



**COMPARISON OF QUALITY CONSUMER  
ELECTRONIC PRODUCTS IMPORTED  
FROM CHINA TO NIGERIA AND FINLAND**

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of the average Nigerian people is very poor and they cannot afford to buy compliant quality products. Organizations in Nigeria also import few goods quality which are being bought by the few Nigerians who can afford them, while Finnish organizations import better quality into Finland from China, and they get lesser complain from customers.

Key Words: Quality, Consumer Electronic Products, Imports, China, Nigeria, Finland, Research.

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## 1. INTRODUCTION

### 1.1. Background

Over the years, China has taken over the market in the world (Akoya Pearls, 2012). Many countries produce and import goods from China which makes China the world production power house (Deloitte). Companies around the world are hoping that one day they will also make a move into doing business in China as many companies are doing (Yingzi & Weihua, 2010). Looking back at China's dramatic change, we find out that in the early 90s China only produced goods like footwear, clothes, and toys. But from 1992 onwards, China moved into producing microchips, electronics like computers, television sets, and phones (M.Amiti, 2007). Since this dramatic change, both big and small business firms from all around the world want to do business in China, because they have the work force, cheap labour, and skilled labour (Hennek, 2002). Companies, which do business in China, are able to get customized products to suit their requirements. Some big companies that produce in China make good use of the cheap labour and other advantages to produce lower quality products and make higher profits (C. Jia & W. Yan, 2011).

However, this thesis will concentrate on investigating companies in Finland and Nigeria that import products assembled in China. The cheap labour and the favourable price for producing in China have made China a target market to the world today. For example, a country like Nigeria with a large population can produce cheaply and in large quantities in China, which is profitable to the importers and to Nigerians. Since, most large companies are sourcing from China there are also some smaller companies who are wondering if they should participate in doing the same business, but they are discouraged by the complication of proceedings. The process of doing a successful business in China, especially when it comes to importation of consumer electronics involves a lot of steps which they all have their own complex comparison according to the countries that will be elaborated on this thesis.

### 1.2. Problems

The actual theme of this thesis is in Nigerian perspective; the majorities of Nigerians want to buy cheap goods and also want quality goods. When a product becomes cheap, it seems to be inferior or of lower quality, and when it is too expensive, it is difficult for consumers to buy and for sellers to sell at a speedy turnover.

Lots of products in Finland are made in China and yet the consumers are buying them without any doubt of seeing it too cheap to be fake or counterfeit. In Nigeria, many consumers enthusiastically patronize Chinese products even though they are seen as inferior goods.

Another significant problem is that, the manufacturers and importers of goods from China prefer bringing in mass production for a speedy turnover. This involves large quantity but lower quality for the masses at a cheaper rate.

For example, in Nigeria, there are some fake flashy phones made in China popularly known as 'china phones' or 'chinco', a derogatory cliché to describe some of the substandard products coming from China, have unique selling points - cheap price tag and dual SIM platform (Osuagwu, 2011). When the original products, which these counterfeits are adapted from, are selling at about \$400 to \$500, the fakes are selling for far less than a \$100 and can contain two SIM cards (Osuagwu, 2011).

Figure 1.



(Osuagwu, 2011) Sample of counterfeit phones popularly known as 'chinco'

### 1.3 The Purpose of the Study and the Research Objectives

The main purpose of this thesis is to find out and compare reasons to import good and substandard quality in consumer electronic products coming from China to Nigerian and Finland.

Thus, this thesis will not suggest ideas about fighting counterfeited products from China, but it will give a deeper insight about what customers from the third world countries and customers from the first world countries think about the quality of Chinese products in general. This is a comparative study between the activities of Finnish and Nigerian companies with relation to their business interaction with China.

This thesis will be able to find out information based on the comparison on the quality of products coming from China to Finland and Nigeria involving mainly of consumer electronic products such as Televisions, Laptops, Phones, and wrist watches.

This thesis will also find out how important it is for companies in these two countries to import from China. It will also give information about the business environment in China, Nigeria and Finland.

## 2. THEORETICAL PHASE REVIEW

### 2.1 What Is Quality

One cannot give an exact definition of quality because; quality has different kinds of meanings and can be determined by those that judge the content. We all have needs, wants, requirements and expectations that are essentials for life to maintain accepted standards, and also essential for product and services to fulfil the purpose for which they have been acquired. This is to say, “Quality is about meeting the needs and expectations of customers”. Customers want quality that is appropriate to the price that they are prepared to pay and the level of competition in the market (Mrbrook, 2009).

The consumer sees products as quality when it has good designs with styles and looks attractive. Consumers also want to buy a quality product that is durable and last long, also has statutory functions and does its job well especially when it comes to electronics. If a consumer product like electronics is reliable, consistency, good after sales service and value for money, it is meant to be a quality product to customers. *‘value for money’ is especially important, because in most markets there is room for products of different overall levels of quality, and the customer must be satisfied that the price fairly reflects the quality’* (Mrbrook, 2009).

Therefore, we can say that quality can be well narrated by the customer if a product or service satisfies him / her or meets or beats his / her needs and expectations. According to Business Excellence, ‘Quality is how a company’s product and services compare to those of the competitors or how they compare to those offered by the company in the past (Businessexcellence, 2012).

#### 2.1.1 Quality control of products

Quality control is the act of monitoring the level of quality in a product or service. This is done because most countries have some level of quality accepted product in their country, that not all product can be accepted in the country, and also it help fight counterfeited product. However, some companies do have a quality control department, where all products produced by the firm, goes through the quality control section to be screened if it up to standard the company makes. (Freeonlineresearchpapers, 2011).

The word Quality control came into use in the 1950s by Edward Deming. Deming found it unacceptable to inspect product after being manufactured with the statistical control method as said, “quality should be designed into a product instead of inspected out” (Freeonlineresearchpapers, 2011). So He came up with an idea of “statistical quality control” that enables inspection of the product to be carried out during the manufacturing process, this

enable them gather data that helped in the improvement of the quality control process of which, on the other hand, improved the quality control. This system of quality control helped companies save money because it was easy and cheaper to finance. (Freeonlineresearchpapers, 2011).

The Japanese was the first set of people to accept Deming agenda, which worked successfully for them. This method helped a Japanese company double their profits in one year and could boast of a 25 % improvement the following year, this happened because of the improvement of quality on their product. After lots of success stories, many companies in America and Europe did not accept this pattern of quality control and as a result, nearly perished. The Americans and European companies started to see the great prospect of the quality control method in the late 1970s, but it was rather too late for them to catch up with the trend because Japanese companies like Sony and Honda took over a large portion of the American consumer market. (Encyclopaedia of small business, N.D)

Quality circle is another practice of the Japanese that has found its way into the American strategy. Quality circles enable workers to come together on a daily bases to think about the manufacturing process qualities, what is lacking and how to improve it. When the ideas are now being presented to the workers it motivates them to creating a better and finest quality product. To produce quality goods, the organizations need to employ highly trained workforce. Another way to develop quality control in a product is to Benchmark other companies. (Encyclopaedia of small business, N.D)

### ***2.1.2 Quality Planning and Analysis***

Companies and firms need to understand that to produce products for sale needs Quality planning and analysing. Quality planning will ensure firms and companies of establishing quality goals, identifying customers, determining the customer's need, developing products features, developing process features, establishing process controls, and transferring to operations. However, companies can apply the same quality techniques in planning, analysing and processing their administrative and support activities. Firms and organizations do achieve their quality objectives with the process of identifying and administering the activities needed for it through quality management planning and analysis. To achieve quality, the company's performance of a wide variety of identifiable activities or quality task is requires. Companies need to study customer's quality needs, design review, product test and field complaint analysis. (Juran & Gryma, 1993)

### **2.1.3 Quality Assessment in the Market Place**

Calculating the cost of poor quality is an important part of assessment /analysing. Companies need to know their stands in the market place, relative to competition. For companies to increase their sales income, this part of assessment and analysing the market is very important to them. Consequently, if companies access and analyse the cost of poor quality in the market, they will be able to understand and get exposed to standing relative to competition and also identify opportunities and threats. Assessing the market place must be approached based on a marketing research study. The marketing research study should be planned by a team involving members from Marketing and not by any one department. The team must agree in advance on what questions need to be answered by the field of study. (Juran & Gryma, 1993)

### **2.2 Importing and Exporting**

Importing is a process of bringing good and services into a country from abroad for sale. The importer is the buyer of such goods and services from another country. They are varieties of sales representatives, agents, wholesale buyers, resellers and distributors who are occupied with bringing products into the domestic market. Importers are often marketing professional who work exclusively in the domestic market. Some very large companies have grown by expanding upon foreign representative status, eventually becoming manufacturers in their right under license. One of the advantages of importing is that it provides a relatively low-cost entry into international trade. It is possible to begin to as an entrepreneur in import trade transactions even with the most minimal of office facilities. Some very successful import traders started out with nothing more than a table to and a telephone, while others many start up when they have discovered attractive low cost products on their trips abroad, which make them realize that these products have great market potential in their home country or another country. (ICC, 2003).

Exporting is a process of shipping goods and services out of the port of a country. The exporter is the seller of such goods and services who based in the country of export. This simply means the selling of domestic goods produced in a home country to another country. When a firm has had a successful showing at a foreign trade show, and start to receive a volume of export order then that's when the exporting begins. If companies believe that their long term revenues or competitiveness will increase, then it will be good for them to invest into export. Previously, many companies went into exporting when it came to their knowledge that extremely high profit margins could be earned from sales to a particular foreign market. However, in the present increase integrated global markets, many companies adopt the export programme as a vital part of competitive strategy (that is, Export or Die). If company competitors are exporting, it may

need to do so in order to avoid being placed at a disadvantage. One of the attractions of exporting is that selling in more than one country spread out risk because firms will no longer completely rely upon sales from any single market. When sales are slow in the domestic market, they are often still strong in the export markets. (ICC, 2003).

When it comes to businesses in general, risk is a normal phenomenon not excluding importation and exportation processes. In a situation where entrepreneurs export or import goods that are not relevant to customers, the entrepreneur will be running at a loss. So making research about what your customers need is very important when it comes to importation and exportation of goods and services. Everybody involved from the investors to consumers in the Import/Export process is always at risk; while, from the importer/exporter's point of view, the big risk for them is not being patronized after importation/exportation takes place. (Pinnels, 1994).

Before any export transaction is being carried out; there are mostly four parties involved with the process which are; the Importer, exporter and the Government of both countries.

### **2.2.1 Importance of Import and Export**

Import and export is very relevant today in the world. These have been playing essential roles in the world today. No country is selling sufficiently in the world today, which is to say that not all country has all the goods and services completely no matter how big, small or rich the country is (Broadbent, 2011). However, many years ago Europe, America and the Far East dominated the import and export trading between themselves and other countries. *'even before the United States was in existence, Europe was implementing the import and export of goods between them and other countries, which eventually led to the early stages of global sourcing and multinational purchasing on a smaller scale'* (Hicow, 2011).

Therefore, in import and export practices, global sourcing is important as multinational purchases that come with it. Without global sourcing, multinational purchasing would not be possible since global sourcing involves the identifying of alternate supplier choices and using advantage of the different kinds of talent that are out there on the market (Hicow, 2011). So it is very important, and of advantage for global sourcing to join with multinational purchasing, when it comes to operating import and export business with able workers who know what to do because, import and export business does not need someone to be hired or someone who know nothing about it. In addition, Import and export trade allows manufacturer and distributors to seek out products, service, and items produced in foreign countries. Firms acquire them because of cost advantage or in order to learn about advanced technical methods used abroad, for example, methods that help reduce the cost of production lower prices and in turn.

### *2.2.2 The Need for an Ethical Approach*

Exporting and Importing trade need a professional approach because it will bring the positive ways for companies to manage the risks imposed in international transactions. The exporter and importer, bankers, carriers, insurers, inspectors and customs officials would understand each other's roles. They would be able to understand and go through the use of the legal, banking and transport documents upon which the transaction is grounded. (ICC, 2003)

It is well known that the knowledge of the export process is not commonly understood. According to the ICC (2003), "traders are often expert, for example, in calculating cost and opportunities, but they may not understand transport logistics, preferring to delegate or assign this to freight forwarders".

Furthermore, documentary credit mechanism will be certainly known by the trade banker but may not comprehend the legal implications of the necessary contract. Moreover, when it comes to marine insurance and others, the lawyer may prove ignorant. It is not possible for everyone to be expert on everything, but areas where the traders will need to consult specialist partners or associates, such as trade bankers, lawyers, insurers or customs agents will need some experience or understanding and knowledge with the basics of the entire transaction. (ICC, 2003)

### *2.2.3 Government Involvement*

There are always risks involved in every deal carried out by the I&E, but the most common risk is fear of being owed by the buyers or sellers after or before goods has been delivered. This risk is always around the corner in any business, but it is commonly experienced by exporters because the buyers might have bought the faulty goods that customers are not in need of. Meanwhile part payment might have already been made for the goods. If these goods are not sold out then there will be problem paying the balance. Or some buyers may also cook up stories that will be difficult for the exporter to check, excuses like; goods never arrived, some government new laws were passed so payment are impossible, no foreign exchange by the central bank to make payment, goods damaged before received. (Pinnels, 1994) The government in other word is a voice for people; to protect the people they need to make laws that will govern some certain aspect of business transactions and otherwise. In Germany, for example, the government passed laws against exportation of weapons to countries that are in conflict or war. In other cases in a situation whereby a country is in a famine state, the government refuses to export foods products out of the country no matter how much the exporter is expected to have from the deal. When a risk is been noticed by the people or Government, the Government propel laws that tackle this problem. So before importation and exportation takes place the parties involved need to first of all, understand if it is legal by the law of the country to export or import such

product or service. (Pinnells, 1994) However, the Government is also involved in general tariffs and quotas, creates bilateral trade agreements and creation of free trade zones between countries, and they have the right to sanction any of the parties who breaks the law. (Lowenfeld, N.D)

### **3. Methodology Phase and Research Approach**

#### **3.1 Research Questions and Reasons for the Research Questions**

This thesis will answer these questions below:

. What is the business environment like in Finland, Nigeria and China?

.Why do companies import from China?

.Why does organizations import low or high quality consumer electronics products from China?

This thesis will analyse the business environment of Nigeria, Finland and China in consumer electronics describing the people, economic performance, and business performance. It will also enable the reader to understand; if there are markets interested in the purchase of Chinese quality and less quality consumer's electronic product, in both Finland and Nigeria. And this thesis will also answer the question if these organizations are the reasons for continuous counterfeiting of original products in China. It will analyse what organizations gain from doing business with the Chinese in China. Furthermore, the main purpose of this research is to know the differences between the qualities of same electronic products produced in China and exported to Finland and Nigeria. Customers of a different race have different taste of products they want; it might be because of the differences in the standard of living, which gives different customers different buying power. But that notwithstanding this research will clearly define superior quality from inferior quality, and why organizations in Finland and Nigeria have chosen to import either of both quality from China.

#### **3.2 Qualitative Research**

The research method that will be applied in this thesis is the qualitative research method, and the purpose of this study is to analyse and compare the quality of products coming from China to Nigeria and Finland as it is stated above. Qualitative research is all about exploring issues, understanding phenomena and answering questions. While there is a whole industry engaged in its pursuit, qualitative research happens also in nearly every working place and study

environment, nearly every day. Additionally, with this method of research, we are going to seek out the 'why' and not the 'how' through the analysis. With this research method, persons or organizations will be able to gain insight into people's attitudes, behaviours, value systems, cultures or lifestyles. It is used to inform business decisions, policy formation, communication and research. (QSRinternational, N.D)

### **3.3 Data collection, Methods and Source Materials**

This research study will use the qualitative data method for this research which is concerned with qualities and non - numerical characteristics. There are two main sources of data explained below as the first research question, second and third research question. This study will use the second and third research which has to do with survey and case study as the original data.

Materials about the business environment in China, Nigeria and Finland, will be gotten from online journals, and text books obtained from the library. In this study, we will collect data on companies from the internet search engines, companies directories in Finland, and Nigeria.

Questionnaires will be sent to organizations in Finland and Nigeria and this question will be critically analysed and compared to get the answer to these questions. While face to face interview will also be conducted to Importing organizations in Finland. Face to Face interview will be conducted in Finland and Nigeria by research persons, while telephone interviews will be made to organizational representatives both in China and Nigeria.

A comparison of questionnaires given to different wholesale companies in Nigeria and Finland will be made after the study has been carried out, which will lead to the authenticity of the research.

### **3.4 Companies Profile**

Companies Profile from Nigeria:

#### **3.4.1 *Pro Electronics***

ProElectronics started operations as a consumer electronic dealer on the 1<sup>st</sup> of July 2004 in the city of Benin in Nigeria, their main purpose of establishment is to distribute consumer electronic products to the final home users. They buy most of their Chinese electronics in bulk from wholesalers that import directly from China. Some products like, washing machines, Pressing

iron are also imported directly from China by the firm. However, they also sell electronic brands like LG, Samsung, and Panasonic.

ProElectronics is also planning to in the future, expand its business operations and services by opening several branches in other states of Nigeria.

The manager of ProElectronics Mr Ebuka Ebere believes that Nigeria has a broad market for Chinese product, simply because they are all affordable. Mr Ebuka also noted that the company has been declaring lots of profit at the end of each year since their business operation started, which is very good for business. The organization feels that they do not sell the actual product, but products that can only satisfy the need of the customers.

### **3.4.2 Uyi Technical Company**

Uyi technical company started its operations on March 2003 as a small electronic shop in the city of Benin, but today they have expanded to be one of the major distributors of home and office electronic products in Nigeria. The company has created a niche for itself as they do not only deal with electronic product, but they are also into the hotel and hospitality business. Uyi technical company is also planning for expansion. They want to break into the Lagos market in the nearest future. The company believes that Chinese products are blessings, and not curses to Nigerians because they are cheaply affordable for the average Nigerian population that earns less than 2 dollar a day.

### **3.4.3 Mall Samsung Electronics**

Mall Samsung electronics is a mini shop in the heart of Benin City in Nigeria. They started their operations in February 2009 with an idea of selling strictly Samsung consumer products to the end users. The organization believes that Nigerians are lovers of Samsung products, so they buy their Samsung products like; Air conditionals, Microwaves, Laptops Computers, Refrigerators directly from Samsung electronics dealers that imports directly from China. The organization has often believed that, in the nearest future, they will be importing directly from China.

The managing Director of Mall Samsung electronics Mr Oke Benjamin stated that since they started operation, they have watch themselves grow in the market as consumer needs changes every day. The company also has to change in strategies and plans.

Companies Profile from Finland:

### **3.4.4 LG Electronics**

LG electronics is one of the biggest brands in the world of electronics and Telecommunication Company, with headquarter situated in Yeouido, Seoul South Korea. The company operates in four different units which are mobile communication, home entertainment, home appliances,

Air conditioning, and energy solution. LG electronics is now the second largest producers of Television sets, and they are also the third largest producer of mobile phones. LG electronics also owns zenith electronics, and they have and control %37.91 of LG display.

The company started in 1947 under the name Lak Hui, but it was not an electronic company it was more like a cosmetic and trading company. However in 1958, Goldstar was created from Lak Hui, and Goldstar as a company, was the first to make a radio set in Korea. In the 1980s, LG started using the initials LG which meant lucky Goldstar. (LG, 2012)

#### **3.4.5 Experts Electronics**

Experts Electronics is one of the largest consumer technology buying associates in the world. The company is a multinational company here in Finland and outside Finland which deals on selling out consumer's electronics products. In Finland, Experts are part of Expert Group AS with two subsidiaries in Finland such as, Expert and Expert ASA Oy. The company deals with independent retailers of about 80% in Finland and wholesalers as well.

The company has more than 70 retailers and 101 stores in Expert mode with the retail sales of approximately 250 million Euro a year. In 2011, Expert ASA Oy turnover was 156 million Euros and did employ more than 400 people in its 33 stores. (Expert, 2012)

#### **3.4.6 Hobby Hall**

Hobby Hall is one of the leading electronic and accessory shops in Finland; they are partly own by Stockmann plc. And they have over million satisfied customers in the whole of Finland. Hobby Hall as a brand has made a name for itself. They offer online mode of shopping, convenient payment by customers, superior quality products and low prices. Hobby Hall has strong faith and trust in their customers, and they do believe that their customers have strong faith in their ability to deliver, and they believe that is one of the reasons why business has been smooth. (HobbyHall, 2012)

### **3.5 The Validity and Reliability of This Research**

This research was done with the qualitative research method, of which six questionnaires were distributed to six companies that are involved in this research thesis. The questions in the questionnaire were asked carefully based on the research questions. (See reference, Appendix 1, pg. 58-59)

However to weigh the validity of this research, we tend to know how honest are the bosses of this firms to giving us accurate answers to the questions asked in the questionnaires. A risk is involved because most bosses will not want to tarnish the image of their company by saying they import inferior electronics from China. To tackle these problems, questions asked in the questionnaire were asked with a little bit of style to convince the management to tell the truth about their products. . (See reference, Appendix 1, pg. 58-59)

Moreover, the reliability of this research thesis is somewhat reliable because Firms from Finland gave accurate information that is needed from this research, while initially it was difficult to get the accurate answer from Firms in Nigeria, because the researchers only called these Firms on phone. But as time passed one of the researchers had to travel to Nigeria to have accurate discussion with these Firms. However, this does not give the credibility that the answer gotten from this research is perfect, but to some extent it is.

Figure 2.

Visited companies with interview

Visited Companies Name	Date	Time	Country	Interviewer	Websites
Expert	09/01/2012	10 am	Finland	Paul & Isaac	<a href="http://www.expert.fi">http://www.expert.fi</a>
Hobby Hall	09/01/2012	12 pm	Finland	Paul & Isaac	<a href="http://www.hobbyhall.fi">http://www.hobbyhall.fi</a>
LG Electronics	10/01/2012	10 am	Finland	Paul & Isaac	<a href="http://www.lg.com/fi">http://www.lg.com/fi</a>
Uyi Technical Electronics	06/02/2012	1 pm	Nigeria	Isaac	<a href="http://www.uyitechnical.com">http://www.uyitechnical.com</a>
Pro Electronics	09/02/2012	12 pm	Nigeria	Isaac	X

Mall Samsung Electronics	15/02/2012	10 am	Nigeria	Isaac	X
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Visited these companies below (Gigantti, OBH Nordica, Hong Kong) but we did not get any respond from the manager for Interview.

Company Name	Date	Time	Country	Mark for Visit	Websites
Gigantti	09/01/2012	1pm	Finland	Visited but no interview	<a href="http://www.gigantti.fi/">http://www.gigantti.fi/</a>
OBH Nordica	10/01/2012	11 am	Finland	Visited but no interview	<a href="http://www.obhnordica.fi/">http://www.obhnordica.fi/</a>
Hong Kong	10/01/2012	11.30 am	Finland	Visited but no interview	<a href="http://www.hongkong.fi/">http://www.hongkong.fi/</a>

We visited Philips Head office too in Vantaa and the manager collected our questionnaire and promises to send it back to us via email when she completed it but yet we did not get her feedback.

Philips	11/01/2012	10 am	Finland	No Feedback	<a href="http://www.philips.fi">http://www.philips.fi</a>
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## 4. BUSINESS ENVIRONMENT IN CHINA, NIGERIA AND FINLAND

### 4.1 China

This thesis will be focusing on three major countries which are; China, Finland, and Nigeria. But since China is the main area of concentration more facts will be revealed about doing business with China, than Finland, or Nigeria. China as a country is known for her old historic cultures. Before organizations start thinking of doing business In China or with Chinese, it is best to first of all, make a research and understand their cultures and beliefs. Knowing a little bit of her history can be an excellent aid to knowing about the people and their cultures, when you know so much about a people's culture; they feel comfortable doing business and sharing information's with you. Sometimes it is difficult and tiring to research and understand the Chinese cultures, but the best way to start is to know the basics and popular facts about China; knows about their population, how it came about, and the rest will follow.

Furthermore, this thesis will expose you to understanding why the population of China is very important to Chinese Economy. During the nineteenth century things were very tough in China as the country was characterized by frequent wars, and farming was China's source of livelihood.

However before the 1950's China was said to have high demographic characteristics which has made them a pre-modern society, with Chinese citizens having high mortality and fertility rate, as a result of this China's population grew gradually, but was somehow on a balance because people were dying during the continuous wars, and women were giving birth to children due to their high fertility rate. In 1949, China gained independence and the death rate of the Chinese people fell rapidly because there were no more wars, and the fertility rate remained high as women were estimated to have an average of six children per woman. This critical situation resulted to China having a large population (Xinhua, 2006)

However, China has the highest population of people in the world with a population of 1.3 billion people in 2005, and it is been said that annually the population of China increases by 10 million people. (BBC, 60 years in facts and figures, 2009)

The growing population of China in its own has its advantages and disadvantages, not forgetting the fact that one of the causes of China economic boom is because 40 per cent of Chinese population are well skilled. (Xinhua, 2006)

The new China is probably the most talked about country in the world outside the USA, and this is because of the phenomenal business and growth success they have achieved. Many years ago it

was different, people only talked about the problems they face due to their high population. China's business and economic growth right now is characterized by their young working population.

Countries like Germany and USA understand full well the importance of young and strong working population, because young workers bring fresh ideas and; young work force are very ambitious, they take their career seriously, and they bring new ideas into play.

#### *4.1.1 Economic and Business Growth*

The Chinese economy started from scratch to building and developing the China we know today. Before 1978, the Chinese government was in charge of all productive assets, few of the Chinese population were educated, the Government didn't give her citizens the chance to own big businesses or privatizing Government own organizations in other for commoners to run and manage. But in 1978, the government started up businesses, encouraged Chinese citizens to start businesses in rural areas, liberalizes foreign trade and investments, and educated its work force. (Hu & Khan, 1997)

The international monetary fund speculated that in the pre1978 era China's annual growth was 6%, and at that time it was very challenging for the economy because the Government was fully in charge of most businesses running in the country. While in the post 1978 era, China experienced growth of more than 9%, and this change occurred because they privatized most businesses in China, and gave their citizens opportunities to own and run their own businesses, even if they were still little bits of ups and down with the economy. Several years after 1978 their annual growth was said to be more than 13 %. A few analysts have speculated that the Chinese economy will be greater than the USA's economy in 20 years. A research team at the International Monetary Funds, found out in 1997 that the Chinese economy is on the boom because their Government has spent a lot in encouraging the development of new factories, machineries for developing new products, a good hike of productivity, educated her workforce, and attract investors. This move led to the growth of China's capital assets (Hu & Khan, 1997).

China has trading business relationships with almost all countries around the world, but they get the highest patronage from Asian countries, follow by countries in Europe, before North America. No doubt that one of the reason of the development of business in China is due to the fact that many organizations from all around the world do businesses with Chinese business experts, and also the drastic boom of foreign direct investment into the Chinese economy. (Xinhua, 2006)

Clearly for the last twenty years China has been a good place to do business, if you have what they want then there are possibilities that you will stay in business, but when you are bringing in

what they don't need then they don't need you. China's success has been a miracle even if they have their own issues.

When the world was experiencing the last recession in the last two years; China was quick to plan like no one else did, they put in lots of stimulus plans, they took care of the people that have to go from the city to the country, gave them things at half prices so as for them to cope with the situation at the time. China has always been strategic when it comes to handling issues that affects their economic and business growth. (Xiaowen, 2007)

On November 10<sup>th</sup> 2008, during the heat of the recession, the Chinese Government injected \$586 billion into the economy. The main aim was to rebuild infrastructures, and encourage growth by removing indebted loans from individuals and organizations. (Xinhua, 2006)

Xiaowen (2007) indicates that the right to trade simply means the right to import and export goods and services. The Chinese Government passed the right to trade law so that within the period of three years all registered companies both foreign and domestic Firms will have the full right to do business and trade within the Chinese territory, but goods that are not legally allowed into China can't be traded within the Chinese territory because they are contraband goods. While does companies that were not registered in China will not have same rights as those companies registered. During the period when a company registers his right to trade, the Chinese Government reduces the price in Yuan or Renminbi each year for three years before they get the full right to trade. (RMB) 5 million will be paid by the registered company in the first year after registration, (RMB) 3 million will be paid by the registered company second year after registration, while (RMB) 1 million, will be paid in the third year after registration.

So far so good, China has been living up to expectations in the past years, in 1995, the Chinese industrial economy made \$340 billion which was about a fifth of what USA created for that year. The fast rising of the Chinese industrial economy came as a tremendous shock to other nations. And in 1975 about 7 million Chinese industries employed about 50 million workers, while in the mid-1990s more than 7 million Chinese industries employed more than 140 million work forces. (Jefferson & Singh, 1999)

Rising organizations help migrant workers by training them on particular fields, which made them experts, and in return they pay low income to them for their labour, which attracted foreign business to manufacture using China's cheap work force as an advantage for production. (War or want N.D)

Jefferson & Singh (1999, p5) *“China’s economy is adding more industrial production each year than any other economy in the world, including the United States. Most of the average annual industrial growth of 14 per cent during the 15-year period 1980-95 was powered by three factors: the growth in the industrial workforce by 90 million workers, two-third of whom have moved from China’s agricultural sector; a doubling of the industrial sector fixed asset every four to five years, fuelled in large part of the nation’s domestic saving rates, which rose from 25 per cent in 1965 to 35 per cent by 1980 and now stands at more than 40 per cent; overall industrial production that has grown by 3-4 per cent a year”*

#### **4.1.2 Counterfeiting Products in China**

Over the years China has worked so hard to build a terrific production reputation, which has placed them to be a production power house today. China is seen as a platform of exporting lower quality products to Africa, Asia, Europe, and America. The United States custom service in 2003 seized counterfeit products worth over \$62 million out of \$94 million worth of overall counterfeit products seized. The amount of goods withheld represents a small fraction of fake products that actually goes into the US market. Since 2004 there has been a visible increase in counterfeited products produced and distributed to US and other part of the world. (Daniels, 2004)

The problem of counterfeiting would not be this massive if the state Government was not involved by supporting it directly or indirectly. In Beijing the national Government seems to be honest about the importance of the protection of intellectual property right, but they fail to look deep into the local government level where these counterfeited products are being manufactured, which means that the state or local government are involved directly or indirectly in support of producing less quality products. (Xinhua, 2006)

The manufacturing of counterfeit products was mostly done in the south eastern region of China in areas like Fujian and Guangdong. Fujian is the ancestral home of most Taiwanese, while Guangdong is the ancestral home of many Hong Kongese. These two areas were some of the few first places to be opened to foreign direct investment. Foreign companies started moving into these areas and were providing jobs for the locals, training them and giving them opportunities to earn a living by helping famous brands in the production of consumer goods. These areas were also the first in China to see the use of high tech machineries for production of leading brands. Most of the high tech machines and skilled labour were also acquired for unlawful purposes by some underground factories that make counterfeits of original brands. These underground factories where been financed by illegal business associates that lived in Hong King and Taiwan; connecting themselves with their ancestral roots. (Xinhua, 2006)

If counterfeited goods cannot be distributed then there will be no purpose of producing them in the first place. These underground organizations create counterfeited products and they also find channels to distributing them. Most of these channels are mostly wholesale market, is usually a large open market which can contain about a thousand wholesale shops, situated in densely populated areas, with access to reliable transportation system. Each of these wholesalers occupies a non-fancy stall with goods for display, and most of these displayed goods are counterfeited products. Those stalls that displays originals also have counterfeit goods hidden somewhere in the shop. These wholesale markets are controlled by the local administration of industry and commerce. (Xinhua, 2006)

#### 4.1.3 China's Gross Domestic Product (GDP)

Gross domestic product is the calculation of the value of all finished goods and services that were been manufactured in a country at a given period of time. Which in other terms means; it is a gauge that is used to calculate the health condition of a country's economy and the balance of trade. The formula to calculate a country's GDP is;  $C+G+I+NX= GDP$ . (TradingEconomy, 2011)

Figure 3



(TradingEconomy, 2011)

In the first quarter of 2011, the Chinese economy is still said to be doing very well at the chat, as new business entrepreneurs and investors are moving in to start up new ventures and invest in already established businesses. In the first three months of 2011, the economy's GDP grew by 9.7 % which was still good compared to the consensus of 9.4%, and the previous one of 9.8 %.But as China's GDP maintains a sustainable growth China's inflation rate increases; the Chinese inflation hike is a big problem that is affecting the Chinese economy at the moment. Consumer price inflated by 5.4% in March, 2011, compare to the consensus 5.2% and previous 4.9%. (EconGrapher, 2011)

#### 4.1.4 China Export

In China the negotiation for exports is normally carried out in two ways, which are; face to face negotiations or telecommunication means. With the face to face negotiation business clients are either being invited to China, or interested Chinese export business experts travel out of the shores of China to meet business associates, attend China business trade fairs, discuss with local citizens of the country to know what they really need to export, and also firms in China also send trade missions abroad for international trade fairs, shows and exhibitions. Apart from the fact that Chinese firms send experts abroad for shows and exhibitions, they also organize exhibitions in cities like Hong Kong, Macao and other world big commercial Cities in China. During these trips and events, face to face negotiations and networking are carried out. (Yi & Brittan, 1994)

The Chinese most times use telecommunication as a means of communication with clients and business associates, though recently the number of foreign business people visiting China for business purposes increased dramatically and the Chinese Government hardly has restrictions on foreigners visiting China for business reasons. Organizations in China are used to using Fax, Telex, cable, and letters as a means of communication on a day to day business activities within and outside China. Telecommunication with fax is the most popular means of communicating with foreign business clients, as trading companies has at least one fax machine for business transaction. (Yi & Brittan 1994)

It does not matter the means of negotiation communication, whether it is by face to face or telecommunication means, the issues discussed mostly are normally; quantity, price, packing, specification, shipment, insurance, payment, inspection, claims, arbitration and *force majeure* (force Majeure is a claim attached to the contract form, that pardons both party if there is a bridge of contract at any point due to a natural disaster, and events that you can't stop from happening). But for firms that hvee been doing business trade with china for many years, the negotiation will be based on matters like; quality, quantity, specification, price, and date of delivery. The other issues like force majeure, claims, arbitration etc. are mostly not discussed because the business associates are used to those issues and know how to handle them, but quality, quantity, specification, price, and date of delivering changes over time no forgetting the fact that everyday consumers are becoming wiser and competition with companies are becoming stronger, so firms must follow the trend, even if it means changing the packing of their product, price, or quality. During face to face negotiation, any agreement reached is normally put in writing so as for it to be legally binding and stands as a prove in the court of law. (Yi & Brittan 1994)

Normally in China, foreign trade business uses two types of contracts, which are; Sales contracts, and sales confirmation contracts. These two contracts are generally accepted on both sides of a business transaction. The contracts are usually created by the Chinese party but have to be signed by both parties, and they both need to keep the originals in case anything goes wrong they will have a solid proof at the court of law. (Yi & Brittan 1994)

A sales contract is clearly seen as a normal contract which does not only states the name of the product, specification, packing, price, port of shipment and destination, time of delivering, terms of payment, but it also disagree with all claims which are not stated in the contract, and rightfully agree to the Force majeure clauses. However since this contract clearly states the right of each party, and also gives a balance room for settlement of disputes, it avoid the two parties from having problems in the future. (Yi & Brittan 1994)

Sales confirmation contract is another simple valid contract form which is also used in China, the difference is that it does not entails so much details as that of a contract form. Normally in a sales confirmation form you see clauses like; name of commodity, specification, packing, quantity, unit price, date of delivering, port of shipment and destination, payment terms, shipping marks, commodity inspection requirements, in sales confirmation contract forms clauses like arbitration, claims, and force majeure are not seen. Sales confirmation form is most times used for old business associates who are used to the business and knows very well the various requirements, it can also be used for good that are not so much valuable, or for a strong and reliable trade agreement between, which can be between two nations, or a well know personality who you trust will handle issues appropriately. (Yi & Brittan 1994)

## **4.2 Nigeria**

In different economies, population is a key issue that is always discussed, because the population of a country can determine the potential prospect of that country, if the population is well manipulated positively by the Government then the prospect for the economic growth for the country will improve, but if not the country will dilapidate slowly. Population is an asset and a tool used to stabilize development. The population of a country comprises of producers of goods and services, and customers who purchase and consume those goods and services. (Ottong, 2011)

Nigeria is the most populated country in Africa with lots of human and natural resources; in 2010 United Nations estimated that Nigeria has a huge population of 158.2 million people with an average Nigeria living by less a dollar per day. (BBC, 2011) Nigeria failed to use their huge population as a tool for economic development, as their being characterized by the west as a country of corruption, and mismanagement of resources. (BBC, 2011)

Apart from all these odds, on the 2<sup>nd</sup> of October 2003, the BBC published the research carried out by some researchers saying that Nigerians are the happiest people on earth.

However it is interesting to see the growth of the Nigerian population from when they had independence from Great Britain till now. In 1960 Nigeria was estimated to have a population of 35 million people, in 1999 the population was 113.8 million, 2006 the population increased to 140 million people, while in the mid 2007 they had a population of 144 million people, and in 2010 the population increased to 158.2 million people. This means that since Nigeria gained independence from Britain, Nigeria has increased by over 100 million people. The Nigerian demographic for 1998 and 2010 shows that the birth rate is higher than the death rate, as in 1998 birth per 1,000 populations was 42, and death per 1,000 populations in 2010 was 37. See table of this analysis in appendixes. (MotherNigeria, N.D)

#### *4.2.1 Small and medium enterprises in Nigeria*

The national council of industry in Nigeria defines SMEs as a business establishment whose total cost excluding land is worth 200,000,000.00 Naira (€897,618.29). (Ogochukwu, 2006)

Small and medium enterprises (SMEs) in Nigeria have not been performing up to expectations in the development of the nation's economy. Based on the fact that the Nigerian Government has so much been corrupted by bad leaders that fail to put things in place for commoners in Nigeria, Nigerians in their own part do their best to making ends meet by creating a means for survival. This drive made so many Nigerians entrepreneurs and owners of business enterprises, even if these small businesses are most times not well managed because of the fact that most of these business owners are not well educated to run a business as expected, and to run a business the entrepreneur needs to understand the market, segment the market, make a marketing research, marketing planning and control. Or they have no access to loans from financial institutions to build and develop their businesses because most of them can't even write a business plan to show these financial institutions or business angels for help. Just to make ends meet people open all sorts of business that its cost is not even up to €897,618.29 excluding land. SMEs in Nigeria still has a lot to learn about creativity, innovations and research, the Nigerian economy is basically benefiting a little bit from SMEs compare to other developing and developed

countries in the world, which is the reason why Nigeria needs to educate her citizens for the standard of living to improve. (Ogochukwu, 2006)

The former president of Nigeria Olusegun Obasanjo during his tenor set a goal for Nigeria by wanting the Nigerian economy to be one of the best in the world in the next two decades. For Nigeria to reach this target in the year 2020 Nigeria need to improve on the educational standard in two important areas which are; Information and communications technology, and entrepreneurship, and the former president pinpointed that regardless of any student's major in the university, entrepreneurship is very important. In the past years 50% of graduate students were not able to get jobs after graduation, some students decided to set up their own businesses but unfortunately they have not been prepared to face the challenges of doing business, so adding entrepreneurship to students study curriculum is a plus to helping them start businesses after graduation, and it will also be a plus to the Nigerian economy. (Ogochukwu, 2006)

For Nigeria to see a boost in their economic and business growth, they must first have a positive attitude to owning enterprises, Governmental support should be given to entrepreneurs, Government should also educate her citizens, and presently Nigerians are scared of taking risks because they have been a few success stories of business entrepreneurs. In the early days of japons industrialization they did so well, that Japan's industrialization and small scale business was the reason why Japan's economy went stronger and stronger. Their strength was not from a vast capital but their strength was from their supply of labour, and their small scale industries. Nigeria should follow Japan's footsteps. (Ogochuku, 2006)



*Fig 4.*

*In an open market in Nigeria, A woman sitting in her vegetable stall. This is what most Nigerians classify as small scale business.*

(FotoGraffi, 2010)

Nigeria has a good business relationship with China, both countries have been doing business since Nigerian gained independence from the British, but on small bases. In the 1960s and 1970s most Africa countries saw China as a developing country with a good potential for greatness but still, Nigeria was not so interested in tapping from those greatness they foresaw, Nigeria was mostly doing business with European and North American countries, which made them developing business partners, but at that time economic and political challenges so they couldn't be Nigerians business developing partner. After the Chinese reform policy in 1070s and 80s, China had an economic turnaround that drive changes in infrastructures, modernization, industrial boost, energy transformation, and market expansion. This brought about a new business contract deals with Nigeria and other African nations. (Ogochukwu, 2006)

#### **4.2.2 Nigeria Gross Domestic Product (GDP)**

Four years before Nigeria gained independence from the British oil was discovered, the potential for prosperity was crystal clear. Between the oil boom of 1970 and 2007, the Nigerian government coffers have been enriched by almost 1.2 trillion dollars, but most of the profits have been squandered. But that no withstanding Nigeria develops its revenue from oil and agriculture, but the main source of Nigeria's wealth is from the oil revenue. Agriculture makes the country less venerable because agricultural produce are mostly consumed by Nigerians and are not exported on a large scale, which makes it a means for self-sufficiency for Nigerians and help in the reduction of importation of food supplies. But before and few years after the discovery of oil in 1956, Nigeria under the British colony use to survive by the high exportation of agricultural produce, but it gradually reduced after Nigeria got independence from the British in 1960, because oil was paying off big time. (Wilson & Abiola, 2003)

The structural imbalances of Nigeria cannot be addressed in one year, there are significant structural imbalances and wink leakages. However the Government is committed to, addressing the problems of infrastructure such as, power infrastructure, road infrastructure, port infrastructure, and most importantly educational infrastructure. All of these will actually take a long time to be accomplished, but if they are well tackled it will drive up productivity. (Wilson & Abiola, 2003)

Accepting the use of technology productivity from educational reforms, productivity from the power sector reform, and productivity from adoption of technology can actually sustain the GDP growth rate of the Country. Nigeria predicted in 2010 that they will achieve a 7% growth in the year 2011; the official figure for the last quarter was 8.25 % growth. (Wilson & Abiola, 2003)

#### **4.2.3 Nigeria Import**

Diplomatic relations between Nigeria and China was established in February 10, 1971, so it made it very legal to do lucrative and just business with China. (Chinese foreign ministry, Oct 10<sup>th</sup>, 2006) While in a general view Nigeria has long been importing from other countries like United States of America, United Kingdom, EU countries in general, China and Japan. (Obijiofor, 2011)

Nigerian entrepreneurs most times depend on imported products from abroad for business to go on because Nigerians prefer foreign products to locally made products. As stated earlier agricultural produce is the second largest Nigeria export, but still Nigeria spend \$636,000 for the importation of wheat and rice, even though these products are locally produced by Nigerians (Obijiofor, 2011)

Outside agricultural produce, more products like electronics that are being disguised as second hand goods and imported into Nigeria, which more or less make it a dumping ground for products that variably has less or no use in western countries. These products are purely toxic waste. (StaffWriters, 2009)

The Nigeria custom service clearly listed products that were banned from entering the country and among the list are; Furniture's, used motor vehicles above 15 years of manufacture, foot ware and bags made of leather and plastic, fruit juice, noodles and spaghetti, dead birds, beef or pork meat among others are not allowed into the country. But most time smugglers smuggle these and many more prohibited products into the country because the need of these products are high. (NCS, 2011)

### **4.3 Finland**

According to Statistics Finland, the population of Finland is around 5.375.276 million people. Finland has an average population density of 17 inhabitants per square kilometre. This makes it the third most sparsely populated country in Europe, after Iceland and Norway'. (StatisticFinland, 2011)

However, the majority of the populations live in the capital city of Helsinki area which includes; Helsinki, Espoo, and Vantaa. Other larger cities in Finland are;

Tampere, Turku, Oulu, Jyväskylä, Lahti and Kuopio. About 64% of the population lives in the cities. Majority of the Finnish people in the country are Christians and the highest percentages are those attending the Lutheran National Church. In Finland, business is growing gradually. Finland is an industrious country with highly industrialized mixed economy. Finland is one of the high technology manufacturing countries in the world ranked second largest after Ireland according to JA-YE Enterprise. (StatisticFinland, 2011)

#### **4.3.1 Finland Gross Domestic Product (GDP)**

The gross domestic product in Finland is actually appreciating and growing. The local newspaper in Helsinki called Helsinki Times announced it that, Finland GDP grew by 3.1 per cent in 2010, according to the preliminary data released by statistics Finland. It was also stated that, 'working-day adjusted GDP was up 1.7 per cent from the previous quarter and up 5.2 per cent from the same period a year earlier'. (Trading Economics, 2011)

Therefore, the significant increase in GDP last year 2010 has to do with the exports and private consumption. Exportation of goods and services contributed over 40 per cent of Finland Gross Domestic Product (GDP). The third of GDP was generated in Helsinki area and third of GDP is an international trade. When it comes to the global economy, I believe Finland is highly integrated. (Trading Economics, 2011)

#### **4.3.2 Finland Import, Rates and Documents for Importing into Finland**

Finland and China are corresponding to each other's economies. The economic and trade relations between the two countries have developed rapidly since the 1980's and there have been an increase of margin in the bilateral trade volume as the world economy recovers. *'Finland is now China's second largest trade partner and important source of technology import among Nordic countries. According to Finnish National Board of Customs, total trade volume in 2010 was 6.5 billion euros, increased by 21%. In the breakdown, China's export to Finland amounted to 3.78 billion Euros, increased by 9%, and China's import from Finland stood at 2.69 billion Euros, increased by 45%. The growth of imports from Finland suggests that China will remain an important and viable market for a wide range of products'*. (EmbassyofChina, 2010)

The largest trade partner in Asia for Finland is China and this brought the expansion focus of Finnish companies. Other import partners are Germany, Sweden, Russia and Netherlands. There have been about 1000 Finnish citizens residing in China and Hong Kong. In China, many Finnish expatriates live and work for Finnish companies which has raised the size of Finnish community due to transformation of Sino-Finnish economic cooperation. The rate of Finnish students and media who has become interested in China has increased. (Embassyoffinland, 2009)

The importation of mobile phones from China to Finland has grown sharply. Approximately 1.9 million handsets imported to Finland were assembled in China, which is three times as high as in the January- October period of 2003. The increase of production of goods in China and other Asian countries has brought fear due to the labour cost are lower than in Europe. (HS, 2011)

*‘However, Ilpo Kaislaniemi, an expert on Chinese affairs at Finpro Marketing, points out that most Finnish companies operating in China make their goods for the Chinese market, while most of the Nokia handsets sold in Finland are still manufactured in this country’.* (HS, 2011)

Additionally, in Finland, the importation process has to work with the Finnish Customs with international Harmonization. There are import duties and taxes imposed to companies, organization or private individual importing goods or products into Finland from outside EU. These taxes and import duties are being charged and calculated according to the value of goods imported plus the cost for importing them.

Mostly, the products that are being imported to Finland are: chemical industry products, products from mining and quarrying, electric and electronics industry products, machinery and equipment, transport equipment and other products.

According to Freight Forwarder, ‘Most of the industrial products tax rate is 5% to 7%, but the rate of some goods as high as 30% to 50%, such as some of the headwear, glassware, clothing and so on. Machinery import tariff rate from 0 to 15%. Some imports of agricultural products to be submitted to a special import fee or tax, the tax rate as the product of changes in the world market prices change. Finland imports when domestic nonmanufacturing machinery, importers must provide proof of no manufacturing in Finland. Finland levied on all imported goods equilibrium tax rate from 1.5% to 7.8%, according to the CIF price of imported goods levied. In addition, from January 1, 1980 GSP from Finland to China’

The duty rates applied to imports into Finland typically range between 0% (for example books) and 17% (for example Wellington Boots). Some products, such as Laptops, Mobile Phones, Digital cameras and Video Game consoles, are duty free. Certain goods may be subject to additional duties depending on the country of manufacture, for example, Bicycles made in China carry an additional (antidumping) duty of 48.5%. (DutyCalculator, 2011)

The standard VAT rate for importing items into Finland is 23%, with certain products, for example, Books, attracting VAT at the reduced rate of 9.0%, and some goods are exempt from VAT altogether, for example Newspapers and Periodicals. VAT is calculated on the value of the goods, plus the international shipping costs and insurance, plus any import duty due. When importing goods into Finland, duty is not charged, if either the total value of the goods (not

including shipping charges or insurance) does not exceed €150 or if the amount of duty payable, does not exceed €10. VAT is not collected if the amount of VAT payable is less than €10. Neither duty nor VAT is payable if the total value of the goods (not including shipping charges or insurance) does not exceed €22. (DutyCalculator, 2011)

Product or good must have a certificate of origin because, it will state where the good are originated from or can tell from the label of origin. There must be a signed commercial invoice in the certificate of origin, and it must specify each package serial numbers and the gross weight of good must be marked, cargo net, and the nature and origin. (Forwarder, 2010)

When importing customs goods, the importer need to provide original commercial invoice or make more copies of it if needed. In the commercial invoice, there must be the following elements: he import and export business name and address, invoice date, pieces of sensitive goods, packaging type, gross and net weight, number, goods name, quantity, unit price and total price, availability of discounts and discount terms, delivery goods and payment terms, transportation and so on. In addition, freight, insurance, advertising, packaging fees, should also be indicated on the invoice. (Forwarder, 2010)

In the Bill of lading, there should be the name of the consignor, consignee's name and address of the destination, goods, freight and other charges, the number of pages full bill of lading, the carrier after the shipment date of the official closing ceremony and signature of receipt, etc. and with the commercial invoice and packing of the goods on the contents of the object consistent. Application of air cargo air waybills. (Forwarder, 2010)

Entry of the goods within 15 days of entry, whether it is consumption, storage, temporary entry or transit to other entry must be clearance. Clearance when the importer or agent must provide commercial remodelling votes and declaration, the value of the goods in more than 1,000 Finnish marks (about 170 Euro) to the value at the same time to submit a declaration. Declarations are to be consistent with the imported goods, in and to tariffs on the value of the goods, tariff heading and quantity. While also providing transportation and insurance documents. Value of returns and declarations must have the declaration signed by the person or designated agent. Paragraph within the prescribed time limit for customs clearance and pay the corresponding duties and taxes, the goods will be auctioned by customs.

Furthermore, when it comes to the storage, there are three types of Finnish Customs bonded warehouses: the common type, private type, and grocery-type storage. For the clearance, or reexport, or other entry to Finland, the goods can be withdrawn from these warehouses. Before

the goods are stored into the warehouse, it has to be subject to customs check point, the procedure used by the warehouse and petty. General storage and transit to the warehouse into the inspection is relatively simple. Only when they provide additional comprehensive examination; into the private warehouse of goods subject to that detailed inspection in advance, such as reexported or transported to another entry to Finland, the Customs and Excise Department to check the current time. Public and private goods can be stored in a warehouse; the special circumstances of the Customs Department may extend the storage time. (Forwarder, 2010)

Finland, the only free port located in the southwest coast of Hanko, in Turku, Helsinki, Kotka, Lappeenranta, Oulu and Lovisa has free trade zone. Helsinki in Chinese subjects and a free trade zone and bonded warehouse also has shared the international container terminal. Goods can be stored into a free port, repackaging, sorting, and mixing or like in Finland, like other goods outside the treatment. Finland banned the import of goods without Customs permit shall not enter the free port. Into the free zone of goods shall not be exhibition, sale or donation to the public. (Forwarder, 2010)

Finland on all imported goods is required to indicate the manufacturer name, importer name and country of origin. Mark of origin have to use Finnish or English, or common language of international trade mark. In Finland, the packaging of imported goods sold on the application of Finnish marked "TUONTI" the words imports. The packaging has to be done into transport packaging and retail packaging. Transport packaging change under different circumstances, packaging materials, equipment protection and the applicability of the shipment are essential. Retail packaging material must be accompanied by security label instructions. (Forwarder, 2010)

Finnish customs regulations and international restrictions on the old ship export goods must apply for export licenses wheat, rye, oats and some food products by the Finnish state-owned companies or international control of the organization responsible for importing. General license for export by the exporter, the importer for import permits. The global quota permit and details of individual licenses can be obtained from the Finnish import and export licensing office. (Forwarder, 2010)

**Fig 5.**

Imports and Exports by products by activity (CPA 2008), 2010\*

Imports	€ million	%
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Chemical industry products	9 238	17,9
Products from mining and quarrying	8 312	16,1
Electric and electronics industry products	7 413	14,4
Machinery and equipment	4 124	8,0
Transport equipment	4 114	8,0
Other	18 298	35,5
<b>Exports</b>		
	<b>€ million</b>	<b>%</b>
Forest industry products	10 687	20,4
Chemical industry products	10 390	19,8
Electric and electronics industry products	7 974	15,2
Metal and metal products	7 793	14,9
Machinery and equipment	7 034	13,4
Other	8 495	16,2
* preliminary data		

Source: (Statistics Finland, Last Modified: 15.3.2011)

The diagram illustrate that, Finland exports exceed their imports which is good for the Finnish economy.

#### 4.4 Summary

Nigeria has a large population, which is also a big market for business to explore, but the standard of living is drastically low. But Finland has a small population, and the standard of living in Finland is high which is also a plus for business entrepreneurs, because the Finns has a purchasing power and can buy whatsoever they want, unlike Nigeria where it is difficult for an average citizen to purchase whatsoever they want.

Consumer electronics in Nigeria usually has lots of quality issues because not every citizen can purchase an original brand and that is because they cannot afford it, so they go for leading brand with low quality. While in Finland, most of the consumer electronics are with sound quality because the Finns can afford to pay for them.

Nigeria Being a developing nation has a lot of business opportunities for investors to explore, if they can produce affordable goods and services that an average Nigeria can pay for, making good use of the population. Finland also has good opportunities for business exploration, but in a market where they are lots of competition it takes a lot to get returns of investment and profit.

## **5. Reasons for Importing Consumer Electronics from China**

Goods around the world are rapidly penetrating around the world market, and they have suddenly become cheaper alternatives for goods produced in developed countries. While different studies have established various characteristics of products made in China, the price, quality, reliability and safety concerns remain the most imperative factors expressed by customers when referring to Chinese products. (Diversifiedtopics, 2011)

### **5.1 General Reasons**

Every organization in the world wants to make a profit and stay in business, for this to happen, some companies decide to cut cost of Labour. China has used their brilliant marketing strategy to tell the world that with the uprising of their highly skilled population, they virtually can make anything with their skilled labour advantage, which has attracted so many businesses that want to cut Labour cost from around the world into partnering with Chinese business experts and by hiring them to show their skills.

Most importers from different part of the world wants to import cheap products with good quality that they can sell to end users to get more profit. Organizations like Wal-Mart imports goods like toys, footwear etc. for cheap just to cut cost of production in the home country.

Today's Chinese consumers typically have a variety of brands from which they can choose, whether they're looking for a microwave oven or a mobile phone. And, when it comes to manufactured goods, there are competing brands -- both foreign and domestic. As a result, product availability isn't the overriding factor that determines what Chinese consumers will buy. (Embassyoffinland, 2009)

## **5.2 The Case on How China Helped Wal-marts Success**

Wal-Mart is an American and multinational retail store they were fully branded as Wal-Mart stores in 2008. Wal-Mart as a company is the world biggest private employer of labour, with employees over two million and has been called the biggest retailer in the world. (Judd, Sabol, B M, Kitterdge, 2005)

Wal-Mart seems successful today because they moved their production to China, which cost Americans to lose their manufacturing jobs, and lots of imports keep coming in to America Wal-Mart from China for a cheaper price. So many Wal-Mart competitions have to fold up in the United States because they couldn't compete with the price Wal-Mart was offering to customers, today sixty per cent of Wal-Mart merchandise is been exported from China to the company in America. Wal-Mart virtually makes anything in China for cheap even the cost of labour is much lesser than what they will pay to the American manufactures. At the Wal-Mart Baoan bicycle factory in southern China, they make it very compulsory for workers to work up to 15 hours a day, starting at 7am and ending at 7pm all in seven in a week. However, these workers earn about 21 to 41 cent per hour, which is calculated to be 17 dollars for 66 hours in a week for the lowest earner. All these company's like Wal-Mart has to go through just to import from China and sell in low prices customers just to be in business. (Chan, 2011)

Time and again some Americans believes that Wal-Mart as a company is not a blessing to Americans but a curse, because it has gotten lots of Americans out of work and has forced the unemployed Americans to buy products they manufacture and import from China for a cheaper price. (Chan, 2011)

## **5.3 Analysis of the case Companies**

This thesis found out that these companies visited in Finland imports electronics products from China because, it is not just affordable, but the products also has lots of quality features that gives their customers quality satisfaction. And they also import for profit making.

However, some of these companies also imports because of the cheap process of making these imports. Company like LG's Electronics, manufacture in China because of the highly skilled and cheap labour.

The spokesman for LG's Electronic stated that, LG's consumer Electronic products come in different quality forms depending on the level of quality demanded by the importing country. This justifies what Pinnells said in 2.2.3 that, Firms might import products based on the level of quality or other requirements by the Government of the country. Hobby Hall for instance, feels their consumer electronic products imported from China perform perfectly, to give their customers satisfaction on a cheaper price. More so they also confirmed that the reliability of consumer electronics imported from China is eighty per cent sure.

The spokesman for Hobby Hall said their organization imports from China simply for the purpose of making more profits and satisfying their customers.

While Expert electronics feels the consumer electronic products imported from China performs neither perfectly nor imperfectly. This means some of their products work perfectly while some does not work perfectly. They also stated that their consumer electronic products coming from China are not reliable. Which actually pinpoints the fact that, organizations can decide to import any kind of quality consumer electronics from China, depending on how they want their customers to be satisfied, and how they want to make a profit from importing.

While according to the questionnaire Pro Electronics feels that they import consumer electronics from China because they buy these electronics for a cheaper price than you will get in European countries. The manager also commented about the buying power of the people affects the kind of products they import. However, Pro Electronics stated that the performance of their Electronic Products and the reliability of the products are of workable capacity. While Uyi Electronics believe that, the performance and reliability of their electronic products coming in from China, works on a fair capacity. They also stated that customers complain, but they buy them, which makes business good.

From how it looks, these Nigerian organizations imports for a single reason of making profit.

#### **5.4 Summary**

Organizations are keen to making profit so these firms can go extra miles just to get there customers satisfied, and make a profit as well, there are three main reasons for importing consumer electronics products from China, which are: Cheap labour, skilled labour, and product

availability. They import because of cheap labour just to cut the final price so customers can afford it. Skilled labour is a good reason for importing because when enough skill is shown during product development, it all helps to giving the customers good reasons to buy these products. And products availability because the Chinese is so good with what they do that the virtually make any kind of product, which means that any product can be manufactured in China with enough skills shown in the process of manufacturing these products. At the end, we discover that everything is channelled to the customer's satisfaction and profit making.

## 6. Reasons for Importing and Exporting High and Low Quality Consumer Electronic Products

### 6.1 General Approach

Many companies and countries deal with the importing and exporting of goods and services. This should not be seen as a short term strategy because, time and money invested is needed and very relevant.

Today, we have so many products being imported and exported all over the world, but the issue is that, are they of good quality or bad quality. These are the thing we need to find out after carrying out this research. Though, we understand that quality has no direct definition because the quality of a product has to be decided by its end user.

In some country such as Nigeria and Canada, they have a poor view of Chinese products. This does not mean that they are no quality products coming from China but it is just that, the little amount of bad products coming from China has affected its image of other good products in the view point of some end users in some countries. "My own view is 99.5 per cent of Chinese products are as good as anywhere else, but that 0.5 per cent of Chinese products is causing an enormous problem for the 'Made in China's label and that problem with the 'Made in China's label is going to affect good products and bad products." According to an article online (The Hill Times), *'A recent poll conducted for Embassy shows 75 per cent of Canadians are not impressed with Chinese-made products. Almost half say the responsibility for products safety lies with companies, however, 55 per cent of Quebecers feel the Canadian government should ensure the safety of foreign-made goods'*.

#### 6.1.1 Good Products and Bad Products

Good products are seen as quality products. One of the main reasons for importing quality products is because; firms / Organization or countries want to create a good image of their background and products. If a country is well known in producing and exporting quality goods,

then that country has its original fame. Also, if country or companies in a country are importing quality goods, then they are creating product safety for that country.

Quality is an essential issue when it comes to exporting and importing especially for Chinese companies seeking to increase their market to the domestic consumers. Product quality, both real and perceived, is a crucial consideration for any consumer, regardless of whether they're living in Beijing or Boston. (Yi & Brittan 1994)

Bad products are seen as low quality products. Many countries and companies import bad products in order to make huge profit by exploiting people with the cheaper price of the low quality products. For Example, some of the good exported from China are that of low quality and at a cheaper amount and a huge amount of profit will be actualize from it and quick turnover. Sometimes, companies export in order to maximize profit by taking advantage of opportunities in the foreign markets that are not available within the local markets.

### *6.1.2 Quality and Quantity Clauses*

In Chinese export contracts, there are various ways by which qualities are defined the nature of the trade transactions determine the quality you define.

*Sales by sample:* Chinese businesses normally have rage of qualities of samples products, these samples are usually shown or sent to clients abroad to choose the type of quality they demand; knowing full well that the higher the quality of a product the higher the price of that product. Samples of products are normally made in twos so as for the client to have a copy and the firm in China also keep a copy of the sample should in case that same sample is been needed by the company in the future, or problems arise between organizations and clients, the sample product will stand as a proof for both parties. While for commodity products that are subjected for inspection by the Commodity inspection bureau, an extra sample should be made and given to them for proper inspection of product, if the sample does not meet the requirement of the buyer then the buyer is also free to send his sample to the organization in China, who in turn send another copy to the Commodity inspection bureau. (Yi & Brittan 1994)

*Sales by specification, grade, and standard:* In some cases it is difficult to judge quality; e.g. liquid contents can hardly be justified by the quality. Therefore the Chinese companies adopted this standard as a means of quality check. (Yi & Brittan 1994)

The quality of Chinese mineral products being exported is being justified by the seller quoting the percentage of different content, with which the quality can be weighted. Sales by grade can be measured when the two parties understands a product to the full to know if it is a first grade

product or second grade product. A sale by the standard is when a product is being measured by the standard law imposed on such product by the Chinese Government. (Yi & Brittan 1994)

*Sales by brand or trademark:* Brand names and trademarks, are very important for business successes, when a brand or trademark is registered in the mind of customers that represent quality to those customers. Some of China's influential brand today is doing well in the market, and customers buy these brands because they feel its good quality. (Yi & Brittan 1994)

*Sales by production origin:* The quality of some products produced especially agricultural products are most times judged by the natural condition of the area of production, Products like; Xinjiang Hami melon, Longkou vermicelli (made of bean starch) and zhanjiakou green mong beans. Products being made in these areas are seen as good quality products. (Yi & L Brittan 1994)

*Sales by Technical manual and design:* quality of a product sometimes is determined by the machines that manufacture or help in the manufacturing of the product. This is one of the reasons why top brands must not fail to follow trends of production and also bring in creative idea for the development of a product. Quality is also characterized by design; the good design of a product tells the customer how good the product could be. (Yi & Brittan 1994)

Some of the clauses that are meant to be in the contract form are explained below:

China uses the metric system as a means of measurement in export, but in some cases they also use the British or US system when the customer so requires. When an organization is exporting bulky products such as, agricultural products, mineral produce, and native produce then the use of more or less clauses will be initiated. When a company is exporting bulky product like beans, the delivered option might be 2% more or less depending on the options of the seller, which is also shown in the contract. More or less option can also be decided buyer only if the buyer is shipping the product to himself abroad. (Yi & L Brittan 1994)

### *6.1.3 Parking and Pricing Clauses*

Parking from the Chinese perspective means the movement of finished products from the organization in China to buyers who are the business partners abroad. Parking in China includes parking cost, parking method, parking material and shipping mark. If in any case the buyer demands a special parking, then he has to take charge of the cost. In most cases shipping marks are normally designed by the seller, if in any case the buy wants special requirements for the sipping marks, then the seller might accept if the contract signed allows them. If the buyer refuses to bring his own design of sipping marks days before the day of shipment, then the seller will have no choice than to use his own shipping mark. (Yi & L Brittan 1994)

Knowthis.com defined pricing as a “component of an exchange or transaction that take place between two parties and refers to what must be given up by one party”.

Prices of products can come in different ways in the sense that some products might be more or less expensive than some other product, depending on the brand and trademark, quality, sales, season, quantity, time of delivering, trading partners, and parking. For some products, the Chinese government comes in to create principles to the pricing principles and floor prices. Moreover under current market economy foreign businesses are highly responsible for their profits and losses because they have the given right to determine the prices of their own products. One of the determinants of profits and losses are most times based on the export costs, if the cost of exports are far too expensive then there are possibilities that the seller will make losses. Before 1991, it was very possible to export products below cost because they were export subsidies on products. When the company knows the cost of export on their product they calculate to make sure they are not running at loses before stating their actual price. After 1991 export prices were formed based on prices in the international market level, and the cost of production of export supplies. . (Yi & L Brittan 1994)

#### ***6.1.4 Lower Quality Chinese Product in Nigeria and Finland***

China has been getting a large number of patronage customers from Nigeria despite the fact that their products coming to Nigeria are mostly inferior. Nigeria is China’s second largest trading partner in Africa after South Africa. (Ifeme, 2011)

There are several major markets in Nigeria which have now become a refuge of all kinds of Chinese products most especially in Lagos state, Nigeria. Examples of such markets are; Balogun, Alaba Int’ Market, Ladipo International Market, Coker, Trade Fair Auto Spare Parts Market popularly called Aspanda, Oshodi, Yaba, Westminster, Computer Village and virtually all the markets are also flooded with made-in-China goods. Almost every product brand has its Chinese equivalent, which is relatively cheaper. These huge markets, largely patronized for its products quality and availability by Nigerians and foreigners alike, has become a haven for substandard products. (Ifeme, 2011)

The Balogun market which is known to be as a market of various goods including office and household appliances, beauty products, cosmetics, construction equipment, baby products, fashion accessories, clothing and food items, among others, has almost been taken over by Chinese products. These products are being imported by the Chinese merchants from China and will be given out to the Nigerian traders who are the wholesalers, and then in turn retail them to

buyers who come from different parts of Lagos and beyond. China has marked its feet at the Balogun market in a most submissive manner just like other parts of the country. (Ifeme, 2011)

In Alaba International Market, most popular electronic brands, such as Sony, Samsung, Sharp Panasonic and LG have their China equivalent. Also, home appliances, such as cutlery, washing machine, refrigerator, sewing machine, cookers, and kitchen utensils also have their China equivalents.

The Ladipo International Spare Parts also face the same situation like that of Alaba Int'l Market. This famous Ladipo market is the largest spare parts markets in West Africa with spare parts of all the car brands. There is China made of almost all the spare parts being sold in Ladipo market and these Chinese spare parts are generally cheaper than the other brands. As long as it is cheap, it will sell. (Ifeme, 2011)

The Computer Village Market is a popularly known market in Ikeja, Lagos. This market is made up of buying and selling of computers, phones and their accessories. There is no different between this market and that's of the listed ones above. They are also huge Chinese made products selling in this market. One can imagine a phone with so many functions like having dual Sims, TV, games, radio and has a low capacity of battery to carry all its facilities but yet sold at a very cheaper rate. Only a made-in-China less quality phone could have such numerous facilities and sold at a very low price, even if it lasts for just a few months. (Ifeme, 2011)

Nonetheless, this same made in China counterfeit products is also available in computer accessories. *If you buy a made-in-China flash drive or mouse, it is most likely that it would not serve you for a sustainable period. It is common to see different flash drives with brand names, such as LG, Sony, Panasonic or HP written on them, but on closer examination, you would discover that they are made in China.* (Ifeme, 2011)

According to Ifeme article (2011), on this observation, a reporter asked phone accessories Reporter: *"Why then do you stock them when you know that they do not last long enough?"*

*Her reply: "That is what people prefer. We always buy several cartons and we sell them off quicker because they are not very expensive. One thing you should know is that we buy what is in demand and whether we like it or not, we must buy them because we must sell.*

*"Are you now saying that if you buy better quality ones that people would not buy?"*

*She said: "I have not said so. All I said is that China products sell faster. They are good for quick sales, and quick sales are big money."*

Generally, these products are fairly good and sold at very affordable prices, which is why many prefer going for them. (Ifeme, 2011) Consumer needs like Cosmetics, toiletries, perfumes, roll-ons, wrist watches, wall clocks, jewellery, foot wear, clothing, household appliances, glass furniture, electronics, motorbike, phones, computers and its accessories and practically everything are duplicated and sold at cheaper prices. Given their lower prices, people are usually attracted to them. Then main thought of these is quick sale. The cheaper it is the quicker turnover the marketers get. (Ifeme, 2011)

In Finland, it has to do with the opposite of what it says about Nigeria above. They are a lot of imported Chinese products in Finland, but they are of high quality to compare with that in Nigeria coming from China. Almost all the electronic companies and firms in Finland do import their electronics products from China. The quality of these imported electronics products from China to Finland is suitable for the Finns, and they rarely complain about the products rather they keep on patronizing them.

The credit facility in Finland has also contributed in giving the Finns and people living in Finland the ability to satisfy themselves with buy electronic products of any kind they want with more quality features. Also, with that of Guarantee / Warranty which is also part of the strong attraction for people in Finland to buy electronic products. So, people living in Finland do strongly have believe in buying consumer electronic products from electronic shops or stores like (Gigantti, Expert, and Hong Kong) without having it in mind that they are buying an inferior or less quality products.

#### ***6.1.5 Quality Issues in Nigeria and Finland***

Winning customer's trust about the quality of products produced and imported is very important. When a product's quality is not satisfactory, it sends a bad signal to customers, which gives the customer a bad perspective of the product, and the country of production.

Nigerians are people who love imported products more than locally made products, which has given an edge to importers who import good quality and low quality goods from other parts of the world most especially China. Goods that come from China are mostly seen as counterfeited goods by Nigerians because Nigerians have had lots of bad experiences with cheap Chinese products in the past. They consider also the good products from China as fake but yet cannot do without them. (Ifeme, 2011)

Meanwhile, in Finland it seems to be the opposite side of Nigeria. The Finns do patronize their domestic products in electronics like Nokia or in their foods. Finns don't have the impression

that their locally made products are not quality enough. The price of their own locally made products are comfortable to them to buy with no worries when it comes to comparing to Nigerians who buy their own locally made products. In Finland, they do import consumers products from China and other part of the world but that's does not make them too loose interest on their domestic produced products. The Finns believe that their own domestic product is much quality and this also contributes in boosting their economy too.

Nevertheless, as a business man doing business in Finland, you have to have it in mind that you are establishing a quality business for end users.

## 6.2 Analysis of the Case Companies

The management of Pro Electronics stated that their organization was set up because of the drive to satisfy their customers. However he also stated that the firm was established out of anxiety to survive in the Nigerian economy, which gave the manger the entrepreneurial drive to look deep into the pressing need of people in the society. According to the literature review on 4.2.1 confirms the fact that most Nigerians goes into business because of the frustration they get from their Government.

The management of Pro Electronics believes that good products imported to the country from China are strictly for the rich people and people who can afford them. While the low quality products, are imported for the majority of Nigerians who can afford them. Moreover this confirms the review on 6.1.4 between the reporter and the woman that sells phone accessories. Again read the conversation clearly:

Reporter: *"Why then do you stock them when you know that they do not last long enough?"*

*Her reply: "That is what people prefer. We always buy several cartons, and we sell them off quicker because they are not very expensive. One thing you should know is that we buy what is in demand and whether we like it or not, we must buy them because we must sell."*

*"Are you now saying that if you buy better quality ones that people would not buy?"*

*She said: "I have not said so. All I said is that China products sell faster. They are good for quick sales, and quick sales are big money."* With this conversation, it is quite clear that importers import mostly bad quality because it sells faster than the good quality. Take note that she has not said that good quality does not come into the country, but the bad quality products

sells faster, which means that only the few rich people and people who can afford good quality buys good quality.

According to the questionnaire filled out by the manager of Pro Electronics, he stated that Pro Electronics' target is the Final consumer, and they sell products like stabilizers, home theatres, generators, computers, TV sets, and mobile phones. The manager feels that most of their customers see electronic products coming from China as somewhat favourable while some customers see it as totally fake. He also disclosed that customers never complain about products coming from China. However, he rated appearance, packaging, and affordability as excellent (very favourable), performance, usability and design as very good (somewhat favourable), he also rated reliability, durability, safety and the lifespan as fair (somewhat unfavourable).

While the management of Uyi Technical and Mall Samsung Electronics, feels that good quality products are not so imported into the country because it is quite expensive for Nigerians and if it is been imported it stays a longer time in stores and prevent them from quick turnover. While the low quality products, sell fast in the Nigerian market with huge profit. (Also, confirmed by 6.1.4) Generally in Nigeria the customers always laydown complains about Chinese products, but still they have no choice than to buy the products.

Uyi technical confirmed what was stated in 4.1.2 during the interview, by saying that China has done a big favour to Africans by bringing products they can't afford on a real sense to their door steps. And that is why the Chinese Government will do nothing about products counterfeiting in China.

The management of Uyi Technical sells products like Mobile phones, TV sets, Computers, and refrigerators to final consumers. The firm believes that their customers see Chinese products as somewhat Unfavourable, and they went further to say that customers somewhat often complain about their products coming from China. The management rated performance, reliability, safety, packaging and usability as fair, (somewhat unfavourable) the management rated appearance and design as good, (neither favourable nor unfavourable) the management rated lifespan as poor, (very unfavourable) and finally they rated affordability and design as very good. (Somewhat favourable)

The Manager of Mall Samsung electronics stated during the discussion he had with one of the research persons that; on the normal ground people think it is very easy to go to China and import good or Bad products, but it is all wrong because the importer has to have a whole lots of skills on what to import, and should be ready to spend money and lots of paper works. Finally, he stated that it takes skills and lots of brains to import from China. This conversation was a good confirmation of what was stated out in 2.2.2.

Mall Samsung sell products like mobile phones, TV sets, laptop computers, refrigerators, air conditioners, and microwaves to final consumers. The management feels that their customers see Chinese products as neither favourable nor unfavourable they also stated that they get complaints from customers once in a while.

The management of Mall Samsung electronics rated durability and the lifespan as fair (somewhat unfavourable) they also rated performance, reliability and packaging as good, (neither favourable nor unfavourable) while safety and design was rated very good, (somewhat favourable) and appearance, affordability and usability was rated excellent. (Very favourable) They finally gave a conclusion that Chinese products are good for the Nigerian market, so long as the products are very affordable.

However, Expert electronics feels that their products imported from China is not of a perfect quality but their customers are not complaining so often about products imported. Most Finnish customers want cheap electronic product that functions in full capacity, in this case they get what they want, which is one of the reasons why they choose to import electronics from China. However, 6.1.4 also confirms the fact that Finnish organizations imports better quality from China, and Finnish customers rarely complain about these products coming in from China.

Expert electronics sells products like mobile phones, TV sets, computers, refrigerators and freezers to the final consumers.

The manager believes that their customers see electronic products coming from China as neither favourable nor unfavourable. He went further to say that sometimes customers buy because of the prices which is an advantage for the company because their products coming from china are relatively cheap.

The Firm rated reliability as fair, (Very unfavourable) performance, safety, packaging, lifespan, and usability was rated good (neither favourable nor unfavourable) appearance, durability and design was rated very good (somewhat favourable) while affordability was rated excellent. (Very favourable)

The Management of LG electronics and Hobby Hall clarified the fact that their customers complain about their product coming from China once in a while, their customers mostly says good things about Chinese product and sometimes bad about Chinese products.

LG electronics sells products like mobile phones, TV sets, computers, AV, home appliances, air conditionals and many more to wholesalers and retailers.

They rated reliability, safety, appearance, packaging, durability, design, lifespan and usability of electronic products coming from China as excellent (Very favourable) while performance and affordability was rated very good (somewhat favourable)

Hobby Hall sells electronic products like mobile phones, TV sets, computers, and washing machines coming from China to the final consumers. The organization feels their customers see Chinese products as somewhat unfavourable, they also said that customers complains neither often nor infrequent. The Firm rated performance, and affordability as excellent (very favourable) reliability, safety, appearance, packaging, design, lifespan, and usability as very good, (somewhat favourable) while durability was rated good. (Neither favourable nor unfavourable)

Looking critically into the research findings, you discover clearly that Finland and Finnish firm's imports better quality of consumer electronic products into the country. Though customers are almost same in both countries because they also have bad perspectives about consumer electronic products coming from China, and you also discover that one trick of China electronic designers is making their products so sleek and well packaged that customers will love it at first sight. Customers in Nigeria also buy less quality Chinese products because they cannot afford to buy originals. The electronic products being imported into the country are either lesser in quality or totally fake consumer electronic products.

### **6.3 Summary**

Good products otherwise known as quality products do not really have a specific definition because different customers get satisfactions from products differently. When a product do not give satisfaction to customers it is then considered as bad or low quality products, which is the reason why organizations from around the world today are competing really hard to making sure that the core need and satisfaction of customers are fulfilled. However if products satisfies the need of the customers but creates environmental hazard, that product invariably becomes a bad product.

In China quality are been defined in different ways which are, sales by samples, sales by specification, sales by brand or trademark, sales by product origin, sales by technical manual & design.

The organizations visited in Nigeria feels that the performance, reliability, durability, and life span of products coming from China are fairly ok, why organizations visited in Finland graded the

performance, reliability, durability, packaging, design, appearances, and affordability of products coming from China as excellent.

## 7. RESULTS AND CONCLUSION

The purpose of our research study is based on the comparison of quality consumer electronic products been imported into Nigeria and Finland from China.

The final findings of this thesis show that Nigerian and Finnish companies both imports consumer electronics from China, because they want to sell products that are very well affordable to customers. This thesis also found out that these two countries buys big brands of products but of different qualities. However, customers from both countries do not have a good image about products coming from China, but the Nigerian customers has no choice but to buy the product just to satisfy the need for the moment.

In Nigeria, some of the goods coming in from China do not have enough good quality features that are changing the mentality of the majority of people in Nigeria because they see everything made in China as fake products most especially in electronics.

Furthermore, in Finland, we were able to discover that there are many high quality products coming from China and still people buy them without having the mentality of seeing the products as fake or counterfeit unlike in Nigeria.

This research study also shows that Nigerian business firms that imports consumer electronics from China, imports both good quality and bad quality, but the lower quality sells the most because there are mostly affordable. While Finnish firms that import consumer electronics from China Imports better improved and better quality to be sold to Finnish customers who can afford them. And apart from the fact that the standard of living of the people differs this thesis research also finds out that both Finnish and Nigerians love big brands but Finnish Firms can afford to import originals and good quality of big brands because Finnish people has the buying power and can afford to buy originals.

However this thesis research provided the answer about consumer electronic products imported from China to both Finland and Nigeria, from the view point of customers and how they derive their satisfaction. Questionnaire where not actually distributed to consumers of electronic products but, discussions with the firms and also the questionnaires directed to the firm strongly shows that consumers in Nigeria prefer better quality but have no choice but to buy lesser

quality because of the standard of living. While consumers in Finland are also given better quality because, they can afford to buy them.

The business environment of Nigeria, Finland, and China are very different because these three countries have their own different Challenges. In Nigeria business environment, organizations always put customers at heart before producing any products or service, an organization that therefore produce what the Nigerian customers cannot afford will go bankrupt.

The grey market operators have seen this as an advantage to imports electronic products from the Asian market because their prices are relatively low compare to products coming from Europe and America. The cost of living of Nigerians is very poor and there are no good infrastructures in rural areas where most Nigerians reside. Power is also a big problem for the Nigeria business environment. For an investor to come into Nigeria to invest then that an investor will have to spend a lot on power, which is a major disadvantage for the Nigerian business Environment.

Furthermore, China business environment has grown over the past years, as they are enjoying firms coming in to product products because of their highly skilled and cheap labour. The Chinese are so intelligent that they can make virtually anything worth making. This leads to a major problem with Chinese business environment, which is counterfeiting and manufacturing of lower quality products which is meant to be exported to various countries around the world, of which on the other hand is good for the Chinese Economy, but unsafe to Investors.

In Finland, the business environment is friendly and better to compare with that of Nigeria when it comes to development in infrastructure and work force. In Finland, there are mostly authorized channels / dealers outlets selling consumer electronic products. Consumers in Finland buy their consumer electronic products from the authorized channels with warranty / guarantee unlike the consumers in Nigeria who prefer buying from the grey market at a cheaper price with no warranty. Consumers in Finland have the buying power to buy whatever product they want either by cash or by credit facilities unlike in Nigeria where the buying power is drastically low when it comes to buying expensive and quality products.

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## 9. APPENDICIES

**Appendix 1**..... (Research questionnaire for Finland and Nigeria companies)

<https://docs.google.com/spreadsheet/viewform?formkey=dFJnU05OTlFzajZrczIzTjhjWUo0UWc6MQ>

Bachelor Thesis Research Questionnaire for Chinese Electronic companies

School: Laurea University Of Applied Sciences Class of: Business Management / Marketing City: Espoo Country: Finland

Top of Form

Q1. What kind of business are you involved in ? \*



Q2. Does your organisation export Samsung / LG's electronics to other countries? \*

Yes

No

Q3. If yes, which of the brands? \*

- Samsung
- LG
- Both Samsung and LG

Q4. Do you export Television (TV) sets to .....? \*

- Finland
- Nigeria
- Both Finland and Nigeria

Q5. If yes, from 1 to 5 rate the quality of the TV products you export to Finland \*

- 1. Poor
- 2. Fair
- 3. Good
- 4. Very Good
- 5. Excellent


Q6. If yes, from 1 to 5 rate the quality of the Tc products you export to Nigeria \*

- 1. Poor
- 2. Fair
- 3. Good

- 4. Very Good
- 5. Excellent

Q7. In Addition, can you briefly tell us the quality percentage of your products in Finland to

Compare to that in Nigeria? \*



Bottom of Form

## Appendix 2..... Companies Addresses

LG Electronics

Äyritie 12 A, 01510 VANTAA

Expert ASA OY,

Sähkötie 2-6, 01510 VANTAA

Hobby Hall

Valimotie 11, 01510 VANTAA

OBH Nordica Finland Oy

Äyritie 12 C, 01510 VANTAA

Hong Kong Tavaratalot

Äyritie 12 C, 01510 VANTAA

Gigantti

Sähkötie 3, 01510 VANTAA

Uyi Technical Electronic Plaza

60, Mission Road,

Opp. Holy Cross Cathedral,

Benin City,

Edo State, Nigeria.

Mall Samsung Electronic

85, Mission Road,

Benin City,

Edo State. Nigeria

ProElectronics

72 Akpakpava Road,

Benin City,

Edo State. Nigeria

### Appendix 3:

The following indicates the Nigerian Demographic for 1998 and 2010

	1998	2010
Births per 1,000 populations.....	42	37
Deaths per 1,000 populations.....	13	16
Rate of natural increase (per cent).....	2.9	2.1
Annual rate of growth (per cent).....	3.0	2.1
Life expectancy at birth (years).....	53.6	46.3
Infant deaths per 1,000 live births.....	71	57
Total fertility rate (per woman).....	6.1	5.1

Midyear Population Estimates and Average Annual Period Growth Rates:

1950 to 2050 (Population in thousands, rate in per cent)

Growth					
Year	Population	Year	Population	Period	Rate
1950	31,797	1996	104,095	1950-1960	2.1
1960	39,230	1997	107,286	1960-1970	2.3
1970	49,309	1998	110,532	1970-1980	2.9
1980	65,699	1999	113,829	1980-1990	2.8
1990	86,530	2000	117,171	1990-2000	3.0

1991	89,263	2010	150,274	2000-2010	2.5
1992	92,057	2020	183,962	2010-2020	2.0
1993	94,934	2030	225,866	2020-2030	2.1
1994	97,900	2040	279,405	2030-2040	2.1
1995	100,959	2050	337,591	2040-2050	1.9

Midyear Population, by Age and Sex: 1998 and 2010

(Population in thousands)

	-----1998-----			-----2010-----		
AGE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE
TOTAL	110,532	55,920	54,613	150,274	75,657	74,617
00-04	19,737	9,942	9,795	24,706	12,447	12,258
05-09	16,286	8,162	8,124	22,070	11,073	10,997
10-14	13,510	6,768	6,742	19,682	9,865	9,817
15-19	11,721	5,881	5,840	16,988	8,510	8,478
20-24	9,516	4,788	4,728	13,928	7,014	6,914
25-29	7,857	3,982	3,876	11,435	5,817	5,617
30-34	6,600	3,355	3,245	9,005	4,612	4,392
35-39	5,426	2,798	2,627	7,012	3,591	3,421
40-44	4,456	2,339	2,117	5,718	2,900	2,818
45-49	4,041	2,085	1,956	4,718	2,392	2,326
50-54	3,460	1,787	1,673	3,877	1,989	1,888

55-59	2,677	1,381	1,296	3,366	1,692	1,674
60-64	2,010	1,024	986	2,870	1,409	1,461
65-69	1,469	742	727	2,112	1,022	1,091
70-74	973	486	487	1,438	685	753
75-79	531	263	268	852	400	452
80+	262	136	126	499	240	259

Source: U.S. Bureau of the Census, International Data Base.

(Motherland Nigeria N.D.)