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EFFECTS OF SOCIO-CULTURAL ENVIRONMENT ON ORGANISATIONAL PERFORMANCE: A STUDY OF NIGERIAN BREWERIES PLC, LAGOS BRANCH

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Abstract

This study investigated the effect of socio-cultural environment on organisational performance, a case of Nigerian breweries plc, Iganmu Lagos state. The paper sought to examine the effect of social norms and cultural value system on organisational performance of manufacturing company. The study population was 3195 comprising both the management staff and other employees of the Nigerian Breweries Plc, Iganmu, Lagos, Nigeria. The research anchored on the open system, institutional as well as theory and contingency theory. The study adopted descriptive research design. The sample size for the study was 356, determined by using Taro Yamane. Descriptive statistics and Pearson's product moment correlation coefficient analysis was employed to analyze the data generated. The study found that socio-cultural factors have a positive significant on organisation performance of Nigerian Breweries plc. Hence, the study recommended that manufacturing firms should emphasize on the adoption of good social norms of the environment within which they operate and ensure that the organization policies and strategies are in line with the cultural values of the people and its environment.

Introduction

Organizations do not exist in a vacuum, but in a specific culture or socio-cultural environment. Enterprises are subsumed in the environment with which they interact within different socio-cultural settings. In the contemporary Nigerian business environment, there exist various cultural and social settings with each having its own social norms and cultural values. The complexities in these socio-cultural factors have affected business negatively (Okeke, et al, 2019). A number of factors affect the performance profitability of a manufacturing organisation. Their influence varies in the short term, as well as in the long term. Recognizing these factors will be very helpful in managing a business entity. Business organizations all over the world are environmentally dependent on their environments for plethora of issues ranging from input resources such as information, ideas, raw materials, finance and labour among others. Besides, their activities are also influenced and shaped by such environmental forces as social, economic, technological, competitive, and regulatory forces (Abdulsalam & Mustapha, 2013). To succeed and achieve organizational objectives, organizations adopt strategies that align them properly with operating socio-cultural factor, the aim of which is to avoid any mismatch between the organization and its environment. So, for business firms in general and manufacturing firms in particular to succeed in their operating environment, they need to formulate and adopt appropriate policies and marketing programmes (Abdulsalam and Mustapha, 2013).

The socio-cultural environment in broad terms consists of both the social system and the culture of a people. It refers primarily to man-created intangible elements which affect people's behaviour relationship, perception and way of life, as well as their survival and existence. In other words, the socio-cultural environment consists all elements, conditions and influences which shape the personality of an individual and potentially affect his attitude, disposition, behavioural decisions and activities. Such elements include beliefs, values, attitudes, habits, forms of behaviour and life styles of persons as developed from conditioning (Adeleke et al, 2003). Akpor-Robaro (2012)

maintains that social cultural environment, in relation to business enterprises can be defined as consisting of all the elements of the social system and culture of a people which positively or negatively effect and influence business enterprise emergence, behaviour and performance and entrepreneurship development in general. Thus, social-cultural environment, in relation to organization, can be defined as consisting of all the elements of the social system and culture of a people which positively or negatively affect and influence the performance of organization. The social environment of business includes social factors like customs, tradition, values, beliefs, poverty, literacy, life expectancy rate etc.

The theoretical foundation includes the open systems and contingency theories. The open systems theory was developed after World War II in reaction to earlier theories of organizations, such as the Human Relations perspective of Elton Mayo and the Administrative Theories of Henri Fayol which treats the organization largely as a self-contained entity (Scott, 2002). An open system is a system that regularly exchanges feedback with its external environment. Open systems are systems, of course, so inputs, processes, outputs, goals, assessment and evaluation, and learning are all important. Open systems theory refers simply to the concept that organizations are strongly influenced by their environment. The environment consists of other organizations that exert various forces of an economic, political, or social nature. The environment also provides key resources that sustain the organization and lead to change and survival (Pfeffer & Salancik, 2003).

Contingency theory is a class of behavioral theory that claims that there is no best way to organize a corporation, to lead a company or to make decision; instead, the optimal course of action is contingent and dependent upon internal and external of the environment in which the organization is situated. Managers must allow an organization's department to organize and control their activities in ways most likely to allow them to obtain resources, given the constraints of the particular environment they face.

A number of scholars have examined and provided useful insights on the effect of socio-cultural environment. For instance, studies such as those by Alexander (2000) found that dynamic and rapidly changing socio-cultural environment in which most organizations compete had made business environment including the political, economic, socio-cultural and technological to have significant impact on organizational survival and performance in terms of effectiveness, efficiency, increase in sales and the achievement of corporate goals ;thus, organizations should pay more attentions to their environment by conducting and embarking on periodic scanning. In a related work by Adeoye (2012), it was stated that in the manufacturing industry, socio-cultural environmental changes are continuously exerting new pressures on companies' performance, and to respond to these changes, some companies within the apparel industry have formulated and implemented strategies to reorganize and reform the way products are manufactured and distributed to final consumers.

Ogundele and Opeifa (2004) summed it up in their related work on socio-cultural environment and entrepreneurship that external environment and their factors help to visualize the analysis of business survival and growth in an attempt to enhance understanding of how socio-cultural environmental factors work together with the variables of business survival and growth to determine the future of business organizations. The vagaries and extremities of the socio-cultural environment affect the fortunes of organizations (Kennerly & Nelly, 2003). Okeke (2019) examines socio-cultural environment and organizational performance in selected manufacturing firms. The study adopted descriptive research design, and it covered manufacturing industries in Anambra State.

Borg and Gall (1973) in their study, employed a sample size of 408 and used the most common internal consistency measure known as Cronbach's alpha (α) and recommended value of 0.7 as a cut-off of reliabilities.

Multiple regression analysis was employed to test the hypotheses formulated. A multivariate regression model was applied to determine the effect and significance of each of the four socio-cultural factors with respect to profitability of manufacturing firms in Anambra State, Nigeria. The findings of the study concludes that social norms, cultural values, and beliefs system have a positive significant effect on firm performance. This study broadly examines the effect of socio-cultural environment on organizational performance with the specific objectives to determine the degree to which social norms affect organizational performance and the extent to which cultural values affect organizational performance.

Materials and Methods

The study adopted descriptive research design, and it covered Nigerian Breweries Plc, Lagos State. Primary sources of data were employed in this study. The population of this study was 3195. It comprised the employees and management of Nigeria Breweries Plc, Lagos State, Nigeria. The statistical formula devised by Taro Yamane was employed to determine the sample size is 356. The data generated was analyzed using simple percentage and frequency tables. The Pearson's product moment Correlation Coefficient was employed to test the hypotheses formulated, and also to determine the effect and significance of each of the two socio-cultural factors with respect to profitability of Nigerian Breweries Plc, Lagos State, Nigeria

Data Analysis and Results

Test of Hypotheses

Hypothesis One : Ho: Social norms have no significant effect on organisational performance.

Table 1 : Test of Significance of Correlation Coefficient Analysis of Social Norms and Organizational Performance

x	Y	$x_i - \bar{x}$	$y_i - \bar{y}$	$(x_i - \bar{x})^2$	$(y_i - \bar{y})^2$	$(x_i - \bar{x})(y_i - \bar{y})$
475	500	229.6	245.6	52,716.16	60,319.36	56,389.76
532	516	290.6	261.6	84,448.36	68,434.54	76,020.96
75	108	-170.4	-146.4	29,036.16	21,432.96	24,946.56
92	128	-153.4	-126.4	23,531.56	15,976.96	19,389.76
49	20	-196.4	-234.4	38,572.96	54,943.36	46,036.16
1227	1272	0	0	228,305.2	221,107.2	222,783.2

$$r_{xy} = \frac{\sum_{i=1}^n (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum_{i=1}^n (x_i - \bar{x})^2 \sum_{i=1}^n (y_i - \bar{y})^2}}$$

$$r_{xy} = \frac{222,783.2}{\sqrt{228,305.2 \times 221,107.2}}$$

$$r_{xy} = 222,783.2$$

$$50,479,923,517.44$$

$$r_{xy} = \frac{222,783.2}{224,677.38}$$

$$r = 0.9916$$

As shown in Table 1 above, the Pearson's correlation coefficient (R) is 0.9916. The T-test associated with these is 3.365 and the P-value is 0.000, and less than the stipulated .05 level of significance; thus, it was decided that social norms significantly affect organizational performance. Therefore, the Null hypothesis that social norms has no significant effect on organizational performance was rejected, while alternative hypothesis was accepted.

Hypothesis Two

H₀: Cultural values have no significant effect on organisational performance.

Table 2: Test of Significance of Correlation Coefficient Analysis of Cultural values and Organizational Performance

X	Y	$x_i - \bar{x}$	$y_i - \bar{y}$	$(x_i - \bar{x})^2$	$(y_i - \bar{y})^2$	$(x_i - \bar{x})(y_i - \bar{y})$
490	500	236.4	245.6	55,884.96	60,319.36	58,059.84
564	516	310.4	261.6	96,348.16	68,434.54	81,200.64
93	108	-160.6	-146.4	25,792.36	21,432.96	23,511.84
84	128	-169.6	-126.4	28,764.16	15,976.96	21,437.44
37	20	-216.6	-234.4	46,915.56	54,943.36	50,771.04
1268	1272	0	0	253,705.2	221,107.2	234,980.8

$$r_{xy} = \frac{\sum_{i=1}^n (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum_{i=1}^n (x_i - \bar{x})^2 \sum_{i=1}^n (y_i - \bar{y})^2}}$$

$$r_{xy} = \frac{234,980.8}{253,705.2 \times 221,107.2}$$

$$r_{xy} = \frac{234,980.8}{56,096,046,397.44}$$

$$r_{xy} = \frac{234,980.8}{236,846.04}$$

$$r = 0.9921$$

$$r = 0.9921$$

$$r = 0.9921$$

$$r = 0.9921$$

As shown in Table 2, the Pearson's correlation coefficient (R) is 0.9921. The T-test associated with these is 3.365 and the P-value = .000. Since the P-value is less than the stipulated .05 level of significance, it was decided that cultural values significantly affect organizational performance. Therefore, the Null hypothesis that state cultural values have no significant effect on organizational performance was rejected, while alternative hypothesis is accepted.

Conclusion

It is deduced from the findings of this study that social norms and cultural values system have positive significant effect on firm performance. Therefore, the ultimate conclusion is that socio-cultural factors have a positive significant on organizational performance with particular reference to Nigerian Breweries Plc, Iganmu, Lagos state. The study recommends that manufacturing firms in Nigeria should emphasize on the adoption of good social norms of the environment within their operation area. Therefore, social norms positively influence policies and strategies implemented and thus create a sustainable competitive advantage. It is recommended that firm should ensure the organization's policies and strategies are in line with the cultural values of the people and environment.



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