Multinational Exodus and National Economy in Nigeria (A Study of Anambra State)

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Abstract
Multinational corporations contribute significantly to national development through employment generation, revenue creation, and tax contributions. This study examines the impact of multinational exodus on Anambra State's economy, using the new trade theory by Tejvanne (2013), which highlights globalization's role in economic growth driven by multinationals. A survey research design was adopted, with questionnaires distributed to employees of selected multinational companies. Out of the 18 registered multinationals in Anambra State, 10 were selected using convenience sampling. The total population was 10,520 employees, and Taro Yamane's formula determined a sample size of 385. Of the 385 questionnaires distributed, 325 (84.4%) were properly filled and returned, while 60 (15.6%) were not. Data were analyzed using linear regression at a 5% significance level. Findings revealed that foreign exchange scarcity ($\beta = -0.666$; $t = 33.568$; $p < 0.05$) had a significant negative effect on GDP. Exorbitant energy costs ($\beta = 0.623$; $t = 14.327$; $p < 0.05$) significantly increased inflation, while power supply issues ($\beta = -0.662$; $t = 15.855$; $p < 0.05$) negatively affected multinational investments. The study concludes that forex scarcity and power challenges hinder GDP growth and investment, while high energy costs drive inflation. The study recommends that the Anambra State government create a more business-friendly environment to reduce multinational exodus, ensuring economic stability and sustainable development.

Keywords: Multinational Exodus, National Economy, foreign exchange scarcity, exorbitant energy cost

Introduction

Nigeria is globally one of the largest producers of Oil, which accounts for over 85% of the foreign exchange earnings and over 60.1% of her total income. This sector is mainly dominated by MNCs which make enormous profit from their activities in the country (Oki & Ogbise, 2023). Ordinarily one should expect that such a country should not be plagued by underdevelopment, however the reverse is the case. In other more developed climes, MNCs have proven to be able to positively impact on the economies. For example, China, Korea, and Singapore have seen the presence of foreign investments to have helped in no small measure to boost their economies, resulting in increased domestic production and income levels. But this is not the case in Nigeria and majority of developing countries. This made led to the conclusion by many economists that MNCs are exploitative as they have failed to productively utilize such natural resources to the mutual benefit of all stakeholders especially the host countries. They rather focus on de-capitalization of the economy through profit repatriation (Osuagwu & Ezie, 2013). From 2023 to 2024, businesses in Nigeria have experienced a rather neck-twisting and challenging landscape marked by a sequence of divestment and exit of multinational companies across various sectors. These multinationals have left Nigeria by either scaling down operations, transferring ownership or selling their stakes. The most recent exit is Diageo's sale of its 58.02% stake in Guinness Nigeria to Tolaram for about N103 billion ($70 million).1 Within the past year, Jumia, the continent's leading online retailer exited their food delivery services Company, known as "JUMIA FOOD" which sent shockwaves through the African e-commerce spine.2 Heineken B. V. sold its majority stake in Champion Breweries PLC to EnjoyCorp Limited. Proctor & Gamble announced that it would close its manufacturing operations in Nigeria and focus solely on imports (Pettinger, 2019).

Beyond the general context of business decisions, while a business has the right to change its mode of operation or decide on the environment in which it wants to operate, the reality is that the challenging regulatory environment for doing business has been a factor that everyone has been complaining about. Even, local businesses are aware of the current issues and also complain about the high regulatory environment, which is not very friendly, including the legislative environment (Afukonyo, 2023).

Recently, the Nigeria economy is witnessing a lot of challenges which is driving many multinational companies away from Nigeria due to foreign exchange scarcity, sporadical energy cost and poor electricity supply among many other issues which has become unbearable for many multinational companies. Therefore, this study investigates the relationship between multinational exodus and national economy in Anambra State. However, the specific objectives are to determine the level of relationship that exists between foreign exchange scarcity and GDP in Anambra State, examine the degree of relationship that exists between exorbitant energy cost and inflation in Anambra State and ascertain the extent of relationship that exists between power supply issues and investment in Anambra State.

Review of Related Literature

Concept of Multinational Corporation

Multinational Corporation is a term that describes companies with a strong national identification. It consists of the parent company usually with the head office based in their home countries and subsidiaries, associates, and operational bases in other countries. Rugman and Collinson (2019) prefer to use the term multinational enterprises, states that the difference the difference between Domestic Corporation and the MNC is that the former operates strictly within the geographical confines of a country while the later operates across country boundaries. According to the United Nations multinational corporation are those with activities of the companies transcend more than one nation. They assert that there are certain minimum qualifying criteria that define MNCs, such as the type of activity or the importance and level of the foreign component as a percentage of the total activity of an MNC. Such activities may refer to assets sales, production, employment, or profits of foreign branches and affiliates (Oki & Ogbise, 2023). Jones, 2016, describes MNCs as firms that own and control its actives in more than one country. Production and distribution goods and services takes place across national boundaries; this results in a spread of technology, ideas, tastes, and goods/services throughout the world; and they conduct their operations on a global scale. Strategically these MNCs maintain offices, factories and other operational facilities in different countries but maintain a centralized head office from where coordination of global activities take place. A large majority of MNCs are from a few countries, namely America, Japan, and Western Europe. Some examples of MNCs are BMW, Nike, Mr. Biggs, AOL, Dominos, Toyota, and Coca-Cola.

The Impact of Multinational Corporation on Economic Growth

From the above we have seen that Multinational Corporations (MNCs) are a very important and major stimulus and contributors to growth of economies in developing countries. Nseobong and Igwe. (2021) stated that the relationship between MNCs and its activities in Nigeria is the basis upon which the contributions to the development of Nigerian economy has been focused on. Low level of investments, relatively very low savings, and lack of managerial skills etc. are hallmarks of less developed countries such as Nigeria. Other business ventures, MNCs are set up to maximize profit, therefore it becomes a question of tact and negotiation between MNCs and the developing countries to defend their positions while striving for mutual benefit of all stakeholders. Nseobong and Igwe (2021) avers that, due to its wide areas of operations and the huge levels of investments (usually in billions of dollars) the oil industry has become one of the largest and most important industries in the world, therefore its influence is palpable in almost all the countries of the world and cannot be ignored (International Monetary Fund, 2023). The MNCs which fall under the private sectors and have been noted to generally pay their employees high salaries including provision of generous fringe benefits than domestic firms' hence the tendency is for most Nigerian to prefer working for such companies than the public section. MNCs might have well created employment opportunities, social benefits, and other advantages, they as well as have employed capital intensive technologies which are inconsistent and Inappropriate with the Factor Endowment of the third world countries. But overall, it must be admitted that many Nigerians have benefitted from the advent of MNCs into the country as they have provided substantial employment and social benefits. Ake, (2018) noted that this has gone greatly alleviated the problems of unemployment in the country. Neil (2004), states that (i) income generated through employment (ii) royalties and taxes paid to the government by the MNCS are some of the contributions to the state (Oki & Ogbise, 2023).

Theoretical Framework

Dependency Theory

The study lies on dependency theory developed by Boxborough (1974). According to the theory' dependency connotes a sought of parasitic relationship that exists between the highly industrialized and the less developed ones in a manner that ensures the continuous advancement of the former to the detriment of the latter. The theory denes the relationship between Nigeria and the multinational corporations, particularly their owners as asymmetrical in nature. This theory represents the complex politico-economic relationship that binds the developed capitalist countries of the Centre and the other countries in the periphery, such that the movement and structural formation of the former decisively determine those of the latter in a manner somehow detrimental to the economic progress of the other societies. Countries such as Nigeria, that at some point experimented with the dependency theory have achieved neither prosperity nor greater economic independence. Rather they have experienced poverty in a higher level, misery and greater dependence on international aid and charity (Oki & Ogbise, 2023).

Empirical Reviews

Mohammed and Abdullah (2021) analyzed the effect of erratic power supply on the productivity and profitability of small and medium enterprises. This research is a cross-sectional survey. A sample of 4 S.M.E.s was selected using a probability sampling procedure using purposive sampling techniques. The criterion for selecting the S.M.E.s includes their location within the community market A.B.U Zaria and electricity use in the business operation. A structured questionnaire was used to collect the data for the study. M.R.M. in the form of O.L.S. was employed. SPSS statistical package version 16 was used to analyze the data. The finding reveals that 90.91% of the enterprises studied indicated that erratic power supply was the major constraint to their productivity and profitability, with an average of 180 hours of power outage per month lasting 6 hours per day, causing the enterprises an average of N24, 000:00 monthly. This study suggested a need for the A.B.U authority to establish an independent power plant to bridge the gap from the National grid for improved efficiency of S.M.E.s within the community market.

Alo and Adeyemo (2021) examined the effect of distorted electricity supply on the profitability of small and medium scale enterprises in southwest, Nigeria. The population of the study consisted of two hundred and eighty five (285) employees and owners of nine (9) different enterprises in southwest Nigeria. A ramdom sampling technique was used to select 277 respondents for the study. The correlation coefficient and simple regression analysis techniques were used to analyze the responses from the respondents. Findings from the study showed that effective power supply (EPS) exhibited a significant positive impact on the profitability of business enterprises and the cost of maintaining mechanical generators (KHZ) as an alternative source of power has a negative effect on the profitability of the enterprises. The study concluded that power supply has a significant influence on the profitability of SMEs in Nigeria. It recommended that government at all levels should formulate policies that would encourage effective power supply in other to boost productivity of the SMEs and increase profitability.

Abubakar, (2021) examined the relationship between the activities of multinational corporations and economic growth in Nigeria. It also recommends that the Federal government should ensure that MNCs should empower host communities by providing scholarships to enable indigenes to attain qualifications and skills that will enable them to be employed in the organization, while lower-level unskilled labor employment should also be provided.

Adedokun and Karzanova (2019) examined the impact of internal and international migration on the economy of Nigeria. In Nigeria the unemployment rate is very high, and migration can partially alleviate situation on the labor market. Migrants' remittances which has surpassed both Foreign Direct Investment and Net Official Development Assistance inflows and is one of the major inflows of foreign earnings to Nigeria, help reducing poverty of households and have a positive impact on the economy. If political and socioeconomic issues in the country do not improve, Nigerians will continue to migrate to other countries. The Nigerian government should urgently address the situation with migration, contribute to job creation and improve environment to stop people from migrating and encourage its skilled labor abroad to return home to help in national development.

Methodology

The study adopted survey research design, these includes the survey and inquiries that helps in describing the real issues. The survey method is preferred because it will allow the researcher to obtain detailed information on the relationship between multinational exodus and national economy in Anambra State. The focus population of the study comprised of employees of multinational corporations in Anambra State. As at the time of this research work and according to the Ministry of Trade and Commerce, there are Eighteen (18) multinational companies in Anambra State, out of which ten (10) multinational companies were selected for this study, with over 10, 520 employees in all the ten (10) selected multinational corporations in Anambra State. The study used Taro Yamane's formula to determine the sample size from the population which is 385 respondents. To ascertain the validity of instruments used for the study the instrument was subjected to face validation. Face validation tests the appropriateness of the questionnaire items. Cronbach Alpha analysis was administered to obtain the reliability of instrument and a coefficient of 0.866 was considered a reliability coefficient because according to Etuk (1990), a test-retest coefficient of 0.5 will be enough to justify the use of a research instrument. Haven gathered the data through the administration of questionnaire, Data collected will be analyzed using a Statistical Package for Social Science (SPSS) program served to generate frequencies and higher statistical analysis such as correlation. For the purpose of this study linear regression analysis was used to test the hypotheses at 5% level of significant.

DATA PRESENTATION AND ANALYSIS

Test of Hypotheses

Ho_1: There is no significant positive relationship between the foreign exchange scarcity and GDP in Anambra State.

Table 4.10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.666[a]	.423	.441	.32233

a. Predictors: (Constant), Foreign exchange scarcity

The correlation coefficient (R) of 0.666 and coefficient of multiple determinations (R^2) of 0.423, one observes that about 42.3% of effect of change in foreign exchange scarcity attitude may be attributed to a magnitude increase in GDP in Anambra State. In other word, more than 42.3% of the variability in observed change in GDP in Anambra State is explained by foreign exchange scarcity. The remaining percentage as observed here may be due to other factors that influence GDP in Anambra State which is not covered by this study. The result from above shows the significant influence of each of the independent variables (foreign exchange scarcity) on the dependent variable (GDP in Anambra State) of multinational companies.

Table 4.11: ANOVA[a] of Foreign exchange scarcity and GDP in Anambra State

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26.698	1	26.698	256.965	.000[b]
	Residual	33.559	323	.104		
	Total	60.258	324			

a. Dependent Variable: GDP in Anambra State
b. Predictors: (Constant), Foreign exchange scarcity

The F-value is obtained by the Mean Square Regression (26.698) divided by the Mean Square Residual (0.104 yielding F = 256.965. In the hypothesis, the independent variable foreign exchange scarcity) was found to have significantly predicted the dependent variable (GDP in Anambra State). Therefore, there is an effect of foreign exchange scarcity on GDP in Anambra State at F = 256.965. This shows that the test of foreign exchange scarcity on GDP in Anambra State is significant at 0.000 p-values. The null hypothesis is thereby rejected.

Table 4.12: Coefficients on foreign exchange scarcity and GDP in Anambra State

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.118	.093		33.569	.000
	Foreign exchange scarcity	-.322	.020	-.666	16.030	.000

a. Dependent Variable: GDP in Anambra State

Table above also shows that foreign exchange scarcity and GDP in Anambra State enjoy negative relationship meaning that foreign exchange scarcity have the potential to decrease GDP in Anambra State. This claim is further supported by coefficient of foreign exchange scarcity with the value of 3.118. This indicates that 31% increase in foreign exchange scarcity will lead to decrease of about 32.2% decrease in GDP of multinational companies in Anambra State. However, the table revealed that the predictor variable of religion attitude adopted by consumers predicts GDP in Anambra State with (β = .666; t = 33.568; p<0.05). The null hypothesis is therefore rejected.

H_{02}: There is no significant positive relationship between the exorbitant energy cost and inflation in Anambra State

Table 4.13: Model Summary on Exorbitant energy cost and inflation in Anambra State

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.623[a]	.389	.387	.61329

a. Predictors: (Constant), Exorbitant energy cost

The correlation coefficient (R) of 0.623 and coefficient of multiple determinations (R^2) of 0.389, one observes that about 38.9% of effect of change in inflation in Anambra State may be attributed to a magnitude increase in exorbitant energy cost. In other word, more than 38.9% of the variability in observed change in inflation in Anambra State is explained by experience of consumer. The remaining percentage as observed here may be due to other factors that influence inflation in Anambra State which is not covered by this study. The result from Table above shows the significant influence of each of the independent variables (exorbitant energy cost) on the dependent variable (inflation) in Anambra State.

Table 4.14: ANOVA on Exorbitant energy cost and inflation **in Anambra State**

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	77.202	1	77.202	205.257	.000[b]
1	Residual	121.488	323	.376		
	Total	198.689	324			

a. Dependent Variable: inflation

b. Predictors: (Constant), Exorbitant energy cost

The F-value is obtained by the Mean Square Regression (77.202) divided by the Mean Square Residual (0.376) yielding F = 205.257. In the hypothesis, the independent variable product exorbitant energy cost) was found to have significantly predicted the dependent variable (inflation). Therefore, there is an effect of exorbitant energy cost on inflation in Anambra State at F = 205.257. The table shows that the test of exorbitant energy cost on inflation in Anambra State is significant at 0.000 p-values. The null hypothesis is thereby rejected.

Table 4.15: Coefficients on Exorbitant energy cost and inflation **in Anambra State**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.565	.363		1.554	.021
	Exorbitant energy cost	1.132	.079	.623	14.327	.000

a. Dependent Variable: inflation in Anambra State

Table above also shows that exorbitant energy cost and inflation in Anambra State enjoy positive relationship meaning that exorbitant energy cost has the potential to increase inflation in Anambra State irrespective of their wants. This claim is further supported by coefficient of exorbitant energy cost with the value of 0.565. This indicates that 5% increase in energy cost will lead to increase of about 11.3% increase in inflation in Anambra State. However, the Table revealed that the predictor variable of exorbitant energy cost adopted in multinational companies predicts inflation in Anambra State with (β = .623; t = 14.327; $p<0.05$). The null hypothesis is therefore rejected.

Hypothesis three: There is no significant positive relationship between the power supply issues and investment in Anambra State

Table 4.16: Model Summary on power supply issues and GDP in Anambra State

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.562[a]	.338	.436	.55007

a. Predictors: (Constant), power supply issues

The correlation coefficient (R) of 0.562 and coefficient of multiple determinations (R^2) of 0.338, one observes that about 33.8% of effect of change in investment in Anambra State may be attributed to a magnitude increase in power supply issues. In other word, more than 33.8% of the variability in observed change in investment in Anambra State is explained by power supply issues. The remaining percentage as observed here may be due to other factors that influence investment in Anambra State which is not covered by this study. The result from power supply issues above shows the significant influence of each of the independent variables (Power supply issues) on the dependent variable (investment) in Anambra State.

Table 4.17: ANOVA on power supply issues and investment in Anambra State

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	76.064	1	76.064	251.383	.000[b]
	Residual	97.733	323	.303		
	Total	173.797	324			

a. Dependent Variable: investment in Anambra State
b. Predictors: (Constant), power supply issues

The F-value is obtained by the Mean Square Regression (76.064) divided by the Mean Square Residual (0.303) yielding F = 251.383. In the hypothesis, the independent variable product power supply issues) was found to have significantly predicted the dependent variable (investment in Anambra State). Therefore, there is an effect of power supply issues on investment in Anambra State at F = 251.383. The Power supply issues shows that the test of power supply issues on investment in Anambra State is significant at 0.000 p-values. The null hypothesis is thereby rejected.

Table 4.18: Coefficients on power supply issues and investment in Anambra State

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.542	.326		1.662	.004
	power supply issues	-1.124	.071	-.662	15.855	.000

a. Dependent Variable: investment

Table above also shows that power supply issues and investment in Anambra State enjoy negative relationship meaning that power supply issues has the potential to decrease investment in Anambra State irrespective of their want. This claim is further supported by coefficient of power supply issues with the value of 0.542. This indicates that 5% increase in power supply issues will lead to increase of about 11.2% decrease in investment. However, the power supply issues revealed that the predictor variable adopted by multinational companies predicts investment in Anambra State with (β = .662; t = 15.855; $p<0.05$). The null hypothesis is therefore rejected.

Discussion of Findings

From the result of the hypothesis, the findings disclosed that foreign exchange scarcity has significant but negative influence on GDP in Anambra State. The result of this study is supported by Lubis (2023) and Oladele (2015) who confirmed that there is a very high positive correlation between the official exchange rate and the GDP, also between the parallel exchange rate and the GDP. The finding revealed that exorbitant energy cost contribute positively to inflation in Anambra State. This is inline with Onimisi (2023) that extra cost of privately generated alternative energy supply leading to unabated inflation in Nigeria. Lastly, the result of the study discovered that power supply issues has negative influence on investment in Anambra State. This is supported by Alo and Adeyemo (2021) who stated that power supply has a significant influence on the profitability of SMEs in Nigeria. Also, supported by Mohammed and Abdullah (2021) who affirmed that 90.91% of the enterprises studied indicated that erratic power supply was the major constraint to their productivity and profitability.

Summary of findings

The study investigated how multinational exodus and national economy in Anambra State. The specific objectives of the study were to investigate the level of relationship between foreign exchange scarcity and GDP in Anambra State; examine the degree of relationship that exist between exorbitant energy cost and inflation in Anambra State and ascertain the extent of relationship that exist between power supply issues and investment in Anambra State. In order to achieve the specified objectives of the study, a survey research design was adopted to gather data for the study through the administration of questionnaire. The population of the study was all employees of multinational companies in Anambra State with 10,520 in total population. Taro Yamane formula was used to determined the sample size of 385 Out of 385 copies of questionnaire distributed to respondents, 325 copies of questionnaire were validly and completely returned and this was used for the study. The study used both descriptive and inferential statistic tools of linear regression was used to test hypotheses at 5% level of significant of the study.

Conclusion

Based on the outcome of the study, it has concluded that the foreign exchange scarcity has negative influence on GDP in Anambra State. Also, power supply issues contributed negatively to the level of investment in Anambra State and exorbitant energy cost has positive and significant influence on the rate of inflation in Anambra State. Therefore, multinational exodus played a negative and significant influence on national economy in Anambra State.

Recommendations

Based on the finding of the study, the following recommendations are provided from this study;

1. There is need for the state government to provide enabling business environment that will reduce multination exodus in Anambra State
2. Foreign exchange scarcity attitude should not prevent them from patronizing insurance company
3. Foreign exchange scarcity should be made surplus and available for the multinational companies to boost its GDP in the state

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