

## **Assessment of Multinational Corporations on Industrialisation in Nigeria**

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### **Abstract**

*The paper highlights the amelioration of International commerce through Multinational Corporation. Transformations, product structure design, strategic marketing orientation, operational excellence of Transformation are the methodology for providing social, economic and political development through social justice, security and equity: Effective with efficient communication system and technological advancement are the impact of multinational corporations in Nigeria economy.*

**Keywords:** Multinational Corporations, Transformation, Marketing, Industrialisation, Global Performance.

**Word Counts:** 157

### **Introduction**

Global marketing refers to marketing activities coordinated and integrated across multiple country markets. The integration can involve standardised products, uniform packaging, identical brand names, synchronised products introductions, similar advertising messages or coordinated sales campaign across markets in several countries. The

increase in international trade and investment, the emergence of free trade blocs and the opening of previously closed economies have led to greater global market opportunities than ever, but also to the threat of increased competition at home. Furthermore, in most cases, the various marketing mix tools do not lend themselves equally to a uniform treatment. In addition to seeking reserve and profit growth, the company entering a foreign market might do so to challenge a competitor, learn from the lead customers or simply diversify its demand base. To compete effectively in the global place requires skill building. The marketer needs to learn how to enter markets and how to manage the marketing efforts in the local foreign market.

To gain these skills, the global marketing managers need strategic orientation. Durowoju, (2010).

### **Multinational Corporations in Nigeria**

Multinational Corporations bring a global economic boom, unprecedented in modern economic history has been underway as the drive for efficiency, productivity and open unregulated markets sweeps the world. Powerful economic, technological, industrial, political and demographic forces are converging to build the foundation of a new global economic order on which the structure of a one-world economic and market system will be built. Global marketing is the performance of business activities designed to plan, price, promote and direct the flow of a company's goods and services to consumers or users on more than one nation for a profit. A firm that is engaged in cross border business is defined as Multinational Corporation, which maybe incorporated in one country in order to seek new markets to fill production gap in foreign markets where excess returns can be earned. Multinational Corporation is also known as Transnational Corporation, promoting technology transfer and learning geographical and psychological frontiers of business. Examples of Multinational Corporation includes General Electric Company, Unilever Company Plc, Nestle Nigeria Plc, Coca Cola International, United African Company (UAC), Mobil Nigeria Plc, Corn Oil Nigeria Plc, Chevron

International, Total. The major characteristics of multinational corporations include the large size and over size structures, with network of foreign branches in more than 20 countries.

Multinational Corporations are involved in the role of technology transfer and technology operations globally. This makes possible new organizational structures and new corporate strategies, for example, the constraints previously imposed by geographical separation have dropped considerably with the wide spread use of internet, while the rapid accumulation and analysis of information make new marketing strategies possible. Indeed, the ease with which information can now be managed has led to the success of many internet-based companies such as Amazon, Expedia and Products such as Apple Computer's tune. Multinational Corporation involves in productive capacities, efficient use of financial and human resources and returns on technological investments. The network economy will continue to develop and bring new delivery channels, more rapid order cycles and faster response capabilities. Onabajo, (2003).

### **Multinational Corporations and Transformation**

According to Onabajo, (2014), Transformation is derived from the word, global, which refers to things affecting the world. Transformation brings a global cultural system. This includes the existence of cosmopolitan lifestyle, global consumption pattern, the existence of a world satellite informative system, the standardization, changes in the world economy as a result of the Transformation process have indeed elevated political social, security and economic issues as they affect growth among actors in the international system to the highest level.

Transformation is about international trade investment and finance that have been growing faster than national income. Transformation has brought about the integration of the Third World as well as its process in an uneven and unbalanced manner. This has meant that the Third World has continued to be on the margins of the Transformation of world economy.

Transformation of labour and power can be apprehended at two levels. The first level is the intensification of worldwide social inflations which link distant localities in such a way that local happenings are shaped by events from distant points on the globe. It is within this context that third world economic growth can indeed be situated and appreciated. Transformation means a historical transformation in the economy, the livelihoods and model of existence in politics, a loss in the degree of control exercise, in culture, a devaluation of collective achievements. Therefore, Transformation is good for economic growth and growth is good for the poor. This is a simple yet forceful fact based conclusion and cannot be quickly dismissed. In this regard, it has been argued that Transformation would attract direct foreign investment and international aid to the world. It would also enhance competition, which would encourage rationality and efficiency. Onabajo, (2014).

### **Industrialisation in Nigeria**

The economic profile of Nigeria can be classified into three groupings. The first group which is the highest level consists of large European trading companies and big departmental stores eg. UAC, UTC, CFAO, John Holt, etc. The next level is dominated by smaller firms owned by Asians and Lebanese. The firms in this category engage in textile manufacturing and trading. The last level consists of arrays of small investment outlets that act as link between the consumers and the producers owned by Nigerians. This was the profile in the 1970s and early 1980s. In the contemporary time, pockets of industrial manifestations can be found in the construction sector, manufacturing, especially in durable and non-durable goods, service sector, etc. Industrialization and Technology have encountered slow growth and development in Nigeria. According to this view, given the potential resources in the country, human and material, it appears that something somewhere has gone wrong with our industrialization. Nkanbe, (2003).

Good percentage of economic activities in Nigeria emerged the highest producer of cassava in the world. This product, however can serve household immediate needs for nutrition. It is not convertible as

a derivative for the production of any form of manufactured goods. The economic emphasis on local agriculture has become one of the factors responsible for the retardation of industrial growth and development. It requires no modern technology. There has been no effort to encourage large scale or mechanised agriculture. Following this report, our industrialization which is subsumed under an economic structure that exhibits both traditional and modern features requires activities of varying levels of sophistication covering almost the entire gamut of technological and scientific endeavours.

Several of the multinationals that invest in the economy seldomly engaged in manufacturing. Those that are into manufacturing engage in consumable household goods.

They neither engage in the manufacturing of semi-processed goods or industrial goods. Some of these multinational companies engage in importation and distribution.

By this development, the technology is located elsewhere and the consumption is taking place in Nigeria. The chance of industrialization is sold out for merchandise convenience. The forgoing contributes immensely to the low level of technology application in Nigeria. "Infact, the limited application of modern technology has been identified as one of the major factors responsible for limited industrial performance in Nigeria. A well-coordinated Transformation has the potential of pulling industrialization and technology in Nigeria out of the solid condition to a virile active condition. With Transformation, there would be injection of raw business ideas and ventures into the economy. Adekola, (2010).

Thus, the early multinational companies interested in milking the Nigerian economy would either have a rethink or wind up. Since Transformation engages in there distribution of resources, the economy of Nigeria would be exposed to receiving good share of the global resources that could bring life in the economy. Transformation may foster a reorientation of the domestic economy and re-direct the course of industrialization development. It has the potential of transforming the domestic bourgeoisie from consumption culture to production culture by encouraging joint ventures. The tendency to

cooperate in the Transformation regime would be anchored on the potentials of investments available to foreign investors and the expected and resultant industrialisation that would diversify and enlarge the scope of the economy and technology development.

Onabajo, (2014) said, the new world order is one of increasing interdependence in which public and private actors promote the diffusion of wealth and industrialization on a global scale. Thus, a Transformation regime that will encourage industrialisation would make it facile for the technology of the advanced capitalist countries to permeate the economy of Nigeria.

### **Industrialization and Marketing**

The global product structure design for a global corporation is the most commonly seen. It refers to a structure under which the responsibility for the production, distribution and marketing of a firm's products are carried out by the different parts of the corporation. This approach is most common in corporations with a large number of different products and a large number of markets. This form can also be found in corporations with a very limited number of products but a wide variety of markets. The structure is that, the corporation would centralise the production of the product in a limited number of locations, while decentralizing the marketing of the product to the local units. Mattugah, (2005). The area structure is simply an organizational structure based on geographic areas. A typical corporation operating the area structure approach would have all of its production centred on geographically centralized management structures. For instance, the company would have an African based operation based in Brussels, a North American operation based in Washington. Each geographical unit of the corporation would produce possibly the same sort of products but would market them according to local customs and needs. The area structure would be most useful in products that were incavity influenced by language e.g. Daily Times newspaper produced in Nigeria and marketed in London. The global functional structure is much more rare than the previous two examples and can only really operate in a

limited number of cases. For a global functional approach, it helps if the corporation has a relatively small number of products and a relatively small number of consumers. This is because the functional approach creates global divisions responsible for functions within the corporation. Thus, there is a global R & D division and a global marketing division. Such an approach standardizes procedures and relies on centralised rules and norms of behaviour. Such a model is most common in single product industries, such as mining and air transport. Akinbobola, (2001) The global customer structure concentrates on the nature of the customer or consumer of the product. This structure is used when the differences between potential consumer/customers are very wide, for instance, a company in telecommunications or computing may sell its products to government departments, international agencies, multinational firms, small businesses and individual consumers. Each customer will have very different demands on the corporation. In this case, it is likely to see specific divisions for dealing with specific corporations such as government sales department.

The mixed or hybrid approach can occur for a number of reasons. Most commonly the approach is used by a company that has recently acquired another in a merger. Under these circumstances a number of different approaches to organizational structure may have to be merged into a common unit and so have a mixed structure for some time. The structure may also reflect a loose form of management as a response to peculiar market circumstances. The global matrix structure is the most complicated of all the structures and involves the imposition of one model of operation on another. A company that operated on the basis of the global product structure may have an area structure placed on top of it. For example, product managers may report in an administrative sense to an area director in North America but on matters of product, to a functional director in Europe. Gymah, (2011).

## **The Strategic Marketing Operations**

The consensus of researchers and authors revealed three relatively distributive approaches that seem to dominate strategic thinking in firms involved in global marketing are;

- (a) Domestic market extension concept
- (b) Multi-domestic market concept
- (c) Global marketing concept

The domestic company seeking sales extension of its domestic products into foreign markets illustrates this orientation to global marketing.

It views its international operations as secondary to an extension of its domestic operations; the primary motive is to market excess domestic production. Domestic business is its priority and foreign sales are seemed as a profitable extension of domestic operations. Even though foreign markets may be vigorously pursued, the firm's orientation remains basically domestic. Its attitude toward international sales is typified by the belief that if it sells in Nigeria, it will sell anywhere else in the world.

The firm's orientation is to market to foreign customers in the same manner in which the company markets to domestic customers. It seeks markets in which demand is similar to the home market and its domestic product will be acceptable. This domestic market extension strategy can be very profitable, large and small exporting companies approach international marketing from this perspective. Firms with this marketing approach are classified as ethnocentric.

Once a company recognizes the importance of differences in overseas markets and the importance of offshore business to the organization, its orientation towards international business may shift to a multi-domestic market strategy. A company guided by this concept has a strong sense that country markets are vastly different and that market success requires an almost independent program for each country. Firms with this orientation market on a country by country basis, with separate marketing strategies for each country. Subsidiaries operate independently of one another in establishing marketing



objectives and plans, and the domestic market and each of the country markets have separate marketing mixes with little interaction among them.

Products are adapted for each market with little coordination with other country markets. Advertising campaigns and distribution decisions are localized. It aims at adaptation to local country markets. Firms with this orientation are classified as polycentric. Johnson, (2000) A company guided by a global marketing orientation or philosophy is generally referred to as a global company. Its marketing activities are global and its marketing coverage is the world. A company employing a global marketing strategy strives for efficiencies of scale by developing a standardized marketing mix applicable across national boundaries. Markets are still segmented, but the country or region is considered side by side with a variety of other segmentation variable such as consumer characteristics such as age, income, language group, etc. The world as a whole is viewed as a market and the firm develops a global marketing strategy. The global marketing company would fit region centric or geocentric classification.

### **Operational Excellence of Transformation**

Operational Excellence is about doing it better. Whether the specific task is fine tuning client service or adjusting the financial and human capital by providing the skill needed to enhance competitive edge and profitability. Osagwu, (2002). The network economy will continue to develop and bring new delivery channels, more rapid order cycles and faster response capabilities. More addition businesses will need to adapt, calling for better coordination and cooperation within the organization and the redesign of operational and financial processes. There is no room for complacency, Innovation and good execution are the emerging disciplines.

Building and strengthening organizations so that they become both client obsessive and high value, cash flow generators calling for constant relative advantage, adaptive technologies, flexible organization structures, dynamic processes and people who understand that success

means well thought out, relentless change. It requires decision makers to acknowledge that capital markets and investors no longer rely on hope value. Instead, they look for high levels of confidence, sustainable cash flow from significant improvements in product specialization and delivery channel options.

Processes that create operational efficiency and productive of output.

- Better methods for allocating resources to best opportunities.
- Determining relative success and bench marking progress requires a systematic approach that begins with the early design and continues on with implementation.
- To keep the organizational changes in motion, operational efficiency and intergroup coordination will need to be continually re-examined by management of multinational corporations.

### **Challenges Facing Multinational Corporations in Nigeria**

The low level of industrialization and technology development in the country could be traced to the competitiveness of the economy in Multinational Corporations. Since Transformation is a channel of re-distributing technology, the foreign actors would have to give more and have little or nothing to receive except proceeds from the investments.

The point here is that the giver dictates the modus operandi or virtually all the transactions. Even when technology is transferred from the advanced capitalist countries, the tendency for the development of domestic technology rare. Except the transferred technology is domesticated, the Nigeria economy would exist at the mercy of foreign investors. It would remain subordinate to foreign capital.

Though Nigeria has strong foundation of institutionalised financial system, the lack of zeal of the domestic corporation executives to engage in investment in the industrial sector may expose the finance capital to the hazard of foreign investors could take this advantage to expropriate the wealth of the nation. Since capital is mobile and Transformation is about interconnectedness and interdependence, the

available finance capital in Nigerian economy could be moved at will to the economy of other states thereby hampering the strength of Nigerian economy- The crisis associated with the contemporary democratic dispensation as a result of class fragmentation, may not build a strong state in the Transformation regime. It is unrealistic that raw materials would compete favourably with manufactured products.

Neither can primary production system compete with technologically engineered mode of production. Evidently, Transformation would bring about the domination of the Nigeria economy since its basic export is woven around raw materials, whereas the raw materials provide basis for production and further production. Nigerian export only promotes economic diversification abroad and restricts diversification in the domestic setting.

Moreover, its imports manufactured products for direct consumption in the process it cuts off production processes within the economy and finis delights in consuming industrial goods. This is a cut off of industrial growth and technology development. In the main, the Nigerian economy is not competitive in the trade circle. Onabajo, (2014).

## **Conclusion**

Changes in the world economy as a result of the Transformation process have indeed elevated political, social and economic issues as they affect growth among actors in the international system of the highest level.

Transformation of labour and power can be apprehended at two levels. The first is the increase in interactions, and the intensification of worldwide social inflation which link distant localities in such a way that local happening are shaped by events from distant points on the globe vice versa. It is within this context that the third world economic growth can indeed be situated and appreciated.

According to the World Bank, Transformation is good for economic growth and growth is good for the poor. This is a simple yet forceful fact based conclusion and cannot be quickly dismissed. In this

regard, it has been argued that Transformation would attract foreign investment and international aid to the third world.

If Transformation is to succeed for the poor and the rich alike, it must deliver rights and provides social justice and equity not less than economic prosperity and enhanced communication.

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