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РОЛЬ ТРАНСНАЦИОНАЛЬНЫХ КОРПОРАЦИЙ В ЭКОНОМИКЕ НИГЕРИИ

Аннотация

Ускорение экономического развития усиливается количеством имеющейся инфраструктуры, которая способствует деятельности, расширяющей экономику любой страны. Точно так же в современном мире ни одна нация не может развиваться как замкнутая система, не допускающая притока ресурсов извне. Именно поэтому вклад прямых иностранных инвестиций в ускорение развития, особенно в развивающихся странах, вряд ли можно переоценить. В 2018 г. Нигерия предприняла огромные усилия для привлечения большего числа иностранных инвесторов, также недавно заняв пятое место среди крупнейших получателей ПИИ в Африке. Однако автор подчеркивает, что в XXI веке ПИИ играют большую роль для любого успешного экономического роста в странах третьего мира, и это происходит, потому что сама суть экономического развития заключается в быстрой и одновременно эффективной передаче и внедрении передовой практики через границы. Поэтому очевидно, что экономика Нигерии в наибольшей степени зависит от ТНК.

В статье основное внимание уделяется понятию и роли транснациональных корпораций в нигерийской экономике; автор рассмотрел многие теории ТНК и то, как эти теории соотносятся с развитием нигерийской экономики. Однако для того чтобы поддержать и увеличить приток ПИИ, автор считает необходимым, чтобы нынешние планы Нигерии, особенно в области здравоохранения, человеческого капитала и инфраструктуры и т. д., были в хорошем состоянии.

Ключевые слова

Транснациональные корпорации, прямые иностранные инвестиции, экономические показатели, глобализация, нигерийская экономика, международные потоки капитала, глобальное соперничество.

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ROLE OF TRANSNATIONAL CORPORATIONS IN ECONOMY OF NIGERIA

Annotation

Acceleration of economic development is enhanced by the quantum of infrastructure available, which promote activities that enlarge the economy of any nation. Equally, in today's world no nation can develop as a closed system that is not allowing the inflow of resources from outside. This is why the contribution of foreign direct investment in accelerating development especially in a developing country can hardly be over-stressed. In 2018 Nigeria made a tremendous efforts in order to attract more foreign investors, also of recent ranked the fifth largest recipients of FDI in Africa. However, the author emphasizes that in the 21st century FDI plays a big role for any successful economic growth in a world-third economies and this is because the very essence of economic development is the rapid and also efficient transfer and adoption of best practice across borders. Therefore, it is obvious that Nigeria's economy makes the most of TNCs.

This article focuses on the concept and role of transnational corporations in the Nigerian economy, the author examined many theories of TNCs and how these theories relate to the development of the Nigerian economy. In order to sustain and boost the FDI inflows, the author however recommends that the current Nigeria's plans especially in the health, human capital and infrastructure etc. be highly maintained.

Keywords

Transnational corporations, Foreign Direct Investment, Economic Performance, Globalization, Nigerian Economy, International Capital Flows, Global Rivalry.

Introduction

Nigeria as Africa's largest economy has put in so many efforts in order to attract foreign investors, as of today Nigeria is still among the top five largest recipients of FDI in Africa. In order to elaborate foreign direct investment policy Nigeria still seeks to diversify its revenue base with the active participation of transnational corporations (TNCs) in order to reduce to overdependence on oil. According to (Ajayi, 2006), Foreign direct investment contributes to growth in a substantial manner because it is more stable than other forms of capital flows. Tang, Selvanathan and Selvanathan (2008), state that transnational corporations (TNCs) diffuse technology and management know-how to domestic firms. Accomplishment of government policies of stimulating the productive base of economy depends mainly on her ability to attract satisfactory level of foreign investment [1]. For a consuming economy like to reshape into a supply economy require the heavy duty presence quality production capacity which can mostly be engineered by FDI. Investment environment is a key factor for foreign investment and infrastructural availability is another major booster that multiplies the threshold of Foreign Direct Investment in developing economy like Nigeria.

Continuity in government policy agreement and execution is another major factor that will trigger investment. However, various government administrations have solicit for foreign investment in Nigeria by entering into all necessary manners of agreement, but the question is what are

infrastructural level of Nigerian government to attract foreign investment and how has such expenditure boosted economic growth for foreign investment to thrive. Caves (1996) considers that efforts made by various countries in attracting foreign direct investments are due to the potential positive effects that this would have on economy. FDI would increase productivity, technology transfer, managerial skills, know-how, international production networks, reducing unemployment, and access to external markets.

Materials and methods

Nigeria has played host to transnational corporations (TNCs) long before independence till date. Number and activities of these transnational corporations (TNCs) have grown over time as Nigeria struggles to develop socio-economically as a nation. After fifty years of nationhood, the economic growth trajectory of Nigeria is at best cheered in spite of the growing presence of these transnational corporations (TNCs) in its core sectors of oil, banking and manufacturing sectors (Awolusi, 2012; Onudogo, 2012). The study of Otokiti (2012) revealed that challenges faced by transnational corporations (TNCs) during entry into Nigerian market include government regulations and policies, geographical location, language barrier, shortage of skilled labour and low level of technological development. From a technology transfer perspective, weak levels of intellectual property protection in developing countries prevents both downstream and up-stream technology transfer activities; fear of unauthorized use of pro-

prietary knowledge prevents foreign companies from entering into technology transfer activities with local entities (downstream technology transfer); on the other hand it also deprives local innovators of opportunity to license their inventions to foreign entities (up-stream technology transfer) (Awolusi, 2012; Awolusi, 2012b; Diamant, Davison and Pugatch, 2007) [2].

According to Oyejide (2005) concluded that capital flows have their advantages and disadvantages. This however totally depends on the initial conditions of the developing economy concerned. It indeed can stimulate growth of the real sectors when the initial conditions are right. It could retard growth however, due to macroeconomic shocks that could undermine the stability of real sector and impose higher adjustment cost on the economy. Otepola (2002) examines the importance of foreign direct investment in Nigeria. He concluded that FDI contributes significantly to growth especially through exports. The Nigerian governments have taken measures to attract foreign investors into the country in order to augment domestic resources to finance planned growth. The measures which indeed include the repeal of laws that are inimical to foreign investment, different oversea trips for image laundry by the government. A related effort was the restructuring and reforming banks in Nigeria with a view to repositioning and stabilizing their operations and in the long-run enhance the level of financial inter mediation in the country (Osugwu and Nwokoma, 2017). Consequently, the amount of FDI inflow into Nigeria has reached about 2.23 billion USD in 2003 and it rose to 5.3 billion USD in 2004 and in 2005 rose to 9.92 billion USD (total of 87 % increase). In 2006 the figure declined to 9.44 billion USD has continued to decline since 2006 up till 2015 (Central Bank of Nigeria-CBN) [3].

However, Nigeria received \$ 5.36 billion capital importation (inflows) in the third quarter (Q3) of 2019, compared to

\$ 5.82 billion in the second quarter (Q2). This is the inflows received in the year due to the bother closure. However, the latest capital importation report shows a worrying trend. For example, the inflows of FDI into the economy dropped further, FDI remains abysmally low. Analysts have stated that the low inflows of FDI is not good for the economy as other forms of capital importation has very low potential to drive the economy as FDI does. According to the latest capital importation report released by the National Bureau of Statistics (NBS), \$ 5,36 billion capital importation received in the third quarter represents a -7,78 % contraction from the total amount (\$ 5,82 billion) received within the second quarter (Q2). Meanwhile, year-on-year, capital inflows rose by 87,99 % [3].

Results

In Africa, and in particular the sub-Saharan Africa, there is a general low level of infrastructure development, and from our introductory background we have conjectured that this scenario might be one of the reasons Africa share of Direct Foreign Investment (FDI) is very low. Consequently, it is averred here that this might be contributing in slowing down the economic development of the African continent as a whole and Nigeria in particular. Nigeria as a nation has found out that the low level of infrastructure development is hindering her development and the ability to occupy her place among the committee of nations, despite being the largest economy in Africa. Nigeria, having about 27 % of Africa's GDP and 76 % of GDP of the West African sub-region, holds a lot of potential to unlock Africa's development. However, Africa's economy is growing and rapidly so. Nigeria occupies a key place in this exponential growth as the biggest economy in the continent. As the most populous country in Africa, the seventh most populous country in the world offers a strategic market for all manner of foreign investments. One of such markets is the real estate industry. In recent years the real estate

industry in Nigeria has been among the world's fastest growing, and Knight Frank's 2015 Africa Report claims that property searches from outside Nigeria have increase from under 30 % to well over 45 % of all searches on Knight Frank website. This suggests a wave of serious interest from foreign investors' portfolio observers in the Nigerian market. As it is expected, there is renewed confidence in the industry from both foreign and local investors, high demand from a young aspiring population, rapid urbanization and increased rural-urban migration. Yet, a pessimistic perspective suggests that the impact of TNCs this development could be negative due to mounting pressure on infrastructure with government struggling to keep up with the demand pressure. It is not difficult to agree with this view given the rising cost of real estate investment in Nigeria as investors bear the burden of not just providing real estate but necessary infrastructure and basic amenities such as roads, street lights, water, security etc.

Arthur Nwankwo (1981) warned and argued that no country can actually provide the welfare of its citizen as long as its economy is shackled. However, many studies showed that transnational corporations are highly adaptive agents and therefore, the degree to which foreign direct investment helps or hurts a developing country will be heavily influenced by the policy choice of the host country. Consequently, this study, by looking at FDI as an alternative financial measure for economic development in Africa, making Nigeria a case study has established further the frontier of knowledge by adding to existing literature proponent. Hence, to increase inflow of FDI and its performance, the following recommendations are postulated: Ugwuegbue et al (2013) shows that the rate of security challenges in the country are alarming. Hence, Nigerian government should tackle and arrest the security challenges in the country most especially in the northern part of the country because if the economy

is distressed, it will affect domestic investment and FDI won't be attracted [4].

For decades, Nigeria has been experiencing disappointing performance in terms of economic development. As a result there is no improvement in terms of reduction of poverty level. In the era of globalization it is believed by many developed nations that market openness is the only way to solve the problem of under development. The essence of globalization is to move the economy towards external liberation, focusing on market-oriented economic system export-led strategy and stabilization of the economy. In Nigeria, it was the era of structural adjustment program in collaboration with the IMF and World Bank. The governments in the developing world believe that it is more desirable to globalize which simply means to open up the economy and penetrate the international markets (Bokhari and Del Duca, 2008).

Discussion

Nigeria needs massive inflows of foreign investment in order to transform her economy, to upgrade dilapidated infrastructure and «plug» on the electronic age of computers and the internet. An absolute pre conditions for success is the design and implementation of policies and measures that would have the policy environment investment more friendly (Iyoha, 2000). United Nations Conference on Trade and Development (UNCTAD, 2019) reported that many countries continued policy efforts aimed at attracting foreign direct investment. In 2017, 65 countries and economies adopted at least 126 investment policy measures, of which 84 % were found favorable to investors. Report also indicated that there is the need to have modern industrial policies to contribute to a sustainable development strategy, policy makers need to enhance their coherence and synergy with national and international investment policies and other policy need such as social and environmental policies and the need for safety in term of security [5].

Investment serves as a major source of economic growth in any country, Nigeria inclusive; whether it is from domestic or foreign sources, its importance is crucial for sustainable economic performance. Economic role of transnational corporations (TNCs) is simply to channel physical and financial capital to countries with capital shortages. As consequence, wealth is created, which yields new jobs directly and through «crowding-in» effects. In addition, new tax revenues arise from transnational corporations' generated income, allowing developing countries to improve their infrastructures and to strengthen their human capital. By improving the efficiency of capital flows, transnational corporations reduce world poverty levels and provide a positive externality that is consistent with United Nations' (UN) mission — countries are encouraged to cooperate and to seek peaceful solutions to external and internal conflicts (Quinlivan, 2005). In all, transnational corporations (TNCs) can spur economic activities in developing countries and provide an opportunity to improve the qualities of life, economic growth, and regional and global commons (Litvin, 2002) [5].

Activities of transnational corporations are supportive to the growth and development of many countries including Nigeria. Transnational corporations are capable of contributing to the growth of real output direct investment in production of tangible goods in economy. Presence of transnational corporations in host countries reduces the host countries' propensity to import and leads to increased competition in the host countries which promote efficient allocation of production resources (Bakare, 2010). Nigeria has witnessed high inflows of foreign direct investment as a result of investment in the Global System of Mobil (GSM) telecommunication. Oil sector of economy has also witnessed an increased level of FDI as evidenced by increasing numbers and operations of oil transnational corporations in country, transnational corporations transfer tech-

nology directly to their foreign owned enterprises and indirectly to domestic owned firms in host countries [6].

Conclusion

Also, transnational corporations keep increasing investment levels and income in Nigeria, promote improvement in their immediate environment, create access to high quality managerial skills, improve the balance of payment of host countries by increasing exports and decreasing imports; help to equalize the costs of factors of production. They stimulate domestic production and enhance efficiency and effectiveness in the production process; stimulate positive responses from local operators. Most well-known Nigerian entrepreneurs started by working for transnational corporations, where they acquired relevant skills and knowledge that gave them the impetus to launch out. Also, Nigerian government have being been able to expand their tax base through the generated income of transnational firms. Tax paid by foreign firms has been used to provide infrastructures and boost up the economy of the nation. Nigeria has benefitted from foreign direct investment than any other country in West Africa because it is major recipient of foreign direct investment in the region.

As some authors mark, «leading multinational corporations are the flagships of global processes of building intellectual capital, because they are the focus of technological priorities, development and implementation of innovations, technologies, business models, and integrated knowledge management systems. Intellectual capital, which is created and operates within the framework of transnational business structures, is of particular importance in context of increasing global competition. Embodied in knowledge, experience (soft skills) and results of creative work of highly qualified personnel, it becomes a key factor determining the effectiveness and competitiveness of TNCs» [8].

Transnational corporations have spurred up economic activities in Nigeria.

They create employment opportunities and improve the standard of living in host countries. Most citizens of Nigeria who were recruited and trained by transnational corporations acquire the knowledge and skills used to work in these firms and to start their own business. Since the gap in technology intensities from TNCs in Nigeria seemed to be widening despite the recent comparative improvement in FDI inflows into the country, there is urgent need to upgrade learning and capabilities of local firms in country, through the formulation of strategic FDI and technology transfer policies to safeguard the possible negative impact of declining FDI inflows from TNCs. However, to further attract foreign investors, Nigeria should strengthen and broaden policies to facilitate cost effectiveness by reducing tariffs on imported inputs, also in order for Nigeria to fully benefit from globalization there is a need for stronger intuitions and sound policies to facilitate international trade as well as improvement in telecommunications, infrastructure (roads, electricity etc.) and security of country as it will bring more Foreign Direct Investment.

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