

Relationship Between Culture And Management Practices Of Multinational Corporations In Nigeria

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Abstract : This paper examines the impact of culture on management practices of multinational corporations. We have collected information from employees of multinational firms operating in the oil and gas industry in Nigeria. Both descriptive and Chi-square have been employed in different conducted analyses. Data from 375 employees affirm that culture affects the management practices of MNEs. Foreign culture influences the attitudes and behaviours of Nigerians working in multinational companies. Our findings affirm the role culture plays in promoting management practices in multinational companies in the emerging market context. The authors conclude that culture constitutes an important part of management practices both in Nigeria and multinational organisations.

Keywords: culture; management practices; MNEs; Nigeria; oil and gas.

1. Introduction

Management practices play a significant role in both developed and emerging organisations. Management practices are concerned with ways and techniques for achieving organisational goals and vision (Jimawo, 2019). Implementing management practices that do not promote the satisfaction of interest of various stakeholders can hurt an organisation (Ajagun, 2018). An organisation is influenced by diverse culture including environment, social, political, economic, and psychological factors. Organisational culture is a set of shared mental assumptions that define action and behaviour in organisations (Ravasi and Schuttz, 2006). Researchers suggests that numerous outcomes have been associated directly or indirectly with organisational culture (e.g. Tsai, 2011; Aibieyi and Eke, 2008). Many studies in organisational theory focused on developed countries (Hafsi and Farashahi, 2005). Some researchers have questioned the applicability of western management practices in developing countries since culture is an important factor for management practices (e.g., Hafsi and Farashahi, 2005; Joyce, 2012). More so, scholars (e.g., Smith, 2010; Yilmaz and Ergun, 2008) have called for more research on culture in developing countries context. Individual's that makeup organisations have their different values, interest, beliefs, and norms. For multinational companies, many national cultures make up the company's corporate culture. For instance, the American culture applies to American business in America and British culture for British business in Britain (Jimawo, 2011). Multinational companies (MNC) can diffuse culture across borders (Edwards et al., 2005), which drive national employment and promote their ability to remain competitive in different countries. Nigeria like other countries has its cultural governance such as currencies, languages, attitudes, technology, politics, legal, interest rate, inflations, and socio-economic among others. Few authors (e.g. Nwachukwu and Chladkova, 2019; Vu and Nwachukwu, 2020) have examined management practices of multinational firms in mobile telecommunication sector in Nigeria. Our task in this study is to examine the influence of culture on management practices of multinational firms in Nigeria. Understanding how cultural values can be harnessed at the workplace to enhance productivity and overall performance is an important research area. Contextually, we examine the phenomenon in the oil and gas sector in Nigeria. Nigeria is one of the largest oil producers in the world and has the largest oil and gas reserves in Africa (Mordor intelligence, 2020). The oil and gas sector accounts for more than 90% of the country's exports and 80% of the country's revenue (Mordor intelligence, 2020). The present study contributes to culture and organisation literature by informing scholars and practitioners on the importance of culture in fostering management practices in an emerging market context We reason that understanding cultural context is crucial for implement management practices that can enable MNEs to achieve competitive edge. The remainder of the paper is arranged in the following manner. Section 2 comprises literature and empirical review. Section 3 methodology. Section 4 presents the research results. In section 5, we draw conclusions.

2. Literature review

2.1. National Culture, multinational business corporations and management practices

Hofstede (2001) notes that since intercultural encounters are as old as humanity, multinational business is as old as organised State. It is obvious that because of various natural and geographical reasons, the human race must interact with one another, which will make intercultural communication and cooperation inevitable and thus give rise to multinational businesses (Hofstede, 2001). Scholars have demonstrated a lot of interest on the role of national culture on the development of contemporary management practices (e.g. Hofstede, 2001; Gerhart and Fang, 2005). Multinational companies operate in different socio-cultural areas and there is bound to be intercultural encounters, which is not new. The same basic processes of comparison, prejudice, and stereotyping that we find today must have taken place also 30,000 years ago (Hofstede, 2001). It must be stated that these intercultural encounters do not usually bring about mutual understanding, as each group still hold on to their identities as well as their prejudices; for example, the notion of all British are diplomatic and all Dutch are stingy while all Chinese look alike still prevails in the minds of people who are now forced to work together in a multinational company (Hofstede, 2001). Organisations, therefore, need a culture of their own which are different from the cultures of the people working in the organisations; this first appeared in the English literature in the 1960s and it became a synonym for organisational climate while its equivalent, corporate culture was coined in the 1970s through (Deal and Kennedys, 1982).

2.2. Empirical review and hypotheses development

In Ghana, Owusu Ansah and Louw (2019) observe that national culture dimensions (high uncertainty avoidance and high-power distance) foster MNEs culture whereas collective and masculine cultures suggest otherwise. Yoo and Lee, (2019) examines how national culture promote tax avoidance by multinational corporations (MNCs). It was observed that MNCs with headquarter in countries with low uncertainty avoidance, low individualism, high masculinity, and low power distance tends to engage more in tax avoidance. Studying the impact of MNEs on the Nigerian economy, Eluka, Ndubuisi and Anekwe (2016), reports that activities such as profit repatriation, environmental degradation, bribery and corruption are common among MNEs in Nigeria. Udensi (2015) contend that MNCs contribute positively in the areas of technological development and job creation. It was concluded that the extent of technology internalisation and transfers remain a mirage. Similarly, Osuagwu and Ezie (2013) affirm that MNEs promote technological advancement as well as create employment opportunities for the host country. Noorderhaven and Harzing (2003) found the culture and institutions of the home country of the MNE have a significant impact on their performance. It is was concluded that the “homogeneity of the home culture, attributes of the home country culture, the size and openness of the country of origin economy, the cultural and institutional contexts in which the MNE operates, and the international growth path of the MNE enhance the country-of-origin effect”. Chang, Wilkinson and Mellahi, (2007) explores Human Resource Management practices of MNEs from emerging market operating in developed economies. It was observed that MNEs from emerging market behave differently from those from advanced countries. Björkman and Lervik (2007) shed light on how HR practices of MNC headquarters influence the outcome of subsidiaries in host countries.

3. Methodology

Nigerian culture is as multi-ethnic as the people in Nigeria. Nigeria has three large ethnic groups, which are Yoruba, Hausa-Fulani and Igbo. Nigeria has a population of over 200 million people and is blessed with abundant natural resources, especially hydrocarbons. This study used data obtained from a survey that targeted three multinational firms operating in the oil and gas industry in Nigeria. Semi-structured questionnaires were used to collect data from employees of sample firms. The Yaro Yamani formula yielded a sample size of 375 employees. The survey was conducted between done between September and October 2020. 358 questionnaires were found suitable for analysis, which represents a response rate of 95%. A perceptual measure was used to evaluate culture and management practices based on employees’ perception of the phenomenon. Descriptive statistic was used to analyse participants’ demographics and to describe their perception of culture and management practices. In this respect, frequency and percentages were used. Chi-square is widely used in management research. Chi-square is employed to test the relationship between culture and management practices.

4. Findings and discussions

4.1. Descriptive

In term of gender distribution, 181(50.6%) are male and 177(49.4%) are female. 116(32.4%) were single, 208(58%) were married and 34(9.6%) are divorced. In term of educational qualification, majority 187(52.2%) of the respondents possess a first degree, only 39(10.8%) have postgraduate degrees.

Table 1. Do you have knowledge of the influence of culture on management practices of multinational organisation operating in Nigeria?

Responses	Top Mgt	%	Senior Staff	%	Junior Staff	%	Total	%
Strongly Agree	135	37.8	53	14.8	46	12.8	234	65.4

Agree	-	-	58	16.2	48	13.4	106	29.6
Undecided	-	-	-	-	-	-	-	-
Disagree			5	1.4	13	3.6	18	5
Strongly Disagree								
Total	135	37.8	116	32.4	107	29.8	358	100%

Source: Field Survey 2020

Table 1 shows that 234(65.4%) employees strongly agree, 106(29.6%) agree and 18(5%) disagree that they have knowledge of the influence of culture on management practice of MNEs.

Table 2. Does Culture affect management practices of multinational firms in Nigeria?

Responses	Top Mgt	%	Senior Staff	%	Junior Staff	%	Total	%
Strongly Agree	92	25.7	70	19.5	64	17.9	226	63.1
Agree	-	-	31	8.7	-	-	31	8.7
Undecided	-	-	-	-	-	-	-	-
Disagree	-	-	-	-	43	12.0	48	12.0
Strongly Disagree	43	12.0	15	4.2	-	-	58	16.2
Total	135	37.7	116	32.4	107	29.9	358	100%

Source: Field Survey 2020

Table 2 confirmed that 226(63.1%) employees strongly agree, 31(8.7%) agree, 43(12%) disagree and 58(16.2%) strongly disagree that culture affects management practices of MNEs.

Table 3. is there a relationship between foreign culture and attitudes Nigerians working in MNEs?

Responses	Top Mgt	%	Senior Staff	%	Junior Staff	%	Total	%
Strongly Agree	64	17.9	97	27.1	100	27.9	261	72.9
Agree	71	19.8	19	5.3	-	-	90	25.1
Undecided	-	-	-	-	-	-	-	-
Disagree	-	-	-	-	7	2	7	2
Strongly Disagree	-	-	-	-	-	-	-	-
Total	135	37.7	116	32.4	107	29.9	358	100%

Source: Field Survey 2020

Table 3 shows that 261(72.9%) employees strongly agree, 90(25.1%) agree and 7(2%) disagree that foreign culture is related to attitudes of Nigerians working in MNEs.

4.2. Test of Hypotheses

- (a) Statement of Hypotheses
- (b) Identification of testing hypothetical statement is the used of statistical tools called chi-square, which we made mention in our method of analysis.

$$X^2 = \frac{\sum (Fo - Fe)^2}{1 - I} \quad Fe$$

- X² = Chi-square
- ∑ = Summation of Square (X²)
- I = Constance
- I = Summation of occurrence
- Fo = Frequency observed

F_e = Frequency expected

- (c) Specification of decision rule: If the value of the test statistics (calculated value X^2_c) is higher than the critical value (table value X^2_t), we accept the alternative hypothesis and reject the null hypothesis and otherwise accept (H_0) and reject (H_1).

i.e. $X^2_c > H_0$ accept

$X^2_t > H_1$ reject

Research Question One: Does culture affect management practices of multinational firms in Nigeria?

Statement of Hypothesis

H_0 : Culture does not affect management practices of multinational firms in Nigeria.

H_1 : Culture affects management practices of multinational firm in Nigeria.

Table 4. Computation of Chi-square

s/n	F_o	F_e	$F_o - F_e$	$(F_o - F_e)^2$	$\left(\frac{F_o - F_e}{F_e}\right)^2$
1.	92	85.2	6.8	46.24	0.543
2.	70	73.2	-3.2	10.24	0.139
3.	64	67.5	-3.5	12.25	0.181
4.	0	11.7	-11.7	136.86	11.7
5.	31	10.4	20.6	424.36	40.8
6.	0	9.3	-9.3	86.49	9.3
7.	0	16.2	-16.2	262.44	16.2
8.	0	13.9	-13.9	193.21	13.9
9.	43	12.9	30.4	906.01	70.2
10.	43	21.9	30.1	906.01	41.370
11.	15	18.8	-3.8	14.44	0.768
12.	0	17.4	-17.4	302.76	17.4
					222.508

Source: Field Survey 2020

The critical value that is $X^2_t = 1.860$

Decision Rule: The null hypothesis is rejected, thus, accepted the alternatives hypothesis which is greater than the null hypothesis of critical values of $X^2_t = 1.860$ with 0.05 significance level.

Therefore, H_1 the alternatives hypothesis is accepted with $X^2_c = 222.508$, thus reject the null hypothesis of $X^2_t = 1.860$

Hypothesis Two: does foreign culture influence the attitude of Nigeria employees?

H_0 : There is no impact of foreign culture on the attitude of Nigerians.

H_1 : Foreign culture have an impact on the attitude of Nigerians.

Table 5. Computation of Chi-Square Table

s/n	F_o	F_e	$F_o - F_e$	$(F_o - F_e)^2$	$\left(\frac{F_o - F_e}{F_e}\right)^2$
1.	64	98.4	-34.4	1183.36	12.026
2.	97	84.6	12.4	153.76	1.817
3.	100	78.1	21.9	479.61	6.141
4.	71	33.9	37.1	1376.41	40.603
5.	19	29.2	10.2	104.04	3.563

6.	0	26.9	-26.9	723.61	26.9
7.	0	2.6	-2.6	6.76	2.6
8.	0	2.3	-2.3	5.29	2.3
9.	7	2.1	4.9	24.01	11.433
					107.383

Source: Field Survey 2020

The critical value that is $X^2_{\alpha} = 1.860$

Decision Rule: The null hypothesis is rejected because; the alternatives hypothesis is greater than the null hypothesis of critical values $X^2_{\alpha} 1.860$ with 0.05 level significance.

Therefore, H, the alternatives hypothesis is accepted with $X^2_c = 107.383$, thus indicate the rejection of the null hypothesis with $X^2_{\alpha} = 1.860$.

4.3. Discussion

The research has shown culture can be favourable or detrimental to management practices in Nigeria as a nation, and multinational firms as an organisation. Our results suggest that culture influence management practices in Nigeria, Thus, Hypothesis one is supported. This result is consistent with previous studies (e.g. Noorderhaven and Harzing, 2003; Chang, Wilkinson and Mellahi, 2007). The second hypothesis, foreign culture influences attitudes of Nigerians is supported. Multinational companies should not in any way undermined culture across border. Organisations develop particular work practices and management attitude, which reflects their shared values, aspirations and goals. Individuals that constitute this workforce come into the organisation with diverse aspirations, expecting the organisation to help them achieve them. This may be difficult when members of the organisation are drawn from different ethnic groups and nationality. The various cultures, which constitute an organization, do express itself in diverse values and for the organisation to succeed; such cultural diversity should be respected. The greatest asset a company has is its workforce and synergy lie in diversity each cultural group brings to the workplace. Firms need to implement strategies that align with the dynamic business environment to remain competitive (Nwachukwu, Zufan and Chladkova, 2020). This result agrees with the literature on national culture (e.g Ang 2003). Perhaps, globalization is responsible for the diffusion of foreign culture across borders. MNEs need cross-cultural competences to remain successful in host countries (Johnson et al., 2006). Arguably, employees and managers of multinational companies are exposed to the culture prevalent in the countries of origin. Indeed, foreign culture has affected the way Nigerians speak, what we eat and wear. Most Nigerian prefer imported products (e.g clothes) compared to locally made ones. We infer that Nigerian employee's behaviour and attitude affect the growth and development of multinational companies.

5. Conclusion

The multicultural workplace is characterised by power bases, and the corporate culture of an organisation is influenced by the power base of the organisation. Foreign companies expect their Nigerian employees to be familiar with their ways of getting things done. The paper examines the relationship between culture and management practices in MNEs operating in Nigeria. It was observed that culture has an impact management practices in Nigeria and foreign culture has effect on attitudes of Nigerians. Indeed, culture constitutes an important part of management practices both in Nigeria and multinational organisations. For this reason, organisations should consider national cultures when taking crucial decisions. By doing this, they can avoid disruption of activities both in short run and long run.

In term of the study implications, the present study has practical and managerial implications. Authors affirm the importance of culture in promoting management practices in MNEs in Nigeria. Managers and policymakers should ensure that policies and strategies support culture diversity is put in place. By recognising the positive effect of culture on management practice and overall performance, firms can enhance their performance. This study informs investors by emphasizing the need to consider national culture when making investment decisions. In this context, investors should exercise caution when investing in highly rigid, volatile or corrupt cultural settings. Organisations, especially MNEs in Nigeria should pay attention to culture in order not to allow host country culture to overwhelm or hinder the achievement strategic goals. Finally, domestic or multinational firms should study the cultural background of the country, whether is favourable or detrimental to its goals and aspirations. This paper contributes to national culture (e.g. Hofstede, 2001) and MNEs scholarship by shedding light into the phenomenon in the emerging market contexts.

Regarding the limitations and suggestion for further research, the paper has some limitations which offer an avenue for further studies. The study sample is drawn from major firms in the oil and gas industry in Nigeria. This may limit the generalisability of the results beyond this context. The data is cross-sectional and uses Chi-square to test the study hypotheses, care should be taken in interpreting the cause'' and ''effect'' in the

relationships. Longitudinal studies and robust methodology can provide better insights into the phenomenon. Future studies should employ a larger sample size in different sectors across Nigeria and other countries. The present study used a quantitative research approach to examine the relationships between the variables. A mixed-method may enrich our understanding of the subject. The study examined the relationship between culture and management practices. Scholars can introduce mediating and moderating variables to provide in-depth insights into the phenomenon. Despite, these limitations, this study links culture to management practices of MNEs literature, lending voice to management and organisational behaviour scholarship and practice.

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