

**A HISTORY OF MULTINATIONAL CORPORATIONS
AND DEVELOPMENT IN NIGERIA**

BY

**Ogeckukwu Vera NWEKE
ART1900882**

**DEPARTMENT OF HISTORY AND INTERNATIONAL STUDIES
FACULTY OF ARTS,
UNIVERSITY OF BENIN,
BENIN CITY, NIGERIA**

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**A PROJECT WORK SUBMITTED TO THE DEPARTMENT OF
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FOR THE AWARD OF THE BACHELOR OF ARTS (B.A)
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BENIN CITY.**

APRIL 2024

CERTIFICATION

I, **Ogeckukwu Vera NWEKE**, with Matriculation Number **ART1900882**, do hereby certify that, apart from the references made to other persons' works, which have been duly credited, this entire project work is the product of my personal research and that this project has neither in whole nor in part been presented elsewhere for any other degree.

Ogeckukwu Vera NWEKE
ART1900882

DATE

APPROVAL

This is to certify that this research work was undertaken and completed by **Ogeckukwu Vera NWEKE**, with Matriculation Number **ART1900882**, in partial fulfilment of the requirements for the award of the Bachelor of Arts (B.A) Honours degree in History, University of Benin, Benin City, under my supervision

DR E. TOBY
PROJECT SUPERVISOR

DATE

DR. FRANK IKPONWOSA
HEAD OF DEPARTMENT

DATE

DEDICATION

I dedicate this undergraduate long essay to God Almighty who is the author and finisher of my life and one who has been with me from the inception of my program.

ACKNOWLEDGEMENT

I want to start by acknowledging God almighty for his immense doings, great comforter and blessing upon my family and my life.

I also want to thank my supervisor, Dr. E. Toby, with his patience, who has made a part to support me through shaping this work.

I also want to acknowledge my family, Late Augustine Nweke family, for their immense support guidance and great motivation, most especially my dad, Mr. Augustine who passed on through my journey but as giving me a great support and encouragement while still alive and to my mum, Mrs Clara, a wonderful strong backbone that as been my strength since my knowledge acquisition.

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CHAPTER ONE

BACKGROUND TO THE STUDY

Introduction

A multinational corporation is a company that has subsidiaries in several countries. Their decentralized structure as well as their sheers size, often allow them to work without government constraints which small regional or national companies must observe.

A multinational corporation may be defined as an enterprise having a home in one country, together with related facilities in the other countries. It could also be a business enterprise organization in one society with activities abroad growing out of direct investment. Typically, and multinational corporations consist of the parent company and wholly or partially owned subsidiaries located aboard. According to United Nations Conference on Trade and Development (UNCTAD) defines multinational corporation as "enterprises which own or control production or service facilities outside the country in which they are based." UNCTAD often focuses on the role of MNCs in global trade and development.¹ The World Bank defines MNCs as "a corporation that has its facilities and other assets in at least one country other than its home country. Such companies have offices and/or factories in different countries and usually have a centralized head office where they coordinate global management."²

Another definition from the perspective of the International Labor Organization (ILO) views MNCs in the context of labor and employment, emphasizing their impact on working conditions, wages, and labor standards across borders. They define MNCs as "firms that

own or control production or service facilities in two or more countries other than their home countries."³ Investopedia defines MNCs as "corporations that operate in more than one country. These entities have offices and/or factories in different countries and usually have a centralized head office where they coordinate global management." While Academic researchers often study MNCs from various angles, including economics, management, and international business. Their definitions may incorporate aspects such as market presence, foreign direct investment (FDI), organizational structure, and strategic decision-making.⁴ Examples of Multinational companies are MTN, Shell, PZ Cussons, Coca-Cola, Unilever, Cadbury, and others now dominate Nigeria's economic landscape. They can also be seen as Non-State Actors in the International environment because their presence and existence greatly influence the foreign policy making as well as the domestic policies of the country by its government.

A case study of MTN which stands for "Mobile Telephone Networks" is a multinational telecommunications company based in South Africa, known for its extensive operations in Africa and the Middle East. The need for the creation of MTN was the invention of GSM in the late 20th century and the need for a global communication service as to the popular demand for a means to communicate wirelessly with in different locations. MTN Group Limited, formerly known as M-Cell, is a South African multinational business and mobile telecommunications carrier headquartered in Johannesburg. MTN Nigeria won one of three new 15year licenses in an open auction procedure in 2001,⁵ as part of the World Bank-supported deregulation of the telecoms market. MTN Nigeria, a part of the MTN Group

and Africa's top mobile telecommunications business, was founded in 2000. In 2001, the business obtained GSM 900MHz and GSM 1,800MHz licenses in Nigeria, allowing it to provide mobile services. Following the Nigerian GSM auction conducted by the NCC in 2001, MTN Nigeria made the first GSM call and subsequently began full commercial operations in Lagos, Abuja, and Port Harcourt. The company's subscriber base increased from more than one million in 2003 to more than 50 million by 2013, and about 67 million by December 2018. In 2006, MTN Nigeria received a Unified Access Service License to offer fixed, mobile, and international gateway services. The company also secured a 2GHz spectrum license in 2007 to deliver 3G services.⁶ MTN Nigeria invested N864 billion in capital expenditure in Nigeria, Benin City, Edo State inclusive during the past five years, improving its telecommunications infrastructure.

In the aspect of multinational corporation (MNCs) development of their host countries, MTN Nigeria is not left behind because it has contributed greatly to its host country (Nigeria) as well as Benin Metropolis. MTN is involved in various CSR activities in Benin City. These initiatives focus on education, healthcare, and community development projects, contributing to the overall well-being of the local population. For instance, MTN's foundation has funded educational programs and healthcare services, improving access to essential services. By expanding access to mobile and internet services, MTN has played a crucial role in promoting digital inclusion. This has enabled more people in Benin City to access information, engage in e-commerce, and benefit from digital financial services, which are essential for economic participation and empowerment.⁷

MTN offers training and skill development programs aimed at empowering the youth and other segments of the population with the necessary skills to thrive in the digital economy. These programs cover areas such as ICT, entrepreneurship, and vocational training. Through its educational initiatives, MTN provides scholarships and grants to deserving students, helping to improve educational outcomes and support the development of a skilled workforce in Benin City. MTN has supported various healthcare projects, including the provision of medical supplies and the funding of health campaigns. These efforts have contributed to better health outcomes for residents of Benin City. Therefore, it is on this base, that this study will seek to examine the impact and various roles played by MTN in Benin City, Nigeria.⁸

AIM AND OBJECTIVES OF THE STUDY

The main aim of this study is to critically look into the history of multinational corporation in their host nations and specifically their aims of being in Nigeria using shells as the main context of this project. To also know if their existence has positive or negative impact on the development of the host country. While the specific objectives of the study are:

- i. To determine the historical evolution of MTN as a multinational corporation (MNCs) in Benin City, Nigeria,
- ii. To identify and discuss the operational structure of MTN Nigeria.
- iii. To assess the impact and contributions of MTN in the development of Nigeria.
- iv. To identify the challenges of MNCs in Nigeria

SCOPE OF THE STUDY

The scope of this research work covers the understanding of the conceptual framework of multinational corporation, the historical and operational structure of MTN Nigeria and its impacts in Nigeria's Development from 2001 till present day.

METHODOLOGY

This work will adopt the historical research method in its data collection and analysis. It will adopt both primary and secondary sources of data collection.

For primary sources, effort made to extract information and archive from MTN head office in Benin city was to no possibility as information or document are directed to Lagos the main headquarters. While for,

secondary sources: books, journals, articles, outline publications and unpublished works will be employed. In the aspect of data analysis, both the quantitative and qualitative method of data analysis will be employed. In order to source for material, places like University of Benin Library and its subsidiaries and also online researches such as MTN websites, was visited for data collection. The work will also employ the Chicago manual method of citation and referencing.

LITERATURE REVIEW

Nigeria has played host to multinational corporations long before independence till date. The number and activities of these multinational corporations have grown over time as Nigeria struggles to develop socio-economically as a nation. According to A. Odigwe Nwaokocha's article in "Themes in International Studies and Diplomacy", University of Benin, Benin City. Multinational Corporations (MNCS) or Transnational Corporations (TNCs) are organization or business such as Royal Dutch shelf, Chevron, Coca-cola, Microsoft etc. These are large business conglomerates, which not only wield financial power, but also capable of influencing policies on a global stage.⁹ Multinational companies now dominate Nigeria's economic landscape. Most of these corporations have been fingered on several occasions playing active roles in the under development of Nigeria.

In the Impact of Multinational Oil Corporation on the Nigerian economy: An empirical analysis, an article by N.B. Akanegbu. The article identify the origin of multinational enterprises dates back to the early fifteenth and sixteenth centuries, when European business companies started moving to various parts of the globe, since the mid-1970s, multinational corporations have rapidly expanded business activities on a worldwide basis through foreign direct investment.¹⁰ For example, the British East India Company (1599-1858) and the Hudson's Bay Co. and the Royal African Co. were also created in the same way by British merchants with the objective of trading with America and Africa respectively.¹¹ These were the predecessors of the modern multinational corporations.

Since World War II, the dimensions of multinational corporations have grown and spread with phenomenal speed.

According to B. Kogut and U. Zander, article in "Knowledge of the firm and the evolutionary theory of the multinational corporation". Firms are social communities that specialize in the creation and internal transfer of knowledge.¹² The multinational corporation arises not out of the failure of markets for the buying and selling of knowledge, but out of its superior efficiency as an organizational vehicle by which to transfer this knowledge across borders. J. Eluka and others, in their article saw multinational corporations as those powerful conglomerates that came into being in developing country after the abolition of slave trade. Most of these corporation have been figured on several occasions playing active roles in the development of these developing countries."¹³

In Corporate Social Responsibility, Multinational Corporations and the Law in Nigeria, Controlling Multinationals in Host states, an article by Olufemi O. Amao. The article argues that while corporate social responsibility practice by MNCS (multinational corporation) is becoming well entrenched, this development cannot replace the need for effective host state regulation. According to Ismail Bello and others, in "Multinational Corporations and Nigeria's Educational Development: An International Development Perspectives" multinational corporations are important players in the global economy, they are important players in the development of society and this is due to their economic clout. The perception among most dwellers of developing countries of multinational corporations

(MNC) is that of exploiters which have no tangible benefit to the society where they operate compared to the profit they make."¹⁴

According to Osuagwu and Ezie's article in "Multinational corporations and the Nigerian economy", in Business and Social Sciences. To meet the growing demands in the foreign countries, the firm considers other options such as licensing or foreign direct investment which are critical steps. Some continue with export even when they have settled for the foreign direct investment option. Every step takes strategic planning and is motivated by profit through sales growth. The idea of multinational corporations has been around for centuries but in the second half of the twentieth century multinational corporations have become very important enterprises.¹⁵

MTN Nigeria according to MTN Nigeria "Our History", MTN Nigeria launched its operations in Nigeria on May 16, 2001, with the first call made from Maritime House, Apapa, Lagos. MTN quickly expanded its services across the country, including Benin City, Edo State. By the early 2000s, MTN had established a significant presence in various regions, ensuring widespread connectivity and network coverage.¹⁶ In Benin City, as part of MTN's strategic expansion, the company focused on enhancing telecommunications infrastructure, providing reliable mobile services, and supporting community development through various initiatives. MTN's commitment to expanding its network to both urban and rural areas contributed significantly to the growth of telecommunication services in Edo State.

According to “Reports on Telecommunication Subscribers” a report by the Nigeria Bureau of Statistics. MTN Group Limited, formerly known as M-Cell, is a South African multinational business and mobile telecommunications carrier headquartered in Johannesburg. MTN Nigeria won one of three new 15-year licenses in an open auction procedure in 2001, as part of the World Bank-supported deregulation of the telecoms market. MTN Nigeria, a part of the MTN Group and Africa's top mobile telecommunications business, was founded in 2000. In 2001, the business obtained GSM 900MHz and GSM 1,800MHz licenses in Nigeria, allowing it to provide mobile services. Following the Nigerian GSM auction conducted by the NCC in 2001, MTN Nigeria made the first GSM call and subsequently began full commercial operations in Lagos, Abuja, and Port Harcourt. The company's subscriber base increased from more than one million in 2003 to more than 50 million by 2013, and about 67 million by December 2018. In 2006, MTN Nigeria received a Unified Access Service Licence to offer fixed, mobile, and international gateway services. The company also secured a 2GHz spectrum licence in 2007 to deliver 3G services. MTN Nigeria invested N864 billion in capital expenditure in Nigeria during the past five years, improving its telecommunications infrastructure.¹⁷

According to M. Wilczynski in “Effect of multinational corporation on development of an Africa economy: The case of Nigeria” first published in 2016, developing nations attracts multinational subsidiary operations due to a number factors such as cheap labour, low taxation and less vigilance concerning workers rights and environmental protection. Multinational corporation have made to contribute to the social security net (i.e. welfare,

unemployment insurance, e.t.c) other factors including low pay for woman workers, child labour, and the absence of labour unions, also combine to make the third world ripe for exploitation. The presence of multination in these countries improves overall living standards.¹⁸

In the aspect of Economic Impact, according to “MTN Group in Our Story” Economic impact in the area of job creation, MTN has generated direct and indirect employment opportunities in Benin City. This includes jobs within the company and those created through partnerships with local businesses for services like distribution, retail, and technical support etc.¹⁹ Also, MTN has invested heavily in telecommunications infrastructure, enhancing network coverage and quality in Benin City. This investment has facilitated better connectivity, contributing to business growth and improved communication channels for residents.

MTN has enhance Technological Impact as its investment in advanced technologies such as 4G and 5G networks has significantly improved connectivity in Benin City. This has not only boosted personal communication but also supported local businesses in adopting digital tools and platforms, thus driving innovation and efficiency. MTN also provides various business solutions and services tailored for small and medium-sized enterprises (SMEs). These services help local businesses to operate more efficiently, expand their reach, and compete more effectively in the market.²⁰

ORGANIZATION OF CHAPTERS

This research is divided into five chapters as follows:

CHAPTER ONE: BACKGROUND TO THE STUDY

This is the introductory part of this research comprising of the Introduction, aim and objectives, significance of the study, scope of the study, methodology, limitation, definition of terms and a chapter-by-chapter breakdown of the study.

CHAPTER TWO: HISTORICAL BACKGROUND OF MTN NIGERIA AND ITS ADMINISTRATION STRUCTURE.

Chapter two attempt an enquiry into the historical origin of MTN and its administrative structure in Nigeria.

CHAPTER THREE: THE IMPACT OF MTN NIGERIA IN BENIN CITY, NIGERIA.

This chapter discusses the impacts of MTN Nigeria in communities Benin City, Nigeria.

CHAPTER FOUR: CHALLENGES OF MTN NIGERIA IN BENIN CITY, NIGERIA.

This chapter discusses the challenges faced by MTN in Benin City.

CHAPTER FIVE: CONCLUSION

This chapter is the concluding part of this research. It summarizes the entire study and maintained that the role of Multinational Corporation and community development in Nigeria using MTN Nigeria.

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CHAPTER TWO

HISTORICAL BACKGROUND AND ADMINISTRATION STRUCTURE OF MTN NIGERIA

INTRODUCTION

MTN Group Limited, formerly known as M-Cell, is a South African multinational business and mobile telecommunications carrier headquartered in Johannesburg. MTN Nigeria won one of three new 15year licenses in an open auction procedure in 2001,¹ as part of the World Bank-supported deregulation of the telecoms market. MTN Nigeria, a part of the MTN Group and Africa's top mobile telecommunications business, was founded in 2000. In 2001, the business obtained GSM 900MHz and GSM 1,800MHz licenses in Nigeria, allowing it to provide mobile services. Following the Nigerian GSM auction conducted by the NCC in 2001, MTN Nigeria made the first GSM call and subsequently began full commercial operations in Lagos, Abuja, and Port Harcourt. The company's subscriber base increased from more than one million in 2003 to more than 50 million by 2013, and about 67 million by December 2018. In 2006, MTN Nigeria received a Unified Access Service Licence to offer fixed, mobile, and international gateway services. The company also secured a 2GHz spectrum licence in 2007 to deliver 3G services and subsequently, it has improved its services from 4G to 5G respectively. MTN Nigeria invested above N864 billion in capital expenditure in Nigeria during the past five years, improving its telecommunications infrastructure.²

HISTORICAL BACKGROUND OF MTN NIGERIA

MTN (Mobile Telephone Networks) is a multinational telecommunications company with a significant presence in Africa and the Middle East. MTN was founded in 1994 in South Africa. The company was established as a consortium of local and international investors, including Johnnic Holdings and Transtel, among others. The company was granted a cellular license by the South African government, marking the beginning of its operations. In the Late 1990s - Early 2000s, MTN began expanding beyond South Africa, entering several other African countries, including Uganda, Rwanda, Swaziland, and Nigeria.³

MTN Nigeria is a subsidiary of the South Africa-based multinational mobile telecommunications company MTN Group. MTN Nigeria has grown to become one of the largest telecommunications companies in Nigeria and a significant player in the African telecoms industry. MTN Nigeria was incorporated on November 8, 2000, after the MTN Group won one of the four GSM licenses auctioned by the Nigerian Communications Commission (NCC). This license allowed MTN to operate in Nigeria, marking the company's entry into the Nigerian telecommunications market. MTN Nigeria commenced full commercial operations on May 16, 2001. It was the first GSM network to make a call following the globally lauded Nigerian GSM auction conducted by the NCC.⁴

From its launch, MTN Nigeria focused on rapidly expanding its network coverage across the country. By the end of 2001, the company had built extensive infrastructure and established its services in key cities. MTN initially offered basic voice services but quickly expanded to include value-added services like SMS, internet services, and later, mobile

banking and other digital services. MTN Nigeria quickly became the market leader in the Nigerian telecommunications industry. By 2004, it had grown its subscriber base significantly, overtaking other competitors. The company introduced various innovations, including enhanced mobile internet services and the introduction of MTN Mobile Money in 2010, which significantly boosted financial inclusion in Nigeria.⁵

MTN Nigeria faced several regulatory challenges, including a significant fine in 2015 by the NCC for failing to disconnect unregistered SIM cards. The initial fine of \$5.2 billion was later reduced to \$1.7 billion after negotiations. Despite these challenges, MTN continued to expand its services and improve its network infrastructure to maintain its leadership position. One of the significant milestones in recent years was MTN Nigeria's listing on the Nigerian Stock Exchange (NSE) in May 2019. This move was part of a settlement agreement with the Nigerian authorities and allowed Nigerians to own shares in the company.⁶ MTN Nigeria has been at the forefront of introducing advanced technologies in the country. The company launched its 4G LTE services in 2016 and is currently working on rolling out 5G services, following the allocation of 5G spectrum by the NCC which significantly enhanced mobile internet access and speeds in its operating regions.

ADMINISTRATIONAL STRUCTURE OF MTN NIGERIA

MTN Group, including its subsidiary MTN Nigeria, operates with a structured administrative hierarchy to ensure effective management and operational efficiency. The administration of MTN is designed to support its large-scale operations across multiple

countries, with a clear delineation of roles and responsibilities from the group level down to the local operations. MTN emphasizes strong corporate governance practices and compliance with local and international regulations. Regular audits and risk assessments are conducted to ensure transparency and accountability. The company has a robust ethics and compliance program to uphold its corporate values and standards.⁷

Board of Directors

The Board of Directors at MTN Nigeria is responsible for providing strategic direction and oversight to the company. The board is led by the Chairman, Ernest Ndukwe, and includes both executive and non-executive directors.⁸ Key members include:

Ernest Ndukwe	-	Chairman
Karl Toriola	-	Chief Executive Officer (CEO)
Ralph Mupita	-	Non-Executive Director
Modupe Kadri	-	Executive Director/Chief Financial Officer (CFO)
Rhidwaan Gasant	-	Independent Non-Executive Director
Omobola Johnson	-	Non-Executive Director
A.B. Mahmoud	-	SAN Non-Executive Director
Tsholofelo Molefe	-	Non-Executive Director

Executive Committee

The Executive Committee (Exco) is responsible for the day-to-day management of MTN Nigeria.⁹ Key members of the Exco include:

Karl Toriola	-	Chief Executive Officer (CEO)
Hassan Jaber	-	Chief Operating Officer (COO)
Modupe Kadri	-	Chief Financial Officer (CFO)
Tobechukwu Okigbo	-	Chief Corporate Services Officer (CCSO)
Esther Akinnukawe	-	Chief Human Resources Officer (CHRO)
Adia Sowho	-	Chief Marketing Officer (CMO)
Mohammed Rufai	-	Chief Technical Officer (CTO)
Shoyinka Shodunke	-	Chief Information Officer (CIO)
Ugonwa Nwoye	-	Chief Customer Relations Officer (CCRO)
Lynda Saint-Nwafor	-	Chief Enterprise Business Officer (CEBO)
A'isha Mumuni	-	Chief Digital Officer (CDO)
Oby Ugboma	-	Chief Risk & Compliance Officer (CRCO)
Sina Adegoke	-	Chief Sales and Distribution Officer (CSDO)
Uto Ukpanah	-	Company Secretary

Regional Vice Presidents: Oversee operations in specific geographic regions, ensuring alignment with group strategies and objectives. As well as Report to the Group President and CEO.

Local Operating Companies (OpCos): Each country where MTN operates has a local operating company with its own administrative structure. And Headed by a Chief Executive Officer (CEO) who reports to the regional Vice President.¹⁰

Functions of the Committees

1. **Board of Directors:** The highest governing body responsible for strategic direction and oversight. Comprises both executive and non-executive directors, ensuring a balance of leadership and independent judgment. Key committees include the Audit and Risk Committee, Remuneration Committee, and Social and Ethics Committee. Similar to the group structure, MTN Nigeria has its own board for localized governance. Includes executive and non-executive directors, with some members representing MTN Group and others being independent directors.¹¹
2. **Group President and CEO:** The chief executive responsible for overall management and performance of the MTN Group. Reports to the Board of Directors. Supported by the Group Executive Committee (Exco).
Executive Management Team: Led by the CEO of MTN Nigeria. Includes Chief Operating Officer (COO), Chief Financial Officer (CFO), Chief Marketing Officer (CMO), Chief Technology Officer (CTO), and other senior executives responsible for specific functional areas.
3. **Group Executive Committee (Exco):** Consists of senior executives who oversee various functional areas such as finance, operations, technology, marketing, and

human resources. Key members include the Chief Financial Officer (CFO), Chief Technology and Information Officer (CTIO), Chief Human Resources Officer (CHRO), and regional Vice Presidents.¹²

Functional Departments

Audit Committee: Ensures the integrity of financial reporting and audit processes.

Corporate Services: Includes administration, procurement, and facility management.

Finance: Manages financial planning, budgeting, and reporting.

Human Resources: Manages recruitment, employee development, and organizational culture.

Legal and Regulatory Affairs: Ensures compliance with local regulations and manages legal risks.

Marketing and Sales: Focuses on market strategy, customer acquisition, and retention.

Remuneration and Human Resources Committee: Manages policies related to compensation and human resources.

Risk Management and Compliance Committee: Oversees risk management strategies and compliance with laws and regulations.

Social and Ethics Committee: Focuses on corporate social responsibility, ethics, and sustainability initiatives

Technology: Oversees network infrastructure, IT systems, and technology innovations.¹³

Conclusion

MTN Nigeria is a subsidiary of the MTN Group, a multinational telecommunications company headquartered in South Africa. MTN Group was founded in 1994 and launched its operations in Nigeria in 2001 after acquiring one of the GSM licenses auctioned by the Nigerian government. Since then, MTN Nigeria has grown to become one of the leading telecommunications providers in the country, offering a wide range of services including voice, data, and digital services. Its structure from the Chief Executive Officer (CEO) who serves as the highest-ranking executive responsible for providing strategic leadership and direction to MTN Nigeria with functions include setting corporate goals, driving growth initiatives, and representing the company in external engagements.¹⁴ The Executive Committee (Exco) comprising senior executives from various departments, the Exco oversees the day-to-day operations and strategic decision-making of MTN Nigeria, functions include formulating and implementing business strategies, monitoring performance metrics, and managing key stakeholder relationships.

The Corporate Affairs and Government Relations department manages interactions with government agencies, regulatory compliance, and public relations activities as the functions include lobbying for favorable regulatory policies, engaging with government stakeholders, and promoting MTN Nigeria's image and reputation. The Finance and Accounting department with sole responsible for financial planning, budgeting, accounting, and treasury functions include financial reporting, capital allocation, risk management, and ensuring compliance with accounting standards and regulations. Other

body that manages recruitment, training, performance management, and employee relations. Ensures compliance with laws and regulations governing MTN Nigeria's operations, Oversees the sales strategy, distribution channels, and customer acquisition efforts. Develops and executes marketing campaigns, brand management, and product launches to drive customer acquisition and retention. Manages the technical infrastructure, network operations, and innovation initiatives to ensure reliable and innovative services. Focuses on improving customer satisfaction, handling complaints, and enhancing the overall customer experience. Identifies and mitigates risks across various aspects of the business and ensures compliance with internal policies and external regulations. The company has a robust ethics and compliance program to uphold its corporate values and standards.¹⁵

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CHAPTER THREE

THE IMPACT OF MTN NIGERIA IN BENIN CITY, NIGERIA

Introduction

According to G.O. Osuagwu and O. Ezie in “*Multinational Corporations and the Nigerian Economy*,” article of Business and Social Sciences describes Multinational corporations benefit to host countries' economies in a variety of ways, including facilitating the global distribution of goods and services, increasing employment opportunities, particularly for the world's poorest people, fostering significant economic growth through foreign direct investment, and contributing to the generation and application of valuable knowledge through research and development and global adoption of technological advancement. These firms also increase investment and income in host countries, contribute to the improvement of their local surroundings, provide access to high-quality managerial expertise, improve the balance of payments of host countries by increasing exports and decreasing imports, and help to standardize the costs of production factors. Furthermore, they promote domestic production, enhance efficiency and effectiveness in the manufacturing process, and evoke favourable responses from local enterprises. Many renowned Nigerian entrepreneurs, for example, began their careers with global organizations, where they gained crucial skills and information that helped them launch their businesses.² Also, A.S. Bakare demonstrates the impact of MNCs in Nigeria in “*Multinational Direct Investment and Economic Growth in Nigeria: An Empirical Study*”. The Article identifies that international firms contribute to the growth and development of

nations such as Nigeria. These businesses have the ability to increase actual output and make direct investments in the creation of tangible items inside the economy. Their presence in host countries reduces the need for imports and fosters increased competition, leading to more efficient allocation of production resources.³

MTN Nigeria is not left out as a Multinational Corporation as it has impacted its host country, Nigeria and its localities which includes Benin City in global system for mobile communications (GSM) since 2001 resulted in considerable changes in telecommunications sectors. MTN Nigeria launched its operations in Nigeria on May 16, 2001, with the first call made from Maritime House, Apapa, Lagos. MTN quickly expanded its services across the country, including Benin City, Edo State. By the early 2000s, MTN had established a significant presence in various regions, ensuring widespread connectivity and network coverage.⁴

In Benin City, as part of MTN's strategic expansion, the company focused on enhancing telecommunications infrastructure, providing reliable mobile services, and supporting community development through various initiatives. MTN's commitment to expanding its network to both urban and rural areas contributed significantly to the growth of telecommunication services in Edo State. MTN Nigeria has continued to grow and innovate, introducing various products and services to meet the needs of its customers in Benin City and beyond. The company's efforts include the rollout of advanced network technologies, such as 3G and 4G, improving internet access and connectivity in the region.⁵

THE IMPACTS OF MTN NIGERIA

MTN's impact as a multinational corporation in Benin City includes several less visible but highly effective contributions to the local community and economy. These less visible impacts highlight MTN's broader role in fostering sustainable development and improving the quality of life in Benin City. The company has over 1,800 workforces across the country with 99 percent of them being Nigerians. This has translated to the development of a global leadership pipeline with Nigerians serving in managerial roles in other countries like Liberia, Guinea Conakry, Cote d'Ivoire and Benin republic.⁶ The company's contributions extend beyond its immediate business operations, driving positive change in various aspects of the community and economy.

i. Economic Stability and Growth

MTN's operations contribute significantly to local and national government revenues through taxes contributions. These funds support public services and infrastructure projects that benefit the wider community. The presence of a multinational like MTN boost investor confidence in Benin City. It signals a stable business environment, attracting further investments and fostering economic growth. MTN has generated direct and indirect employment opportunities in Benin City.⁷ This includes jobs within the company and those created through partnerships with local businesses for services like distribution, retail, and technical support. MTN has also invested heavily in telecommunications infrastructure, enhancing network coverage and quality in Benin City. This investment has facilitated

better connectivity, contributing to business growth and improved communication channels for residents.⁸

As part of its contribution to Nigeria's financial infrastructure, MTN provides network support to more than 50,000 POS and ATM machines. This support enables the provision of banking services to more people. MTN has enabled 4.3 billion rapid and expedited transactions via USSD and this number is expected to rise as more Nigerians embrace mobile banking.⁹

ii. Technological Advancements

MTN provides various business solutions and services tailored for small and medium-sized enterprises (SMEs). These services help local businesses to operate more efficiently, expand their reach, and compete more effectively in the market. MTN invests in building a robust and resilient telecommunications infrastructure. This includes redundancy measures to ensure continuous service during power outages or natural disasters, which is crucial for emergency services and daily communications.¹⁰ MTN's investment in advanced technologies such as 4G and 5G networks has significantly improved connectivity in Benin City. This has not only boosted personal communication but also supported local businesses in adopting digital tools and platforms, thus driving innovation and efficiency. MTN implements advanced cybersecurity measures to protect user data and privacy. These efforts, though not visible to users, help in maintaining trust and safeguarding personal information against cyber threats.

iii. Social and Educational Impact

MTN is involved in various Corporate Social Responsibility (CSR) Initiatives activities in Benin City. These initiatives focus on education, healthcare, and community development projects, contributing to the overall well-being of the local population. For instance, MTN's foundation has funded educational programs and healthcare services, improving access to essential services. MTN runs programs to enhance digital literacy among various demographics, including women and rural populations. These initiatives empower individuals with the knowledge to use digital tools effectively, thereby improving their livelihoods and access to information.¹¹ By expanding access to mobile and internet services, MTN has played a crucial role in promoting digital inclusion. This has enabled more people in Benin City to access information, engage in e-commerce, and benefit from digital financial services, which are essential for economic participation and empowerment. MTN supports local tech startups and innovation hubs, providing funding, mentorship, and access to markets. This support helps foster a culture of innovation and entrepreneurship in Benin City, driving technological progress and job creation.¹²

iv. Environmental Sustainability

MTN is committed to reducing its environmental footprint through initiatives like energy-efficient network operations and waste reduction programs. These efforts contribute to environmental sustainability, benefiting the community in the long run even if the immediate effects are not directly visible. By expanding access to mobile and internet

services, MTN has played a crucial role in promoting digital inclusion. This has enabled more people in Benin City to access information, engage in e-commerce, and benefit from digital financial services, which are essential for economic participation and empowerment.¹³

Since it began operation in Nigeria, MTN has paid N2.29 trillion in taxes and levies to the federal government of Nigeria. It has also provided N2.81 trillion capital investment. As part of its tax-compliance stance, the company recently announced its plan to reconstruct the Enugu-Onitsha Expressway. This was in response to the federal government's call for an Infrastructure Tax Credit Scheme."¹⁴

v. Community Development

MTN often plays a critical role in disaster response by providing communication support, facilitating emergency services, and contributing to relief efforts. This support helps communities recover more quickly from disasters. Beyond visible healthcare initiatives, MTN contributes to health infrastructure by supporting telemedicine and mobile health services, which improve access to healthcare for underserved populations.¹⁵

MTN has supported various healthcare projects, including the provision of medical supplies and the funding of health campaigns. These efforts have contributed to better health outcomes for residents of Benin City.

vi. Educational and Skill Development

MTN offers training and skill development programs aimed at empowering the youth and other segments of the population with the necessary skills to thrive in the digital economy. These programs cover areas such as ICT, entrepreneurship, and vocational training.¹⁶ Through its educational initiatives, MTN provides scholarships and grants to deserving students, helping to improve educational outcomes and support the development of a skilled workforce in Benin City.

vii. COVID-19 Response

In *“Zero to 70 Million: A Story of MTN Nigeria”*, report according to ThisDay, following the outbreak of the COVID-19 pandemic in 2020, the telecoms company went straight into action activating a N25 billion intervention plan to mitigate the spread of the virus, provide relief materials, access to quality information and support for businesses. N20.3billion of the fund went to customers with over 4bn free SMS sent in 3 months. Also, there were over 1.7m free money transfers by about 100,000 people using the MoMo Agent Network, over 3,000TB free data used to access zero-rated health websites, daily free access to Ayoba messaging app and zero-rated access to educational websites for students and pupils N500million worth of PPE and medical supplies from MTN Foundation went to frontline workers while there was also the provision of toll-free lines (3 months) to support consultations for high-risk patients and on-call doctors. MTN also provided a 350kva generator to the NCDC Abuja Isolation centre. The company donated N1billion to the CACOVID fund and N10million to the Lekki Foodbank. As part of its COVID-19

response, N500million in airtime, devices, data, and analytics were provided to 36 state governments and FCT while N9.2million worth of data and airtime was provided to the Lagos State Government. N3.6 million in data was also provided to the Federal Ministry of Health.¹⁷

Conclusion

According to Nestle Nigeria Plc, in “Equity Research Report (2009) on Nestle Nigeria Plc” on the impact of Multinational Corporation in the Nigerian economy has experienced a number of reforms and restructurings in important areas such as finance, petroleum, and electricity over time. These changes helped the financial industry significantly, since banks and insurance firms were compelled to recapitalize/consolidate in compliance with government rules. The introduction of the global system for mobile communications (GSM) in 2001 resulted in considerable changes in the telecoms sector. Among the structural reforms achieved in recent years are the liberalization of the downstream petroleum industry and the privatization of previously government-owned enterprises. Between 2001 and 2007, the country's gross domestic product (GDP) grew at a compound annual rate of 20.68% in nominal terms. A noteworthy trend in the economy's growth is the increasing contribution of the non-oil sector, particularly the agricultural and telecommunications sectors, to the nation's GDP.¹⁸

A company which only had over one million subscribers in 2003, almost tripled the subscriber base in just three years in 2006. In 2013, it recorded over 50 million subscribers

and even acquired one of its competitors; Visafone in 2016 and at the same year resolved the NCC fine and currently has over 76 million active subscribers. During this period, several product and services have been upgraded and/or added to its fleet of existing services.¹⁹

Beyond the visible infrastructure, MTN's impact includes significant community investment through the MTN Foundation, which has funded various projects in health, education, and economic empowerment. For example, MTN has supported local schools with learning materials and provided healthcare facilities with essential equipment. These efforts have improved the quality of life for many residents in Edo State. MTN's contributions also extend to fintech services, where it has enabled financial inclusion through mobile money services, allowing residents to perform transactions conveniently. This has been particularly beneficial in rural areas where traditional banking services are less accessible. It is on record that MTN Nigeria has remained the number one player in Nigerian telecoms market since launch in 2001.

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CHAPTER FOUR

CHALLENGES OF MTN NIGERIA AS A MULTINATIONAL CORPORATION

Introduction

According to “Ethnic Relations and Politics in Nigeria.” by M.A. Adebisi, the challenges of MNCs by the Host state shows that multinational firms has been the subject of a substantial body of writing, many of which have been written by academics from developing countries like Nigeria. These endeavours seek to clarify the functions and undertakings of transnational corporations, including definitions and their overall influence on the host nations, which might be beneficial or bad.¹ These effects cover a wide range of topics, such as the creation of job possibilities, advancements in technology and infrastructure, economic empowerment, and social and political influence. However, an article on “Effect of Multinational Corporation on Local Economy” by O. Afolabi indicates that there are obstacles involved in establishing a global corporation abroad. Predicting and comprehending these obstacles beforehand can have a big impact on the final result, making the difference between the venture's success and failure. Operating in Nigeria presents a number of hurdles for multinational CEOs, which may be broadly described as follows: poor economic conditions; inadequate infrastructure; problems with human resources; security risks; and cultural concerns.² There are so many variables that influence business operation in a country and those range from the regulatory, political/social, and economic factors. MTN Global being a multinational company is even more prone to be affected by these same variables affected by business enterprise in the country.

CHALLENGES OF MTN NIGERIA

The challenges of MTN Nigeria as a Multinational Corporation includes the following:

Economic Challenges:

Nigeria is a country which owes majority of its foreign reserve on revenues from oil proceeds. Concurrently, the oil price has plummeted severally and that has hugely affected the stability of the currency's exchange rate. The company is always in a constant dilemma of dealing with

the unstable exchange rate in its business operation.³ This volatility explains in part why Nigeria ranks 96th of 102 on the World Justice Project's Rule of Law Index last year and 169th of 189 in the World Bank's Ease of Doing Business index for 2015. The fact that Nigeria has been on a downward trajectory in the historical data of Nigeria Foreign Direct Investment since 2011 does not particularly help the multinational companies in the country as it does not encourage more investment portfolio or potential foreign investors into the country.⁴ These have been aided due to poor government economic policies and numerous borrowings of the present government rather than encouraging investments.

Regulatory and Operational Challenges:

Building and maintaining the telecommunications infrastructure in Nigeria can be challenging due to logistical issues, high costs, and sometimes inadequate power supply. These factors can lead to service disruptions and increased operational costs.

MTN has faced various regulatory challenges, including significant fines and disputes with governments in markets like Nigeria. Despite these challenges, MTN has demonstrated resilience and continued to invest in its operations. MTN Nigeria has faced significant fines from regulatory bodies. A notable example is the \$5.2 billion fine imposed by the Nigerian Communications Commission (NCC) in 2015 for failing to deactivate unregistered SIM cards. The fine was later reduced to \$1.7 billion, but it still had a substantial financial impact on the company.⁵ Navigating the complex regulatory environment in Nigeria can be challenging. MTN has to comply with numerous regulations related to telecommunications, financial services (due to its mobile money operations), and data protection, which require substantial resources and careful management. Regulatory requirements, such as the mandatory National Identification Number (NIN) for SIM card registration, have created operational hurdles. Compliance with these regulations has led to increased administrative costs and the need for significant system upgrades to handle the new requirements.⁶

Operating in various regions of Nigeria, including those affected by security issues such as insurgency and banditry, poses risks to both personnel and infrastructure. These security challenges can disrupt operations and necessitate additional investments in security measures.

Economic Reforms and Market Challenges:

Nigeria's economic volatility and fluctuating currency rates pose significant challenges for MTN. Exchange rate instability affects the company's profitability, especially given that many of its expenses and debts are in foreign currencies. MTN faces intense competition from other telecommunications providers such as Airtel, Glo, and 9mobile. This competitive environment pressures MTN to continuously innovate and improve its services to maintain and grow its market share. The removal of fuel subsidies and other economic reforms have driven up inflation, further straining MTN's operational costs and the purchasing power of its customers. These reforms, while aimed at stabilizing the economy in the long term, present short-term challenges for the company.⁷

Technological and Innovation Challenges:

The telecommunications industry is characterized by rapid technological advancements. MTN needs to continuously invest in upgrading its network infrastructure to keep up with the latest technologies such as 4G and 5G, which requires substantial financial resources and strategic planning. As MTN expands its digital services, including mobile money and fintech solutions, it faces the challenge of integrating these services seamlessly while ensuring robust cybersecurity measures to protect user data and transactions.⁸

The communications network in Nigeria is unreliable; there are difficulties connecting to landlines and cellular services, and there are issues with lost calls, crossed lines, and insufficient coverage. N.P Chigozie in an article “Multinationals as Agents of Imperialism:

A Case Study of Third World Countries”. The Nigerian Communications Commission which oversees the telecommunications sector, fined four cellular service providers for falling short of the required minimum standards of quality service, demonstrating the government's efforts to address these issues.⁹ Even with these efforts, Nigeria's average broadband speed is still quite poor, and the country has some of the highest internet service prices in the world. Only 16% of the nation's land area, mostly metropolitan regions, has internet connectivity. Meeting the growing demand for communication services from clients is made more difficult by flaws in the infrastructure, such as an unstable power supply. This has an immediate impact on the productivity of foreign companies doing business in Nigeria and may raise operating expenses for companies doing business there.¹⁰

Socio-Political Challenges:

As Nigeria remains a hotspot for technological innovations in “science and technology in Africa, this presents an unprecedented opportunity for South African, and the National Retail Federation (NRF) more specifically, to strategically engage with international partners for mutual benefit, innovative resource mobilisation, and a strategic expansion of collaborative frameworks aligned to national priorities and mandates” according to Kooperation International. As much as the country has been a viable ground for business, MTN Nigeria has indeed faced some operational challenges because of some political issues.¹¹ The recent was the Xenophobic attacks of the Nigerian residents in South Africa February 2017 which has an adverse effect on the South African multinational companies’

business operation in Nigeria, in the like of Shoprite and MTN. This portrays how a poor international relationship can adversely affect multinational companies. The company shut down all its outlets across the country over fear of reprisal in February 2017 as well as in April 2019 for the same reason as identified by Xinhua. The ride to success has been bumpy but successful as Nigeria still contributes one-third of their global revenues while they remain active in 20 countries.¹²

Maintaining positive relationships with government entities is crucial for MTN's operations. Any political instability or changes in government policies can impact the regulatory environment and business conditions. MTN is expected to contribute to the socio-economic development of the communities it operates in. Meeting these expectations through corporate social responsibility (CSR) initiatives requires a balanced approach to ensure that such efforts are impactful without straining the company's resources.

Infrastructure and Supply Chain Disruptions:

Broader geopolitical disruptions and macroeconomic instability have compounded the difficulties faced by MTN. Factors such as rising inflation rates and economic downturns have affected consumer spending and increased the cost of doing business. The COVID-19 pandemic and subsequent lockdowns led to supply chain disruptions and increased operational costs due to reduced mobility and economic activities. These disruptions have impacted the timely deployment of network infrastructure and the overall efficiency of operations. The COVID-19 pandemic posed significant challenges but also underscored

the importance of telecommunications. MTN adapted by enhancing its digital services, supporting remote work and education, and contributing to pandemic relief efforts in its markets.¹³

Conclusion

There are so many variables that influence business operation in a country and those range from the regulatory, political/social, and economic factors. MTN Global being a multinational company is even more prone to be affected by these same variables that are obstacles involved in establishing a global corporation abroad. Predicting and comprehending these obstacles beforehand can have a big impact on the final result, making the difference between the venture's success and failure affected by business enterprise in the country.

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CHAPTER FIVE

CONCLUSION

This study examined the impact of Multinational Corporation in Nigeria using MTN as a case study. The study looked into a brief historical origin of MTN Nigeria, the administrative structure which MTN Nigeria is being governed as well as the Impact and Challenges of MTN Nigeria as a Multinational Corporation in Benin City, Edo State. A thorough examination of MTN Nigeria revealed that MTN Nigeria is a brand name of a multinational telecommunication company, operational in Nigeria but originally from South Africa with the sole aim of connecting people by providing reliable and widespread network coverage across Nigeria, it seeks to ensure that both urban and rural areas have access to high-quality voice and data services by investing in extensive infrastructure development.

The telecom giant which only started business in Nigeria in 2001 with business operation in only the major cities in the country, now boast of over 4.000 corporate branches and offices across the nations. These geographical spreads have granted it access to all states of the Federation and have made it a local and special yellow-brand across many communities empowering different households, institutions, and start-ups. MTN Nigeria has had a significant history and impact in Edo State since its inception. MTN Nigeria launched its services on May 16, 2001, and rapidly expanded its network across the country, including Edo State. The company has built extensive infrastructure to support its

operations, including numerous cell sites and fiber optics, enabling widespread connectivity.

In Edo State, MTN has played a crucial role in enhancing communication and internet accessibility. This expansion has facilitated better business operations, improved educational resources through digital platforms, and enhanced personal communication. MTN's presence in Benin City and other parts of Edo State has contributed to the economic and social development of the region. One of the visible impacts is the establishment of numerous MTN service centers and stores across the state, ensuring that residents have access to customer support and services. For instance, MTN stores in Benin City provide services like SIM registration, mobile money (MoMo) services, and other customer support activities.

Furthermore, by providing robust telecommunications infrastructure, MTN supports economic activities and growth. The company's investments in technology and services facilitate business operations, education, healthcare, and other critical sectors, contributing to the overall development of the Nigerian economy. MTN is dedicated to contributing to community development through various CSR initiatives. These initiatives focus on education, healthcare, and empowerment programs, aiming to improve the quality of life for Nigerians and support sustainable development.

Indications that MTN Nigeria has carried out several humanitarian supports and promoted the economy of Nigeria since it began operation in Nigeria, MTN has paid N2.29 trillion in taxes and levies to the federal government of Nigeria. It has also provided N2.81 trillion

capital investment. As part of its contribution to Nigeria's financial infrastructure, MTN provides network support to more than 50,000 POS and ATM machines. This support enables the provision of banking services to more people. MTN has enabled 4.3 billion rapid and expedited transactions via USSD and this number is expected to rise as more Nigerians embrace mobile banking.

From the findings of this work, it can be concluded that multinational corporations have done great good in their host countries towards the aspect of social responsibility development, which MTN Nigeria has been massively involved in developing their host country where they operate. Despite the immense developments done by multinational corporation, there still exist some short coming which is important for multinational corporation host countries to created government policies so as to regulate the activities of multinational corporation in order to bring about efficiency.

Findings further shows that in 20 years, MTN has been recognised as one of the best companies in Nigeria. As recently as 2020, the company has been recognised as the Brand of the Year by marketing Edge, Most Responsive Organisation to the Covid-19 crisis at the Nigeria Risks Award and Employer of the year (platinum Category) by Investors in People Award. It was also recognised as one of the 100companies in the world that helped citizens get through the COVID pandemic. MTN has risen to become the biggest telecommunications company in Nigeria by market share, subscribers, and reach. This is thanks to its focus on people and centering their needs to provide access to communications. It has also become one of the biggest investors in people, infrastructure, and the economy.

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