HEGEMONIC INFLUENCE OF TRADE GLOBALISATION: THE IMPLICATION ON THE SURVIVAL OF NIGERIAN BUSINESSES.

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Abstract

The 1972 indigenisation policy was planned to encourage the growth of indigenous Nigerian businesses. This paper takes a clue from this policy to engage a discourse on the hegemonic influences of trademarks of multinational companies and its implication on the growth of indigenous Nigerian businesses. Trademark is a distinctive sign, mark or symbol which is used to brand a product or service. Despite the fact that a trademark section exists under Nigerian commercial law, and used in indigenous businesses, their operational trademark existences were rarely recognized in consumption decision. On the other hand, trademarks of the products/ service of multinational companies continue to dominate and circulate the consumer behaviour. With the use of magazines, trade journals and books, examples were drawn for analysis.

Keywords: Indigenisation, trade globalisation, small businesses.

INTRODUCTION

Africa has been integrated into the world economy since the period of the Trans Atlantic trade. This integration was a synergy between Europeans and Africa, to trade in articles and subsequently the slave trade introduced. This relationship increased the frontiers of trade in Africa, while displacement and disruption ravaged the socio-economic structure in the pre-colonial era. A form of renewed globalization ensued in the twentieth century as the colonial commercial system engaged cash crop trade from Africa to an optimal level and in exchange, finished goods were dumped in Africa through the railways. This system had a lot of implications on modern Nigeria. It is my argument that globalization has historical roots in the history of Europeans in Africa and it can be explained within the ethos of capitalism. Invariably, trade globalization in Nigeria began since the contact of Portuguese in the Coastal areas of Benin and Lagos in the fifteenth century. The 1972 indigenisation policy actually planned for industrial development by Nigerians, but global capital had continuous effect on hindering plans for indigenous-driven development. This paper considers the definition of trade globalization, the origin of business hegemony in Nigeria, an appraisal of the 1972 indigenisation policy, hegemonic influence of multinational companies and a specific caste study of Noodles trade in Nigeria.

Globalization according to Ohiorhenuan is the broadening and deepening linkages of national economies into a worldwide market for goods and services.[1] In practice, Tandon defined it as that which seeks to remove all national barriers to ensure free movement of international capital which is accelerated by information technology.[2] Furthermore, Gordimer argued that is principally concerned with the expansion of trade over the oceans and airspace, beyond traditional alliances which were restricted by old political spheres of influence.[3] A pertinent question to pose is to interrogate the fact that the processes of expansion of trade has been in whose interest. Hence, Madunagu, explained that the expansion of trade occurred through giant multinational companies[4] operating with capitalists tendencies through the adoption of blood sapping principles of these principles are liberalization, commercialization, privatization and capitalists democratization aimed at enhancing the business interest of Europeans in Africa.[5] The trademark of the products of multinational companies has dominated the consumer behavior pattern of Nigerians because the economy has been integrated into the global market.[6]

ORIGIN OF BUSINESS HEGEMONY IN NIGERIA

The centre-down paradigm or neoclassical growth as popularized by Gunner Myrdal[7] led to regional inequalities in the trends of world development. These inequalities, Myrdal described as causal to the fact that come developing regions are more attractive to investors in developed countries. The neo-classical explanation emphasized the role of foreign expert, technology and ideas which undermined the utilization of resource in underdeveloped countries. Hence, various resource draining programmes were institutionalized, while the plans to increase the purchasing power of citizens in underdeveloped countries were institutionalized. As Robert McNamara rightly observed, the centre-down strategy, increased foreign domination, exploitation and peripheralisation of indigenous economies.[8]

The policies and programmes of the British in Nigeria was to compel indigenes to produce more cash crop. Hence, between 1900 and 1950s research institutes were established in strategic locations where cash crops were endowed. This agricultural research institutes facilitated the production of cash crops to extract labour and farming talent of the peasants. Not only that, the practice of local crafts dwindled as its production were discouraged to avoid competition with finished goods imported into Nigeria. By this, Lugard expressed satisfaction with the dwindling status of local industries as he expressed that:

> I foresee with great regret the decline of Kano as a commercial centre when European goods supersede her manufactures and the

[1] J.F.E. Ohiorhenuan "The South in an Era of Globalisation" *Cooperation South* 1998, No. 2, pp. 6-15.
[2] Y. Tandon "Globalisation and Africa Options part one" *AAPS Newsletter* African Association of Political Science 1998 Vol. 3, No.1 Jan-April p. 2.
[3] N. Gordimer "Cultural Globalisation: Living on a Frontier Lessland *Cooperation South* 1998 No. 2, pp. 16-21.

[4] These multinational companies were chartered companies established to protect British interest in the nineteenth century.
[5] E. Madunagu "Globalisation and its Victims" *Guardian* 1999, July 26, p. 53.

[6] Trademark is an essential tool of business that distinguishes a product or service of an enterprise. Invariably, it is an intellectual property that distinctively occurs as name, sign, mark or symbol. The distinction of trademarks exists as a drawing, in words, letters, shapes, numbers, colour and pictures which can all be combined. It guarantees right over goods and services of a manufacturer.

[7] See G. Myrdal Rich Lands and Poor New York: Harper and Brothers, 1957.
[8] R. McNamara *New York Times* April 2, 1978.

> exports of other provinces are diverted by more direct routes to the factories of British merchants, instead of passing through the hands of her middlemen and brokers. The cotton of Zaria will then raise to come to the looms of Kano or the skins and hides to her tanneries.[9]

THE 1972 INDIGENIZATION POLICY

In Nigeria's business history, the promulgation of Nigerian Enterprises Promotions Decree (NEPD) of the 1972 was a major attempt to promote indigenous businesses. The decree reserved twenty two enterprises for Nigerian citizens. The decree was an implementation of the National development plan of 1970. Explicitly, the plan emphasized the fact that indigenous business need to develop to reduce the impact of foreign businesses in the economy.[10] A contrasting point to note is the fact that the British government took interest in the indigenization programme, to influence decisions that affected the interest of British businesses in Nigeria. Initially, the Nigerian government consulted the West Africa Business Committee (a body meant to protect foreign business interest)[11] negotiated in favour of foreign businesses. In the process, some British business consulted the British High commission in Lagos to seek clarification of the provisions of the decree. The process of negotiation by the British was meant to protect their business interest and ensure that global capital continue to circulate in Nigeria especially in the manufacturing sector.

To the British, the indigenization programme was a threat to their business interest because it was obvious that losses were imminent. Hence, the British businesses were concerned about the compensation plan by the Nigerian government. Ultimately, the British business concerns and the British government were active in influencing the Nigerian business environment.

In the 1970s, the discovery of petroleum affected agricultural development and industrialisation. The oil boom led to a shift from agriculture to petroleum trade. The bulk of Nigeria revenue is derived from petroleum and its trade has been globalised in the world economy. The globalization of petroleum trade has rarely enhanced the improvement of the non-oil sectors of the economy. This phenomenon, Salimono asserts that the small and medium size economies are dependent on the international market which is considered favourable for the development of third world economies. However, the distribution of global capital has not been even, hence, the growth of small business in Nigerian economy is rarely devoid of globalization.

HEGEMONIC INFLUENCES OF MULTINATIONAL COMPANIES

There is no doubt about the fact that the products and/or service of multinational companies dominate the economy, to the extent that, their products are house hold names used generally to refer to all other similar products. With reference to the dependency school of thought, the

[9] Lord Lugard *Colonial Annual Reports,* No. 476, Northern Nigeria, 1904, pp. 88-89.
[10] J. Odufalu, Indigenous Enterprise in Nigerian manufacturing: *The Journal of Modern African studies* 9, 1971, p. 599.
[11] C.U. Uche, 'British government British businesses, and the indigenization exercise in Nigeria paper presented at ECAS 4 confernce June 15th-18th, 2011, p. 6.

economies of third world countries are attached to the developed economies. Invariably, developing economies are entangled in the world capitalists system. The trademarks of multinationals are household names in Nigerian economy by the perpetuation of neocolonialism. Multinational corporations remained agents of globalization as they perpetually institute activities resulting to cultural imperialism. In Nigeria, the products of multinational companies continue to dominate the consumer goods markets. The products of Unilever Plc, Patterson Zochonis (PZ) Glazo Smith Kline (GSK), Coca Cola, Longman, Evans and so on. The trademarks of these companies have dominated the consumer behaviour of Nigerian citizens. For instance, Close up and/or Macleans have replaced the name for tooth paste.

Apart from the effect of the MNCs' trademarks on the indigenous ones, another implication, is that the unsuspecting masses consume hazardous products not suitable for healthy living. As Blackwell observed:

> The concern of MNCs in Nigeria's consumer audience has even become much more serious lately because some of these products sometimes pose health problems. For example, bleach or freckle creams containing ammoniated mercury have been implicated in skin cancer in some individuals who use them. Yet the products are daily being advertised in Nigeria and other developing countries, while African men and women are buying them to have appealing look thereby looking lighter[12].

Invariably, products from the MNCs' dominate the Nigerian economy as consumer goods which are indispensable for daily living. These products trademarks are preferred and used as a generic presentation for the product.

CASE STUDY OF NOODLES AND CLEANING PRODUCTS IN NIGERIA

Instant noodles was invented in 1958 by Momofuku Ando.[13] Ando, a Taiwanese started the Japanese food company – Nissin. As a franchise of the Nissin foods USA (incorporated), the first instant ramen noodle was formed in 1970. Dufil prima foods (of Asian origin) was the first producer of noodles. As at 2007, Indomie which is a trademark for noodles produced by Dufil prima took 72 percent of the market share.[14] Though other MNCs compete in the production and distribution of noodles, but local industries are also competing for a fair share. Of course, the investment of Dangote group and Honeywell group in noodles production could be described as a good example of the involvement of indigenous Nigerian businesses. However, the involvement of Dangote and Honeywell are very much on a large scale. The small scale manufacturing sector is in a quagmire as brand trademarks of their products are hardly wide consumed. On the other hand, Harpic cleaning products are widely accepted by the citizenry, while the small scale manufacturer of cleaning products goes through rigorous aggressive marketing to make sales.

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[12] T. Blackwell and J. Seabrook, *The Revolt Against Change: Towards conserving Radicalism,* London: Vintage, 1993 p. 90.
[13] K. Olesin, 'Entangled n the Noodles war' *Marketing World Magazine*, 2012.
[14] Consumer participation audit data of the Research and Marketing Service ltd.

CONCLUSION

In developing economies, the survival of indigenous businesses has aroused global attention through series of interventions to offer micro loans to sustain small businesses. But, there remains the bane of industrialization which continuously ravages developing economies. In Nigeria, most of the small businesses operate as retailers, selling cheap imports from Asia. By implication, Nigeria has remained a consumer economy from the late nineteenth century, where finished from Europe constituted colonial commerce. The recent trade relations with Asians have continued to make Nigeria a place for ‘investment’ geared towards retailing. Invariably, the manufacturing sector rarely evolved meaningfully despite the indigenisation policy.