



OMOSEKEJI ADENIYI ADEBAYO

MARKET OPPORTUNITIES FOR
WATER TREATMENT CHEMICALS IN
THE NIGERIA MARKET,CASE:

Kemira

Business Economics and Tourism 2013

VAASAN AMMATTIKORKEAKOULU
UNIVERSITY OF APPLIED SCIENCES
International Business

ABSTRACT

Author:	Omosekeji Adeniyi Adebayo
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The challenges of safe drinking water are of major concern in the Nigerian economy. In the context of developing countries, we can see that water related diseases are the basic cause of several illness, and death. The sub-Saharan Africa sees Nigeria as its largest market, with over 160 million people, and the population growth rate's estimated at 3% annually.

Despite the existence of several government agencies whose role is to enhance official water supply and distribute water to all citizens in Nigeria, current access to improve drinking water in Nigeria is still low. Nigeria is among the African countries which aren't on track in terms of meeting the MDG i.e. Millennium

Development Goals, whereby the safe drinking water coverage targets have been specified at 75%. Nigeria water coverage rate are among the lowest in the world. It's at third rank after China and India in terms of nations with significantly large populaces and no real access to safe drinking water.

The aims of this thesis is to study the market opportunity for Kemira water treatment chemical products in the Nigerian market in order to eliminate poor quality of water that causes deadly diseases such as cholera, dysentery, typhoid and poliomyelitis in the country .

The research problem addressed in the study was divided into two parts. The first part was to determine the suitable market entry strategy for Kemira to enter into the Nigerian market and also, the second part was to determine the factors that influence the mode of entry in Nigeria market. The study at hand was conducted on the given areas of significance through related literature. Studies from within the literature helped in creating a questionnaire to check the opinions and experience of managers in Nigeria in terms of risks, decisions, along with methods of entry into the market.

Based on the research study, the empirical results obtained in the first part of the study shows that the most suitable mode of entry into the Nigerian market is through exporting duly because of the risk in the market environment and also, exporting is the most common modes used by multinational companies to enter into a foreign country. Secondly, the other part of the research study shows that two major factors influencing the modes of entering into the Nigeria market are political factors and environmental factors mainly because recently Nigeria environment is not conducive duly because of political and corrupt leaders representing in the country.

Market Opportunity for Water Treatment Chemicals, Mode of entering, Factors affecting mode of entering

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INTRODUCTION:

The supply of safe water for drinking and appropriately treated waste water is a fundamental requirement for human life. West Africa is faced with a serious health concern because of lack of access to clean water (Akpor B and Muchie M, 2011:1). For example, Nigeria is the largest market for water in sub-Saharan Africa with population of more than 160 million people, and “population growth rate estimated at 3% annually” (World Bank, 2012).

Despite the existence of several government agencies whose role is to enhance official water supply and distribute water to all citizens in Nigeria, current access to improve drinking water in Nigeria is still low. “Nigeria is currently not on track to reach the MDG targets of 75% coverage of safe drinking water and the proportion of the urban population with access to improve sources of drinking water in Nigeria decreased by 15% from 80% in 1990 to 65% in 2006. The rural areas recorded as decrease of 4% from 34% in 1990 to 30% in 2006.” (Unicef, 2008).

The lack of safe drinking water is the root cause of hunger, diseases and poverty throughout Africa. Nigeria faces mounting challenges in providing enough safe water for its growing population, especially for the huge numbers of people migrating to urban areas where municipal water service are often non-existent.

West African economy is growing every year and the inflation rate is reducing on yearly basis. In Nigeria, within the last eight years the government had undertaken a trade liberalization policy whereby they’ve made the operational environment for businesses friendlier to foreign investors, and less rigid in general. Therefore, it a good opportunity for Kemira, a Finland based company, to seize growth opportunities in West Africa.

“The companies that successfully gain competitive advantage in one environment are those that move early and aggressively to exploit a new market or technology” said Hibbert (1997: 5). The process for export decisions requires that several

fundamental questions be resolved. It is a fairly complex process. Every firm of any size faces the question of where to expand to increase their sales; if exporting, which market; and in what way that is, the distribution channels, the pricing method, the level of promotion and so on (Beamish, Morrison & Resonzeig, 1997: 8). Global trends that have a direct influence over businesses on a global scale have gained advantages by transferring resources and materials over country borders. This transfer includes natural resources, management experts, and also labours

The choice of Kemira to enter the Nigeria market has to be motivated by the evaluation of growth and profit potential over a long term period. The research it will help Kemira to identify what they want to gain from exporting, are the expected benefits worth the cost's, or would company resources be better used for developing new domestic business.

1.2 Objective of the Study

The aim of this thesis is to study the market opportunities for Kemira water treatment chemical products in the Nigerian market in order to eliminate poor quality of water in the economy. "A market opportunity is a newly identified need, want, or demand trend that a company can exploit because it is not being addressed by the competitors" (WebFinance, 2012).

Kemira is an international water chemistry company, with headquarters' in Helsinki, Finland. It has approximately 4900 employees in 40 different countries, more than two third of which are outside of Finland. The company's growth areas are pulp and paper, municipal and industrial water treatment, oil, gas and mining industry and feed, leather, chemical and detergent. Kemira comprises of group management, administration and others services.

Despite the fact that the company is one of the leading water chemistry companies in Europe, yet Kemira has not expand its products to Africa market, except in the late 2010, where they signed a contractual agreement with one of the largest mines industry in South Africa.

Exportation of water treatment chemical to the Nigerian market can be a change to improve the sales margin of Kemira in 2020. “ A company benefits from exporting to increase plant utilization, spreading overall costs over a large output, reduced input costs through volume purchases and developing international brands and or company image” (Noonan, 1999: 5). There are three big reasons to get into the trade game which are: Import brings big profit, exports make profit and the world is interdependent. People of each nation rely on people of other nation to exchange goods, service and idea (Nelson, 2009:10).

Therefore, Kemira water treatment chemicals can serve as great benefit to eliminate poor quality of water and help avoid deadly diseases such as cholera, dysentery; typhoid and poliomyelitis in Nigeria and the profit and sales margin will be at their advantage.

1.3 Problem Formulation

Despite the fact that the research objective is too large for a bachelor thesis, the problems formulated in the research include.

- 1.) What is the most suitable entry strategy for Kemira to enter the Nigerian market?
- 2.) What are the main elements that impact the method of entry into the Nigerian market?

There may be some challenges that arise in order to succeed in this project, problems such as cultural and demographic barriers of entry into the Nigerian market.

In most cases, a firm may not be able to comprehend a foreign consumer's taste, and ergo not succeed in offering the required products, and they may also have a lack of an understanding of a country's culture on how to deal with foreign nationals (Kotler, 2000: 367). Understanding the country's structure, market size, growth and other significant attributes, is mandatory for the successful design of a

business plan.

Sans a comprehensive knowledge of any given market's social, culture and demographics, selecting the most suitable entry and design marketing programs remains mere speculation. To choose the most suitable entry into any given market, the economic environment of the market and socio-cultural influences on buyer behaviour must be considered (Toyne and Walters, 1989: 127).

1.4 Research Questions and Structure

The research questions in this thesis are obtained from the problem definition and the theoretical framework. The answers to the questions will be provided from the research. The research's based on the entry strategy for the case company to enter the Nigerian market and the elements that can impact the method of entering into the market.

Considering the research question, "the most suitable mode of entry to the Nigerian market and factors that influence the mode of entry into the market" the answer to this research will be gathered through the study of macro environmental factors, PESTEL's analysis of Nigeria and also a study of the relevant literature will be undertaken for the purpose of identifying the main entry strategies used by a multinational company to enter into a foreign market.

As per the study of literature, a questionnaire will be designed and distributed to different manufacturers of bottled waters within Nigeria, export department, business development manager, and general managers and chief executive officers and managers.

The findings from the study of literature along with the macro environmental factors (PESTEL's) analysis of Nigeria will be put together to outline the most appropriate entry strategy for Kemira to enter Nigeria market and the possible factors that may influence the entry mode in Nigeria market.

1.5 The Research Structure

The research structure contained five chapters:

- Chapter one: covered the theoretical background, research objective, problem formulation, research questions and structures
- Chapter two: covered literature review of past and present of water issues in the Nigerian market, the Nigeria business operating environment, Nigeria and Finland trade relationship and different form of modes of entry to a foreign market.
- Chapter three: consist of methodology used in the research and outline of the steps taken to apply the method. Also the results relating to the research questionnaire are interpreted and discussed.
- Chapter four: outline the market entry strategy for the case company based on the result finding from chapter three.
- Chapter five: discussed the factors affecting modes of entry into the Nigeria market, with conclusions drawn on the practical application of the finding.

2. REVIEW OF RELATED LITERATURE

To fulfil the goals and objective of this thesis, a literature study will be conducted with the aims of identifying the main key elements in developing a successful strategy in entering Nigeria market. Multiple academic journals, published articles, books and internet sources are reviewed to analyse the past, present and future of water situation in West Africa and to analyse the market environment and also different options of entry strategies, which may be useful for the case company.

As per the study of literature a questionnaire will be created and distributed among firms within the country. This chapter builds the theoretical foundation on which the research is based.

2.1 Issues of Drinking Water in Nigeria (West Africa)

The challenges of safe drinking water are the major concerned in Nigerian economy. ” Water-related diseases are among the most common causes of illness and death, affecting mainly the poor in developing countries. They kill in excess of 5 million people every year. According to UNESCO (2006) about 2.3 billion people suffer from diseases linked to dirty water. The diseases can be divided into four categories: water-borne, water-based, water-related, and water-scarce diseases”

Nigeria is experiencing a widening gap between the supply and demand for water. The demand is experience is an augmented rate of increase, and said demand is increasing at a higher rate than that of the growth of population. The level of income enjoyed by the urban dwellers is also on the rise, resulting in the need for better services. However, the availability of the same is suffering a reduction because of the competing demand from the industry, mining and agriculture, along with the change in climate and deterioration in the quality of water.

Over the course of the next decade or so, the populace will expectedly continue to

grow, all the while the water supply per capita will continue to shrink. This will eventually result in a situation where the supplies will not be sufficient for the needs of several key areas within the sub-Saharan African region. Tensions and competition over trans-boundary resources are expected to become prominent as water continues its depletion across the region. There are no management or sharing arrangements between any of the aquifer nations within the region as well.

Recently, WHO/UNICEF's Joint Monitoring Programmes reported that around 780 million were still with no access to safe water. The Sub-Saharan African region accounts for around 40 per cent of the total population of the world which has little or no access to safe drinking water. That basically means that several nations within this region aren't going to be meeting the MDG target for safe drinking water. See (Figure: 2.1)

In Nigeria water coverage rate are among the lowest in the world. Nigeria ranked third behind China and India on the list of countries with largest population without access to improved sources of drinking water such as household connection, public standpipes, boreholes, protected dug wells, protected spring and rain water collections. See (Figure 2.2.). About 66 million Nigerians lacked access to drinking water, while 34 million, about 20 per cent of the country's population, practiced open defecation.

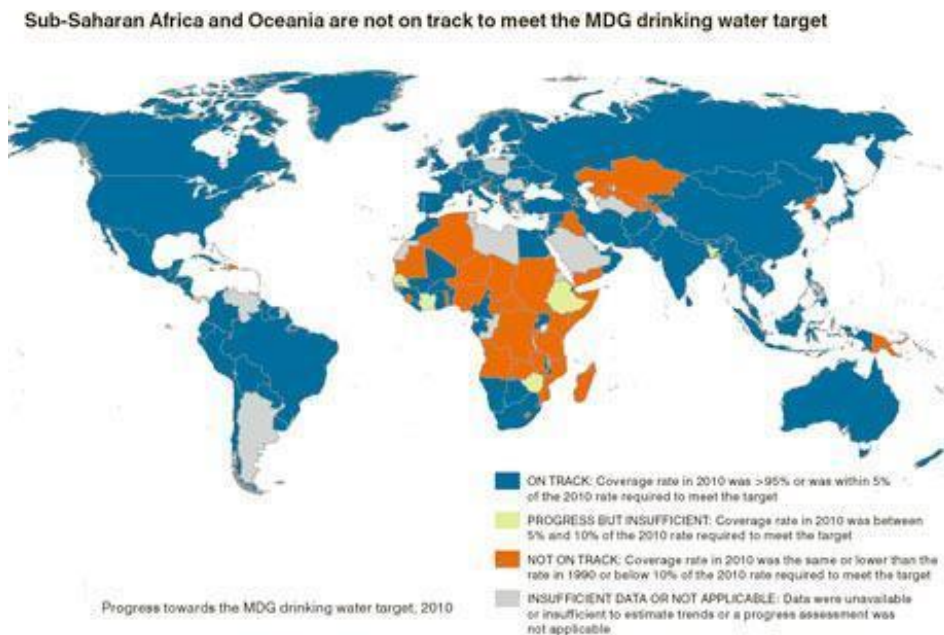


Figure 1 Sub-Saharan is not on track to meet MDG water target

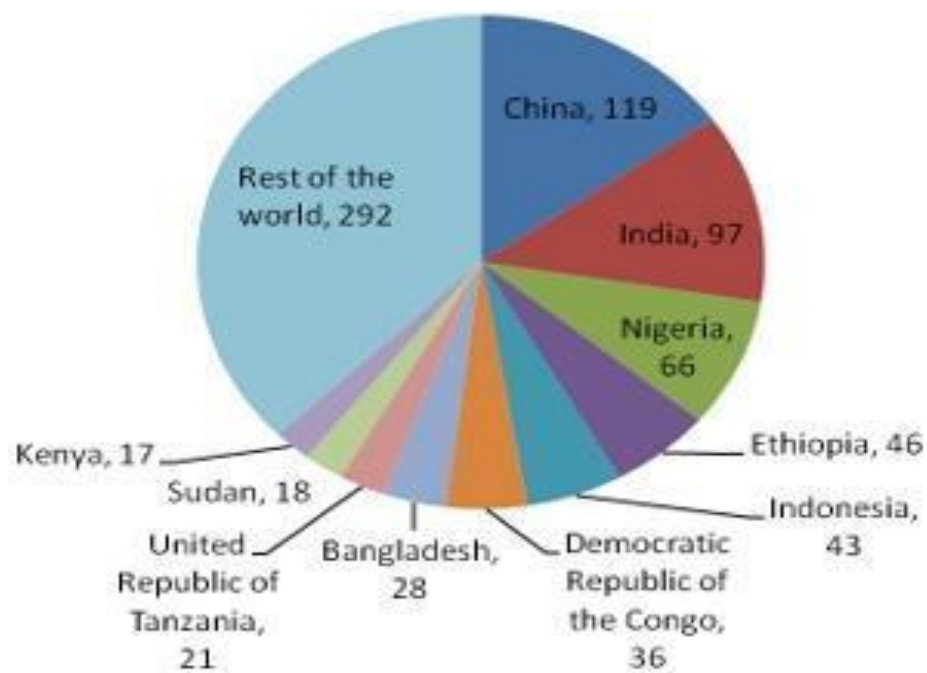


Figure 2 Nigeria water coverage rank 3rd in the world

Sources: WHO/ UNICEF 2010

There are other nations that have considerably large populations with no real access to drinking water. Examples of such would include Ethiopia which houses over 46 million, India with 97 million, China with 119 million and Sudan with around 18 million people.

Nigeria holds the 5th place for open defecation right after India at 626 million people, Pakistan with 40 million, Indonesia with 63 million and Ethiopia with another 38 million people. It was also one of the eight main nations in the entire world that could only provide between 50-75 percent of their urban populace clean drinking water, while the rate for the rural areas lay somewhere below the 50 per cent mark.

Within rural regions the local government bodies have the main responsibility to provide proper water. They share the expenses of said services with the federal government along with the SWAs. This is true for recurring operations and maintenance along with capital improvements; this is mostly the result of the fact that the water is supplied to people at no cost. The cleaner water supply, rural (percent of rural populace that has access) within the region was last reported at 43 in 2010, according to World Bank (2012), See (Figure 2.4).

The country's capacity to attain the targets set by the MDG is directly influenced by the population's high growth rate. The cities within the country are expanding at an exponential rate. The fact of the matter is that the urban areas alone are slated to encompass around 60 percent of the entire populace by the year 2015, as opposed to just 30 percent during 1990 (USAID, 2006).

The cleaner water supply, rural (percent of rural populace that has access) within the region was last reported at 74 in 2010, according to World Bank report published in 2012.(see Figure 2.5)

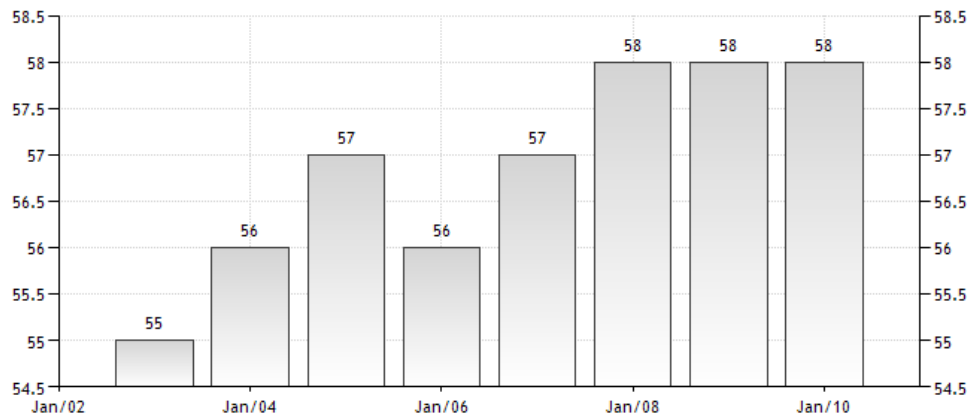


Figure 3 Percentage of rural populace in Nigeria with access to clean water

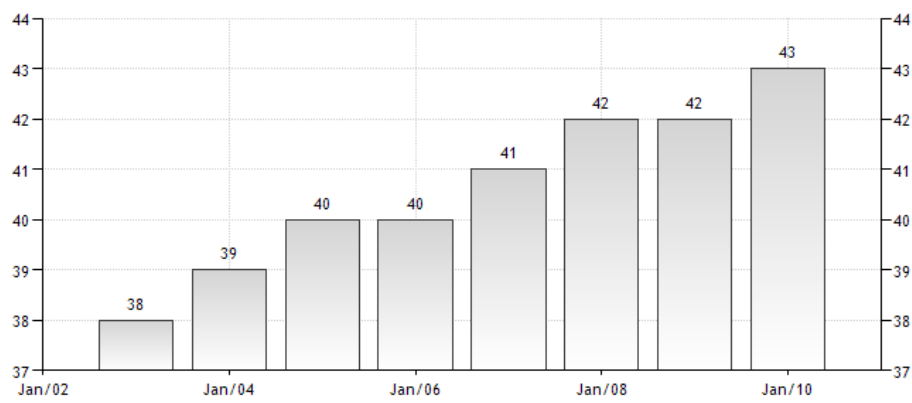
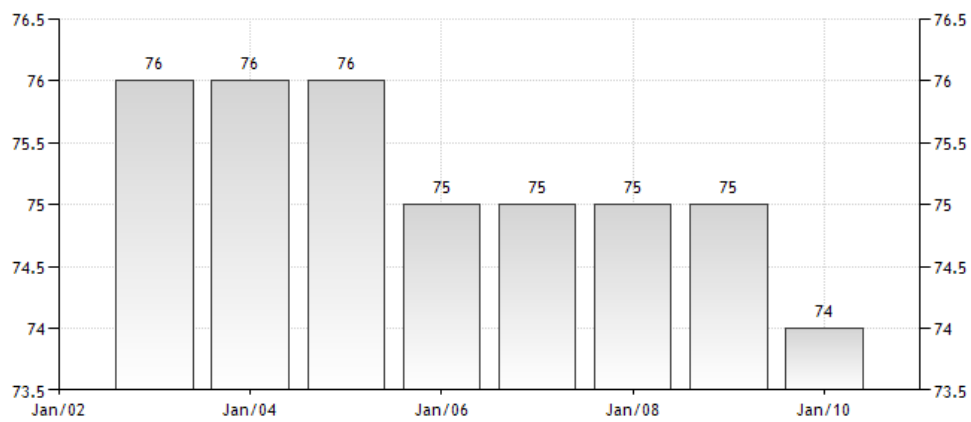


Figure 4 Improve sources of water in Nigeria



The cleaner water supply, rural (percent of rural populace that has access)

within the region

Sources: World Bank 2012

In Nigeria the richest individuals have experience the most spectacular changes in access to safer water, whereas the poor continue to suffer. In rural areas 67 of every 100 people don't have any functional water pipes, and an unknown numbers of people drink water from surface such as river, pond and lake.

Mr. James Miller, the Managing Director of Pure & Secure Water, US, who only recently began operating in the country, elaborated that it's no secret that around 4,000 children die succumb to their death due to water borne illnesses, including cholera, diarrhea, and typhoid - all of which are the result of bacteria found in water.

According to a recent survey released by NOI Polls (2013) access to clean water remains a major challenge in Nigeria. Nigeria sources their drinking water privately, while only nine percent are connected to the public sewerage system. According to the report, Nigeria government in January 2011 launched the water road map with their objective in developing national water resources between 2011 and 2015. The plan includes the promise that 75 percent of Nigeria will have access to clean water by 2015.

In the survey according to NOL Polls on analysis of major sources of drinking water in Nigeria, result indicated that the majority of 27 percent of Nigeria citizen currently drink sachet water known as "pure water" and another 25 percent get drinking water from private boreholes and 19 percent from bottled, package water, other sources are the water from board 11 percent, public bore holes 6 percent and private wells 5 percent.

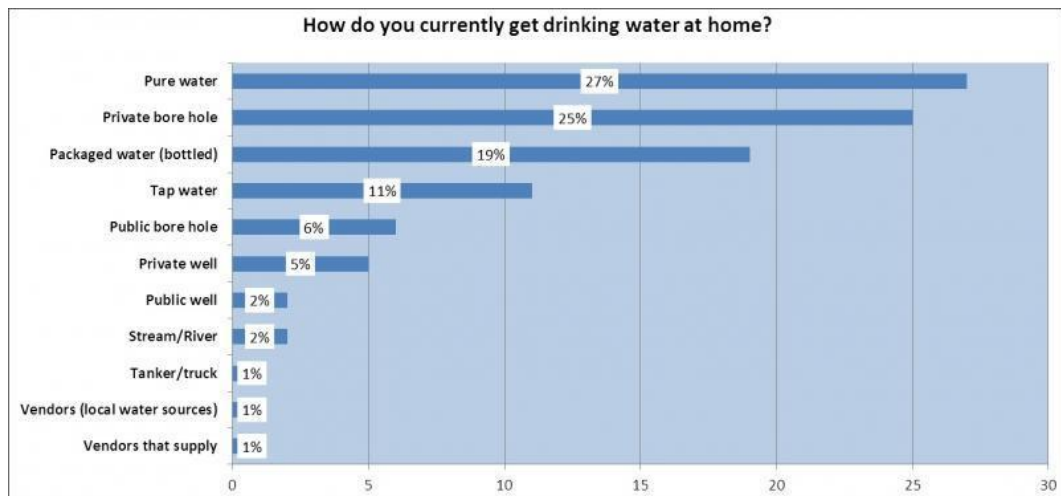


Figure 5 Source of drinking water in Nigeria

More so, the research shows that majority of Nigerian’s about 53 percent, showing that access to clean water is not a challenge while the remaining 47 percent stated that access to clean water is indeed a challenge to them and their households.

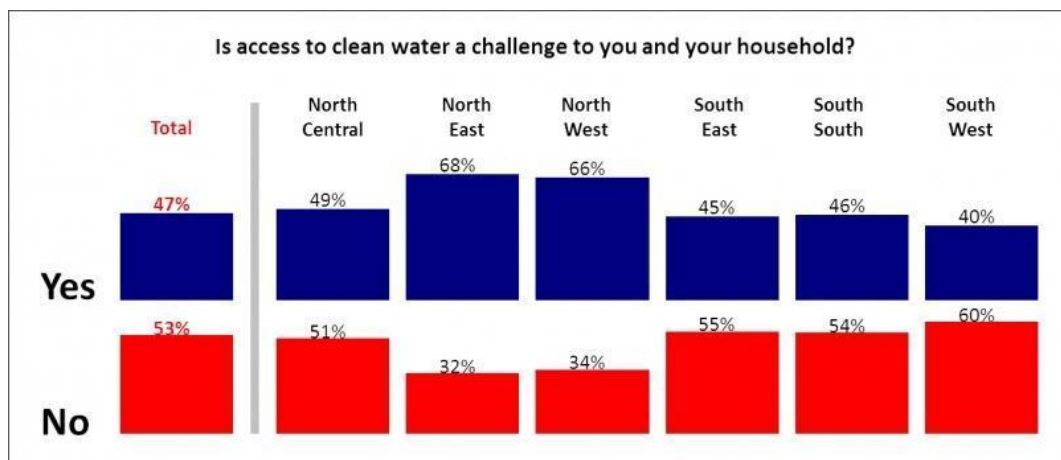


Figure 6 Access to clean water in Nigerian household

Source: NOI Polls, 2013

Nigeria has three tiers of governments. The Federal Ministry of Water (FMWR), State Water Agencies (SWAS) and Local Government, who has a shared responsibility in terms of providing and managing water resources to the people.

The Federal Ministry of Water Resources is the main body which coordinates the

entire national water. This body helps create and maintain the national policy for irrigation, formulates legislation, executes the Water Resources Master Plan, and conducts different research and studies.

The SWAs i.e. State Water Agencies, are given the main responsibility for operating, establishing and controlling quality; along with this they also have to maintain the water supply for semi-urban and urban areas (at times this also includes rural areas). The LGAs i.e. Local Government Authorities (a total of 774 bodies) have the responsibility of maintaining, operating and establishing the supply schemes for rural water.

The water supply can be improved in Nigeria, if other international water chemistry industries like Kemira, in collaboration with government and other representatives at ministry of water resources find a solution on the water issues in order to reduce the rate of young dead in the country.

2.2 West Africa Continent

Most others continents have overlooked Africa as a major player on the global market, and Africa is often described by the media as a poor, politically unstable and economically risky.

Africa presents an untapped market, where there is an upward trend in Gross Domestic Product (GDP) per capita and increasingly stable investment environments. The continent withstood the effects of the global economic crisis better than many others continent predicted.

Despite a loss in investment and a reduction in imports, the continent has still managed to perform well. In 2011, half of the world's top 10 fastest growing economies are expected to be from Africa, many African countries have stable economic conditions and improved investment environments, allowing for a free flow of trade, AGR (2011).

West Africa member states include 16 countries; it described as one of the most diverse areas of the world due to geographic, demographic, climate, religious, cultural and historical factors. Currently the population of West Africa's estimated at about 260 million, of whom the majority live in Nigeria, accounting for over 160 million, the number is expected to reach about 320 million by 2015, (World Bank 2012).

Over the last 20 years, the economic performance of West Africa has not balanced and that is why, the continent described as one of the poorest sub-regions in the world. Nigeria economic play a major role in the region of West Africa as per GDP and the GDP grow rate recorded at 6.4% in 2013, AEO (2013). Also the improved performance of Ghana, Mali, Burkina Faso and Senegal, has helped to diversify the economic structure of the region in the recent years.

West African countries are members of the Economic Communities of West Africa State (ECOWAS), but only Benin, Togo, Burkina Faso, Guinea, Niger, Cote d'Ivoire, Mali and Senegal are members of the WAEMU, (see map of West Africa in Figure 2.6).



Figure 7 West Africa Map

Source: African Development Bank Group (2012)

2.3 Nigeria Market Overview

In West Africa, Nigeria is the largest economy; it produces about 60 percent of the GDP of the region. It has the largest population of all the countries in African region, and holds over 50 percent of the entire West African population, with a total population of over 160 million inhabitants. Current Gross Domestic Product (GDP) is 271.5 billion USD and GDP per capital is 1,544.0.

About 51% of Nigerians are urban dwellers. The grow rate in the country estimated at 3% per annum, (World Bank (2012)). The nation's main products include tin, coal, crude oil, rubber goods, hides and skins, food, wood, textiles, printing, steel and ceramics etc.

Additionally, the nation has several natural resources including petroleum, iron ore, natural gas, tin, coal, lead, limestone, zinc and arable land. Of the many exports, the most important are coca, rubber and petroleum - these are mainly exported to US, India, Brazil and Spain. Current tax rates in the country are

Income Tax 25%, Corporate Tax 30%, and VAT 5%.

The climate of Nigeria varies i.e. it ranges from tropical forests to coastal swamps, grasslands, woodlands and northern desert. The population is made of an excess of 250 different ethnicities. The Hausa and Fulani are the largest with over 29 percent share of the population, followed by the Yoruba at 21 percent, the Igbo at 18 percent, the Ijaw at 10 percent, Kanuri at 4% etc.

The area's divided into three major parts, The Yoruba in the southwest, the Hausa-Fulani and Kanuri in the North and the Igbo in the Southeast. The Hausa Fulani is the most dominant one of all the ethnic groups present in the northern area since they account for over two thirds of the entire population. Almost all of this particular group of people come from the Muslim faith. Around half of all Yoruba's follow the Christian faith, half are Muslim and Igbo Catholic.

Since its population is considerably large and enjoys a status, it also serves as a gateway to other Western African country's consumers, it serves as a land for opportunities for investment from others part of the world.

2.4 Nigeria and Finland Trade Relationship

Nigeria's and Finland's diplomatic relationship began in 18 January, 1963; three years after Nigeria got its independence in 1960 from the United Kingdom, (Ministry of Foreign Affairs of Finland, 2006).

In March 2009, Mrs Tarja Halonen, former Finnish president visited Nigeria with 14 member delegations under administration of late Nigeria President Umar Yar'Adua to discuss the development of a bilateral agreement on Environmental and Trade issues between Nigeria and Finland. After the meeting, Tarja Halonen concluded that the subject interested both countries and wanted to find out what benefits existed in both nations, along with the technical knowledge that would be required to fulfill these needs and solve the given problems (Finpro 2009).

Nigeria's and Finland's business trade, partnership and investments have been

developed by the Nigeria-Finland Chambers of Commerce and the result is showing positive business opportunities between the two countries. In March 2010 Finnish Minister of Foreign Trade and Development, Dr. Paavo Väyrynen, visited Nigeria (Lagos and Abuja). The visit gave the Finnish business reps, and the official delegation the opportunity to get familiar with the Nigerian business culture and environment.

In Lagos, the visit was more centered on business. The Minister was very pleased with the visit, among the visitors there were representative Mr. Jukka Seppälä from Metso Corporation thoughts of Nigeria as a good place to conduct a business, and he concluded that “the Finnish companies will succeed in Nigeria with the right products and right partners, (Finland Nigeria, 2010).

Since 2006, Nigeria and Finland has developed bilateral trade relationship on importing and exporting of product such as paper and plastic products, power generation equipment, machineries, transport equipment, telecommunication equipment and many more. The first trade centre (FINPRO) was open in Abuja Nigeria in 2010 after Finnish Minister of Foreign Trade and Development Dr. Paavo Väyrynen visited Nigeria (Lagos and Abuja) for a strong business relationship between the two countries. (FINNPRO, 2010)



Figure 8 A high-level Power Delegation Visit from Finland

There are many other Finnish companies in Nigeria. For example, Wärtsilä and Nokia are among the active companies in the market. In 2011, export and import trade between Nigeria and Finland was worth 23.4 and 1.7 million euro respectively. The trade balance in the same year was 21.7 million euro. Paper, paperboard and articles thereof accounted for the highest top ten Finnish exports as indicated in figure 2.10

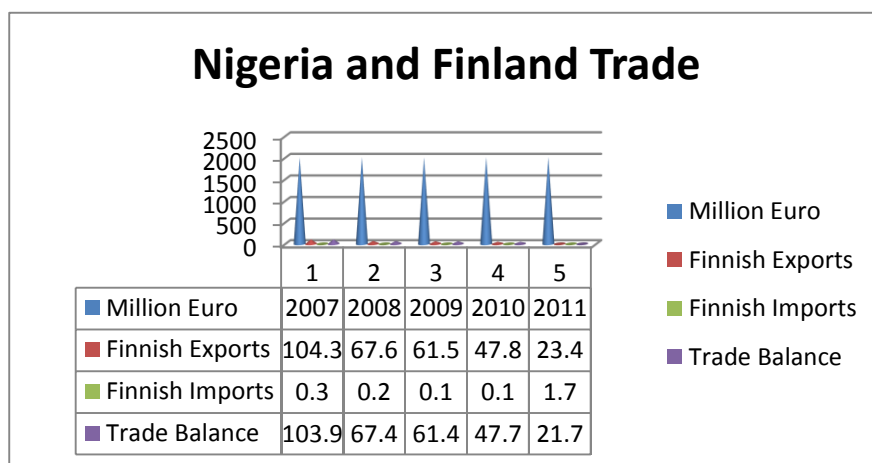


Figure 9 Trade between Nigeria and Finland during 2007–2011

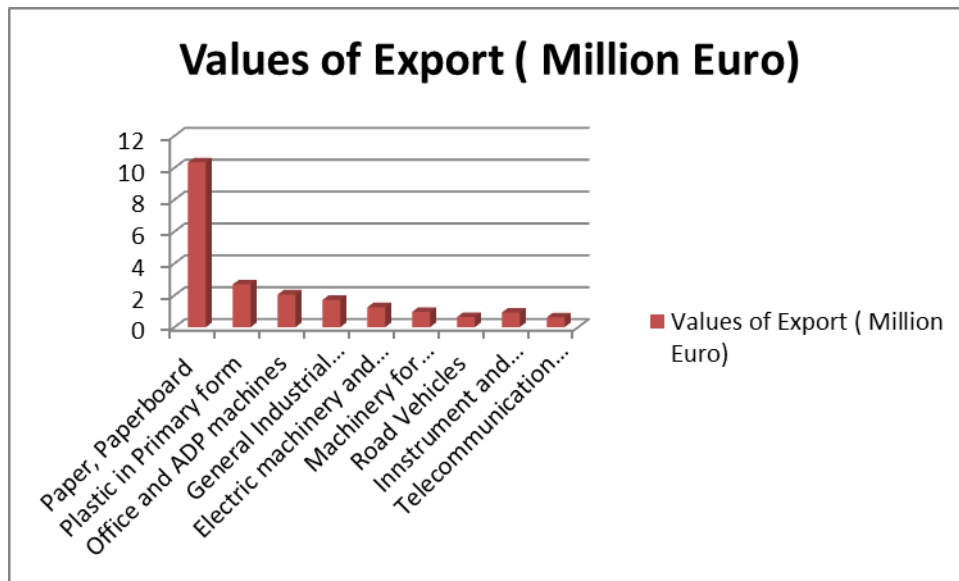


Figure 10 Top ten Finnish Export Products (SITC 2 level) in 2011

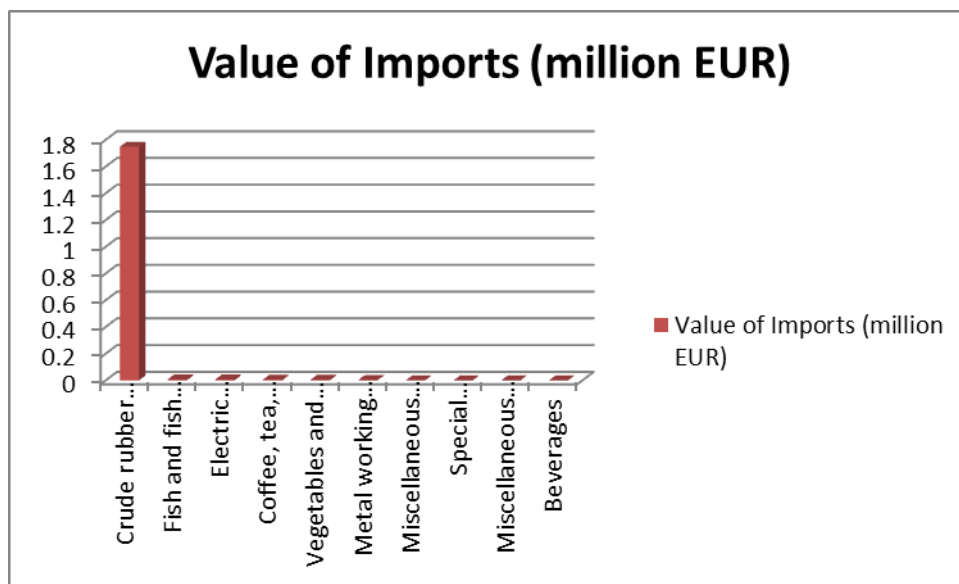


Figure 11 Top ten Finnish Import Product (SITC 2 level) in 2011

Source: Finnish Customs adopted from FINPRO

2.5 Nigeria Business Operating Environment (PESTEL Analysis)

PESTEL Analysis is a tools used to analyze different macro environmental factors. It consists of six different factors which include political factors, economical factors, social-cultural factors, technological factors, environmental factors and legal factors. PESTEL Analysis is used in this project to analyze the market opportunities for water treatment chemical in Nigeria market in order to eliminate the threat that may affect the case company in future. This is shown in figure 2.13

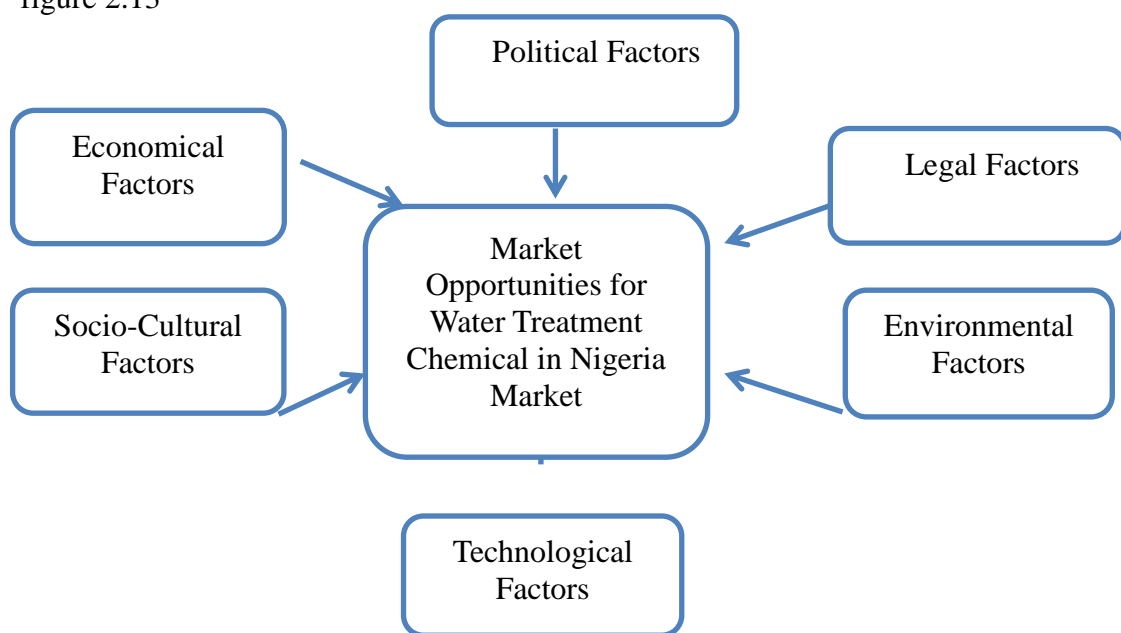


Figure 12 PESTEL Analysis of Nigeria Market

2.5.1 Political Factors

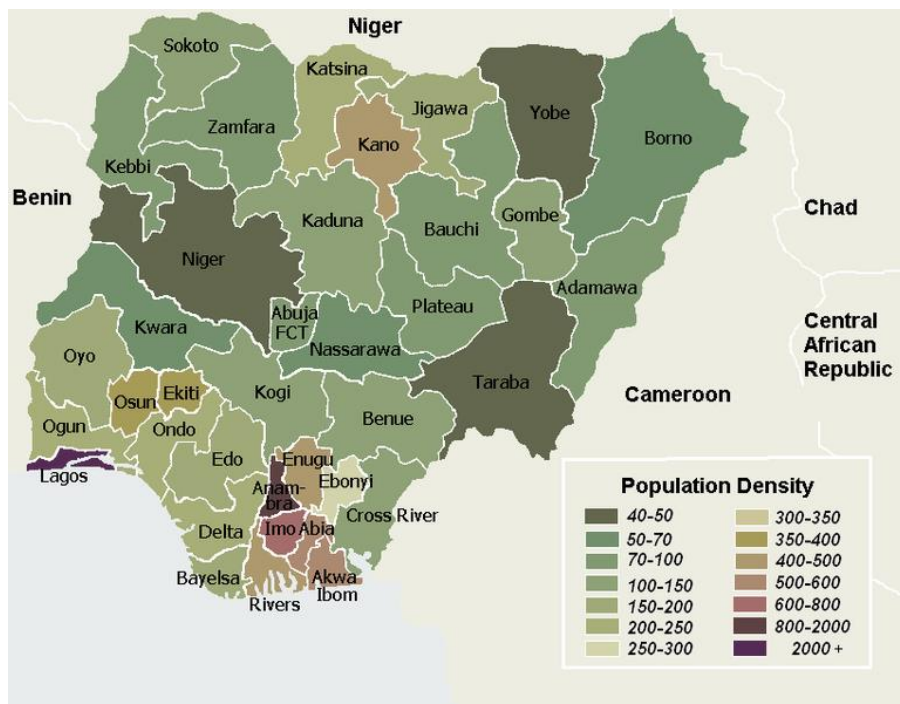
Political factors are one of the six macro environmental factors related to government policy and administration that can affect the operation of a particular company within an economy or country.

2.5.1.1 Political Environment

Nigeria operates as a federal system of government with three authorities-the federal, state and the local government. At federal level, it consists of president, vice president and other members of the executive council while on the state level, it made of governor and deputy governor and other members of state executives, also local government consists of local government chairman and other members. Among the three arms of government it includes the legislature, executive and judiciary.

The senate president is the head of legislature who is responsible for law making, and the executive enforce the law while the judiciary interprets the laws and adjudicates in conflict between the executive and the legislature through the Supreme Court (known as the highest court), follow by the Court of Appeal, the Federal High Court, Area Court and Customary Court.

Nigeria consists of 36 states with one Federal Capital Territory (Abuja). Some of the urban states in the northern region include Kaduna, Kano, Sokoto, Katsina, Adamawa and Gombe and the western region includes Lagos (The largest and most populated city in Nigeria), Ibadan, Ogun, Ondo, Ekiti and Osun. The middle part in the southeast includes Enugu, Abia, Imo, Anambra, Delta and Port-Harcourt.



Nigeria Map

2.5.1.2 Taxation Policy in Nigeria

In Nigeria the legislative arms of government at the federal and state level are empowered to make law and amend law on the taxation of income or profit in the National Assembly. The executive arms of government at all levels are involved in the implementation and enforcement of tax law and the judiciary is the body empowered to interpret tax laws and adjudicate on tax matters.

On federal level, the president is responsible for initiating policy, implementation and enforcement of law and required to provide leadership and direction on all tax matters to the Ministry of Finance, the Federal Inland Revenue Service, the Nigeria Customs Service and other relevant revenue generating agencies involved in tax administration in the country. The Ministry of Finance is a member of the Federal Executive Council (FEC), and responsible for overseeing function on tax and fiscal issues, including initiating proposals for amendments to tax law by the National Assembly.

On state level the governors are expected to perform a similar role as president.

They are responsible for the development of State Tax Policy by enforcement of Federal and State tax law in the state and carry out general oversight functions on tax and revenue authorities at the state and local government level.

The governors are required to provide guidance and direction to the State Ministries of Finance, the State Boards of Internal Revenue Service and other relevant revenue generating agencies involved in tax administration in the state. The state governors are expected to ensure co-operation among state boards of Internal Revenue, the Federal Inland Revenue Service, the Nigerian Customs Service and other revenue agencies for the improvement of the Nigeria tax system.

At the local government level, the local government chairmen are the Chief Executive, they are responsible along with the Local Government Councils for implementation and enforcement of tax laws at the Local Government Level, and also oversight functions on the local government revenue authorities and provide leadership and direction to the authorities. They are also responsible for liaison with the State Ministries of Finance and the state House of Assembly for any revenue matter in the state.

The Nigeria tax authorities represented by the Federal Inland Revenue Service (FIRS) and the State Board of Internal Revenue, the tax authorities have a responsibility for ensuring that tax administration at all levels of Government is carried out in a transparent manner and in accordance with the provision in order to safeguard the integrity of the tax system in the country. More about taxation in Nigeria will be discussed in the next chapter (economic factors)

2.5.1.3 Import, Export Regulation and Policy in Nigeria

In Nigeria, The National Agency for Food and Drug Administration and Control (NAFDAC) represents the body of Nigeria Federation, to control the manufacture, importation, exportation, distribution, advertisement, sales and use of food, drug, cosmetics, chemical, medical devices and packaged water within the country. The Decree 15 of 1993 as amended by Decree 19 of 1999 authorised the body to

compile standard specification, regulation, and guidelines for the production, importation, exportation, sales and distribution of regulated products. It is also responsible for registration of food, drug, medical devices, and bottle water and chemical that is coming in and out of the country.

Sections 5 and 30 of NAFDAC laws of Federal republic of Nigeria 2004, regulate and prescribed the minimum requirement for an applicant requesting for permit to import, export, manufacture, advertise, store, sale and distribution or use of chemicals and chemical products in the country. In Nigeria, chemical and chemical products are classified into three, general's chemicals, restricted chemical and control chemicals. The chemical covered in accordance with the classification include Industrial chemicals, raw materials for producing regulated products (food, drug, cosmetics, detergent and medical devices).

To import chemicals, pharmaceutical and other raw materials into Nigeria market, the company must be the manufacture regulated products in Nigeria and or company with approvals from NAFDAC. No chemical and related products shall be manufactured, imported, exported, advertised, sold or distributed in Nigeria unless it has been registered in accordance with the provisions of degree 19 of 1993 as amended in 1999.

All companies importing chemical, pharmaceutical raw material must possess the due permit from Narcotics and Controlled Substances Directorate, NAFDAC, see (<http://www.nafdac.gov.ng/index.php?Itemid=248>) for more details about registration, requirement and the regulation of chemical in Nigeria market.

Another section Act Cap F33 LFN 2004 regulated the establishment of packaged water plant in the country. The section prescribed the minimum GMP requirements for personnel, materials, machine and the environment for production of portable water for public consumption.

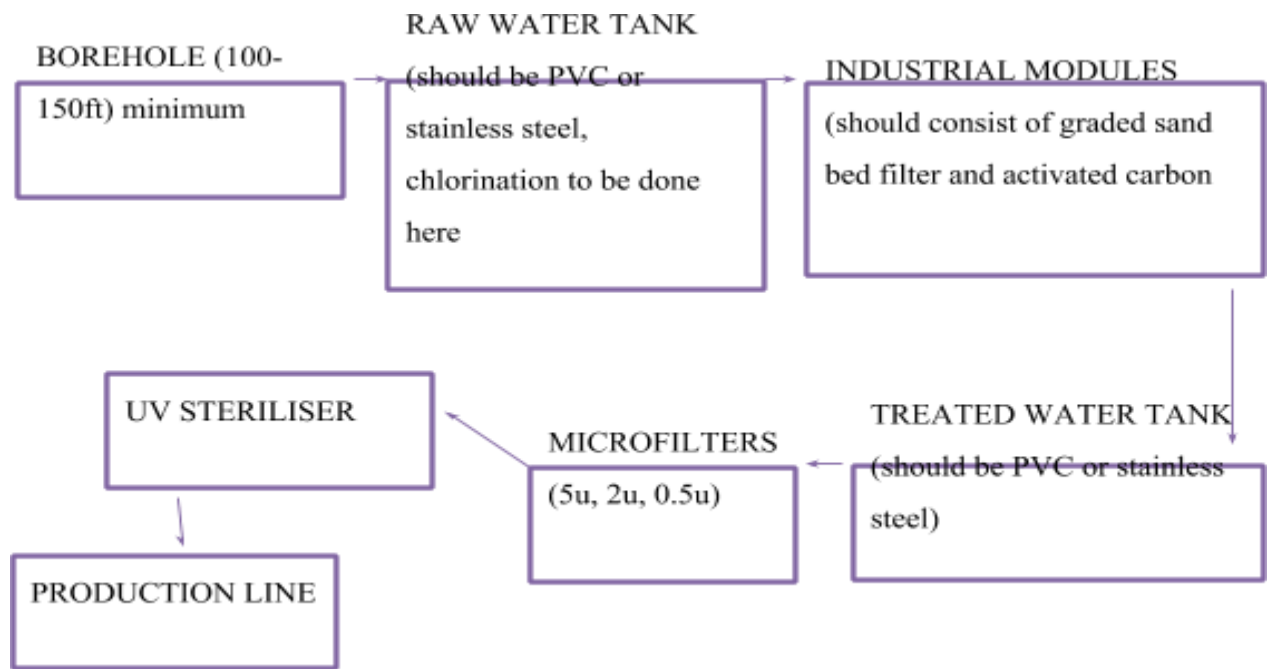


Figure 13 Water treatment process in Nigeria

Source: Adopted from NAFDAC (2010)

2.5.2 Economic Factors

Economic factors are another macro environmental factors that affect business operation in a particular country. It includes several components such as inflation rate, interest rate, unemployment level, income distribution level, taxation, Gross Domestic Product (GDP), the value of total trade and import and export etc.

2.5.2.1 Economic Growth and Stability in Nigeria

Nigeria is the second largest economy in Africa also Africa largest oil producer. The country had enjoyed economic growth over the past decade; its economic growth rate has averaged about 6.9 per cent annually measures the change in the value of the goods and services produced by the country economy during a particular period. Agriculture is the largest sector of the economy, and its account for about 42 per cent of total GDP.

Recently wholesale and Retail Trade and Telecommunication and post are the fastest growing segment in the economy and they account for about 35 per cent of the total output and the third largest sectors is Crude Petroleum and Natural Gas

which constitute about 13.5 per cent of total weight, over the last two decade, this sector has contribute less to the total GDP in the country.

The Gross Domestic Product GDP in the economy expanded 6.60 in the first quarter of 2013 over the same quarter of the previous year. It's GDP worth 243.98 billion US dollars in 2012. The GDP value of Nigeria represents 0.39 per cent of the world economy. See Figure 2.11

According to Nigeria Budget office (NBO) 2012, Nigeria recorded a current account surplus of 10.8 percent of the country GDP in 2012. The current account balance as a percentage of GDP provide an indication on the level of international competitiveness of a country which means that the country economy heavily depend on export revenue, with high saving ratings but weak domestic demand. In December, 2012, Nigeria recorded a surplus trade of 3.94 Billion USD.

Export increased to 8.12 Billion USD from 8.10 Billion USD between November and December, 2012 and the Import increased to 4.18 Billion USD from 4.15 Billion USD in the same period.

Export of commodities oil and natural gas is the main factor behind Nigeria growth and account for more than 95 per cent of total exports, and Nigeria import mainly involved industrial supplied which account for 32 per cent of total, transport equipment and part 23 per cent, capital goods 24 per cent food and beverage and consumers goods are 11 per cent, (CBN).

In Nigeria, the current interest rate is recorded at 12 per cent as at May, 2013. See Figure 2.16. However, the central bank benchmark interest rate is the overnight rate at which central bank make loans to the commercial banks under their jurisdiction. Reduction in interest rate should bring increase in business activity but on the other hand, increase in interest rates will likely to affect the business activities to drop.



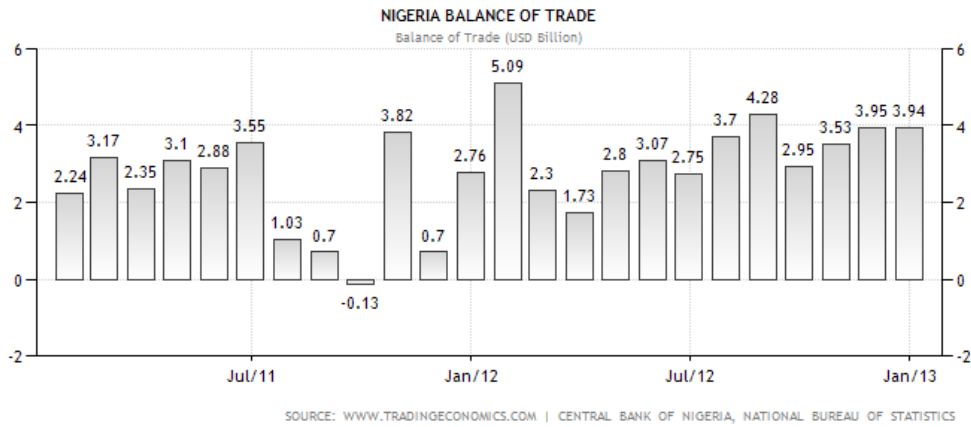
Figure 14 Nigeria Gross Domestic Product



Figure 15 Nigeria GDP Annual Growth Rate



Figure 16 Nigeria Current Account to GDP



Nigeria Balance of Trade



Figure 17 Total Export in Nigeria as at 2013

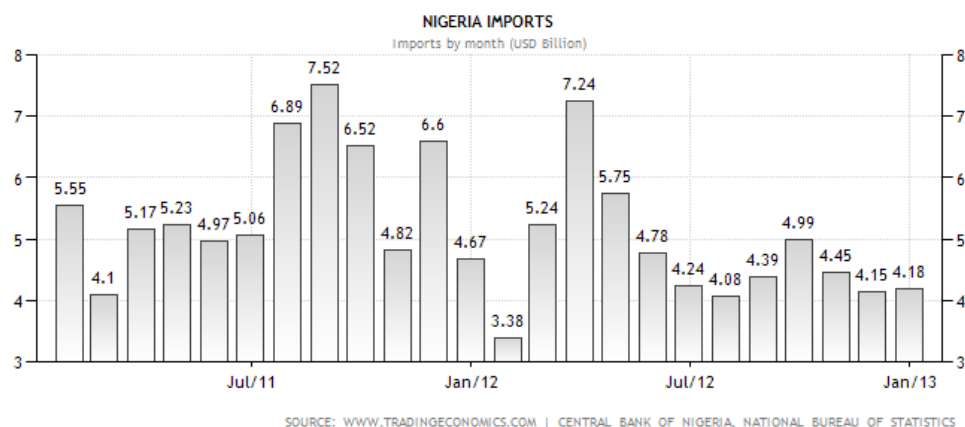


Figure 18 Nigeria Total Import as at January 2013



Figure 19 Interest rate in Nigeria as at May 2013

Sources: Trading Economy 2013

2.5.2.2 Inflation Rate

The inflation rate in Nigeria was recorded at 9.10 per cent in April 2013 s (NBS) 2013, much higher than that of March 2013 which was 8.6 per cent due to massive flooding that interrupted harvesting which brought a serious damage to agricultural products and farmlands.

Also scarcity and high price of petrol propel the price of foods and essential

consumers' products. Every month, the food index increased by 0.6 per cent between March and April, in March, food price were higher across all classes in the food sub-index e.g. bread and cereals, potatoes, yams and others tubers and vegetables. The average rise within one year period ending in April was 10.8 per cent when compared with the same period in 2012.



Figure 20 Inflation Rate in Nigeria

Sources: Trading Economy 2013

2.5.2.3 Unemployment Rate

The unemployment rate described as the number of people actively looking for a job divided by the labour force. In Nigeria, the rate of unemployment has increased to 23.9 per cent in 2011 from 21.1 per cent in 2010 and forecast to increase to 26.70 per cent in 2013. See Figure 2.19

Unemployment rate is the most critical problem the country is facing over the last decade and this has implication for social stability and the dignity of humans. In computing the unemployment rate according to NBS, the total population is divided into labour force currently active and non-labour force not currently active. The labour force in Nigeria covers persons between the ages of 15 to 64 years.



Figure 21 Unemployment Rate in Nigeria

Sources: Trading Economy 2013

2.5.2.4 Taxation and Value Added Tax (VAT)

In recent years, Nigeria Tax System has undergone some significant changes. Nigeria Tax system is enforced by the three (3) tiers of Government: Federal, State and Local Government with each have it approve tax and levies in the economy. The taxes collectible by the Federal Government includes: Company Income Tax, Withholding Tax on Companies, Petroleum Profit Tax, Value Added Tax (VAT), Educational tax, Capital Gains Tax, Stamp duties involving a corporate entity, personal income tax in respect of armed forces personnel, police personnel etc.

Also, the taxes collectible by the state government includes: personal income tax which includes direct (self and government) assessment, PAYE (Pay As You Earn), and Withholding tax for only individuals, Capital Gains Tax, Stamp duties, pool betting, lotteries, gaming and renewal levy, development levies for only individuals, naming and street registration fee in state capital etc.

And local government is responsible for collection of shops and kiosks rate, tenement rates, on and off liquor licence, slaughter slab fees, marriage, birth and death registration fees, right of occupancy fees (excluding state capital), signboard/ advertisement permit, wrong parking charges, public convenience, sewage and refusal disposal fees and other tax within the state.

In Nigeria, all companies operating outside the oil and gas sector are required to pay income and educational tax. The rate is 30 per cent of total profit for income tax and 2 per cent of assessable profit for educational tax. The total profit is examined after deducting previous year losses carried forward and capital allowance. The domestic companies pay tax on their worldwide income and non-domestic companies are taxed on the proportion of their income earned within the country.

In Nigeria, the companies are deemed to be the resident companies if they are registered or incorporated in the country. The accounting period for calculating tax in Nigeria runs from 1 January to 31 December but the company can choose any date for its accounting year-end but must file returns not later than six months after its accounting year ended, see (PKF Worldwide, 2012).

NIGERIA TRANSACTION TAXES STRUCTURE

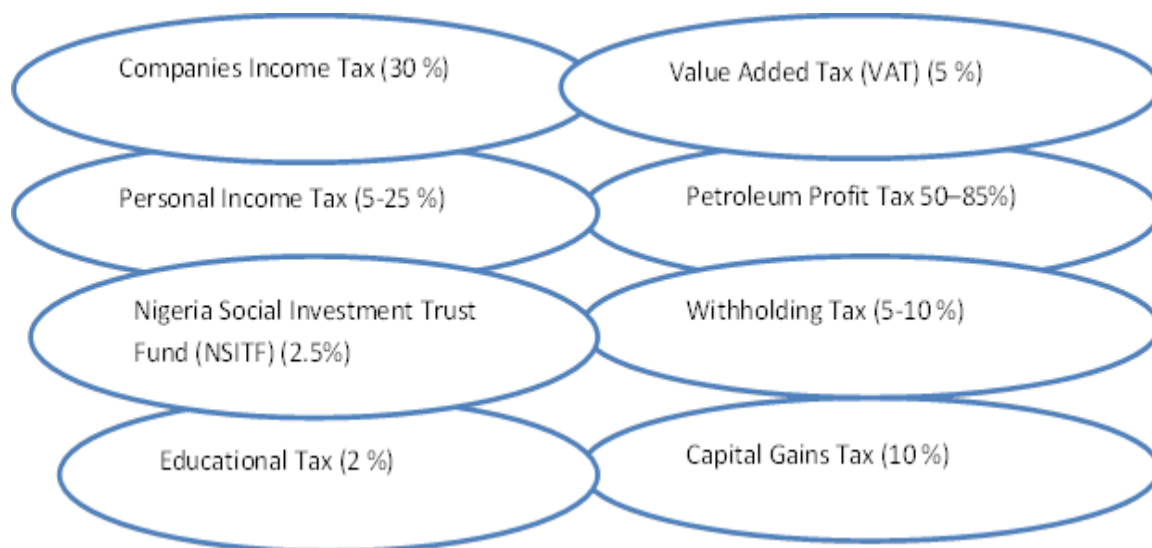


Figure 22 Nigeria tax structure

Every taxpayer in Nigeria is obligated to pay tax personal income tax on the aggregate amount of his or her income whether derived from within or outside

Nigeria, the wages, salaries, fees, allowances and other gains or benefits, given or granted to an employee are chargeable to tax.

It is mandatory that all employers to be agents to the tax authority for the purpose of remitting taxes deducted from salaries due to employees. The taxes pay on personal income depends on the amount received ranges from 5 per cent to 25 per cent. A person is deemed resident in Nigeria if he resides for 183 days with 12 months period and expatriates holding resident permit are liable to pay tax even residing for less than 183day within 12 months.

The Nigeria Social Investment Trust Fund (NSIFT) is governed by the NSIF Act, and required every resident and employed in a Nigeria incorporation company to contribute a certain amount of their salary to the fund. Expatriates are not required to contribute to this fund if they can proof of a similar contribution in their home country.

2.5.3 Socio-Cultural Factors

Socio-Cultural factors are other most important factors that must be considered before going into a new market. It is basically described as customs, lifestyles and values that characterize a society. The cultural aspects includes education, aesthetics, law and politics, language, religion, value and attitude and the social part includes, family, role and status in the society and reference groups.

2.5.3.1 Nigeria Business Culture

In every culture each society has different way of greeting. Men in Nigeria usually shake hand with the right hand. In western part (among Yoruba) that the junior bow slightly when greeting the older person but in the north of the country, instead of bowing many make a gesture of a clenched fist in front the chest.

Work Culture

Nigeria have relax attitude toward time, therefore, it is advisable to schedule business meetings well in advance. Ensure that you confirm the appointment by

calling a day before. In case of business meeting, it is better to arrive on time, as being punctual is appreciated. Working hours in the society are Monday to Friday from 8am - 5pm but in most cases till 8pm for overtime. In northern part of Nigeria, Friday may be off duty because of Muslim religion.

Business Structure

Nigeria described as hierarchical society. In working environment, the senior executive and colleagues expect a high degree of respect. During meeting, it is common that people of a high rank interrupt discussion and people of high rank such as senior manager usually makes decision.

Meeting and negotiation

During negotiation, bargaining is an important part of most purchase and a little emotion during negotiation is acceptable but avoiding losing control. Establishing a personal relationship and rapport with local counterparts is a common practice before starting a business deal. In the society, to rush a greeting is considered extremely rude. Nigeria is a very class-conscious society. It is advisable to use the tittle along with any academic or professional tittle and the surname.

Exchange of Gifts

Another simple way to create and develop a good business relationship is to bring gifts for children. If invited to a Nigerian dinner or to someone home, it is welcome idea to bring gifts or exchange gift after business deal or before.

Sources: Culture Crossing 2011), FinnPro

2.5.3.2 Nigeria Cultural Dimensions

According to Hofstede, Nigeria culture is measure in five (5) dimensions. Power distance, Individualism, Masculinity or Femininity, Uncertainty avoidance, and finally Long term orientation.

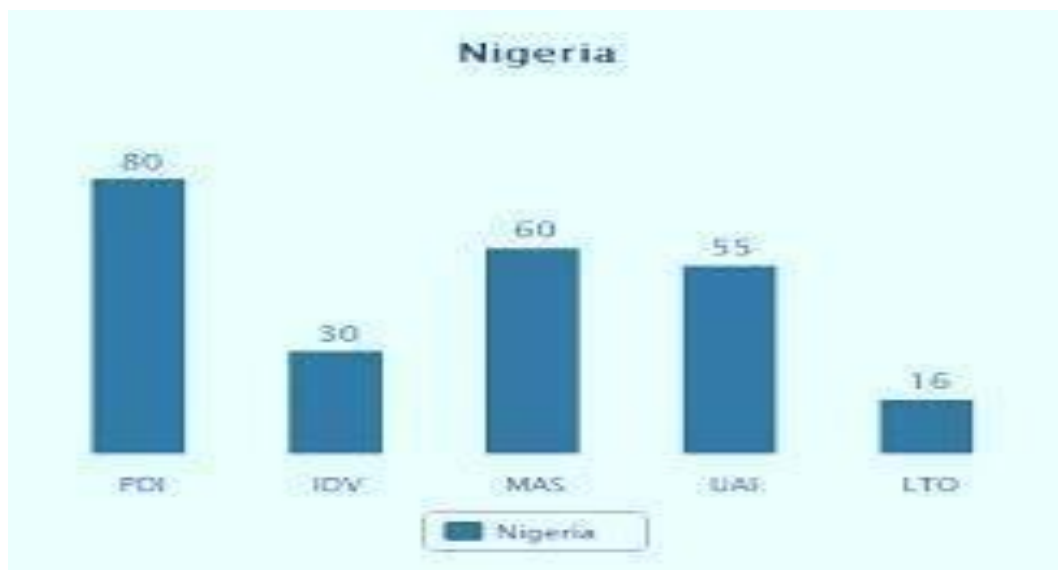


Figure 23 Nigeria Cultural Dimensions

Source: Geert-Hofstede 2012

The power distance means that all the individuals in the society are not equal. From the graph above, Power Distance Index (PDI) shows that individuals in Nigeria are not equal. The society has a higher power Distance Index with a scale of 80 which mean that people accept a hierarchical order in which everyone has a place and which need no further justification. Hierarchy in an organization reflects inherent inequalities, the society believed in centralization and the information flow downward from the top management.

Individualism measure the degree of interdependence a society maintains among its people. An individualist society's looks after themselves and their direct family's member only unlike collectivist societies where people belong to in groups to take care of themselves in the societies. Nigeria with a score of 30 is considered to be collectivist society.

Nigerians has a strong relationship where everyone takes responsibility for fellow member of their groups, employers and employee relationships are perceived in moral terms like families, hiring and promotion decisions takes account of the employees in group and the management is the management of groups.

Masculinity represent a society in which social gender roles are clearly distinct i.e. men are supposed to be assertive, tough and focus on material success and the woman are to be modest, tender and concerned with quality of life and the femininity means a society in which social gender roles overlap i.e. both gender are supposed to be modest, tender and concerned with the quality of life. They measure on how extent to which a society stress achievement or nurture.

The dimension emphasizes acquisition of wealth, ambition and differentiates gender roles and the femininity involved stress caring and nurturing behaviors, environmental awareness and sexuality equality. Nigeria on a high score of 60 in according to the graph above, means Nigeria is a masculinity society where people live in order to work and managers are expected to be decisive and assertive. The society is drive by competition, achievement and success.

Uncertainty Avoidance measure on how cultures adapt to change in one society and cope with uncertainty. It focuses with not risk avoidance but rather, on how one deal with ambiguity i.e. the way a society deal with the fact without predicting what will happen in the future. With Uncertainty and Avoidance dimension, Nigeria score 55 and thus has a preference for avoiding uncertainty. That means in the society, people have an inner urge to be busy and work hard, also possess precision and punctuality.

Finally, long term orientation described on how much a society values long standing as opposed to short term. In a society with a high long term orientation, delivering on social obligations and avoidance loss of face are considered very crucial or important. In the graph above, Nigeria score 16, which means the society can be described as short term orientation culture. The country with a short term orientation generally respect for traditions, a relatively small propensity to save and a strong concern with establishing the truth, also easy to expect anything in the culture in term of creative expression and novel ideas.

2.5.3.3 Income Level

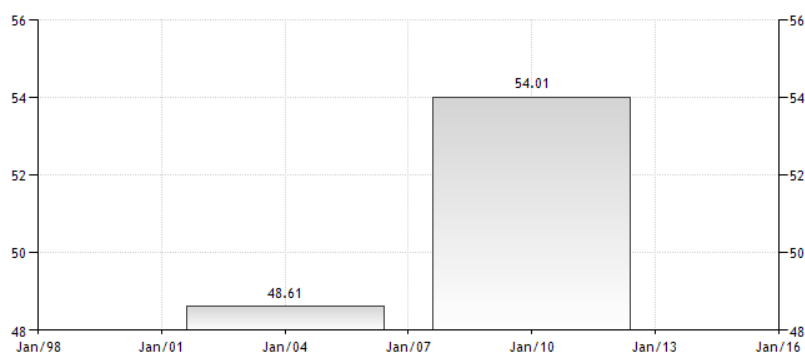
Nigeria is a middle-income, mixed economy, and emerging market with expanding financial, services, communications, and entertainment sectors. It is ranked 30th in the world in terms of GDP (PPP basis) as in 2011, and its emergent, though currently underperforming manufacturing sector is the third-largest on the continent, producing a large proportion of goods and services for West Africa, FinnPro (2010).

The average salary is between Fifty thousand (50,000) and one hundred thousand (100,000) naira which is equivalent to (250-500 euro) monthly and about 69 per cent professional earn above one hundred thousand (100,000) naira per month and the set minimum wage in the economy is Eighteen thousand (18,000) naira on monthly basis. In the society, the male appears to be paid higher than the females.

In the economy, people that are working in the oil and gas industry are the best paid, follow by the banking/ financial services industry. About 70 per cent of professional do not get any form of allowance, commissions, bonus or any other form of extra benefit from their respective company while 30 per cent receive extra benefits depends on their employers.

In the Education industry most professional earn less than twenty thousand (20,000) naira which is about one hundred (100) euro per month. Some employees in higher paid industry like oil and gas earn about one million (1,000,000) naira, approximately to five thousand (5,000) euro per month, the qualification ranges from Master degree holder follow by Bachelor's degree holder. Only 0.7 per cent of those earn above (1,000,000) naira monthly are PHD holders. The largest proportions of highly paid professionals are those who have spent above eight (8) years on their job which is about 57 per cent in the economy.

According to World Bank report 2012, the income share held by highest 20 per cent in Nigeria was last reported as 54.01 in 2010 and the lowest 20 per cent was 4.41.



Nigeria Income Share

Source: Trade Economy, 2013.

2.5.3.4 Education Level

Nigeria education responsibility is shared among the federal, State and the local government. The federal ministry of education is the body that responsible for policy formulation and ensuring quality control in the education sector. The government is more concerned with the tertiary education while the state takes the responsibility of secondary and the local government manage primary school level.

The education sector is divided into three sub-sectors: basic or primary school (9 years) covers children between 3-15 years, post-basic or secondary school (3 years) and tertiary (4-7 years) depending of the course of study. There are public and private institutions in Nigeria. The primary education (grade 1-6) in Nigeria is free and compulsory for children between age six to twelve (6-12).

Presently there are total 117 universities in Nigeria, 36 federal, 36 state and 45 private, 59 federal and state polytechnic and several privately own polytechnics, Monotechnics and colleges of education and others in the country manage by National University Commission (NUC), World Education News (2011). According to National Bureau of Statistic, the adult literacy is estimated at the rate of 56.9 percent as at 2010.

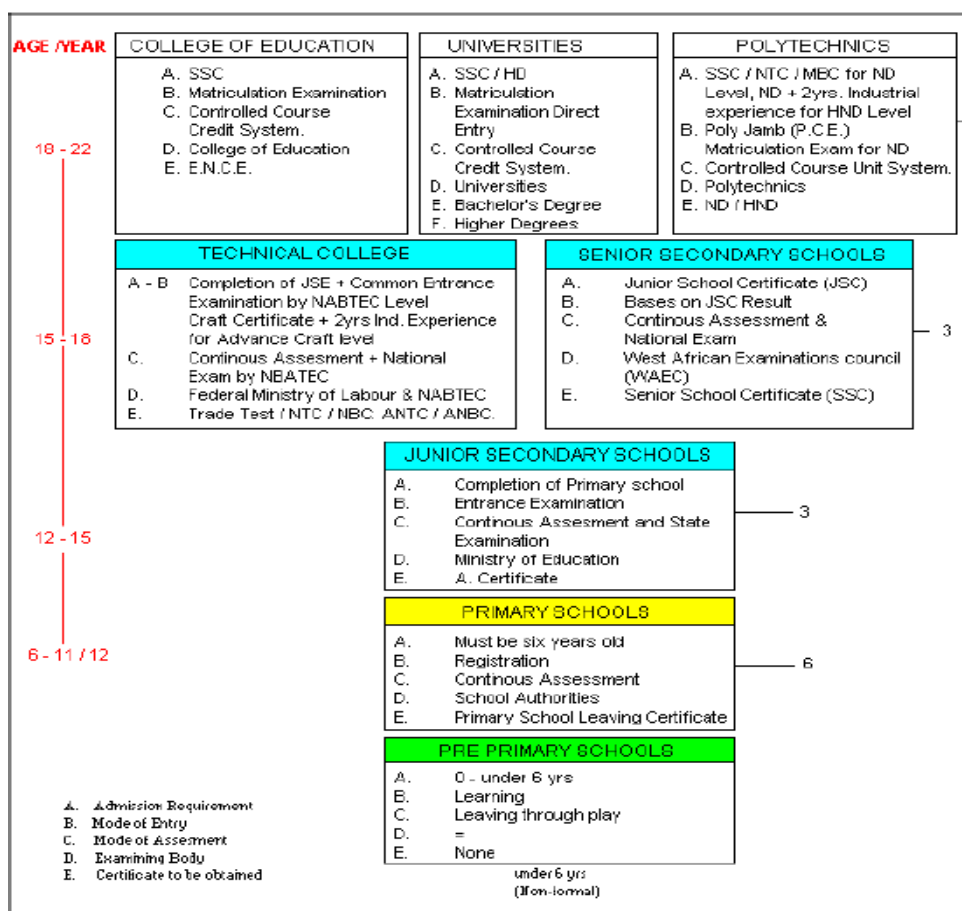


Figure 24 Nigera Education structure

Source: Federal Ministry of Education

2.5.4 Technological Factors

Technological factors are other important factors that must be considered in Nigeria market. The rapid development of technology in a particular market requires quick reaction by businesses in order to adapt or survive in an emerging competitive environment and keep up the new trends and innovative services which other competitors might involve.

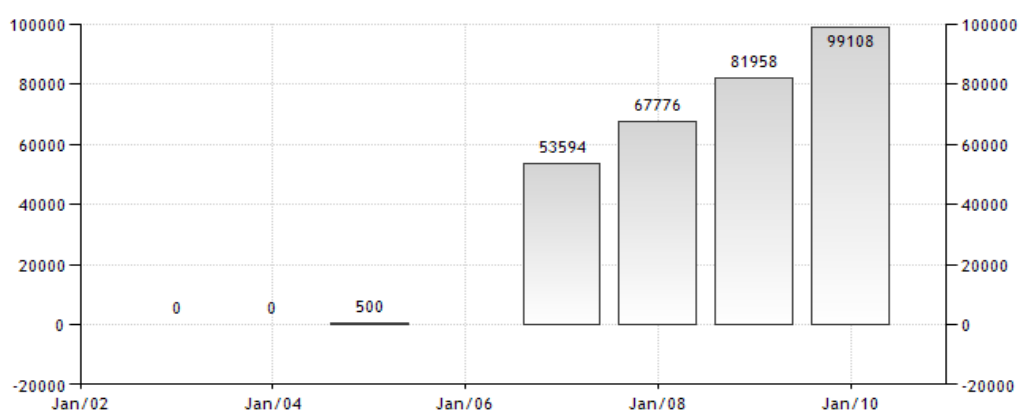
To analyse the technological factors in Nigeria, the following must be consider: Information Communication Technology ICT (Internet/ broadband and mobile telecommunication), Power (Electricity) etc.

2.5.4.1 Internet/ broadband

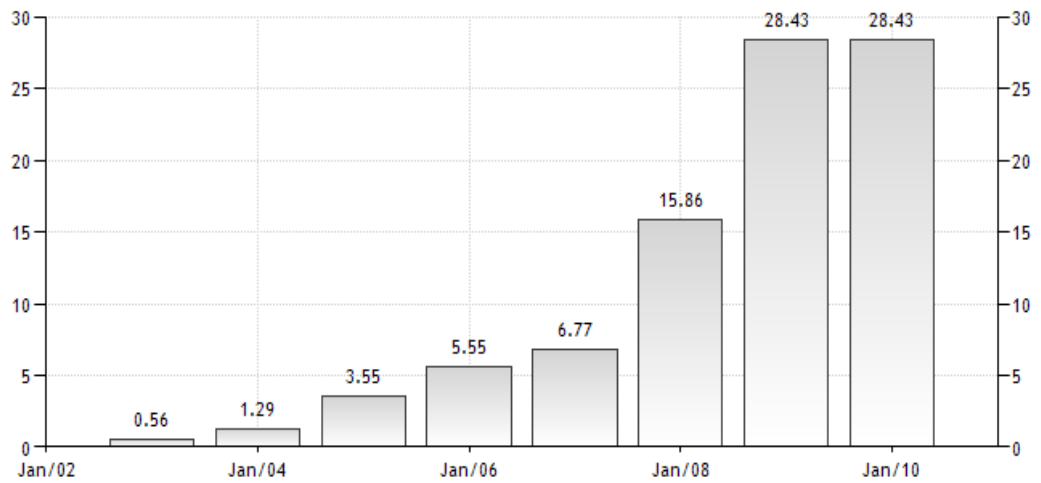
In Nigeria, the number of internet users increased every year and the society described as the most competitive fixed-line market in Africa and the largest mobile market with more than 110 million subscribers, BuddeComm (2013). In the market the rate of internet broadband technology has improved more than the past.

According to World Bank report published in 2012, as at 2010, the number of fixed broadband internet subscribers in Nigeria has increased to 99108 which include digital subscriber line, cable modem and other high-speed technology and the number of people with access to the internet worldwide has increased to 28.48 in 2010. See figure 2.23.

Recently, Nigeria was announced as the highest number of internet users in Africa Nation, follow by Egypt and Morocco but the internet penetration was the highest in Morocco with almost 50 per cent. See Figure 2.25.

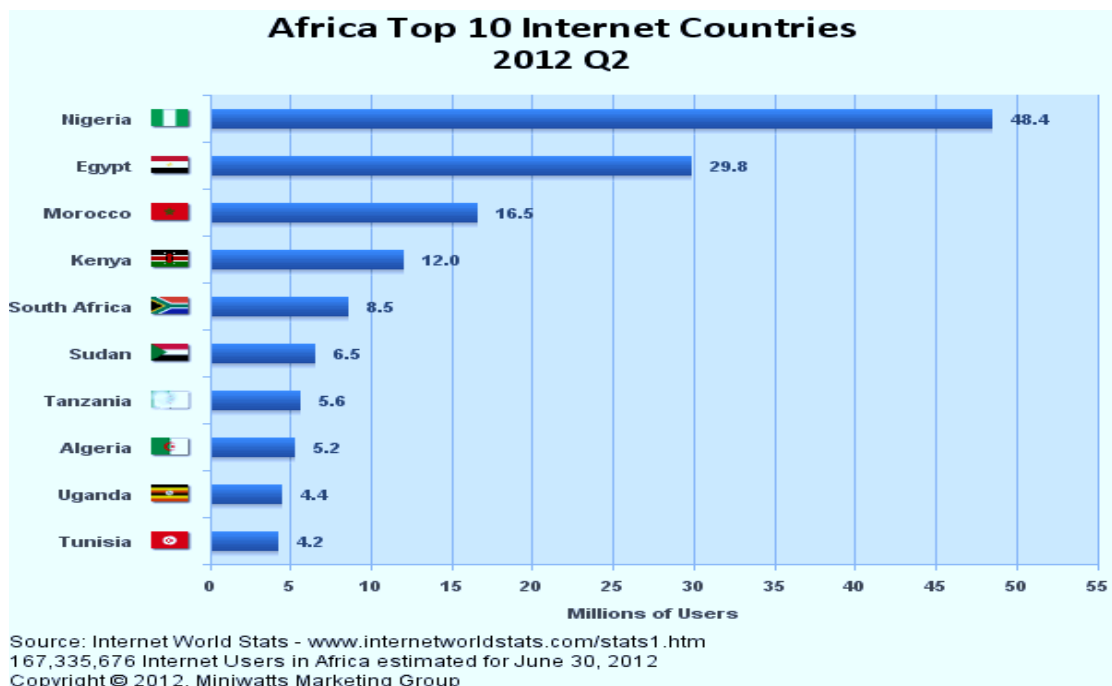


Fixed Broadband Internet Subscribers in Nigeria



Internet Users (Per 100 people) In Nigeria

Source: Trading Economics



Top 10 Internet Countries in Africa

Source: Internet World States

More than 400 ISPs have been licensed as well as a number of data carriers, internet exchange and gateway operators. Voice Internet Protocol (VoIP) is already carrying the bulk of Nigeria's international voice traffic. The country is

currently employ Third Next Generation Networks (TGN) which will derive further convergence of voice, data and video /TV, and also enable the provision of triple –play services that will ultimately involve the country competitive broadband sector” BuddeComm (2013).

The effect rapid growing in internet broadband technology in Nigeria, has resulted in trouble with networks getting too congested, and this in turn has caused the NCC to levy sanctions and fines within the sector. On yearly bases the operators from these networks invest a good deal of money to supply added fibre optic transmission and base stations, for the purpose of supporting the demand, for better bandwidth, which continues to grow.

Recently, Nigeria government has announced to plan for internet penetration by elevating the access to broadband from 7% to over 35 per cent by the year 2017 (Techloy, 2012).

The introduction of a 2nd international submarine fibre-optic cable (Glo-1) in 2009 and a 3rd (Main-One) 2010 and the fourth in 2012 (WACS) has limited the monopoly of Nitel SAT-3/WACS cable by reducing the cost of international broad width close to 90 per cent and the added submarine cable are planned to go online in 2013/2014 and this will enhance the growth of mobile and internet broadband subscription in the economy, and the market penetration rate with increase more than the past especially the mobile and internet.

Current estimated market penetration rate as at 2013 in Nigeria telecom sectors shows that the market penetration rate for mobile is at 77 per cent, internet and fixed are 47 per cent and 0.2 per cent.

Market	Rate of Penetration
Mobile	77 per cent
Internet	47 percent

Fixed	0.2 per cent
-------	--------------

Figure 2.32 Estimations of rates of market penetration within Nigerian Telecom Sector - end 2013

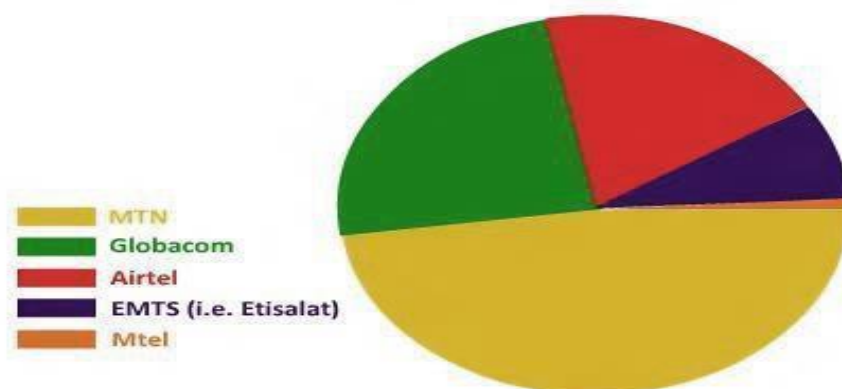
Sources: BuddeComm (2013)

2.5.4.2 Mobile telecommunication

The country is one of the largest growing and biggest mobile telecommunication market in the African region, and the society basically attracts a large number of foreign investors, but the market is still existing at generally lower levels of market penetration.

Nigeria first mobile services launched in 2001 but today there are five major mobile communication industries in the country: MTN (GSM), Globacom (GSM), Airtel (GSM), Etisalat (GSM) and M-Tel (GSM). MTN was leading with over 43.93 percent share of the market as at June, 2012. Their subscriber base saw an improvement of over 0.67% within Q1-Q2 within the same year, followed by Globacom with 22.36% market share and 5.47% subscriber base and Airtel, Etisalat and Mtel with market share of 20.16%(6.56), 13.29 and 9.52% respectively.

**Market Share of Mobile Operators
(December 2011)**



Market share of mobile operator in Nigeria

Source: Techloy, 2012

2.5.4.3 E-Commerce

In the last decade, the operation in Nigeria banking sector was done manually which lead to a slowdown in settlement of transaction. The system involves using hand to post ledger transaction but today the new policy by Central Bank of Nigeria (CBN) in collaboration with the bankers committee on cashless system of payment has contributed greatly on the growth of the Nigeria economy and also it has enhanced the fast development of e-commerce system in the society.

Nigeria adopted the use of electronic banking system in early 2000s due to introduction of e-banking system to reduce corruption via the cash and carry syndrome in the economy. The system start point was meant to automatically clear the cheques within the system, and make it a proper platform for the development of an electronic payment channels with the use of Magnetic Ink Character Recognition (MICR).

Today in Nigeria, cashless system of payment has been evolving in line with the world payment evolution. Recently, the Central Bank of Nigeria (CBN) license six Payment Terminal Service Providers (PTSPs) which includes ITEX, ValueCard, ETOP, Paymaster, Citi Serve and Easy Fuel to support and maintain Point of Sales (POS) terminals and all terminal equipped to accept payments for any type of card including, Verve, Genesis, MasterCard, and Visa card (Microthink Institute, 2013).

All banks in Nigeria carry out their transaction with the use of Electronic Banking system. The services offered in Nigeria banking include: mobile banking (M-banking), video banking, fund transfer, e-payment and Automated Teller Machine (ATM) which serve as the most popular banking system among others e-banking system in the society.

2.5.5 Environmental Factors

The environmental factors are also important factors that may affect the operation of business both in short and long term basis because they are uncontrollable external. It includes waste disposal, energy consumption, pollution monitoring etc.

2.5.5.1 Environmental policy and its Enforcement in Nigeria

The Nigeria 1999 constitution serves as the basis for environmental policy in Nigeria. According to section 20 of the constitution, the state is empower to protect and improve the environment and safeguards the water, air and land of the society. There are several law promulgated to safeguard the environment in Nigeria but the recent was enacted in 1999 which was created under Federal Environmental Protection Agency (FEPA) by Federal Ministry of Environment (FME).

Apart from FEPA Act, in Nigeria, each state and local government has the right to make its own environmental law for the protection and improvement within the state and its jurisdiction i.e., all states have environmental agencies and state law; for instance the federal capital (Abuja) has “solid waste control/ environmental Monitoring regulation” which govern solid waste control within the territory and in Lagos, Lagos State Environmental Protection Agency (LASEPA) which monitor and control the disposal of waste in within the state and also the agent advise the state government on all environmental management policies.

The state also has law that control pollution and protection of the environment from abuse due to poor waste management and other state as well has their own law.

In Nigeria permit are required for all potential environmental sensitive activities such as storage, treatment and transportation of harmful toxic waste within the country, the permit is granted by the FME and the relevant state agencies. The economy makes it mandatory for Environmental Impact Assessment (EIAs) and environmental audits to be carry out by polluting industries such as Agriculture,

Airport Drainage and Irrigation, Port, Mining, Petroleum, Power Generation and Transmission etc.

2.5.5.2 Waste Disposal

The waste in Nigeria is generally described as any industrial, solid, liquid, gaseous gases containing substances such as hydrogen-sulphide, sulphur dioxide, carbon-monoxide, chlorine, cement waste etc. In the society wastes are disposed in dumpsites at designated land owned either by the government or private person and some cases in burrow pits and empty spaces illegally.

In Lagos state which is the largest populated inhabitant, there are five approved dumpsites and the activities for disposal between 2nd half of 2011 and first half of 2011 is averagely 239,282 and 314,824 in tonnes.

2011 half year report (Amount in Tonnes)	
July	263, 429.58
August	278, 770
September	274, 547
October	261, 694.40
November	267, 657
December	239, 282
2012 half (Amount Cubic metres)	
January	171, 092.65
February	355, 701.98
March	339, 020.58
April	350, 218.41
May	287, 193.77
June	314, 824

Solid waste management in Nigeria 2011

Source: Solid Waste Management.

Presently in Nigeria, the average waste generated is about 0.5kg / capital per day. In Lagos which comprises of over Ten million (10,000,000) population as estimated in 2012, the waste generated is about 9000 tonnes per day (Lagos State Waste Management Authority, LAWMA) and in Kano is about 3849 tonnes per

day.

The wastes generated are stored in either bags or containers. The wastes are collected by public sector and it is mostly exclusive to the urban with not higher than 50 per cent efficiency in some cities except in Lagos and Calabar (Cross River State).

In Lagos state, LAWMA is responsible for collection of waste and they as well coordinate and evaluate the activities of their private sectors participant. The participants are over 300 which engage to municipal solid waste collection.

The collection of waste within the region is either once or twice a week and usually on door to door basis. Waste transfer station is not common in Nigeria but the transfer station is only in Lagos and their activity is estimated at Oshodi for the first half in 2012.

MONTH	SIMPSON	OSHODI
JANUARY	6,389.35 m ³	4,064.45 m ³
FEBRURARY	4,988.86 m ³	4,970.48 m ³
MARCH	8,367.57 m ³	4,770.89 m ³
APRIL	7,404.70 m ³	3,915.59 m ³
MAY	8,562.08 m ³	6,121.62 m ³
JUNE	8,303.06 m ³	9,276.42 m ³

Solid waste management at Oshodi area in Lagos, Nigeria 2011

Source: Solid Waste Management

In Nigeria, informal recycling sector is active in waste management system. They are either itinerant waste buyers or scavengers and they target valuable material such as plastics, paper, glasses, metal, used electronic equipment and so on. They have great impact in the reduction of the net volume of waste disposal in the country.

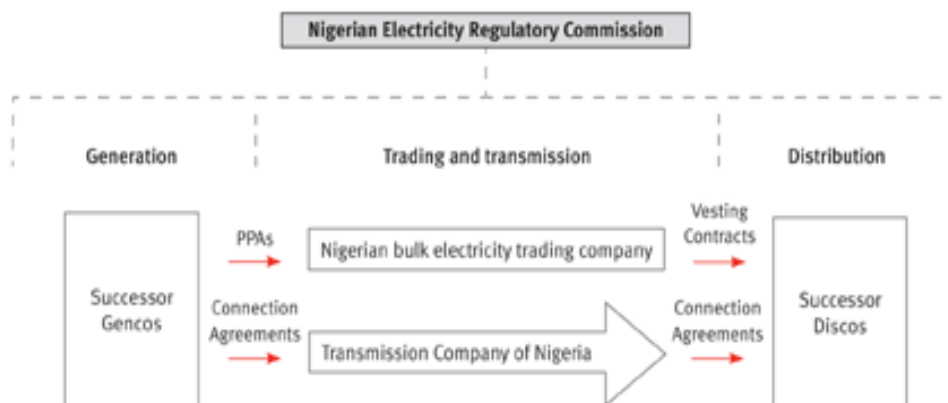
Recently in Lagos Nigeria, LAWMA introduced recycling banks in some areas of Lagos State where household are encouraged to deposit their recyclable such as

plastics, bottles, cans etc. while the organic component are collected from door to door and some of the scavengers in the state are employed by the management as the resources manager of the recycling banks.

2.5.5.3 Energy Consumption and power (Electricity)

One of the major challenges facing Nigeria economy is poor development on electricity and energy. Nigeria built its first power plant in 1896 with a 20MW power station at Ijora, Lagos. Due to lack of government entity in the economy to regulate and manage the supply of electricity generation in the nation, a body called Electrical Corporation of Nigeria (ECN) was formed in 1951 to manage the electricity sector and in 1972; Nigeria government approved the merger of Niger Dam Authority (NDA) which was set up in the late 1960 and ECN to form National Electric Power Authority (NEPA) to manage the generation, transmission and distribution and trading of electricity in the country.

Nigeria electricity sectors are divided into three sub-sectors which include the existing Federal Government of Nigeria (FGN) Power Generation facilities, Independent Power Projects (IPPs), and National Integrated Power Projects. The country electricity is regulated by Nigeria Electricity Regulatory Commission (NERC) established under Electricity Power Sector Reform Act (EPSR). The regulatory body (NERC) is responsible for setting the price of the electricity and ensure that the electricity prices are fair to consumers and also provide an adequate return to generators.



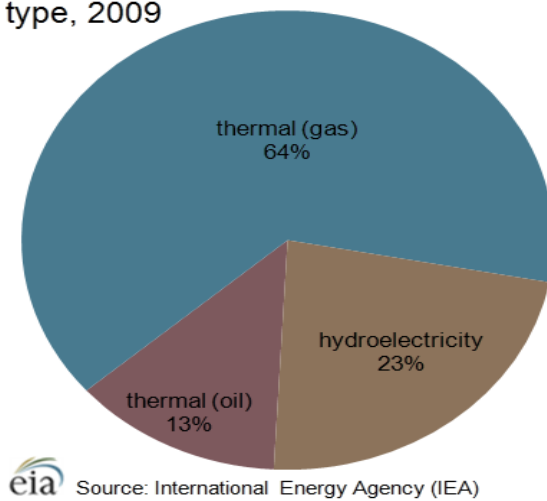
Nigeria Electricity Regulation Commission

Majority of the Power sectors in Nigeria are owned by Federal Government (Thermal and Hydro) while IPPs are control by the private sector. About 77 per cent of the electricity generating comes from Thermal power plant and about two-third of thermal power derived from natural gas and the rest are from oil and, Hydroelectricity account for 23 per cent.

The largest IPP and power plant in the society is the 650 megawatt (MW) Afam VI Power Generation Plant which is owned by shell. Nigeria electricity net generation was 18.8 billion kilowatt-hours (KWh) and the net consumption was 17.7 billion kWh a few less than generation and the remaining are exported to Niger due to the agreement made under the West Africa Power Pool (WAPP).

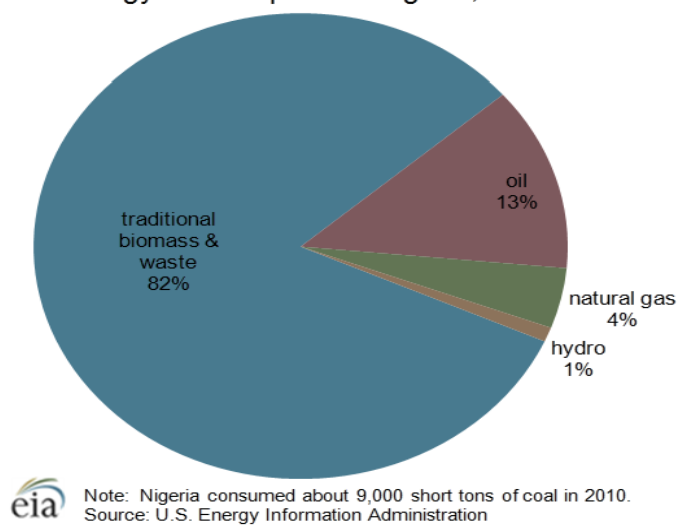
In 2009, the total energy consumption was about 4.4 Quadrillion Btu which equivalent to 111,000 kilotons of oil among the total consumption biomass and waste account for 82 per cent, thermal gas 64 per cent, 23 per cent of hydroelectricity and 13 per cent of thermal (oil). This shows that biomass is used to meet off-grid heating and cooking needs, especially in rural area, EIA (2009).

Total installed electricity net generation in Nigeria, by type, 2009



Total Installed Electricity net generations in Nigeria, 2009

Total energy consumption in Nigeria, 2010



Total energy consumption in Nigeria 2010.

Source: EIA, 2013

Current in Nigeria, only about 10 per cent of rural household and 40 per cent of the country total population have access to electricity because most facilities have been poorly maintained.

The total installed capacity as at present is 8,425MW which represent only 20 per cent of the vision target in year 2020 of 40,000MW of power. According to the

recent report by Prof. Bart Nnaji, Nigeria Honourable Minister of Power, stated that before Nigeria achieve Brazil GDP per capital level by 2030, the country need 135GW capacity supply which means 15 times capacity increase from the current Nigeria capacity installed and also Nigeria have to build power plant at 7GW for the next 18 years.

According to recent research conducted by NOI Polls on power sector in Nigeria, concluded that average of 47 percent of Nigerian adults believed that electricity supply in Nigeria was poor even from bad to worse. The results generated also indicated that about 81 percent of Nigerian generates their own power supply through alternative source, while 69 percent have experienced increase in their spending on alternative supply.

According to the report, majority of Nigerian have experience gradual changes in power supply during past few months in 2013 more than before and the number of hours of continuous power supply experience in the household on a daily basis has increased between 1-4 hours per day (See Figure 2.39)

The cost of production in Nigeria is very high as compared to other countries due to lack of electricity in the country, 81 percent of companies and individuals according to research conducted by NOI Polls, use other sources of electricity apart from the power supplied to households by Power Holding Corporation of Nigeria (PHCN).

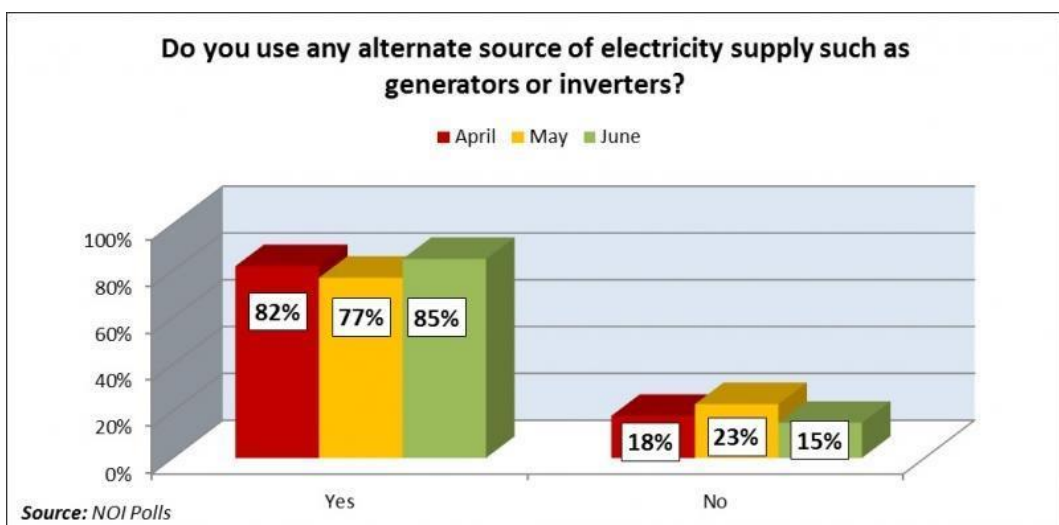
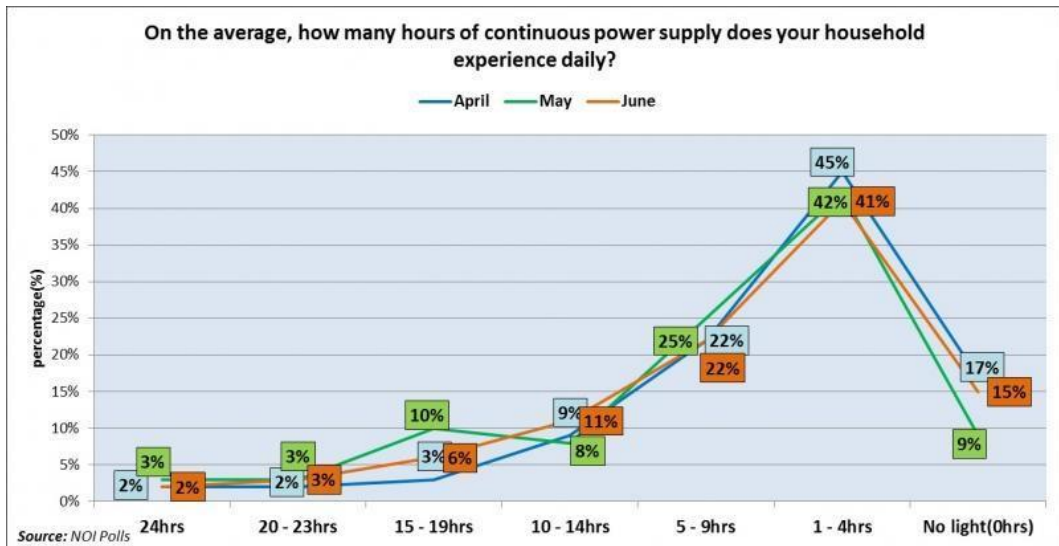
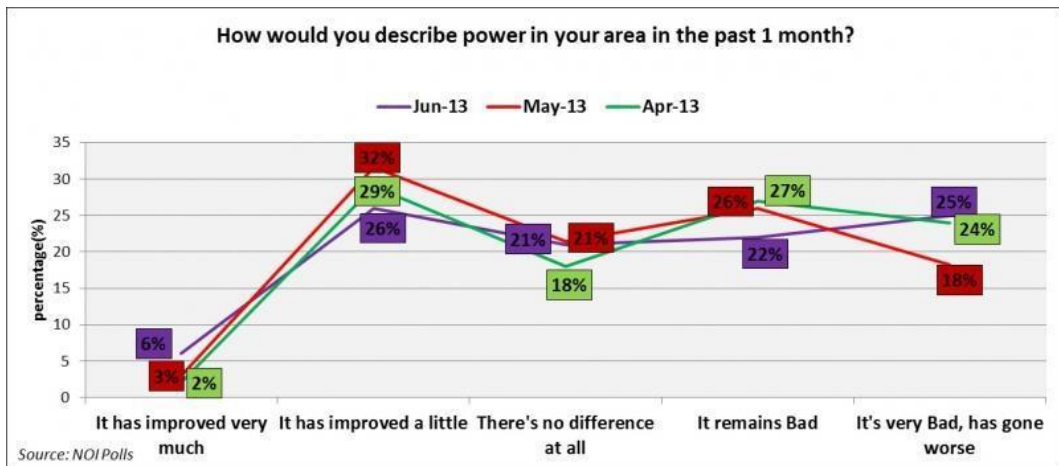
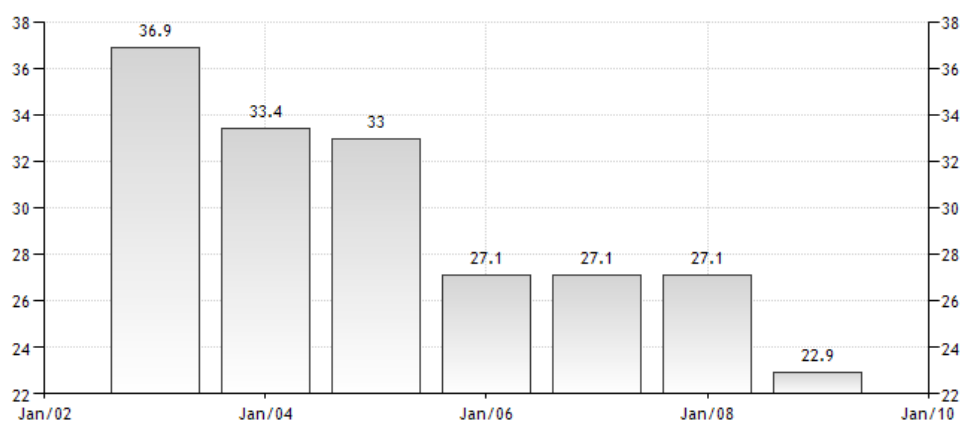


Figure 2.39: Survey on electricity distribution in Nigeria, 2013

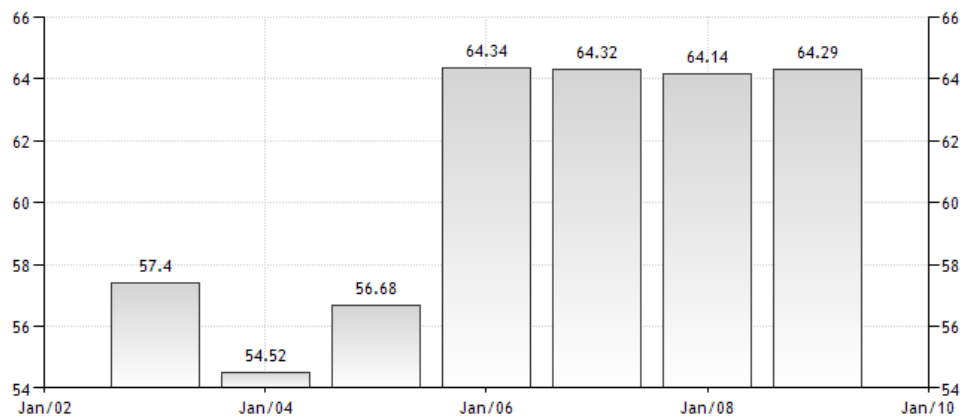
Source: NOI Polls, 2013

In some years back, Nigeria is among the countries that had the lowest low tariff in Sub-Saharan Africa and this had make the economy uncompetitive for private sector participation but in June, 2012, there is a new cost reflective tariff for electricity to enable investors recover their cost and push the tariff level to an average model.

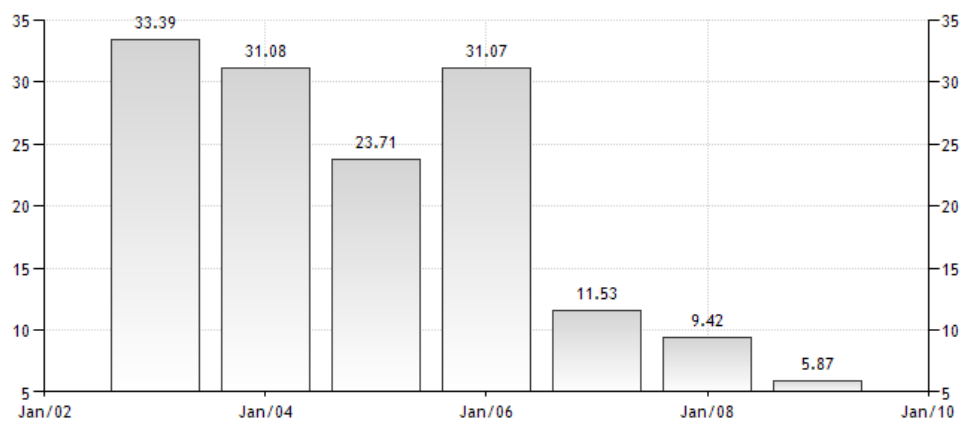
Nigeria electricity is generated from coal, hydroelectric, natural gas and nuclear. According World Bank report in 2010, the total electricity produced from hydroelectricity power plant was 22.9 per cent; from the natural gas was 64.29 per cent in 2009. The total output of electric power transmission and distribution losses was 5.87 per cent as compared to previous years of 9.42 per cent. See



Electricity production from hydroelectric sources (% of total) in Nigeria



Graphic illustration of: Electricity productions from natural gas sources (% of total) in Nigeria



Graphic illustration of: Electric power transmission and distribution losses (% of output) in Nigeria

Source: Trade Economics 2013

2.5.6 Legal Factors

Legal factors are also another macro environmental factors that may limit the success of the case company in the target market environment. These factors include regulation on health and safety, advertising standard, employment law and others.

2.5.6.1 Employment Legal Requirement

In Nigeria, people worked up to five to six days per week and can be Thirty Five (35) hours or more depend on the employer. According the regulation, employees are required to rest for one day per week and overtime is permitted up Fifty (50) hours a week for not more than a frame of two month per year.

After completion of probation of three months it is required that an employers is obligated to give an employees a written statement or contract specifying the terms of employment, remuneration, any special condition of the contract, nature of employment and all the necessary information on termination of the contract.

It is required that for an employment of less than three (3) months in case of termination of an employment contract, the employer is obligated to give one – day notice but after three months but less than two (2) years, a notice of one week is required and after two (2) years but less than five (5) years, a two-weeks’ notice and after five years one-month notice is required. But in case of redundancy or layoff, the employer should inform the trade union or workers representative of the reason behind the situation and the principle of last in, first out shall be applied.

Legally Mandated Benefits and Leave

Annual Vacation Leave	6 days (after 1 year of full-time service)
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Sick Leave	12 days (maximum, medical confirmation required)
Maternity Leave	12 weeks (6 weeks prior and 6 weeks following the birth)

Figure 2.41 Legally mandated benefits and Leave in Nigeria

Source: NACUBO IRC

2.5.6.1 Occupational Safety and Health

In Nigeria a bill is seeks to protect workers from dangerous or hazards associated with their jobs in addition to establishing the National Council for Occupational safety and health. The amended bill contains 111 clauses and clause 83 with offences and penalties. The penalties always involved either been jail for a period of time or fines not less than Fifty Thousand to Five Hundred thousand (50,000-50,000) depend on non –compliance offense committed.

2.6 Market Entry Strategies

An entry strategy is a process that involved combining reason with empirical knowledge. The choice of choosing entry strategy into a foreign market is another issue which the manager must decide, Hill (2005: 478). There are various options of strategies available in a particular market but choosing the best option depends on company vision and objective, attitude toward risk, resources available and the policies.

Hill (2005: 482) stated that before entry into a particular market, a firm considered the scale of entry. The decision to enter a market on large scales involved the commitment of limited resources. Not all organizations have the resources to enter new market on the large scale and even most large organizations prefer to venture into foreign market on a small scale and after gradually become more familiarized themselves with the market.

The options of entry strategies can be considered based on either domestic or foreign production. The modes of serving international markets are exporting, licensing or franchising to host country firms, establishing joint ventures, and setting up a wholly owned subsidiary to serve the chosen market. Among the modes of serving international market, the simplest and least expensive way for a company to sell its product in foreign market is through exporting. Using export as a method of selling product to overseas can be divided into direct and indirect.

Direct exporting is a method in which a firm used to sell its products directly to customers in an another country without an intermediary being involved in the process and on the other hand, indirect exporting involved the sales of company product through an agent who is resides in the home country, Hough & Neuland (2001: 267).

Licensing involved an arrangement whereby the firm transfer the right of use it commercial or industrial property for a specified period to another firm or person in return for some of compensation, usually a royalty payment, Hibbert (1999: 261). Each of the options has benefits and limitations. The magnitude of the benefits and limitation associated with each mode of entry and determined by various factors which includes transport cost, political risk, economic risk, trade regulation, firm strategy and policy.

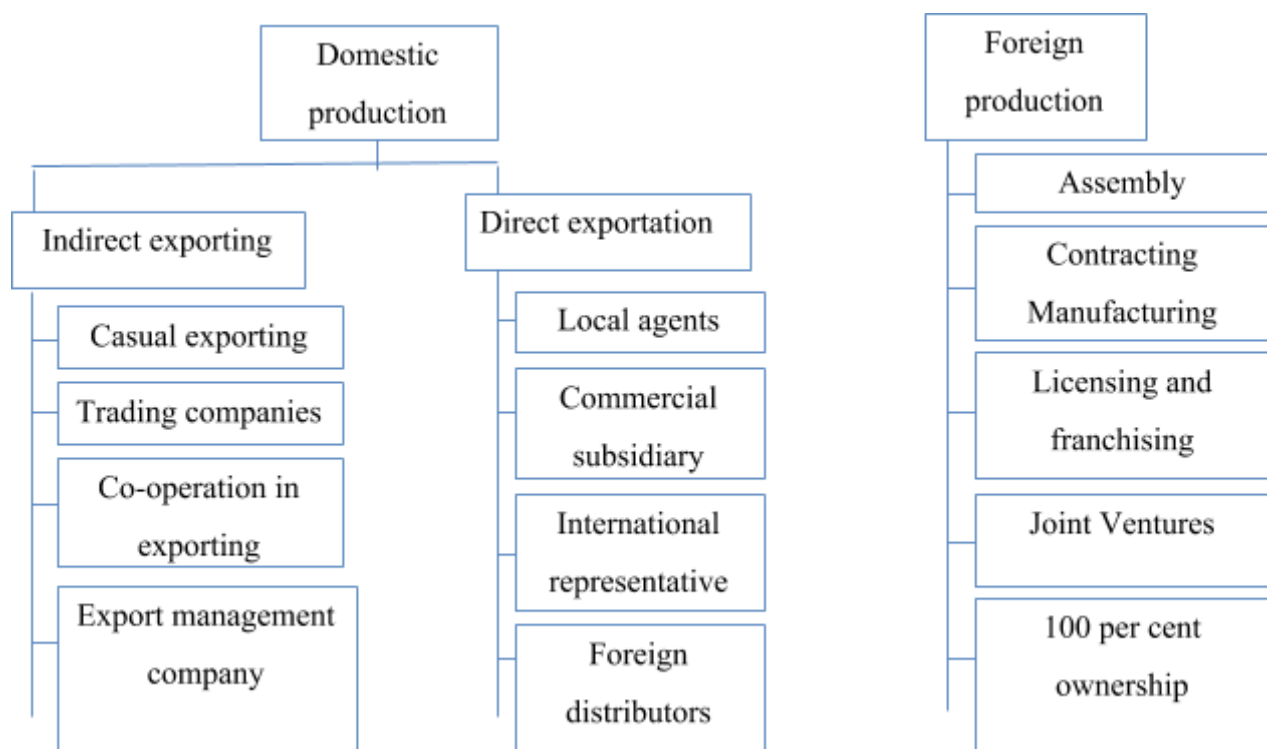


Figure 2.43 Market entry strategies

Source: Adopted from Tepstra and Sarathy International marketing 8th edition.

2.6.1 Indirect Exporting

Indirect exporting occurs when a company sells its product to a customer within the same country (domestic), which in turn exports the product, in either its original form or a modified form, (Ricky W and Michael W (12 : 366). An indirect export strategy described as a technique that offers the lowest level of risk and the least market control i.e. the firm does not engage in any international marketing and there is no special activities carries on within the firm.

One of the advantages of the indirect exporting is that, it allows the firm to open new market without requiring special expertise or investment. Kotler (2000: 386-387) stated that a firm manage their international marketing activates in three basic ways: firstly, shipping out its goods and if the sales expand. The firm organise an export department consist of expert sales managers and some representative.

Secondly creating international division to take care of their international activities and finally, through global organization. Indirect export involved different method which includes casual exporting, trading companies, export Management Company and co-operation in exporting.

2.6.1.1 Casual Exporting

Casual exporting is the most suitable method to deal with in international sales. Casual exporting involves selling a product in domestic country but such product is used or resold in another foreign country. “For instance, if a firm receives an unsolicited order from a customer in one country and responds to the request on a one-off basis, it is engaging in casual exporting”, (Palgrave Macmillan: 13).

2.6.1.2 International Trading Companies

International trading company is a firm directly engaged in importing and exporting a wide variety of goods for its own account, (Ricky W and Michael W, 12: 371). This form involves the uses of global local offices, they provides a full gamut of services, including market research, customs documentation, international transportation, host country distribution and marketing and finance.

Example of company that uses trading company is Mitsubishi. “The size and market coverage of the company make them attractive distributors, especially with their credit reliability and their information network. The main disadvantage of trading companies is that they are likely to carry competing products and the firms products might not receive the attention and support the firm desire” (Palgrave Macmillan: 13).

2.6.1.3 Export Management Company

This is a firm that act as its client export department. In this method both companies (Export Management Company and the firm) are located in the same country and the export management company act as an export department without establishing any in the firm.

Export Management Company does not manage one firm but perform the export function for several firms at the same time. Their staffs are knowledgeable about the legal, financial, and logistical details of exporting and they also provide advice about consumer needs and available distribution channels in the foreign market in the target market.

With the use of export management company techniques, the manufacturer can establish closer relationship and gains instant foreign market contact and knowledge. Export Management Company usually operates in two ways. Some act as commission agent for exporters. They take care the details of shipping, clearing customs, others necessary documents preparation in return for an agreed charges fee.

Others take tittle to goods. They get settle by buying the goods from the exporter

and reselling them at a higher price to foreign customers. (Ricky W and Michael 12: 371)

2.6.2 Direct Exporting

The method of direct exporting occurs via sales to customer which could be either distributorship or end users which located outside the firm home country. The firm becomes directly involved in marketing its product in another market i.e. the firm itself performs the export task rather than allow others to perform the operation.

Ricky W and Michael W, in their research suggested that “a firm initial direct exporting to a foreign market is the result of an unsolicited order. And it subsequently typically results from deliberate effort to expand its business internationally. Therefore, the firm actively select the product it will sell, the foreign markets it will service, and the mean by which its product will be distributed in the selected market”. Through direct exporting activities, the firm benefit valuable expertise about global business and also specific knowledge concerning the individual countries in which it's operate.

To benefit and succeed in foreign market through direct marketing, the firm must have representative in the target market.

2.6.3 Foreign Production

In most cases, a firm under some certain conditions may find it difficult or impossible to supply products to foreign market via domestic production sources. This could be due to transportation cost may be too expensive for heavy or bulky products, custom rate or quote, the target country import restriction on foreign goods and other positive factors such as availability of resources use, the size and the attractiveness of the market, lower production cost and so on .

Any of these challenges and positive factors could force the firm to produce in foreign market in order to sell in the market. Establishing in foreign market could be done in several ways as shown in the graph above.

2.6.3.1 Contract Manufacturing

“In contracting manufacturing, the firm products are produced in the foreign market by local producer under contract with the firm. The contract under contracting manufacturing cover manufacturing only, marketing is handled by a sales subsidiary of the local firm which keeps the market control of the product,” (Palgrave Macmillan: 13).

The method of contract manufacturing in international business allows the company to stay away from labour and problems associated with the same due to the little or no knowledge of the locality and culture. The strategy also reduces the HR and financial resources that the firm need to devote to the production process. Example of firm that involved in contracting manufacturing is Nike, which “has chosen to focus its corporate emerges on marketing its products and has contracting with various factories throughout Southeast Asia to produce its foot ware” (Ricky and Michael, 12:371).

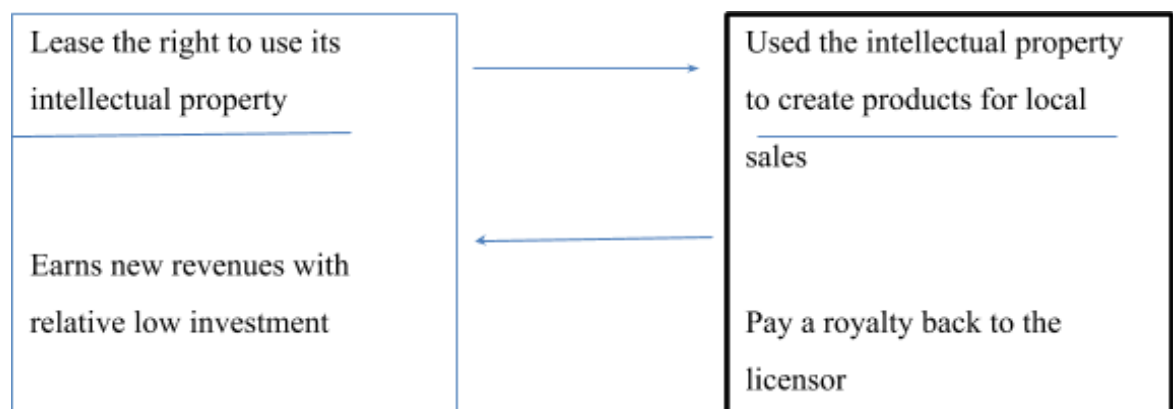
2.6.3.2 International Licensing

This is one more method through which a firm can enter a foreign market i.e. licensing with a limited degree of risk, whereby a firm acts as the licensor and have the lease to all intellectual property for another company which acts as a licensee in return for a fee. “Licensing is similar to franchising but franchising organization tends to be more directly involved in the development and control of the market”, (Palgrave Macmillan, page 13).

Licensing is an important element of the strategies for any international firm because it involved little cost and also “allows a firm to take advantage of any location of foreign production without incurring any ownership, managerial or investment obligation” (Ricky and Michael, 12: 372). The licensing process involved:

LICENSOR

LICENSEE



Source: Adopted from International Business (Ricky W and Michael W, Sixth Edition).

2.6.3.4 Joint Venture

Joint venture is another way in which firm can get global. It created when two or more firms agree to work together and create a jointly owned separate firm to promote their mutual interest, (Ricky W and Michael W, 12: 382). Joint venture and licensing have similar feature. The major different between the two form has to do with the fact that the global company has a position of management and equity within the foreign company. A collaboration between the host (foreign firm) and home country (domestic firm) is form result to creation of the third firm.

Joint venture is normally established as corporation and is owned by the founding parent in whatever proportion they negotiate, (Ricky W and Michael W 12: 391). The type of agreement in joint venture gives the foreign firm better control over operation and also access to local market knowledge.

Beamish et al (1997: 114) stated that, most firms form joints venture because their purpose was to allow partners to pool resources and coordinate their efforts to achieve five major goals: profit; to strength the firm existing business; to take the existing product into a new market; and finally to obtain new products that can be

sold in the firm existing market and diversify into new business.

2.6.3.5 Foreign Direct Investment

Foreign Direct Investment (FDI) is also another technique for entering a foreign market. The international firm make a direct investment in a production unit of the target country or market. In practice, there are three ways in which a firm can enter into foreign market through foreign direct investment method: “building new facilities called the Greenfield strategy, or buying existing assets in a foreign country called the acquisition strategies or the brownfield strategy and finally, participating in a joint venture”, (Ricky W and Michael W,12 : 381).

In some country, it is not possible for foreign firm to acquired 100 per cent ownership of local firm.

2.6.4 Benefits and shortcomings of methods of entry

Mode of Entry	Advantages	Disadvantages
Exporting	Low risk and investment Speed of entry	High transport cost
Licensing	Low risk and development cost High return on investment	Inability to control over use of assets Lack of engagement in global strategic co-ordination
Franchising	Low development cost and risk	Lack of control over quality
Joint Ventures	Potential for learning Sharing development cost	Greater risk than exporting , licensing &

	and risks It require less investment	franchising Difficult to manage
Direct Investment	Greater knowledge of local market Minimizes knowledge spillover	High risk than other modes Required more resources and commitment Lack of control over local resources
Wholly owned Subsidiary	Ability to realise location and experience economies	Higher costs and risks than other modes

3. RESEARCH METHODOLOGY

The method used in this thesis is a qualitative research method. Qualitative research allows for obtaining more in-depth information of facts, Alexie (2002). It is a type of scientific research that includes participating observation, focus groups and in-depth interview.

The method is concerned with the opinions, experience and feelings of an individual or groups producing subjective data. It involves question about How much? How many? How often? To what extents do the target customers need the product? , Trend Focus Group (1998). Qualitative research was used in this project purposely because the method is flexible in practise.

The sources of data collected are generated through both primary and secondary data with the use of questionnaires developed from chapter one and two and shown in the (appendix)

The primary data is the information gathered through a telephone interview, a company visit and a questionnaire. The questionnaire distributed to some bottle water manufacturers in Nigeria, among them According to Cooper and Schindler (1998) inquiring is consistent and reasonable as compared to observation. A well-formed question can extract information that would require a lot more effort if observation alone is used. A survey that makes use of the Internet, mail or telephone as a medium to record people's opinion can cover a lot more area saving both time and costs.

The Linker Scale method is typically employed in research based questionnaires. Cooper and Schindler (1998:187) stated that that Linker Scale method is the most commonly used form of the summated rating scale. Summated rating scales mostly consist of statements that express either favorable or unfavorable trends towards an object of interest.

In the questionnaire the participants were required to rate the importance or unimportance of each question asked. The respondents are given a numerical

score which gives an insight into their opinion and the score is then summed up to analyze the overall opinion. The type of designed questions in the questionnaire is open and sensitive question format which is based on multiple choice formats.

Open and sensitive question format is the common and straightforward way of getting adequate information from the respondents (Jankowicz, 2000: 243). The respondents were asked to choose a single or one to two alternatives from a list of options which are provided and others involved only the opinion “please specify” as an alternative which give the respondent the opportunity to respond and suggest an opinion of his or her own which is different from the available options.

3.1 questionnaire

The questionnaire designed was divided into two sections. The first section consisted of the respondent’s demographic data and offer choice to tick. The questions surveyed the respondent’s years of working experience in their specialized field, the position held in an organization, the type of firm represent and the number of employees in the firm which he or she represents.

The second section consists of multiple choice questions with the use of linker scale techniques. The technique assumes that the strength or intensity of experience is linear. That is, it is a continuum from strongly agree to strongly disagree, and its makes the assumption that attitudes can be measured, Simply Psychology (2013).

The questionnaire was designed together with a covering letter. The covering letter consists of the purpose of the research, the evidence that the questionnaire will take less than 25 minutes to complete, the research question, and the university where the research is needed. The research questionnaire was distributed via e-mail and a company visit to 50 bottle water manufacturer companies and other companies in Nigeria. Among the major companies are Nestle Nigeria Plc, CWAY group, Knights Foods and Beverages Nigeria Limited, Ragolis Water (Chagoury Group), Nigeria Bottling Company Ltd, National Agency for Food and Drug Administration and control (NAFDAC). Unicorn

Holdings Limited, Lifeline Food and Beverages Limited.

The contact addresses and e-mail addresses of the respondents were obtained from Nigeria Chambers of Commerce, Nigeria Bottling Company Ltd, National Agency for Food and Drug Administration and control (NAFDAC), Nigeria Bottling Company Plc, Unicorn Holdings Limited, Lifeline Food and Beverages Limited, CWAY Group Limited, Nigeria Export Promotion Council (NEPC), Corporate Affairs Commission (CAC), Knights Foods and Beverages Nigeria Limited, Ragolis Water (Chagoury Group), Nigeria Customs Service (NCS), ,Edvic-Loban Investment Limited, So Safe Water Technology Limited, Palacina Water Limited, Debel International Limited, Dana Group of Companies Limited, Machris Concept Nigeria Limited, , Racamok Nigeria Enterprises, Femot Nigeria Limited, Devine Graceland Farm Limited, Deebee Company Limited, Project Global Nigeria Limited, Godgold Integrated Limited, Karas Ventures, First Values Table Water Limited, Downright Nigeria Enterprises, Bimec Industrial Limited, Kaches Industrial Nigeria Limited, Sanotab Nigeria Limited, Benros Water, Kabel Water Resources, Coca Cola Nigeria etc.

The secondary data are data gathered from text book, eBooks, materials from Library, the internet, newspapers and magazines, journal publications and other past and present write ups from scholars about macro environmental factors and the related modes of entry to a foreign market.

3.2 The Research Response

The questionnaire was designed on 18 May, 2013 and thereafter, based on question in the questionnaire a personal company visit and a telephone interview was made to some companies in Nigeria between 20 -27 May, 2013. The survey was e-mailed on the 18th May, 2013 and a response rate of total 28 per cent on e-mail survey, 100 per cent on telephone interview and 100 per cent of company visit was received before the due date, which was 15th August, 2013.

Table 3.2.1 Summary of data collection process

Date Received	Numbers of companies Telephone Interview	Numbers Questionnaires Distributed	Numbers of Questionnaires E-mailed	Numbers of Data Received	Total Percentage
18th May, 2013	0	0	32	9	19 %
20th May, 2013	15	0	0	15	32%
22nd-27th May, 13	3	20	0	23	49%
Total	18	20	32	47	100%

The rate of responses from the respondent may be accepted as a good response for the research.

3.3 Section A. Biographical Data Result

Section A of the questionnaire contained the respondent's general information and they are enquired to give some information about their status such as the organization by which they are employed, years of experience, the position they are currently holding or have held and the numbers of employees in their organization . The required information is described as independent variable.

The results of section A of the questionnaire are shown in graph's 3.1. to 3.5.

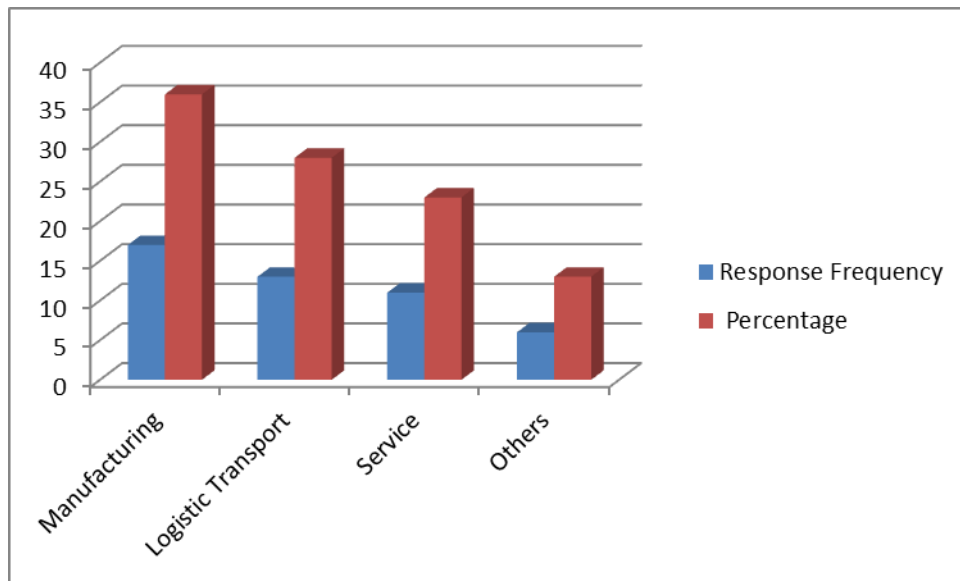


Figure 3.1 Graphic illustration of: Type of Organization Representing

Source: Results obtained from analysis of type of organization. Question 1.1

From graph above, it can be seen that the majority of the respondents represent manufacturing companies which are water producing companies. The manufacturing companies accounted for 36 percent of the respondents, followed by logistic and transport companies (28 %), service firm (23%) and other firms' represents (13%) of the respondents.



Figure 3.2 Graphic illustration of: Respondents Position in the Organization

Source: Result obtained from analysis of position of respondent. Question 1.2

Figure 3.2 above shows that the majority of the respondents are in general manager positions which account for 49 percent, and 38 percent are managers, 9 percent are others employed and 2 percent are chief executive officers.

Next graph shows the respondents' years of working experience.

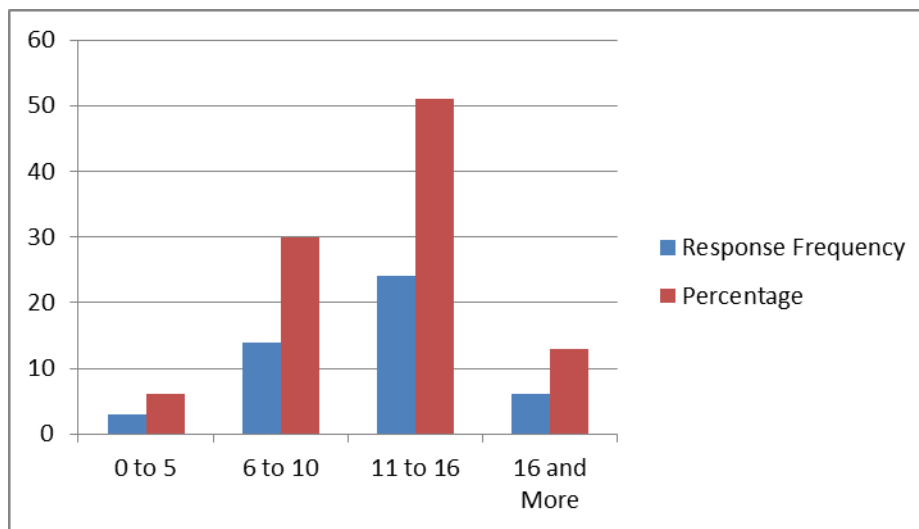


Figure 3.3 Graphic illustration of: Respondents years of Working Experience

Source: Result obtained from analysis of respondents numbers of working experience. Question 1.3

Graph 3.3 above shows that 51 percent of the respondents have about 11 to 16 years' experience in their representing firms, follow by 30 percent experience of 6 to 10 years, and 13 percent of 16 years or above and only few of 6 percent have less experience between 0 to 5 years, which means that the respondents experience are perfect for the research.

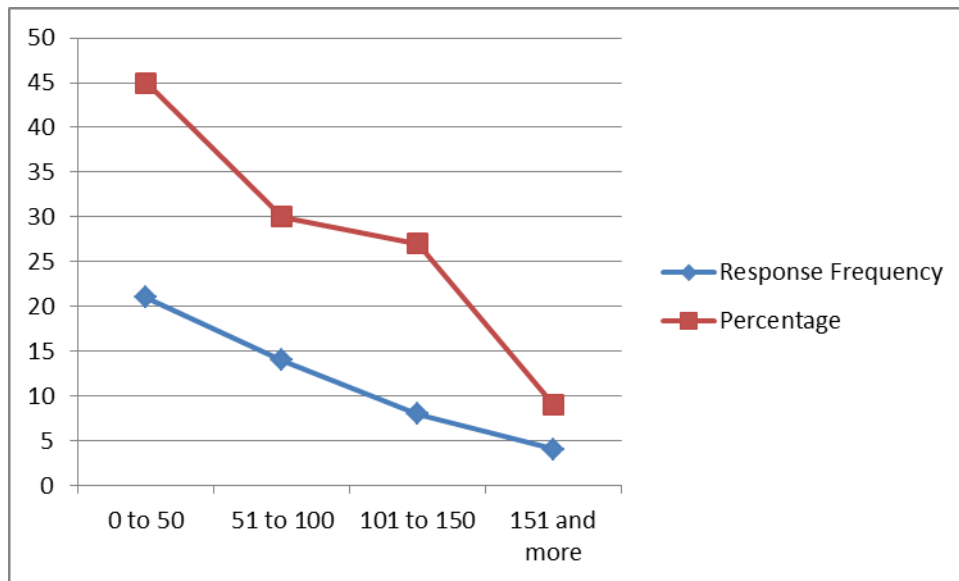


Figure3.4 Graphic illustration of: Numbers of Employees in Respondents Companies

Source: Result obtained from analysis of respondents numbers of employees in their organizations. Question 1.4

The result from graph 3.4 shows that most of the respondents' numbers of employees in their representing organizations is less than fifty (50) people which account for 45% of the majority; follow by 30 percent between 51 to 100 employees; 27 percent of employees between 101 to 150 and finally, only 9 percent between 151 and above.

Next graph shows the respondents numbers of working experience in export department.

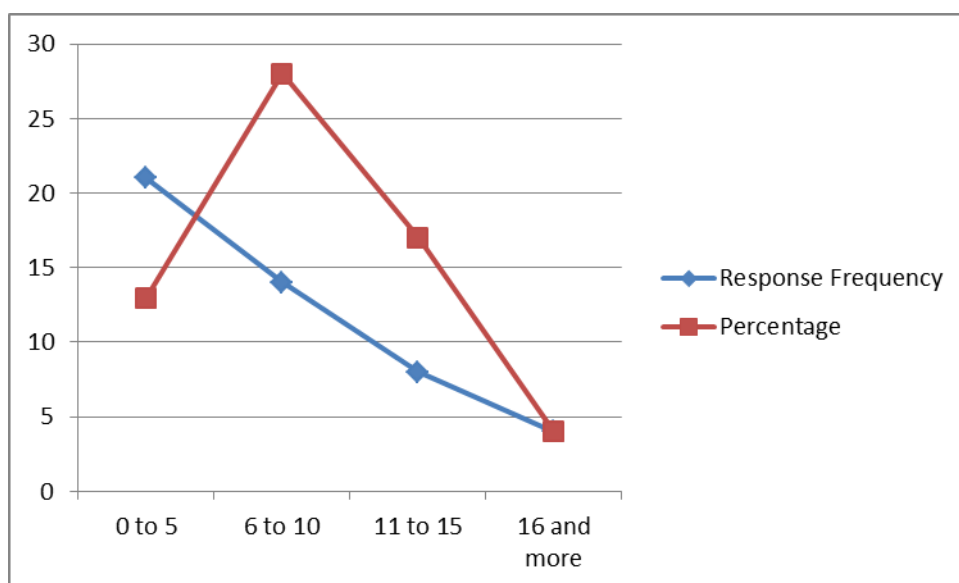


Figure 3.5 Graphic illustration of: Respondents Experience in Export Department

Source: Result obtained from analysis of respondents numbers of working experience in export department. Question 1.5

In the research, the respondents were asked whether they have the experience in the export department. Majority of the respondents have had an experience in export department; 28 percent of the respondents have had experience between 6-10 years, 17 percent between 11-15 years, 13 percent between 0-5 years, 4 percent between 16 years and above and others of 38 percent does not have experience in export department.

3.4 Qualitative Analysis of Result of Section B of the research

The research questionnaire was designed to identify the most suitable market entry into the Nigeria market and to identify the factors that influence the mode of entry in the market. Section B of the research contained three stages and each have sub-questions under them. The first stage is entry decision, which seeks the respondents' opinions about market expansion, the second stage is about the

macro environmental factors that affect business in an international environment and the third stage is selecting mode of entry to international market.

3.4.1 Entry Decisions

This stage of research enquired the respondents about making a decision to go abroad for market expansion for their product. In order to achieve more profitability and long-term growth in business, the company need to expand their resources into variable international market. Graph 3.6 shows the percentage of respondents' response for each statement.

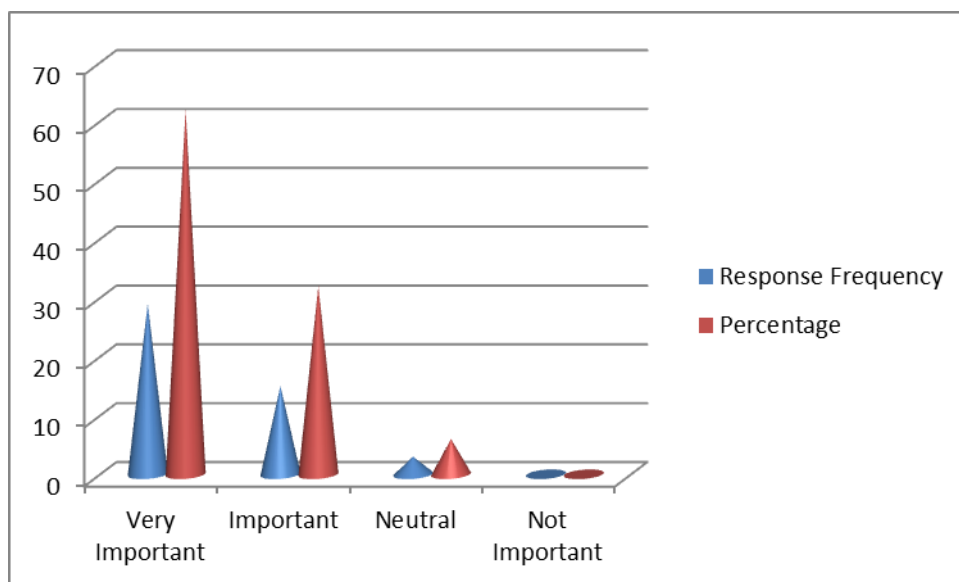


Figure 3.6 Graphic illustration of: How important is it for your company to go abroad

Source: Result obtained from section B, Question 2.1

As shown in graph 3.6 it can be seen that all organizations want to go global for market expansion in order to gain more profitability and achieve long-term growth.

The number of respondents that stated that it is very important to go abroad form

62 percent of the total respondents; follow by 32 percent rated as important; only 6 percent rated Neutral.

Next graph shows respondent rate on the importance of market research before decision making of going international.

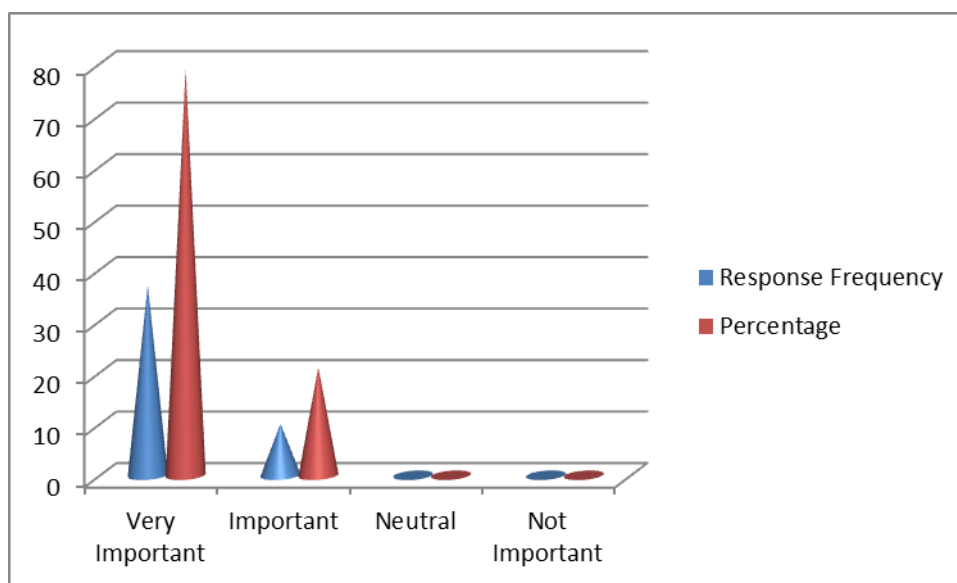


Figure 3.7 Graphic illustration of: Does market research views as an important factor before making decision for going international?

Source: Result obtained from section B, Question 2.2

It can be seen from graph 3.7 that market research before decision of entry to any foreign market is an important factor that a firm must consider. The numbers of respondents that chose that is very important to make a market research study before going abroad accounted for the highest percentage of 79 percent of the responses and 21 percent rated as market research important and no respondent chose neutral and not important.

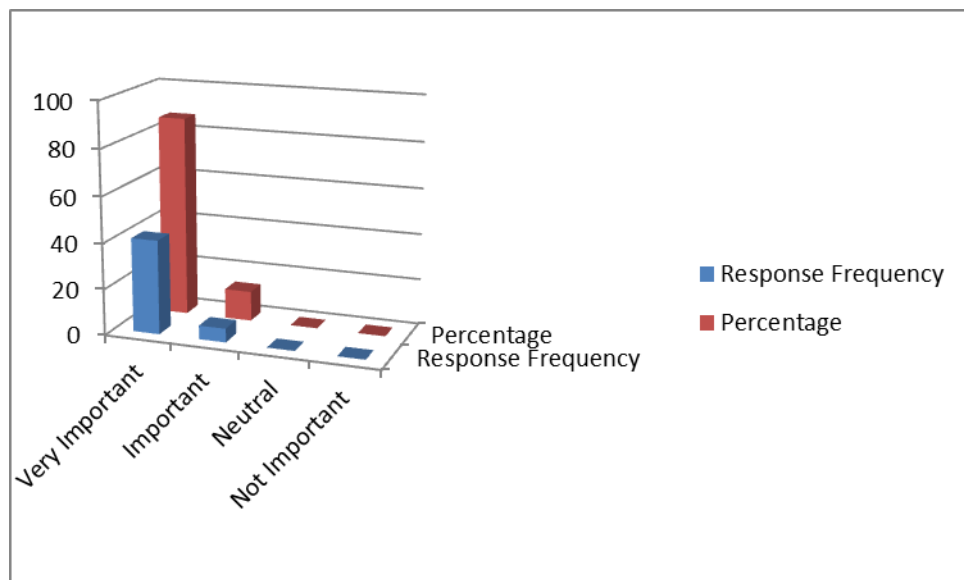
3.4.2 Factors Affecting Mode of Entry

Macro environmental factors are the factors that affect the operation of business in

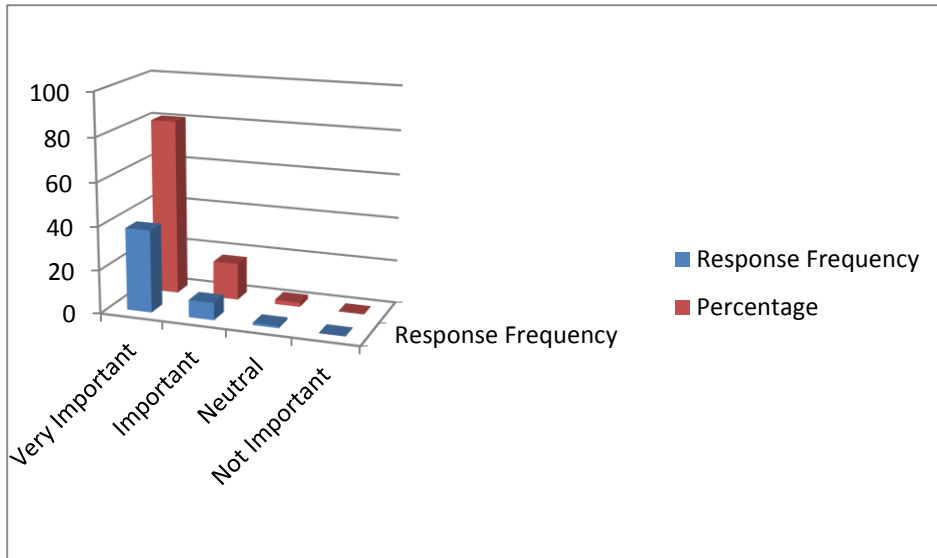
both domestic and foreign market. The factors include political, technological, cultural, sociological, economical, legal and environmental factors. In this stage, research was designed to identify the factors that affect the mode of entry into the Nigeria market. Graph 3.8 shows the percentage of respondents' responses for each statement.

Figure 3.8 Graphic illustration of: How important is the investigation of political, technological, socio- cultural, economical, legal and environmental factors of foreign market before entering?

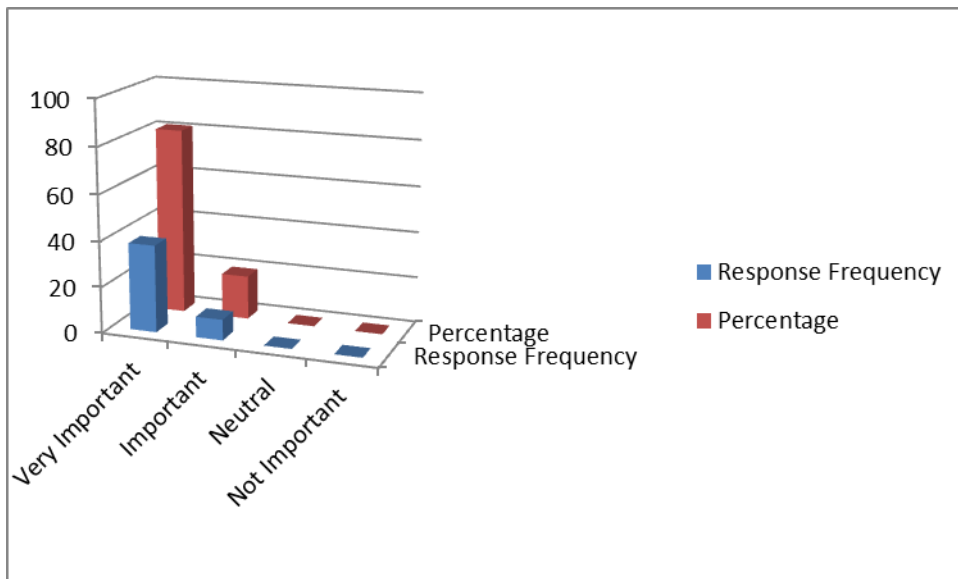
a.) Political Factors



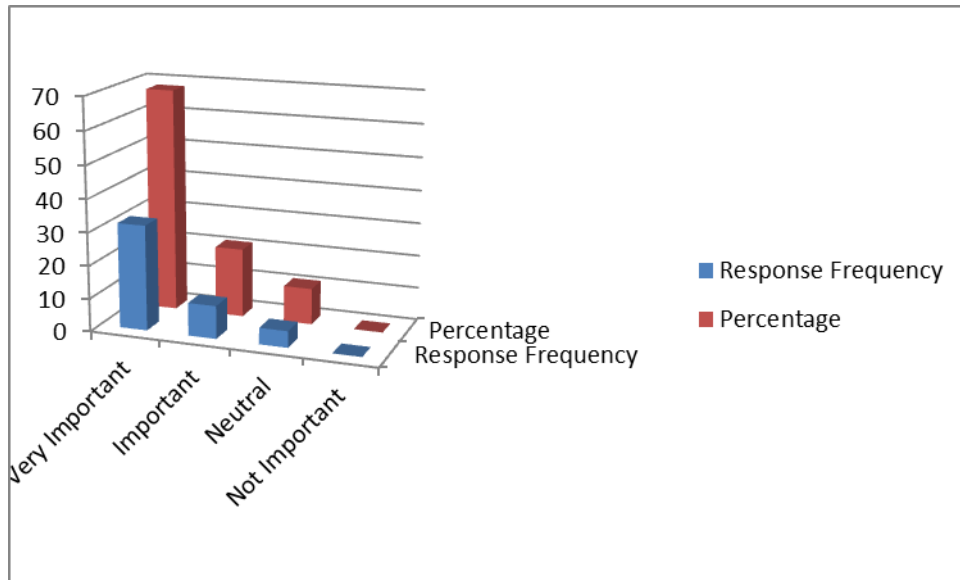
b.) Economic Factors



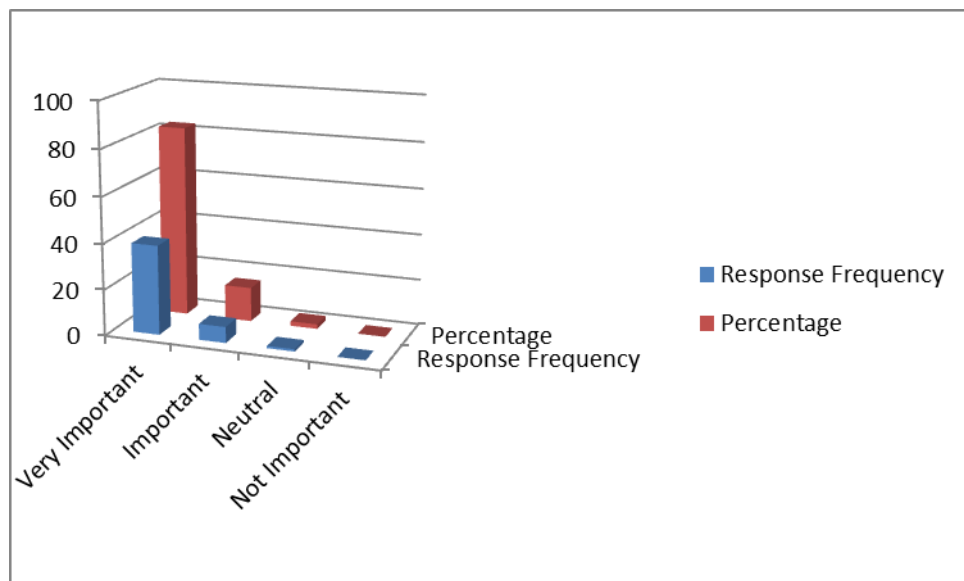
c.) Socio- Cultural Factors



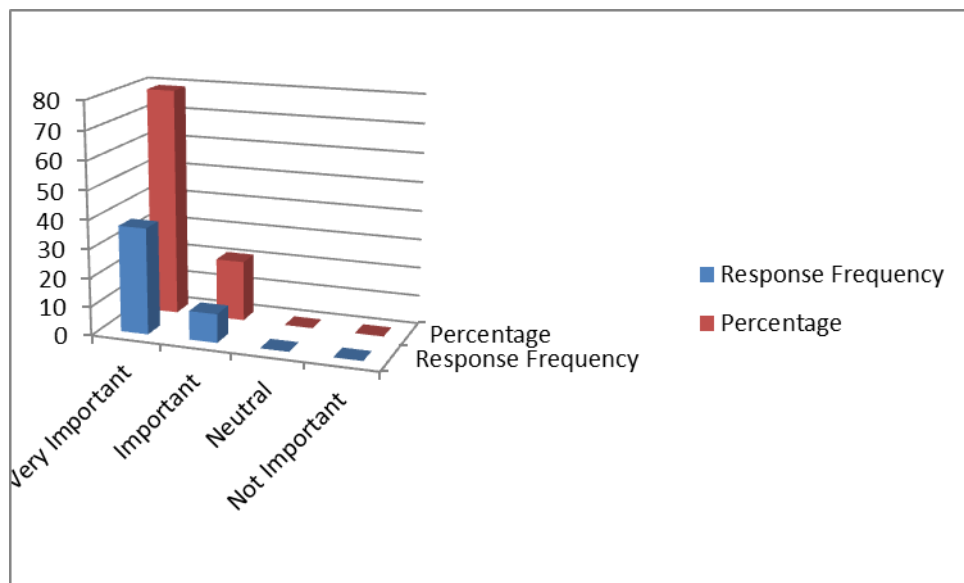
d.) Technological Factors



e.) Environmental Factors



f.) Legal Factors



Source: Result obtained from section B, Question 3.1

As shown in graph 3.8 above it can be seen that the majority of the respondents believed that it is important to investigate macro environmental factors of each country before entering into a foreign market in order to identify the future challenges that might limit operation of their business in the environment. It is important to investigate the macro environmental factors that may affect the operation of business in a particular environment.

Graph 3.9 shows the respondents opinion on two major environmental factors affecting the Nigerian market.

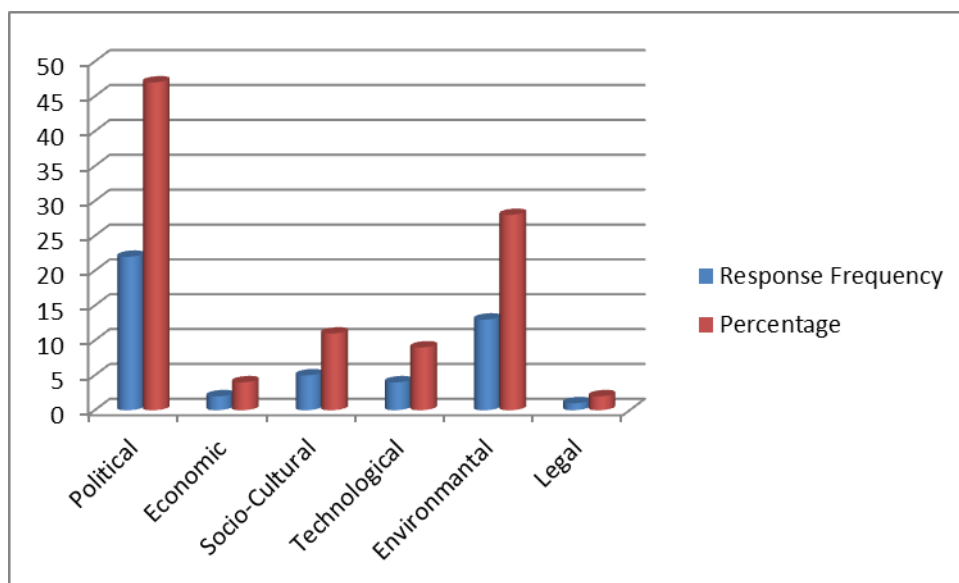


Figure 3.9 Graphic illustration of: Two (2) most important macro environmental factors affecting the Nigerian market

Source: Result obtained from section B, Question 3.2

From figure 3.9 the respondents were asked to choose the most important macro environmental factors that affect the Nigeria market. This part is based on the second research question, the factors that influence the modes of entry in the Nigerian market.

It can be seen in figure 3.9 that the majority of the respondents chose political factors which accounted for 47 percent of all responses; followed by environmental factors (28%), socio-cultural factors (11%) technological factors (9%), economic factors (4%) and legal factors (2%). According to the research responses, it shows that political and environmental factors are the major factors that influence the mode of entry into the Nigerian market.

Graph 3.10 shows the respondents' opinions on two less important environmental factors affecting the Nigerian market.

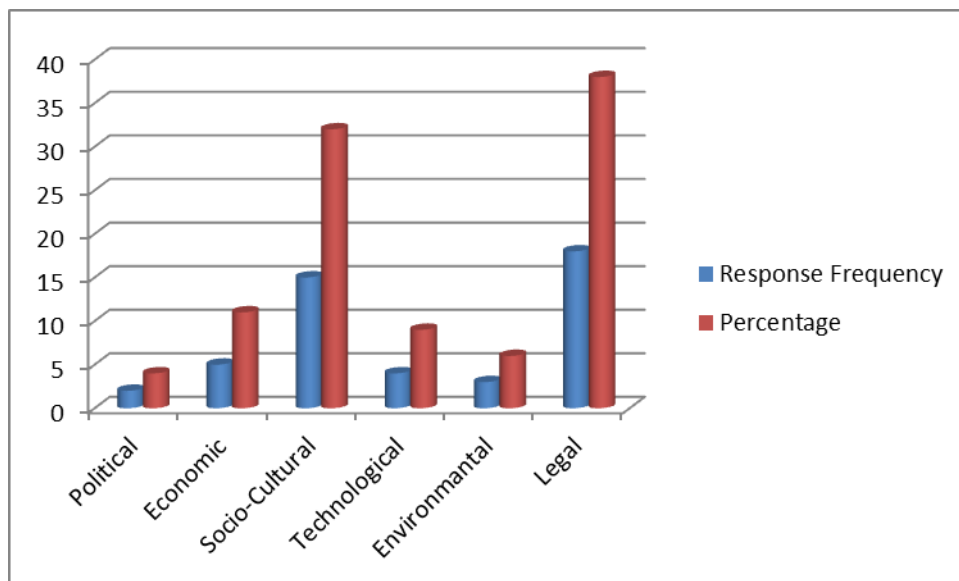


Figure 3.10 Graphic illustration of: Two (2) less important macro environmental factors affecting Nigeria Market

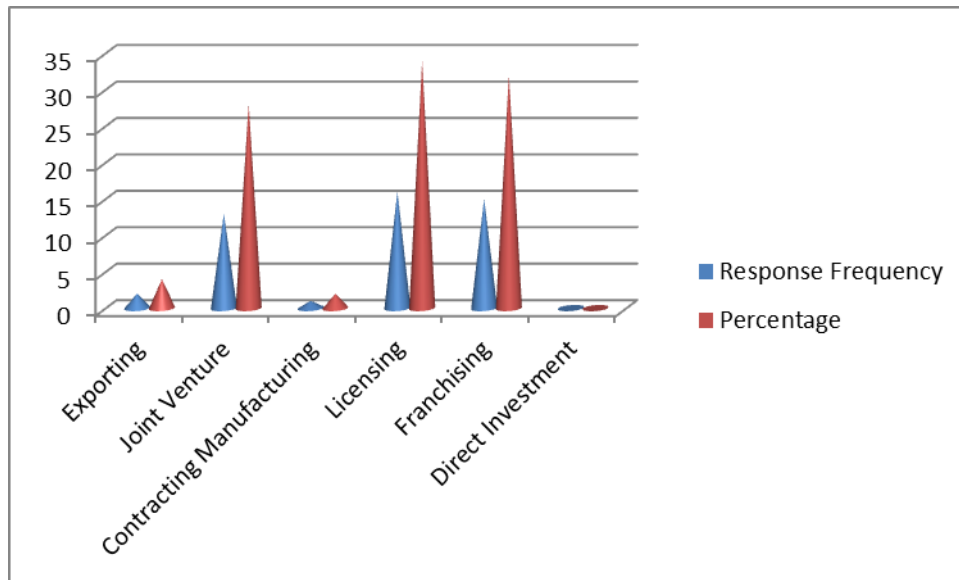
Source: Result obtained from section B, Question 3.3

As shown in the graph 3.10 the respondents were asked to select two least macro environmental factors that affect the mode of entry into Nigeria market. The majority of the respondents chose legal factors which accounted for 38 percent,; followed by socio-cultural factors (32%); economic factors (11%); technological factors (9%), environmental factors (6%) and political factors (4%). That means legal and socio-cultural factors are not the major problems in Nigeria they can easily be control in the society.

3.4.3 Selecting Modes of Entry

In market research a decision to select the best mode of entry into a foreign market is the most important aspect in an international market. Analysis of mode of entry requires several researches in the target market. Modes of entry techniques include exporting, joint venture, franchising, licensing, and contracting manufacturing and direct investment. Choosing modes of entry is determining by the levels of risk associated in the target and the cost involved. Graph 3.11 shows the response percentage of respondents for each statement.

Figure 3.11 Graphic illustration of: Which of the entry mode do you find as less expensive and flexible?



Source: Result obtained from section B, Question 4.1

As shown in graph 3.11 above the respondents were asked to select most less expensive and flexible mode of entry into foreign market. Base on the respondents opinion it can be seen that 34 percent of the respondents selected licensing; 32% franchising, 28% joint venture, 4% exporting, 2% chose contracting manufacturing and none on direct investment.

That means that licensing and franchising techniques as modes of entry to the international market is the most less expensive and flexible method of entry to foreign market. Graph 3.12 shows the respondents' opinions on the most expensive and rigid techniques modes of entry to the international market.

Graph 3.12 shows the respondents' opinions on the most expensive and rigid modes of entry into the international market.

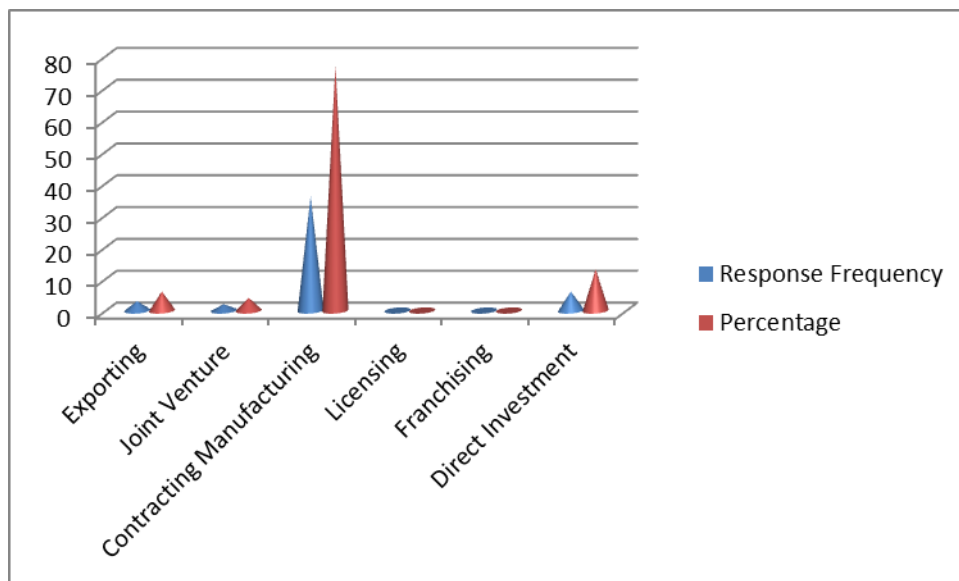


Figure 3.12 Graphic illustration of: mode find as most expensive and rigid

Source: Result obtained from section B, Question 4.2

According to the study it shows that 77% of the respondents suggested that contracting manufacturing is the most expensive and rigid modes of entry; followed by direct investment, which accounted for 13 percent of the responses; 6 percent on exportation; and only 4 percent on joint venture.

It can be seen that contracting manufacturing as a mode of entry is the most expensive and rigid method of entry into a foreign market. Therefore, firms must consider this factor before making a decision of entry into a particular market. The next graph shows respondents' opinions on the highest risk among different methods of entry to a international market.

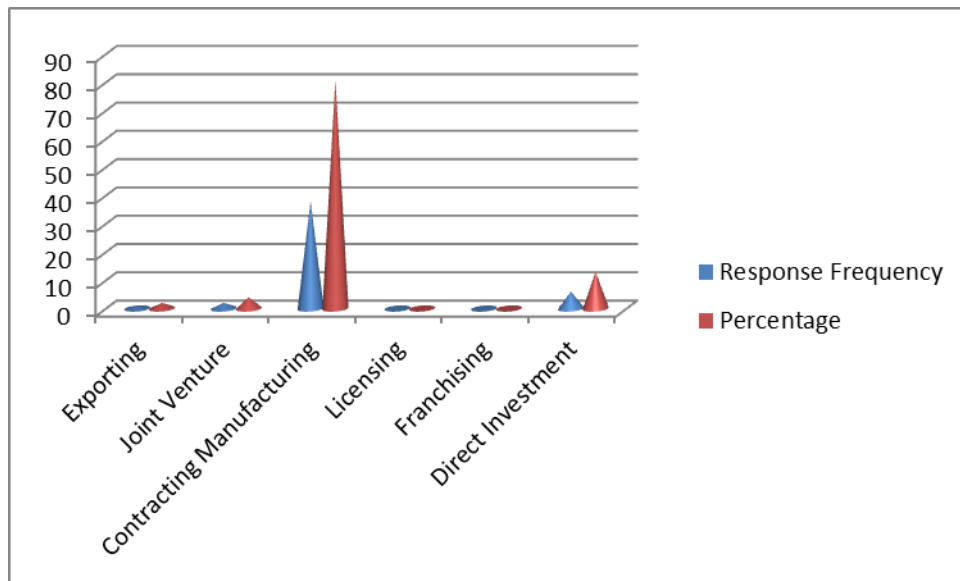


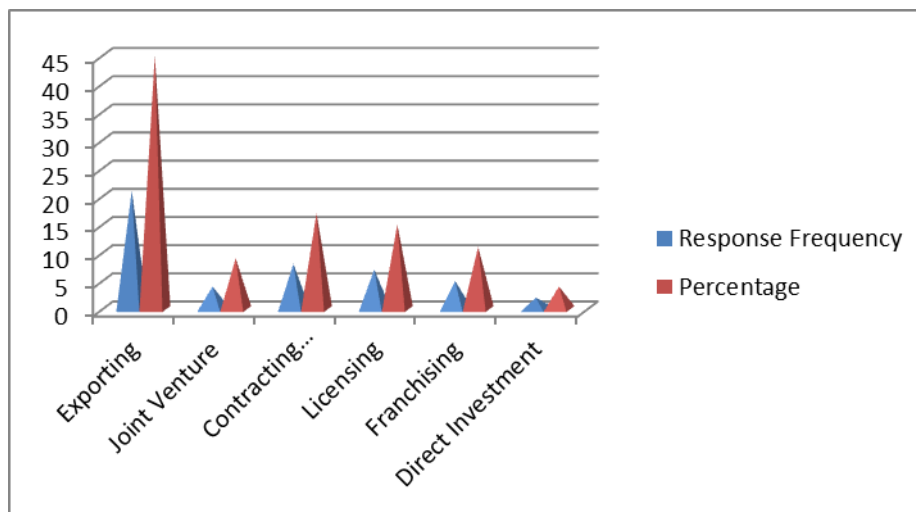
Figure 3.13 Graphic illustration of mode of entry consider as the highest risk

Source: Result obtained from section B, Question 4.3

In the research questionnaire, the respondents were asked to select the highest risk among the various methods of entry into a foreign market. From graph 3.13 above, it can be seen that the majority of the respondents suggested that contracting manufacturing is the highest risk among the techniques of entry, which accounted for 81% of the responses; followed by direct investment (13%); joint venture (6%) and exportation only accounted for 2%.

Figure 3.14 shows the respondents' opinions on mode of entry commonly used by multinational companies.

Figure 3.14 Graphic illustration of: Which of the mode of entry do multinational companies use most to enter into foreign market?

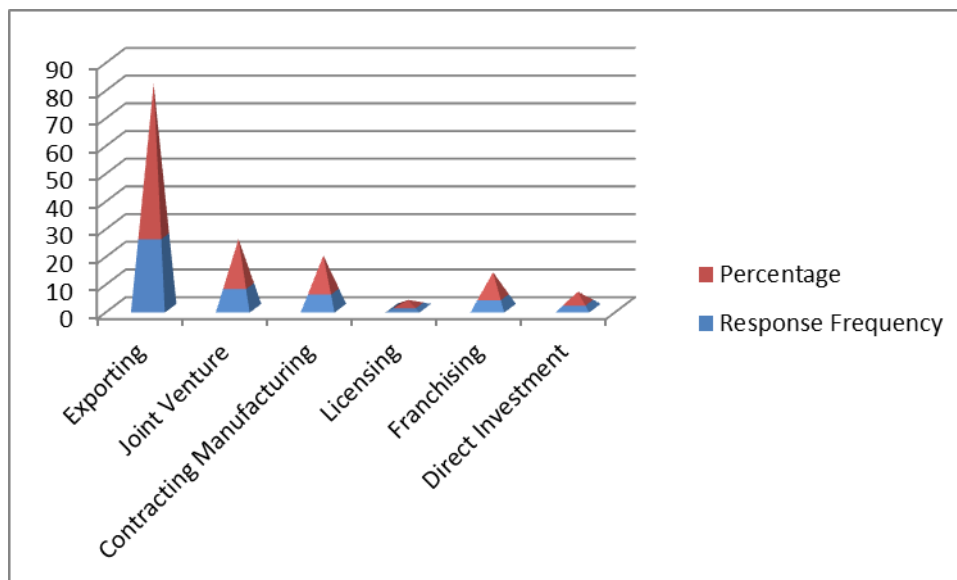


Source: Result obtained from section B, Question 4.4

Based on the respondents' opinions on the most commonly used techniques of entry to a foreign market by multinational companies, it can be seen from the figure 3.14 that exportation accounted for the highest among the method as 45% of the respondents selected exporting; followed by 17% contracting manufacturing; 15% licensing, 11% franchising, 9% joint ventures and only 4 % on direct investment.

That means that multinational companies find exporting as the most simplex and low risk mode of entering into a foreign market. Figure 3.15 shows the respondents' opinions on the most suitable mode of entry into the Nigerian market.

Graph 3.15 Graphic illustration of: What methods does your company see as the best means of entering into Nigeria market?



Source: Result obtained from section B, Question 4.5

The research questions were based on the most suitable market entry into the Nigerian market and the factors that influence the mode of entry in the market. From figure 3.15 the respondents were asked to select the best means of entering the Nigerian market.

Based on the respondents' opinions, 55 percent of the respondents selected exportation; followed by 17% who chose joint venture, 13% choosing contracting manufacturing, and 9% selecting franchising, and 4% option for direct investment, and 2% for licensing.

Nigeria is among the higher risk countries in Africa, therefore making the decision on the mode of entry requiring high knowledge about the market. In my view exporting as mode of entry into a foreign market is considered as the lower levels of risk. Therefore, the best means of entry into the Nigerian market is through exporting duly because of the risk in the market environment.

4. MARKET ENTRY STRATEGY

In the international business environment, choosing market entry strategies depends on levels of risk and the legal obligation of the target market. Each entry strategy has its advantages and disadvantages. Therefore, selecting entry strategy is critical to a businesses' long-term success.

4.1 The most Suitable Market Entry to the Nigerian Market

From the research conducted in chapter three question 4.5 gives the most suitable means of entry into the Nigerian market. Based on respondents' opinions, 55 % suggested exportation as the best means of entry strategy into the Nigerian market. Others means of entry might be suitable, however, the levels of risk is higher than in other cases.

The Nigerian market is a very high one for instance, the companies that decide on licensing arrangements with other international firms will generally have small or no influence on issues such as product development, provision and pricing in the licensee market environment but at the same time the advantage is the low risk involvement.

On the other hand, the firm that decides to established a wholly owned subsidiary in an international market will give the company a high degree of control in terms of marketing and operating decision but the main disadvantages it involved are significantly higher costs and higher risk as compared to the licensing and others entry techniques.

In the research questionnaire, the majority of the respondents chose exporting as the most suitable means of entry into the Nigerian market because they probably are aware of the risk factors and advantages.

4.2 Exporting

Exporting serves as the simplest and least expensive way for a company to sell its products to a foreign country. The company has a choice of direct and indirect

exporting techniques. The indirect exporting method involves the sales of company's products in the international market through export agents who resides in the domestic market.

On the other hand, with the used of the direct exporting method, the company sells its products directly to buyers or an importer abroad without an intermediary involvement in the process. According to Kotler (2000: 374) "the best way to get involved in the international market is through export. Most multinational companies start with indirect exporting through an independent intermediary." But later as they got themselves familiar with the market they decided to take care of their own process of exporting. This technique for direct exportation doesn't revolve around any middlemen from the home country, however, they may make use of them within the international market.

"Exporting has various advantages and that is why many manufacturing firms start their international expansion as exporters and later change to another mode for serving the foreign market" (Hibbert 1999: 261). The method is relatively easy to initiate and it involves experts who know the foreign market which the company products are entering.

4.3 Export Distribution Channels

Exporting to foreign country requires identifying the target customers. Nigeria is a very large market. Therefore, using an export distribution channel to distribute the products to the end users will be an advantage to cover a large area of a market. The distribution channels include use of agent- wholesaler-retailer-customer. This method is described as the longest channel of distribution in which three middlemen are involved. In this method, the agents distribute the product among a few wholesalers and each wholesaler distributes the product among numbers retailers who finally sell it to the ultimate consumer as shown in appendix 4.1.

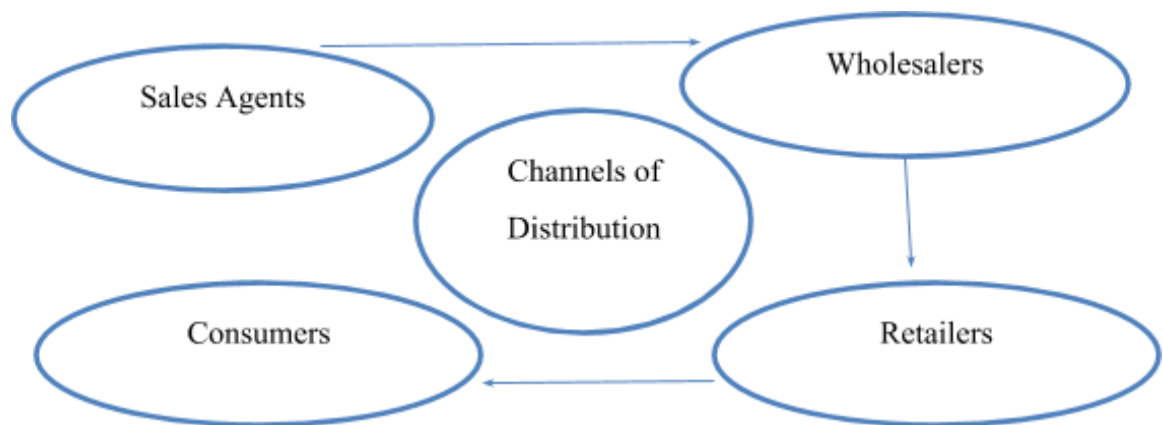


Figure 4.1 Export distribution channels

Sources: Adopted from Business Portal of India

4.4 Steps in Export Order Process

In an international business environment, in order to achieve the export objectives, a firm needs go through a process that helps them make sure that their entry into the market goes as smoothly as is possible so as to avoid the risk of loss.

The exporting process begins with enquiry from a potential overseas buyer. This may have been investigated from many sources such as personal contacts, advertising or recommendations. The first step revolves around selecting the market that the firm wants to function in. A decision has to be made in terms of the region where the firm will be expanding globally, along with the options and opportunities as examined through an international lens.

The process of international market assessment involves several stages, which includes initial screening; aims to identify the market demand for the products or service; second screening for financial and economic condition of the target country; the third examination for legal and factors that influence the operation of business in the market environment; the fourth screening for socio-cultural forces; the fifth screening the competitors and the last screening is getting information

from professionals in the field, on-site visits, interview with government representatives and trade unions. This is demonstrated in figure 4.2



Figure 4.2 Steps in export order process

Source: Adopted from Exportea

4.5 Incoterms

Incoterms are the international commercial terms which are pre made by International Chambers of Commerce and are accepted as incoterms worldwide by most government. The latest edition is incoterms 2010, which are the eight editions. These incoterms are the international commercial terms used for commercial transactions internationally to reduce uncertainty coming out of different interpretations of the rules in different countries.

These are created on an international standard so that they can help buys and sellers to allocate risk and costs, along with quote prices for international transactions. They conform to customs formalities and insurance responsibilities.

The most common Incoterms terms used while exporting to Nigeria are:

- Free On Board (FOB)
- Cost Insurance Freight (CIF)
- Delivered at Place (DAP)

4.6 Transport and Documentation

The three modes of transport are suitable for exporting to Nigeria market. Goods can be shipped by road, air and sea.

4.6.1 Shipping Documents Required for Exporting Chemical to Nigeria Market.

- Bill of Lading/ Airways bill
- Proforma Invoice

- Insurance Certificate
- Form M
- Packing list
- Certificate of Value
- Risk Assessment Report (RAR)
- Certificate of analysis/ quality control certification-Name, Signature and declaration of analyst must be clearly stated on the certificate.
- Certificate of manufacture and free sale
- Certificate of value/ Commercial invoice

A form M is usually issued for a particular supply contract and allow for part shipments. For large project, a bulk form M can be issued, which allows continuous part shipments throughout the validity of the Form M. A Form M is valid for six (devil) months and can be extended once for another period of six (devil) months. The importer will fill the Form M valid for valid for foreign exchange (Confirm and Unconfirmed for L/C or bill of collection) will be use a Form M not valid for foreign exchange (alternative financing arrangement where no money transfer from Nigeria to foreign through the Central Bank is involved). The importer submits the form M and preform invoice to his commercial bank in Nigeria. Once accepted, the bank will disperse the Form M to the Lagos office of the pre-shipment Inspection Agent (PSIA) appointed by the Nigeria Government country of supply indicated on the Form M.

A form titled M is generally issued as a supply contract and permits parts shipment. For large quantities a form M indicating bulk shipment can be issued and permits nonstop part shipments all through the validity of the document. Form M is typically legal for a period lasting 6 months and can be extended for another 6 months based on requirement. The importer submits a valid Form M for foreign

currency. This is true for both unconfirmed and confirmed L/C or bill of collection. The importer also dispatches an invoice to his commercial bank in Nigeria. Once acknowledged, the bank forwards the Form M indicating the country of supply to the Lagos office of the Pre-Shipment Inspection Agent (PSIA) chosen by the government of Nigeria.

While importing goods to Nigeria, the following hints must be accurately followed to avoid loss of goods or custom ban or delay.

- a. It is a must to use the Nigerian Invoice Form, which includes a certificate of Origin. This provides a clear and precise description of the product(s), term of sale and any all other information needed to establish the cost, insurance and Freight prices. Invoice must be signed by exporter and certified by an authorized Chamber of commerce and legalized at the Nigeria consulate.
- b. For food, drugs, cosmetics, pesticides and toxic substances. E-A statement signed by authorized party of exporter indicating that the product is sold freely in the country of origin
- c. Authorized employee must sign the form in support of the invoice value
- d. All import must be insured by Nigerian company or agency and also must show full detail. see (Nigeria Custom ,2011)

4.7 Labelling, Packing and Storage

- Labelling has to be such that it remains adherent to the GHSS
- Additionally, the labels have to add:-
 - a) The name of product/ brand name and CAS/EINEC No
 - b) Net weight/ volume
 - c) Production and expiring date where applicable

- d) Batch number
- e) Name and address of manufacturer/importer
- f) Storage condition

4.7.1 Packing

This includes mixtures or substances of a hazardous nature, which have to adhere to the following rules:

- The contents of the package must not escape at any cost
- The material has to be such that it remains resistance upon contact to the contents
- The packages have to be both solid and strong
- Sealable fastenings have to be a part of the packages

4.7.2 Storage

The warehouse where the chemicals are housed must have all the instructions and records documented properly. All activities that relate to the storage, disposal and distribution of the chemical have to be contained herewith.

“The space for chemical shall be adequate enough to allow for proper and orderly arrangement of the chemical. The materials should be neatly stacked away from wall. And the storage condition shall be store under condition specified by the manufacturer and the material should be stored according to their hazard class” (NAFDAC, 2013)

4.8 Insurance Documents

Insurance is a guarantee of financial protection against the risk of loss or damages with regard to a specific contingency or peril. The major insurance considered in this aspect is the coverage against risk of loss or damages to cargo.

There are varieties of different type of cargo insurance available but general marine insurance is suitable for this type of products because it is now a general term of insurance for any means of transport.

4.9 Methods of Payment

To succeed in a foreign market, the exporter has to attract their consumer with sales terms which appeal to them, and are substantiated through apposite modes of methods, in order to have competitive advantage over other competitors. Exporters want to be fully paid and on time when involved with sales of goods or services, the level of risk in extending credit is a major consideration. Choosing the best mode of payment depend on the level of risk which the exporters consider. Nigeria is described as a high risk market; to avoid loss of goods documentary letters of credit offer a good option for the exporter.

In international trade there are four basic methods of payments which the importers and exporters use while exporting goods or services abroad and these are:

- Cash in advance
- Documentary letter of credit
- Open an account and
- Documentary collection or draft.

5. MARKET RISK ANALYSIS

This chapter outline the factors affecting mode of entering into the Nigerian market. These factors are called macro environmental factors they are: political, technological, cultural, sociological, economical, legal and environmental factors. In market research, when risk are assessed accordingly it will help the firm to enter the market effectively without any challenges, also it help to reduce the cost of entry.

According to Hough and Neuland, (2000: 103) stated that, for any business in foreign market to succeed the management has to be careful in analyzing the exchange in terms of the political, corporate, economic and legal environments so that they can maximize their effectiveness.

In most cases, companies try to conduct their businesses within a nation that has stability in terms of the environment and the government policies. In a particular market environment, three main types of risks exist for a firm in terms of the political scenario at hand i.e. the risk such as ownership risk, which involved exposing of life and property; operating risk and transfer risk. While measuring this type of risk, firm must be carefully before final decision is making.

5.1 Factors Affecting Mode of Entry into the Nigerian Market

From the qualitative analysis of result of section B of the research in chapter three figure 3.9. In the research question, respondents were asked to choose two most important macro environmental factors affecting business in Nigeria. From the respondents opinions majority of the respondents chose political and environmental factors. Political factors accounted for 47 percent and the environmental factors accounted for 28 percent of the respondent's response.

5.1.1 Political Factors

Political issues are the major factors that limited the operation of business in the Nigerian market. Despite the fact, the last 8 years a policy of trade liberalization

has been followed at the government level. This has made the operational environment for businesses friendly for foreign investors and less rigid overall.

The political chaos within the Northern region of the country is still unstable. The political violence remains a concern, with an active Islamist insurgency in part of central and Northern part of the country and potential risks in the oil-producing Niger- Delta, Economic & Political Intelligence Centre (June, 2013). According to Hibbert (1997:245) stated that, political risk is important before making decision because its affects the long term viability of investment and asset of business.

In Africa generally, the risk are increased and it created the biggest challenges in doing business in the region due to high level of corruption. In 2012, Nigeria was ranked 139 out of 176 in the world on levels of corruption due to political instability and bad governance. “The country remains a challenging operating environment due to high levels of corruption and economic mismanagement, weak institutions, an infrastructural deficit, including persistent power outages” (Economic & Political Intelligence Centre, June, 2013)

Nigeria corruption, geopolitical tensions and violence limited most foreign investors to establish in Nigeria but those who take the risk benefit the advantage. Multinational companies such as Nigerian Breweries, Nestle food Nigeria Plc., Unilever Nigeria, Nokia, Guinness Nigeria Plc., Costain West Africa Plc. Cadbury Nigeria Plc., Chemical and Allied Product Plc., Flour Mills Nigeria Plc. and lot more have been in Nigeria over some period of years and today the firms still enjoyed their operation in the society.

The international business risks are caused mainly by the exercise of political power, and this power can affect company value. In most cases, a political event which is significantly dramatic can pose little trouble for the company, while subtle policy changes can have a much more devastating affect for them. In international business, there are differences in terms of political risk that stems from a firm, and political risk that stem from the country itself. A risk that is specific to a firm is only directed at the given firm and will be essentially

discriminatory, whereas a country specific risk can affect just about any firm's performance although they aren't directed at any specific firm, International Risk Management Institute (2013).

5.1.2 Environmental Factors

From the research analysis in chapter four 28 percent of the respondent chose environmental factors as one of the major macro environmental factors that affect doing business in Nigeria. Apart from corruption as a major issue in the society, electricity and energy is another problem in the country.

Nigeria built its first power plant in 1896 with a 20MW power station at Ijora, Lagos. Due to lack of government entity in the economy to regulate and manage the supply of electricity generation in the nation, a body called Electrical Corporate of Nigeria (ECN) was formed in 1951 to manage the electricity sector and in 1972; Nigeria government approved the merger of Niger Dam Authority (NDA) which was set up in the late 1960 and ECN to form National Electric Power Authority (NEPA) to manage the generation, transmission and distribution and trading of electricity in the country.

Today, only about 10 per cent of rural household and 40 per cent of the country's people have access to electricity because most facilities have been poorly maintained and it affected the total output in the society.

According to the recent report by Prof. Bart Nnaji, Nigeria Honourable Minister of Power, stated that before Nigeria achieve Brazil GDP per capital level by 2030, the country need 135GW capacity supply which means 15 times capacity increase from the current Nigeria capacity installed and also Nigeria have to build power plant at 7GW for the next 18 years.

Also telecommunications in the society is smaller as compared to the population. The number of internet users increased every year but the market the rate of internet broadband technology has improved more than the past.

Nigeria cities and towns are mostly horrible example of unplanned cities. In Lagos and some other developed cities, municipal and industrial pollution is a major environmental problem. Most cities lack proper solid waste management schemes and monitoring and control of industrial waste is inefficient. Only few state capitals have been able to put in place fairly sustainable urban waste management programmes, (Halidu Mohammed).

Transportation system in Nigeria is worst compared to other developed countries. Transportation is an essential part of human activities. A proper system for transport is imperative for the purpose of supporting economic development and growth. Generally, transport systems are split into four main segments i.e. Sea, Air, Road and Rail transport.

In Nigeria, rail transport is not function as other developed countries. Its accounted for less than half percent to GDP of the sector for transport. Transport through road is the more commonly used method of transport.

Road transport accounted for more than 90 percent of the gross domestic product of the transport sector. Due to commonly used of road transport in Nigeria, especially in Lagos State it lead to high traffic congestion, a hike in the number of fatal accidents which resulted from poorly maintained cars, bad roads, environmental factors and careless driving (National Bureau of Statistics, 2013).

5.2 Conclusion and Recommendation

African countries are often perceived by the media as being poverty stricken nations plagued by political instability and risky investment platforms. Thanks to a GDP that is on the rise; African continent is currently home to markets that now promise safe investment opportunities for investors. As compared to many economically stable nations of the world the African continent endured the global economic crises with relative ease thanks to their strategic planning. Although the continent suffered a loss in investment and imports, it managed to recover at a commendable pace. In 2011, the Africa was home to the world's fastest growing economies as predicted by several economists.

Several African countries now provide foreign investors a safer and a more promising environment to invest and promote trade with other nations.

In Nigeria the governed has promoted the idea of free trade by relaxing the existing policies for businesses thus attracting more foreign investors.

The country is frequently updating its trade policies to attract more foreign investment. Some of the measures taken include reducing taxes for key industries, especially those focused on research and development. With a population that constitutes 20% of total African population, vast agricultural land and a strategic advantage based on location; the country has access to large markets and a workforce consisting of 60% youth. The choice to enter Nigeria can prove to be beneficial for Kemira considering the country's current economic position and potential for future growth.

The choice of Kemira to enter the Nigerian market must be driven by the assessment of relative long-term growth and profit potential. Exportation of water treatment chemicals to the Nigeria market will offer a great opportunity to improve the sales margins of Kemira in 2020, and it will serve as great benefit in eliminating the poor quality of water and help in order to avoid deadly diseases such as cholera, dysentery, typhoid and poliomyelitis in Nigeria.

Recently Nigeria had created government agencies for promoting and coordinating investments. One of these agencies is called Nigeria Investment Promotion Commission (NIPC).

While exporting chemical related products into the Nigerian market, The National Agency for Food and Drug Administration and Control (NAFDAC) represent the body of Nigeria Federation, to control the import, export, advertisement, manufacture, sales and usage of cosmetic, drug, food, package water, medical devices etc. within the country

Finally, for any information regarding documents required for exportation, Nigeria Custom Authority represents the body that provide valuable information.

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APPENDICES

ANNEXURE 3.1

18TH MAY, 2013

For attention: Bottle water manufacturer and Transport and logistics firms in Nigeria, West Africa.

Dear Sir/ Madam

SURVEY ON THE MOST SUITABLE MARKET ENTRY STRATEGY INTO NIGERIA MARKET AND THE FACTORS INFLUENCING MODE OF ENTRY IN THE MARKET

The purpose of this research is to identify suitable entry strategy for Kemira water treatment chemical into Nigeria market and, also to identify major factors that may influence the mode of entry in the market. Kemira group is one of the leading water chemistry, in Europe.

Kindly find the attached a questionnaire relating to the above. Your assistance in completing the questionnaire by the 15TH August, 2013 would be greatly appreciated. The questions should take not more than 25 minutes of your time to complete.

When complete please forward to the undersigned e-mail address attached or kindly call the phone number +2348138321088 for collection. If you wish to receive a copy of a summary of the report, please indicate and it will be forwarded to you in due course.

Thank you for your kind co-operation.

Omosekeji Adeniyi Adebayo

Vaasa University of Applied Science, Finland (Degree International Business)

SECTION A

This section based on the basic information about the respondents and their status in the organization in which they represent.

The questionnaire designed includes three (3) stages which are: entry decision making, factors influencing mode of entry, and suitable mode of entry.

The questionnaire is designed to take only 25minutes and, on completion of this questionnaire all respondents will be notify on the feedback of the research.

Please indicate by place (x) in the appropriate box

1.1 What kind of organization do you represent?

Manufacturing	Logistic and	Services	Others
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1.2 What is your current position in the organization?

Chief Executive	General Manager	Manager	Others
-----------------	-----------------	---------	--------

If others, please state position:

1.3 How many years of working experience do you have?

0-5	6-10	11-16	16 and More
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1.4 How many employees in your organization?

0-50	51-100	101-150	151 & more
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1.5 Do you have experience in export department? If yes;**How many years?**

0-5	6-10	11-15	16 & more
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1.6 If no; please state which department you have employed

SECTION B

This section is based on market entry strategy into Nigeria market and the factors that influenced the mode of entry in Nigeria market. This study is been conducted to identify the most suitable market entry for kemira, a Finland based company into Nigeria Market.

2. ENTRY DECISIONS

Please tick the appropriate box

1. Very Important	2. Important	3. Neutral	4. Not Important
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2.1 How important is it for your company to go abroad?

1	2	3	4
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2.2 Does market research view as an important factor before making decision for going international?

1	2	3	4
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3. MACRO ENVIRONMENTAL FACTOR (PESTEL's Analysis)

3.1 How important is the investigation of: Political, Economic, Social, Technological, Environmental and Legal factors of foreign market before entering.

3.1.1 Political Factors

1	2	3	4
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3.1.2 Economical Factors

1	2	3	4
---	---	---	---

3.1.3 Social Factors

1	2	3	4
---	---	---	---

3.1.4 Technological Factors

1	2	3	4
---	---	---	---

3.1.5 Environmental Factors

1	2	3	4
---	---	---	---

3.1.6 Legal Factors

1	2	3	4
---	---	---	---

3.2 Choose two (2) most important macro environmental factors affecting Nigeria Market.

1. Political	2. Economical	3. Social	4. Technological	5. Environmental	6. Legal
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3.3 Choose two (2) less important macro environmental factors affecting Nigeria Market.

1 Political	2. Economical	3. Social	4. Technological	5. Environmental	6. Legal
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4. SELECTING MODE OF ENTRY

Please tick appropriate box

4.1 Which of the entry mode do you find as less expensive and flexible?

1.Exporting	2.Joint Venture	3.Contracting Manufacturing	4.Licensing	5.Franchising	6.Direct Investment

4.2 Which of the entry mode do you find as most expensive and rigid?

1.Exporting	2.Joint Venture	3.Contracting Manufacturing	4.Licensing	5.Franchising	6.Direct Investment

4.3 Which of the mode of entry do you consider as the highest risk?

1.Exporting	2.Joint Venture	3.Contracting	4.Licensing	5.Franchising	6.Direct
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		Manufacturing			Investment

4.4 Which of the mode of entry do multinational companies use most to enter into foreign market?

1.Exporting	2.Joint Venture	3.Contracting Manufacturing	4.Licensing	5.Franchising	6. Direct Investment

4.5 What methods does your company see as the best means of entering into Nigeria market?

1.Exporting	2.Joint Venture	3.Contracting Manufacturing	4.Licensing	5.Franchising	6.Direct Investment

If none of the above; Please specify

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Thank you for your wonderful time spending.