An Investigation into the Antecedents of International Business Operations in Nigeria

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Abstract*: This study investigated whether known international business theories available in the literature are meaningful enough to explain the role of international companies in Nigeria. The research examines factors that are likely to influence Nigeria's cultural and ethical values. The study found that understanding cultural and ethical values is important for international companies. Questionnaires were distributed across four separate shopping centers to 120 international company's customers. The results indicate that success of international business operating in Nigeria is positively related to their local cultural awareness and responsiveness. Along this line, this study covers some vital elements of culture and ethic.*
Keywords: *culture, ethic, international business operations, multinational companies, values*

I. Introduction

Many international business theories and paradigms have emerged in recent years based on economic and management perspectives. International business operations usually include business operations of any kind by a firm operating between or within two or more independent countries. When companies operate internationally they can inadvertently sacrifice the philosophical concepts of their management along with their other assets. In attempting to explain the existence of international business operations and the impact of the political environment as it relates to the Nigerian market, some researchers emphasize the need for a reform of the imperfections in the structural market, while other researchers emphasize the need for a reform of transactional imperfections.

According to some research theory on internationalization, higher costs have prompted firms and corporations to internationalize their markets across national boundaries, thereby creating international firms. International business activities do not just begin overnight; rather, this type of activity comes from conscious decisions made by business men or stakeholders in various countries whose main goal is to maximize profit from these international business operations. While international business operations are available globally to anyone interested in pursuing them, the desire to maximize the profit of corporations have led to most international business occurring under a meticulous set of conditions based on economic and political factors and pressures (Abegunrin, 2003).

II. Factors Affecting International Business Operations

The research study has been driven by common knowledge concerning the roles and contributions that international firms have made to both of these fields, particularly in Nigeria.
The products and services of international business operations currently affect every society. International business operations have served as vehicles of change in many aspects of global operations such as international production, international trade, economic development, human resources development, and innovation across national boundaries.

According to Gleave and Morgan (2001), the differences between the two measures of GNP and gross domestic product (GDP) arise from the fact that there may be foreign-owned companies engaged in production within the country's borders and there may be companies owned by the country's residents that are engaged in production in some other country but provide income to the residents of the country. For instance, when Nigerians receive more income from their overseas investments than foreigners receive from their investments in Nigeria, the Nigerian GNP will be larger than the Nigerian GDP in that particular year. If Nigerians receive less income from their overseas investments than foreigners receive from their Nigerian investments, on the other hand, the Nigerian GNP will be somewhat smaller than the GDP.

Historically, most countries allowed some foreign participation in their economy; however, many countries have simply refused to allow any foreign firms to operate in any way which would imply either the ownership of assets or the direct management control of operations within their borders. Thus, regardless of how favorable a situation may appear, a primary question of interest to the international firm is whether the government in power will allow their proposed operations (Gleave & Morgan, 2001).

III.   The Research Model

Descriptive analysis employs the use of percentile ranks, means, median, modes, range, and standard deviation to summarize, organize and simplify data. Descriptive analysis uses a conditional inferential analysis to determine parameters and tests hypotheses through the use of sample data (Creighton, 2001). From the selected sample, a seven point Likert scale was employed to gather survey response information. The questionnaire responses from the perspective of Nigeria customers were evaluated. The survey instrument was created with the intention of understanding the importance of cultural issues and the ethical values for international companies in Nigeria.

The research questions and hypotheses are analyzed in the table below:

Table 1. Research Questions and Hypotheses. Cultural and Ethical Issues

Research Question	Hypothesis
What factors are likely to influence Nigeria's cultural and ethical values?	**H0:** There are no factors likely to influence Nigeria's cultural and ethical values. **H1:** There are one or more factors likely to influence Nigeria's cultural and ethical values.

The researcher evaluated combinations of variables consisting of a cross-sectional observation of the consumers in international companies. The choice to include the perspectives of consumers of international business was based on the general overview of how or whether international business operations in Nigeria are favorable or unfavorable.

The survey set of questionnaires was utilized to capture how appropriate international business operations are in the Nigerian environment, from the perspectives of the customers. Mallak, Bringelson, and Lyth (1997); Michel and Ambler (1998); and Waller, Cusick, Matheson, and Miller (1999) previously used similar questionnaires. The survey questionnaires included questions related to demographic data pertinent to the study. The survey design tried to adopt an appropriate model for understanding the nature, existence, impact and role of international companies in Nigeria by tailoring similar questionnaires for the customers of the selected products (the oil and banking industries) by using a seven-point Likert scale ranging from one ("disagree") to seven ("agree").

IV.   Research Method

The research design is made up of survey research and informative analysis. The study used primary data derived from the survey instrument, which involved surveying the sample group and explaining the dynamics of culture without depending on jaded act of a market-driven public (Liebmann, 2002). The survey questionnaire was dispensed in a direct manner to the targeted segment of the population at the shopping malls in Lagos Nigeria. In order to determine the importance of the contribution of international companies to Nigeria's cultural issues that are either obstructed or encouraged in Nigeria, a seven-point Likert rating scale was used to measure the respondents' knowledge of factors that impede international companies in Nigeria from the point of view of the customers or consumers. The questionnaire also sought to ensure that the scope of the responses on factors likely to encourage or obstruct international companies in Nigeria is not restrained. A Likert scale engages a set of response options that convey distinct magnitudes of agreeing or disagreeing, and allows the researcher to show how distinct groups respond to identical question differently (Neely, Berube, & Wilson, 2002).

There are three parts to the study method. The first part is the survey design. This section included the development of the survey, the validity of the survey instrument, and sample type and choice. The second part is the methodology section which outlines the steps of the survey process in administering the survey to the sampled population, and describes the importance of restating the research question. The third and final part directs the efforts and pays attention to the data analysis, limitation, and delimitation of the study.

4.1 Data Analysis

The factors that affect the role of international companies in Nigeria were inferred and analyzed from the survey data to meet the informative views rather than normative, prescriptive, or emotive views. Descriptive research survey methods were used as they are pertinent to the research questions. The analysis provided feedback on all parts of the survey and was interpreted from symmetrical to narratives. The "very low" and "low" scores were accounted for as a low range and similarly, "very high" and "high" scores were accounted for as a high range. The research phenomenon was intended to distinguish and acquire a prevailing understanding of Nigerian customers in the oil and banking industries from which the sample was selected.

The test data reliability is an assessment of the degree of consistency between multiple measurements of a variable. One form of reliability is test-retest reliability, by which consistency is measured between the

responses. A second used measure of reliability is internal consistency, which applies to the consistency among the variables in a summated scale.

4.2 Sources of Invalidity
The two major sources of validity are internal and external validity. According to Campbell and Stanley (1963), as cited in Yiannakis (1997), stated that internal validity is the process of testing fundamental requirements and external validity is the process of identifying the any indefinite or undetermined questions.

Exclusive limits were determined in this study. Comparatively, sample of customers may impact the generalizability of the study to be able to infer conclusions about the roles of international business operations and the impact of the political environment in Nigeria. The factors selected however, including cultural issues and ethical values to Nigeria as a whole were shown as a part of the possible factors impacting international companies in Nigeria.

V. Hypothesis Testing

This study examines the factors of cultural values and ethical values variables believed to have contributed to the prosperity of Nigeria. To meet the objectives outlined in the purpose of the study, twenty four variables were tested in this research study to see which variables applied to cultural values and ethical values. Cultural values variables include distortion, supremacy of human life, law of equity, obligation to traditional heritage, culturally related needs and values, tribal language operations, impact on society of western values, and culture corrupted by western values. Ethical values variables consisted of environmental pollution, foreign exchange outflow, exploitation of local resources, profit repatriation, honest dealing in trading, documentation of contracts, paying workers on time, obligatory payment of debts, discourage of conspicuous consumption, protection of the environment, truthfulness, encouragement of partnership, prohibition of cheating, prohibition of bribery, prohibition of all intoxicants, and social responsibility to the community.

The research used a direct hand delivery survey method to conduct research on the participants' opinions regarding international business operation in Nigeria in order to understand the cultural and ethical values. When reliability analysis was conducted on cultural and ethical values, the Cronbach's Alpha values were 0.261and 0.381 respectively. This means that the internal homogeneity of these variables is below the average level.

5.1 Summary of Findings
The field survey to the questionnaire provided customers' responses regarding the important information of cultural values and ethical values. Cultural factors and ethical factors were identified as indicators of a successful international business which includes the descriptive statistics of all the variables. The responses were between a minimum of 2 and maximum of 7, the mean ranged from 5.62 to 6.10, and the standard deviations were between 1.062 and 1.175. The mean ranges of the variables are 5.62 to 6.10 which mean that all of the variables are strongly important, strongly significant, and strongly agree. The overview of a descriptive analysis of the demographic variables of the data corresponding to the research questions were as follows.
5.2
5.3 Demographics
In terms of religious affiliation, the greater majority of respondents were Muslim (52.2%), followed by Christians (47.8%). In addition, the majority of the respondents had either studied some college or was college graduates, and the most popular age group was the group from 40-49 years old, with 41% of the respondents.

Two hundred and seventeen respondents (36.2%) were between 30-39 years of age. The majority of the respondents makes less than N200,000.00 per year and the largest customer's consumption product is oil. The consumption of both oil and banking services were 61%.

5.3 Hypotheses
Addition to descriptive statistics, univariate statistics were used to explore the data set of each variable and to find out the range of values and the tendency of the values. Univariate analysis was used to the test Hypothesis; the researcher believes it will be adequate for the purpose of this research to either accept or reject the null hypothesis.

Factor Analysis on cultural and ethical variables
H0: There are no factors likely to influence Nigeria's cultural and ethical values.
H1**:** There are one or more factors likely to influence Nigeria's cultural and ethical values.
The factor analysis determines the construct validity of the factor scale. The higher Kaiser Meyer Olkin (KMO) value signifies a greater number of common factors among the variables. Kaiser Meyer Olkin (KMO)

value on cultural and ethical variables is 0.536 significantly greater than 0.5 which means it is appropriate to conduct factor analysis (See Table 2). The values of commonality are between 0.466 – 0.646. Therefore, the assumption is that there are good relationships between the original variables and the common factors. Ten factors were extracted with eigen value (Extraction Sums of Squared Loadings) of 1.485 and 1.190 respectively. The accumulative variance explained is 54.208% (See Table 3). Based on the KMO significant value of cultural and ethical variables at 0.536 it is assumed that researcher cannot reject the H1 hypothesis however, the researcher reject H0 and accept H1.

Table 2. KMO and Bartlett's Test.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.536
Bartlett's Test of Sphericity	Approx. Chi-Square	610.072
	df	276
	Sig.	.000

Table 3. Total Variance Explained.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.698	7.076	7.076	1.698	7.076	7.076	1.485	6.186	6.186
2	1.575	6.562	13.637	1.575	6.562	13.637	1.409	5.872	12.058
3	1.396	5.817	19.454	1.396	5.817	19.454	1.369	5.704	17.761
4	1.347	5.614	25.068	1.347	5.614	25.068	1.335	5.562	23.324
5	1.308	5.451	30.519	1.308	5.451	30.519	1.307	5.445	28.768
6	1.259	5.247	35.767	1.259	5.247	35.767	1.275	5.312	34.080
7	1.194	4.976	40.743	1.194	4.976	40.743	1.232	5.135	39.215
8	1.107	4.614	45.357	1.107	4.614	45.357	1.207	5.029	44.244
9	1.070	4.459	49.815	1.070	4.459	49.815	1.202	5.008	49.252
10	1.054	4.393	54.208	1.054	4.393	54.208	1.190	4.956	54.208
11	.997	4.156	58.364						
12	.954	3.975	62.339						
13	.912	3.800	66.139						
14	.869	3.622	69.761						
15	.856	3.566	73.327						
16	.826	3.442	76.769						
17	.812	3.385	80.154						
18	.758	3.159	83.313						
19	.752	3.132	86.445						
20	.704	2.935	89.380						
21	.678	2.824	92.204						
22	.648	2.700	94.904						
23	.617	2.570	97.474						
24	.606	2.526	100.000						

Extraction Method: Principal Component Analysis.

5.4 Descriptive Statistics

The research findings seem to be consistent in that the views of the participants seem to agree that cultural and ethical values are deemed as qualities that are important to be understood by international companies doing business or hoping to invest in Nigeria. In terms of cultural values, the participants were asked to rate the importance of Nigerian cultural and ethical values being understood by international companies doing

business or hoping to invest in Nigeria, on a 1 to 7, "not important" – "strongly important" bipolar scale, with 7 as the highest score of importance.

Globally, contemporary international business operations have made gigantic contributions to the nation. The contribution of international business operations comes from technology transfer and linkages with domestic businesses, as well as with the inflow of foreign exchange, managerial skills, marketing skills, investment, and capital growth. The respondents believed that international business operations have contributed to the prosperity of Nigeria as a whole in the area of the availability of trained local manpower, conducive business environments, adherence to cultural values, trade relations with other countries, the import of foreign technology, and the presence of international business operations in Nigeria.

Table 4. Reliability.

Reliability - Ethical

Reliability Statistics

Cronbach's Alpha	N of Items
.292	16

Reliability - Cultural

Reliability Statistics

Cronbach's Alpha	N of Items
.249	8

Cronbach's alpha measures how well a set of variables measures a single unidimensional latent construct. The assumption is that when data has a multidimensional structure, Cronbach's alpha is usually low. The reliability of the variables in this research shows Cronbach's alpha for ethical score at 0.292, cultural score at 0.249

Cronbach's alpha is low and reliability is also low. In most research situation, a reliability coefficient of 0.70 or higher is considered "acceptable". Homogeneity of variance test (Levene's Test) assumption states that if significance p is $> \alpha$ 0.05, then there is no significant difference or if significance $p < = \alpha$ 0.05, then there is a significant difference.

VI.   Summary

This study attempted to investigate the role of international business operations in Nigeria. The researcher developed a schematic framework for understanding the nature, existence, and role of international business operations in Nigeria. The study explored two major research issues: 1) the importance of international business operations understanding cultural values when doing business in Nigeria, and 2) the importance of international business operations understanding ethical values while doing business in Nigeria.

Under these major headings, one set hypothesis was tested using two set of structured questionnaires. The set of questionnaires were distributed to international business operations customers. SPSS for Windows was used for the statistical analysis of the study. In general, the study found that joint ventures are the dominant form of international business in Nigeria. It was also found, however, that international business activities in Nigeria are quite broad and range from manufacturing- to service-oriented ventures on everything from a small- to world- sized scale.

6.1 Cultural Issues & Ethical Issues

The study described and explored elements of the culture of Nigeria and the implications of these unique cultural values to international business operations. The international business operations consumers agreed that cultural and ethical values are deemed important factors to be understood by international business operations doing business or hoping to invest in Nigeria. The consumers of international business operations, however, were more concerned about 1) the importance of environmental pollution (average mean of 6.10), 2) the supremacy of human life (average mean of 6.01), 3) foreign exchange outflow (average mean of 5.83), 4) the exploitation of local resources (average mean of 5.81), 4) profit repatriation (average mean of 5.82), 5) truthfulness (average mean of 5.86), 6) encouragement of partnership (average mean of 5.80), 7) prohibition of cheating (average mean of 5.81), 8) equity and justice (average mean of 5.84), and 9) cultural related needs and values (average mean of 5.85).

An analysis of variance (ANOVA) was conducted to reduce the probability of a Type 1 Error and to detect if ethical variables and cultural variables, as observed by the participants (religion, education, age, salary and product consumption), were different. The findings indicate that there are no differences in the mean scores in all the demographic categories average scores, and that the average scores are all on the higher side of importance. The demographic categories analyzed were religion, education, age, salary, and product consumption.

VII. Conclusion

The findings of this study significantly show that the respondents, regardless of their educational and religious background, consider the importance of cultural and ethical values to be understood by international business operations doing business or hoping to do business in Nigeria. This perception is very much in line with the need of international business operations to understand culture, thereby helping international business operations to acquire cultural competitive advantage in the global economy activities. The international business operations that understand the cultural factors are supposed to gain greater competitive advantages in the Nigeria economy activities. One of the promising results of this study is that the consumers understand that international business operations are responsive to the cultural needs, values, and irritabilities of the Nigerian people. It shows that international business operations operating in Nigeria understand the needs, values, and nature of the Nigeria people.

The participants perceived it is risky for the international business operations if the native culture is being replaced by western values arising from the influence of those businesses and their activities. When the participants were asked about the impact on Nigeria society of the western values brought in as a result of the presence of those business and their activities, however, the responses were highly positive which was very ironic. The participants agreed that understanding the tribal language is very important for successful business operations and activities for the international companies doing business, and noted that the companies are very responsive. Most importantly, the participants believed that the international business operations are strongly responsive to Nigeria's culturally-related needs and values.

7.1 Implications of the Findings

The results of the study provide valuable information to international companies who are either currently operating businesses in Nigeria or who plan on doing business in the nation in the future. The importance of the study lies on the business operations understanding of the cultural and ethical values of the nation and whether or not the international companies contribute to Nigeria progress. The data reveals that environmental pollution, foreign exchange outflow, resource exploitation, profit repatriation, distortion of culture, fair and honest dealings, contract delivering, timely payment of workers, payment of debts, conspicuous consumption, environment protection, truthfulness, partnership, the prohibition of cheating, the prohibition of bribery, and the prohibition of intoxicants appear to impact the international companies' core ethical values to succeed in Nigeria. These results suggest that international companies should be mindful of Nigeria's ethical values.

In terms of cultural values, the data reveals the importance of social responsibility, human life, law and justice, and traditional heritage. The customers surveyed, however, believe that international companies in Nigeria are very responsive to culture and values and tribal language. The respondents also believed that the presence of international companies positively impact Nigerian society values with the addition of western values. Culture corrupted by western values shows a high risk that the international companies influence on Nigeria culture.

7.2 Future Research

One area of future research is to replicate the cultural aspect of this study on a comparative basis using other African countries that have cultural diversity. This will help generalize the conclusions that those international businesses operations with a better understanding of culture are expected to acquire a noticeable competitive advantage in the African markets. Another interesting research area would be to conduct an in depth empirical work on the success indicators of international business operations doing business in Africa or elsewhere in the region. One relevant objective in this regard is to deeply study the correlation between the various positive aspects of cultural responsiveness and the indices of international business operations' success.

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