MULTINATIONAL CORPORATIONS AND THE NIGERIAN ECONOMIC DEVELOPMENT (THE CASE OF UNITED AFRICAN COMPANY (UAC) NIGERIA LIMITED

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D E D I C A T I O N

THIS PROJECT IS DEDICATED TO THE GLORY OF GOD AND TO THE MEMORY OF MY LATE MOTHER IN-LAW MRS. COMFORT MOBOLADE.

D E C L A R A T I O N

I alone bear full responsibility for this work. It is original and any other person's work referred to have been gratefully acknowledged in footnotes and bibliography.

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A B S T R A C T

Nigeria is on the threshold of Industrial take-off and though it (Nigeria) provide a base for foreign investors, no study of importance has been undertaken to ascertain the extent to which Multinationals Corporations (MNCs) in particular UAC have contributed to or can contribute to the development of the Nigerian economy. The research sees'MNC as a recognised feature of changing business and can help elevate the country from poverty to a higher level of living. UAC has come a long way in the history of Nigeria but it has been found that though it (UAC) invests out of the huge profits made, in the country, not much have been done to advance the progress of the country economically. At best, the company has suceeded in safeguarding its source of profits.

However, a framework for explaining overall UAC's contribution to the Nation's economic development may have some problems viz:- Economic, Social, Political/Legal, Managerial and Technological, the company has a role in interpreting the nation's economic objectives in terms of development growth thus justifying the government's encouragement to foreign firms to do honest business to the advantage of both the nation and the firms. UAC is the biggest and oldest MNC in Nigeria, it may constitute a hub in the economic wheel of Nigeria's development.

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ABBREVIATIONS USED

1. UAC - United African Company
2. MNC - Multinational Corporation
3. UACI - United African Company International a Subsidiary of Unilever
4. NEC - National Economic Council
5. NEP - Nigerian Enterprises Promotion
6. GDP - Gross Domestic Product
7. OPEC - Oil Producing Exporting Countries
8. OPIC - Oil Producing Importing Countries
9. CKD - Completely knockdown
10. SKD - Semi knockdown
11. FMI - Federated Motor Industries
12. BEAM - Business Equipment and Manufacture
13. R&A - Refrigerator and Air-Conditioning
14. T&E - Tractor & Equipment
15. EMS - Electrical Materials Supplies
16. COREN - Council for Registered Engineers of Nigeria
17. ICAN - Institute Of Chartered Accountants of Nigeria
18. SCOA - Societe Commerciale de L'Owest African
19. P.Z. - Patterson Zochnonis
20. BSM - Branch Sales Manager
21. QN - Question Number
22. SQ - Headquarters

1.1 INTRODUCTION

For many years it is assumed that Multinational Corporations (MNCs) partake of activities which trigger positive changes in the economic and social development of Nigeria. After the trade wars of the 1920s, the Nigerian market came to be dominated by a relatively small number of large highly integrated merchant firms such as United African Company (UAC), John Holt, Patterson Zochonnis (P.Z.), Compagnie Francaise de L'Afrique Occidentale (C.F.A.O.), Societe Commerciale de L'Ouest African (S.C.O.A.) and the Swiss Union Trading Company (U.T.C.)[1]

One of the largest of these firms was United African Company (UAC) which operated both ocean shipping Companies and inland water services for evacuating the country's export produce which it purchased and bringing the country's imports which it sold. UAC was not only an importer and carrier, it operated as wholesalers, as providers of credit and was influential in retail trade.

Prior to 1959 the connection of the Company (UAC) was through United African Company International Limited (UACI), a subsidiary of Unilever Limited, England which included in its business the activities formally carried on by a number of other Companies including the Niger Company Limited (Successors to the Royal Niger Company chartered Limited) the the African and Eastern Corporation all of which had long standing trading links with West Africa[2].

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1. Kilby Peter, (1969) Industrialization in an open economy. Cambridge University Press, Cambridge P 34.
2. "Unilever" UAC home magazine Vol. 3, 1978, P.6.

In 1955, the Company then called the United African Company Limited started acquiring a large part of the business of UAC International. A Re-organisation conducted in 1973 brought into the Company fourteen other group Companies, the business of which are now conducted as operating divisions (see chapter three). In the same year (1973) the present name of UAC Nigeria Limited was adopted.

1.2 Statement of the Research Problem

Multinational Corporations operating in developing countries face many problems, some very similar to home country issues such as public policy issues, consumer protection groups, environmentalists and other more characteristics of developing countries alone. Such problems include the issues of economic development which is the subject of this research. Specifically, this study examines the role of multinational corporations in the economic development of Nigeria using UAC as a case study.

"In the last decade or two, Economists in Nigeria have taken a fresh and unbiased look at the role of Multinational Corporations. They found a great deal of exploitation and argued that the companies take more from Nigeria than they put in"[3]. Though Nigeria provides a base for foreign investors, no study of importance has been undertaken to ascertain the extent to which Multinational Corporations (MNCs) have contributed or can contribute to the development of the Nigerian economy.

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3. Nwankwo G. (1977), Basic Economic, an introduction for West African Students, Cambridge University Press, Britain P. 48.

According to Roy Blough, "the central problem of developing countries is to elevate themselves from extreme poverty to a higher level of living and from an agricultural economy having perhaps only one or two export products to a diversified economy, ready to go ahead into the growth patterns of industrially advanced countries"[4].

Therefore, this study will improve on the scanty knowledge available in terms of MNC (UAC)operating in Nigeria.

1.3 Purpose of Study

The purpose of this study is based on the identified research problem. Specifically, the study aims at the following:-

a) To determine whether or not MNC are beneficial to their host country using UAC as a case study in Nigeria.

b) To trace the historical development of UAC in Nigeria as the oldest and one of the biggest MNC in the country.

c) To analyse UAC's contribution to the Nigerian economic development.

d) To examine very briefly the various schools of thought on what MNCs are and their role in a developing economy.

e) To look into the various problems MNC (UAC) face in Nigeria, identify where UAC's objectives conflict with national goals with a view to suggesting remedies for consideration.

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4. Roy Blough (1966), International Business, Environment and Adaptation, McGraw-Hill, New York, U.S.A., P. 90.

Justification for this research becomes more pressing as Nigeria is on the threshold of industrial take-off. It is also noteworthy to mention the fact that such study has hitherto been rarely undertaken. The implication of the study will have relevance to the executives of MNC, students, the government, intellectuals and the Institute of Management.

1.4 Scope of the Research

The subject matter of the research is limited to UAC (Nigeria) Limited.

Though discussion on MNC is wide and the review of literature provides abundant exposure to divergent views on economic, social, political/legal contribution, emphasis will be on economic and social contributions.

It is not the objectives of this research to go into international complications about MNC and make exhaustive statistical analysis.

Accordingly, the research is only concerned with determining the extent to which MNC (UAC) has influenced the economic and social development of Nigeria in the pursuit of its (UAC) business objectives.

1.5 Research Methodology

This section concerns the methodology and procedures of the study. A questionnaire was drawn and was administered face to face with three Headquarters (HQ) executives marked "X", "Y" and "Z". (See Chapter Six).

Some operating divisional branch managers in the up-country branches were also visited.

Data was collected in the following ways:-

a) Review of related literature

b) Administration of Questionnaire

c) UAC journals, magazines, periodicals financial statements and bulletins of annual general meetings for various years.

The response was not very encouraging due probably to the fear of revealing company information to the public and use such information to the company's disadvantage.

Another likely reason is that the research is undertaken when the company is trimming down its staff-strength due to the country's general economic slump and employees are more concerned with the security of their jobs.

1.6 Limitations/Constraints

There are two major limitations viz:- insufficiency of funds and time. Apart from these major constraints, the company (UAC) is also reluctant to give information and the government ministries that supervise some aspect of companies' operations preserve the secrets of these companies.

The original research design was formulated to cover at least three MNCs but because of inadequacy of fund and information the researcher has to narrow it down to one (UAC).

The research which requires extensive travelling to the up-country operating divisions for proper execution is undertaken within a target of three months.

The researcher has to travel to the company's headquarter in Lagos often and to few of its operating divisions in the up-country branches.

Therefore, the findings may not be representative enough as to provide a basis for any set of sweeping generalization concerning the benefits/and cost analysis of MNC like UAC in enhancing a developing economy like Nigeria.

SUMMARY

This chapter deals with the issues to be investigated which is the multinational corporations and the economic development of Nigeria, the case of UAC. It also considered the procedure used in the research and the criteria for undertaking the study, taking into consideration some constraints. The following chapters will deal with an overview of multinational corporations (theories and cost/benefits), development of UAC in the historical context and economic context, the company's (UAC) contributions to National development, Nigeria development plans, Data Analysis and conclusions and recommendations.

Chapter Two

BRIEF REVIEW OF THE ROLE OF MULTINATIONAL CORPORATIONS IN THE INTERNATIONAL ECONOMIC SCENE

Definition of Multinational Corporation (MNC)

Multinational Corporations have become well recognised in international business. There are a multitude of definitions for the multinational corporation. While some definitions emphasis structural criteria such as the number of countries in which a firm is operating, or ownership by persons from many nations or the nationality of top management other definitions stress performance characteristics such as the absolute amount or relative share of earnings, sales, assets, or employees derived from or committed to foreign operations.[1] Some other definitions are based on behavioural characteristic of top management or evolutionary process of internationalization. Among these multi-varied definitions Warren Keegan uses three basic dimensions to differentiate a multinational operation from a domestic operation. He states: "... a multinational operation must respond to many different national market environments ... must cross national boundaries with products, prices or some aspect of advertising promotion or selling program ... (and) market its products simultaeneously in more than one national environment ..."[2]

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1. Robock, Simmond (1977), International Business Multinational Enterprise, Homewood, Illinois Richard D. Irvin, USA, P.6.

2. Warren Keegan (1972), A Conceptual Framework for Multinational Marketing. McGraw Hill, U.S.A., P. 45.

The debate on definition is in fact not a matter of semantic but reflects how heterogenous the field is and the reality that there are a number of different kinds of MNCs.

2.2 Theories of Multinational Corporations - In Brief

The pattern of the business world is changing and a growing number of theoretical contributions have been advanced in response. Each of these theories has added to the understanding of some of the contributions made in approaching an explanation of recent patterns.

Three main schools of thought have developed in the study of MNC. They are, the optimist school of thought, the pessimist school of thought and the meliorists school of thought.[3]

The Optimist

These are scholars and practioners of business standing at one end of a continum and conceiving MNC as the best thing to have come along since the industrial revolution. They see MNC as playing an ever more active role in both domestic and international affairs and see no conflict or incongruencies between the state objectives and the MNC goals. In addition, they consider the newly published demands of the developing nations for a new international economic order as highly unrealistic, unfair and extremely naive.

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3. David H. Blake (1972), The Multinational Corporation Panguin Books INC., U.S.A., P. 38.

b) Th. Pessimist

At the other end of the continum are those scholars and some ex-practioners of international business who argued that apart from dealing with man's most elegant and most useful creation of the twentieth century as they have baptised the MNC, the world is faced with one of the most dangerous beasts since the hydra.

Not only that there appears to be nothing congrous between MNC and the nation state, but as a rule, the MNC is keeping the nation states' concept and the nation state itself at bay. The pessimists believe that MNC use various dubious practises like transfer pricing, multiple accounting procedures to bleed the impoverished economies of the third world for the benefit of their owners in Europe and the United States.[4] These pessimists consider the demands of the third world as very just or a justice long overdue. The group recommend the creation of super and supra national agencies which will control the MNC. The super and supra agencies will adjudicate in the less developed countries under the general jurisdiction of the United Nations.[5]

c) The Meliorists

These theorist are between the optimists' view and the pessimists'. They contend that the world can be made better by human effort.

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4. Wilmot P. F. (1980), In Search of Nationhood, University Press, Nigeria, P. 143.

5. Ibid, P. 135.

The Meliorists believe that KITC is indeed a potential useful instrument and must play a definite role in the new world__order.

However, the meiiorist point of departure is that an unattended golden Goose will lay too few eggs in too few or too m?ny places. Some of these might turn out to be not golden to say the least. By the same token, a closely attended golden Goose might not lay any egg at all. What is therefore recommended is a new MNC whose objectives, goals and practises will take into consideration the new world realities.

It is important to note that Multinational operations require careful planning of overall strategy in terms of the nature of the total business. The process of maturation of MNC nay result in a certain degree of responsibility toward the exploited classes to relatively high wages, unemployment benefits and other aspects of welfare stat^.

The MNC will obviously identify with their mother countries and have loyalty and commitment for their continued stability and existence."! In Less Developed Countries (LDCs), there is much unemployment and capital is relatively scarce. Now that the LDCs are striving for self reliance, the question is whether or not the objective can be achieved through technology transfer that is often discussed if effective transfer means continuous link with, and feedback from the centre of transfer.

6. John H. D. (1971), Thel^altinational Enterprise, Praeger Publishers" U. S.A., P. 82.

perhaps labour intensive technology would have been suitable. This and other related questions on economic development will be answered in the subsequent paragraphs and chapters.

2.3 Costs and Benefits of MNC in a Developing ^Ec^iopx

Multinational corporations n institution to promote the economic development of the developing countries It has the financial strength and broad spread of risks among many countries that enable it to make profitable undertakings. - which for less broadly based companies would be so risky as to be foolherdy. MNC can provide through its own distribution system or its market contacts foreign markets, the lack of which is one of the major obstacles to the development of export trade by the developing countries especially in manufacturing.

In evaluating national benefits a^d cost, national authorities may consider political, social or spiritual effects as well as economic effects. The mix of effects included in any evaluation however vary from nation to nation and reflect differences in national priorities. The same effect will almost certainly be weighed differently by different nations and the effects considered will change over time as national priorities change.

However, the quantification of costs and benefits in practise remains a highly ambigous subject even in the economic area.

For an example, how does a nation measure the value of a transfer of technological and managerial know-how to nationals of that country? What is the value of a foreign

enterprise's contribution to national goals of economic and social modernization, or what are the costs of having prized cultural value changed? w much is it #orth to have more competition injected into an economy or for igenous enterpreneurship to be stimulated by the entry into a country of foreign firm? For the home as well as the host country the quantification problem is equally formidable- Each nation makes calculations or intuitive leaps in establishing and exercising control over inter-national business. With each nation aiming for a surplus of benefits over costs from the operations of MNC, it might appear that the international firm is in the middle of an impossible situation.

First, it is not benefit from business expansion per-se that are being measured. Instead the focus is on contributions by the MNC that could otherwise be available to the nation. Only the net contribution over what might have been available from domestically controlled business activities really count.

Second, if costs as well as benefits a r e calculated, MNC should provide a surplus of benefits over costs.

Thiid, it is not enough for benefits to be positive the benefits must be greater fhen that for their alternatives available to the nation in order for significant common interests to exist between the MNC and the nation state

Resource Transfer

An important component in evaluating the net national benefits is the extent to which the MNC increases the

availability of resources and the supply of productive facilities in the countries where it establishes operations. In industrialised countries, the& importance important resource transfer may be in the fields of technology, management and skilled technical manpower. In LDCs, the range of resource transfers has generally been much broader. Outside capital can help to break this bottleneck.

Resource transfer has a cost and benefit side. The MNC may use local resources that are scarce rather than in excess supply. Although local management skills may be in supply, the foreign enterprise is frequently under pressure to hire nationals. It is then likely to be charged with the opportunity cost of pre-emptying managers who otherwise would be available to initiate and direct indigenous enterprises. The profits earned by MNC can be considered an off-setting cost by a nation. To the extent that MNC transfers profits out of the country there in a foreign exchange cost. If one MNC invests profits within one country, the cost to the nation may be that a large amount of the national partrimony causes under foreign ownership.

Resource transfers have a time dimension. When a direct project is initiated, benefits are greatest and certainly most spectacular.

After a new project has been started, or a new product or process introduced, a steady decline in benefits is likely to set in. The benefits may never phase out completely, yet over time, they may loose much of their

value to a nation.

Balance of Payments

The impact of MNC in a nation's Balance of Payment (B.O.P.) has been controversial issue. Scholarly studies[7] have attempted to resolve the controversy still considerable uncertainty exists. The conflicting conclusions emerging from the studies are explained by their different assumptions. The role of MNC in expanding export earnings may either be positive or negative depending on the particular case. A MNC following a global strategy will assign its world markets demand from areas of lowest cost or where excess capacity exists or where national pressures or incentives for exporting are most effective. Thus, the subsidiary in any specific country may have a better or a worse chance but not a free chance of competing for all export markets. With ties to other affliliates in the multinational enterprise system, a local export advantages because the system provides an easy conduct to sales in other countries.

Employment

The employment effects of MNC are a major social cost/benefit issue in both home and host countries. In the home countries, labour unions are concerned about the export of jobs when firms expand overseas - while in the host countries the principal concern is that foreign firms do not create enough jobs because the technology being

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7. Ibid, P. 107.

transferred is not "appropriate" to the factor endowments of the host countries.[8] For an example in 1971, the United State Labour Movement launched an attack on MNC for harming the national interest through exporting jobs.[9] This was a year of economic stagnation and increasing unemployment in the United States.

In host countries particularly in the LDCs, unemployment and under-employment is a major economic problem. As a result host countries are anxious to secure as many new jobs as possible from every foreign investment project. If capital intensive technology is imported into these countries severe limits are often placed on the degree of labour absorption possible.

In most LDCs, labour is usually abundant and relatively cheap and capital is scarce and relatively expensive. Consequently, many host countries would like to have the foreign firms use a technology more appropriate to the factor endowments of their countries - namely more labour intensive technology.

Host countries may be offering incentives such as low interest rates on capital that bias expansion decision toward capital intensive technology. Nevertheless, the MNC must be aware of the appropriate technology concern. To the extent that a more labour intensive technology can be used without endangering the profitability of a project, the national benefits to the host country can be enlarged.

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8. Kolde J. E. (1974), The Multinational Company, Lexington Books, U.S.A., P. 71.

9. Ibid, P. 71.

Investments

With MNC's level of profits and with their fantastic volume of retained profits in the boom year in Nigeria, it would appear as if MNC would stimulate the economy through increased investments. Instead, they have chosen to use the cover of recession to put pressure on both government and trade union to improve investment climate by lowering wages, increasing tax incentives and the opportunities for repatriating profits and dividends.[10] Through this, a tragedy of unemployment of thousands of breadwinners and has been created. In addition to this, the industrial economies of the west which are almost completely cartelized through the MNC have relentlessly attempted to destroy OPEC, the only partially successful cartel in the non industrialized third world.[11] They formed Oil Producing Importing countries (OPIC) probably making Nigeria its target being the weakest link in OPEC for its over-dependent on oil sales - with its huge population. A relentless war was waged against Nigeria forcing it to break ranks and unilaterally lower the price of its crude below the OPEC benchmark.

Though international business community embraces the view that multinational corporation are engines of development through their investment providing capital, technology

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10. Agbonika J. A., Social Responsibilities of Companies in Nigeria. Unpublished Paper, Dept. of Business Admin. A.B.U., Zaria 1983, P.21.

11. Wilmot P. F. (1983) "Multinational Corporations in Nigeria". Unpublished Paper presented at the National Conference on Business Ethics and Social Responsibility in Nigeria, A.B.U. Zaria, April 27-30, 1983 P.11.

for modernization of economies, the misgivings that expose a negative view such as that mentioned above on the benefits of the MNC cannot be easily dismissed.

The matrix of common interest makes for a love-hate relationship between MNC and the nation state. The benefits may be better initially and steadily decline thereafter. On balance, the trade-off to host and home countries may appear to be generally in favour of benefits.

SUMMARY

This chapter sees MNC as a well recognised feature of the changing international business pattern but without general agreement on its (MNC) definition. The chapter also examines the conceptual difficulties emanating from the different roles of MNC. Some see MNC as the best development without which LDCs cannot develop, others argue to the contrary. A central viewpoint sees MNC as neither good nor bad and proposes a modern type of MNC geared towards economic reality. Despite these, the chapter also considers the benefits and costs of MNC on the global outlook examining such things as resource transfer, investments, balance of payment and employment.

The next chapter will focus on a specific MNC (UAC), trace the history of the company (UAC) and its growth and development to the present day.

The chapter will also compare UAC with other MNCs in Nigeria.

CHAPTER THREE

UAC IN NIGERIA

Historical Development of UAC (Nigeria) Limited

UAC originates from the Royal Niger Company established during the colonial era. The Royal Niger Company forms a remarkable episode in the history of West Africa in the closing years of nineteenth century. Its charter lasted from July 10th 1885 to December 31st, 1889.[1] During that time it ruled and controlled the Niger and Benue rivers. Its history is somewhat difficult to write owing to inavailability of information. The main cause of absence of information is that every official of the Niger Company entered into a bond of £1,000 with the condition that he would not release information be it in writing or otherwise about the company to any individual, government or its agencies without the consent of the company.[2]

On 13th February, 1885 Royal Niger Company formally applied for a charter. About thirty-seven treaties were also drawn and the charter was finally granted on 10th July 1886. On 13th July, 1886 Royal Niger Company chartered and limited took this name with sanction of the Secretary of State in lieu of the National African Company. The general administration of the company rested with the council in London.

1. Geary W. Mon (1965) Nigeria Under British Rule, Menther & Co., Britain P. 170.

2. Ibid, P. 177.

At the inception of the company there was some barriers to the entrance of potential competitors which include the high capital requirements of merchandise trading arising from the maintenance of overseas buying officies, the large investment in storage and handling facilities relative to the volume of sales, necessity to provide credit and the long trading capital turn-over.

Hardships arose at Warri but were not so hardly felt as these were interior markets where oil could be bought and also the strong powers of Benin kept in check the Niger Company.

Sir Goldie from whose inspiration the Royal Niger Company was born guided its policies throughout its administrative life until its charter was revoked in 1899 and it became an ordinary trading company. Its name was changed to Niger Company Limited. In 1920, control of the Niger Company was acquired by Lever Brothers Limited and the company was later absorbed into the United African Company (UAC).

UAC acitivities in Nigeria

The company (UAC) was incorporated in Nigeria under the name Nigeria Motors Limited on 22nd April, 1981 as a wholly owned subsidiary of the United African Company Limited, England which later became UAC International (UACI)[3]. UACl, a subsidiary of Unilever, England included in its business the activities formerly carried on by a number of other companies including the Royal Niger

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3. "LINK" UAC house Magazine Vol. 3, 1969, P. 7.

Company chartered and Limited and the African and Eastern trade corporations limited all of which had long standing links with West Africa.

The company whose name was changed to United African Company (Nigeria) limited in 1943 remained dormant until 1955 when it started acquiring a large part of the business of UACI. When the company (UAC)Nigeria Limited) started operation, there were a number of man-made impediements to the possible emergence of potential competitors. For example, there was a conscious policy of preempting the market by handling all ranges of merchandise and formal cartel arrangements began in 1934.[4]

By experience and inclination, by skills required and the commitment of long term fixed investment, other merchant firms were ill-prepared to take the leading roles in the country's industrialization. The situation was transformed during the latter part of the 1950s. The general enrichment of the market attracted many new sellers. These new sellers may be divided into three groups:-

a) Merchant firms who had grown to importance in the Nigeria market on a samll scale. These include Indian merchants of K. Chellarams, J. T. Chanrai and Bhojsons. By 1950s, K. Chellarams had become a big importer.

b) A second important group to enter the import wholesale trade has been overseas manufacturers. As the economy expanded, the potential demand for specific products

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4. Kilby Peter (1969), Industrialization in an Open Economy, Cambridge University Press, Cambridge, P. 37.

has grown to the point where Nigeria has become a very important concern to both those manufacturers already supplying the market and for those who were looking for new markets. The traditional stocking and distribution arrangements of the general merchants were no longer adequate, intensive promotion, specialised distribution and after sales service were required to maximise the sales of their particular brand.

c) A third group who encroached on the traditional preserve of the expatriates' trading companies were Nigerian traders from a figure of about 5% in 1949, the office of statistics estimated that in 1963, Nigerians were responsible for approximately a fifth of the country's import.[5]

To some extent this has been as a result of the gradually increasing skill and capital resources of Nigerian traders. Other factor that might be important in explaining the recorded increase is the growing practise by market seeking overseas manufacturers of financing the Nigerian importer on the basis of 90-day credit and providing him with the services of a local expatriate confirming the warehousing agent.

3.3 Objectives of UAC (Nigeria) Limited

In its development of a definition of business, UAC sets out some objectives which are the focus of its energy. The objectives indicate spheres of aim, acitivies

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5. Federal Office of Statistics' Report (1963), Government Press, Lagos, P. 8.

and accomplishment. The company's objectives among others include the following:- (see chapter six)

a) To industrialise the country (Nigeria) through financing of investments even those with long gestation period.

b) To diversity risk.

c) To make essential goods and services available at fair prices for the welfare of all and sundry.

d) Profitability - The company desires to make business at a comfortable return on investment.

e) To have a fair share of the market in all its activities.

f) Through participation and ownership to provide a healthy and mutually acceptable environment for co-operation of indigenous and expatriate business in a joint effort to develop the Nigerian economy to the mutual advantage of both parties.

However, some of these objectives are not quantifiable at least at the headquarter level of the company. Questions might be raised on some of these objectives but this will be discussed in the next chapter.

3.4 Growth of UAC

UAC operates throughout the federation (see Fig. i). From Niger House in Lagos the headquarter of the company in Nigeria consists several guidance and co-ordination as

a whole providing framework with which the operating divisions function. Also in Niger House are various central services necessary for the company's support and the well being such as finance, legal, personnel, public relations to mention but a few. (See chapter six).

Sequel to the incorporation of UAC (Nigeria) Limited subsidiaries of UACI were included in its activities. A re-organisation concluded in 1973 resulted in further acquisition of other fully owned subsidiaries and until 1980, UAC (Nigeria) Limited comprises twenty-two operating divisions involved in various business activities as manufacturing operations, technical distribution, trading and services.[6]

a) Manufacturing operations:- The division here include:-

i) African Timber and Plywood division.

ii) Food division.

iii) Bordpark Premier Packaging division.

iv) A.J. Seward division.

v) Federated Motors Industries division.

vi) Pan Electric division.

b) b) Technical distribution

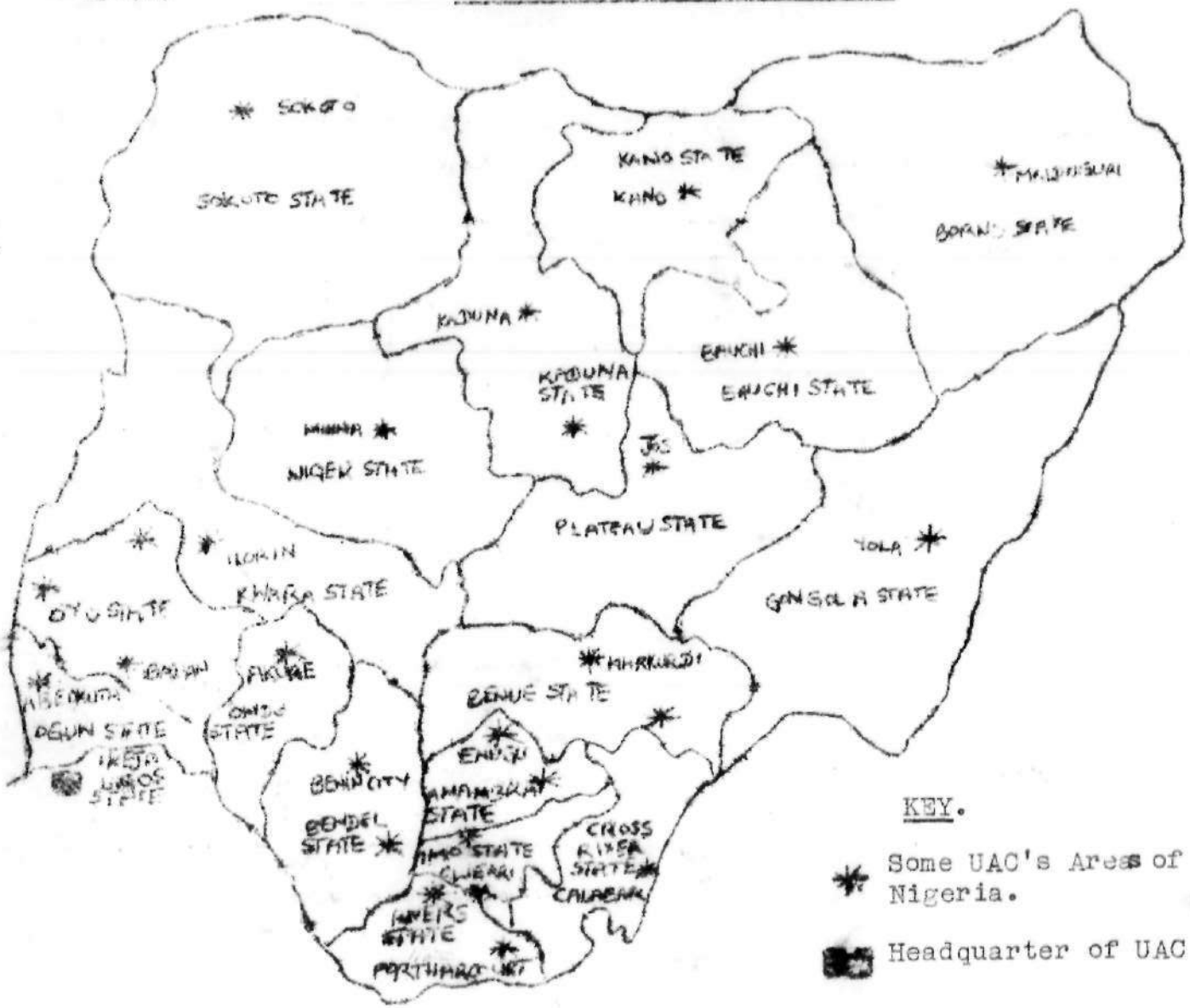
i) B.E.A.M. division (Business Equipment and Manufacture)

ii) M&E division (Machinery and Equipment)

iii) Niger Motors

Okereke O. "Profile of UAC", Unpublished paper presented at a Seminar in UAC Trading Centre, Lagos, Dec. 17, 1982. P.2.

Fig.(1) FEDERAL REPUBLIC OF NIGERIA



iv) R&A division (Refrigerator & Air-Conditioning)

v) T&E division (Tractor & Equipment)

vi) Kingsway Chemists division

c) Trading Activities:

i) Electrical Materials Supply division (EMS)

ii) G.B. Ollivant division (GBO)

iii) Gottshalk's Building Materials division

iv) Kingsway Stores

v) Greenham Plan Hire division

d) Services:

i) Palm-line agencies division

ii) Management and Computer Services division

iii) Property division

iv) Manufacturers Delivery Services division (MDS)

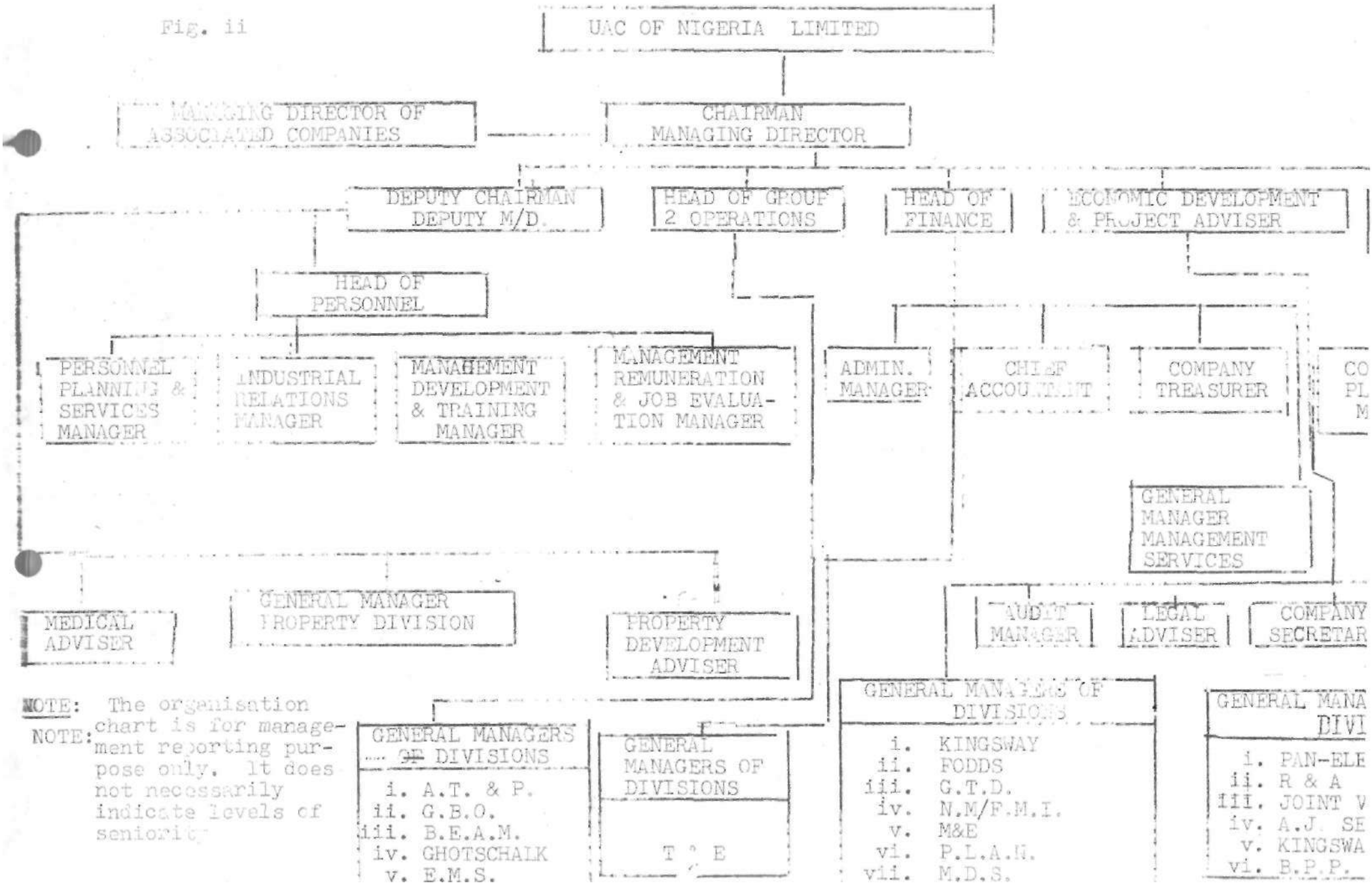
UAC operates as a conglomerate as evidenced from its operating divisions mentioned above. Most of the company's imported products and raw materials are shipped either ex-Japan or ex-Britain which involves a lot of foreign exchange.

As at late 1981 up to early 1982, the company's organisation chart is contained on Figure ii.

Apart from these operating divisions, UAC has other associated companies all of which come under the big unbrella of Unilever. These associated companies include Lipton (Nigeria) Limited, Guiness, Lever Brothers, Nigerian Breweries and Vono Products Limited. The function of UAC's operating divisions are as follows:-

/—ORGANIZATION CHART/

Fig. ii

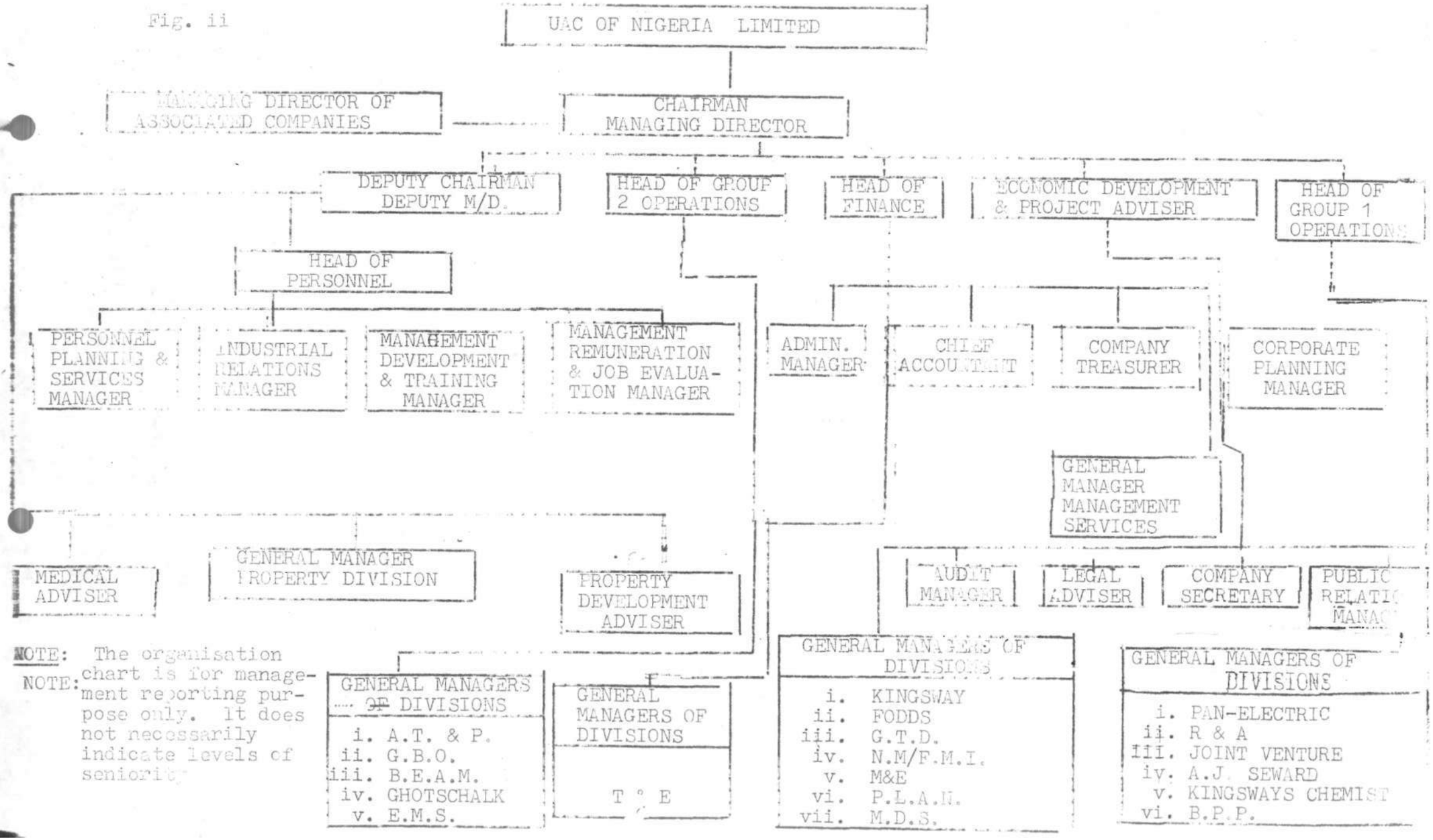


NOTE: The organisation chart is for management reporting purpose only. It does not necessarily indicate levels of seniority

NOTE:

/-ORGANIZATION CHART/

Fig. ii



NOTE: The organisation chart is for management reporting purpose only. It does not necessarily indicate levels of seniority

NOTE:

(d) Manufacturing Operations:

African Timber and Plywood was originally established to extract hardwood logs from tropical forest of Nigeria and produce sawn timber for export. It has grown into an integrated industrial wood complex producing plywood, particle-board, flush doors, building system and other products. Of late ₦3.2 million was invested in particle board plant.

The Foods division produce meat products, ice-creams under brand names such as WALLS, SATIS AND GALA. The Bordpark Premier Packaging division manufactures corrugated cases, fitments, diecut blanks, folding cartons, levels and wrappers. It was established in 1964 and offers a complete packaging services from pack closing to supply of related packaging equipments and systems machines.

A.J. Seward division operates two factories one located in Zaria and the other in Lagos which manufactures toileteries bearing brand names such as NKU, LOTUS, FRESH, JELEEN AND ANTISOL.

The Federated Motor Industries' division is the oldest vehicle assembly plant in Nigeria.

It commenced the assembly of BEDFORD commercial vehicle from CKD components as far back as 1959. In 1979, the FMI factory had the capacity to produce up to 7,000 BEDFORD chasis annually.

Pan Electric division assembles television sets, radios, radio cassettes, stereo and Hi-fi equipment, loud-speakers and turntables of 'NATIONAL' and 'TECHNIQUES' brands using both CKD and SKD component parts.

It has a new factory in Lagos which permitted the expansion of cabinet manufacture.

b) Technical Distribution:

B.E.A.M. division offers a complete range of items from furniture, typewritters, calculators and reprographic equipment to electronic accounting machines and security equipment.

Machinery and Equipment division specialises in the supply, servicing and diesel engines, electrical power generating plant, water pumps, machine tools, wood-working machinery, outboard engines, road building, quarrying plant and construction equipment.

Niger Motors division distributes a range of BEDFORD commercial behicles. It offers after sales service which include sale of spare parts and it maintains its own training centre to teach complex skills.

R & A division assembles split, room and package system of air-conditioners. It also sells, hires and services refrigeration and air-conditioning equipment for offices, homes, shops, banks and major important buildings.

T & E division sells the caterpillar range of earth removing and agricultural machines. It also supplies caterpillar engines for electric power generation, marine propulsion and irrigation pumping. A new and industrial complex was commissioned in 1980 at a cost of ₦10.8 million.

Kingsway Chemists division imports a wide range of surgical, pharmaceutical and photographic good. It supplies surgical instruments, hospital equipments and furniture

including operating table and theatre equipments of various kinds and offers a technical back-up service. The photographic side operates a colour processing laboratory and offers technical services in addition to the marketing of consumer products.

c) Trading Activities:

EMS gives attention to the needs of electrical contractors and offers a range of materials and accessories for electrical installation. G.B. Ollivant is a merchandising and distributing organisation operating thro through a network of 38 sales outlets strategically located throughout the states of the Federation. It is involved in wholesale of distribution of both locally manufactured and imported goods.

Gottschalk's Building Materials division offers a range of building materials to the building and construction industry. It extends services to architects, engineers and consultants.

Greenham Plant Hire division stocks over 70 items of heavy plant, including modern cranes, bull-dozers and motor graders which are hired out to contractors in the building and construction fields.

Group Textiles division is a wholesale textile merchant, operates nine branches under the UAC name of Gottschalk textiles.

Kingsway Stores has about 13 department stores and supermarkets strategically sited throughout the country.

d) Service:

Merchandising Delivery Services division operates a network of depots throughout the country. It receives goods in bulk from manufacturers, collect cash and operate credit facilities l on behalf of its clients as well as making deliveries to their local customers through Nigerian transporters.

Palm-line Agencies is the principal clearing and forwarding agent for the company. It ensures flow of cargo from the various ports of entry to the division of the company. As ship agent, it has contracts in London, Tokyo and New-York.

The package of measures introduced by the Federal government owing to the down-turn of the economy in 1980 and 1981 affected the company adversely and has resulted into trimming of its staff strength and the merging of some of the operating divisions - while many of the divisions' up-country branches were closed down. In what the company descrived as 're-organisation and rationalisation' the twenty-two divisions were reduced to fifteen with a possible further reduction as the exercise still continues. The division were merged as follows:-

a) Manufacturing Operation:

i) Federated Motors and Niger Motors became one.

ii) African Timber and Plywood was merged with Bordpack Premier Packaging Company.

iii) A.J. Seward and Kingsway Chemists share the same industrial complex at Oregun, Lagos.

iv) Pan-Electric was merged with R & A division.

v) Foods division remains as it is.

b) Technical Distribution:

i) B.E.A.M. division remains but many of its up-country branches have been closed.

ii) Machinery and Electrical Equipment division merged with Greenham Plant Hire division.

iii) Tractor and Equipment remains but operates on a very skeletal basis.

c) Trading Activities:

i) Electrical Materials Supplies division has been merged with Gottschalk Building Materials.

ii) G.B. Ollivant remains

iii) Group Textiles remains

iv) Kingsway Stores remains.

d) Services:

i) Palm-line Agencies remain

ii) Management and Computer Services remains

iii) Property Division remains

iv) Manufacturers Delivery Service (MDS) remains.

The growth of UAC is not only measured in terms of the multiplicity of its operating division, sales turnover, capital employed, operating profits taxes paid and retained profits can also be used as yardsticks. For details of its growth in terms of these mentioned factors from 1971 to 1981, (see table 3.41).

UAC's business activities has steadily been increasing as shown on the table until economic crisis

began in Nigeria and the business increases at a declining rate for the company.

Merchandising has been responsible for a greater percentage of the company's turnover and the operating profit of the conglomerate. In 1977, 1978, and 1979 merchandising contributed 42.9%, 47.4%, and 41.3% respectively to the turnover. During the same years, manufacturing contributed only 21.8%, 22.5% and 22.8% respectively to the turnover.

Table 3.4

GROWTH OF UAC IN TERMS OF TURNOVER, OPERATING PROFITS, TOTAL CAPITAL EMPLOYED, TAXES PAID AND RETAINED PROFITS FROM 1971-1981

	1971 ₦'000	1972 ₦'000	1973 ₦'000	1974 ₦'000	1975 ₦'000	1976 ₦'000	1977 ₦'000	1978 ₦'000	1979 ₦'000	1980 ₦'000	1981 ₦'000
i) Total Capital Employed	38,014	34,282	36,359	49,451	107,692	208,074	244,973	246,737	263,954	293,395	313,953
ii) Analysis of Sales:-											
a) Manufacturing Operations						118,199	155,319	171,902	141,583	161,284	170,636
b) Technical Distribution	NOT AVAILABLE IN THIS BREAK-DOWN					189,023	217,625	266,402	175,022	240,555	380,287
c) Merchandising D Activities						260,159	319,354	338,828	297,834	292,174	302,656
d) Services						8,684	9,550	11,402	12,874	13,279	16,033
iii) Turn-over	179,900	201,500	213,403	248,407	395,071	576,065	701,484	788,534	627,313	707,292	869,612
iv) Operating Profits before Tax:-											
a) Manufacturing Operations	NOT AVAILABLE IN THIS BREAK-DOWN					29,444	33,175	27,218	14,056	18,077	13,980
b) Technical Distribution						38,689	39,740	43,277	11,962	24,261	47,804
c) Merchandising Activities						26,685	35,308	22,707	15,614	9,625	4,357
d) Services						3,990	3,635	6,290	5,626	6,031	11,048
Less: Financial items (including internal and currency flunctuation)						98,808 (7,515)	111,858 (2,950)	99,492 (5,367)	47,258 (1,097)	57,989 (2,197)	77,189 (4,548)
v) Taxation	12,997 (8,388)	14,993 (5,940)	17,139 (8,220)	30,472 (4,250)	57,925 (24,020)	91,293 (45,186)	108,908 (50,226)	94,125 (51,738)	46,161 (22,122)	55,792 (28,100)	72,641 (35,297)
vi) Prior years Taxation and other adjustments	(274)	1,102	(883)	365	1,750	–	–	–	–	–	–
vii) Profit After Tax	4,335	9,053	8,056	16,587	35,675	46,107	58,682	42,387	24,639	27,692	87,344
viii) Retained Profit After Extra-Ordinary Items		NOT AVAILABLE				42,187	52,148	21,287	12,048	141	15,069

Source: End of Financial Year Statements Of Account for various years. Supplied by UAC.

Figure iii

GRAPH OF TABLE 3.41

(TOTAL TURNOVER AND TOTAL CAPITAL EMPLOYED 1971-1981)

Scale: 1:200,000,000

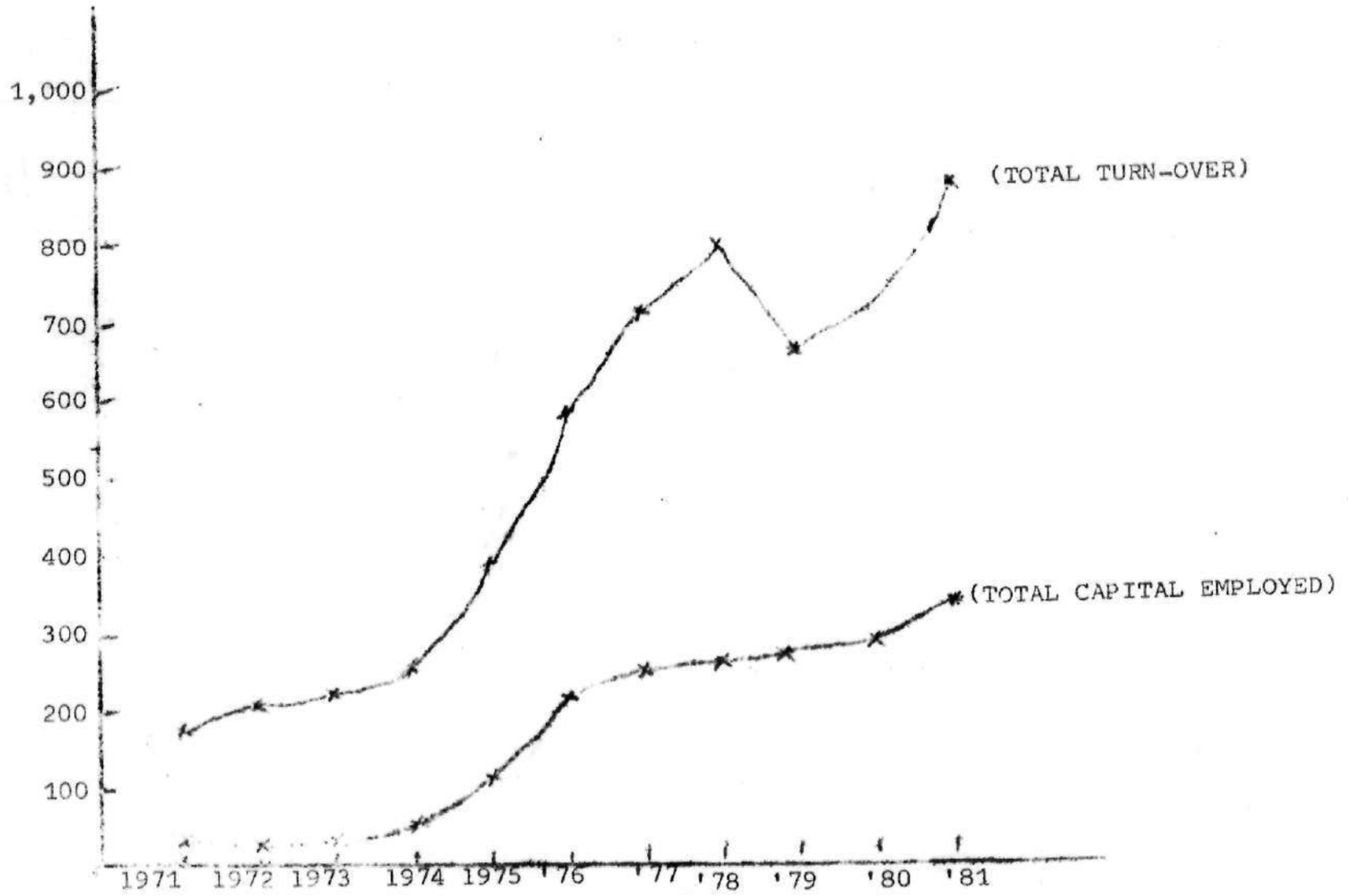
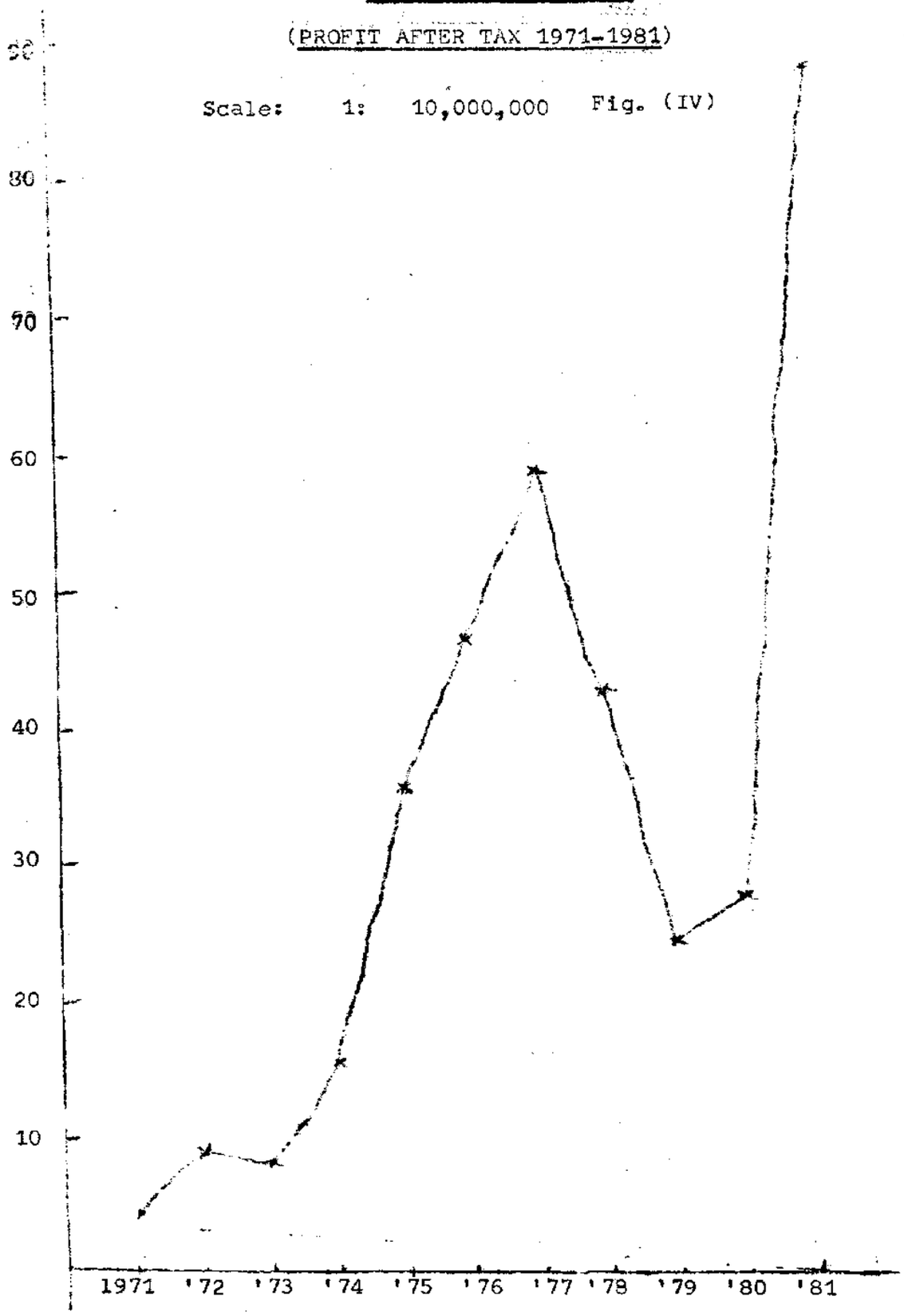


Figure iv

GRAPH OF TABLE 3.41

(PROFIT AFTER TAX 1971-1981)

Scale: 1: 10,000,000 Fig. (IV)



3.5 UAC and Other Multinational Corporations in Nigeria

From late 1930s, other MNCs emerged in the country at a very competitive rate with U.A.C. the French colonial trade preferences for example induced the company which was also trading in the French territories to establish a French subsidiary primarily for procurement reasons and the subsidiaries developed gradually thus pressure of competition on West African trade became intense.[7] Such MNCs include S.C.O.A. and John Holt, to mention but two. John Holt for an example formed a partnership with a British construction firm Richard Costain pre-dating UNAC's connection with Taylor Woodrow in order to take part in execution of large construction project contained in the 1947 ten-year plan.[8] In recent years the company (John Holt) has followed the pattern of withdrawal from produce buying, urban concentration and import specialisation.

The major imports now handled are drugs and cosmetics (retailed through West African Drug Company (WAD), automobiles, engineering, electrical equipment and hardware and store merchandising. On the other hand, the company has redeployed into such activities as shipping, travel, services, harbour dreging, real estate, insurance discount banking and stock brokerage.

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7. Peter Kilby (1969), Industrialization in an Open Economy, Cambridge University Press, Britain, P. 38.

8. Ibid, P. 52.

In the field of industrial processing from John Holt's interest in produce, the company engaged in tanning of hides and skins and rubber creping.

Table 3.51: Industrial Investment of John Holt and Company in its Early Year

	Company	Descreiption	Year	Equity Capital ₦'000	Holt's Equity %
1.	Costain	Construction	1948	8,000	6
2.	Thomas Wyatt	Stationery	1948	440	30
3.	Holt Tennaries	----			
4.	Nigerian Breweries (UAC) Associate)	Beer & Mineral	1949	300	53
5.	Nigerian Canning	Corned Beef	1949	3,000	7
6.	Crittal Hope	Metal Door etc.	1956	200	30
7.	P.S. Mandrides	Gun Crushing	1958	320	14
8.	Asbestors Cement Products	----	1960	1,250	10
9.	Nigerian Enamel	----	1960	2,000	3
10.	Holt Rubber Co.	Rubber Crepping	1961	240	50
11.	Haco	Perfume and Plastics	1963	350	51

Source: "Yearly Review of John Holt & Co." for various years supplied by John Holt & Co.

John Holt comparatively limited shifts to manufacturing because of opportunities in France and England which were less re risky and did not require a radical break with the company's traditional merchandising activities.[9]

9. Ibid, P. 53.

It is to these European opportunities that new investments had been directed since 1960. Like UAC, John Holt did not pay a serious attention to manufacturing because it (John Holt) believes it can capitalise on an industrial venture any time it deems fit.

Table 3.52: Comparison of Pre-Tax Profits of some MNC with UAC Pre-Tax Profits in 1980 and 1981

COMPANY	Pre-Tax Profit 1980 (₦'000)	Pre-Tax Profit (₦'000) 1981	Difference (₦'000)
Mobil	16,518	17,281	761
Texaco	16,084	12,232	(3,854)
Nigerian Bottling Company	13,626	18,672	5,046
S.C.O.A.	6,525	11,538	5,013
Agip	9,072	11,937	2,065
Union Bank	29,801*	32,623	2,822
First Bank	17,967*	28,402	10,435
UAC	55,792	72,641	16,849

*Figures are profit after tax.

Source: Business Concord, 18th March, 1983 p.6.

Despite the economic crisis in the country the profits of these MNC has been rising. Its only Texaco among the MNC's considered on Table 3.54 that recorded a lower profit thus giving it room to manipulate accounts and profits through transfer pricing.

With these level of profits, MNC would appear to have the capacity to enhance the nation's economic

development through increased investments in manufacturing industries that use more of local raw materials, instead many of the MNCs have used the cover of recession to throw thousands of breadwinners out of jobs and social alienation.

The Multinational Oil Companies in Nigeria have their short-comings too. Since the overthrow of the Shah of Iran, the only country which failed to observe oil embargo against South Africa was Brunei, a British Dependency. Brunei however supplied 5% of the 500,000 barrels per day required by South Africa.[10]

An attempt by the British Petroleum to export British oil to South Africa and replace it with Nigeria's crude was one of the factors that led to the nationalization of the British Petroleum by the Nigerian government.[11]

The MNCs have not sufficiently evolved a modern ideology of social responsibility. The few that do (UAC inclusive) can do a lot better if they want.

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10. Wilmot P. F. (1983) "Multinational Corporations in Nigeria, Unpublished Paper presented in A.B.U., Zaria at a conference on Social Responsibilities and Ethics of Companies, 27th - 30th April 1983. P. 7.

11. Ibid, P. 8.

SUMMARY

The chapter traces the history of UAC from the colonial era to its present day growth and development in Nigeria. It was discovered that during the early years of the company in Nigeria, it (UAC) created artificial barrier to entry of potential competitors by handling all ranges of merchandise but later competitors like John Holt, S.C.O.A., Indian companies like K. Chellarams, Bhojsons and many others came thus competition became intense. The chapter also compared UAC with other MNCs in Nigeria and found that huge profits have been made over the years by these MNCs but little has been invested in the country which have minute effect on the country's economic development. The next chapter will compare Nigerian economic goals and its development plans with UAC's objectives, identify areas of conflict and also the Nigerian control measures of the MNC and their (MNC) countervailing techniques.

CHAPTER FOUR

UAC AND THE NIGERIAN ECONOMY

4.1 An Overview of the Nigerian Economy:

The pre-independence Nigerian economy was predominantly agricultural (see table 4.11). Manufacturing industries failed to make an appreciable impact on the Nigerian economy during this period. Only a small number of industries existed and most of these industries processed agricultural goods of the time both for domestic and export industries.

The manufacturing sector then contributed an insignificant proportion of the Gross Domestic Product (GDP) the highest being 4% in 1958.[1] The primary reasons for the low degree of industrialization were inherent in colonial economic structures which were largely trading companies. (see chapter 3.1). As an appendage of the British economy, private foreign interests were promoted and concentrated in distributive trade. "There were no financial and management support available to the aspiring indigenous businessman neither were there any systematic network of official implementation."[2] The noticeable efforts by the government to encourage industrial development were through offers of incentives which were embodied in four main acts viz: The Industrial Development (Income Tax Relief) Act 1958, amended by Decree number 22 of 1971, the Customs' Duties (Approved User Scheme), the Customs'

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1. Olaloku F. A. Et-al (1979) Structure of the Nigerian Economy, University of Lagos, Nigeria. P.15.

2. Ibid, P. 17.

Table 4.11

Sectoral Distribution of Nigeria's Domestic Product - Pre & Post Independence (₦'Million)

SCORE	1958/59	1959/60	1960/61	1961/62	1962/63
1. Agriculture, Forestry and Fishing	1,342.0	1,408.2	1,597.8	1,549.8	1,605.8
2. Mining and Quarrying	23.2	26.6	29.8	43.4	54.0
3. Manufacturing & Crafts	97.0	107.4	109.6	130.2	146.4
4. Electricity & Water Supply	5.0	6.4	8.0	9.6	11.6
5. Building & Construction	88.0	101.0	100.0	105.4	112.8
6. Distribution	206.6	278.8	317.8	307.8	313.0
7. Transport & Communication	99.8	107.0	113.8	128.2	125.4
8. General Government	62.8	77.4	79.8	77.2	77.6
9. Evaluation	52.4	61.2	64.0	70.2	77.8
10. Health	9.8	11.0	12.4	14.2	16.8
11. Other Services	43.6	45.4	50.6	56.2	56.4

Source: Federal Office of Statistics, National Account of Nigeria, Lagos. 1976.

Duties (Dumped and Subsidised Goods) Act 1958, the Customs' (Drawback) Regulation Act 1959 and the Income Tax amendment Act 1959.

Immediately after independence, the situation changed remarkably. The incipient process of industrialization became accelerated through direct government investments and other government promotional measures such as income tax exemptions for pioneer industries, generous depreciation rates and a variety of tariff concessions. "In fact the share of manufacturing in Gross Domestic Product (GDP) increased from 0.5% in 1950 to about 8% in 1969".[3] This process in the industrial sector is potrayed with the aid of table 4.12.

Table 4.12: The Contribution of Manufacturing Industries to G.N.P.

YEAR	TOTAL GNP (₦'000,000)	VALUE OF MANUFACTURING AND CRAFT (₦'000,000)	% OF MANUFACTURI AND CRAT IN GNP
1965	3,080.6	164.8	5.6
1966	3,210.0	192.2	6.2
1967	3,051.8	196.0	6.1
1968	3,140.8	231.2	7.6
1969	3,278.2	270.4	8.6
1970	3,485.8	311.0	9.5
1971	9,442.1	475.1	5.0
1972	11,177.9	460.3	4.1
1973	11,993.1	570.1	4.8
1974	13,135.5	626.5	4.8

Source: i) Federal Office of Statistics: Annual abstracts of statistics for various years, Lagos, Nigeria.

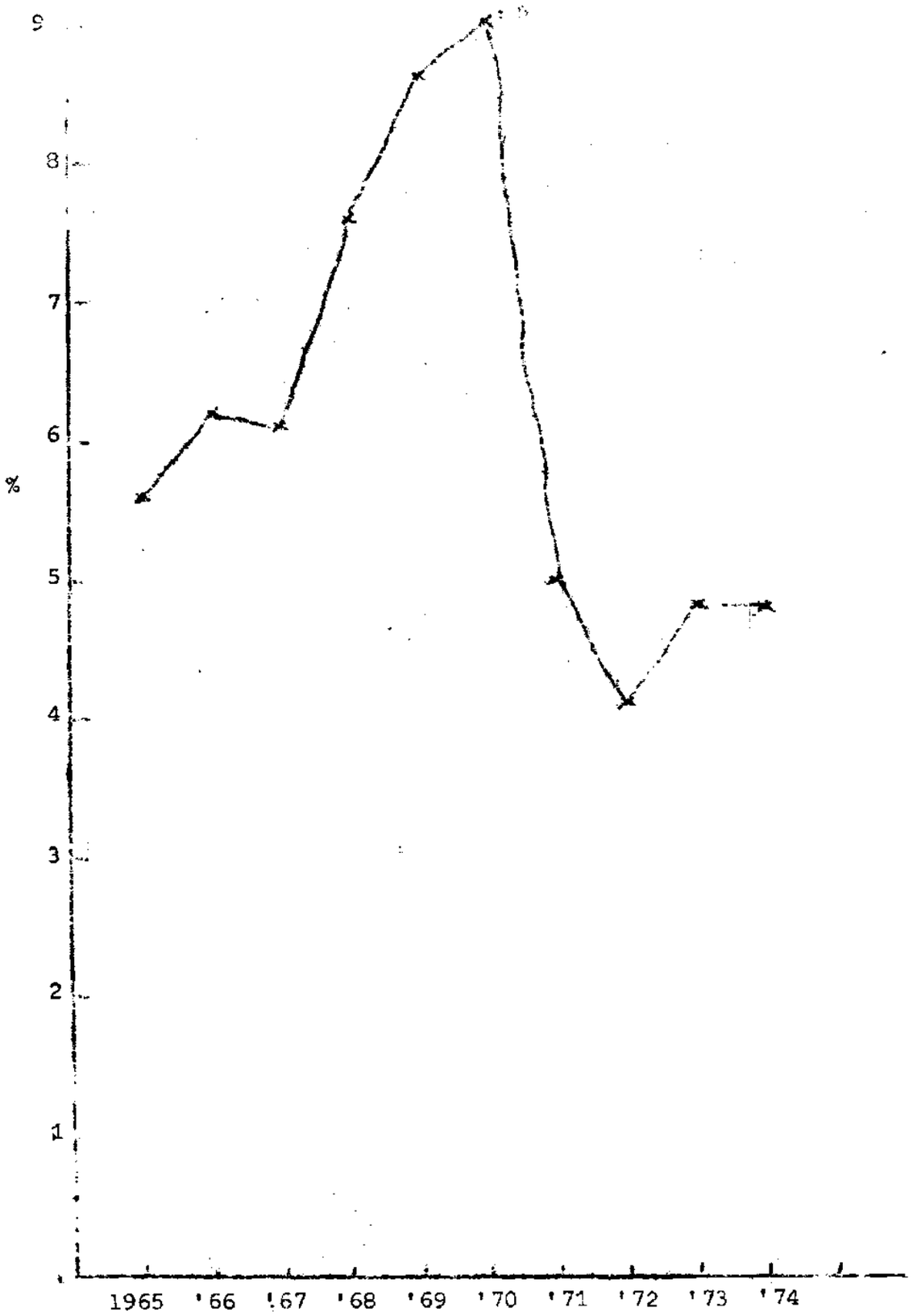
ii) Federal Misistry of Information, Second National Development Plan 1970-1974, Lagos Nigeria.

3. Ibid, P. 15.

GRAPH OF TABLE 4.12
(% OF MANUFACTURING AND CRAFT IN GNP 1965 - 1974)

Scale: _ represent 1 unit

Fig. V



The situation started changing during the oil boom which takes a greater percentage of the GNP.

4.2 Development Plans in Nigeria.

The welfare of the people is the concern of the government. In order to do this effectively, the government sets goal and maps out strategies for reaching the goals. National development plans are drawn with a view to accelerating the rate of economic growth and raising the standard of living of the population. Apart from aiming at sustaining an increased rate of economic growth, plans also aim at controlling a greater height of the country's economy through many means. Essentially, economic planning is a scarce resource allocation device motivated by the desire to avert the penalty of ignorance which arises from the recognition of the inability of market forces to direct resources to areas where their utilization would optimise the targeted objectives of the planning units.

In Nigeria, economic development planning started as far back as 1946. The plan (1946-1951) which was revised in 1951 was highly centralised. It was prepared and coordinated by the colonial government therefore it was more of a regulatory plan with welfare ingridients rather than a developing oriented plan. The plan lacked involvement of people for whom planning is undertaken. According to Professor Adedeji (1969) "The planning of the 1940s would have met one of the most important requirements of.... should the planning process be a-two-way sequence from

central to local level and vice-versa".[4] Despite the centralised nature of the planning exercise, the existing political and administrative machinery at that time made it difficult to reconcile the execution of the plan. In spite of this limitation, the plan laid the foundation of pre-independent economy of Nigeria.

A major preparatory step to plan for the future of Nigeria was taken in 1953 when International Bank was invited. The Bank's report was published in 1955 and its recommendations influenced economic planning between 1955 and 1956.

The NEC decided in 1959 that a National Development Plan would be prepared for the country with the objective of achieving and maintaining highest possible rate of increase in the standard of living hence first National Development Plan of 1962-1968 was designed. The designers set before themselves the objective of accelerating the rate of economic growth and the rate at which standard of living could be raised. The Plan was aimed at giving "a sense of direction to the cou economy, a sense of priority and urgency and at enlisting the support and cooperation of all sections of the community to work for a better future".[5]

A number of projects such as Kainji Dam, the Niger

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4. Adedeji A. (1969), "Federalism, Economic Planning and and Planning Administration", Unpublished paper presented at the National Conference on National Reconstruction and Development in Nigeria, NISER, Ibadn, P. 5.

5. Federation of Nigeria (1962), National Development Plan, 1962-1968, Lagos, P.3.

Bridge, the Oil Refinery and a number of industries were completed during the plan period. War broke out in 1967 which made it difficult to implement the plan. Owing to the disturbances of the war it was impossible for the nation to embark on the formulation and design of a second National Development Plan until about the end of the war (1970). Reconstruction work had to be undertaken after the war and hence a viable plan was intensified and the second plan (1970-1974) was drawn. The plan has five principal national objectives which are to establish Nigeria firmly as:

a) a united, strong and self reliant nation

b) a great and dynamic economy

c) a just and egalitarian society

d) a land of bright and full opportunities for all citizens, and

e) a free and democratic society.

The desingers though sought to give concrete meaning to the objectives and ensure their full realization, the objectives cannot be easily quantified as to facilitate speedy or meaningful implementation. An important feature of the plan was the government's desire for equity participation in a number of strategic industries with a view to ensuring that the economic destiny of Nigeria is determined by Nigerians themselves.[6] The government sought to do this by ensuring that all businesses and enterprises taking place in Nigeria are incorporated in the country and that Nigerians progressively undertake the management of such businesses. In the constant search for

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6. Federation of Nigeria, second National Development Plan (1970-1974), p. 8.

effective machinery to develop the Nigerian economy, the central planning Office of the Federal Ministry of Economic Development and Reconstruction published in September, 1973 guidelines for the third National Development Plan 1975-1980) with which the development agencies in the public sector are to articulate development projects and programmes for inclusion in the third National Development Plan.

The above analysis evidences the fact that Nigeria's development is at its embryonic stage giving the background of colonial administration (from which UAC was born). The company's (UAC) role in enhancing the development gives a cause for concern and this will lead to a discussion on UAC's objectives on National Development Plans.

4.3 Objectives of UAC that conflict with the National Economic Goals:

A discussion of development planning in Nigeria will be incomplete without reference to the role of the private sector in the development of Nigeria. The private sector of the Nigerian economy is dynamic. Out of the total ₦2,366 million projected investment in the first National Development Plan 1962-1968, ₦780 million (about 33% was to be invested by private sector.[7]

The private organizations are very enterprising in certain sectors of the economy. These sectors include the distributive trade (UAC had made strides here; see chapter 3.4), agriculture, building and construction, road transportation and general commercial services. The projected projected contribution of these sectors on the GDP during the third Development Plan period is given on Table 4.31

7. Federation of Nigeria (1962), National Development Plan 1962-1968, Lagos, P. 25.

Table 4.31

Gross Domestic Product At Current Factor Cost
(₦' Million And %)

	1974-1975 ₦	%	1975-1976 ₦	%	1976-1977 ₦	%	1977-1978 ₦	%	1978-1979 ₦	%	1979-1980 ₦	%
1. Agric., Forestry and Fishing	3,372.7	23.4	3,700.1	22.7	4,098.4	22.0	4,516.4	21.0	4,967.9	19.8	5,457.3	18.4
2. Minning and Quarrying	6,552.3	45.5	7,230.8	44.4	7,978.8	42.9	8,844.6	41.1	9,837.6	39.2	11,008.0	37.1
3. Manufacturing and Craft	683.9	4.7	830.5	5.1	1,049.1	5.6	1,375.5	6.3	1,776.2	7.1	2,375.0	8.0
4. Electricity and Water Supply	58.7	0.4	69.2	0.4	81.6	0.4	101.4	0.5	126.4	0.5	158.6	0.5
5. Building and Construction	821.4	5.7	1,052.5	6.5	1,385.3	7.4	1,835.9	8.5	2,484.3	9.9	3,357.2	11.3
6. Distribution	971.2	6.7	1,132.4	6.9	1,336.2	7.2	1,609.6	7.5	1,966.2	7.8	2,419.1	8.2
7. Transport and Communication	325.0	2.3	387.5	2.4	476.2	2.6	598.4	2.8	775.4	3.0	1,019.0	3.4
8. General Government	901.8	6.3	1,037.1	6.4	1,192.6	6.5	1,431.1	6.6	1,717.3	6.8	2,080.9	6.9
9. Education	376.4	2.6	447.9	2.7	542.0	9.9	661.2	3.1	813.3	3.2	1,008.5	3.4
10. Health	132.8	0.9	155.8	1.0	185.4	1.0	224.3	1.1	271.4	1.1	328.3	1.2
11. Other Services	215.3	11.5	245.1	1.5	283.2	1.5	332.1	1.5	395.1	1.6	472.8	1.6
Total	14,410.7	100	16,288.9	100	18,608.8	100	21,512.5	100	25,131.1	100	29,664.8	100

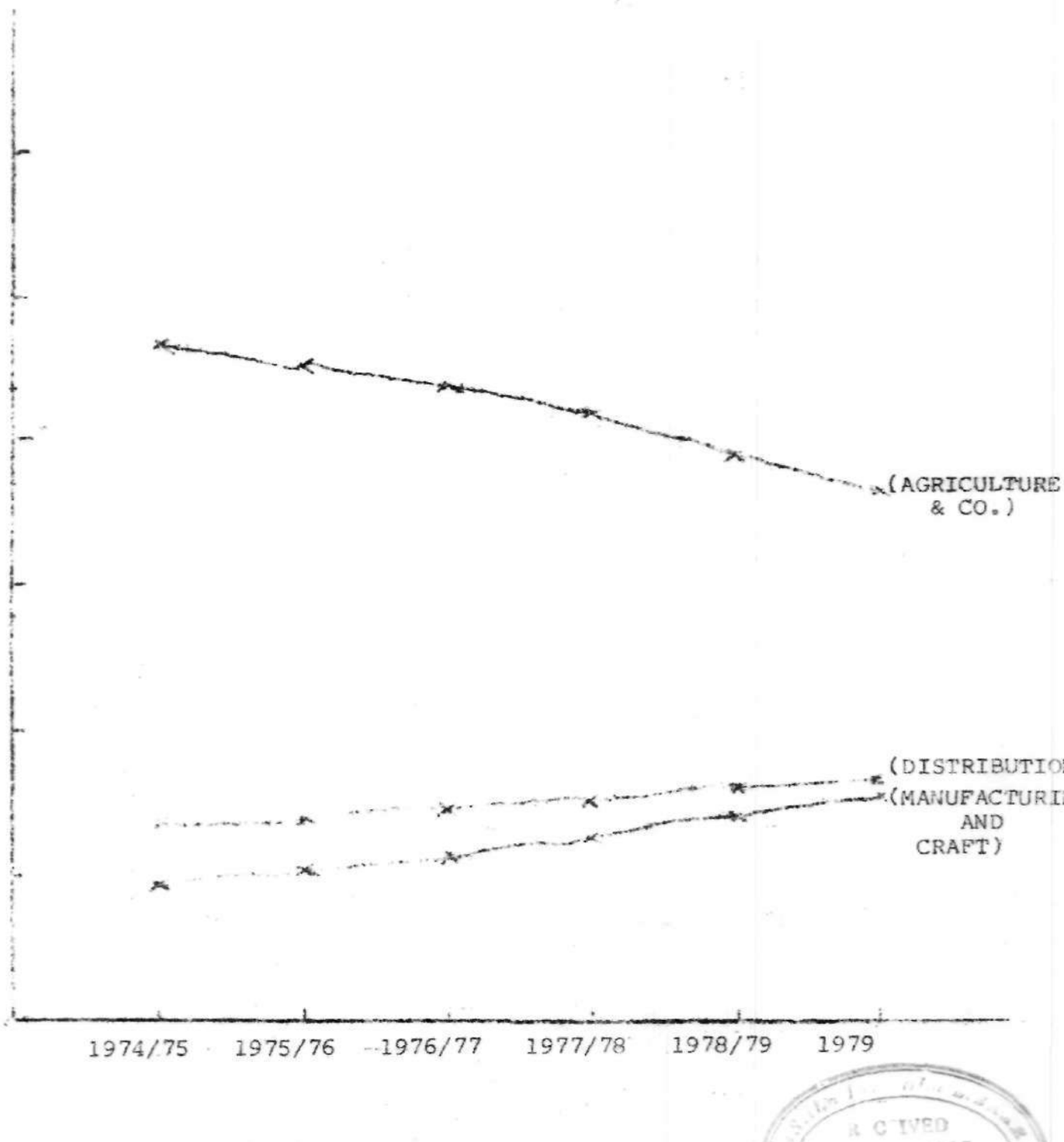
Source: Federation of Nigeria, Third National Development Plan 1975-1980, Vol.1, P. 60.

GRAPH OF TABLE 4:31 (SOME SELECTED SECTORS)

Scale: 1:5%

Scale: 1.200,000,000

Fig. VI



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UAC is a big organization in the private sector and it is engaged in various businesses. However, the company's statement of intention did not outline major policies that the company plans to honour in the pursuit of its mission (see chapter 3.3). Policies describe the value of a company, how employees are expected to deal with customers, suppliers, distributors and other actors. Some of UAC's objectives are not quantifiable, for example, the objective of achieving and sustaining a fair share of the market in its business activities. The question is how fair is the share and when does it become unfair?

UAC's apparent inability to transform the nation into an industrialised economy has often been blamed on the nation's major plans and economic policies. For example, the proposed Joint Venture between Pan-Electric (a division of UAC) and Matshushita Electric Industries (one of the leading manufacturing companies in Japan with a range of electronic products) has been dropped due to government economic measures and non-provision for changes in the operation of the Nigerian Enterprises Promotion (NEP) Act. This made the Chairman of UAC expressed disappointment on the nation's budget for 1980. He said. "It is essential the NEP act is amended to encourage and facilitate international investment in our economy.... We are unable to enter this new field of technology that we so badly need in our economy."[8]

A similar establishment is 'Tata' in India which has

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8. Shonekan E. A. O. (1982), Unpublished address at the Annual General Meeting of UAC, P. 7.

about thirty companies in its conglomerate.[9] India's Tata is in virtually every business like UAC. It produces textiles, lorries and cosmetics. It is also in iron and steel not only in marketing of these materials as done by UAC Cottschalks, the Indian enterprise actually manufactures its own iron and steel materials. Nigeria's struggle to establish iron and steel manufacturing started as far back as 1945.[10] All along it has been and still is an entirely public sector affairs whereas ample opportunities exists for private sector to invest in iron and steel before it became defined by legislation as a public sector investment area about a decade ago. One of the common reasons given by the industrialists has been the capital intensive nature of the business the value of which only the central government is capable of providing and perhaps securing external loans. Talking about ability to secure external loans for a project requiring a collosal volume of money it might be interesting to note the international finance corporation's (IFC) (a subsidiary of the world Bank) proposed investment of ₦60 million in a new fertilizer plant to be built by Tata in India.[11] Tata established an iron and steel manufacturing complex a capital intensive business. In 1983, Tata's iron and steel business was responsible for 23% of the conglomerate's turnover and 28% of its profit.[12] During the same period

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9. Ibid, P. 9.
10. Nsikak E. "Can UAC define Nigeria's industrialization" Business Concord, May 25th, 1984, P. 5.
11. Ibid, P. 5.

merchandising was responsible for 48.6% of UAC's turnover and 26.1% of the conglomerate operating profit. It is encouraging however that UAC is getting back into the agricultural sector of the economy with its re-afforestatic programme at Ikoba, Bendel State. For a more pragmatic contribution to economic development, UAC can take equity share in the petrochemical sector and be more involved in processing agricultural products in order to produce new materials thus reducing the drain on foreign exchange, If UAC is to remain the flagship of the nation's private sector, it must alter the content of its operation in sympathy with the demand of the national economy.

4.4 National Control Over Multinational Corporations:

The goals of MNCs are not always compatible with the national goals hence the nation states exercise some controls. Some of the motives behind the control of MNC include among others:

a) Reduction of threat to sovereignty and economic independence.

b) To gain more national benefits.

c) To determine extent of dominance of economy by MNC, the nationality mix of foreign company and the cost benefit ratio.

d) To increase the bargaining power of the host country in order that more control can be exercised when and if the need arises.

A variety of methods have been used to control MNC by nations thus transferring the assets from aliens to

nationals. For example, there was expulsion of Indians from Burma and their assets were confiscated, Uganda also expelled Asian and took over their assets and many others others.[13] Most African countries moderated their dealings with large international companies to bring about an accelerated economic growth. Most have encouraged investments and enhance localization of these enterprises by such means as the replacement of foreign personnel by nationals and appointing nationals to their boards of Directors, local participation in the equity of the MNCs and the sale of shares to the residents and citizens of the country. It is this policy that Nigerian has adopted coupled with nationalization of MNC that seems to threaten its (Nigeria) sovereignty. Shell British Petroleum was nationalised when the British government attempted replacing Nigeria's crude oil with British oil in South Africa.[14] Nigeria's Enterprises Promotion (NEP) decree otherwise known as Indigenization decree was promulgated in 1972 and revised in 1977. The primary aim of the decree is to encourage and protect Nigerian participation in those areas in which Nigerians have competence and it was concerned with the private sector. The decree listed some enterprises which were exclusively reserved for Nigerian and enterprises barred to aliens under certain conditions. Foreigners were permitted to participate in enterprises

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13. Wilmot P. F. (1983), "Multinational Corporations in Nigeria", unpublished paper presented at a conference on Business Ethids and Social Responsibility in Nigeria. A.B.U. Zaria April 27-30th, 1983, P. 6.

14. Ibid, P. 8.

barred to aliens on the condition that the paid up share capital in each enterprise exceeds ₦400,000 or the turn-over exceeds ₦1 million whichever the NEP considers appropriate.[15] In addition there must be at least 40% Nigerian equity participation in the designated enterprise. Other provisions of the decree include the transfer process,o offences and penalities, sources of management support, sources of finance support, inspection and valuation and the provision of board and the state committees or organs for implementing the decree. Consequent upon the promulgation of the decree, some achievements were made such as ownership in part and management of MNC (see chapter 5.2) and the employment of competent indigenes to man responsible posts thus building up gradually a corp of skilled and quantitative manpower.

4.5 Countervailing Techniques of Multinational Corporations:

In considering the extent to which there was compliance with the control of MNC especially the provisions of the indigenization decree, it is relevant to point out the main thrusts vize the Nigerianization of personnel, the Nigerianization of ownership and that of control.

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a) Nigerianization of Personnel:

Although the shortage of high manpl manpower has been aeproblem of Nigeria, the placement and replacement by skilled Nigerians in key positions of the indigenised companies

15. Federal Government of Nigeria, Nigerian Enterprises Promotion Decree, (1977) section 11. Government Press, Lagos.

was made possible by majority shareholding of Nigeria's substantial ownership in others thus reducing the new equity structure which emerged under indigenization (see chapter 5.2) UAC reacted to economic stabilization act (1982) by reducing its number of employees (see table 5.21). In the company (UAC) Nigerian managers tend to be staff management specialists holding such posts as personnel, legal advisers, company secretary, public relation and others while expatriates staff deal with critical areas like production and engineering.

b) Nigerianization of Ownership:

"The extent to which there has been some share movement to the indigenes can be amplified by the fact that from 1972 to the end of 1978, about 500 million shares valued at ₦472.00 million were transferred to Nigerians from foreign shareholders. "About 1858 companies were affected and their operations cover the entire range economic activities".[16]: This shows that partially Nigerianization of ownership has been achieved. In UAC, Nigerians hold 60% of the shares of the company scattered all over the country with the balance held by Unilever.

c) Nigerianization of Control:

The question of control raises real issues

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16. Johnson E. A. "Participation of Nigerians in Foreign Companies", Business Time, Aug. 1st, 1980. P. 10.

> of indigenization. A former Head of State in Nigeria retired General Obasanjo in his 1979 budget speech said that 'the main objectives of indigenization is not just the transfer of shares and earnings of dividends, it was designed as a strategy for getting Nigerians themselves to determine their own economic fortune by using equity ownership as a spring board into the board room where policies and programmes are discussed and determined and into management where they are implemented.'[17] The fact is that in UAC, the shares of Nigerian are very widespread while the shares of foreign owners are highly concentrated which may suggest that the view and decisions of foreign owners prevail.

Conversely, economic activities are becoming more diversified and the educational system of Nigeria seems to be at odds with modern economic needs of the country which may prolong dependence on foreigners. Therefore, the full implication of indigenization decree may not yet be ascertained largely because indigenization is still in the process of completion.

However, the decree could perhaps have stimulated investment conciousness among Nigerians and moderate cost to the economy per-adventure proceeds of foreign interests were adequately re-invested in new ventures in Nigeria rather than repatriating the proceeds and contribute to large amount of capital outflow.

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17. Obasanjo O. 1979 budget speech, Daily Times, 3rd March, 1979. P. 5.

S U M M A R Y

The national economic policies are basically designed to enhance productivity and alleviate the sufferings of the masses. For these, development plans are prepared. A business concern like UAC has many objectives amongst which profit making is essential. Of major concern however are the divergencies between UAC goals and the sovereignty of Nigeria. An extremely troublesome area concerns profit motivated decisions that result in transfer of funds, production and employment. The result of these decision run counter to the national economic policies and in a bid to get these harmonized the government takes some control measures like the indigenization decree (1972 & 1977) which UAC and other foreign companies try to circumvent by their various countervailing techniques. The next chapter will focus on the real contributions of UAC to the Nigerian economic development, examine the problems of UAC and make some recommendations.

CHAPTER FIVE

PROBLEMS AND CONTRIBUTIONS OF UAC I[illegible]TIONAL ECONOMIC DEVELOPMENT

5.1 Economic Contributions and Problems

UAC realises high profits from Nigeria (see table 3.41). To safeguard the avenue for these profits, it (UAC) made some impacts on the economy. The company's first major industrial investment other than processing was the Nigerian Breweries Limited in 1949.[1] This was a joint venture with the technical partner Heineken and other merchant firms. The company's Beer trade had already been displaced in Ghana (1932) and the Congo (1935) as a result of the establishment of local Breweries by Swiss enterpreneurs. In 1958 the company began its withdrawal from the produce trade and the closing down of small outlying trade stations and set up its first assembly plant[2] (Bedford Lorries and Raleigh Bicycles). The movement towards import substitute industries is reflected in the company's gross capital expendituresiin Nigeria over the period 1956-1964.

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1. "LINK", - UAC House Magazine Vol. 2, 1971. P. 7.
2. Ibid, P. 10.

Table 5.11: UAC's GROSS INVESTMENT BY SECTOR 1954-'64 (₦'000s)

(₦'000s)

YEAR ENDED SEPT. 30TH	DISTRIBUTION	INDUSTRY	TRANSPORTATION	PLANTATI...
1956	2,372	1,038	592	200
1957	3,248	1,104	418	344
1958	2,702	1,016	1,270	464
1959	1,870	1,126	526	688
1960	2,148	2,448	80	248
1961	2,806	1,472	164	2[illegible]
1962	2,736	2,534	96	4
1963	2,586	6,036	74	102
1964	1,484	3,116	606	148

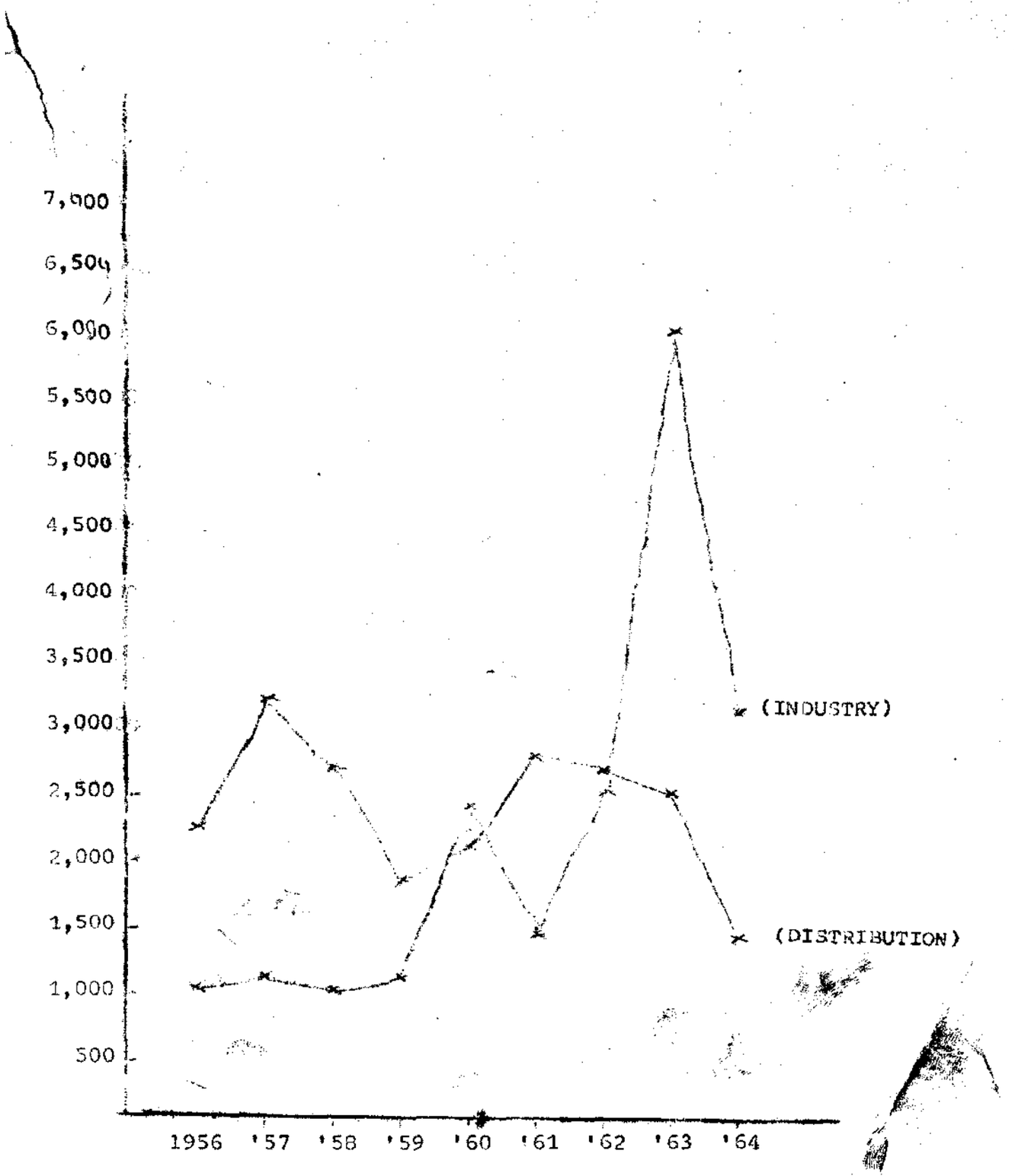
Source: UAC Statistical and Economic Review for various years (supplied by UAC).

The level of the company's capital outlays for distribution appears to have been little affected by the switch from general to specialised trading. Industrial investment rose substantially by 1963 and apart from the year (1963) gross investment has remained fairly steady fluctuating between ₦4.0 million and ₦5.6 million per year.

UAC has also undertaken a number of industrial investments apart from the above. Some of these investments made during the early years of the company are presented on table 5.12.

GRAPH OF TABLE 5.11 (INDUSTRY & DISTRIBUTION)

Scale: 1: 1,000 Fig. VII



5.12 INDUSTRIAL INVESTMENT OF UAC IN ITS EARLY YEARS (₦'000s)

	COMPANY	PRODUCT	START-UP YEAR	FIX CAPITAL	UAC's EQUITY %
1.	African Timber & Plywood	Timber & Plywood	1948	6,000	100
2.	Nigerian Breweries	Beer & Minerals	1948	7,000	33
3.	Raleigh Industries	Cycle Assembly	1958	150	150
4.	Vehicle Assembly Plant	Bedford Lorries	1958	1,000	100
5.	Northern Construction Company	Building Contracting	1960	200	30
6.	Walls (ice-cream)	Ice-Cream	1961	180	100
7.	Vono Products	Beds, Mattreses	1961	160	38
8.	Guiness	Stout	1962	4,000	33
9.	Fan Milk	Reconstituted Milk	1963	200	45
10.	Norspin	Cotton Yarn	1963	2,200	49.2
11.	A.J. Seward	Perfumery & Cosmetics	1964	400	100
12.	Bordpark	Fibre Board Cartons	1964	1,600	100
13.	Textile Printers	Printed Textile	1964	6,500	68

Source: UAC Statistical and Economic Review (various years) Fixed Capital was compiled from UAC house magazine "LINK" and Press releases.

In recent years, majority of the company's industrial investment have been the expansion of the existing ones. New ventures are rarely undertaken. Among its expansion programmes are the following:[3]

a) The investment of ₦3.2 million in a particle board plant of African Timber and Plywood division capable of producing 30,000 cubic

3. UAC, House Magazine various issues of many years and Annual General Meeting Statement, 1976-1981.

metres of particle-board per annum and ₦1 million on the installation of laminating plant.

b) A new industrial complex was built for A.J. Seward division at a cost of ₦13.2 million

c) A new assembly factory for Pan-Electric division capable of producing its cabinets was commissioned in 1980 at a cost of about ₦3.5 million.

d) A new Department Store for Kingsway store division was commissioned in Kaduna in 1982 at a cost of about ₦4.2 million.

e) At Oregun, Lagos, a new industrial complex was commissioned for T&E division in late 1980 at a cost of about ₦10.8 million.

f) FMI division was expanded at a capital investment of almost ₦30 million.

g) The latest of the company's investment is the ₦6 million afforestation programme at Ikoba in Bendel State.

Apart from the company's industrial investments, UAC has made available through its subsidiaries goods and services that are essential for the upliftment of the population and from its various payments like corporate tax and custom duties, the company contributes to the revenue of the government.

For an example, UAC paid a total of ₦284.569 million between 1971 and 1981 as corporate tax (see Table 3.41).

Much of what passes for manufacturing in UAC are no more than assembling of foreign goods in Nigeria. For

example, the company passes Pan-Electric division as a manufacturing concern when all it does is to assemble electric parts either completely knock down (CKD) or semi-knockdown (SKD).

The company's technical divisions and trading activities rely almost entirely on imported materials hence government economic measures often cause considerable anxiety to the company as its divisions face increased competition from local assemblers and smuggling on a massive scale. This made the chairman of UAC to call on the government to set up an anti-smuggling commission.[4]

In facing the challenge of the national economic UAC should rather go massively into those areas of industrial production which if developed would provide a sound basis for meaningful industrial development. Such cannot be attained when almost everything has to be imported. Nigeria is blessed with a plenitude of raw materials which can be developed and chosen from.

5.2 Social Contributions and Problems:

As a corporate citizen, UAC has been involved in soci social undertakings in Nigeria. In the field of education the company introduced a secondary scholarship scheme open to children of both staff and pensioners. Initially fifteen awards were made annually but in 1975 the figure was doubled.[5]

The scheme has been extended to the University called 'higher institution scholarship scheme'. In both schemes sixty awards are made annually representing thirty for each.

4. Shorekan E.A.O., "LINK" UAC house magazine (1983) Vol. 1, P. 14.

5. Okereke O., "A profile of UAC" unpublished paperpresented in UAC training centre, Lagos - Dec. 17th, 1982 P.4.

Out of the thirty, four are for the children of staff and twenty-six for deserving indegent students. As part of its education assistance, the company donated the Trenchard Hall of residence to University of Ibadan.[6] With its vast network of business activities UAC provides job for about 13,000 men and women of different nationalities amongst which about 90% of its management staff are Nigerians.[7] Its number of employees in 1981, 1982 and 1983 are as follows:-

Table 5:21

YEAR	STAFF	MANAGEMENT	TOTAL
1981	17,257	1,582	18,839
1982	13,657	1,516	15,173
1983	11,579	1,205	12,794

Source: Data supplied by UAC Personnel Department.

Note: The breakdown of figures according to nationality of employees are not available owing to retrenchment exercise in progress.

UAC is also responsive to charitable causes and National Appeal Funds. Amongst this are its (UAC) Leprosy adoption scheme, child health institution built and maintained at Aba, Kaduna and Ibadan, donation of equipments to hospitals through its kingsway chemists divisions and various other contributions to sports.

However, the divisions of the company operate in a diversed ethnic groupings and vast lands of Nigeria and may

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6. Ibid, P. 6.

7. Ibid, P. 6.

be difficult to adjust to the culture. Cultural differences affect business operations and have their impact with each of the traditional functions. It is therefore important for UAC to be able to swim comfortably in societal waters to enhance its business and the economy of the country also.

5.3 Political Contributions and Problems

In historical context, UAC is the brain behind indirect rule in Nigeria.[8] Sir Goldie, the genius of the Royal Niger Company first applied the idea of indirect rule in the company's administration. He was also the first to apply it in Northern Nigeria.[9] The company had a chief executive (the Agent General) who was supported by military and judicial adviers - the Triumvrate. It had its headquarters at Asaba and district administration came under the company's secretariat with district agents. The company's district agents were the bakcbone of its administration and they had executive, military and judicial powers thus Goldie laid the theoretical basis on which Lord Lugard's practical policy of Indirect rule was built upon in Nigeria. Though the policy faced a number of problems emanating from its weaknesses such as building of local autocracy, non-receptivity to change, clash between interest groups, its basic concept was the desire to find an acceptable channel of communication between the government and the governed.

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8. Oladosu S.A. (1981), Kaduna Essays in Local Government. Oyeleke Printers, Kaduna Nigeria, P. 16.

9. Ibid, P. 16.

Among the legal enactments that threaten UAC's business are the economic stabilization act 1982 and the Indigenization decree (1972 and 1977). Owing to the 1982 act, some operating divisions of UAC were either closed or merged (see chapter 3.4). Political considerations modify business and result in changes. A difficult problem at times may be to separate political and economic risks. Although government decisions are always political by definition, the forces dictating the decisions may be purely economic.

It is important therefore for such a MNC like UAC to be aware of potential inter-mingling of political and economic motivations and thereby get useful results by trying to separate the political factors from others.

5.4 UAC and Transfer of Technology:

Transfer of technology is a phrase so often heard in Less Developed Countries (LDCs). It is beset with conceptual difficulty. To the average person, transfer of technology is hardly understood. However, technology does not only refer to complex equipments or mechanical tools like computers, automobiles, petro- chemical complexes and a host of others, but the concept as a whole embodies the appreciation, understanding and improvement of past and present inventions, development of new ones based on current stage of scientific and technological understanding and imparting the knowledge to the future generations for their understanding and improvement.[10] Technology may

10. Comen Philip, "Proper management of the transfer of 'Appropriate' technology", unpublished paper, Dept. of Bus. Admin., A.B.U. Zaria. P. 8.

be transferred in many ways such as: movement of people including the inflow of technical, scientific and management personnel and the outflow of nationals on foreign educational, training and observation assignments, licensing, patents and know-how agreements, technical assistant on their bilateral or multilateral basis, direct importation of machinery and equipment and a host of other means. These means are not mutually inclusive. The easiest known mechanics for technology acquisition is through invention, innovation and immitation.

Invention comes from the propensity to develop pure science and new discoveries, innovation is the application of invention to the market which is the work of a scientist entrepreneur or innovator while immitation is as a result of innovation which comes into existence as a result of invention. Niger

The predecessprs of what is now UAC (that is, the Royal Niger Campany) were largely engaged in trading (see chapter 3.1). During the period, most manufacturd products were imported. Later the company realised that its trading interests should be supported and buttressed by local industrial operations. Over the last five years, the company has invested about ₦200 million in technical activities which is so to speak a reflection of the growth that technical businesses are assuming within the company.[11] Some of the divisions of UAC that hitherto bore trading tag are diversifying for example Gottschalk and this in itself accelerates the transfer of technology. Part of

11. "LINK" UAC house magazine, Vol. 1, 1983, P. 12.

Nigeria's inability to have technology transferred is its lack of basic and key industries like the steel complex and machine tools industries with which immitation can be done. In the absence of this, the drive to technology overnight could be illusory and could be difficult to determine as to what is the most apparopriate technology for the country whether technology is adaptable to the environment or not.

The practise has been to regard technology as being embodied in and therefore part and parcel of capital goods.[12] Technology involves knowledge of processes and methods of application. It has to be interpreted and applied by people. Therefore, UAC should put in proper perspective manpower planning and financial planning. When these are aligned together, it will be in a better position to be adaptable to the more advanced technology.

5.5 UAC and Manpower Development:

The success of UAC depend on the availability of skilled and well trained manpower at all levels of the organisation. This can only be achieved through efficient management of human resources, respect for individual and by having business objectives that are consistent with those of society at large. As at 1983, UAC has a total of 12,794 employees out of which 1,205 are in management. (see table 5.21). About 90% of these management staff are Nigerians.

Apart from employing through unsolicited applicants and succession plans processes, the company has a graduate recruitment scheme conducted in the first thirteen

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12. Nwankwo A.A. (1981), Can Nigeria Survive? Fourth Dimension Publishers, Enugu, Nigeria, P. 64.

Universities in Nigeria hiring from various disciplines and also considering the cultural and social background of the country. The cornerstone of manpower development and training in UAC is the review procedure with emphasis on performance appraial.[13]

The procedure help to identify training needs

Management Development and Training in UAC takes place at two levels:-

a) The overall corporate level
b) The divisional level

Each division has its plan which is integrated into corporate plan. Most often, the divisional plans are mainly technical training for staff while the corporate plan concentrates on general management skills. Some divisions have their own training centres, for examples, T & E division has a training centre at Kano, African Timber and Plywood training centre at Sapele and the federated Motor Industries.

At the corporate level, the company has a training and seminar centre at Apapa, Lagos and an Accounts Training Centre at Ibadan. The Training Centre in Lagos also run international courses and has trained about 1,851 managers in 5 years (see table 5.$1).

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13. Nwaeze G., "Management Development and Training in UAC of Nigeria" President, UAC Journal October 1980, No. 15, P. 45.

Table 5.51

YEAR	NUMBER TRAINED
1976	325
1977	337
1978	389
1979	390
1980	410

Source: Data supplied by UAC (Personnel Dept.,
*Estimated Figure.

Despite the growth of training opportunities in Nigeria, UAC also trains its managers abroad to meet the growing demand of the company's business. Duration of such training varies from two weeks to two years.

However, one of the problems faced by the company in this regard is "the growing cost of labour as a percentage of total value added and to the total operating cost while pressure is at the same time mounting from unions to provide more social welfare and amenities".[14]

Though the Nigerian managers are more than expatriate managers in UAC, the second National Development Plan has exposed the nature of such positions when it states: "Hitherto, many firms have placed a good number of Nigerians in Management positions but it is widely known that many of these indigenous 'managers' are not given management function to perform and are in effect little more than glorified clerks put up for window dressing".[15]

This shows that before the managers can really be given responsible positions, they must be able to reconcile the

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14. Shorekan E.A.O., "LINK" UAC house magazine Vol.1, 1983 P. 13.

15. Federation of Nigeria, second National Development Plan, 1970-1971, P...

two loyalties of ensuring the acceptance of the corporations as an integral part of the economic and social life of Nigeria and at the same time representing the interest of the corporation.

It should be realised that the efficient management of resources is an important requirement of the Nigerian economy. The essential factor for economic development that is lacking is technical know-how. Therefore for UAC to make a more meaningful impact in this area, it should develop, encourage and ensure that people with potentials are identified continuously and that their development is planned and executed efficiently.

S U M M A R Y

A framework for explaining overal UAC's contributions to the nation's economic development have several problems. These problems viz economic, social, political/legal, managerial and technological are noted in the chapter not as criticisms of the company but as a recognition of the vices and virtures of the company's objectives vis-avis the Nigerian economic development.

They touched the phenomenon at different points and provided partial explanations of it from different perspectives. The chapter also made some suggestions whereby these problems can be solved and the company's interest harmonized with the nation's over-riding economic concerns. The next chapter analysis data and responses from questionnaires.

CHAPTER SIX

QUESTIONNAIRE RESPONSES

A) SAMPLE BACKGROUND INFORMATION

RESPONDENTS	Question No. (QN. 3) Age	(QN. 2) Sex	9QN. 5 Education	(QN. 6) Years of Service
1. Headquarter (HQ) Executive 'x'	41 - 50	MALE	University Graduate	About 20
2. HQ. Executive 'y'	31 - 40	"	"	11 - 15
3. HQ. Executive 'z'	31 - 40	"	"	6 - 10
4. Branch Sales Manager (BSM) (a) (a)	31 - 40	"	Technical	6 - 10
5. B.S.M. (b)	41 - 50	"	College	11 - 15
6. B.S.M., (c)	41 - 50	"	College	About 12
7. B.S.M., (d)	41 - 50	"	Technical	11 - 15
8. B.S.M., (e)	41 - 50	"	Technical	Over 20 yeers

Source: Survey Data

(B) HISTORICAL DEVELOPMENT

QUESTIONS	(QN. i) UAC In Nigeria	(QN. ii) Single Or Partnership	(QN. iv) Objectives of UAC	(QN. v) Expansion Programmes
RESPONDENTS	RESPONSES	RESPONSES	RESPONSES	RESPONSES
1. H.Q. EXECUTIVE 'X'	Over 100 years ago	Single but takes the business of old Royal Niger Company	i. To trade and market profit ii. Make essential goods available iii. Control a fair share of the market.	i) Nigerian Breweries 1949 ii) AT & P "We have also investedin a number of industri projects e.g. A.J. Seward
2. H.Q. EXECUTIVE 'Y'	'No idea'	Single	i) To trade and make profit	No idea
3. H.Q. EXECUTIVE 'Z'	'Many years ago"	Single	i) To trade and make profit ii) To industrialise the country	No idea
4. BSU (A)	Above 50 years	Single	To make profit	No idea
5. BSU (B)	Above 50 years	Single	i) To make profit ii) To serve the people	No idea
6. BSU (C)	Over 50 years	Single	i) To make profit ii) To serve the people	i) AT & P, Sapele, Constructed ii) Ghottschalk buil ing Materials iii) Acquire busines of Royal Niger

QUESTIONS	(QN. i) UAC In Nigeria	(QN. ii) Single or Partnership	(QN. iv) Objectives of UAC	(QN. v) Expansion Programmes
.RESPONDENTS	RESPONSES	RESPONSES	RESPONSES	RESPONSES
1. BSM (D)	Over 50 years	Single	i) To make profit	i) Establish first Assembly Plant - Bedford In Nigeria
2. BSM (E)	Over 50 years	Single	i) HQ. will give you this information.	i) First Assembly Plant in Nigeria Established.

Source: Survey Data.

(c) STAFFING AND MANAGEMENT POLICIES

QUESTIONS	(QN. i) Recruitment	(QN. ii) Staff Strength	(QN. iii) Factors Responsible for increase or decrease	(QN. iv & v) Nigerian Employee	(QN. vii) Training Schools	Annual Number of Trainees
RESPONDENTS	R E S P ONN S E S		R E S P O N S E S		R E S P O N S E S	
1. HQ. EXECUTIVE 'X'	Mixture of all	About 13,000	"Austerity measure affected us a lot and we cut down the staff strength"	About 90% of total employee are Nigerians and in management cadre as well	A) At Corporate level: i) Seminar Centre Lagos ii) Account Training School, Ibadan B) At Divisional Level: i) T&E, Kano ii) FMI, Lagos iii) AT&P, Sapele and Overseas Training	"I will gi you a hand out on Training a Developmen in UAC."
1. HQ. EXECUTIVE 'Y'	"GO	AND SEE MY	S ASSISTANT, I	HAVE NO TIME"		
3. HQ. EXECUTIVE 'Z'	Mixture of all	"The Officer incharge will give the figures	"Nigerian Economic gloom affected the Company very badly".	About 90% total employees are Nigerian and in management too.	(Same as PRO)	"The Offic Incharge w give you t figures".

...../5.....

QUESTIONS	(QN. i) Recruitment	(QN. ii) Staff Strength	(QN. iii) Factors Responsible for increase or decrease	(QN. iv & v) Nigerian Empployee	(QN. vii) Training School	(QN. ii) Annual Number of Trainee
4. B.S.M. (A)	"Go to Lagos	"Lagos knows better".	"I don't know".	They say over 90% of total employees	(Same as PRO)	"Go to the HQ.
5. B.S.M. (B)	"ALL THE	INFORMATION HERE	CAN ONLY BE	GOT AT	THE HEADQUARTERS	
RESPONDENTS	R E S P O N S E S		R E S P O N S E S		R E S P O N S E S	
6. B.S.M. (C)	"We will	send this area to the Headquarters				
7. B.S.M. (D)	"I don't think I am competent to answer these questions, I think the Headquarters will know better".					
8. B.S.M. (E)	"These are very sensitive questions, we will refer them to Lagos".					

Source: Survey Data

..../6....

(D) FINANCIAL POLICIES AND INVESTMENT ANALYSIS

QUESTIONS	(QN. i) Profit for last 5 years	(QN. ii) % of profit used for Development	(QN. iii) Development Programmes	(QN. iii) Problems facing investment
RESPONDENTS	RESPONSES		RESPONSES	
1. HQ. EXECUTIVE 'X'	"Check our fi financial statement: Annual Reports".	"THis is confidential to us but I can assure you, it is substantial".	"Our annual Reports are more detailed".	i) Finance ii) Poor Economic situati iii) Problems of raw materials.
2. HQ. EXECUTIVE 'Y'	"MEET MY ASSISTANT, I DON'T HAVE TIME".			
3. HQ EXECUTIVE 'Z'	"THE CORPORATE BUDGET ADVISER CAN HELP YOU BETTER HERE".			
4. B.S.M. (A)	"THIS IS THE BUSINESS OF THE HEADQUARTERS, NOT THE BRANCHES".			
5. B.S.M. (B)	"WE DO NOT HAVE SUCH IMFORMATION AT THE BRANCHES."			
6. B.S.M. (C)	"THESE QUESTIONS ARE MEANT FOR THE HEADQUARTERS".			
7. B.S M. (D)	"PLEASE TAKE THESE QUESTIONS TO LAGOS".			
8. B.S.M. (E)	"THE HEADQUARTERS DEALS WITH THESE ISSUES			

SOURCE: Survey Data.

(E) PROCUREMENT POLICIES:

QUESTIONS	(QN. i) Procurement of Raw Materials	(QN. ii) Alternatives to Importation	(QN. iii) Retail Trade
RESPONDENTS	RESPONSES	RESPONSES	
1. HQ. EXECUTIVE 'X'	('Both' "We are are also increasing the local content in both manufactured and assembled goods".	"The local sources are not as good as the imported ones, though we use local sources we still import substantially	Yes, e.g. Kingsway Stores
2. HQ. EXECUTIVE 'Y'	"MEET MY ASSISTANT PLEASE"		
3. HQ. EXECUTIVE 'Z'	Both	"We try to use local sources where possible	Yes
4. B.S.M. (a)	"We only sell what is sent to us, we don't know about this".		
5. B.S.M. (b)	"Our business is to sell".		
6. B.S.M. (c)	"We sell wholsaale only, nothing more".		
7. B.S.M. (d)	Through importation	"Except the tyres and few other made in Nigeria parts used".	Yes
8. B.S.M. (e)	No idea	No idea	No idea

Source: Survey Data

(F) MARKETING POLICIES

QUESTIONS / RESPONDENTS	(QN. i) Products & Services of UAC	(QN. ii) Quality of Products/ Services	(QN. iii) Customer Satisfaction	(QN. iv) Reaching Customers
	RESPONSES	RESPONSES	RESPONSES	RESPONSES
1. HQ. Executive 'x'	"I will give you a paper I presented sometimes ago which will tell all the storess here".			
2. HQ. Executive 'y'	"MEET MY ASSISTANT PLEASE".			
3. HQ. Executive 'z'	"The various divisions will know better but I can assure you, our products and services are outstanding".			
4. B.S.M. (a)	Building materials	Outstanding	All the above	All the above
5. B.S.M. (b)	Cosmetics and perfumery	Outstanding	All the above	All the above
6. B.S.M. (c)	Consumer Durables	Very good	Through Discount	All the above
7. B.S.M. (d)	Bedford Lorries & Parts and Isuzu	Very good	i) Through Discount ii) After Sales Services	All the above
8. B.S.M. (e)	Electronic products and parts bearing the brand name 'National' and 'Techniques'.	Very good	i) Through Discount ii) After Sales Services	All the above

Source: Survey Data

(G) PRODUCTION POLICIES

QUESTIONS	(QN. ii) Manufacturing Plants	(QN. iii) Assembly Plants	(QN. iv) Component Parts	(QN. v) Inspection of Parts	(QN. vi) Emphasis on Quality	(QN. vii) Maintenance Crew
RESPONDENTS	RESPONSES		RESPONSES		RESPONSES	
1. HQ. EXECUTIVE 'X'	1) A.J. Seward 2) Bordpark 3) Foods 4) A.T. & P 5) Pan-Electric	1) Federated Motors Industries	All the above	Yes	Very much	Yes
2. HQ. EXECUTIVE 'Y'	MEET MY ASSISTANT PLEASE".					
3. HQ. EXECUTIVE 'Z'	"SAME AS EXECUTIVE 'X'"					
4. BSM (A)	"WE NEITHER MANUFACTURE NOR ASSEMBLE, WE ONLY TRADE"					
5. BSM (B)	"THOUGH WE MANUFACTURE, I DON'T KNOW HOW THEY ARE PRODUCED".					
6. BSM (C)	"WE ARE SPECIALISTS IN TRADING".					
7. BSM (D)	"No Idea"	1) Federated Motors Industries	All the above	Yes	Very much	Yes
8. BSM (E)	"I think 3 or 4".	"May be 1 or 2	All the above	Yes	Very much	Yes

Source: Survey Data

Analysis of Responses and General Findings

A) Sample Background Information:

The samples are selected with a view to covering all the business activities of UAC: Technical, trading manufacturing and services. The up-country branches were suggesting after an informal consultation with some of the executive at Lagos. All the respondents are male. The ages of about 63% (5 out of 8) of the respondents ranges between 41 and 50 and others (above 37%) ranges between 31 and 50 years.

Among the respondents, it is only the headquarter executives that have university education while other Branch Sales Managers (BSM) have either technical background or teachers' college certificates plus some correspondent courses.

Only 25% of the respondents put between 6 - 10 years in service; 25% have served for over 20 years and the rest 50% have put between 11 and 20 years in service.

B) Historical Background of UAC:

Majority of the respondents (63% - 5 out of 8) said that UAC came to Nigeria over 50 years ago. Only one said that it was over 100 years and others have no idea.

There was a concession on profit making as one of the objectives of the company except that the headquarter executives and two (BSMs) added more objectives. With the exception of the headquarter executives the up-country branches have no idea of the company's expansion programme, those that have idea (BSMs c, d and e) do so for their long service years in the company. This shows poor communication organization ladder.

C) Staffing and Management Policies:

The responses showed that the staffing and management policies of the company are mainly centralised at the Headquarter. Over 60% of the respondents referred the questions to the headquarters. Some were too busy and they made reference to other executives. Very few promised to give a write-up that 'answers' the questions while somebody considered the questions as being sensitive.

D) Financial Policies and Investment Analysis:

The responses showed that the finance and investment of the company are done at the corporate level. For example, the BSM, (a) responded by saying: "This is the business of the headquarters not the branches" while BSM (c) said "These questions are meant for the headquarters."

At the headquarters, some of the executives were too busy to respond and some made reference to either the annual report or other executives at the headquarters.

D) Procurement Policies:

Other than the headquarter and the BSM, (d) other up-country BSMs do not know about the company's procurement policies. For example, BSM (b) responded, "Our business is to sell" while BSM (a) said "We only sell what is sent to us, we do not know about this". Some were busy and referred to other executives. The few responses showed that the company uses both local and imported raw materials and that imported raw materials are mostly used.

F) Marketing Policies:

This was considered to be the nerve centre of the business and there were more than 87% responses (7 out of 8). Only one person was too busy and he referred it to his assistant while another person simply supplied a paper he presented sometimes ago that tells the story 'better'.

Responses revealed that customers are reached through various promotional tools like advertising and personal selling. 25% of the respondents said the customers rated their products as 'outstanding' and over 37% described the customers perception as 'very good'. The paper an executive once presented revealed that UAC undertakes an aggressive marketing policy backed by high quality after sales service. The paper also showed that the company has twenty-two divisions in its conglomerate undertaking four major activities viz; trading, technical, manufacturing and service (see chapter three).

G) Production Policies:

25% of the respondents don't know the production of the company perhaps due to their unwillingness to know or because their divisions only trade. For example, BSM, (b) said "Though we manufacture, I don't know how they are produced". BSM, (c), said; ...."We are specialists in trading".

The few responses revealed that the company has five manufacturing plants, one assembly plant and that both CKD and SKD component parts are used in production at the assembly plant.

There was a 100% emphasis (very much) on quality and maintenance crew to back up production.

General Findings:

Among the respondents, the headquarters executives gave more useful information for the research than the Branch Sales Manager in the up-country branches many of who had risen through the ranks.

On the historical background of the company, findings revealed that UAC came into being during the colonial era and took the business of the old Royal Niger Company. Nigerian Breweries Limited was the first industrial expansion of the company other than processing. In recent years, new ventures are rarely undertaken except consolidation of old ones.

On staffing and management policies, the responses at the headquarters revealed that the company has about 13,000 employees out of which about 1,300 are Nigerians. Training is done at the corporate and divisional levels and the number of trainees vary each year. However, a review of literature shows that Nigerian managers in MNC like UAC are a little more than glorified clerks put up for "window dressing" (see chapters four and five). This shows that any contribution made by MNC on managerial development is only incidental.

As for the company's finance and investment, huge profits have though been made out little has been invested. At best the company has succeeded in safeguarding its source of profits. UAC trades more than manufacturing and only retail in few of its subsidiaries like kingsway stores.

Most of the divisions are in wholesale business. This policy might give room to some shylock middlemen to exploit consumers which perhaps explain why some of the company's products are costly in the markets.

Some of the responding executives revealed that among what the company passes for manufacturing are not more than assembly of parts, for example, Pan-Electric Division, Parts used in the assembly plants are both CKD and SKD shipped mainly ex-Japan or ex-Britain. These constitute a drain on the country's foreign reserve however small and does not help to develop the economy.

SUMMARY

In all, the responses were not good enough for the reasons mentioned in the analysis. Another possible reason might be the nature of the questions which some BSMs felt were implicating. The research was undertaken when the company was retrenching workers and the security of the jobs of the employees gave them more concern than answering a questionnaire for research.

However, HQ. Executive 'x' & 'z' were particularly useful in giving out information but the information were not representative enough as to provide basis for a sweeping generalization.

CHAPTER SEVEN

CONCLUSION AND RECOMMENDATION

The analysis of the previous chapters indicate that a MNC like UAC has a very important part to play in the economic development of Nigeria. Company services are inextricably linked with the pace of the national industrial and technological advancement particularly the reconstruction work that faced the country after the end of the last civil war (1967-1970). The Nigerian economic situation has not shown any remarkable strides towards the breaking of the inertia to economic development.[1] All the sectors of the economy have suffered or regenerated in efficiency. The Nigerian economy is highly dualistic: low productivity in the industrial sector and a declining agricultural sector which because of primitive subsistance nature of cultivation is facing constant diminishing returns in production, (see chapter 4). With increase in population, the question is, given the present Nigerian circumstances of her low economic achievement, how can the country cope? The attach should be mostly on the economic front because population gwoth curtailment will encounter serious religious and social obstacles and control device are not yet widely accepted.

Despite the oil boom, there has been massive borrowing from international organisation, public debts are piled up for succeeding generations and Balance of Payment position is not sound.[2] There seems to be an endless litany of

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1. Mobolade G.O. (1972) "External Borrowing and Public Policy" Unpublished paper presented at Dept. of Economics, University of Lagos, September 2nd, 1977, P. 4.
2. Ibid, P. 8.

economy woes. MNC like UAC can be moved off dead centre and propelled into a sustained economic growth.

The true explanation of the upsurge of MNCs (UAC inclusive) is the saturation of market at home and the emergence of a genuine world market, that is, a market which is not limited of defined by national, cultural or even ideological boundaries means of production notably labout.[3]

This makes "MNCs siphon out economic surplus rather than contribute immensely to economic growth and development and engage in some unfair trade practises which would have invited serious court punishment in their home based countries but because of the ineptness and complacency of the Nigerian government such actions go unpunished".[4]

UAC pays high rates of taxes (see table 3.41) and other government levies thereby contribute to the revenue required for the provision of social amenities and infrastructure for social and economic development. Also, through local production of some products for domestic consumption, UAC safes foreign exchange which would otherwise have been lost through import substitution. These on the surface are incontrovertible. It needs be emphasized that the tax is levied on profits the burden of which is mainly borne by consumers that are largely Nigerians.

The company also hire nationals to reduce unemployment problem but most often the attitude of the expatriate

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3. Nwankwo A. A. (1981) Can Nigeria Survive? Fourth Publishers, Enugu, Nigeria. P. 17.

4. Ibid, P. 103.

employees to their Nigerian understudy is that of hostility and lack of trust.[5] Since the expatriate managers are not at home they are well remunerated in terms of fringe benefits, powers, recognition and influence which makes them fear that their position may be treatened if the Nigerian understudy catches fast.[6]

Furthermore, the training courses abroad lasts for a relatively short period (see chapter 5.5). It takes time to get adapted to foreign technology and when the trainee is catching up, the course is all over.

Apart from all these, Nigerian government which is supposed to draw up policies and guidelines by which MNC can contribute more to the economic development of the country keep on changing. New governments come in to change guidelines and policies towards their political stability and fame.

Also, the indigenization decree seems to have underscored the need for transfer of technology in the form of technical, managerial and entrepreneural capability. While government owned ventures resort to recruitment of foreign experts, private enterprises have had difficulties securing government approval to do same. The Chairman of Unilever once lamented that "the reluctance of many countries to grant work permits to expatriates under expatriate quotas scheme makes it more difficult to appoint experienced expatriates required for transfer of technology".[7]

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1. Nsikak Essien, "Can UAC define Nigeria's industrialisation?". Published in Business Concord, May 25th, 1984 P. 5.
2. Ibid, P. 5.
7. UAC house magazine "Unilever" 1982, Vol. 1, P. 8.

Another obstacles to transferability of technology is inconsistency between the physical planning of the Nigerian economy which include building of factories, setting up of manufacturing or assembly firms or any other business that allows for physical construction and careful plans layout and the economy's manpower planning.[8] Physical planning has not been aligned adequately to manpower planning.

The whole situation looks gloomy. The ultimate test of a good government is the welfare of the people and the welfare cannot be provided for as long as the economy is fettered.

RECOMMENDATIONS

Nigeria has identified a set of objectives (see chapter 4) which constitute a broad guidelines for actions and programmes of all facets of the society. Companies like UAC has a major role in the interpretation and implementation of these objectives especially in terms of development growth, price stability and social equity. The Federal Government has encouraged indigenous and foreign investors to do honest business through a series of incentives. In doing so, the government hopes that companies will be encouraged to expand activities and create more opportunties for employment and offer quality goods and services. As part of its contribution therefore, UAC should assist the government to wage war against inflation and other social and economic vices. In doing

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8. Oomen Philip, "Proper Management of the transfer of 'Appropriate' technology", Unpublished paper, Dept. of Business Admin., A.B.U. Zaria, P. 6.

There is need for UAC to be more concious of the quality and safe inputs in its products and services. This calls for greater emphasis on manpower development at all levels because the quality of a company's products and services is directly affected by the quality of its employees, equipments and raw materials. The company should display a greater responsibility in planning, managing and coordinating and ensure that the employee-management relations cover satisfactory policies and procedures in respect of benefits and management development.

To effect a more realistic training programmes, course contents should be analysed. What benefits the employees would acquire from such a course to be specified and also ascertain the validity of such trainings as predictors of performance.

UAC should strive more to be a "good citizen" in all its ramifications. This can be done by treating social responsibility as an inseparable and integral part of the company's existence. It should be appreciated that this is nothing short of moral obligation which any company worth its name should be prepared to discharge sponaneously and ungrudgingly in the interest of the country at large. In doing so, UAC will really assist in raising living standard.

The company could also de-emphasis its trading activities and go massively into areas of industrial production to make a more meaningful impact on the economy of Nigeria. Much cannot be done when majority of the company's raw materials, spare parts and even finished goods are imported. The company can start by increasing

the local contents of the manufactured goods.

Nigeria seems to be doing too much things at a time and in the process end up loosing the sense of direction and coordination on issue that need immediate action. Government should pursue a programme of harmonization of policies with respect to foreign private investment and aling physical planning and manpower adequately. The development of a deliberate policy on pooling together of the limited economic power and expertise in management through such agencies like Institute of Chatered Accountants of Nigeria (ICAN), Council for Registered Engineers in Nigeria (COREN) and others may be efforts in rifht direction. National priorities once established should be followed and there should be a consistency in implementation.

A potent conclusion that can be drawn is that the proclaimed contributions of UAC to the development of the economy of Nigeria are largely illusory. The corporation supply technology but hardly transfer it, it brings in investment funds to generate huge profits, it pay taxes and undertake social responsibilities as almost a mere transfer of income from the Nigerian consumers to the consumers. Nigeria's experience with MNCs can be likened to Robin Hood's experience at adult which steals from the poor to give to the rich and as the rich becomes richer, the poor sink deeper into poverty.[9] It should be

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9. Wilmot P. F. (1983), "Multinational Corporations in Nigeria", Unpublished paper presented at National Conference on Business Ethics and Social Responsibilities in Nigeria. A.B.U. Zaria - April 27-30th, 1983, P. 11.

realised that companies like UAC is the hub of the economic wheel of Nigeria's development. Therefore, efforts and resources (both human and material) expended by both the economy and the Nigeria government in enhancing the nation's economic development are resources well utilized.

Two areas seem to provide ample questions to be answered for further research. The first is to look at the possibility of expanding the study by incorporating more MNCs and analyse their contributions to the nation's economic development. One possibility is to group the MNCs into some cells like service MNCs for example, Banks, the Multinational Oil companies, manufacturing MNC and so on, and run the study with a view to assessing their costs and benefits to the nation.

The second area concern the role that United Nations and its institutions can play in regulating, moderating or intervening to smoothen up the relations between MNCs and the host countries, most especially in a country like Nigeria where the expertise or manpower to handle complex negotiations between MNCs and the country are lacking The United Nations can also provide an expert approach on broad across--boundary regulations for the conduct of MNC, thereby providing some safeguards both to the developing country as well as MNC.

However, such international schemes have to take into account the views of all the four parties MNC, the home country, the host country and the international community.

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APPENDIX A

AHMADU BELLO UNIVERSITY
DEPARTMENT OF BUSINESS ADMINISTRATION

Tel. ZARIA 32091 Ext. 70, 3153
Telegrams: INSTITUTE ZARIA

INSTITUTE OF ADMINISTRATION
P.M.B. 1013,
ZARIA, NIGERIA.

A.G. HEAD OF DEPT.: Dr. J.G. DONLI
B.Sc., M.Sc., Ph.D.

Your Ref:

Our Ref:

o/c Incharge,

U.A.C. (Nig.) Ltd.,

Niger House,

Lagos.

Dear Sir,

Subject: Your Assistan
Project Work

The bearer of this letter ADEDEJI S. O. is a final year M.B.A. student of this department, Ahmadu Bello University, Zaria. As part of the fulfilment of the degree, he is required to undertake a research work in one of the management areas. He desires to study some aspects of your organisation for this purpose and he/xhe will explain more to you in person.

We request you to kindly offer him/xxx your maximum co-operation.

We would like to assure that the information given to the student will be kept confidential.

Thank you.

Yours truly,

(signed)
V. JANAKIRAMAN
Co-ordinator, M.B.A. Programme

APPENDIX B

M.B.A. PROJECT 1984

Dept. of Business Admin.,
Ahmadu Bello University,
Kongo Campus,
Zaria.

Date .....

QUESTIONNAIRE

Dear Sir/Madam,

I am undertaking a research topic "Multinational Corporations and the Nigerian Economic development". Your company has been chosen as a case study in view of its long standing history in this country. I shall appreciate your efforts in completing this questionnaire. I promise that the information supplied will be confidentially treated and the conclusion of the study will be given to your company.

Yours sincerely,

(signed)
Samuel O. Adedeji

APPENDIX C

A) Sample Background Information

1. Name .....

2. Sex Male ☐
   Female ☐

3. Age Below 20 ☐
   21 - 30 ☐
   31 - 40 ☐
   41 - 50 ☐
   51 & above ☐

4. Marital Status Single ☐
   Married ☐

5. Education level Primary ☐
   Secondary ☐
   University ☐
   Technical ☐
   Others (please specify) ☐

6. Years in Service: 1 - 5 years ☐
   6 - 10 years ☐
   11 - 15 years ☐
   16 and above (please specify) ☐

B) Historical Development of UAC

i) When did UAC come to Nigeria?

   a) 1 1 - 20 years ☐
   b) 21 - 30 years ☐
   c) 31 - 40 years ☐
   d) 41 - 50 years ☐
   e) 51 and above (please specify) ☐

ii) Did it come as a single company or in partnership with another company?

a) As a single company ☐

b) In partnership ☐

iii) If in partnership, with what company and what proportion?

_____

_____

iv) What was the UAC's objectives of coming to Nigeria?

a) To trade and make profit ☐

b) To help Nigerian Industries ☐

c) Saturation of home market ☐

d) Search for cheap labour ☐

e) Others (please specify) ☐

v) What were the company's early expansion programme?

_____

_____

:) Staffing and Management Policies

i) What method do the company follow in recruiting?

a) Solicitation ☐

b) Employment agencies ☐

c) Contacting college students ☐

d) Mixture of all ☐

e) Others (please specify) ☐

ii) What has been the annual staff strength in the last 5 years?

a) 500 - 1,000 ☐

b) 1,001 - 1,500 ☐

c) 1,5001 - 2,000 ☐

d) Over 2,000 (please specify) ☐

iii) What factors have been responsible for either the increase or decrease in the last 5 years?

_____

_____

iv) How many Nigerian employees are in the company?

a) Up to $\frac{1}{4}$ of the entire staff ☐

b) Up to $\frac{1}{2}$ of the entire staff ☐

c) Up to $\frac{3}{4}$ of the entire staff ☐

d) Above 75% of the entire staff (please specify ☐

v) How many Nigerians are in managerial position?

a) About 40% of the management staff ☐

b) About 50% of the management staff ☐

c) About 60% of the management staff ☐

d) About 70% of the management staff ☐

e) Above 70% of the management staff (please specify) ☐

vi) Does the company have a standard test to measure intellect, interest, etc.?

a) Yes ☐

b) No ☐

vii) How many training schools has the company in Nigeria and overseas?

a) 1 - 2 ☐

b) 3 - 6 ☐

c) 7 - 10 ☐

d) above 10 (please specify) ☐

viii) How many are trained annually?

a) 0 - 20 ☐

b) 21 - 40 ☐

c) 41 - 60 ☐

d) 61 - 80 ☐

e) Above 80 (please specify) ☐

D) Financial Policies and Investment Analysis

i) How much profit has the company made in the past 5 years?

a) About ₦100 million ☐

b) About ₦300 million ☐

c) About ₦600 million ☐

d) About ₦800 million ☐

e) Above ₦800 (please specify) ☐

ii) What portion of these profits have been used for social welfare or projects?

a) About 5% ☐

b) About 10% ☐

c) About 15% ☐

d) Above 15% (please specify) ☐

iii) What are the major development programmes of National interest financed by UAC in the last 5 years?

_____

_____

_____

iv) What are the major constraints militating against the company's investment programmes?

_____

_____

E) Procurement Policies

i) How does the company gets its raw materials (please specify)?

a) Local sources ☐

b) Through Importation ☐

c) Both ☐

ii) Does the company retail finished products?

a) ☐

b) ☐

G) Production Policies

i) Are the company's products

a) Manufactured ☐ (b) Assembled ☐

b) Both (A & B) ☐ (c) None ☐

ii) How many manufacturing plant has the company (if any)?

a) 1 ☐

b) 2 ☐

c) 3 ☐

d) 4 ☐

e) 5 and above (please specify) ☐

iii) How many Assembly Plant has the company (if any)?

a) 1 ☐

b) 2 ☐

c) 3 ☐

d) 4 ☐

e) 5 and above (please specify) ☐

iv) What sort of component parts are used (if any)?

a) Completely knockdown ☐

b) Semi knockdown (SKD) ☐

c) All the above ☐

d) None of the above ☐

e) Others (please specify) ☐

v) Are the component parts inspected as they are manufactered or assembled (if these are done)?

a) Yes ☐

b) No ☐

vi) How much emphasis do you place on the quality of your products?

a) Very much ☐

b) Moderate ☐

c) Not very much ☐

d) Non at all ☐

vii) Do you have a maintenance crew?

a) Yes ☐

b) No ☐

viii) If the company imports its raw materials, what efforts are made to procure from local alternative (if any)?

F) Marketing Policies

i) What are the various products and/or services the company markets?

ii) What is the company's estimates of the customers' perception of its products and services?

a) Outstanding ☐

b) Very good ☐

c) Godd ☐

d) Fair ☐

e) Poor ☐

iii) How does the company ensure customer satisfactiton?

a) Through Hire Purchase ☐

b) Through Discount ☐

c) Through After Sales Services ☐

d) Others (please specify) ☐

iiv) How are customers reached?

a) Through advertisement ☐

b) Through Salesmen ☐

c) Through Personal Selling ☐

d) All the above ☐

e) Others (please specify) ☐