong organizational culture are directly proportional to each other. As suggested by Kandula (2006), good performance is the key to a strong culture. According to him, it was suggested that as the culture of the organizations differs from each other, similar strategies cannot benefit and yield similar outcomes for two different corporations within the same industry and in the same location. A strong and positive culture can result in an average employee performing and achieving brilliantly. While weak and negative culture, might discourage employees who previously performed outstanding to underperform and results in zero achievement. Hence, corporate culture has a direct and an active role in the performance management. According to Murphy and Cleveland (1995) who believed that understanding of performance management can be developed by researching on various aspects of corporate culture. In contrast, Magee (2002) argued that without view of the impact of corporate culture, organizational practices, for example, performance management could be counterproductive as these two variables are interdependent and if a change is brought to any one will impact the other, as well.

Methodology

The study used both exploratory and descriptive survey designs. The researcher used both primary and secondary sources of data for the study. A well-structured questionnaire was designed and distributed selectively to staffs of Unilever Nigeria and personal interview was used to supplement the information generated from the questionnaire. Since the population is a finite one, application of statistical formula becomes imperative in determining the sample size. The study considered both the population size and the 95% confidence level and 5% level of significance was used for the study. Therefore, the respondents were selected using purposive sampling technique.

The formula is as follows:

$$s = \frac{X^2NP(1-P)}{e^2(N-1) + X^2P(1-P)}$$

Where,

s = Required sample size

X^2 = The table value of chi-square for 1 degree of freedom at the desired confidence level (3.841)

N = The population size

P = The population proportion (assumed to be 0.05 since this would provide the maximum sample size)

d = The degree of accuracy expressed as a proportion (0.05).

$$s = \frac{3.841^2 \times 151 \times 0.05(1-0.05)}{0.05^2(151-1) + 3.841^2 \times 0.05(1-0.05)}$$

s = 109 employees

Data Analysis and Discussion

The collected data was examined using both descriptive and inferential statistical tools, with correlation and regression analysis used to evaluate hypotheses that were processed by SPSS version 22.

Descriptive Analysis of the Demographic Details of the Respondents

The demographic information provided for analysis includes gender, Age, Marital status, educational status of Unilever Nigeria.

Table 1: Distribution Respondents' Demographic Details

S/N	Variable	Categories	Frequency	%
1	GENDER	Male	218	55.8
		Female	172	44.2
		Total	390	100
2	MARITAL STATUS	Single	156	40.0
		Married	205	52.6
		Divorced	29	7.4
		Total	390	100
3	AGE	Below 25	135	34.7
		25-35	164	42.2
		36-45	54	13.6
		Above 46	37	9.5
		Total	390	100
4	STATUS	O'Level	111	28.4
		Undergraduate/OND	135	34.8
		B.Sc/HND	119	30.5
		Above B.Sc/HND	25	6.3
		Total	390	100

Source: Field Survey, 2024

This table shows the demographics of the respondents in the study. The sample size for this study was 390, with 55.8% male and 44.2% female. Regarding age, the most significant respondents were between 25 and 35 (42.2%), followed by those below 25 (34.7%). Regarding marital status, most respondents were married (52.6%), followed by single respondents (40%). Concerning educational qualifications, the highest number of respondents had undergraduate/OND qualifications (34.8%), followed by B.Sc./HND qualifications (30.5%).

Test of Hypotheses

Hypothesis 1

H_{01} : There is no significant influence of corporate cultural aspects on the performance of employees and managerial staff in Unilever Nigeria.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.487 ^a	.237	.229	.60240

a. Predictors: (Constant), Corporate Cultural

Source: Author's computation, 2024

Table 2 above revealed that there is a relationship at $R=.487$ between corporate cultural on performance of employees and managerial staff in Unilever Nigeria. An examination of the table shows that the $R\text{ Square}=.229$ which implies that corporate cultural accounts for only 22.9% of variations having a significant effect on the performance of employees and managerial staff in Unilever Nigeria.

Table 3: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.037	1	11.037	30.416	.000 ^b
	Residual	35.563	98	.363		
	Total	46.600	99			

a. Dependent Variable: Performance of employees and managerial staff in Unilever Nigeria

b. Predictors: (Constant), Corporate Cultural

Source: Author's computation, 2024

Table 3 shows that the F-value is the Mean Square Regression (11.037) divided by the Mean Square Residual (0.363), yielding $F=30.416$. The table shows that corporate cultural is statistically significant at ($\text{Sig}=.000$). Therefore, it is a significant predictor of performance of employees and managerial staff in Unilever Nigeria at $F(1,98) = 30.416$.

Table 4: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	Constant	2.118	.372		5.698	.000
	Corporate Cultural	.490	.089	.487	5.515	.000

a. Dependent Variable: Performance of employees and managerial staff in Unilever Nigeria

Source: Author's computation, 2024

The table above revealed the degree of influence corporate cultural has on the performance of employees and managerial staff in Unilever Nigeria and its level of significance. The statistical result is given as (celebrity credibility; $\beta = .490$; $t=5.512$; $P < 0.01$). The statistical result implies that corporate cultural is a significant predictor of the level of performance of employees and managerial staff in Unilever Nigeria.

Hypothesis 2:

H₀₂: The strategies of corporate cultural adaptation employed by Unilever Nigeria do not significantly improve its performance levels.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.123 ^a	.015	.005	.63241

a. Predictors: (Constant), Corporate Cultural Adaptation

Source: Author's computation, 2024

Table 5 above revealed that there is a relationship at $R = .123$ between corporate cultural adaptation on organizational performance. An examination of the table shows that the R square = .015 which implies that corporate cultural adaptation accounts for only 1.5% of variations having a significant effect on the organizational performance.

Table 6: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.604	1	.604	1.510	.000 ^b
	Residual	39.195	98	.400		
Total		39.798	99			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Corporate Cultural Adaptation

Source: Author's computation, 2024

Table 6 shows that the F-value is the Mean Square Regression (0.604) divided by the Mean Square Residual (0.400), yielding $F = 1.510$. The table shows that corporate cultural adaptation is statistically significant at (Sig = .000). Therefore, it is a significant predictor of organizational performance at $F(1, 98) = 1.510$.

Table 7: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	Constant	3.823	.390		9.799	.000
	Celebrity Attractiveness	.115	.093	.123	1.229	.000

a. Dependent Variable: Celebrity Attractiveness

Source: Author's computation, 2024

The table above revealed the degree of influence corporate cultural adaptation has on the organizational performance and its level of significance. The statistical result is given as (celebrity attractiveness; $\beta = .115$; $t=1.229$; $P < 0.01$). The statistical result implies that corporate cultural adaptation is a significant predictor of the level of organizational performance.

Discussion of Findings

The study found a positive but weak correlation between cultural diversity and organizational performance in Unilever Nigeria. It also revealed a significant positive relationship between corporate cultural aspects and the performance of employees and managerial staff in Unilever Nigeria. Kandula (2006) states that a good performance brings about strong culture; this is to say that corporate culture played a significant role in shaping performance. Also, there is a weak positive correlation between corporate cultural adaptation strategies and organizational performance. Overall, the study emphasizes the importance of both cultural diversity and corporate culture in influencing organizational performance. A positive corporate culture that embraces diversity can lead to improved employee engagement, creativity, and innovation, potentially contributing to better performance outcomes. However, it is essential to manage cultural diversity effectively and strategically adapt corporate culture to align with the dynamic business environment to maximize its impact on performance. This is revealed in the study of Pham (1994) that emphasizes that the importance of performance management is to manage and build strong people in order to bring about increased competitive capacity in the organization. The study also highlights the complexity of factors influencing organizational performance, and while cultural diversity and corporate culture are significant, they are not the sole determinants. Organizations, including Unilever Nigeria, should consider a holistic approach, considering other relevant factors and adopting adaptive strategies to foster an inclusive and innovative work environment that positively influences performance.

Conclusion and Recommendations

The study highlights the importance of cultural diversity and corporate culture in shaping organizational performance. By recognizing the significance of these factors and adopting strategic approaches to manage and leverage them effectively, organizations can foster a high-performing and engaged workforce, leading to sustainable success and competitive advantage in the dynamic business landscape. The findings provide valuable insights for organizations

seeking to enhance their performance and create an environment that empowers employees and drives innovation. The study therefore proposes that Unilever Nigeria should continue to prioritize diversity and initiatives. These efforts should go beyond mere representation and focus on creating an inclusive work environment where employees from different backgrounds feel valued, respected, and have equal opportunities for growth and advancement. This may include diversity training programs, mentorship opportunities, and employee resource groups that support underrepresented groups. Also, the Human Resources (HR) should collaborate closely with business units to align diversity and inclusion strategies with organizational goals and objectives. This implies that the HR can work with managers to identify diversity-related challenges in specific departments and develop tailored solutions to address them effectively. By implementing these recommendations, Unilever Nigeria can cultivate a diverse, inclusive, and high-performance culture that fosters employee engagement, drives innovation, and strengthens its competitive position in the market. It is essential to recognize that promoting diversity and a positive corporate culture is an ongoing and evolving process that requires continuous commitment and dedication from all levels of the organization.

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