THE STRATEGIC INTENTION OF MULTINATIONAL ENTERPRISES IN CORPORATE SOCIAL RESPONSIBILITIES IN NIGERIA

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Abstract. Multinational Enterprises (MNEs) around the globe are integrators and the grace for economic flight. One major helping hand given by Multinational Enterprises in the provision of capital intensive social amenities and infrastructures is obvious in the area of their social responsibilities. In this vein, the study examined the strategic intention of multinational enterprises in corporate social responsibilities in Nigeria. In the quest into the subject matter, this study gathered data and information through primary and secondary sources. The study randomly selected 500 respondents from the population of the study area (Nigeria). Data were analyzed with Likert Scaling Method and simple percentage method. It was discovered that some MNEs have demonstrated a Two-aim approach (which implies a win-win) as a strategy to keep their operations going in Nigeria, and likely, other developing countries of the world. It was concluded that the rationale behind their commitment to corporate social responsibilities is to establish balance of objectives between the Multinational Enterprises’ home countries and host countries. The study therefore recommended that MNEs and the host countries should maintain two-aim approach, so as to ensure that the objective of one party is not hurt.

Key Words: multinational enterprise, social responsibility, development, strategy, profit repatriation, objectives

INTRODUCTION

Over the years, the increasing trends in globalization have forced the economies of the world into an integrated whole. The integration of the world economies into one is a
phenomenon aptly called global village (Onodugo, 2012). There is consensus among scholars that technological changes and globalization agents are forces that have and will continue to transform the economic and social fabrics of the various nations (Chaykowski, 2002).

Multinational Enterprises are products of globalization, and they can be indisputably referred to as essential agents of globalization. The multinational Enterprises around the globe are logically viewed as integrators and the grace for economic flight. Multinational Corporations are usually very large entities having a global presence and reach (Kim, 2000). The colossal collection of efforts by a huge number of these giant entities is crucial to the economic headway of developing nations. In line with this, Onodugo (2012) posited that the number and activities of these MNCs have grown over time as Nigeria struggles to develop socio-economically as a nation.

In Nigeria, one major helping hand given by Multinational Enterprises in the provision of capital intensive social amenities and infrastructures is obvious in the area of their social responsibilities. These capital intensive social amenities and infrastructures are demands that have been a national phenomenon. So frequently neither government institutions nor companies or communities themselves have been properly equipped to respond to them (Culverwell et al, 2003). MNEs have often shouldered the responsibilities to complement the government effort in providing some social services and welfare programs in addition to their normal economic contributions. Burger (2011) expressed that Shell brought reliable lighting and electric power to people and small businesses which have never known it before, creating thousands of jobs, educating and training thousands in the process.

Research objectives

The purpose of this study is to systematically investigate and analyze the commitment of Multinational Enterprises to Corporate Social Responsibilities as a strategic approach to their operations in Nigeria, and also to investigate into the critics’ view about MNEs.

1. THE CONCEPT OF MULTINATIONAL ENTERPRISE

The term Multinational Enterprise is used in various senses such as Multinational Corporation, Multinational Companies, Multinational Organization and even transnational corporation. According to Olumba (2009), multinational organizations are those whose operations transcend national frontiers or national boundaries and multinational enterprise is a firm which owns and controls income generating assets in more than one country and accounts for one-fifth of the world's output excluding the centrally planned economies. Nickels et al (2002) viewed Multinational Company as an organization that manufactures and markets products in many different countries; it has multinational stock – ownership and multinational management. Multinational Enterprise, according to Ile (2000), is a score of small, medium and large sized firms operating in different countries. Ogbozor (2000) also viewed Multinational Corporation as any company conducting business in two or more countries and has at least 20 percent of the firms’ assets or sales from business in countries other than where the parent company is located. In an attempt to create better understandings,
Okey (2007) expressed that Multinational Enterprises are often categorized into three broad groups which are:

i. **Horizontally integrated multinational corporations**, whose management focuses on the production establishments situated in diverse countries to produce homogenous products.

ii. **Vertically integrated multinational corporations**, whose management focuses on the production establishment in particular country/countries to produce products that serve as input/component to their production establishment in other country/countries.

iii. **Diversified multinational corporations**, whose management focuses on the production establishment situated in different countries that are neither horizontally nor vertically integrated.

### 1.1. Some multinational enterprises in Nigeria

<table>
<thead>
<tr>
<th>S/N</th>
<th>Multinational Enterprises</th>
<th>S/N</th>
<th>Multinational Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Exxon and Parker Nig. Plc</td>
<td>11</td>
<td>Up Bottling Co. Plc</td>
</tr>
<tr>
<td>2</td>
<td>G.Cappa Nig. Plc</td>
<td>12</td>
<td>Dunlop Nig. Plc</td>
</tr>
<tr>
<td>3</td>
<td>May and Baker Nig. Plc</td>
<td>13</td>
<td>Smithkline Beecham Nig. Plc</td>
</tr>
<tr>
<td>4</td>
<td>Arthur Andersen</td>
<td>14</td>
<td>Cadbury Nig. Plc</td>
</tr>
<tr>
<td>5</td>
<td>CFAO Nig. Plc</td>
<td>15</td>
<td>John Holt Nig. Plc</td>
</tr>
<tr>
<td>6</td>
<td>UAC Nig. Plc</td>
<td>16</td>
<td>Mobil Nig. Plc</td>
</tr>
<tr>
<td>7</td>
<td>Nestle Nig Plc</td>
<td>17</td>
<td>PZ Industries Nig.</td>
</tr>
<tr>
<td>8</td>
<td>Guinness Nig. Plc</td>
<td>18</td>
<td>Unipetrol Nig. Plc</td>
</tr>
<tr>
<td>9</td>
<td>Julius Berger Nig. Plc</td>
<td>19</td>
<td>Unilever Nig. Plc</td>
</tr>
<tr>
<td>10</td>
<td>Coca-Cola bottling company</td>
<td>20</td>
<td>Shell</td>
</tr>
</tbody>
</table>

Research survey, 2014

### 2. ENVIRONMENTAL FACTORS AFFECTING MULTINATIONAL ENTERPRISES IN NIGERIA

Owojor and Asaolu (2010) identified some of the critical environmental changes affecting Multinational Enterprises as:

i. Political instability;

ii. Capital requirement to meet economic changes;

iii. Inadequacy of corporative cost advantage law;

iv. Unstable exchange rate; and

v. Unemployment dilemma in getting competent consultants to manage the business.

This paper dissects the environmental factors affecting Multinational Enterprises into internal and external factors. The internal factors include employee bartered work commitment, just-in-time material supply, management team disunity and scandals, industrial actions and so on. The external factors include terrorism, cultural factors, government policies, robbery attacks, talents hunt, economic instability, and so on. These elements are also defined as potential barriers to their further growth (Goldstein, 2009).
3. THE PERCEPTION OF MULTINATIONAL CORPORATION

The continuous operation of Multinational Corporations in Nigeria, despite the level of turbulences in the business environment, has drawn the attention of scholars into investigations. Some scholars deduced that the roles of multinational corporations are either secretive or selfish, and others upheld that their roles are inimical to economic well-being in a logical way. Two schools of thought viewed Multinational Corporations in different ways. One upholds that the relevance of multinational corporations is immeasurable, and the other criticizes its presence particularly in the developing countries. Okey (2007) highlighted these two schools as shown below:

3.1. Dependency school

The Dependency school of thought viewed all activities of Multinational Enterprises in resident countries as being inimical to the general objectives. The school believes that Multinational Enterprises have always hacked into a nation’s wealth, particularly, in the developing countries. Their activities are audible to the deaf and visible to the blind in such areas as:

i. Destruction of indigenous technology
ii. The creation of unemployment
iii. Exploitation of material and human capital
iv. Political interference
v. The production of some low quality goods in their host country
vi. Pay discrimination

3.2. Paternalistic school

This school of thought upheld that the activities of Multinational Enterprises in their host countries cannot be over-emphasized. The school viewed Multinational Enterprises as answers to the questions of deficiency or turnaround in their host countries’ economy. The school also believed that Multinational Enterprises are highly significant to the economic growth and development of the Third World Nations through the following activities:

i. Foreign direct investment
ii. Employment creation
iii. Creation of new products
iv. Technology transfer

4. IS CORPORATE SOCIAL RESPONSIBILITY A STRATEGY FOR MULTINATIONAL ENTERPRISES?

A strategy states the course of actions to be taken in order to achieve an objective. It is one grand tool for improving business growth. The choice of social responsibility by most indigenous firms is backed by a particular long-term goal. Since a strategy is long term oriented, it is reasonable to hold a consensus that corporate social responsibility is a strategy. Chen and Liu (2012) opined that a strategy is the direction and scope of firms in the long run that will bring benefits for the firms through combinations and allocations of resources for carrying out the firms’ major goals and missions within a challenging
environment. Multinational Enterprises’ involvement in social responsibility can be viewed as good intentions that can establish the Two-Aim approach (mutualistic relationship). This approach involves a win-win commitment to socio-economic development of the host countries and the home countries of these Multinational Enterprises. Though, Bakan (2004) stated that:

A corporation can do good only to help itself do well, a profound limit on just how much good it can. The benevolent rhetoric and deeds of socially responsible corporations create attractive corporate images, and likely do some good in the world. They do not, however, change the corporation’s fundamental institutional nature: its unblinking commitment to its own self-interest.

According to Ionescu and Oprea (n.d.), multinational corporations exploit host countries and their inhabitants because they capitalize all revenue which is obtained from a location, they migrate into other countries which offer greater advantages for multinational corporations and because these corporations follows only their own interests.

MNEs intervention in CSR is a strategy to do ‘good-good’ and balance up equations between the host country’s economy and the home country’s economy (the Enterprise’s country). These will enable adequate measures of economic growth of these mutually benefiting nations. It is crystal clear that the crucification of these Multinational Enterprises is just the symbol of selfishness and parasitic intentions not uncovered. Over the years, series of researches have been directed towards exposing the behavioural pattern of multinational enterprises, particularly, in the area of social and economic perspectives. These researches failed to investigate or detail analysis on the causes of the behaviours of the multinational enterprises towards development in totality.

4.1. The two-aim approach

In Nigeria, we observed that most effectively functioning enterprises are the foreign enterprises. The result of this may be from the fact that most indigenous enterprises lacked a comprehensive method of matching business to the greater height. Neo-liberal economists contend that MNE are perhaps the most significant catalysts for sustainable development, because multinational corporations typically possess newer and cleaner technology and have better management practices which can be transferred to their subsidiaries in developing world (Hassan, 2013).

This approach provides a framework for the establishment of balances between two significant but conflicting interests, such as that of multinational enterprises and the host country. The approach attempts to advocate mutual commitment-mutual benefits, rather than parasitic notion observable through rational thinking and harming objectives between the two parties (the multinational enterprise and the host country). There is no doubt that no one country permits the operation of multinational enterprises without a particular objective, and no one multinational enterprise operates in another country without its particular objective. Having understood this, the natural law of fairness requires that each party struggles to achieve its objective in consideration of the other party’s objective, since it is initially conceived as cooperation and not a game of conflict. Goluch (2012) posited that in case of games of cooperation, one is dealing with variable sum games –an
economically interesting phenomenon. A cooperation should be non zero-sum since it is backed up by mutual agreement and guiding principles. The aim of the host country is to fill the loopholes in the development process of its economy, and if the multinational enterprises must exist and operate within the host community, they must give out something to get something. That is to say, they must make the environment where they are operating conducive for the running of their business by way of employing the youth in the community as well as providing the basic social amenities such as construction of roads, building of schools for the host community, building of hospitals, enabling them to achieve their objectives among other things. By so doing, both parties stand to benefit mutually (from: adequate security, technological improvement, adequate revenue generation, better management practice, optimum utilization of resources, learning, human capital development, and so on).

4.1.1. The implication of the two-aim approach

This Two-aim approach is incapable of working isolatedly without mutual agreement and guiding principles. Once these agreement and principles are binding on both parties:

i. Reconciliation and balance of interests will be achieved.

ii. Under-performances of the economic agents (multinational enterprises) will become past events, both in the host country’s national and global economy.

iii. Solution to economic bottlenecks becomes the two parties’ concerns.

iv. In the case of Nigeria, corruption by some social and political dramatists who influence inapt practices of some multinational enterprises will reduce.

v. Positive behavioral pattern towards sustainable development becomes enhanced.

vi. Excessiveness and environmental degradation by some multinational enterprises will reduce.

5. THE GENERAL IMPACT OF MULTINATIONAL ENTERPRISES IN NIGERIA

In the real sense of global economic activities, no two parties ever get saturated. This is the reason why the ‘selfishness of one is in the interest of gaining it all’. In their work, Okereke and Ekpe (2002) expressed that rather than re-invest their profits in the economy of the host countries, in to generate other economic activities and hence expand the economy, the Multi-National Corporations repatriate profits to their home countries in what is often referred to as capital flight.

In other words, the term ‘perfect’ has a mere dictionary meaning, as no single human trek without the head shaking. In spite of the positive economic contributions of Multinational Enterprises, there are numbers of negative implications of their activities. These activities are hugely fueled by some corrupt leaders and elder-statesmen, who benefit from the dilapidating conditions. Cole (2006) expressed that the activities of Multinational corporations led to an increase in anti-social activities like drug-abuse, prostitution, kidnapping and murder. The corrupt practices, coupled with inapt influences of the social and political dramatists are the source of distortion and confusion about the operations of these multinational enterprises. In his view, Onimode (1982) had pinpointed that a thorough empirical analysis of the impact of multinational enterprises on the Nigerian economy and consciousness will reveal the following:
i. Profit repatriation
ii. Technological backwardness
iii. Structural distortion
iv. Political instability
v. Cultural degradation

Despite that, multinational enterprises are still better off as a tool for desired economic development. For many developing countries, multinational corporations represent the lowest bad thing which they can select; for these countries, the multinational corporations create new jobs, develop infrastructure and stimulate the demand growth (Ionescu and Oprea, n.d.). Thus, rather than ‘pollution havens’, multinational corporations create ‘pollution halos’ in developing countries through the export of modern technologies (Hassan, 2013).

6. RESEARCH METHODOLOGY

In the quest to investigate into the subject matter, this study gathered data and information through primary and secondary sources. The primary source includes questionnaires and interviews; while the secondary source includes textbooks, journals, theses, posts and the internet. The study randomly selected 500 respondents from the population of the study area (Nigeria). The data were analyzed with Likert Scaling Method and simple percentage method as shown below:

\[
\text{Likert Scaling, where } S.A \rightarrow \text{Strongly Agree; } A \rightarrow \text{Agree; } N \rightarrow \text{Neutral; } D \rightarrow \text{Disagree; and } S.D \rightarrow \text{Strongly Disagree.}
\]

\[
\frac{f \times 100}{n}
\]

where \( f \) = frequency of response and \( n \) = number of respondents

7. DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

Table 1 Questionnaire administration

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Frequencies</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaires distributed</td>
<td>500</td>
<td>100</td>
</tr>
<tr>
<td>Questionnaires returned</td>
<td>455</td>
<td>91</td>
</tr>
<tr>
<td>Questionnaires unreturned</td>
<td>45</td>
<td>9</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2014

Table 1 above depicts that out of the 500 questionnaires (100%) distributed in the field, 455 questionnaires (91%) were returned and 45 questionnaires (9%) were not returned.

Table 2 Demography based on sex

<table>
<thead>
<tr>
<th>Sex</th>
<th>Frequencies</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>157</td>
<td>34.5</td>
</tr>
<tr>
<td>Female</td>
<td>298</td>
<td>65.5</td>
</tr>
<tr>
<td>Total</td>
<td>455</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2014
Table 2 shows that the surveyed respondents were 157 males (34.5%) and 298 females (65.5%).

Table 3 Demography based on residence

<table>
<thead>
<tr>
<th>Area</th>
<th>Frequencies</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Residence</td>
<td>112</td>
<td>24.6</td>
</tr>
<tr>
<td>Urban Residence</td>
<td>343</td>
<td>75.4</td>
</tr>
<tr>
<td>Total</td>
<td>455</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2014

Table 3 shows that the survey consisted of 112 respondents (24.6%) from the rural area and 343 respondents (75.4%) from the urban area.

Table 4 Respondents’ responses based on questions

<table>
<thead>
<tr>
<th>S/N</th>
<th>Questions</th>
<th>SA (F%)</th>
<th>A (F%)</th>
<th>N (F%)</th>
<th>D (F%)</th>
<th>SD (F%)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The presence of MNEs in Nigeria has helped the economy a great deal.</td>
<td>215 (47.3)</td>
<td>98 (21.5)</td>
<td>25 (5.5)</td>
<td>20 (4.4)</td>
<td>97 (21.3)</td>
<td>455</td>
</tr>
<tr>
<td>2</td>
<td>MNEs have often contributed to rural-urban development in the society.</td>
<td>144 (31.6)</td>
<td>100 (22.0)</td>
<td>24 (5.3)</td>
<td>37 (8.1)</td>
<td>150 (33.0)</td>
<td>455</td>
</tr>
<tr>
<td>3</td>
<td>The economy may be weak if all MNEs are evacuated from Nigeria.</td>
<td>156 (34.3)</td>
<td>83 (18.2)</td>
<td>15 (3.3)</td>
<td>119 (26.2)</td>
<td>82 (18.0)</td>
<td>455</td>
</tr>
<tr>
<td>4</td>
<td>MNEs cause environmental hazards and social problems</td>
<td>215 (47.3)</td>
<td>116 (25.5)</td>
<td>9 (2.0)</td>
<td>47 (10.3)</td>
<td>68 (14.9)</td>
<td>455</td>
</tr>
<tr>
<td>5</td>
<td>The MNEs operation’s harms outwit their social responsibilities.</td>
<td>128 (28.1)</td>
<td>146 (32.1)</td>
<td>60 (13.2)</td>
<td>51 (11.2)</td>
<td>70 (15.4)</td>
<td>455</td>
</tr>
</tbody>
</table>

SA—Strongly Agree; A—Agree; N—Neutral; D—Disagree; SD—Strongly Disagree
Source: Field Survey, 2014

From Table 4 (Question 1): 215 respondents (47.3%) – strongly agreed; 98 respondents (21.5%) – agreed; 25 respondents (5.5%) were neutral; 20 respondents (4.4%) – disagreed; and 97 respondents (21.3%) – strongly disagreed that the presence of MNEs in the Nigerian economy has helped a great deal.

From Table 4 (Question 2): 144 respondents (31.6%) – strongly agreed; 100 respondents (22.0%) – agreed; 24 respondents (5.3%) were neutral; 37 respondents (8.1%) – disagreed; and 150 respondents (33.0%) – strongly disagreed that MNEs have often contributed to rural-urban development in the society.

From Table 4 (Question 3): 156 respondents (34.3%) – strongly agreed; 83 respondents (18.2%) – agreed; 15 respondents (3.3%) were neutral; 119 respondents
(26.2%) – disagreed; and 82 respondents (18.0%) – strongly disagreed that the economy may be weak if all MNEs are evacuated from Nigeria.

From Table 4 (Question 4): 215 respondents (47.3%) – strongly agreed; 116 respondents (25.5%) – agreed; 9 respondents (2.0%) were neutral; 47 respondents (10.3%) – disagreed; and 68 respondents (14.9%) – strongly disagreed that MNEs cause environmental hazards and social problems in Nigeria.

From Table 4 (Question 4): 128 respondents (28.1%) – strongly agreed; 146 respondents (32.1%) – agreed; 60 respondents (13.2%) were neutral; 51 respondents (11.2%) – disagreed; and 70 respondents (15.4%) – strongly disagreed that the MNEs operation’s harms in Nigeria outwit their social responsibilities.

7.1. Discussion of findings

Following Figure 1 line graphs above, it is crystal clear from question one that the country’s economy is no doubt a dependent economy. The respondents’ views reflect the high level of technology transferred into the country, creation of jobs, social development, improved standards of living and human capital development programs observed with MNEs. It is discovered that Nigeria needs more MNEs, and any attempt to repatriate all MNEs is dangerous to the health of the economy. It was also discovered from responses to question two that measureable development in some rural and urban areas are championed by these MNEs following the highest percentage of respondents. Responses in the light of question three also proved that Nigerian economy may be in a dilapidated condition if the MNEs decided to evacuate.

Summarily, the study found out that some MNEs have demonstrated a Two-aim approach (which implies a win-win) as a strategy to keep their operations going in Nigeria, and likely, other developing countries of the world. The intentions of critics against the operations of all MNEs are what the study is yet to discover.

CONCLUSION

Multinational Enterprises are essential agents of globalization that have often shouldered the responsibilities to complement government’s effort in providing some social services and welfare programs in addition to their normal economic activities in any host country. It is
explicit that this form of commitment to social responsibilities is a strategy to their operations. This strategic commitment of Multinational Enterprises to socio-economic development can be measured up in their effectiveness and efficiency, technology transfer, human capital development, job creation, provision of social amenities, healthcare services, and so on. Though, the aims of some Multinational Enterprises are kept confidential.

There are two schools of thought; one criticizes and the other supports the activities of Multinational Enterprises in the host countries. These two schools may be right based on varying views, but a fair deduction can only be made if the activities of Multinational Enterprises are evaluated individually, from state to state and country to country. The Nigerian economy, if properly diagnosed, is a clear paradigm for this view.

Paradoxically, any entity set up to make loss is never regarded as a business entity. The effort into doing business in a better way has led these Multinational Enterprises into strategic commitment to corporate social responsibilities. The rationale behind this is to establish balance of objectives between the Multinational Enterprises’ home countries and host countries. Their strategic commitment to corporate social responsibilities in Nigeria and other developing countries is a ‘Two-Aim approach’ (that is, win-win strategy) to enhance continuous business operations.

**Recommendations**

This study recommended that:

i. Government should attract and motivate foreign direct investment in Nigeria.

ii. There should be an indomitable mutual agreement and guiding principles between multinational enterprises and the host country, Nigeria.

iii. The two parties (MNEs and the host country) should maintain a two-aim approach, so as to ensure that the objective of one party is not hurt.

iv. The government and its appropriate agencies should encourage the economic effort of Multinational Enterprises in Nigeria, as well as in other developing countries.

v. Multinational Enterprises should find all means to avoid hazardous and anti-social activities.

vi. Multinational Enterprises should intensify their commitment to corporate social responsibilities so as to convince critics that their socio-economic development intention is right.

vii. Due to the fact that not all Multinational Enterprises have the good socio-economic development intention, the government should adopt a ranking system to enable them to focus on national development rather than the repatriation of profit.

Multinational Enterprises should endure paying the same tax payable in their home countries so as to observe the principle of fairness.

**REFERENCES**


The Strategic Intention of Multinational Enterprises in Corporate Social Responsibilities in Nigeria


STRATEŠKE NAMERE MULTINACIONALNIH PREDUZEĆA U POGLEDU KORPORATIVNE DRUŠTVENE ODGOVORNOSTI U NIGERIJI


Ključne reči: multinacionalna preduzeća, društvena odgovornost, razvoj, strategija, repatriacija profita, ciljevi.