

Commercial Policy's Foreign Ownership Outcomes and Employment Creation Capacity of Multinational Corporations in Nigeria

Author's Details:

- ⁽¹⁾**Akinbola, Olufemi Amos** - Department of Business Administration, College of Management Sciences, Federal University of Agriculture, Abeokuta ⁽²⁾**Issa, Abdurraheem Ph.D.**-Department of Business and Entrepreneurship, Kwara State University, Malete. ⁽³⁾**Abu Zekeri (Ph.D.)**-Department of Business and Entrepreneurship, School of Business and Governance, Kwara State University, Malete.

Abstract:

This study examined commercial policy's foreign ownership effects on employment creation capacity of multinational corporations in Nigeria considering whether foreign ownership (FO), has a significant effect on employment creation capacity (ECC) of multinational corporations. The study adopted cross sectional research design and considered 5 multinational corporations in the food and beverage and conglomerate sub-sector in Nigeria based on random sampling technique by employing primary data. The sample size constituted the lower, middle and senior level staff of the multinational Corporations at their headquarters and plants to achieve the objectives of this study based on the hypothesis that was formulated. Both descriptive and inferential statistical techniques were employed. The statistical tools used included cross tabulations, Mean, Regression and Correlation analysis with the aid of SPSS computer packages. The results showed that foreign ownership (FO) has significant effect on employment creation capacity (at $P=0.003$). In conclusion, the study reflected that each of the performance indicators under consideration related with commercial policy and employability implies the need for compliance by multinational corporations to be ensured as governmental follow up in areas of foreign ownership (FO) is pertinent to employment creation capacity (ECC). The study recommends that; government is encouraged to continue to play her regulatory, facilitating and participatory roles to foster an enabling operating environment as it will contribute towards firm competitiveness in the domestic and global marketplace.

Keywords: Foreign Ownership, Multinational Corporations, Employment Creation Capacity.

Introduction

Commercial policy is considered as an element of economic policy that is related with business activities of a country. (Park, Dean, Xinzheng and Yuan, 2010). A commercial policy is a strategy used by governments to normalize the process of trade with other countries. In general, a major rationale for commercial policy is in terms of promoting coordinated industrial strategy especially in industries where economies of scale are likely to exist (Todaro and Smith, 2003). An effective commercial policy intervention includes provisions that encourage the inflow of multinational corporations and foreign direct investments within the borders of a given nation to mitigate unemployment and enhance the standard of living.

In Africa, Nigeria has taken the lead in commercial policy to develop its industrialization processes, main thrust of Nigeria's commercial policy is to instigate the production and distribution of goods and services to gratify domestic and international markets for the purpose of accomplishing and accelerating economic growth and development.(Gbegi and Adebisi, 2013). According to Ede, Ndubisi and Nwankwo (2013), the implementation of commercial policies in Nigeria has led to the industrialization of some states, for example, Lagos, Ogun, Oyo, Kano and Rivers State are considered as industrialized in comparison to others due to Gross Domestic Product (GDP) and the incursion of multinational corporations which has a coefficient or multiplier effect on the jobs that are generated within the state they are domiciled. The challenges of commercial policy intervention have resulted in new insight into assessing its implications for employment generation in many developing nations like Nigeria as youth unemployment rate published by the National Bureau of Statistics (NBS), 2016 stood at 23.9% and has assumed an alarming dimension and a crisis proportion with millions of able-bodied persons who are willing to accept jobs at the prevailing wage rates are unable to find placements.

As such, the study aims to streamline its findings to determine the contribution of commercial policies' foreign ownership to the employment creation capacity of multinationals in Nigeria.

Statement of Research Problem

Apparently, the proliferation of global production networks that allow firms to produce segments of their production in various locations at low cost has enabled some of them to successfully leverage on foreign direct investment (FDI) through multinational corporations for development, but past findings by Rasouli, Turnbull and Hoshino (2008) and Wanasin (2011), show that multinationals export jobs abroad and exploit workers in developing countries. At the core of these developments is the issue of employment, whether at home or abroad. Most countries in which multinationals are hosted or domiciled usually have laws or regulations guiding the principles of ratio of number of employees that may be foreign in its work force to give room for the nationals of the host to be employees.

This can be partially supported by the Nigeria's indigenization and enterprise promotion policy of 1972 and 1977 that posited that Nigerians should have major stakes in selected industries and certain businesses should totally be left for Nigerians. Also multinationals usually try to abide by the host country's regulations and the number of directors of a firm that are foreigners may determine certain decisions which sometimes affect employment creation capacity. The extent of relationship existence between multinationals foreign ownership and employment creation capacity remains inconclusive as most findings by Riley and Bondibene (2015) and OECD (2016) focus less on Nigeria. To this extent this study draws inference from Nigeria multinationals and extends its beam on the relationship that exists between foreign ownership and employment creation capacity in Nigeria. Essentially, the study intends to examine the effect of foreign ownership as a component of commercial policy intervention and its influence on employment creation capacity affecting employability of multinationals.

Hypothesis

Ho₁: Commercial policy's foreign ownership, does not significantly affect employment creation capacity of multinationals.

Foreign Ownership Literature Review

According to Jun, Pingsun, Yan and Nan, (2015), foreign ownership refers to the complete or majority ownership/control of a business or resource in a country by individuals who are not citizens of that country, or by companies whose headquarters are not in that country. Foreign affiliates are likely to differ from their domestic counterparts. They may possess proprietary technology and knowledge that allows them to compete with other MNCs and local firms, which presumably have superior knowledge of local markets, consumer preferences and business practices (Petri, 2012). Differences may include specialized knowledge about production, superior management and marketing capabilities, export contacts, and relationships with buyers and suppliers. These differences have led researchers to address the issue of whether foreign-owned firms perform better than their domestic counterparts, and whether the presence of foreign-owned firms has spillover effects on domestic firms. Empirical results tend to support the view that foreign-owned firms perform better in terms of productivity than domestically owned ones (Foster-McGregor et al., 2015). Most Multinational companies usually have a mix or proportion of foreigners on the board and management position and this mix is often specified in corporate governance mechanism and investment laws of a country, the extent to which this affect the rate of employment creation capacity of multinational corporations may be determined by the policy making mix of those that are on the board and management position.

Furthermore, the Least Content Requirements Act, among other things envisaged to tackle the problem of insufficient value addition to the Nigerian economy arising from the near lack of local capacity/capability in the industrial sector. Bello, (2010) defines local content as "the quantum of composite value added to or created in Nigeria through utilization of Nigerian resources and services in the petroleum industry resulting in the development of indigenous capability without compromising quality, health, safety and environmental

standards (Gbegi and Adebisi, 2013). The Act requires that first consideration be given to Nigerian companies when contracts are awarded for oil blocks, licenses and all other projects.

For this purpose, the Act defines a Nigerian company as one formed and registered in Nigeria under the Companies and Allied Matters Act 1990 with not less than 51% equity shares owned by Nigerians. An employment and training program is required for every project. To this end, there is a requirement for Nigerians to be considered first for employment and training in any project. Where such Nigerians cannot be employed for lack of training, the act requires that reasonable efforts be made to provide such training within or outside Nigeria. The Act makes provision for succession plan for every position not held by Nigerians. The Act requires that professional services including legal, financial and insurance services be provided solely by Nigerian firms. Industry players are restricted from procuring offshore insurance covers without the written approval of the Nigerian Insurance Commission, whose duty it is to ensure that the Nigerian local capacity has been fully exhausted. This policy aligns with section 67 of the Insurance Act, 2003. (Balouga, 2012). The Nigerian state has been faced with various economic, social, political, educational, and development problems in all sectors of the Nigerian economy. However, the implementation of commercial policy as regards local content on employment creation in many developing countries has not yielded much impact as there is a wide gap between the high level jobs available and the number of job seekers actively seeking work in most multinational corporations in developing economies.

Also in Chinese companies wage premium is driven by firms that are owned by investors from Developed and other countries. Employment effects of foreign ownership are found to be more limited. Employment benefits are found in manufacturing in some cases, however, in particular in the case of investment by Chinese firms. The results for China are particularly interesting despite its investment openness and when combined with those for wages, suggest that inflows of investment from China in manufacturing can be employment creating, but that workers who are non-Chinese in such firms earn lower wages on average. There is some existing evidence to suggest that Chinese companies prefer to use Chinese workers. (Timokhina, 2014). To increase the level of employment, some scholars have argued that the flow of goods and services (trade flows) could propel employment generation, especially in developing countries. And according to Pianta (2006), growth in employment has a feedback on economic growth, such that an increase in income would expand domestic demand, which in turn will lead to sustainable GDP growth and reducing risk of excessive reliance on uncertain foreign markets. Given these facts, trade can absorb Nigerian's surplus labor and this can go a long way alleviating poverty for the majority of the poor Nigerians. This is because of many developing nations, unemployment and underemployment have been found to be the major causes and consequences of wide spread poverty. In spite of the role of employment, the implementation of policies on employment creations in many developing countries has not yielded much impact as there is a wide gap between the number of job available and the number of job seekers actively seeking work in most poor nations (Adebayo and Ogunrinola, 2006) and (Hill, Leshar and Nordas, 2008).

Concept of Unemployment and Employment Creation Capacity

Every economy is characterized by both active and inactive populations. The economically active ones are referred to as the population willing and able to work, and include those actively engaged in the production of goods and services and those who are unemployed. The International Labor Organization (ILO, 2014) considers the unemployed as numbers of the economically active population who are without work but available for and seeking work, including people who have lost their jobs and those who have voluntarily left work. De Hoyos Romaguera, Carlsson and Perelli (2012) posit that employment creation capacity of firm is 'the tendencies of being able to employ'. It can be conceptualized as 'gaining, sustaining and progressing in employment generation processes'. Significant enabling factors for employment creation include; labor market policy and active labor market programmes that enhance employment creation initiatives of corporations.

Fajana (2000) and Alao (2005), identify the following types of unemployment.

- i. **Structural Unemployment:** occurs when there is a change in the structure of an industry or the economic activities of the country. This may be due to use of outdated technology, deficiency of capital resources in relation to their demand and the product or service is no longer in demand.
- ii. **Frictional Unemployment:** is caused by industrial friction in which jobs may exist, yet the workers may be unable to fill them either because they do not possess the necessary skill, or because they are not aware of the existence of such jobs. The employable may remain unemployed on account of shortage of raw materials, or mechanical defects in the working of plants. Therefore, the better the economy is doing, the lower this type of unemployment is likely to occur.
- iii. **Seasonal Unemployment:** is due to seasonal variations in the activities of particular industries caused by climatic changes, changes in fashions or by the inherent nature of such industries. In the tropical region, ice factories are less active in rainy season because demand for ice is low. Seasonal oriented industries are bound to give rise to seasonal unemployment
- iv. **Cyclical Keynesian Unemployment:** is due to the operation of the business cycle. This is a situation whereby the demand for labor becomes deficient to supply. In other words, when the aggregate demand falls below the full employment level, it is not sufficient to purchase the full employment level of output. It is characterized by an economy wide shortage of jobs and last as long as the cyclical depression lasts.
- v. **Technological Unemployment:** is caused by changes in the techniques of production. Hence a situation whereby man is replaced by machines. Technological changes are taking place constantly, leading to the increased mechanization of the production process. This naturally results in the displacement of labor and finally causing unemployment due to globalization (Oladele, et al, 2011).
- vi. **Residual Unemployment:** is caused by personal factors such as old age, physical or mental disability, poor work attitudes and inadequate training. Whatever the type and cause of unemployment, entrepreneurship is its answer.

Trends of Unemployment in Nigeria:

The prevalence of graduate unemployment was suspected and feared after the 1967-1970 civil war in Nigeria, (Fajana 2000). In concern of this, Diejomaoh (1979) conducted a study in University of Lagos and discovered that the issue of graduate unemployment between 1965 and 1972 was not a stern challenge contrary to the way it was reported. Also, Folayan (1979) considers level of graduate unemployment as seemingly insignificant. However, during the period 1965-1972; systemic bureaucratic processing style of application for jobs have caused some graduates to remain temporarily unemployed for the first few months after graduation which led to shortage of medical doctors, graduate teachers and engineers due to human capital flight while agriculture graduate are under-utilized. Within the last ten years the number of universities (private and public) has increased to over 153 universities without commensurate creation of industries to absorb the large graduates of 30,000 numbers churned out yearly. (Oladele, Akeke and Oladunjoye, 2011)

Brief Examination of Youth Unemployment in Nigeria

Youth unemployment across the world has reached a new high and is likely to climb further. The youth population in Sub-Sahara Africa was estimated at 146 million people in 2012-2013, with 34.9 million, or 21 percent of them unemployed (ILO, 2014). There are notable differences in youth unemployment with regard to gender. The unemployment rate for young women in Sub-Sahara Africa is 18.4 percent – lower than the unemployment rate for young men (23.1 percent) even as young women's labor force participation rate is lower. Youth unemployment in Africa also has a geographical dimension: it is generally higher in the urban areas than in rural ones. Several factors account for higher youth unemployment rate in Africa, most notably low economic growth, low economic activity and low investment. These related factors contribute to low job creation and because of sustained (increased in some cases) population growth the small labor market is unable to absorb the resulting army of job seekers. Youth unemployment has been increasing because most graduates lack relevant marketable skills. The federal government recently acknowledged that about 80 percent of Nigeria's youth are

unemployed and 10 percent underemployed (Daily Trust, 2008). Oyedokun (2010) Chair of the House Committee on Youth and Social Development, of the over 40 million unemployed youths in the country, 23 million are unemployable and therefore susceptible to crime, hence the need to articulate what could be done to salvage the situation. He therefore, suggests creating the enabling legislative framework that would ensure the total emancipation of the Nigerian youths.

A national survey jointly sponsored by National Universities Commission (NUC) and United Nations Industrial Development Organization (UNIDO) in 2015 sought to determine the labor market needs. The study revealed that 44 percent of the 20 organizations rated Nigerian science graduates as average in competence, 56 percent rated them as average in innovation, 50 percent rated them average in rational judgment, 63 percent as average in leadership skills and 44 percent as average in creativity. On needed skills like literacy, oral communication, information technology, entrepreneurship, analytical, problem-solving and decision making, 60 percent rated them as poor. By any standard, the above statistics reflect a poor assessment of Nigerian university graduates and further buttress the argument that Nigerian university graduates are unemployable. As should be expected, the lack of employment potential make crime a more attractive option for some Nigerian university graduates.

Nigeria Experience on Job Creation

These are the FGN Programs and Development Plans to solve unemployment Programs: Over the years, in Nigeria, the federal governments have since independence (in October 1st 1960), organized and formulated different versions of development plans, policies, processes, programs and practices, to tackle unemployment and ensure jobs creation for its citizenry, with little success in these outlined community-based projects. The programs of the FGN were as follows as depicted in the Table:

Table: 2.1 Governmental Programs for Empowerment and Job Creation

PROGRAM	ACRONYM	YEAR
Operation Feed the Nation	OFN	1975-1978
Green Revolution	GR	1979-82
Directorate of Food, Roads and Rural Infrastructure	DFRRI	1986-1992
Structural Adjustment Programme	SAP	1988-1992
National Directorate of Employment	NDE	1993-1998
Millennium Development Goals	MDG	1999-2007
National Economic Empowerment and Development Strategies	NEEDS	1999-2007
New Partnership for Africa's Development	NEPAD	2001-2009
Youth Enterprise With Innovation in Nigeria	YOUWIN	2011-2015
N-Power Programme	N-Power	2016 till date

Source: Researcher's Compilation, (2017).

Causes of Unemployment in Nigeria

The labor statistics yearbook of (1984, 1985, and 1986) hinted on the rise of unemployment rate during the world-wide recession of the 1980s and 90s. Few of the steps taken by organizations to mitigate the recession includes ban on recruitment which affected graduate as they are mostly first job seekers who needed work experience.

The civil service commission annual report (2015) highlighted that most corporations seeks overseas recruitment due to the absence of qualified Nigerians to fill technological and professional jobs as a result of poor training and skills contributing to the problem of Nigeria's unemployment index. Adverse to this, Fajana (2000) and Alao (2005) contended that recruitment of expatriates may not affect graduate unemployment seriously. One of the measures adopted by Nigerian government as part of her initiatives to solve manpower problems is the establishment of National Youth Service Corps (NYSC) in 1973 to foster national unity, a means of recouping government investments in graduates. Unfortunately, the NYSC scheme has encouraged employers (private and public) to take advantage of employing graduates by paying stipends for professional

job role assignments which can be said to have contributed to graduate unemployment in Nigeria. The labor act (2010) protects older workers from being laid off in a situation of crisis adopting the policy of last-in-first out, coupled with the ban on recruitment of fresh graduates during recession. These seemed to have exert a great impact on the employment situation and industrialization in Nigeria has been pursued without much seriousness with little or no attention to manpower development and competitive compensation policies. (Bello, 2010).

Inference to Eclectic-Locational Theory of FDI

This research is centered on the theory of eclectic-location which emphasizes on firm specific advantage that gives power to firms over their competitors. This includes advantage in technology, in management techniques, easy access to finance, economies of scale and capacity to coordinate activities. This theory was developed by John Dunning (1977); it is also called the OLI paradigm. O, L and I refer to ownership advantage, location advantage and internalization conditions, respectively. Peculiar to this study is the ownership advantage. Operating in a foreign country market has many costs and these “costs” include failure of knowledge about local market conditions, cultural, legal and many other costs. Therefore, foreign firms should have some advantages that can offset these costs. Ownership advantage is a firm specific advantage that gives power to firms over their competitors. This includes advantage in technology, in management techniques, ease of access to finance, economies of scale and capacity to coordinate activities of Multinational Companies (MNCs) in order to fully reap the benefit of firm specific advantages, MNCs tend to consider the ownership advantage of the host country. This includes accessibility and low cost of natural resource, adequate infrastructure, political and macroeconomic stability. Internalization is multinational companies’ ability to internalize some activities to protect their exclusive right on tangible and intangible assets, and defend their competitive advantage from rival firms. All these three conditions must be met before transnational companies open a subsidiary in a foreign country (Laar, 2004).

Empirical Framework

Empirical Review on Foreign Ownership and Employment Creation

Foreign ownership and employment creation is one of the many aspects which are related to inward foreign investment, although it is passionately debated. FDI may have direct and indirect effect on national employment. A study by Wanasin, (2011) estimated indirect employment effects for individual MNC subsidiaries in some developing countries showed that the number of jobs generated indirectly depended on the foreign ownership structure of the multinationals. Also the growth of employment resulting from FDI is likely to be concentrated in economies that can support rapid restructuring and efficient new production activities. An important factor that shapes the capacity of host economies to attract employment-generating FDI is the quality of the labor force: the level and composition of skills available. High labor quality enables a host country to attract FDI into high value-added activities.(Kleinert, and Toubal, 2010).

Findings by Anukoonwattaka, (2011) concluded that employment generation depends upon the size of foreign investment ownership structure, especially in case of FDI in labor or human-resource intensive sectors. Countries abundant in low-cost labor that establish export-oriented trade regimes may promote significant employment generation by attracting export-oriented activities. The sector and industry of investment of some processes are more labor-intensive than others. The sector and industry of investment matter in so far as some processes are more labor-intensive than others. There is also different level of concentration and competition in the industrial activities. The impact of FDI on local competitors will depend on the characteristics of the sector. These include: the number and size of existing firms, the composition of their output, their innovatory capacity, the market prospects for the industry and whether or not existing firms are operating at surplus capacity and the extent to which the industry is protected from competition. The mode of entry is a very important factor determining labor market outcomes in a host country in the short-term. The direct impact of FDI through mergers and take-overs differs markedly from that of greenfield FDI. A greenfield investment generates new employment, while an acquisition transfers responsibility for existing employees – who may then be laid off by the new owner. Employment remains constant or declines. Lay-offs are likely for three main reason (World Investment Report 2000):

Research Method

Survey research method was adopted as the research method in this research study. This method involves the use of structured questionnaire designed to obtain data from respondents on their discernment of Commercial Policy’s foreign ownership and employment creation capacity as its affects employment in Nigeria’s multinational corporations. The rationale for the use of survey research method is that it was extensively and frequently used in related research of this nature (Deennis and Shepherd, 2011; Ahmed etal, 2012). The study population encompasses all levels of employees in the multinational companies. This is because of the study of Ahmed etal (2012), who stated that majority on managerial and non-managerial employees are usually the ones with better understanding of the operations of commercial policies and employment processes in organizations. In this study five multinational corporations in the South west that are homogenous in nature and are listed on the Nigerian Stock Exchange were selected. Manufacturers Association of Nigeria (MAN) rectitude that about 70% of manufacturing firms are located in south west region. The hierarchical organization of the study population is made up of three tiers, which include Top, Middle and Low level employees. The attribute of the study population was mixed at every level of the multinationals irrespective of gender, age, marital status, number of dependents, highest educational qualification, job status and years worked in the corporation.

Table 3.1. List of the selected multinational firms in the South West, Nigeria

S/N	COMPANY	LOCATION	CEO	EX-DIRECTORS	OFFICERS
1	PZ Cussons Plc	South West	1	12	4,961
2	Unilever Plc	South West	1	8	944
3	Cadbury Plc	South West	1	6	727
4	Nestle Plc	South West	1	9	2,325
5	Glaxosmithkline	South West	1	7	419
	TOTAL		5	45	9,376

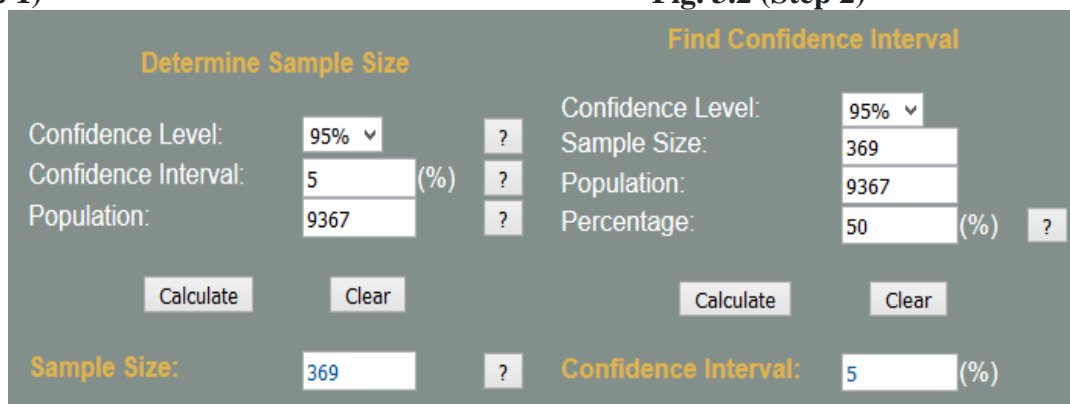
Source: Researchers Compilation, (2018).

3.2 Sample Size Determination

The sample size for this study was arrived at using the MaCorr Sample Size Calculator software. The calculator consisted of fields that allowed input of population size and level of significance. The sample size was determined with 9,367 employees using 95% as the confidence level, which meant we were 95% certain that the sample is real and repeatable. Below is a pictorial representation of MaCorr Sample Size Calculator in operation.

Fig. 3.1 (Step 1)

Fig. 3.2 (Step 2)



Source: www.macorr.com (Maccor Sample Size Calculator)

From Figs. 3.1 – 3.2, 5% or 0.05 confidence level was selected with 5 entered at the confidence interval space, while the population size (9,367) was entered in the population cell. When the “calculate” button was clicked, the sample size figure was generated at as shown in fig. 3.2. The sample size for this is 369 and represents the number of respondents across the multinational corporations to which copies of questionnaire will be administered. The use of the software was justified by professionals in various industries as stated in the website (<http://www.macorr.com>) from where the software was downloaded. The 60 professionals had made use of the software and it yielded their results. A comparison of results from the MaCorr Sample Size Calculator with

those from conventional formulas, such as Yard and Yamane’s formulas, showed no marked difference. The sample size of 369 employees will be spread among the 5 selected multinationals companies in Nigeria and respondents were selected randomly to give all the companies equal opportunities of being studied.

The sample size for this study was determined using the Yamane’s sample size formula. Giving the population of 9,367, a 95% confidence level and P = 5% the equation is thus presented as:

$$n = \frac{N}{1 + N(e)^2}$$

Where n is the sample size, N is the population size, and “e” is the level of precision. The computed sample size therefore, using Yamane’s formula was:

If n = Sample Size

N = 9, 367 Employees

e = 5% or 0.05

CL = 95%

Therefore, n = 9, 367

$$1 + 9, 367(0.05)^2$$

2

n = 374.70

n = ~ **375 Employees**

Approximately 375 employees were obtained as the sample size using the Yamane’s sample size formula. As a result of this, averagely 70 copies of the questionnaire were to be administered in each of the multinational corporations. In order to justify this, Maguire (2005) posited that stratified sampling technique should be used in order to allow every element in a sample frame to have an equal chance of being chosen. The formula below was suggested: $nh = Nh * n$ and N. Where nh is the sample size of each company. Nh is the population size of each corporation. N is the population of the study. n is the sample size of the study.

Presentation of Data

The research questionnaire was administered to three hundred and seventy five (375) employees which is the sample size representing the chosen study population of the selected 5 multinational companies in Nigeria. Of this lot, three hundred and forty six (346) questionnaires representing 92.3% were returned, and twenty nine (29) questionnaires representing 7.7% were not returned.

Frequency Distribution of the Respondents’ Demographic Characteristics

The frequency distribution of the respondents’ demographic characteristics is presented in table 4.2 below. The table shows that out of the three hundred and forty six (346) respondents, 229 (66.2%) are male, while 177 (33.8%) are female. By implication, we have more male respondents to female respondents in the sample. Also, there are 98 M.SC and M.BA holders (28.3 per cent), 167 HND/BSc holders (48.3 per cent), 35 O level holders (10.1 per cent), in the sample. By implication, the respondents have high HND/BSc educational qualifications. In addition, out of the three hundred and forty six (346) respondents, 31(9.0%) are single while 315 (91.0%) are married. By implication, most of the respondents are married. Again, out of the three hundred and forty six (346) respondents, 41(51 years and above), 69 (19.9%) are between 41 and 50 years of age, 123 (35.5%) are between 31 and 40 years, and 113 (32.7) are between 20 and 30 years. By implication most of the respondents are between the age of 31 and 40 years. More so, 71 (20.5%) of the 346 respondents are employees of PZ Cussons PLC, 69 (19.9%) are employees of Unilever PLC, 73 (21.1%) are employees of Cadbury PLC, 64 (18.5%) are employees of Glaxosmithkline and 69 (19.9%) are employees of Nestle PLC. By implications, most of the respondents are employees of Cadbury PLC. More importantly, out of the 346 respondents, 97 (28.0%) are top level managers; 173 (50.0%) are middle level managers while 76 (22.0%) are lower level managers. By implication, we have more of middle level managers as respondents in the sample.

Table 4.2: Frequency Distribution of the Respondents' Demographic Characteristics (N=346)

Characteristics	Category	Frequency	Percent	Cumulative percent
Gender	Male	229	66.2	66.2
	Female	117	33.8	100.0
Educational Qualification	O Level	35	10.1	10.1
	HND/BSc	167	48.3	58.4
	MSC/MBA	98	28.3	86.7
	Others	46	13.3	100.0
Marital status	Married	315	91.0	91.0
	Single	31	9.0	100.0
Age	20-30	113	32.7	32.7
	31-40	123	35.5	68.2
	41-50	69	19.9	88.2
	51 years above	41	11.8	100.0
Company	Nestle PLC	69	19.9	19.9
	Glaxosmithkline	64	18.5	38.4
	Cadbury PLC	73	21.1	59.5
	Unilever PLC	69	19.9	79.5
	PZ Cussons PLC	71	20.5	100.0
Management Cadre	Lower level	76	22.0	22.0
	Middle level	173	50.0	72.0
	Top level	97	28.0	100.0

Source: Author's Fieldwork Computation, 2018

Descriptive Statistics of the Respondents' Perceptions

The Descriptive Statistics of the Respondents' Perceptions is presented in table 4.3 below. Concerning trade facilitation, we have information from 346 respondents; the range of trade facilitation is from 2 to 4 points, with a mean of 3.30 and standard deviation of 0.577. By implication, the respondents, on average, agreed with questions on trade facilitation. Concerning skill availability, we have information from 346 respondents; the range of Skill Availability is from 1 to 4 points, with a mean of 3.06 and standard deviation of 0.606. By implication, the respondents, on average, agreed with questions on skill availability. Concerning foreign ownership, we have information from 346 respondents; the range of foreign ownership is from 1 to 5 points, with a mean of 3.69 and standard deviation of 0.656. By implication, the respondents are, on average, agreed with questions on foreign ownership. Concerning social infrastructural availability we have information from 346 respondents; the range of social infrastructural availability is from 1 to 5 points, with a mean of 3.51 and standard deviation of 0.662. By implication, the respondents are, on average, agreed with questions on social infrastructural availability. Concerning, cost of operation we have information from 346 respondents; the range of cost of operation is from 1 to 5 points, with a mean of 3.45 and standard deviation of 0.617. By implication, the respondents, on average, agreed with questions on cost of operation. Concerning, employment creation capacity we have information from 346 respondents; the range of employment creation capacity is from 1 to 4 points, with a mean of 3.06 and standard deviation of 0.606. By implication, the respondents, on average, agreed with questions on employment creation capacity. Concerning, locational strategy we have information from 346 respondents; the range of locational strategy is from 1 to 5 points, with a mean of 3.67 and standard deviation of 0.665. By implication, the respondents, on average, agreed with questions on locational strategy. Concerning, corporate productivity we have information from 346 respondents; the range of corporate productivity is from 1 to 5 points, with a mean of 3.51 and standard deviation of 0.662. By implication, the respondents, on average, agreed with the questions on corporate productivity.

Mean of Variables	N	Minimum	Maximum	Mean	Std. Deviation
Trade Facilitation	346	2	4	3.30	0.577
Skill Availability	346	1	4	3.06	0.606
Foreign Ownership	346	1	5	3.69	0.656
Social Infrastructural Availability	346	1	5	3.51	0.662
cost of operation	346	1	5	3.45	0.617
Employment Creation Capacity	346	1	4	3.06	0.606
Locational Strategy	346	1	5	3.67	0.665
Corporate Productivity	346	1	5	3.51	0.662
Valid N	346				

Source: Author's Fieldwork Computation, 2018

Test of Hypothesis

Ho: Commercial policy's foreign ownership, does not significantly affect employment creation capacity of multinationals. To test this hypothesis and achieve the objective of the study, multiple regression analysis was used to also check other moderating variables apart from foreign ownership which includes trade facilitation, skill availability and social infrastructural availability. Multiple regression is based on correlation but allows a more sophisticated exploration of the interrelationship among a set of variables. It makes a number of assumptions about the data which are

1. Normality: It is assumed that the dependent variable is normally distributed (i.e. employability coefficient)
2. Multicollinearity: It is assumed that the independent variables (Commercial Policy i.e foreign ownership, trade facilitation, skill availability and social infrastructure availability) are not highly correlated.
3. Homoscedasticity: It is assumed that the variations among observations is even.
4. Linearity: It is assumed that the relationship between dependent and independent variables is linear.

Test of Normality

A normal curve could be drawn to test for normality of the dependent variable (i.e. employability coefficient which are represented by cost of operation, employment creation capacity, locational strategy and corporate productivity). Fig 4.4.1.1 to 4.4.1.4 presents a normal curve of employability co-efficient scores. Many of the parametric statistics assume that the scores on each of the variables are normally distributed (i.e. follow the shape of the normal curve). In this study, the scores are reasonably normally distributed, with most scores occurring in the centre, tapering out towards the extremes.

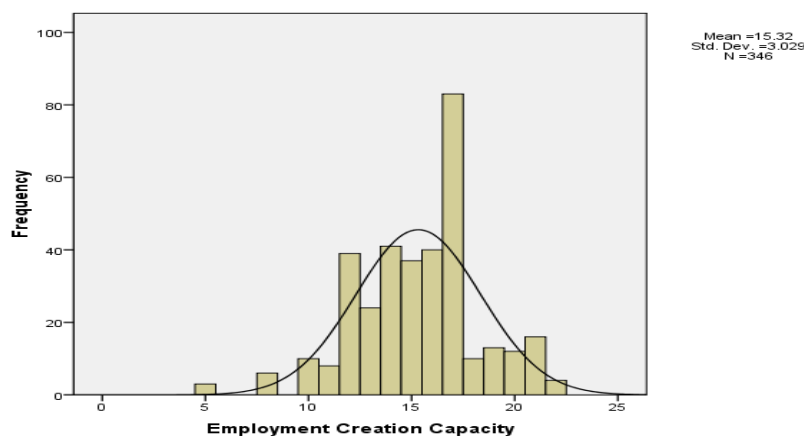


Fig 4.4.1.1: Histogram of Perceived employment creation capacity Scores

Test of Multicollinearity

Multicollinearity exists when the independent variables are highly correlated (that is $r = .7$ and above). Tabachnick and Fidell (2001) suggested that you ‘think carefully before including two variables with a bivariate correlation of, 0.7 or more in the same analysis’. There is need to consider omitting one of the variables. To check for multicollinearity, bivariate correlation was conducted in Table 4.3 below. In the table, the highest correlation was .544. It shows low multicollinearity problem among CPI variables (foreign ownership, trade facilitation, skill availability, and social infrastructural availability). Therefore, all the variables are retained.

Table 4.4.2.1: Correlations among Commercial Policy Variables

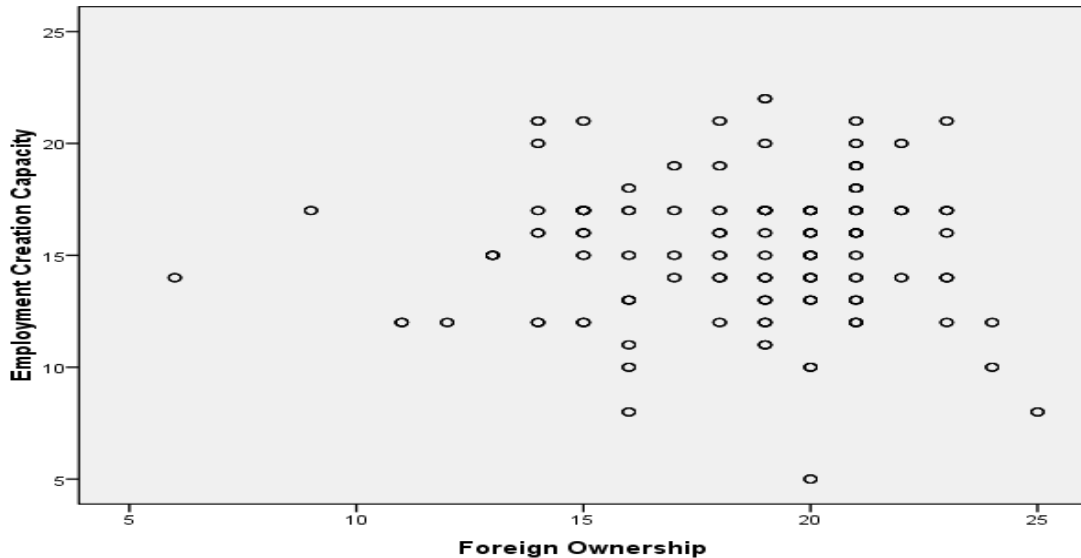
		Foreign Ownership	Skill Availability	Trade Facilitation	Social Infrastructural Availability
Foreign Ownership	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	346			
Skill Availability	Pearson Correlation	-.057	1		
	Sig. (2-tailed)	.293			
	N	346	346		
Trade Facilitation	Pearson Correlation	.152**	-.006	1	
	Sig. (2-tailed)	.005	.906		
	N	346	346	346	
Social Infrastructural Availability	Pearson Correlation	.166**	-.182**	.544**	1
	Sig. (2-tailed)	.002	.001	.000	
	N	346	346	346	346

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Author’s Fieldwork Computation, 2018

Test of Homoscedasticity and Linearity for the Hypothesis

From the output below, there appears to be a moderate, positive correlation among the variables. Respondents that are highly affected by foreign ownership, trade facilitation, skill availability, and social infrastructural availability experience high levels of employability factors which include employability coefficient capacity, cost of operation, locational strategy, corporate productivity. On the other hand, employees with less affected by trade facilitation, skill availability, foreign ownership and social infrastructural availability have much higher levels of employability factors. There is no indication of a curvilinear relationship (test of linearity) and the scatter plot shows a fairly even cigar shape along its length (test of Homoscedasticity).



Test of Hypothesis

Ho: There is no significant effect of foreign ownership on multinationals employment creation capacity.

Standard multiple regression was used to explore the effects of foreign ownership, trade facilitation, skill availability and social infrastructure availability on employment creation capacity. The result of regression as

contained in Table 4.4.4.1: ANOVA, shows that the F-test was 89.513, significant at 1 percent [$p < .000$]. This showed that the model was well specified.

Table 4.4.4.1

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1621.483	4	405.371	89.513	.000 ^a
	Residual	544.263	341	4.529		
	Total	2165.746	345			
a. Predictors: (Constant), Skill Availability, Foreign Ownership, Trade Facilitation, Social Infrastructural Availability						
b. Dependent Variable: Employment Creation Capacity						

Author's Fieldwork Computation, 2017

Also, the result of regression as contained in Table 4.4.4.2: Model Summary, shows that the R Square gave a large value of 51.2 per cent. This means that the model (which includes trade facilitation, foreign ownership, skill availability and social infrastructure availability) explained about 51.2 per cent of the variance in perceived employment creation capacity.

Table 4.4.4.2

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.716 ^a	.512	.506	2.128
a. Predictors: (Constant), Skill Availability, Foreign Ownership, Trade Facilitation, Social Infrastructural Availability				

Author's Fieldwork Computation, 2018

Specifically, the result of regression as contained in Table 4.4.4.3.: From the output below, there was no positive relationship between perceived trade facilitation and employment creation capacity such that a unit increase in perceived trade facilitation scores caused about .017 unit decreases in perceived employment creation capacity score which was statistically not significant at 1 per cent with the aid of the p value (0.675). Based on the result, the null hypothesis accepted; thus, there was no relationship between trade facilitation and employment creation capacity.

Also, although, there was positive relationship between perceived foreign ownership and perceived employment creation capacity such that a unit rise in perceived foreign ownership scores induced about .018 unit rise in perceived employment creation capacity scores which was statistically significant at 1 per cent going by the p value (0.003). Based on the result, the null hypothesis is rejected; thus foreign ownership affected employment creation capacity. More importantly, relationship between social infrastructural availability and perceived employment creation capacity was shown such that a unit rise in perceived social infrastructural availability scores induced about .057 unit decreases in perceived employment creation capacity scores which statistically not significant at 1 per cent going by the p value (0.156). Based the result, the null hypothesis is accepted; thus, there was no relationship between social infrastructural availability and employment creation capacity.

Furthermore, there was positive relationship between perceived skill availability and perceived employment creation capacity such that a unit rise in perceived skill availability scores induced about .565 unit rise in perceived employment creation capacity scores which was statistically significant at 1 per cent going by the p value (0.000). Based on the result, the null hypothesis is rejected; thus skill availability affects perceived employment creation capacity.

Table 4.4.4.3

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.979	1.024		7.790	.000
	Foreign Ownership	-.017	.040	-.016	-.420	.003
	Trade Facilitation	.018	.041	.020	.448	.675
	Social Infrastructural Availability	-.057	.040	-.063	-1.421	.156
	Skill Availability	.565	.030	.706	18.530	.000

a. Dependent Variable: Employment Creation Capacity

Author's Fieldwork Computation, 2018

Discussion of Findings of Hypothesis

The nature of foreign ownership mix and commercial policy as it affects employment creation capacity is designed to enhance the ability of the firm to protect itself against threats from the environment and align the firm's resources for greater advantage. However, this study is in line with Anukoonwattaka, (2011) that found a positive relationship between the number of foreigners on management positions, board and employment creation capacity. Kleinert, and Toubal, (2010), further discovered that an important factor that shapes the capacity of host economies to attract employment-generating FDI is the quality of the labor force: the level and composition of skills available as high labor quality enables a host country to attract FDI into high value-added activities. In another related work, the proportion of foreign ownership structure and mix was found to have a significant negative relationship to employment creation capacity (Wanasin, 2011). Multinational companies usually have a mix or proportion of foreigners on the board and management position and this mix is often specified in corporate governance mechanism and investment laws of a country. Firms that tend to boost employment creation capacity are bound by the indigenization policies and least content requirements that give the host country the opportunity to provide human capital for a domiciled multinational corporations as government also needs to do more in terms of empowering its locals to encourage the multinationals to be able to recruit from their host country or states. Presumably, due to the above reasons, the structure and mix of foreign ownership if not properly controlled can hinder multinational company's employment creation capacity and value creation.

Theoretical Findings from the study

- (i) Sakyi and Effiom et al (2011) investigated the effect of different forms of commercial policies on employment and nature of influence on institutions and the consequent impact on employment creation within the organizations. In this regard, commercial policy assumes a dual role in delivering improvements in employment generation capacity of the organizations and its objectives.
- (ii) Policy and research have focused on the roles commercial policies at the international context and the functioning roles of foreign investors (Luo, Xue and Han, 2010). The evolving trend had resulted in narrow perspectives on commercial policies to influence employment creation capacity of multinationals.

Empirical Findings from the Study

- i. Foreign ownership and employment creation is one of the many aspects which are related to inward foreign investment, although it is passionately debated. FDI may have direct and indirect effect on national employment. A study by Wanasin, (2011) estimated indirect employment effects for individual MNC subsidiaries in some developing countries showed that the number of jobs generated indirectly depended on the foreign ownership structure of the multinationals. Also the growth of employment resulting from FDI is likely to be concentrated in economies that can support rapid restructuring and efficient new production activities. An important factor that shapes the capacity of host economies to attract employment-generating FDI is the quality of the labor force: the level and composition of skills available. High labor quality enables a host country to attract FDI into high value-added activities. (Kleinert, and Toubal, 2010).

- ii. This study discovered that there is a significant relationship between requisite skill availability and locational strategy in tangential to past findings by Akerele and Opatola (2004) and Ahmed et al. (2012) who posited in their respective studies on the labor market for tertiary graduates in Ghana and Nigeria, found out that apart from the qualifications that graduates may possess, there are other attributes (non-academic skill requirements) which employers emphasize, such as good personal and social skills, analytical skills, good communication skills, technical and managerial skills, etc.

Conclusion

In the light of existing literature on commercial policy intervention and employability of multinational corporations, the objective of the study was achieved as it found in specific respects that commercial policy effects within the surveyed organizations were significantly related to employability coefficient. It is however noteworthy, that there were similarities amongst the sampled organization as regards the effects of commercial policy intervention on employability outcomes.

Policy Recommendations

- i. The relevance of commercial policy amongst Nigeria's multinational corporations had been established. As such, it is essential that all the firms within the sector should continue to adopt measures that would make commercial policies practicable in their day to day activities.
- ii. In addition, the practicality of the laws should be monitored especially in an evolving multinational corporation so as to prevent obsolescence.
- iii. It is also recommended in this regard, that a robust private sector led human capital Institute be established, as one of the avenues to aggregate the options of maximizing the gains associated with educational and skill development.

References

- i. Adebayo A. & Ogunrinola I.O. (2006). *Contemporary Dimensions of Unemployment Problem in Nigeria: A Special Challenge under the National Economic Empowerment Development Strategy*. Nigeria: The Nigerian Economic Society.
- ii. Ahmed A, Andersson L & Hammarstedt M. (2012) Does age matter for employability? A field experiment on ageism in the Swedish labor market. *Applied Economics Letters* 19: 403- 406.
- iii. Akerele, W. O., & Opatola, A. O.(2004). *Higher education and the labor market in Nigeria* (p. 67). A Final Report Submitted (by NISER) to African Economic Research Consortium Nairobi, Kenya.
- iv. Alao .O. (2005). *Principles of Economics: Macro*. Lagos: Darkol Press and Publishers.
- v. Balouga, J. (2012). *Nigerian local content: challenges and prospects*. *International Association for Energy Economics, Third Quarter*, pp 23-26. Retrieved 20th September 2014 from <https://www.iaee.org/en/publications/newsletterdl.aspx?id=176>
- vi. Bello, O. (2010) "Local content: Firms risk losing over \$5bn to lack of patronage", *BusinessDay*, 6 September, pp.1,4,6
- vii. De Hoyos-Ruperto, M., Romaguera, J. M., Carlsson, B., & Perelli, S. (2012). *Entrepreneurial Environment Dilemma in Puerto Rico: A Challenge of Self and System*. *Journal of Marketing Development and Competitiveness*, 6, (3), 11-28.
- viii. Diejomaoh, C. (1979), *Policy Competition for Foreign Direct Investment: A Study of Competition among Governments to Attract FDI*, OECD Development Centre, Paris.
- ix. Dunning, John H. 2009. *Location and the multinational enterprise: John Dunning's thoughts on Receiving the Journal of International Business Studies 2008 Decade Award*. *Journal of International Business Studies*, 40(1): 20-34.

- x. Ede, C.E., Ndubisi, E.C. and Nwankwo, C.A. (2013). *Tackling unemployment through private sector*. *International Journal of Innovation Research in Management*, 2(2), 41-52.
- xi. Effiom, L., Ubi, P.S., Okon, E.O. & Itam, E.E. (2011). *Trade Liberalization and Human Capital*
- xii. Fajana, S. (2000). *Functioning of the Nigerian Labor Market Lagos: Labonfin and Company*,
- xiii. Folayan Ojo (1979) *Youth Employment and the Impact of the National Youth Service Corps on Labor Mobility in Nigeria*. *Africa Study Review*, 23, (2) , 51-62 .DOI: <https://doi.org/10.2307/523441>
- xiv. Foster-McGregor, N. and Stehrer, R., (2013). *Value added content of trade: A Comprehensive approach*. *Economics Letters*, 120(2), 354-357.
- xv. Gbegi, D.O. & Adebisi, J.F. (2013). *Managing local content policies in the extractive industries*. *Research Journal of Finance and Accounting*, 4(7), 90-98. Retrieved 20th September, 2014, from <https://www.iiste.org>
- xvi. Gbegi, D.O. and Adebisi, J.F. (2013). *Managing local content policies in the extractive industries*. *Research Journal of Finance and Accounting*, 4(7), 90-98.
- xvii. Hill, S.N Leshar and H.K Nordas (2008). *Trade and Labor Market Adjustment, OECD Trade Policy (P.64)*. Paris.
- xviii. ILO (2004) “*Global Employment Trends for Youth*”, Geneva.
- xix. Jun Guo, Pingsun Huang, Yan Zhang, and Nan Zhou (2016) *The Effect of Employee Treatment Policies on Internal Control Weaknesses and Financial Restatements*. *The Accounting Review: July 2016, Vol. 91, No. 4, pp. 1167-1194*.
- xx. Kleinert, J. and Toubal, F. (2010): “*Gravity for FDI*”, *Review of International Economics*, 18, 1-13.
- xxi. Laar, M. (2004). *What we have learned in Estonia about freedom and growth*. Paper presented at conference. *A liberal agenda for the new country. A global perspective*, 8-9, April, Moscow <http://www.cato.org/events/russianconf2004/paper/laar.pdf>, accessed 6 January 2007.
- xxii. Luo, Y., Xue, Q. and Han, B. (2010). *How emerging market governments promote outward FDI: Experience from China*. *Journal of World Business*, 45, 68–79.
- xxiii. Maguire. L. L. (2005). *Literature review—Faculty participation in online distance education: barriers and motivators*, viewed April 3, 2012. <http://www.westga.edu/~distance/ojdl/spring81/maguire81.htm>
- xxiv. Oladele P.O, Akeke I., Oladunjoye O. (2011) *Entrepreneurship Development: A Panacea for Unemployment Reduction in Nigeria*. *Journal of Emerging Trends in Economics and Management Sciences (JETEMS)* 2 (4): 251-256.
- xxv. Park, A., Dean Y., Xinzheng S., and Yuan J. (2010). “*Exporting and Firm Performance: Chinese Exporters and the Asian Financial Crisis*.” *Review of Economics and Statistics*, 92 (4): 822—42.
- xxvi. Petri, P. (2012). *The Determinants of Bilateral FDI: Is Asia Different?* *Journal of Asian Economics*, 23, 201-209

- xxvii. Pianta, M. (2006). *Innovation and Employment*. In Fagerberg, J., Mowery, D. and Nelson, R. (eds.). *The Oxford Handbook of Innovation*. Oxford, United Kingdom: Oxford University Press.
- xxviii. Rasouli, G.H. M., Turnbull, S. J. and Hoshino, Y. (2008). *Foreign ownership, knowledge transfer, firm-specific factors, management and performance of foreign companies in Japan*, *International Journal of Services Technology and Management*, accepted paper
- xxix. Riley, R. & C.R. Bondibene (2015). *The Impact of the National Minimum Wage on UK Businesses*, Report to the Low Pay Commission, February.
- xxx. Sakyi, D. (2011). *Trade Openness, Foreign Aid and Economic Growth in Post Liberalization*.
- xxxi. Saslavsky, D., and B. Shepherd. 2012. "Facilitating International Production Networks: The Role of Trade Logistics." Policy Research Working Paper 6224, World Bank.
- xxxii. Solano, P., E. Pizzorno, et al. (2012). "Employment status, inflation and suicidal behaviour: An analysis of a stratified sample in Italy." *International Journal of Social Psychiatry* 58(5): 477-484.
- xxxiii. Tabachnick, B. G., & Fidell, L. S. (2001). *Using Multivariate Statistics*. Boston: Allyn and Bacon.
- xxxiv. Timokhina, O. (2014). *Chinese Foreign Direct Investment in Africa in Corporate Social Responsibility Context* (P. 2014/ 29). Maastricht School of Management.
- xxxv. Torado, M. P. and Smith, S. C. (2003). *Economic Development*. 8th edition, Delhi: Peason Education (Singapore) Pte Ltd. Dennis, A. and B. Shepherd (2011). *Trade Facilitation and Export Diversification*. *World Economy*, 34 (1), 101-22.
- xxxvi. Wanasin S. (2011). *Consequence of Regional Trade Agreements to Developing Countries*. *Journal of Economic Integration*, Vol.29 No.1, March 2014. 64~94 <http://dx.doi.org/10.11130/jei.29.1.64>
- xxxvii. Wanasin, S. (2011). *Essays on International Trade and Foreign Direct Investment*, Dissertation and Theses from the College of Business Administration (P. 118). Lincoln: University of Nebraska. <http://digitalcommons.unl.edu/businessdiss/18>.
- xxxviii. Witada Anukoonwattaka (2011). *Global Value Chains and Competitiveness of the Integrated Regions: Exchange Rate Issues*. ASEAN Economic Community, 127-151.
- xxxix. World Bank (1998) Policy and Research Working Paper number 5662. http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=46372&piPK=64165421&menuPK=64166093&entityID=000158349_2011051808255