AN APPRAISAL OF NIGERIA AND THE INFLUENCES OF TRANSNATIONAL CORPORATION FROM 1990-2011

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APPROVAL

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DEDICATION

This research work is affectionately dedicated to Almighty God for his guidance and protection on me during my study, and also to the family of Mr. and Mrs. Chibuzor Okolo and Mr. and Mrs. Benedict Agudosi for their support towards the successful completion of this research.

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ABSTRACT

A transnational corporation is a company, firm or enterprise with its headquarters in a developed country and also operates in other countries, both developed and developing. They are spread all around the world. They are engaged in mining, tea, rubber, coffee and cocoa plantation, oil extraction and refining, manufacturing for home production and exports. Their operations also include such services as banking, insurance, shipping, hotels and so on. Transnational corporations overwhelmingly dominate not only global investment but also international production, trade, finance and technology.

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CHAPTER ONE

1.0 GENERAL FRAMEWORK OF THE STUDY

1.1 INTRODUCTION

Transnational corporations (TNCs) are a distinctive feature of international private enterprise (IPE) today. Transnational Corporations compete in regional and global markets and engage in foreign direct investment that is much sought after by natural governments seeking jobs, technology, and the resources for economic growth. Transnational corporations have always been controversial because of the power they seem to possess and because their "global reach" makes them difficult for nation-states to regulate or control.

Many scholars have called for a formal international regime to govern state transnational interaction, much as the world trade organization provides a system of governance for international trade flows. But recent attempts to negotiate such a regime have been unable to overcome the self-interest and fears of transnational corporations and of states. Transnational corporation investment flows have fallen recently, and competition for transnational markets and investment has intensified, putting more pressure on states and transnational corporations.

One of the distinctive features of the twenty-first century is the central role played by transnational corporations. International trade, global finance, national security, and knowledge and technology are all affected by transnational corporations and the competition among them in regional and global markets.

Before we begin, however, we must deal briefly with terminology. Businesses that compete in global markets have been given different names at different times and in different fields of study. Once they were called simply ‘international businesses’, to distinguish them from firms that operated in local or national markets. For many years the term multinational corporation (MNC) was applied to indicate that the firm operated in several different national markets. As global markets and production structure have emerged, the accepted term has become transnational corporation (TNC). The prefix “trans” means to go beyond and the markets where these businesses compete are regional or global and clearly go beyond or transcend national markets. We will be familiar with the business they do, the items they produce and sell, and the markets where they live. It is estimated that there are about 65,000 transnational corporations in the world today with 850,000 foreign affiliates. Together they employ about 54 million workers.

1.2 STATEMENT OF THE RESEARCH PROBLEM

Many people assume that transnational corporations are very powerful because they are such large organizations and because, through their foreign direct investment (FDI) flows, they influence the global distribution of investment and technology. Some people go so far as to assert that transnational corporations are as powerful as states, or more powerful than states.

One commonly cited “fact” is that 51 of the top 100 “economic entities” are corporation, and the other 49 are countries. This statistic is based on tables that compare the gross domestic products of countries with the total revenues of corporations. Transnational corporations are bigger than all but the biggest nation-states and must, therefore, have tremendous power. This message is also, of course nonsense. To make this comparison is to misunderstand what a transnational corporation is and also to misunderstand what a state is.

From a technical standpoint, comparing countries and transnational corporations this way is comparing apples with oranges. This analysis compares transnational corporations and nation-states in strictly monetary terms, ignoring many factors that really matter a great deal more. This focus on one factor, money, is ironic because many critics of transnational corporations criticize corporations for ignoring important non monetary factors, such as security or the environment. States possess territory and make laws; they have sovereignty, citizens and they have armies and navies. They have legitimacy, too which means that the international community accepts their right to make important social decisions. Transnational corporations have none of these things unless you think that employee or customers are the same as national citizens.

1.3 AIM OF THE STUDY

The aim of the research is to examine Nigeria and influence of transnational corporations since 1990's till present. The research will also x-ray the activities of transnational corporations in Nigeria for over 20 years, its problems and achievement as well as factors militating against effective and efficient operation in Nigeria with a view to proffering operational solutions for smooth operation of transnational corporations in Nigeria.

1.4 OBJECTIVES OF THE STUDY

The objectives of this research are;

1. To ascertain the influences of transnational corporation in Nigeria
2. To proffer possible solutions for the effective and efficient relationship between transnational corporation and host nations.
3. To ascertain if transnational corporation enhances or impedes economic growth and development in host nation.

4. To analyze the economic policies that will be responsive enough to strengthen economic union between transnational corporation and host nations.
5. To analyze the contemporary pattern of transnational corporation investment in host nation

1.5 SCOPE OF THE STUDY

A research of this kind should ideally take continental or international scope in outlook since the issues being investigated is a worldwide problem. But as a result of logistics and other constraints, the researcher has been limited to Nigeria and the influence of transnational corporation from the 1990's to present. Nigeria has stumbled and is still stumbling from one action to another of transnational corporations in order to develop and strengthen their economic relationship with a number of transnational corporations. Although there are so many countries facing the challenges of transnational corporation. The research decided to chose Nigeria as his domain because of his concern to the challenges confronting the country.

1.6 LIMITATIONS OF THE STUDY

In carrying out this study as it is usually the case with most human endeavors certain problems were encountered. The mere fact that the researcher is undertaking a scientific study for the first time is in itself an understandable hindrance. The researcher was also faced with the task of preparing for his examination and at the time embarking on this research. Therefore writing the examination was also on impediment to the study.

Besides, lack of research books is also a great problem that faced the researcher in his study. There was the problem of getting adequate and useful information and materials needed for a comprehensive research work especially with particular reference to the topic.

Moreover, finance was another serious limitation the researcher had to battle with. Although information on the topic is scattered on the internet but there was the problem of finance to access these information and print them.

It is in the light of the above limitations that the research was limited to the topic under study. However, until a more elaborate and comprehensive research is carried out, the contents of this research will be simplified as much as possible for future research work.

1.7 SIGNIFICANCE OF THE STUDY

The purpose of this research will be provide the platform for the strengthening of operations of transnational corporations in Nigeria and to critically analyze the prospects and challenges of transnational corporation as well as proffer possible solutions for the way forward between transnational corporation and her host country. Although transnational corporation has been facing a lot of challenges ranging from political instability, security issues in host nations, and host nation has been faced with exploitation, political interference by transnational corporation. It benefits in terms of economic cooperation, investment, trade relations, technical and financial assistance have far outweighed the above challenges.

Moreover, the research will provide the bases for one economic policy that will be responsive enough to strengthen economic union between transnational corporations and host nations.

To this end therefore, it will provide an avenue for reference and research information for scholar, students and workers alike. This person will benefit greatly from the information deposited in this work, while Nigeria government, having extracted useful information will now be able to map out favorable economic policies to pursue and strengthen economic growth and development in the nation.

1.8 PROPOSITIONS

The propositions that will guide our planned research work are as follows:

i. Contemporary pattern of transnational corporation investments

ii. Transnational corporation boosts host nations economic growth and development and foreign direct investment (FDI)

iii. Transnational Corporation erodes issues of unemployment, dominate production and investment.

iv. Transnational corporations are so large that they dwarf all but a few states.

v. Transnational corporations invest in less developed countries to exploit their cheap labor and natural resources.

1.9 METHODOLOGY OF THE STUDY

The research for this thesis was based on descriptive content analysis of primary and secondary data. The secondary source included transnational corporation's documents like the mid-term report, annual reports, and the transnational corporation draft treaty. Data was collected from books, journals articles, magazines, published thesis and unpublished materials.

This research employed a survey method in primary data collection which was most suitable for a qualitative research of this kind. It involves the administration of questions towards the operations of transnational corporations. The questionnaires were structured in a close-ended form which provided the respondents with several options to choose one without being bias.

In administering the questionnaires a simple random sample method of probability was used. This means random selection of people from one entire population. For this research a sample size of 20 people were selected from the estimated population of 100 people. The selection was made based on efficient representation of the entire population.

For data presentation and analysis, tables, graphs and maps were used for clarity purposes. Bearing in mind that the study is content-specific, the researcher chose and analyzed the materials to discover their relevance to the research questions and how they related to the subject while attempting to minimize his own bias so as not to distort the facts of the information obtained.

1.10 THEORETICAL FRAMEWORK

Theories are sets of logically related symbols which represent what we think happen in the real world. They provide logical bases for our research work because they employ facts, models or laws about a phenomenon.

The world today is fast becoming a global village and for Nigeria to maximize the gains of globalization there is every need for them to integrate their economy and harmonize their economic policies.

However, for the purpose of this research, functionalism theory will be adopted. This theory favors cooperation in non political issues first before achieving political union. Transnational corporations were set-up for "economic" purposes but has over the years involved other sectorial approaches. Many people imagine that most transnational corporations are North based businesses that have shifted production to the less developed south to take advantage of cheap labour or natural resources, but the facts do not support this conclusion. This accounts for why transnational corporation start by establishing themselves in host nations, liberalize trade, harmonize trade, engage in import and export and other financial policies for better monetary union before looking forward toward political union.

1.11 CONCEPTUAL DEFINITION

FUNCTIONALISM: This is international cooperation in specific areas such as communications, trade, travel, health or environmental protection activity. The advocates believe that cooperation on the above other than political issues would foster cooperation and make states and transnational corporations trust one another to the point were rivalry is eliminated.

TRANSNATIONAL CORPORATION: Are companies based in one state with affiliated branches or subsidiaries operating in other states.

1.12 CHAPTER OUTLINE/STRUCTURE

This research is structured into five chapters. Chapter one introduces the subject matter which examines the statement of the research problem, aim of the study, objectives of the study scope of the study, limitations of the study, significance of the study, propositions, methodology of the study, theoretical framework, conceptual definition and chapter outline. Chapter two is the literature review which examines the concept of Nigeria and influences of transnational corporations. In chapter three efforts have being made to extensively discuss the perspective and origins of transnational corporations and its influence in Nigeria, as well as the patterns of transnational corporations operations in Nigeria. Chapter four is Nigeria and the influence of transnational corporation, benefits and demerits of transnational corporation in Nigeria. Chapter five summarizes the research with operational recommendations.

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CHAPTER TWO

2.0 Literature Review and Historical Background.

2.1 Literature Review

A transnational corporation is a company, firm or enterprise with its headquarters in a developed country such as one United States, Britain Germany, Japan etc, and also operates in other countries, both developed and developing. They are spread not only in the developing countries of Asia, Africa and Latin America, but also on the continents of Europe, Australia, New Zealand and South America. They are engaged in mining, tea, rubber, coffee and cocoa plantations; oil extraction and refining, manufacturing for home production and exports, etc. Their operations also include such services as banking insurance, shipping, and hotels and so on. Transnational corporations overwhelming dominate not only global investment but also international production, trade finance and technology. Thus "like animals in the zoo, transnational corporations come in various shape and sizes, perform distinctive functions differently and their individual impact on the environment".

Sanjoy Lai and streeten define transnational corporations from economic, organizational and motivational viewpoints. The economic definition lays emphasis on the size, geographical spread and extent of foreign involvement of the transnational corporation. According to this definition, a typical transnational corporation is one with net sales of 100 million dollars to several thousand million dollars having direct foreign investment in manufacturing usually accounting to at least 15 to 20 percent of the company's total investment.

The organizational definition stresses on some organizational aspects of a transnational corporation besides the economic ones. In this respect a truly transnational corporation is that which:

(a) Acts an organization maximizing one overall objective for all its units.

(b) Treats the whole world (or the parts open to it) as its operational area, and

(c) Is able to coordinate all its functions in any way necessary for achieving (a) and (b).

The motivational definition highlights “corporate philosophy and motivation in laying down criteria for multinationality. This ‘True’ multi-nationality is generally indicated by a lack of nationalism, or a concern with the firm as a whole rather than with any of its constituent units or any country of its operation. “on this basis, firms are distinguished between ethnocentric (home oriented) polycentric (host-oriented) and geocentric (world oriented), on the basis of altitudes revealed by their executives. (LAI and Streeten 2003).

Lai and Streeten define transnational corporations in general as very large firms with widespread operations which are clearly international in character and have more than five foreign subsidiaries or more than 15 percent of total sales produced abroad, and acting in a cohesive manner to achieve maximum-profits or growth.

Aja Akpuru, defines transnational corporation as a giant private business firm or company with its headquarters in the parent country and subsidiaries operating in more than one state. The multinational or transnational corporation means more than merely trading. It implies ownership of manufacturing plants and/or resource extraction and processing operating in a variety of countries. Transnational corporations invest in businesses involved in the supply of services, real estate, retail and wholesale operation. They are into virtually all aspects of human life (AJA 2002).

Joshua .S. Goldstein has defined transnational corporations as companies based in one state with affiliated branches or subsidiaries operating in other states. There is no exact definition, but the clearest case of a transnational corporation is a large corporation that operates on a world wide basis in many countries simultaneously, with fixed facilities and employees in each. There is also no exact count of the total number of transnational corporations, but most estimates are in the tens of thousands world wide (Joshua 2009:337).

Transnational corporation as define by United Nations is globally intergrated organization with entities in two or more countries, decision making system permitting coherent policies and common strategy through decision making center and entities are so linked by ownership so as to exercise influence over others and share knowledge. A transnational corporation (TNC) is a huge company that does business in several countries. Many transnational corporations (TNCs) are much richer than their entire countries in the less developed world. Such companies can provide work and enrich a country's economy-or some say they can exploit the workers with low pay and destroy the environment.

According to M.L Jhingan, a transnational or multinational, corporation has its headquarters in one country and operates wholly or partially owned subsidiaries in one or one other countries. The subsidiaries report to the central headquarters. The growth in the number and size of transnational corporations since the 1950s has generated controversy because of their economic and political power and the mobility and complexity of their operations. Some critics argue that transnational corporations exhibit no loyalty to the countries in which they are incorporated but act solely in their own best interests.

Most transnational corporations have various motives for establishing a corporate presence in other countries. One possible motive is a desire for growth. A corporation may have reached a plateau, meeting domestic demands and anticipate little additional growth. A new foreign market might provide opportunities for new growth. Other corporations desire to escape the protectionist policies of an importing country. Through direct foreign investment, a corporation can bypass high tariffs that prevent its goods from being competitively priced. For example, when the European common market (the predecessor of the European union) placed tariffs on goods produced by outsiders, united states corporation responded by setting up European subsidiaries.

In the United Nation code of conduct by Gerd Schelting, Bonn, The multinational or transnational corporation (TNCS) has not been defined in generally valid terms either in the scientific literature or in the political discussion. The following criteria are however widely accepted as characteristic of transnational corporation (INC)

a. Trans nationality (activities in various countries)

b. Global business strategy

c. Central decision making

d. Economic power (market influence, size)

e. Legal status of the decision-maker (the owner) private-public-mixed.

f. Legal from of control (domination) between the entities within the transnational corporation: shareholdings-other forms of control.

g. Country of origin (principal domicile): developing country-western industrialized country – socialist industrialized country.

2.2. HISTORICAL BACKGROUND

Historically, the roots of modern transnational corporations date back to Europe's great trading companies. It started prominently with the Dutch East India Trading company in 1689. In the 19th century industrial revolution and capitalism in Europe, the exports of capital and productive technology to pre-industrial territories of Africa, Asia and Latin America were championed by the biggest industrial powers, notably Britain, France, Germany and Italy. In the early 20th century, the United States sought out competition of the European economy in the export of productive technology and foreign investment. Such American predators were singer sewing machine, Otis Elevator and General Electric. The growth of transnational corporations declined in the first and second world was periods (1914-1918; 1939-1945) between 1945 and 1970, transnational corporations increased foreign direct investment ventures by 10% annually. In the 1960s, the United States transnational corporations dominated the scene, and have continued to preserve the domination. In the mid 1970s, the dominance of the United State transnational corporations was challenged by the European and Japanese firms or corporations. In the 1980s, the corporations of the United State, Japan and the European countries increased fierce crisscrossing foreign direct investment strategies. Japan was after the American market, and really penetrated the American economy with a number of well to do firms that shocked American businessmen. Seeking greater access to the growing European market, American increased investment ventures in Western Europe. Direct American investment in petroleum and other resources expended in the middle East and other oil producing exporting countries, including Nigeria.

In a globalized economy, since the 1990s, international production occasioned more by the transnational corporations, outside the home country of the firm, has been dramatic. Transnational corporations affiliates are now, by some estimated worth double the value of world exports.

Modern transnational corporations have invested much in science and technology for industrial competitiveness, particularly in semiconductors electronic communications and standardized manufacturing and packaging. High tech is vital to prevent market failures. The concept of reciprocity in R and D – permitting firms from other countries to join domestic subsidized research programmes in exchange for reciprocal access by home firms into the foreign country's R and D projects-would seem an important step in that direction.

The prevalent trend among the transnational corporations is industrial targeting and/or strategic trade policy. Increasingly, transnational corporations are not left alone as economic goliaths. Governments of transnational corporations are industrial targeting and /or strategic trade policy. Increasingly, transnational corporations are not left alone as economic goliath. Governments of transnational corporations are working actively in collaborating to be relevant in the competitive world market. More than the global strategy, both governments and their firms are similarly involved in the penetration and operations in foreign governments. Governments are throwing their weight to protect their transnational corporations and their affiliates against adverse policies of the host countries. Industrial targeting refers to a course of conduct involving elements of government / industry cooperation.

According to Barnett, Richard, (1975), multinational corporation or transnational corporation, is a corporation or an enterprise the manages production or delivers services is more than one country. It can also be referred to as an international corporation.

According to Barnett, the Dutch East India Company was the first multinational corporation in the world and the first company to issue stock. It was also arguably the world's first mega corporation, possessing quasi-governmental powers, including the ability to wage war, negotiate treaties, coin money, and establish colonies. Some multinational corporations are very big, with budgets that exceed some nation's gross domestic products (GDPs). Multinational corporations can have a powerful influence in local economies, and even the world economy, and play an important role international relations and globalization.

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CHAPTER THREE

3.0 PATTERN OF TRANSNATIONAL CORPORATION OPERATIONS.

Many people imagine that most transnational corporations are North-based business that have shifted production to the less developed South to take advantage of cheep labor or natural resources, but the facts do not support this conclusion. Most Transnational Corporations investment is in fact North-North rather than North-South, and there is even a emergency pattern of some South-North Transnational Corporation activity as firms in newly industrialized countries enter global markets and acquire foreign business assets. Five transnational corporations on UNCTAD's top 100 list are headquarter in newly industrialized countries Hutchinson Whampoa (diversified business, Hong Kong), petronas (oil and gas, Malaysia), Cemex (Cement and building materials, Mexico), Petroleos de Venezuela (oil gas, Venezuela) and LG Electronics (electronics, South Korea).

If we look at where foreign direct investment originates (by headquarters countries of Transnational Corporations), we find that the industrialized North dominates, as expected over as percent of global foreign direct investment flowed out of the developed countries, according to UNCTAD, with the member states of the European union (combined total of nearly 59 percent), the United States (18 percent), Japan (6 percent) and Switzerland (2.5 percent) at the head of the table.

But whereas many people imagine that transnational corporations mainly invest in low –wage developing countries, in fact the majority of foreign direct investment flows go into the high wage north because that is where the transnational market are and because north countries have advanced technology and skilled workers whose high wages are matched by their high productivity.

A great deal of foreign direct investment is regionally based, flowing out of countries in the European union into other European union countries and out of countries in the North American Free Trade Area into other NAFTA countries. This makes sense because transnational corporations tend to evolve and expand to compete in particular markets. While markets for some commodities are truly global, especially petroleum and some primary products, much recent market growth has been regional, driven by European Union and NAFTA expansion. The European union and NAFTA combined accounted for over 60 percent of all inward foreign direct investment in 2001.

3.1 TRANSNATIONAL CORPORATIONS AND HER DETERMINATION TO INVEST.

The stereotype that transnational corporations only invest where labor and natural resources are cheap is clearly not a good general explanation of transnational corporation behaviour, although it does apply to some specific situations. A great deal of foreign direct investment goes from rich, high-wage countries such as Germany to other rich, high-wage countries such as the United State. And, in any case the theory that transnational corporations go where labor is cheap at best an incomplete theory since labor is cheap in many parts of the world-so why do transnational corporations invest there (India) instead of the (Nigeria) since wages are low in both places? The question of why transnational corporations invest where they do is thus a very interesting one. Since there are thousands of transnational corporations in the world, it is unlikely that a single theory can explain their behavior. Here are several explanations that attempt to account for different aspects of transnational corporations behavior.

i. **Product Cycle Theory:** Why do transnational corporations invest aboard, especially in other high wage countries, when face so many obvious disadvantages in doing so? A United State company setting up operations in France for example, must deal with different laws and regulations, different labor practices and union restrictions, a different language and culture, and a variety of other difficulties. It would seem that a French firm that is already equipped with this 'local I knowledge' would have a distinct competitive advantage. Why not simply reach an agreement too have the French firm produce and sell the product under license?

Transnational corporations do not make much sense in highly competitive markets with standardized products and technology, where everyone has equal access to resources and decisions are made on the basis of cost of price alone. In market like these, the disadvantages of operating abroad would doom any foreign firm. Transnational corporations make sense, however, if they possess some particular knowledge or advantage that compensates for other disadvantages. Raymond Vernon's products cycle theory provides one explanation for transnational corporation investment behaviour.

Vernon was particularly interested in transnational corporations that produced technologically sophisticated products, where a firm might posses a technological advantage over competitors, and by the surprisingly common phenomenon of trade reveals, where the country that invents a product sometimes finds itself a few years later importing that same item from abroad. His three-stage product cycle theory explains how this can happen and how transnational corporations are created in the process.

In the first stage of the product cycle, a firm in a high-income country identifies a need that can be satisfied with a technologically sophisticated product. For example, the modern mobile phone satisfies the needs of people who want to remain in communication in many locations. Countries like the United State, Japan and the European Union have the technology resources to address this sort of need and the income to pay for the products, which are often way expensive in the early stages. In the first stage, therefore, companies like Motorola (United States) or Nokia (Finland) invest millions of dollars in products to satisfy a home country need.

Once the product has been developed and a market created at home, it is possible to export to other countries where consumers or businesses may have similar income and living standards. In the second stage, therefore, mobile phones may be exported to other high-income area of Asia, Europe and North America. The firms become multinational or transnational in the stage, according to vernon's theory, as they establish sales offices and some production or distribution facilities abroad. Some of the North-North foreign direct investment that was discussed earlier occurs in stage 2.

Finally, the technology has become standardized to the point where the product may be produced more efficiently in a newly industrialized country such as Mexico or Malaysia. At this point production moves abroad and transnational corporation makes another foreign investment.

Note that technology and market factors are important elements of the product cycle explanation of transnational corporation behaviour products are invented and developed where technology is abundant and incomes are high. The market expands to other high-income countries once the products has been developed, and foreign direct investment follows as firms rush to compete in the bigger market. Finally, when the technology matures, production becomes transnational via foreign direct investment (FDI) flows.

a. **Appropriability Theory:** Developed by Richard caves and others, appropriability theory, helps explain why Vernon's product cycle firms invest abroad rather than licensing production to a local firm or taking on a local partner. The appropriability theory argues that some firms become transnational corporations because they have too much to lose if they enter into partnerships or licensing agreements with foreign firms, which might in fact appear more profitable in terms of a simple dollars-and-cents calculation. This is especially true if the firm has some specific intangible assets' such as a valuable trademark or copyright, or has invested in new technology a proprietary process (such or coca-cola's secret formula for its products), or efficient management techniques found in some Japanese firms.

The fear is that these advantages or technological innovations will be stolen, copied or otherwise "appropriated" by the competition if the firm does not retain full control over them. If the firm gives up control of foreign production, distribution or sales, it risks losing control of its key competitive advantage. The foreign partner or license might copy the product itself and go into competition with the originating firm.

The only way to be sure that the key competitive factors are protected (and not appropriated by foreign firms) is to keep full control of the process. This means foreign direct investment when entering foreign direct investment when entry foreign markets, creating wholly owned subsidiaries. Transnational corporations engage in foreign direct investment, according to this theory as a defensive measure.

b. Transnational Corporation and under development.

Stephen Hymer, a parth-breaking radical political economist, was among the first to see that transnational corporations sometimes exist to protect and exploit unique advantages, factors such as those just discussed that might give them monopoly power and the ability to earn excess profits. Hymer argued that the desire to retain monopoly power and also to exploit foreign markets caused transnational corporations to engage in patterns of foreign direct investment that do not foster economic development, but rather lead to the development of under development".

If corporate headquarters executives fear that their competitive assets will be appropriated or diluted, they will tend to keep control of them at home and be sure that strategic decisions are made by home-country, not host-country, executives. This creates what is called the branch factory syndrome where critical technology and the most productive assets remain securely at headquarter while inferior technology and less productive assets are transferred abroad, to the branch factory. Foreign direct investment that build branch factories may transfer technology and create jobs, in this theory but the technology will always be inferior and the jobs will never be as good as in the headquarters firm.

Hymer's theory, like the appropriability theory views foreign direct investment as essentially a defensive mechanism. Hymer goes further, however, in linking transnational corporation strategy to an international division of labor that privileges the industrial core and systematically prevents periphery countries from catching up.

c. Politics and Protectionist Barriers

Political factors can also be important in transnational corporation strategy. Transnational corporations depend on open international market. They need to be able to invest abroad, of course, but they also depend on the ability to import and export. Trade barriers make their internal operations less efficient and disadvantage compared with the domestic protected firm. This explains (FDI) is regionally based, such as foreign direct investment within the European Union EU or within NAFTA. The lower trade and investment barriers within the regional blocs encourage intra bloc foreign direct investment compared with other patterns of foreign direct investment.

Interestingly, however, trade barriers can also encourage certain types of transnational corporation behaviour. Some foreign direct investment is an unintentional result of mercantilist policies designed to keep out foreign products. A foreign firm can get around a tariff barrier by establishing a domestic factory and in a sense, becoming a domestic firm.

Politics can affect foreign direct investment (FDI) patterns in other way as well. The Boeing Company, for example, markets its commercial aircraft to many airlines that are owned by governments or whose decisions are strongly influenced by government policy makers. Boeing often finds that, to get a large order for its aircrafts, it must accept 'offsets' which are agreements that certain components will be produced in the country buying the airplanes. Investment resources and technological knowo-how are sometimes exchanged for purchase orders. In situations like these, transnational corporations may become so involved in international politics that their negotiations, with host states and home states as well as with other transnational corporations, are more like diplomacy than simply business.

d. **Currency Instability:** Transnational corporations are especially susceptible to the effects of unstable foreign exchange rates because they often have costs that are denominated in one group of currencies and earn revenues in other currencies. An unexpected shift in exchange rates can raise effective costs and reduce the value of revenues some international business have seen profits collapse into loss and foreign markets disappear die to exchange rate swings. In 2003, the worlds largest food company, Nestle, announced that profits has fallen by half despite a higher quantity of good sold, due to the unexpected appreciation of the Swiss Franc. What Nestle gained in consumer purchases it lost-and then some in the FX market?

There are many ways to reduce this exchange rate risk, including the use of complex financial instruments. One very direct way is to establish product facilities in each major market so that costs and revenues largely accrue in the same currency. The problem of currency instability is a factor that drives transnational corporations to behave more like national firms than like global giants.

The combination of trade barriers and exchange rate factors encourages firm to produce goods in the countries where they are sold rather than simply exporting from central location. The globalization of markets, therefore, is sometimes associated with what might be called "multi local" production and a corresponding pattern of transnational corporation investment, that is the corporation is regional or global, but each country's operations are configures along more national or local lines in order to minimize or avoid trade barriers and currency problems.

Another pattern of foreign direct investment occurs when foreign exchange rates are misaligned either under valued or overvalued, a currency is overvalued, for example, imported products are systematically less expensive than domestic goods. This can be a strong incentive for firms to invest in foreign production facilities.

vi. Location – Specific Advantages

Some foreign direct investment, as we have seen, is driven by the desire to protect firm specific advantages, such as proprietary processes or trademarks. At other times, however, foreign direct investment may be influenced by location specific advantages. Some of these advantages are obvious, such as access to natural resources that are available only in specific locations. At other times the advantages are more complicated. For example, if you want to compete in the computer software market, you'd need to set up shop where the best people are. This means that you would invest where many other firms have also located, so that you can benefit from the pool of highly trained individuals in that area and one intense competition and constant innovation that is built into this environment.

e. Competition

Finally, it is important to remember that transnational corporations are transnational because the markets where they compete are transnational. In some cases, a firm may be driven to invest abroad because of simple competitive pressures. If our firm does not contest this market, other firms will, and they may gain an advantage from doing so. In this regard, firms may act a bit less like coolly national profit maximizing enterprises and a bit more like mercantilist states, which seen an opponent's gain as their won potential loss.

To summarize, some transnational corporation investments are driven by the desire to exploit low wages or cheap natural resources but, given the types of products that transnational corporations produce and their actual pattern of foreign direct investment, other factors are much more important. Transnational corporations invest abroad to protect a competitive advantage to exploit a monopoly position, to get around trade barriers, to avoid currency problems, to take advantage of special production environments and because they are driven to do so by their competition with other transnational corporations.

3.2. Changing Reactors to Transnational Corporations

A part from business leaders and economists who tend to view the growth of transnational corporations as the natural consequences of emerging regional and global market structures, most authors interpret the expansion of transnational corporations as a decisive shift in the power. They speculate about who will benefit from this shift and argue about how. Several quite distinctive view points have emerged that well will discuss in this section. Transnational corporations as a form of capitalist imperialism, Transnational corporations as a tool of United States hegemony and transnational corporations as state – level actors.

i. **Transnational Corporations and capitalist imperialism**

Transnational corporations and foreign direct investment were distinctive elements of the first modern era of globalization, which reached its Zenith about a hundred years ago and ended with the opening shots of the First World War. V.I Lenin famously characterized this era in a book title as imperialism: The highest form of capitalism. Lenin focused on "finance capitalism" not transnational corporation perse, but his approach and many of his conclusions are easily applied to transnational corporations. Lenin argued that colonial imperialism had been replaced by economic imperialism. Foreign armies and occupying forces were no longer necessary because the same result (exploitation by and dependency on the capitalism core) could now be accomplished by foreign investors and business corporations.

Stephen Hymer is responsible for the direct link between transnational corporations and imperialism today, Hymer's path-breaking theory of transnational corporations' behavior suggested that many transnational corporations engage in foreign direct investment (FDI) because they wish to exploit a monopoly position while protecting a key asset, such as a trademark or a patented process. Their profit maximizing strategy is to exploit the foreign market in favour of higher profits at home. In terms of financial strategy, terms of trade and technology transfer, Hymer's analysis predicts that transnational corporations will engage in a pattern of behaviors' that is imperialism in everything but name.

ii. **Transnational Corporations as tools of U.S. Hegemony**

Transnational corporations came to be viewed by many as tools of U.S. hegemony during the cold, War era. There were several reasons for this association. First, Unites States transnational corporations were especially active and focused on foreign expansion in the immediate post-world war II years. United State foreign policy seemed to be directed in part to creating opportunities for United States firms expand abroad. And once foreign direct investment (FDI) had taken place, United States investments abroad aerated economic interest favorable to United States policies. So it seemed as through the United State promoted it transnational corporations and they in turn supported United States policies.

iii. Transnational corporations as state-level Actors

The decline of United State hegemony did not end the era of transnational corporation expansion, but it did change its pattern. Protection did increase, both in the United States and elsewhere, but trade barrier can actually encourage foreign direct investment. The most important change, however, was probably the rise of non-United States transnational corporations especially firms based in Japan. Transportation corporations based in the “tried” of Japan the European Union, and the United States intensified their foreign investment activities. The United State, which had become accustomed to its position as a “home country” for United States based transnational corporations, found itself also a “host country” to major transnational corporations based in Japan and Europe.

Many countries, including Russia, opened their doors to foreign direct investment and be resources and technology that it promised. Other events brought even more countries into the world economy. The end of apartheid in South Africa, for example, opened that market to inward foreign direct investment and also allowed South African firms an opportunity to expand abroad.

State - transnational corporation bargaining is the third side of the diplomacy triangle. Both states and transnational corporations control valuable resources and they need each other state would like access to the investment resources and technology that transnational corporations can offer. Transnational corporations for their part desire access to the natural resources and skilled labour that states control and, of course, they also seek access to national market for the goods and services that they produce. (A state that ignores education and training for much of its population and thus offers mainly unskilled labor has little to bargain with and can expect to attract low-productivity sweat shop-type foreign direct investment). Since each side has much to offer and much to gain, it would seem that mutually advantages agreements should be east to achieve. But it is not as simple as that because both states and transnational corporations face competition.

Because transnational corporations are generally in competition with other big businesses for transnational markets, they have a strong incentive to attempt to negotiate the most favourable terms possible for their foreign direct investment project. Transnational Corporations typically seek favourable tax treatment, state funded infrastructure and perhaps even weakened enforcement of some government regulations. Weak states, or one with few productive resources and weak market system, may beat a fundamental disadvantage in such negotiation. Competition from other states many force it to grant many concessions to attract foreign direct investment. This is true both in less developed countries and in advanced industrial economies.

3.3. Foreign Direct Investment

Transnational corporations do not just operate in foreign countries, they also own capital (standing wealth) there- buildings, factories cars and so forth. Investments means exchanging money for ownership of capital (for the purpose of producing a stream of income that will, over time, more than compensate for the money invested). Investments in foreign countries are among the most important; and politically sensitive, activities of transnational corporations. Figure 9.2 illustrates the growth of foreign direct investment.

Diagram.

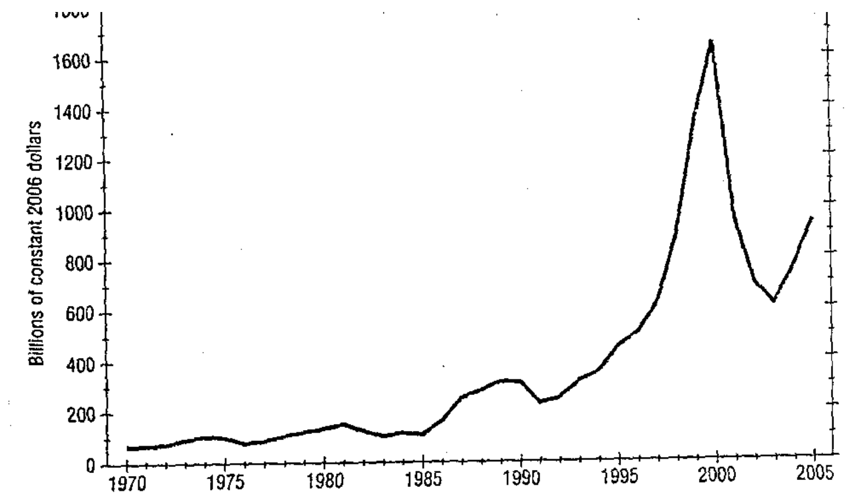

FIGURE 9.2 Foreign Direct Investment, World Total

Source: World Bank data.

Unlike port folio investment (on paper) foreign direct investment involves tangible goods such as factories and office buildings (including ownership of a sizable fraction of a company's total stock, as opposed to a port folio with little bits of many companies). Papa can be traded on a global market relatively freely, but direct investment can not be freely moved from one state to another when conditions change. Direct investment is long term, and it is more visible than port folio investment. Investments in the manufacturing sector usually entail the greatest investment in fixed facilities and in training workers and managers. Investments in the service sector tend to be less expensive and easier to walk away from it conditions changes.

Mercantilists tend to view foreign investments in their own country suspiciously. In child world countries, foreign direct investment often ended concerns about a loss of sovereignty, because governments may be less powerful (and possibly less wealthy) than the transnational corporations that invest in their country. These fears also reflect the historical fact that most foreign investment in the global south used to come from colonizers. Furthermore, although such investments create jobs, they also bring dislocations of traditional way of life and culture.

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INTERNET LINKS

4. UNCTAD world investment report http://ro.unctad.org/wiri
5. UNCTAD Journal of Transnational Corporations: http://ro.unctad/org/en/subsites/dite

CHAPTER FOUR

4.0 Nigeria and transnational corporation

The activities of the transnational corporations constitute a mix blessing. Indeed their role-whether benevolent or malevolent is exaggerate by proponents and opponents alike. Many examples of the perceived negative effects of the activities of transnational corporations are actually either the result of the policies of the countries themselves or an integral part of the development process itself. Countries do not share the positive and negative effects of the transnational corporations alike. The strength or weakness of a country's economy is a critical factor in the measurement of gain or loss through the activities of the transnational corporations. For instance, the small scale of the local market in most of the less developed countries could account for the with which transnational corporations establish in efficient manufacturing subsidiaries. Such is not the case in Taiwan, Singapore and Japan. When weighed against the national income distribution, the logic still puts the balance on the level of economic and technological development. A number of countries with heavy foreign investment, such as Taiwan, Singapore and South Korea have a more equitable distribution of income than do most of the less developed countries that have a restricted outside investment.

Granted that with more capital and superior technology, transnational corporations could undermine a number of local industries, the other side of the matter recognizes that transnational corporations also bring in new capital and productive technology which could be a stimulus to the economy on balance; the industrialized countries are not weighed down by the activities of modern transnational corporations. They welcome them for their interdependent valves. In contrast, the vast majority of the less developed countries have phobia for the transnational corporations because they do not have both the political will and infrastructural components of technological development to control the domineering influences of the transnational corporations.

Emerging facts suggest that no matter the negative images that the less developed countries hold against the transnational corporations, their economies would be worse if, by away of experiment, the transnational corporations stop their operations for relocation to either parent countries or the other industrialized countries. Nigeria for example, it is one highly blessed country in Africa that has refused to help itself in economic and technological development. Nigeria is a monocultural economy that is over dependent on oil as the commanding height of its economy. The country can reasonably boast of having oil and gas locations but not the technology to explore and exploit these liquid resources. If the oil transnational corporations should be sent packing on an account of under developing Nigeria, the entire socio-political and economic system of the country will collapse for the worse. Whatever happens, transnational corporations are an integral part of modern regionalization and globalization. No country can avoid foreign direct investment. Even Russia, China and Socialist-market economies are fastly coming to grip with this reality. The policy option for countries is to develop self first to be able to control the negative effects of the transnational corporations and reap a measure of gains in their transaction business activities. Transnational corporations are not entirely good or bad. Countries determine their gains or losses as measured by the strength or weakness of the economies.

4.1 Benefits of Transnational Corporations in Nigeria

The activities of transnational corporations as agents of development have been controversial. In this discussion, we seek to appraise the contributions of transnational corporations to socio-economic developed of host countries. It must be borne in mind that as “agent” of development, we do not mean that transnational corporations are substitutes of states as primary captains, engineers or agents of development. It would be funny for states to behave as if transnational corporations owe then a duty of development. The common tendency among less developed countries (LDCs) is to be over expectant of development inputs from transnational corporations. Having made this point, let it be stressed further that the activities of transnational corporations as facilitators are expected to have positive split over effects on the economy of host countries.

Transnational corporations have the monopoly of capital and technology. In the host countries, transnational corporations have been known to have created considerable job opportunities. This is true even in developed and under developed countries. For instance, in 1990, non-American transnational corporations employed 3.5 million people of the Unites States citizenry. On a net level, they earned 10 billion dollars that year. Although we do not have the exact statistics in Nigeria, there is little or no contention that transnational corporations, particularly those in oil sector have employed both skilled and unskilled Nigeria labourers for an undeveloped country like Nigeria, the Job creation of transnational corporations constitute a social relief as well as a technical opportunity.

It has been argued that transnational corporations, by virture of job creation, have invariably trained, and occasionally transferred technology to host countries.

However, transfer of technology is hardly considerable. Yet, it will be unfair to deny absolutely that transnational corporations do not is some little measures transfer skill and technical expertise to the host countries. This is, particularly, much more, evident in host countries with well functioning indigenous science and technology capacity. This is because if a country has indigenous technology base in its interaction with foreign technology. It develops more. So, transfer of technology base to assimilate foreign technologies. For instance, learning is not easy unless one is a good listener to absorb or assimilate what the teacher gives out.

Economic development takes off from joint ventures between host and transnational corporations it may also be a result of the form of expansion of transnational corporation's activities in host countries. There are also cases where transnational corporations reinstated abandoned project in host countries for instance, in Nigeria, effort is being made by those of the Soviet Union (Russia) and France to give operational life to Nigeria's largest iron and steel complex in Ajaokuta.

Transnational corporations are not completely indifferent to creation of good relationship not only with host countries but also operationally based communities. For instance, they have built schools, hospital, pipe-borne water, and access roads in local communities of their operations: oil companies in Nigeria have also provided educated scholarships to many Nigerians especially in science related areas.

Finally, transnational corporations bring in new techniques of marketing in less developed countries (LDCs) through market research at their headquarters. They adopt novel advertising to buyers and create demand for particular brands and products. These encourage competition.

4.2 DEMERITS OF TRANSNATIONAL CORPORATIONS IN NIGERIA.

Marxists and economic nationalists have taken the lead in describing transnational corporations as instruments of the imperialist world for deepening and expanding underdevelopment, particularly, in the periphery.

It is argued that transnational corporations do not really constitute facilitators of transfer of technology because they are very jealous of their technology as an instrument of reproducing capital and global economic influence. Although they have engaged a good number of personnel in most countries, they are so mindful that they do not adequately expose trainees to skill acquisition very sufficient to enable them develop autonomous technology capacity. In few cases, where technology is said to be transferred, there is usually the problem of obsolete or inappropriate transfer of technology.

Pollution is a health hazard. It can take the form of industrial sewage spillage, toxic waste and gaseous effect. For instance, if we take the activities of transnational corporations in Nigeria oil sectors, the issue of environment pollution becomes illustrative. Oil spillage pollutes streams, arable economic lands, crops and even air. The other is that gas flaring has sight effects on the inhabitants of the local communities. In Rivers Imo, Abia and Delta States of Nigeria, environmental depletion and pollution occasioned by the ill regulated activities of oil companies have been a source of benison and conflict.

Care should be taken in discussing repatriation of salaries and profits as a negative behaviour of transnational corporations. The fact of the matter is that host countries do not have any standing law against the repatriation of salaries and profits. What the host countries do is to agree on a definite percentage of salaries and profits to be repatriated. In practice, however what is habitual of transnational corporations is to repatriate over and above the agreed percentage. Even though transnational corporations have very smart business malpractice, much of what they repatriate abroad illegally depends on how effective the control machinery of host government are.

Transnational corporations are said to be indifferent to local economic development. They hardly reinvest salaries and profits in host countries. Instead, they are in the attitude of draining scarce financial resources of host countries to further their economic interest. They are seen readily by host banks as more credit worthy. No wonder, transnational corporations are referred to as agents of capital flight (Maurice Odle, 1981). They hardly support in a significant way local economic development in education, vocational training, and Medicare and road development. Take the case of shell, for instance. It began operation in Nigeria in 1937 but established only a program me of assistance in 1980. For 43 years acute exploitation of Nigerian resources, shell is just beginning to reappraise contributions toward Nigeria's national development.

They over-invoice imported capital goods and under-invoice export raw materials. Thus, transnational corporations make highly abnormal, super-profits on their host countries because of sharp business malpractice.

In Nigeria, it was alleged that some oil transnational corporations had a hand in over throwing General Murtala Mohammed in 1976; transnational corporations intervene in host country's politics. Transnational corporations are also ready instruments of parent countries to achieve any desired political and economics goals, be it economic assistance or economic sanction.

Evasion of taxes is an attribute of transnational corporations; the activities of transnational corporations are shrouded in secrecy. This explains their unwillingness to disclose or declare the profits made annually to host countries. Consequently, it is difficult to allocate appropriate value of tax that is commensurate with their income. This is even more difficult since developing countries like Nigeria, have weak bureaucracies to effectively monitor and control the transnational corporations.

There is always a capacity of superior capital, technology and market ideology of transnational corporations. These tend more to undermine the growth and development of local initiatives, entrepreneurship and innovation. Moreover, their advertising techniques is so powerful that it creates and unusual foreign taste among local people. In Nigeria, people tend more to spend in drinking coca-cola than drink water.

Transnational corporations' activities are a mixed lesson. They are both facilitators of development and underdevelopment in host countries it is no longer tenable to treat the role or activities of transnational corporations from fixed view points. Objective assessment means striking balance between perspectives. This observation is only necessary but does no work against the choice of any student, researcher or scholar who wishes to take side for the sake of more fact finding exercises.

4.3 Transnational Corporations Today

In academic and policy circles, transnational corporations are subjects of persistent controversy. Actually, it is not about the issue of ownership. No doubt, transnational corporations are privately owned monopoly corporations. Transnational corporations are not government to government established, serviced and maintained. A transnational corporation is a non governmental organization. The acronym, TNC, does not picture multiple ownership by nations. It merely expresses the transnational business activities across national frontiers, so, the aforementioned controversy centers on the impact assessment of the activities of transaction corporations in both the parent and host countries.

Management structure varies from one transnational corporation to the other, decision making tends to be highly centralized. Policy control originates from the parent country and flows through subsidiaries or affiliates transnational corporations have a large pool of management talent, financial assets, and technical resources, and they run their gigantic operation with a coordinated global strategy (Robert, Gilpin 1987). This allows the integration of production and marketing on a global scale, making them to be quite mobile and flexible, particularly in trade creation and diversion. The oil multinational corporations, EIF, Exxon/mobile, shell, Texaco, Total are typical examples.

A transnational corporation is business oriented. It is not a charitable corporation. It is in the market to make profit as much the opportunities present themselves (Aja Akpuru 1998). The transnational corporation has been described as a predatory octopus capable of reaching out, through its tentacles, to grasp and swallow a small fish. Profit and loss of a transnational corporation is calculated vertically. Its business is global in strategy; hence, profit or loss is not based on operations in one country after the other. As a globally integrated business, a transnational corporation is wholly transnational in profit and loss calculus (caves, Richard 1982).

Foreign direct investment is generally an integral part of the global corporate strategy for transnational corporations operating in oligopolistic market (caves, Richard 1982). Foreign direct investment creates economic relations of an integrative nature and involves the corporation in the internal affairs of a country. This process is, however, two controversial in terms of socio-economic impacts on the host countries. The point is that foreign production has become a vital component in the integration of global strategies of the transnational corporations that now dominates internationals economy

4.4 **Host and Home Government Relations**.

A state in which a foreign transnational corporation operates is called the host country; the state where the transnational corporation has its headquarters is called its home country. Transnational corporations operations create a variety of problems and opportunities for both the host and home countries' government conflicts between the host government and the transnational corporation may spill over to become an interstate conflict between the hast government and home government. For example, if a host government takes a transnational corporation’s property without compensation or arrests its executives, the home government may step into help the transnational corporation (Rodman, Kenneth 1988).

Because host governments can regulate activities on their own territories, in general a transnational corporation cannot operate in a state against the wishes of its government conversely, because transnational corporations have many states to choose from, a host government cannot generally force a transnational corporation’s wishes. At least in theory, transnational corporations operate in host countries only when it is in the interest of both the transnational corporation and the host government common interests result. From the creation of wealth in the host country by the transnational corporation. Both the transnational corporation and the host government benefit – the transnational corporation from profits, the government directly by taxation and indirectly through economic growth (generating future taxes and political support).

However, conflicts also arise in the relationship. One obvious conflict concerns the distribution of new wealth between the transnational corporation and the host government. This distribution depends on the rate at which transnational corporation activities profit are taxed, as well as the on the ground rules for transnational corporation operations. Before a transnational corporation invests or opens a subsidiary in a host country. It sits down with the government to negotiate these issues. Threats of violent leverage are largely irrelevant. Rather, the government's main leverage is to promise a favourable climate for doing business and making money, the transnational corporations' main leverage is to threaten to take its capital elsewhere.

Governments can offer a variety of incentives to transnational corporations to invest special terms of taxation and of regulation are common. In cases of resources extraction, negotiations may revolve around the rates the government will change to lease land mineral rights to the transnational corporation. National and local governments may offer to provide business infrastructure-such as roads, air parts or phone lines-at the government expenses. (transnational corporation could also offer to build such infrastructure if allowed to operate on favourable terms in the country). Over time, certain locations may develop a strong business infrastructure and gain a comparative advantage in luring transnational corporations to locate there.

Corruption is another means of influence over host governments that cannot be over looked. Nobody knows the full extent to which transnational corporations use pay offs kickbacks, gifts, and similar methods to win the approval of individuals governments officials for policies favourable to the transnational corporation. Certainly this occurs frequently with host governments in the global South (where government officials may be more desperate for income).

Finally, transnational corporations may conflict with host government on issues of international security as well as domestic political stability. When a transnational corporation invests in a country, it assumes that its facilities there will operate profitably over a number of years. If a war or revolution takes away the transnational corporation's facility, the company loses not just income but capital (the standing wealth embodied in that facility. In 2003, Chevron Texaco, Shell and Total had to shut down oil production in Nigeria for weeks owing to ethic violence

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CHAPTER FIVE

5.0 Summary, Conclusion and Recommendations.

5.1 Summary

This research has been able to examine the operations of transnational corporation in Nigeria, its achievements, and its disadvantage, it has been able to perceive transnational corporation as agent of the imperialism.

The study revealed that transnational corporations constitute a mix blessing. Indeed their role-whether benevolent or malevolent- is exaggerated by proponents and opponents alike. Many examples of the perceived negative effects of the activities of transnational corporations are actually other the result of the policies of the countries themselves or a integral part of the development process itself. Countries do not share the positive and negative effects of the transnational corporations alike. The strength or weakness of a country’s economy is a critical factor in the measurement of gain or loss through the activities of the transnational corporations.

It also revealed that the stereotype that transnational corporations only invest where labor and natural resources are cheap is clearly not a good general explanation of transnational corporation behaviour, although it does apply to some specific situations. A great deal of foreign direct investment goes from rich, high-wage countries such as Germany to other rich, high-wage countries such as the United States. And any case, the theory that transnational corporations go where labor is cheap is at best on incomplete theory since labor is cheap in many parts of the world; so why do transnational corporations invest here (Nigeria) instead of there (Ghana) since wages are low in both places? The question of why transnational corporations invest where they do is thus a very interesting one, since it is unlikely that a single theory can explain all of their behaviour.

5.2 Conclusion

It is not that transnational corporations are simply the agents of exploitation; they also act as agents of development. By establishing manufacturing plants, providing production, managerial, technical, and organizational and marketing skills, and by harnessing their resources. Transnational corporations have helped in augmenting the Gross Net Product (GNP) of Nigeria; these benefits accounting to such countries have been the outcome of the self-interest of transnational corporations, that is, the need to meet the United States domestic market.

The problem before the other developing countries like Nigeria is how to control and curtail the damaging effects of transnational corporations and harness them for their maximum benefit. All this depends upon the “will” to control the working of these global giants.

5.3 Recommendation

This study has been able to identify the operational mechanisms of transnational corporations in Nigeria. The following are therefore, recommended to strengthen Nigeria’s relation with transnational corporations.

1. Nigeria should have stringent anti-trust laws as a country like India, the twin institution known as the Monopolies Commission and the MRTP ACT.
2. Transnational corporations should be encouraged to enter into "licensing agreements' with a local manufacturer who may be taught the use of the patented processes in lieu of a fixed royalty.
3. Nigeria should also take advantage of the expertise and superior technical know-how of transnational corporation by entering into 'turnkey agreements with them whereby a foreign company undertakes to build a plant or help in exploiting their natural resources imparts training to local personnel, provides technical know-how, starts production and then leaves the country for good by entrusting the entire operations to the local firm.
4. Nigeria should not press transnational corporations to pay specially high wages to local labour. Rather, transnational corporations should be asked to employ local people at the prevalent rates for the same jobs in the country.

5. Nigeria should tax transnational corporations more heavily sp that the people of the country benefit rather than the few people who work for them. This increased tax revenue may be spent in providing greater infrastructural facilities to the people which will benefit all sections of the society including transnational corporations.
6. Nigeria should press transnational corporations to establish plants in backward areas of regions so that regional imbalances are ironed out.
7. Nigeria should have a ‘code of conduct’ which may govern the operations of transnational corporations, Nigeria should have its own independent agency to report on the working of transnational corporations from time to time and should not hesitate to take stem actions against the offending giants which may even be tantamount to nationalization

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