The Comparison of positive and negative roles played by the international institutions in the facilitation of the donor agency assisted projects’ aspect of the globalization of the Nigerian economy

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ABSTRACT

The International Institutions have been playing some roles in the facilitation of globalization in the Nigerian economy from the colonial period, 1960 till date. The broad objective of the study is to determine these roles being played by the International Institutions in the Globalization in the Nigerian Economy. The specific objectives are: (1) to determine the positive roles of two key International Institutions namely I.M.F and World Bank in the facilitation of the donor agency assisted projects’ aspect of the Globalizations of the Nigerian Economy, (2) to identify the negative roles of the International Institutions: IMF and World Bank in the facilitation of the Foreign Direct Investment aspect of the Globalization in the Nigerian Economy and to find out which of the roles, positive, or negative, outweighs the other in the International Institutions facilitation of Globalization in the Nigerian Economy. The Research Design is a combination of a survey and oral interview. Chi-Square ($X^2$) was used for the testing of hypotheses (1) and (2) while Z test was used in testing of the hypothesis (3). It was found that the positive roles of the International Institutions: IMF and World Bank in the facilitation of the donor agency assisted projects’ aspect of the globalization of the Nigerian Economy included an improvement in the quality of the projects using TQM Techniques, etc. while the negative roles of the International Institutions: IMF and World Bank in the facilitation of the foreign direct investment aspect of the Globalization of the Nigerian Economy included the decrease in exports, etc. The positive roles of the International Institutions were found to outweigh the negative roles of the globalization of the Nigerian Economy. It was recommended that the Economic Managers and Administrators of Nigeria should on the one hand optimize the benefits from the globalization from projects financed by the donor agencies while on the other optimize the limitation of the negative roles of globalization due to foreign direct investment by international institutions.

Key words: International Institutions, Roles, Facilitation, Globalization, Nigerian economy.

INTRODUCTION

The Federal Republic of Nigeria, with a population of about 140 million, is located on the Gulf of Guinea on the western side of the African continent. Abuja is the capital city of Africa’s most populous country since December 1991 replacing the former capital Lagos (Metz, 1991). The country gained independence on 1st October 1960 from British rule. From 1960 till 1999 Nigeria had seven different military Governments, which were all followed by seven military coups, of which three ended in assassination. However since 1999 the country entered an era free of
military rule. This era has been sustained up to the current date resulting in its longest period of civilian governance. Nigeria is considered to be a developing country although its economy is the second largest after South Africa in Africa. As of 2006, its GDP was estimated at $191.4 billion (CIA, 2008). Its main industry, the Petroleum industry has in fact become of overwhelming importance to the local economy accounting for a large part of the federal and foreign exchange earnings.

Since almost 550 years, International Trade has been affecting the Economic Development of Nigeria. It first started with the trade of goods and soon expanded to the Slave Trade. The huge impact the Slave Trade had on Economic growth in Nigeria was positive (although immoral), but even though some gained from this, it also meant that through people being enslaved, farmland went uncultivated. With the Slave Trade declared illegal Nigeria searched for other resources which could be sold to Europe to further increase Economic Development (Metz, 1991).

After Nigeria became a British colony, its economy was linked to the rules and regulars given by colonial masters. Nigeria like other colonies used the trade circle started with the export of raw materials by Nigeria for the manufacturers in England who later sold the final products back to Nigeria at a higher margin of profit. Over the years the British started to update and modernize the infrastructure of the country. This helped domestic manufacturers to gain a dominant position over imported products, making Nigeria a net exporter. Although the majority of Nigerians were still working in the agricultural sector where they earned just enough to survive, Nigeria was able to benefit from the globalization of industry brought to them by the British (Ekundare, 1976).

In 1914 the British Government in Nigeria unified its northern protectorate with its southern colony to form the country we today know as Nigeria. The first years of the century and the great depression had led to many ups and downs in the Economic Development of Nigeria. This economic circle ended with the end of World War II and the world wide increase for supplies. Even if Nigeria remained an agricultural country it started to build a modern industry. With the discovery of oil in the last years of British rule and with her political situation, Nigeria stepped into independence with the hope to soon become a country which able to create wealth for it citizens.

There were four development plans in Nigeria between 1962 and 1985 (Nwankwo, 2012). After 1985, there have been such programmes like the Economic Reforms and Debt Cancellation of General Olusegun Obasanjo (retired), the 7 Point Agenda of Late President Musa Yar’Adua and the present Road Map and Transformation Agenda up to 2014 of President Dr. Goodluck Jonathan. The impression is the same that there has been good Policy Formulation and Poor Policy Implementation. So Economist (2012:20) misses out Nigeria when writing the Emerging Economies on Africa but included Egypt and South Africa.

There are three International Institutions established to serve the interest of a group of nations or the world at large (Okorie, 2005). These are the Bank for International Settlements, the International Monetary Fund and the World Bank.

The BIS, which is the world’s oldest international financial institution, was established in 1930 with head office is Basel, Switzerland. The bank’s name is derived from its original role as a bank set up to deal with the issue of reparation payments imposed on Germany after the First World War. The new bank was to take over the functions previously performed by the Agent Generale for Reparations in Berlin. The reparation issue quickly faded thus refocusing the bank as an international organization, which fosters international monetary and financial cooperation and serves as a bank for Central banks worldwide. The bank attempts to execute its arduous mandate by acting as:

(i) A forum to promote discussions and to facilitate decision-making processes among central banks;
(ii) A centre for economic and central research;
(iii) A prime counter party for central banks in their financial transactions;
(iv) Agent or trustee in connection with international financial operations;
(v) Regulatory supervisor of internationally active banks which have resulted in the 1988 Basel Capital Accord and its Basel II revision of 2001 – 2006;
(vi) As provider or organizer of emergency financing to support the international monetary system when needed (Bhole, 2009).

The 44 nation’s conference of 1944 in Bretton Woods, USA led to the establishment of the IMF. At the conference, it was decided to set up The Fund and also the International Bank for Reconstruction and Development commonly known as the World Bank. The aim of the two Bretton Woods Institutions, as they are sometimes called was to place the international economy on a sound footing after World War II. The world depression of the 1930s forced every country to abandon the gold standard. This led to the adoption of purely nationalistic polices whereby almost every country imposed trade restrictions and exchange controls and resorted to exchange depreciation in order to encourage its exports. This further brought remarkable decline in world trade. It was against this background that the Bretton Woods conference took place (Cox, 2005).

Thus the IMF, also called The Fund, was established to facilitate the expansion and balanced growth of world trade. Although the 1944 conference resolved to set up the fund, The Fund actually came into existence on 27th December 1945, the inaugural meeting of the board of Governor only took place in Savannah, Georgia, USA on 8th March 1946 and by the 1st of March, 1947 it commenced operations. The IMF is a voluntary and cooperative institution, which attracts its membership from countries.
which are prepared to abridge their national sovereignty in strict compliance with the articles of agreement and currency exchange control policies of The Fund. Nigeria joined The Fund in 1961 (Cox, 2005).

The IBRD (also called the World Bank) was a by-product of the Bretton Woods conference of 1944 just like the IMF. It was established in July 1945, and started operations in June 1946. As the name suggests, it was designed first to help finance the reconstruction of countries damaged after the Second World War, and then to finance capital projects in less developed countries in order to speed their rate of economic growth (Okorie, 2005).

Even today, reconstruction has remained an important focus of the bank's work, given the prevalence of natural disasters, humanitarian emergencies and post conflict rehabilitation needs of member countries. The bank has also played prominent roles in the area of poverty alleviation, debt rescheduling, social and environmental issues as well as agriculture. Members of the IMF are also members of the IBRD (Okorie, 2005).

Since the word has both technical and political meanings, different groups will have differing histories of globalization. In general use within the field of economies and political economy, however, it is a history of increasing trade between nations based on stable institutions that allow firms in different nations to exchange goods with minimal friction (Clairemont, 1996).

The term liberalization came to mean the combination of laissez-faire economic theory with the removal of barriers to the movement of goods. This led to the increasing specialization of nations in exports, and the pressure to end protective tariffs and other barriers to trade. The period of the gold standard and liberalization of the 19th century is often called the First Era of Globalization. Based on the Pax Britannica and the exchange of goods in currencies pegged to specie, this era grew along with industrialization. The institution of the gold standard came in steps in major industrialized nations between approximately 1850 and 1880, though exactly when various nations were truly on the gold standard is a matter of a great deal of contentious debate (Donnelly, 1999).

The first Era of Globalization is said to have broken down in stages beginning with the first world war, and then collapsing with the crisis of the gold standard in the late 1920’s. Countries of sort that prospered here include the European core, European periphery and various European offshoots in the Americas and Oceania. Inequality between those states fell, as goods, capital and labour flowed remarkably freely between nations (Lipiec, 2001).

Globalization in the era since World War II has been driven by trade Negotiation Rounds, originally under the auspices of GATT, which led to a series of agreements to remove restrictions on free trade. The Uruguay Round led to a treaty to create the world trade organization of WTO, to mediate trade disputes. Other bilateral trade agreements, including sections of European’s Maastricht Treaty and the North American free Trade Agreement have also been signed in pursuit of the goal of reducing tariffs and barriers to trade (Lipiec, 2001).

The term Globalization can also be traced in so many other ways and in such varied contexts that it seems almost futile to attempts a universally acceptable definition for it. Speakers and writers have discussed the impact of Globalization on practically every aspect of human existence, namely politics, economics, religion, culture, knowledge and science (Dean, 2012). In the economic context, it seems almost futile to attempt a universally acceptable definition of globalization.

In the economic context, according to Dean (2000), the term Globalization is interpreted in two or three different ways. In the first interpretation, Globalization is seen as a world-wide phenomenon or process. In this sense, Globalization would be like any other phenomenon of the external economic world and as such can be described and analyzed. The analyst would have to remain a passive researcher or a mere witness. The second definition of Globalization is combination of some economic or monetary policies which, when adopted, may lead to the process of Globalization. At present everyone, starting from the International Monetary Fund and the World Bank to the financial advisers of most rich and poor nations, has become staunch supporters of pro-Globalization policies. They have the additional backing of a large segment of the press and the electronic media.

Again, in the economic context the process of Globalization has many dimensions. The first (Dean, 2000) among these is the expansion of international trade. The second is the migration of people to various parts of the world. The third is the flow of cash and other investments amongst nations. The fourth dimension is the capital investment by firms or citizens of our nation for the purposes of producing industrial, agricultural and consumer goods and then marketing them inside and outside the country. Another aspect of Globalization is the exchange of finance capital between nations or regions. The sixth aspect concerns the impact and influence of multinational companies or transnational corporations (MNCs/TNCs) on trade, investment and production. The seventh is the exchange of technology between countries. In the eight and final dimension is the expansion of international communication networks and the impact of electronic technology on the media in different lands.

Statement of the problem

Determining the positive roles played by the International Institutions, International Monetary Fund and World Bank in the donor agency assisted projects’ aspect of the globalization of the Nigerian Economy is difficult. In the same vein, there is also some difficulty in ascertaining the negative roles of the International Institutions,
International Monetary Fund and the World Bank in the foreign direct investment aspect of the globalization of the Nigerian Economy. Arguments abound on whether the benefits of globalization outweigh the limitations of globalization in the developing countries such as Nigeria. In areas such as decrease in exports, increase in imports, increase in poverty and unemployment in the Nigerian economy become a source of worry. Even in the Niger Delta where the multinational corporations such as Shell, Agip, Total and Elf, Mobil and the crude oil serving companies operate the host communities shifted from environmental pollution, inability in undertaking farming and fishing activities and general wider development leading to restiveness, youth disturbances, agitators and kidnapping of officials of the multinational companies. It is some of these problems mentioned earlier that this paper will attempt to address.

Objectives of the study

The broad objective of the study is to determine the roles of the International Institutions in the Globalization in the Nigerian Economy. The specific objectives area:

1) To determine the positive roles of the International Institutions: IMF and World Bank in the facilitation of the donor agency assisted projects aspect of the Globalization of the Nigerian Economy.
2) To ascertain the negative roles of the International Institutions: IMF and World Bank in the facilitation of the Foreign Direct Investment aspect of the Globalization in the Nigerian Economy.
3) To find out which of the roles positive or negative outweigh the other of the International Institutions of the facilitation of Globalization in the Nigerian Economy.

Research questions

This Researcher is going to attempt to provide answers to the following questions:

a) What are the positive roles of the International Institutions: IMF and World Bank in facilitation donor agency assisted projects aspect of the Globalization of the Nigerian Economy?
b) What are the negative roles of the International Institutions: IMF and the World Bank in the facilitation of the Foreign Direct Investment aspect of Globalization of the Nigerian Economy?
c) Which of the roles outweigh the other positive or negative of the International Institutions of Globalization in the Nigerian Economy?

Hypotheses

Three hypotheses are to be tested in this paper:

Ho1: The positive roles played by the International Institutions in the facilitations of the donor agency assisted projects’ aspect of globalization of the Nigerian Economy are not of the same order of magnitude.
H11: The positive roles played by the International Institutions in the facilitation of the donor agency assisted projects aspects of globalization of the Nigerian Economy are of the same order of magnitude.
H02: The negative roles played by the International Institutions in the facilitation of the Foreign Investment aspect of the Globalization of the Nigerian Economy are not of the same order of magnitude.
H12: The negative roles played by the International Institutions in the facilitation of the Foreign Direct Investment aspect of the Globalization of the Nigerian Economy are of the same order of magnitude.
H03: The negative roles played by the International Institutions do not outweigh the positive roles played by them in the facilitation of Globalization of the Nigerian Economy.
H13: The positive roles played by the International Institutions outweigh the negative roles played by them in the facilitation of Globalization of the Nigerian Economy.

Limitations

An important limitation of the study is that the primary data is based on the responses of a small sample of 226 respondents got from the population size of 516, who are the Nigerian staff of the donor agency assisted projects who have the knowledge of the topic and so were able to give answers to the research questions and the questions in the questionnaire. It is hoped that in future research a bigger sample will be used to minimize sampling error.

CONCEPTUAL FRAMEWORK

Conceptual clarifications of the International Institutions: International Monetary Fund and World Bank Group. Thus the IMF, also called The Fund, was established to facilitate the expansion and balanced growth of world trade. Although the 1944 conference resolved to set up The Fund, The Fund actually came into existence on 27th December 1945, the inaugural meeting of the board of Governor only took place in Savannah, Georgia, USA on 8th March 1946 and by the 1st of March, 1947 commenced operations. The IMF is a voluntary and cooperative institution, which attracts its membership from countries which are prepared to abridge their national sovereignty in strict compliance with the articles of agreement and currency exchange control policies of The Fund. Nigeria joined The Fund in 1961 (Okorie, 2005).

The World Bank which started operation as a single entity has, over the years grown in size and complexities. It has transmitted to a group, encompassing five closely associated development institutions namely:
The World Bank Group

The World Bank group consists of:

i) International Bank for Reconstruction and Development (IBRD),
ii) International Development Association (IDA),
iii) International Finance Corporation (IFC),
iv) Multilateral Investment Guarantee Agency (MIGA),
v) International Center for Settlement of Investment Disputes (ICSID)

All the five institutions have been working independently and in collaboration to improve internal efficiency and external effectiveness (Bhole, 2009: 100).

Meaning of Globalization

Globalization is nothing new as ancient trade routes such as the Silk road spanning several countries, have existed since the advent of mankind. In Europe, the first extensive trade network was established by the Romans via trade with other regions especially in the Mediterranean Sea. Other trade networks such as the Hansa or the British Commonwealth are more examples of trade routes in history. However globalization even in past eras has not just been seen as a tool for economic activity but also caused events such as the discovery of America. This shows that globalization cannot be seen as a new process even though the speed of globalization has increased phenomenally in the last decades (Bokhan and Del Daca, 2008).

Globalization can be defined as the network of connections of organizations and people across national, geographic and cultural borders and boundaries (Pearson Education, 2002). According to a more detailed definition globalization refers to the increasing importance of international trade, international relations, treaties, alliance etc. International of course means between or among nations. The basic unit remains the nation even as relations among other nations become increasingly necessary and important (Daly, 1999). To be more specific and to reveal the first similarities with our topic, it seems appropriate to include the following estimation: while much of this process comprises economic interaction it also includes cultural, political and ideological relations (Howlett and Ramesh, 2006). It is often used to explain the development of economically underdeveloped countries because it is assumed to help economic growth (Wohlmuth, 2001). However, this last statement is not always true as Wohlmuth (2001) himself explains in his book that weaker states are often hindered in their growth because of the effects of globalization.

By using the earlier definitions, we can see that globalization is a network of organizations across nations therefore accentuating the importance of international relations. It has often been seen as a purely economic aspect however, globalization also comprises cultural, political and ideological relations. Although globalization is often used to explain the development of under developed countries, the effects of this concept are not always as positive as may seem.

THEORETICAL FRAMEWORK

The Theory of International Banking

The assumption of the Theory of International Banking is that Supranational Financial Institutions, like the Bank for International Settlement, the International Monetary Fund and the World Bank Group which are international institutions that are truly international in outlook undertake global banking activities. The growth and increasing integration of the world economy since the end of World War II has been paralleled by expansion of global banking activities. Banks followed their customers overseas and lent to governments presiding over promising national economies. One indication of the worldwide scope of banking today is suggested by the fact that international bank loans extended by commercial banks located in major financial centers around the world have increased year after year over the past decade, reaching a total of $4.8 trillion outstanding by September 1987. Underneath the facade of unbroken growth, however, lie many divergent trends that have been profoundly influencing the direction of international banking activities over the past dozen years (Shapiro, 2009).

International banking has grown notably in both complexity and risk over the past two decades. Moreover, the Eurodollar market and Euro banking represent a unique phase of international banking development. There are, however, a number of periods since the Middle Ages when factors such as the growth of international trade and investment produced a variety of new banking institutions whose activities present many parallels to current events. The fifteenth and sixteenth centuries in Europe witnessed the growth – and demise – of merchant banking dynasties that financed international trade, created foreign exchange markets, met the voracious financial appetites of national rulers and the papacy, and established new industrial and trade ventures. Despite this past history, great changes have been place in the past 20 years in international banking. Until recently, international banking was confined largely to providing foreign exchange and to financing specific export and import transactions through letters of credit and acceptances. This limitation is no longer the case (Shapiro, 2009).

International banking has grown steadily throughout the post-World War II period. Expansion of international trade in the 1950s and the effective emergence of the MNC in the
1960s sharply increased the demand for international financial services, banks located in the traditional financial centers responded by extending loans and developing new, highly innovative financial techniques (such as the Eurocurrency markets) that laid the foundation for totally new approaches to the provision of international banking services. For many of these banks, their initial ventures overseas were defensive in nature, designed to retain the domestic business of customers who invested abroad by expanding and improving the scope of their activities abroad. But it was the onset of the energy crisis that launched international banks into a period of phenomenal growth (Shapiro, 2009).

The Theory of Globalization

The assumption of the theory of globalization is that Financial Institutions and Corporations so for oversee expansion through a lot of internationalizations steps. Studies of corporate expansion overseas indicate that firms become multinational by degree, with foreign direct investment being a late step in a process that begins with exports. For most companies, the internationalization process does not occur through conscious design, at least in the early stages. It is the unplanned result of a series of corporate responses to a variety of threats and opportunities appearing at random abroad. From a broader perspective, however, the multi-nationalization of firms can be seen as the inevitable outcome of the competitive strivings of members of oligopolistic industries. Each member tries to both create and exploit monopolistic product and factor advantages internationally and, simultaneously, attempts to reduce the perceived competitive threats posed by other industry members (Aharomi, 1971).

To meet these challenges, companies gradually increase their commitment to international business, developing strategies that are progressively more elaborate and sophisticated. The sequence normally involves exporting, setting up a foreign sales subsidiary, securing licensing agreements, and eventually establishing foreign production. This evolutionary approach to expanding overseas can be viewed as a risk-minimizing response to operating in a highly uncertain foreign environment. By internationalizing in phases, a firm can gradually move from a relatively low risk-low return, export-oriented strategy to a higher risk-higher return strategy emphasizing international production. In effect, the firm is investing in information, earning enough at each stage to significantly improve its chances for success at the succeeding stage (Alliber, 2009).

Firms facing highly uncertain demand abroad will typically begin by exporting to a foreign market. The advantages of exporting are significant: Capital requirements and start-up costs are minimal, risk is low, and profits are immediate. Potential learning is great regarding present and future supply and demand conditions, competition, channels of distribution, payment conventions, financial institutions, and financial techniques. Building on prior successes, companies then expand their marketing organizations abroad, switching from using export agents and other intermediaries to dealing directly with foreign agents and distributors. As uncertainty is reduced through increased communication with customers, the firm might establish its own sales subsidiary and new service facilities, such as a warehouse, with these marketing activities culminating in the control of its own distribution system (Eaker, 1977).

There is a major drawback to exporting: an inability to realize the full sales potential of a product. By manufacturing abroad, a company can more easily keep abreast of market developments, adapt its products and production schedules to changing local states and conditions, and provide more comprehensive after-sales service. For example, Olivetti, the large Italian office equipment manufacturer, attempted to export to the United States a data processing machine that sorted punched cards. Although it was priced competitively, at one-tenth the cost of similar U.S. models, it had a glaring fault. It was geared to sort cards with square holes, and the U.S. market had adopted IBM’s round holes. Olivetti offered an adapter, but it cost more than competitive sorters that didn’t require an adapter (Folks, 1977).

Establishing local production facilities also demonstrates a greater commitment to the local market and an increased assurance of supply stability. Certainly of supply is particularly important for firms that produce intermediate goods for sale to other companies. A case in point is SKF, the Swedish ball bearing manufacturer. SKF was forced to manufacturer in the United States to guarantee that its product, a crucial component in military equipment, would be available when needed. The Pentagon would not permit its suppliers of military hardware to be dependent on imported ball bearings because imports could be halted in wartime and are always subject to the vagaries of ocean shipping. Certain over the delays caused by ocean transportation also played a role in Volkswagen’s decision to begin production in the United States. Ninety days elapsed from the time when a change in U.S. demand was first apparent until the time when Rabbits could be landed in the United States; this included shifting production schedules at Wolfsburg, the Wes German plant, packing and shipping the cars across the Atlantic, unloading them, and going through customs (Aharomi, 1971).

Thus, most firms selling in foreign markets eventually find themselves forced to manufacture abroad. Foreign production covers a wide spectrum of activities from repairing, packaging, and finishing to processing, assembly, and full manufacture. Firms typically begin with the simpler stages and progressively integrate their manufacturing activities backward. Because of the optimal entry strategy
can change over time, there is a premium placed on a firm’s ability and willingness to continually monitor and evaluate the factors that bear on the effectiveness of its current entry strategy. New information and market perceptions change the risk-return trade-off for a given entry strategy, leading to sequence of preferred entry modes, each one adapted on the basis of prior experience to sustain and strengthen the firm’s market position over time (Folks, 1977).

Associated with a firm’s decision to produce abroad is the question of whether to create its own affiliates or acquire going concerns. A major advantage of an acquisition is the capacity to affect a speedy transfer overseas of highly developed but under-utilized parent skills, such as a novel production technology. Often the local firm also provides a ready-made marketing network. This is especially important if the parent is a late entrant to the market. Many firms have used the acquisition approach to gain knowledge about the local market or a particular technology. The disadvantage, of course, is the cost of acquiring an ongoing company. In general, the larger and more experienced a firm becomes he less frequently it uses acquisitions to expand overseas. Smaller and relatively less experienced firms often turn to acquisitions (Eaker, 1977).

Regardless of its preferences, a firm interested in expanding overseas may have to take the de novo road. Michelin, the French manufacturer of radial tires, set up its own facilities in the United States because its tires are built on specially designed equipment; taking over an existing operation would have been out of the question. Similarly, companies moving into developing countries often find they are forced to begin from the ground up because they are engaged in a line of business that has no local counterpart (Aliber, 2009).

An alternative, and at times a precursor, to setting up production facilities abroad is to license a local firm to manufacture the company’s products in return for royalties and other forms of payment. The principal advantage of licensing is the minimal investment required. But the corresponding cash flow is also relatively low, and there may be problems in maintaining product quality standards. It may also prove difficult for the multinational firm to garner all the rents associated with its information monopoly if it licenses others to manufacture its products. For one thing, it may be difficult to control exports by the foreign licensee, particularly when, as in Japan, the host government is likely to refuse to sanction restrictive clauses on sales to foreign markets. Thus, a licensing agreement may lead to the establishment of a competitor in third-country markets, with a consequent loss of future revenues to the licensing firm. In addition, the foreign licensee may become such a strong competitor that the licensing firm will have difficulty entering the market when the agreement expires, leading to a further loss of potential profits. Supposedly IBM has experienced this problem in several countries where it licensed local companies to produce and market computers. For some firms, licensing alone is the preferred method of penetrating foreign markets. Other firms with diversified innovative product lines follow a strategy of trading technology for equity in foreign joint ventures plus royalty payments (Eaker, 1977).

A behavioural definition of the multinational corporation, regardless of the foreign entry or global expansion strategy pursued, the true multinational corporation can be characterized more by its state of mind than by the size and worldwide dispersion of its assets. Rather than confine its search to domestic plant sites, the multinational firm asks, where in the world should we build that plant? Similarly, multinational marketing management seeks global, not domestic, market segments to penetrate, while multinational financial management does not limit its search for capital or investment opportunities to any single national financial market. Hence, the essential element that distinguishes the true multinational is its commitment to seeking out and undertaking investment, marketing, and financing opportunities on a global, not domestic, basis. Moreover, in this world-oriented corporation, a person’s passport is not the criterion for promotion. Nor is a firm’s citizenship a critical determinant of its success. Success depends on a new breed of businessperson: the global manager (Eaker, 1977).

The Global Manager, in a world in which change is the rule and not the exception, the key to international competitiveness is the ability of management to adjust to change and volatility at an ever faster rate. The risks are higher in such a world, but the capacity to manage them – using strategic tools ranging from global manufacturing networks to product innovation to currency swaps – and to profit from them is greater. The rapid pace of change means the new global manager needs detailed knowledge of his or her own operation. The manager must know how to make the product, where the raw materials and parts come from, how they get there, the alternatives, where the funds come from, and what their changing relative value does to his or her bottom line. The manager must also understand the political and economic choices facing key nations and how these choices will affect the outcomes of his or her decisions (Aliber, 1977).

In making decisions for the global company, managers search their array of plants in various nations for the most cost-effective mix of supplies, components, transport, and funds. And the constant awareness is that the choices change and have to be made again and again. The problem of constant change disturbs some managers. It always has. But today’s global managers have to anticipate it, understand it, deal with it, and turn it to their company’s advantage. The payoff to thinking globally is a quality of decision making that enhances the firm’s prospects for survival, growth, and profitability in the evolving world economy (Folks, 1977).
RESEARCH METHODOLOGY

Research design

The research design chosen in the paper is a combination of a survey and oral interview. In the survey, the Researcher does not have control of the independent variables affecting the roles of International Institutions in the facilitation of globalization in the Nigerian Economy because they have already occurred. In the oral interview a face to face interview was done by the Researcher of respondents who are staff of donor agency assisted projects in Nigeria.

Sources of data

Both primary and secondary sources of data were used. The primary sources depended on a questionnaire and oral interview schedules. The secondary sources were some textbooks, journal articles and internet materials.

Limitations

An important limitation of the study is that the primary data is based on the responses of a small sample of 226 respondents got from the population size of 516, who are the Nigerian staff of the donor agency assisted projects who have the knowledge of the topic and so were able to give answers to the research questions and the questions in the questionnaire. It is hoped that in future research a bigger sample will be used to minimize sampling error.

Population of the study

The target population of this study is 516 which consists of the staff of the donor agency assisted projects. These include:

1. HIV/AIDS Program Development Project (World Bank) 80
2. United Nations Industrial Development Organization 100
3. Japanese International Organization 96
4. Aid Relief Organization 210
5. Clinton foundation 30

Sampling method

The Taro Yamane’s formula was used. For an error term of 5%, the sample size got was 225.328 to 3 decimal places approximated to 226. The proportional stratified sampling method was used to get the sample size per donor agency. This gave values of 35 for the HIV/AIDS Program Development Project (World Bank), 44 for United Nations Industrial Development organization, 42 for the Japanese International Organization, 92 for the Aid Relief Organization (United Nations) and 13 for Clinton Foundation totaling 226 as before.

DATA PRESENTATION AND ANALYSIS

The Research Methodology was handled indicating that the research design was a combination of a survey and oral interview. In this study, the Data Presentation and Analysis are to be handled. By data is meant a representation of facts, observations and occurrences (O’Brien, 2008). It is in the form of figures, words and even computer codes.

The data is to be presented by means of tables to make them amenable for further analysis. By analysis is meant the act of noting relationships and aggregating the data on variables with similar characteristics and splitting the units into their parts (Mills and Walter, 2008). Yomere and Agbonifoh (2000) have observed that it is at the analysis stage of a Research Project that meaning is given to the data that is collected. If the data is not properly analyzed, it will not be possible to discuss the results or summarized the findings, conclude the work and make recommendations or know the future scope or areas for further research.

Podsakoff and Dalton (1987) have observed that the factual data is to be used as basis for reasoning, calculation and discussion. It is also to be used as a basis for handling the Data Analysis. Apart from this major heading, the others are Data Presentation, Data Analysis: Percentage Analysis, and Hypotheses Testing.

Data presentation

Table 1 shows the response and non-response rates of the questionnaire. From Table 1, it is shown that 220 out of 226 questionnaires administered were returned. This gave a response rate of 0.973 to decimal places. A total of 6 out of the 226 questionnaires administered were not returned. This gave a non-response rate of 0.027 to 3 decimal places. The response and non-response rate was 1.

Data analysis

Percentage analysis

Table 2 shows the analysis of the responses on the positive roles of the International Institutions: International Monetary Fund and World Bank in the facilitation of the donor agency assisted projects’ aspect of Globalization of the Nigerian Economy.

From Table 2, it is shown that the positive roles are an improvement in the quality of the projects using Total...
Table 1. The response and non-response rates of the questionnaire.

<table>
<thead>
<tr>
<th>Number of questionnaires distributed</th>
<th>226</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of questionnaires returned</td>
<td>220</td>
</tr>
<tr>
<td>Number of questionnaires not returned</td>
<td>006</td>
</tr>
</tbody>
</table>

Response rate = \( \frac{a}{b} = \frac{220}{226} = 0.973 \) to 3 decimal places

Non-response rate = \( \frac{c}{a} = \frac{006}{226} = 0.027 \) to 3 decimal places

Total response and non-response rate = \( \frac{b+c}{a} = \frac{226}{226} = 1 \)


Table 2. The analysis of the responses on the positive roles of the International Institutions: International Monetary Fund and World Bank in the facilitation of the donor agency assisted projects’ aspect of Globalization of the Nigerian Economy.

<table>
<thead>
<tr>
<th>The positive roles</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. An improvement on the quality of the projects using TQM Techniques</td>
<td>31</td>
<td>14.091</td>
</tr>
<tr>
<td>b. The Positive Change in Business Culture.</td>
<td>30</td>
<td>13.636</td>
</tr>
<tr>
<td>c. Having Competitive Advantage over others</td>
<td>29</td>
<td>13.182</td>
</tr>
<tr>
<td>d. The provision of more effective services</td>
<td>28</td>
<td>12.727</td>
</tr>
<tr>
<td>e. An improvement in quality of work life of the employees</td>
<td>27</td>
<td>12.273</td>
</tr>
<tr>
<td>f. The provision of continuous improvement.</td>
<td>26</td>
<td>11.818</td>
</tr>
<tr>
<td>g. Provision of Team work</td>
<td>25</td>
<td>11.364</td>
</tr>
<tr>
<td>h. The completion of projects on Time.</td>
<td>24</td>
<td>10.909</td>
</tr>
<tr>
<td></td>
<td>220</td>
<td>100</td>
</tr>
</tbody>
</table>

Quality Management (TQM) Techniques, the positive change in Business Culture, having competitive advantage over others, the provision of more effective services, an improvement in the quality of work life of the employees, the provision of continuous improvement and the completion of projects in time. They have frequencies of 31, 30, 29, 28, 27, 26, 25 and 24 out of 220. These gave percentages to three decimal places of 14.091, 13.636, 13.182, 12.727, 12.273, 11.818, 11.364 and 10.909 respectively.

Table 3 shows the analyses of the responses on the negative roles of the International Institutions: International Monetary Fund and World Bank in the facilitation of the Foreign Direct Investment Aspect of the Globalization of the Nigerian Economy.

From Table 3, it is shown that the negative roles are decrease in exports, increase in imports, decrease in investment, decrease in consumption of locally produced goods, increase in unemployment, increase in poverty, increase in inequalities and lack of Economic Development even with growth. They have frequencies of 32, 31, 30, 29, 28, 27, 26 and 17 out of 220. These give percentages of 14.545, 14.091, 13.636, 13.182, 12.727, 12.273, 11.818 and 7.727 respectively.

Table 4 shows the analysis of the responses of which roles positive or negative outweigh the other of the International Institutions in the facilitation of globalization in the Nigerian Economy.

From Table 4, it is shown that the responses are Strongly Agree, Agree, Undecided, Disagree and Strongly Disagree. They have frequencies of 64, 50, 37, 35, and 34 out of 220 respectively. These gave percentages of 29.091, 22.727, 16.818, 15.909 and 15.455 respectively.

Hypotheses testing

Three hypotheses are to be tested in the null that:
(i) The positive roles played by the International Institutions in the facilitation of the donor agency assisted projects’ aspect of the globalization of the Nigerian Economy are not of the same order of magnitude.

(ii) The negative roles played by the International Institutions in the facilitation of the foreign direct investment aspect of the globalization of the Nigerian
Table 3. The analyses of the responses on the negative roles of the International Institutions: International Monetary Fund and World Bank in the facilitation of the Foreign Direct Investment Aspect of the Globalization of the Nigerian Economy.

<table>
<thead>
<tr>
<th>Negative roles</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Decrease in Exports</td>
<td>32</td>
<td>14.545</td>
</tr>
<tr>
<td>ii. Increase in imports</td>
<td>31</td>
<td>14.091</td>
</tr>
<tr>
<td>iii. Decrease in investment</td>
<td>30</td>
<td>13.636</td>
</tr>
<tr>
<td>iv. Decrease in consumption of locally produced goods</td>
<td>29</td>
<td>13.182</td>
</tr>
<tr>
<td>v. Increase in unemployment</td>
<td>28</td>
<td>12.727</td>
</tr>
<tr>
<td>vi. Increase in poverty</td>
<td>27</td>
<td>12.273</td>
</tr>
<tr>
<td>vii. Increase in inequalities</td>
<td>26</td>
<td>11.818</td>
</tr>
<tr>
<td>viii. Lack of Economic Development even with growth</td>
<td>17</td>
<td>7.727</td>
</tr>
<tr>
<td></td>
<td>220</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4. The analysis of the responses of which roles positive or negative outweigh the other of the International Institutions in the facilitation of globalization in the Nigerian Economy.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The positive roles outweigh the negative roles of the International Institutions in the facilitation of Globalization in the Nigerian Economy.</td>
<td>i. Strongly Agree</td>
<td>54</td>
<td>29.091</td>
</tr>
<tr>
<td></td>
<td>ii. Agree</td>
<td>50</td>
<td>22.727</td>
</tr>
<tr>
<td></td>
<td>iii. Undecided</td>
<td>37</td>
<td>16.818</td>
</tr>
<tr>
<td></td>
<td>iv. Disagree</td>
<td>35</td>
<td>15.909</td>
</tr>
<tr>
<td></td>
<td>v. Strongly Disagree</td>
<td>34</td>
<td>15.455</td>
</tr>
<tr>
<td></td>
<td></td>
<td>220</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5. The computational details of the first hypothesis.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Observed frequency, 0</th>
<th>Expected frequency, e</th>
<th>((0 - e)^2/e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>31</td>
<td>27.5</td>
<td>0.445454545</td>
</tr>
<tr>
<td>2.</td>
<td>30</td>
<td>27.5</td>
<td>0.227272727</td>
</tr>
<tr>
<td>3.</td>
<td>29</td>
<td>27.5</td>
<td>0.081818181</td>
</tr>
<tr>
<td>4.</td>
<td>28</td>
<td>27.5</td>
<td>0.00909090909</td>
</tr>
<tr>
<td>5.</td>
<td>27</td>
<td>27.5</td>
<td>0.00909090909</td>
</tr>
<tr>
<td>6.</td>
<td>26</td>
<td>27.5</td>
<td>0.227272727</td>
</tr>
<tr>
<td>7.</td>
<td>25</td>
<td>27.5</td>
<td>0.081818181</td>
</tr>
<tr>
<td>8.</td>
<td>24</td>
<td>27.5</td>
<td>0.445454545</td>
</tr>
</tbody>
</table>

Economy are not of the same order of magnitude.

(iii) The negative roles played by the International Institutions do not outweigh the positive roles played by them in the facilitation of Globalization of the Nigerian Economy.

The alternative hypotheses are that:

(a) The positive roles played by the International Institutions in the facilitation of the donor agency assisted projects’ aspect of the globalization of the Nigerian Economy are of the same order of magnitude.
(b) The negative roles played by the International Institutions in the facilitation of the foreign direct investment aspect of the globalization of the Nigerian Economy are of the same order of magnitude.
(c) The positive roles played by the International Institutions outweigh the negative roles played by them in the facilitation of globalization of the Nigerian Economy.

The statistical tool for testing the first two hypotheses is the one factor chi-squared test.

The z test of difference of means is used in testing the third hypothesis. Table 5 shows the computational details of the first hypothesis.

From Table 5, it is shown that the calculated chi-squared value to 3 decimal places is 1.082. The table chi-squared value is less than the table chi-squared value, the null hypothesis is accepted and the alternative hypothesis is rejected at 5% level of significance. So the positive roles are
Table 6. The computational details of the second hypothesis.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Observed frequency, 0</th>
<th>Expected frequency, e</th>
<th>( (0 - e)^2 / e )</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>32</td>
<td>27.5</td>
<td>0.736363636</td>
</tr>
<tr>
<td>2.</td>
<td>31</td>
<td>27.5</td>
<td>0.445454545</td>
</tr>
<tr>
<td>3.</td>
<td>30</td>
<td>27.5</td>
<td>0.227272727</td>
</tr>
<tr>
<td>4.</td>
<td>29</td>
<td>27.5</td>
<td>0.081818181</td>
</tr>
<tr>
<td>5.</td>
<td>28</td>
<td>27.5</td>
<td>0.009090909</td>
</tr>
<tr>
<td>6.</td>
<td>27</td>
<td>27.5</td>
<td>0.009090909</td>
</tr>
<tr>
<td>7.</td>
<td>26</td>
<td>27.5</td>
<td>0.227272727</td>
</tr>
<tr>
<td>8.</td>
<td>17</td>
<td>27.5</td>
<td>4.009090909</td>
</tr>
</tbody>
</table>

\[ Z = \frac{\bar{x}_1 - \bar{x}_2}{\sqrt{s_1^2/n_1 + s_2^2/n_2}} \]

\[ Z = \frac{4.560 - 2.030}{\sqrt{0.248410619/114 + 4.075384761/106}} \]

Table 7. The computational details of the third hypothesis.

<table>
<thead>
<tr>
<th>Statement</th>
<th>x</th>
<th>SA</th>
<th>A</th>
<th>U</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>( f )</td>
<td>5</td>
<td>64</td>
<td>50</td>
<td>37</td>
<td>35</td>
<td>34</td>
</tr>
<tr>
<td>( x_1 )</td>
<td>5(64) + 4(50) = 4.560</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( x_2 )</td>
<td>3(37) + 2(35) + 1(34) = 2.030</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( s_1^2 )</td>
<td>64(0.44) + 50(0.56)^2 = 0.248410619</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( s_2^2 )</td>
<td>37(0.97)^2 + 35(0.30)^2 + (34)(1.030)^2 / 105</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( s_2^2 )</td>
<td>0.675384761</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( Z )</td>
<td>2.530</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( Z )</td>
<td>( \sqrt{0.08550594867} ) \approx 8.652</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

of the same order of magnitude. Table 6 shows the computational details of the second hypothesis.

From Table 6, the calculated chi-squared value to 3 decimal places is 5.682. The table chi-squared value at degrees of freedom is 14.100. Since the calculated chi-squared value is less than the table chi-squared value, the null hypothesis is accepted and the alternative hypothesis is rejected. So the negative roles are of the same order of magnitude. Table 7 shows the computational details of the third hypothesis.

From Table 7, it is shown that the calculated z value is 8.652. The table z value at 5% level of significance is 1.645. Since the calculated z value is greater than the table z value, the null hypothesis is rejected and the alternative hypothesis is accepted. So the positive roles outweigh the negative roles.

Summary of major findings

The objectives of the study are:

1) To determine the positive roles of the International Institutions: IMF and World Bank in the facilitation of the donor agency assisted projects aspect of the Globalization of the Nigerian Economy.

2) To ascertain the negative roles of the International Institutions: IMF and World Bank in the facilitation of the
Foreign Direct Investment aspect of the Globalization in the Nigerian Economy.

3) To find out which of the roles positive or negative outweigh the other of the International Institutions of the facilitation of Globalization in the Nigerian Economy.

It was found that:

(a) The positive roles of the International Institutions: IMF and World Bank in the facilitation of the donor agency assisted projects’ aspect of the globalization of the Nigerian Economy are an improvement in the quality of the projects using TQM Techniques, the positive change in business culture, having competitive advantage over others, the provision of more effective services, an improvement in the quality of work life of the employees, the provision of continuous improvement and the completion of projects on time in a descending order of magnitude.

(b) The negative roles of the International Institutions: IMF and World Bank in the facilitation of the foreign direct investment aspect of the Globalization of the Nigerian Economy are decrease in exports, increase in imports, decrease in investment, decrease in consumption of locally produced goods, increase in unemployment, increase in poverty, increase in inequalities and lack of Economic Development even with growth in a descending order of magnitude.

(c) The positive roles of the International Institutions outweigh the negative roles of the globalization of the Nigerian Economy.

Conclusion

That the improvement in the quality of the projects using TQM Techniques, is the positive role with the highest priority played by the International Institutions of the donor agency assisted projects’ aspect of the globalization of the Nigerian Economy meant that Total Quality Management could improve the quality of the projects. With continuous improvement, quality is improved and the projects on HIV/AIDS would touch human lives.

That the decrease of exports is the negative role of the International Institution with the highest priority of the foreign direct investment aspect of the Globalization of the Nigerian Economy meant that the foreign sector was not doing well. Decrease in exports could lead to a fall in the Aggregate Demand combined with other negative roles like increase in unemployment and poverty, the crime rate in the Nigerian Economy continued to be on the high side.

That the positive roles of the International Institutions outweighed the negative roles in the globalization of the Nigerian Economy implied that all in all the International Institutions did not mean bad for the globalization of the Nigerian Economy. So the Economic Managers could optimize the benefits of the positive roles. They could minimize the limitations of the negative roles.

RECOMMENDATIONS

It is recommended that backed by national policy:

1) The economic managers and administrators of Nigeria should optimize the benefits from the globalization from projects financed by the donor agencies.

2) They should liaise with the government officials in the Federal Ministries of Finance and Foreign Affairs to minimize the limitations of the negative roles of globalization due to foreign direct investment by international institutions.

3) They should try to benefit more and lose less through globalization.

REFERENCES


