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Interation Between Globalization and Organizational Performance in the Third World:

Nigeria in Focus

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Abstract: This paper is on how the phenomenon of globalization affects or poses a challenge to organisations operating in the Third World countries, especially Nigeria. Building on environment - organisation analysis, this paper explores globalisation – business performance relationship. Globalization acts as a two – edged sword; it slashes the throat of the weak, while as Excalibur, it further strengthens the hand of the strong. Globalization affords all the opportunities that can help Third World countries transform from Third World to First World in one generation. However, Africa has been a marginal participant in the new global order, and watches globalisation as a paradox. As a result of some skewed and embarrassing features such as inadequate skilled manpower, lack of critical social, legal and economic structures, etc, and the challenging forces and propellants of globalization such as technological innovations, economic liberalisation, etc. Third World economies have not gained the advantage of global world economies. These have made Third World economies vulnerable to the manipulations and dictates of the rampaging economies of the First World. They have caused organisations operating in these Third World economies to become victims of the globalization phenomenon thereby, hindering their (organisations) performance. It is the opinion of this paper that Third World countries need to restructure their political, economic, social and technological structures and give priority to technological and knowledge – driven human capital development. This is expedient because critical and knowledge human resource has become the key for productivity in this era of globalization.

Key words: Globalization; Organizational Performance; Third World; Good Governance; Critical Knowledge and Skill

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INTRODUCTION

Since the 1980s, there has been a dramatic but enormous change in the world. This change is evident in the increasing rate and the continuous shrinking of world societies and economies into an integrated and interconnected whole. The intensification is so significant that almost all have acknowledged the emergence of a new world society or global community (Dada, 2004: 24). This change is generally referred to as globalization.

Today's world is organized by accelerated globalization which is strengthening the dominance of a world capitalist economic system. Globalization is supplanting the primacy of the nation state with trans-national, and or multinational companies and organizations. With increasing globalization, there have been enormous and far reaching changes in global organizations. These changes are the result of fierce international competitive pressure faced by enterprises operating in the global market place. These changes have presented a situation whereby there are gainers and losers in the global market place. Thus, while some organizations are improving, having a swell time; conquering ages (e.g. Kodak); surmounting intense competition (e.g. Microsoft); and ultimately going global (e.g. Unilever), others are finding it difficult to exist and survive the global competition and adverse global economic fortunes (e.g. Opel). This implies that the performance of organizations is impliedly linked with this contemporary global order.

In this global order, Third World or developing countries and the organizations located in these countries observably seem to be the worst affected. This is because, given the poor and often sympathetic nature of the Third World, they tend to loose out in tapping the enormous positive fortunes brought by globalization which could enable them "transform from Third World to First World in one generation" (Adei, 2004: 7). However, Third World countries are debilitated with myriads of skewed and embarrassing anti development characteristics. These features include political instability, lack of or inadequate technologically oriented and skilled manpower, inadequate functional social and economic infrastructures and amenities, low productivity, low literacy level and a high prevalence of primordial problems of humanity such as hunger, diseases and ignorance (Onwuka, 2008). All these tend to undermine organizational performance – which is the ability of an organization to achieve results and attain its goals by making effective use of resources available to it.

The problem of this study is derived from the fact that the advent and genesis of the 21st century brought unprecedented and largely unanticipated change in the global outlook, with the emergence of global economic systems. This change, an epitome of economic change, is manifested in the alteration of the economic structures, organizations, means of production, and distribution of goods and services (Ayantayo, 2004: 54). To its proponents, globalization is good because it is a reflection of progress, development, advancement and growth. This is because, through free trade and interactions among nations, globalization pushes economies towards higher levels of performance and growth in output (Iheriohanma, 2008: 224). This view is widely held by the 'Washington Consensus' that advocates that a more globalized economy will lead to growth, efficiency and increased business performance (Adei, 2004: 6). To a significant others, globalization is a dangerous development because it tends to erode the hitherto prevalent practices and is accompanied by some social and economic crises such as collapse of producer prices, low organizational performance, increase in unemployment and poverty (Iheriohanma, 2008: 244), especially in Africa where there are no developed social and economic structures necessary for participation in globalization.

The fundamental questions arising from the foregoing are as follows: what is globalization, with emphasis on its intent, content and context? How does it pose a challenge towards organizational performance in developing countries? What are the basic essentials needed to increase organizational performance in this era of globalization vis-à-vis developing nations?

The objectives of this paper are basically:

- To examine recent trends and developments in globalization and analyze how they are affecting business performance in developing countries.
- To highlight those features of Third World countries, that are antithetical to efficient organizational performance in this era of globalization.
- To provide salient opinion and guides towards improving business performance in the Third World vis-à-vis globalization.

This article has been written on the basis of secondary data. The secondary data were derived from library research, informal discussions as well as personal observations.

Globalization, Organizational Performance and the Third World

Globalization connotes "the linking of world wide social relations and local happenings shaped by far away events and vice versa" (Oyeshile, 2004: 15). Globalization is the process by which communities which were formally distant and unrelated are now continually brought together overtime to make a multifarious whole with an array of many flourishing subcultures. According to Iheriohanma (2008:241), globalization is both a phenomenon and a process that sees the world as being linked by economic interdependence, political and socio-cultural relations through the bridging of the factors of geographic distance in the establishment and sustenance of free border crossing. Adei (2004:3) posits that globalization:

> is a phenomenon whereby distinct and separate national markets are becoming one huge global market place, with resulting internationalization of production and selling to the world as one market.

The above implies an interchange, interdependence and trans-national linkages amongst independent nation states with corporations securing goods, labor and services from different locations around the globe (Iheriohanma, 2007: 122). Armstrong (2009: 152) sees globalization as the process of international economic integration in worldwide markets. Here, globalization is defined as the economic integration and interdependence of national economies across the globe, through a rapid increase in cross-border movement of goods, services, technology, financial and human resources, facilitated by economic liberalization and information technology. This definition embodies the fact that world economies are becoming integrated and interdependent, and are utilizing shared resources. This integration, interdependence and movement of resources across borders are made possible by the opening up of national economies through liberalization which has resulted in the entrance and expansion of multinational corporations into foreign localities and nations. The new information and communication technology as well as advances in other technologies such as transportation, has significantly been a major pusher of globalization. Through technology, global transactions and activities are carried out within fragments of time and remotely.

Globalization, Antithetical Structures and Organizational Performance in Third World Countries

The globalization phenomenon is being driven and propelled by certain factors. These factors and how they contribute towards undermining organizational efficiency and performance in the Third World countries would be the focus of the subsequent paragraphs and analyses. These factors include *inter alia*: economic liberalization, technological innovations, global corporations, supranational institutions and frameworks, and democratic governance.

Economic Liberalization

Economic liberalization is the process by which national economies free up, open up and deregulate their economies for higher economic gains and greater participation by, especially private corporations. The idea is that government will retreat from direct economic investments, participation and engagement to that of a regulator, partnering and a provider of 'level playing ground' for businesses to thrive.

With the opening up of national economic boundaries and the removal of restrictions, organizations are expected to increase their efficiency by acquiring necessary economic flows such as financial, technology and human resources. No doubt, increased economic flows enable organizations to increase stock of productive capital. Onwuka and Eguavoen (2007) opine that the intangible assets of trans-national corporations such as knowledge, investment, skills, management know how (which are transferred across borders due to liberalization) and market access, serve as a catalyst for investment and enterprise competitiveness. Onwuka and Eguavoen (2007) further assert that with liberalization, most governments have removed barriers to trade and control on the movement of capital and services thereby allowing market forces to play themselves out. This has translated in the trans-national development of most organizations.

However, in the developing countries, such as Nigeria, most organizations are fizzling out of existence instead of consolidating on the advantages of liberalization to acquire necessary economic and productive resources, and to spread their tentacles and expand out of their 'comfort zone'. This is as a result of (structural) economic weakness of most developing nations, Nigeria inclusive, due to inadequate domestic economic capacity, social infrastructure, excruciating debt and debt service burden, dependence and high consumption level, poor leadership structure and governance. For example, in Nigeria, according to the National Planning Commission (NPC) (2004: 24), external and domestic debts are put at 70% of Gross Domestic Product (GDP). Current revenue is largely eaten up just by debt service. As a result, national plans and budgets have little relevance today as a guide to funding and implementing development programs. Also, hostile environment for private sector growth is another major factor limiting the chances of ensuring the efficient performance of firms, vis-à-vis economic liberalization. Again, the NPC (2004: 24) lamented that "businesses wishing to operate in Nigeria face many constraints including poor infrastructures particularly, road networks and electricity supply, inadequate physical security, corruption, weak enforcement of contract and high cost of finance." These and many other factors have deterred foreign entrepreneurs from investing in Nigeria, and induced many Nigerians to take their skill abroad thereby undermining the performance of these businesses operating in the country.

Technological Innovation

According to Adei (2004: 5), technological innovations have played a crucial role in the creating of trans-world social spaces. Technological innovations and revolutions in transportation and especially, information and communications technology (ICT) are the backbone and infrastructure of globalization. Improved transportation as well as the emergence of containerization in land- and sea- based shipping has reduced both the handling requirement and transit time by more than two thirds (Onwuka and Eguavoen, 2007).

As for information and communications technology, it will be difficult for a corporation to become a significant player in the global market place without an extensive use of information and communications technology (Adei, 2004: 9). Information and communications technology plays a tremendous role in all areas of today's organizations. ICT is expected to drive organizations to greater and efficient performance. It provides the opportunity for organizations to be in any location on the globe, even the remotest of locality. Organizations are expected to take advantage of the ICT revolution to establish a virtual presence in the international economy as an e-business on the internet (Czenter, 2002: 7). ICT enables organizations to establish transactions oceans away within fragments of time. Onwuka and Eguavoen (2007) agree with this when they expressed that, advances in computer technology enable traders to meet demand for financial instruments such as swaps and futures with relative ease. Through ICT, organizations increase their performance by their virtual expansion through the internet thus, expanding their market reach and domination. An example is the online internet trade giant, ebay.com, which serves customers in almost all the countries from their American location.

The benefits of technology, especially, ICT can be employed to drive business performance in the Third World in this era of globalization. However, in the Third World, it is observed that there is a dearth of personnel with ICT technical know how as well as the near lack of ICT infrastructure. For example, internet penetration and usage in Africa is put at 6.8%, while that of Nigeria, which is said to be Africa's *primus interpares* in ICT growth and penetration is pegged at 7.4% of its population. These are against 74.2% internet penetration in North America (The Guardian, February 10, 2010). This low availability of ICT facilities hinders the ability of firms operating in Nigeria, and Africa at large, to effectively participate and compete in the global market place.

The above observed problems embarrassingly, implicate the literacy level in Nigeria, education and training structure, curriculum and strategies, human resource development and overall capacity building strategy for improved performance and productivity in organizations in a global economy. The Nigerian leadership focus needs re-evaluation.

Global Corporations

These are also referred to as trans-national companies, multinational companies (MNCs), and international enterprises. They are corporations or enterprises that manage production or deliver services in more than one country. MNCs are mainly home-based in the North (industrialized and advanced economies) and they contribute to the wealth and economic power of the South (developing or Third World economies) (Chigbo, 2008). MNCs include big companies such as Coca-Cola, PZ Cussons, Shell, Unilever, Mobil, General Motors, etc.

Global corporations are perhaps the most visible and easily recognized face of globalization. Aimiuwu (2004: 21) opines that "with the decline of political empires, commenced the ascendancy of corporate empires.... These global corporate empires owe allegiance to no state and locate where ever on the globe market advantages dictate." This implies that global corporations are truly large, and their combined size could be really awesome and intimidating. For example, General Motors which is the largest MNC in the world has a Gross Corporate Product of 168.8 billion dollars (Chigbo, 2008: 60). Aimiuwu (2004: 21) revealed that "Wal Mart's annual turnover is several times the budget of its home state, Arkansas, and more than the GDP of Sweden plus Switzerland!"

Everyday, we read of new global mega mergers, and hear how these global corporations are in control of our markets and lives. These global corporations are wealthy and intimidating economic institutions, that tend to undermine the performance of organizations especially smaller ones in the Third World. These global corporations absorb the best available financial flows, technology and human resources. They often meddle into the political and economic affairs of these underdeveloped and developing countries. When these interactions become hostile, they close shop and pack to other favorable locality, since they owe allegiance to no state. They dominate the markets and legal processes of these developing countries. All these contribute to their undermining of the performance of other organizations in these countries that do not possess the wherewithal and resources to confront these global corporations. For example, trans-national clothing companies such as Marks and Spencer (St Michaels) has flooded Nigerian markets with cheap clothing and textile materials, thus contributing to the low performance and closure of most Nigerian textile companies such as Aba Textile Company, amongst others. It therefore, becomes obvious that globalization, through global corporations, has multifarious influences and processes in the existence and performance of industries and organizations in Third World countries. Apart from this, globalization has political, economic, financial and social influences in the lives of every individual, structures and institutions in Third World countries.

Supranational Regulatory Institutions and Frameworks

These are those institutions and frameworks that are established to regulate and advice, as well as coordinate certain related engagements of nations, as well as organizations. Adei (2004: 5) argues that globalization would have been impossible without supportive regulatory frameworks and institutions that have facilitated supra-territorial and trans-national political, economic, financial and cultural activities. Examples of these institutions are the United Nations, International Monetary Fund (IMF), World Bank and International Labor Organization (ILO).

These trans-national institutions and agencies have greatly undermined and frustrated most Third World countries, and by extension, frustrating those organizations that operate in these countries. These agencies usually lash out damning policies, economic modernization theories and prescription, guidelines and advice that are sometimes antithetical towards the socio- economic and political growth and development of Third World countries. A typical example was the IMF advice and induced Structural Adjustment Program (SAP) of 1986 in Nigeria. This programme had severe consequences on the Nigerian economy. It brought about untold hardship to Nigerians, undermined industrial capacity utilization and eventually saw the collapse and winding up of most firms and business concerns.

Democratic Governance

Globalization has been furthered by the propagation and acceptance of democratic form of governance the world over. Through increasing democratic governance as well as the global spread and acceptance of democratic idealism, globalization is waxing stronger. This is strengthened by some associated democratic concepts and structures such as human rights, due process, rule of law and constitutionalism, freedom of speech and association, equality, women liberalization and ‘genderization’, transparency, accountability, and growth in social capital.

In the Third World countries, democratic governance and practice is often characterized by prebendalists, rent-seeking corrupt actors and dictators, ethnic chauvinism, ethno-religious and political crises and instability. Analyzing Richard Joseph’s concept of prebendal politics, Yagboyaju (2005: 102) explains that the motive of most, if not all, aspirants to public offices in the ‘democratic’ less developed Third World is the abuse of government positions and resources for personal ends. The state has increasingly become a magnet for all facets of political and economic life, consuming the attention of traders, contractors, students and even the unemployed! It is our view that although democracy is ideal for increased organizational performance, it would be observed that this brand of democracy (as practiced in most Third World countries), seems to be undermining national growth as well as business performance in Third World countries where structures are not yet developed. In Nigeria, there seems to appear more uncertainty and often skewed and embarrassing intrigues in her political realm. This is because, corruption still thrives, illegality still holds sway as the rule of law is still awaiting enthronement, and tribalism and ethnic chauvinism that often have religious connotations reign supreme. We should bear it in mind that this kind of (Western) democracy is alien to our culture and tradition. Our traditional governance system and institution abhorred corruption and other negative tendencies.

It may not be difficult to argue that the imposed and imported kind of Western democracy has rather destroyed the African traditional democracy of egalitarianism, welfarism, brotherhood, industrialism, hard work, constitutionalism, normative culture, morality, accountability, religiosity, conscientized political process, self-help etc. In their place, the imposed global democracy has enthroned corruption, profitability, immorality, ethnicity, revolutionized negative individualism, and disrespect for constituted supernatural authority. All these negative tendencies are structures that favor the facilitators and proponents of globalization and which open up leeway for the North to further colonize and pauperize the South. Profit making is a driving force of capitalism. In a bid to make this profit, morality is thrown overboard and all kinds of illicit acts are carried out. Corruption and non-institutionalized tribute and gift-giving are some of these illicit and illegitimate acts.

Road maps Towards Improved Organizational Performance in Third World

The saying that ‘the old order change, yielding place to new’ holds sway in the new world socio-political and economic order. Globalization conjures the picture of a borderless world with greater economic integration that enhances the living standards of people and increases organizational competitive capabilities, across the globe. Even then, globalization is not a novelty in the development process. This is particularly predicated on the fact that most Third World countries have not benefited from the positive trends of globalization, and at best, has been a marginal participant (Adei, 2004: 4).

The Third World has been identified to be lacking in basic ingredients and structures that are needed in this global age. They are characterized by low productivity, low literacy rate, political instability, and prevalence of primordial problems of humanity such as hunger, ignorance and diseases. The environment in which organizations operate significantly affects and influences their performance. This is because the environment provides the resources needed by organizations to function. This is called or referred to as environmental munificence. This implies the abundance or scarcity of critical resources needed by firms operating within an environment and which are made available to these organizations

Globalization has provided platforms for organizations to thrive. It also presents global hyper-competition. It is however challenging for organizations operating in developing countries to perform efficiently. This is as a result of those skewed and often embarrassing features plaguing these developing countries, and the exploitation and marginalization of the Third World by the First World in the globalization process. Because of these, organizations in the Third World, Nigeria inclusive, have found it rather tenuous to increase their performance, compete favorably and have a competitive-edge in the global market place.

Organizations operating in developing countries, and indeed Nigeria, can enhance their performance if the following measures are adopted.

a). Globalization is an all embracing and integrating phenomenon which is irreversible. Opting out is not ideal for Third World countries. Third World countries cannot escape globalization whether they like it or not. Thus, developing countries must confront the challenges that globalization has on them in the form of trade liberalization, cross border movement of capital and human resources, technological innovations and explosions, cultural integration and political pressures to democratize and institute good governance measures. It is our opinion that governments of developing countries should adopt a PEST – Political, Economic, Social and Technological – restructuring of their nations, to beat these challenges.

b). Our attitude to work, time and strive for industrial and service excellence should reflect the Weberian ‘Protestant Ethic’ of time consciousness, hard work and frugality. These are factors that ensured the rise and triumph of capitalism in Europe. The traditional political economic structures in Nigeria, before colonization, especially among the Igbos, South East of Nigeria, operated along this ethic.

c). The relevance and importance of the human factor cannot be over emphasised as being the key for productivity and performance in this era of globalization. The human capital has been greatly relegated, giving priority to issues of technology and finance. However, it is the human resource that will utilize and coordinate these other resources. This prompted Aimiuwu (2004: 26) to lament that “people are said to be the soul of the business but they are treated as the sole of the business, to be trampled on.” For the achievement of efficiency and increased business and organizational performance, there should be a strategic approach to the management and development of human resources. This is in line with Bawa and Ali (1999) position that a strategic framework is ideal for managing human resources as a growing interaction of globalization and business performance. The focus of human capital development should be on those processes and forces of globalization that have technology and knowledge-driven production process. Human resources should be trained and armed with the necessary and requisite skills and motivation to guarantee performance efficiency. This is predicated on the assumption that

> If you get the people, you get most things. If you capture their hearts and souls, you get everything; you get a ready ‘army’ in the mood, even if not yet fully in the shape, for global competitiveness (Aimiuwu, 2007: 26).

There is need therefore to restructure the education curriculum and manpower training strategies to elicit knowledge-driven management and leadership in organizations for improved organizational performance. This is necessary in this competitive world economic market.

d). Third World countries have the urgency to provide adequate and functional social and economic amenities such as electricity supply and good road network. These facilities will help drive business transactions and increase productivity. Most importantly, information and communications technology (ICT) should be enhanced and institutionalized. The ICT has become an indispensable tool in enhancing efficient business performance. Also, Developing economies are expected to ensure the reduction (to the barest minimum) the prevalent primordial problems of humanity. In doing this, hunger should be drastically reduced; the fight against diseases should be intensified and pursued more vigorously, as hunger and sickness reduce productivity.

CONCLUSION

It is the avowed opinion of this paper that, in as much as Third World countries cannot escape globalization, they should stop watching it as a paradox. Third World leaders must wake up to the challenges and restructure their countries' economic, social and political institutions and structures to take advantages of the facilitating drivers of globalization. Thus, economic liberalization, technological innovations, global corporations' dividends, supranational regulatory institutions, and critical democratic governance should be the focus in their policies. Interdependence in the world economic circle has made this intractable and a necessity. Performance in organizations in Nigeria especially, depends on critical technological innovations, good governance and responsible leadership and application of germane supranational regulatory framework. The time for all these is now.

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