GLOBALISATION AND NIGERIA’S INVOLVEMENT IN INTERNATIONAL MARKETING

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ABSTRACT

The emergence of internet, electronic mailing, telecommunication, trade liberation and openness, and computer technologies in the context of today’s world has led to expanding information environment that have reduced the world to a global village. In these contemporary times and the world over, there has been phenomenal metamorphosis in virtually all aspects of the society. It is a common held view that globalization holds the key to rapid international marketing growth and development. Yet Nigeria is undoubtedly facing a number of challenges that have to do with the consolidation of the gains of globalization. Therefore, Nigeria does not benefit much from globalisation. The objective of this paper is to determine the co-integration between globalization and the extent of Nigeria participation in international marketing. To achieve the objective of the study the researcher examined the co-integration between trade openness and liberation, and international marketing using co-integration model for analysis. The study used secondary data. Empirical evidences point to no co-integration between globalization and Nigeria’s involvement in international marketing. Nigeria is less integrated with the rest of the world in terms of global marketing. It has been suggested that for Nigeria to be linked to global marketing system, there is need to develop programme and implement strong and stable political, social and economic strategies.
INTRODUCTION

The business environment has witnessed momentous and breathe – taking changes over the last three decades, especially since the beginning of the 21st century. An important dimension of these changes relates to the fact that the world has rapidly become a global village. Consequently, geographical distance is no longer the barrier as it used to be before the 1970s, in terms of interaction and economic relationships between buyers and sellers. As experience has shown, it is now possible for both groups who are in far – flung places across the globe to initiate and conclude transactions in a matter of minutes.

This development has been made possible largely by two sets of factors (Okpeh, 2006). The first has to do with the fact that a number of countries have embraced trade liberalization and have, therefore, dismantled existing barriers to the free flow of goods and services across their national borders. It is these deliberate attempts at removing trade restrictions that some analysts have appropriately referred to as the political factor underpinning globalization (Okpeh, 2006). The second factor which one can attribute to the recent trend in globalization is the giant strides that have been recorded in the area of information and communication technology. It is important to note that information technology is the backbone of globalization process. The latest technology to hit information technology is the internet. As more and more consumers connect with the internet, an increasing number of marketers are moving their research and marketing activities unto web (Kotler and Armstrong, 2004). The most obvious advantages are speed and low costs. Consequently, internet and other technologies now help marketers carry out their business faster, more accurately, and over a wider range of time and space.

However, it has been argued by some analysts that globalization is not a recent phenomenon. According to O’Rourke and Williamson (1999), the late 19th century was a period of dramatic globalization, with the world economy well integrated by 1914. It is equally asserted that even in the late 19th century, developing countries were rapidly integrating with the rest of the world. During the period of world wars, there was retreat to protectionism with trade barriers here and then. The trade barriers was temporary as the post 1945 integration efforts was seen largely in the context of trying to recoup the losses of the world war period. Though there are several interpretations into when Nigeria became integrated into globalization. Some scholars have adopted the year 1986 as when Nigeria probably first integrated into the globalization process with trial of Structural Adjustment Programme (Adamu, 2003). It is important to note that Nigeria was one of the 118 countries that were signatories to the Uruguay Round Agreement in 1994 at Marrakesh in Morocco (Adeyemo and Bankole, 2003).

In the last couple of years, globalization has assumed centre stage domestically, regionally and internationally, as one of the most frequently used words and has become a major topic of discussion in universities, polytechnics and colleges. And as an instrument of economic development, it has been quite popular among scholars, practitioners, academics, economists, media and marketing personnel, among others;
both in the developed and developing countries. Consequently, most countries of Africa and Asia have adopted the device of globalisation as the major instrument for accelerated economic growth and development (Adegboye, 2008).

International marketing and globalisation are related in many ways; first, both are carried out across countries. Globalisation is often associated with less restrictive trade regimes resulting in more openness of the economy with concomitant increase in volume of trade. This higher level of openness (variously measured) or increase in volume in openness suggests better international marketing performance. Second, globalisation provides channels through which international marketing can grow. Globalisation suggests that greater openness yield unambiguously better international marketing performance in terms of higher level of output or income. This is because removal of trade barriers expands the feasible set of consumption possibilities by providing a more efficient technology to transform domestic resources into goods and services (Martin, 2002). Also, long – run rate of growth of international activities outputs can result from greater openness. This can occur either through the favourable impact of openness on technological change or through expansion in the size of market facing domestic export thereby rising returns to innovation and new product development; and thus enhancing the country specialization. However, some authors fail to predict any positive link between openness and increase in growth of international marketing since growth can be lowered by increased foreign competition.

**STATEMENT OF THE PROBLEM**

Nigeria is not integrated enough into the world economy, and therefore, does not benefit much from globalisation. A careful examination of the available evidence (Crafts, 2006) especially with respect to growth in the real per capital income, inequality, and trade and capital flow help shed light on this assertion. A breakdown shows that whereas the leading advanced countries of Western Europe, North America, Japan and Australia grew in per capital income by an average of 3.8 percent between 1950 and 1975, the real per capital income of Africa and Latin America grew by 0.1 and 0.4 per cent respectively within the same period. It is equally observed that while the advanced countries grew by 2.82 percent between 1975 and 2005, Africa’s growth rate was 0.2 percent as against 0.8 percent of Latin America.

Also, there is the issue of poor governance characterized by abuse of power and economic mismanagement which undermined the globalisation process.

Since the global advocacy of economic liberalization and openness, Nigeria has been increasingly worried about greater participation in the world trading system. The fear is that Nigeria gets swamped and overwhelmed by the product and services from the richer nations. Even though the principles and tenets of globalisation are widely acknowledged, there are practical issues that have inhibited unfettered application. The reluctance to fully participate in the global trading system is premised on the fact that, relative to the industrially advanced countries, Nigeria
productive base is narrow. Essentially, the bulk of Nigeria export earnings come from a single primary product.

Adegbite (2009) using three measures of integration namely, Participation in International Trade (PIT), Participation in International Capital Markets (PICM), and Real Interest Rate Parity (RIP), found that Nigeria is poorly integrated into the global market. Only the measure of integrating using PIT, which is the ratio of trade (exports plus imports) to GDP shows appreciable integration while the others do not.

In terms of international marketing activities, Nigeria’s level of integration remains extremely low. Products are not being developed in Nigeria for foreign markets and those produced locally are not being exported because they cannot compete favourably in international markets. As a result, distribution management and marketing communications tasks at international level remain very low. The degree of trade between Nigeria and the rest of the world needs to be qualified as this is primarily driven by oil export transactions. Non–oil exports account for less than 10 percent of Nigeria’s exports, with even a negligible portion of this deriving from manufacturing production. The private sector performance in international marketing is very poor.

**OBJECTIVE OF THE STUDY**

The main objective of this paper is to determine the co-integration between globalisation and Nigeria involvement in international marketing. Given the background perspective of globalisation, and the main objective of the study, one major question become pertinent. How has Nigeria fared in international marketing with opportunities available in globalisation? Or simply put, is there any co – integration between trade openness and Nigeria involvement in international marketing? Null hypothesis is stated thus: There is no co – integration between trade openness and Nigeria’s participation in international marketing.

**SIGNIFICANCE AND SCOPE OF THE STUDY**

A study of this kind is significant in many ways. The research centers on the study of globalisation and how it affects the growth of international marketing in Nigeria. This study is relevant to marketing practitioners and scholars, business organisations, manufacturers, sellers and buyers as it gives insight to globalisation process. Such knowledge will impact positively on international marketers.

Similarly, this inquiry will add to the existing literature on international marketing. The identification of the roles and benefits of globalisation among other things will surely enrich existing literature especially for marketers. In addition, this study will be of valuable assistance to future researchers. It will provide and validate their studies. The empiricist tenor of this investigation will no doubt add empirical utility to subsequent studies in this area.

This work covers the broad concept of globalisation. It shall be limited to activities and growth of international marketing in Nigeria. The researcher intends to study the implications of globalisation on the growth rate of international marketing in Nigeria.
THEORITICAL FRAMEWORK

Globalisation is a complex and multidimensional phenomenon which means different thing to different people across countries, regions and times. However, in it present usage, globalisation refers to the growing tendency of interactions, interconnection and integration of countries on a global scale. According to United National Development Programme (2001), globalisation is seen as a multidimensional process of unprecedented rapid and revolutionary growth in extensiveness and intensity of interconnection on a purely global scale.

Globalisation is the interconnection and interdependence between all parts of the world, particularly at all levels of the economy and communications, such that former national barriers to the movement of information, finance, goods, services and entrepreneurship are being drastically reduced and everybody now has to compete with everybody in what has now become a global village and single global market (Usman, 2004). In the same vein, Hitt (2006) sees globalisation as the spread of economic innovation around the world and the political and culture adjustments that accompany this diffusion. According to him, globalisation provides greater opportunities for firms to compete in the new competitive landscape. Kanter and Pittinsky (1996) and Rochester (2003) are of the opinion that globalisation is a process of change in which the world’s countries and their economies are increasingly integrated as a function of rising cross – border economic and other activities. They further argue that globalisation has led to increase in interest in the areas of international marketing, and interest in the areas of transportation, communication, trade and financial exchange, nuclear targeting around the world, etc.

Globalisation is seen as an instrument for economic development. Kanter (2005) contends that the U.S.A. was able to attain its present status principally because of its global economic policies, which made it conductive for the implementation of “market capitalism” on a global scale. Kanter (2005) argues further that this priority given to globalisation on “market capitalism” in the U.S.A. has made it possible for the achievement of imperative economic growth, combined with relatively equal distribution of income and the absence of large scale unemployment. The “Free Market” ideology of the globalists includes the following articles of faith: sustained economic product as measured by the Gross National Product (GNP) is the path to human progress; markets that are free from government regulations results in the most efficient and socially optimal allocation of resources; the removal of barriers to the free flow of goods and capital spurs competition, increases economic efficiency, creates jobs, lowers consumer prices, increases choice and economic transfers functions and assets from government to the private sector improve efficiency; the primary responsibility of government is to provide the infrastructures to advance international marketing, and enforce the rule of law with respect to property rights and contracts (Aniche, 2003).

This manifest itself in various forms such as in the globalisation of democracy; global ideological shift; global technological revolution particularly through information and communication technologies; globalisation of culture and the
environment, and above all, globalisation of the economy. In spite of these different forms of globalisation, it is the economic dimension that is perceived to constitute the heart of hallmark of globalisation. In its simplest form, economic globalisation refers to the integration of the domestic economies with the world and the inevitable consequential increase in economic interdependence of the countries through trade, financial and investment flows, freer factor movements and exchange of technology and information. Here, openness and markets constitute the platform of globalisation (Obadan, 2003).

Economic globalisation which forms the major basis of this paper, refers to the increasing integration of economies around the world through reducing barriers to trade, migration, capital flows, technology transfers and direct investment. As pointed out by Daoaas (2007) this kind of globalisation is characterized by intensification of international marketing; cross – border trade, advertising and distribution; and increased financial and foreign direct investment flows promoted by liberalization and advanced information technology.

This proposes that globalisation is beneficial to the extent that it can stimulate international marketing, increase specialization and efficiency, better quality products at affordable prices, economies of scale in production, competitiveness and increase output, economies of scale production, competitiveness and increase output, technological improvement, increase in national income, increase capital information and capital flows. Yet it is also capable of increasing inequality within and between nations, threatens employment and living standards, thwart social progress, increase volatility of financial markets and capital movement as well as create risks of social, economic and environmental degradation created by poverty (Sarvid, 2005).

International marketing provides countries and organisations with opportunities to expand and succeed in their respective international business operations. International marketing is the process by which global markets obtain what they need or want through international exchange of products and services. It involves decisions in the implementation of the marketing mix. These variables are vital in international marketing if companies are to operate efficiently and effectively. These variables are product, distribution, price and promotion management. Globalisation, which is often associated with increase openness is expected to expand international marketing.

There are two theories which provide the channel through which openness affect growth. First, the static allocative efficiency gain theory which suggests that greater openness yields to better economic performance in terms of higher level of output. The second, Endogenous growth theory state that there is no systematic link between trade openness and sustained growth. The impact of trade openness on growth may well be powerful in some countries, but it can well be negligible or even negative in others (Cooper, 2002).

In international marketing, once a company decides to target a particular country, it has to determine the best mode of entry. The broad choices are exporting, direct investment, licensing, and joint ventures. Evidence shows that the ratio of
foreign companies operating in Nigeria to Nigerian companies operating abroad through export, direct investment, licensing and joint ventures is 22:1 (Edwards, 2010). Many of the goods and services used in Nigeria are either from other countries’ companies or subsidiaries of foreign countries located in Nigeria. Examples include Procter and Gamble, Nigerian Bottling Company, Chevron, Shell, Unilevers, Glaxo, Johnson Wax, Beecham, etc. For these companies, the international theater is their largest single market segment. For instance, over half of Procter and Gamble’s sales are made in foreign markets, but averagely less than five percent of made in Nigeria Products and Services (excluding oil and gas) are made for foreign markets (Edwards, 2010). Also, evidence shows that Nigerian companies are not global in nature. A global firm is a firm that operates in more than one country and captures research and development, production, logistical, marketing, and financial advantages. The ultimate form of foreign involvement is direct ownership which includes foreign – based manufacturing facilities. Nigerians firms have not taken much advantage of globalisation to establish foreign based manufacturing outfits on a larger scale (Edward, 2010).

**STRATEGIC STRUCTURE**

Globalisation which has reduced the world to a global village has become a feature of modern economies. Developments in one part of the world readily impact on the other parts. There is a global market with the flow of investment into economies that respond to the dictates of market economy. It is therefore important that Nigerians join the global village. However, sustainable development of the Nigerian economy is the way forward if Nigeria must benefit from globalisation. There are certain strategic factors available for Nigeria in her pursuit for growth in international marketing. These factors may include:

1. **Broaden the Economic Base**

   Most budgets in Nigeria contemporary economic history have emphasized the need to change its mono-cultural economy. Understandingly, the country’s dependence on oil has made its economy as fragile and unstable as the oil market is, since it is open to the fluctuations of the market. Besides, despite the sector’s heavy contribution to export earnings, its contribution to GDP is not as high, and it does not employ many people (Imomoh, 2008). To reconcile the above scenario with the globalisation process, Nigeria needs to broaden its economic base. Various unsuccessful attempts have been made to diversify the economy in the past but there are still ample opportunities to do so, especially in solid minerals, gas and petrochemical, agriculture and tourism.

2. **Entering Foreign Markets**

   For some firms, the international market may be their largest single market segment. Several levels of involvement in international marketing can be identified. Casual or accidental exporting is a passive level of involvement in international marketing. A Nigerian company may export without even
knowing it, such as when goods are bought by resident buyers for foreign companies. When the company actually makes a commitment to seek export business, it engages in active exporting. Active exporting implies that the firm is making a continuing effort to sell its merchandise abroad. Foreign licensing occurs when a firm permits a foreign company to produce and distribute its merchandise. Foreign production and foreign marketing, is the ultimate degree of company involvement in the international market arena.

3. **Privatization**

Privatization is seen as a concept of global system. Ebie (2006) describes privatization as a process by which the size of an inefficient and ineffective public sector is reduced by transferring government owned shares in public companies and enterprises to private individuals and organisations. It has multiple advantages, which include more capital injection into the economy, the freeing of government resources for competing needs and improved efficiency. Privatization of public enterprises, perhaps most strongly associated with Great Britain under Margaret Thatcher, has become a world wide phenomenon. The imperative of globalisation and the severe wastage associated with public enterprises in Nigeria has made privatization a cardinal element for the growth of international marketing in Nigeria.

4. **Capital In-flow**

Capital in-flow strengthens global marketing system. In international marketing, the need for massive foreign capital in – flow cannot be underestimated. It is a vital input in global marketing for the exploration of the country’s abundant resources and the reactivation of many of its ailing industries. There are two sources of such massive capital requirements. They are Foreign Direct Investment (FDI); and loans, grants and donations. The option, FDI has greater prospects, but it also depends on the local investment climate and political stability. Foreign Direct Investment is a major stimulus to economic growth in developing countries because of its ability to deal with two major obstacles, namely, shortage of financial resources, and technology and skills.

5. **Information Technology**

To be a member of global village, a country must be sound in information technology and must become technologically sensitive in all aspect of life (Ochefu, 2008). Consequently, there is need to leverage information technology knowledge in the country in order to meet global challenges. The new capability unleashed by the information age will lead to substantially new forms of marketing and business. The information age promises to lead to more accurate levels of production, more targeted communications and more relevant pricing. Nigeria is today Africa’s potential largest telecommunication market with a projected yearly growth rate of 50 percent between 2001 and 2007. By the end of 2001, its telecommunication market was worth about 800 million dollar. But with the injection of funds by
major GSM phone players, that figure has risen to 4.5 billion dollar by 2008 (Uko, 2010). The role of the Nigeria communication cannot be over-emphasized. If we are to attract investors into industry, government must ensure that a fair and competitive environment is established in a transparent manner. In this regard, the Nigeria Communication Commission, as the agency of government charged with the licensing of operators in the industry needs to be fully empowered, both in law and in operational terms, to carry out its duties in a manner that gives confidence to any operator or potential investor.

6. **Strategic Social Factors**

Two basic social functions have been isolated: transparency and fight against corruption; and infrastructures. Transparency and fight against corruption are key elements for enduring international marketing involvement and integration into the global village. Indeed, the lack of transparency and corruption does not only discourage capital inflow, but causes serious leakage of the country’s scare resources. It is, therefore, imperative that the government anti-corruption stance be made a key component of our quest for globalisation. The bond strengthening the global market system cannot be achieved without adequate infrastructures in place. Enhancing the access of the majority of Nigerians to these basic infrastructures is a means to promoting international marketing and economic growth.

7. **Culture of Excellence**

This is a critical ingredient that Nigeria as a nation must quickly imbibe if she wants to be a serious player in the global village. Culture is an environmental influence defined by Thompson and Hanten (2000) as those beliefs, values and techniques for dealing with the environment which are shared among contemporaries and transmitted by one generation to the next. The culture of a people as noted by Prince-Abbi (2002) determines their identity, abilities, their skills and the technologies of which they are capable. Culture exerts strong influence on behaviour including the behaviour of organisations within it. Thus, the culture of an organisation (organizational culture) could be situated to a large extent within the milieu of the culture of the society in which it operates. One important aspect of the national life of the country (Nigeria) that has come under close scrutiny and criticism is her value system especially in terms of attitudes to work and money. In this regard, Ejiofor (1994) quoted as saying, “the typical Nigerian worker is lazy, indolent or couldn’t care less. He avoids work and responsibility but loves money, wealth and all the good things of life. Nigeria worker is material oriented, pleasure seeking and egocentric and wants to get rich quickly.” Definitely, a nation with this value system and work attitude cannot be a strong player in the global marketing competition. Thus, as a nation seeking relevance in the global village, there is the need for an overhaul of our value system. Excellence in everything should become our national philosophy. We
need to borrow a leaf from Japan, which through the pursuit of the philosophy of quality in everything rose from the rubbles of the second world war to become one of the leading players in the global market. Onanusi (2008) has rightly noted that, we need to create an environment of openness, honesty, challenge and support with particular emphasis on the virtues of hard work, integrity and excellence.

8. Political Stability

The level of private investment flow to any given country is affected by the potential investor’s perception of the political environment. Investors are particular about the securities of their lives and properties. Violent situation does not enhance smooth investment and it leads to lack of confidence on the government and the economy. Recall the several cases of pipeline vandalisation in the south – south; the various disturbances in which business premises were destroyed and human lives were lost in the northern Nigeria disturbances as a result of riot; the attack and abduction of employees of oil prospecting companies, the hijacking of oil rigs and the different forms of nefarious activities and its attendant effects on the economy. There cannot be meaningful economic stability and global marketing without political stability. Instability is never compatible with meaningful international marketing and globalisation.

METHODOLOGY

This study basically used secondary data for the range between 1990 and 2010. The data were sourced from several Central Bank of Nigeria statistical Bulletins and Annual Reports. The Augmented Dickey Fuller (ADF) test was applied using computer software. Granger and Newbold (1998) have shown that the existence of co-integration is an adequate condition for the formulation of a model that allows for the incorporation of an Error Correction Term (ECT). The inclusion of the ECT in a model ensures that the long run relationship is preserved. To test for co-integration, the study adopted the Augmented Dickey Fuller (ADF) test and the Sargan – Bhargavan Durbin Watson (SBDW) test (Salako and Adebusuyi, 2000).

In this study, growth rate of exports and others are included in order to vary the results on the long run relationship between international marketing growth and trade openness. Many empirical studies however have tried to develop and make progress on trade openness by taking cognizance of the variables in this paper.

The long run relationship is presented as follows:

\[ LRIMA = a + b LOPEN + E_1 \]

Where open = \[ \frac{X + M}{Dy + X - M} \]

Where

- LRIMA = The logarithm of International Marketing Activities
- LOPEN = The Logarithm of the Openness Variables.
- a and b = Constants to be estimated
RESULT ANALYSIS

The first part of the table reports the traced statistics. It should be noted that the (non standard) critical values are taken from Ostarwald (Jahansen and Juselius, 1990). Using the traced statistics, we test for the number of co-integrating relationships between LRIMA and LOPEN. Given that we only have two variables, we expect that at least one co-integrating vector is present. The critical value for the Sargan–Bhargavan Durbin Watson are taken from Lenum.

We apply the two tests described earlier, including a constant in the co-integrating relationships.

Table 1: Co–Integration Test (ADF)

<table>
<thead>
<tr>
<th>Hypothesized number of Eigen value</th>
<th>Trace Statistics</th>
<th>5% critical value</th>
<th>1% critical value</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>0.494306</td>
<td>14.10204</td>
<td>15.41</td>
</tr>
<tr>
<td>At most 1</td>
<td>0.000371</td>
<td>1.00635</td>
<td>3.76</td>
</tr>
</tbody>
</table>

Table 1 denotes no rejection of the hypothesis at the 5% level and 1% level. Trace tests indicates no co – integration at both 5% and 1% level.

Table 2: Co–Integration Test (SBDW)

<table>
<thead>
<tr>
<th>Hypothesized number of Eigen value</th>
<th>MAX Eigen Statistics</th>
<th>5% critical value</th>
<th>1% critical value</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>0.494306</td>
<td>14.10204</td>
<td>14.07</td>
</tr>
<tr>
<td>At most 1</td>
<td>0.000371</td>
<td>1.00635</td>
<td>3.76</td>
</tr>
</tbody>
</table>

Table 2 denotes no rejection of the hypothesis at the 5% level and 1% level. Max – Eigen value test indicates one co – integration at 1% level.

The calculated value for the trace statistics is 14.1 and 1.0; and comparing this calculated value to the critical value provided by Johansen and Juseling (1990), the
null hypothesis of co-integration cannot be rejected at both 5% and 1% critical value. The Eigen value indicates also that there is no – integration between the variables at the 1% significant level.

**SUMMARY**

From the foregoing analysis, the empirical findings show that there is no co – integration between trade openness and Nigeria’s involvement in international trade. The evidence provided from the facts reported in this work shows that Nigeria is at the lowest level of integration in the global market. This implies that Nigeria is not likely to benefit much from globalisation due to the gap between her and the advanced Europe and America in terms of large global market and capital goods. In view of these setbacks, it is being suggested that to be integrated with the rest of the world, Nigeria must maintain strong and stable macro economic framework; embark on institutional reforms including promoting governance in all its aspects; foster trade liberalization and regional integration; promote sound banking system and financial development; encourage private investment including foreign direct investment; promotes infrastructural development, encourage agricultural development, invest in people and capacity building, and encourage political stability. Agriculture, mining and tourism sectors are Nigeria’s export potentials. Nigeria must put the necessary building blocks in place for strategic positioning in the global village by encouraging these sectors.
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