

# **RATIONALIZING BUSINESS HISTORY: THE NIGERIAN CONTEXT**

by:

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Firstly, the article briefly defines what is meant by history and the duty of the historian. The second; the concept of Business History is easily appreciated. While the third segment deals with a brief history of businesses. Finally, after conceptualizing business history; the article uses and relates them to the Nigerian state experience, elucidating the evolution of business ethics, management, administration, strategies and policies in Europe; and how it spread to, and influence specifically, Nigerian business terrain. This spread was galvanized through the instrumentality of imperialism, colonialism and neo-colonialism; dictating Nigerian experiences in the business sector as presently constituted. The article chronicles the evolution of some of the major corporations and companies that are principal in the Nigerian economy. It will highlight the fact that transnational corporations which originated from outside of Nigeria, was taken over at independence by the newly independent Nigerian Government and formed the basis for the modern development of different sectors of the Nigerian economy which include insurance, banking, housing etc. Finally, the article will discuss how these trends, which are influenced originally by foreign agents, stood as a platform for building upon by policies, institutionalization and promulgation of decrees that led to the present day entrepreneurship in Nigeria.

# THE BUSINESS OF HISTORY

This work is not set out to deal specifically on the meaning and definition of history. Better authors and history professionals have done justice to that. However since the subject matter (Business History) by nature has assumed a multidisciplinary stance, it is only fair that for the sake of those who are not natural historians, there should be a brief lines allocated for the definition of history; a necessary step to understanding business history, and ultimately facilitate easy understanding when Nigerian Business History is discussed.

There may be variations to defining history, but there is a general consensus that history deals with the past of everything be it tangible or conceptual. The word history has its origin in the Greek word "*historia*" which means an account of one's inquiries"<sup>1</sup> History is enquiring into the past; it is the past and everything that happened in the past. The quest to reconstruct the past and the zeal to comprehend and give an acceptable explanation to present events with a view of charting a new course for the future is the ultimate goal of the historian.

# WHAT THEN IS BUSINESS HISTORY?

This article attempts to define business history from a holistic perspective, rather than a discipline perspective. For student of social and economic history, professionals in the conduct of business policies and participants in the formative process, business history is arguably one of the most important transformation that has taken place in the arts and crafts of conducting historical enquiry. This is more so, in an era when economic factors has become sublime, and interest in the rise and fall of political empires is gaining less importance. The role of key actors in the business, accounting, commerce and trade within and between nation (states) like the Nigerian economy and its development, is not only a critical phenomenon but also an appreciated one. The national education policy of any country that seeks economic vibrancy must emphasize the study and teaching of business education as well as management science in their tertiary institutions. In the quest of achieving this lofty goal, it is increasingly becoming clear that the attainment of business education is not complete without a complementary effort and import of 'Business History'.

Earlier, business history has been studied through the prism of economics as well as economic history. Business history is a variety of economic history. It came to be more researched as a fragment of economic history known as 'business history' as particular aspects as finance, transport, town, individual and corporate business firms started to spill out from economic history. From the 1960s, business history as a sub field of economic history was taught in economics departments in the United States. According to T. C. Barker, this appealed to economic historians in Britain who had been trained primarily as economists, but not to those whose background was in history.<sup>5</sup> From 1925, the first dean of the Harvard Business School, Edwin Gay, who trained as an economic historian, initiated the move of Business being studied through the prism of history, by providing an atmosphere conducive for the eventual take off of the subject. It was his "believe that the art of management could be refined through the analysis of both history and contemporary case studies."<sup>6</sup>

This was the beginning of the development of Business History as an academic discipline. This laid the platform for which monographs and Journals were published. Gay served as editor of the Bulletin of the Business Historical Society (1926- 1953), a journal which later became the *Business History Review* (1954-date). This developments gained attention of other scholars both within and outside the shores of the United States of America and then years later leading to its introduction as a discipline in the curricular of many American Universities starting with Professor N.S.B. Gras and Henrietta Larson who developed a curriculum for the course at the Harvard Business School in 1927, as well as adopting its pedagogical and research methodologies.

He (Gras) defined the field's subject matter and approach. He also wrote the first general treatise in the field, and also helped Harvard build a tradition of scholarship since he owns the leading library in the field at least for the first half of the 20<sup>th</sup> century.

Professor Green Nwankwo commented once that *“any business organisation, be it a private enterprise, a public corporation, or a policy formulating body, that forgets its past cannot comprehend its present and will definitely lose control of its future.”*<sup>7</sup> In developing a Strategic plan for a business, Peter Drucker post three questions that management will ask anticipating the future, *“What should our business be?” “What is our business?” “What will it be?”* In response, Robert E. Ankli stated that: *“My interest in business and business history follows the question that Peter Drucker asks”, what do we have to do today to prepare for tomorrow?”Part of what we have to do is to understand how we got to where we are today and therein lies my interest in history*<sup>8</sup> this establishes the relevance of history in projecting and planning an expected outcome in business.

Business history is the branch of [economic history](#) that deals with the history and evolution of business organizations, methods, government regulation, labor relations, and impact on society over a period of time. It is also the study of the strategy and operations of businesses, which could include enterprises owned by the state or not within its political, legal, social and economic environment. It also includes biographies of individual companies and entrepreneurs.<sup>9</sup>

Since Business history is also concerned with the evolution and operation of business systems and enterprises, the conduct of business history focuses on enquiries into past or research into empirical and conceptual matters of global significance, such as corporate organization and growth, multinational enterprise business efficiency, entrepreneurship, technological change, finance, marketing human resource management, professionalization and business culture overtime. Business history engages on an equal footing with mainstream history and the wider social sciences. The subject of business history embraces social and political issues because businesses respond to social changes. This relationship between society and the distinct business gives business history a justified connection to societal transformation. The essence of business history should be on the changes and errors made in the business, and what was done to correct those errors and implement suggested changes or recommendations.<sup>10</sup>

# THE HISTORY OF BUSINESS

man has been engaged in what is today termed as commerce in prehistoric times.<sup>14</sup> The ancient Indians, Africans, Chinese etc. all contributed and participated in commerce and trade through the medium of exchange today known as trade by barter. However it was in the historic times that the use of currency was introduced as a recognized and standardized form of money (legal tender), leading to a wider exchange of goods and services. In modern times and presently, commerce have included a complex system of established companies with the objective of trying to maximize their profits through the offerings of product and services to the generality of a large group of people known as 'market' of which is comprised of individuals and other companies at the lowest production cost.<sup>15</sup>

An earlier form of capitalism, mercantilism originated from Rome and the Middle East during the middle ages<sup>16</sup> and is defined as the distribution of goods in order to actualize a decided profit. For the first time goods are bought not for consumption but for the purpose of reselling at a higher price. Mercantilism spread and expanded along with the Roman Empire from the 5<sup>th</sup> century until the 8<sup>th</sup> century when it ceased to be a substantial aspect of European culture.<sup>17</sup> But as far as the Arabic cultures was concerned with their long history of mercantilism; on the trade routes between three great empires: Egypt, Persia and then the Byzantium; from the 17<sup>th</sup> century A.D When Islam began to spread like wild fire across Northern Africa, Spain, the Middle-East and Asia, Arabic mercantilism assumed an unprecedented global character.<sup>18</sup> From the 14<sup>th</sup> century, Europe had began to expand her mercantile practices, which resulted in a social mobility hitherto unseen in the culture. By this time, the nations of Europe had begun un-relentlessly to explore different parts of the globe. Thus it will not be out of place to state that the various voyages of discovery were entirely driven by mercantile ambitions.<sup>19</sup>

Of significant importance to the development of business practice is the advent of Industrial revolution which evidently flourished as another essential feature of capitalism. This was as a result of the development of factories in which large numbers of employers are employed in a single private enterprise making economic and business activities more sophisticated.<sup>21</sup> Industrialization essentially refers to the change from the use of manual modes of operation in any endeavour to the use of power sourced machines and equipment.<sup>22</sup> This new phenomena led to changes in the gamut of society particularly in the attitudes and practices with respect to markets where competition has become an integral feature. At this point the act of buying and selling had increased and become more organised, directly impacting on the way people started to organise their business activities; for instance, business was now organised in line with two classes, working and ownership. Conclusively, commerce was the forerunner in which modern business thrived, but capitalism and industrialization served as the cornerstone.

# AN OVERVIEW OF NIGERIAN BUSINESS HISTORY

In pre-colonial period in Nigeria, evidence abounds to substantiate the fact that there were business activities taking place in the area, providing for a robust and vibrant economy. Trade was a principal factor in the rising and falling of kingdoms, empires and cultures as great as the Benin Kingdom, Oyo empire, the Nok, Ife, Kanem Bornu and the Sokoto Caliphate. The people of the South had particularly been long engaged in trade along the coast of the Atlantic, and had the first contact<sup>23</sup> with foreign merchants and agents from Europe. Business interactions were facilitated by a network of inland and coastal routes (road and water routes). These routes were in fact created before the coming of the Europeans; and were instrumental in the carriage of local and foreign articles of trade. Of worthy note is the fact that, before the advent of statehood in Nigeria, the rulers of kingdoms in the area, imposed policies that enabled a fair atmosphere for the conduct of businesses. Securing of goods in caravans, imposition of tolls on traders, and taxes on local producers were all within the confines of the duties of the rulers as a means of ensuring the well being of their people and their business interests.

For about seven decades (1884-1960), colonialism introduced and entrenched modern business practices in Nigeria through the instrumentality of many European transnational corporations that were favoured by colonial fiscal policies. Business policies were geared towards the promotion of the economic interest of the foreigners and their home state. Businesses were anchored on the establishment of markets for the finished mass produced goods of their home country and industries. Up until independence, Nigerians were not parties to capital investments and large concerns, such as commercial firms, banking, shipping, and industries.<sup>25</sup> However, this hitherto different approach of channeling economic activities was understudied by the Nigerian employee. This understudied European business management practices and administration was later used to establish their own at the end of colonialism. It became obvious that the post colonial political and economic changes in Nigeria led to new government policies of indigenization, Privatization, commercialization and deregulation which inadvertently led to some virile trade unions and pressures groups whose activities have in a huge way enhances the development of small, medium and large scale businesses.<sup>26</sup>

Transnational corporations or multinational corporations depending on what nomenclature one chooses to use is a major factor in the evolution of global economies in the present dispensation. A Transnational corporation is a company made up of cluster of affiliated firms (that may be of different nationality) that operate in different countries. Since the Second World War, no aspect of international political economy has aroused more controversy than the global expansion of transnational corporations.<sup>27</sup> The advent of modern business in Nigeria took her offshoot from the activities and developments of these transnational corporations, that was all over the Nigerian Terrain, particularly from the second half of the 19<sup>th</sup> century. At the end of the trade in slave, came the legitimate trade that brought much of industrialized Europe into Africa, including Nigeria seeking raw materials for their industries in Europe and later return the over produced finished goods to the new found markets in Africa. The incorporated transnational corporations were very instrumental in carrying out this African venture. In Nigeria, these corporations were chattered as trading companies and focused on the business sector of the economy. They indeed dominated the Nigerian economy from the colonial era up till the post-independence era, providing the platform for the development of modern business in line with the European business tradition.

After the slave trade era, Nigeria was under the influence and dominance of Britain which played host to a number of chartered companies of British origin licensed to exploit the trade links between Britain and her various colonies. The operations of these companies, which cut across different countries and colonies, reordered the conduct, structure and nature of business in the Nigerian arena. British transnational corporations in Nigeria during this era of legitimate trade were predominantly trading and shipping companies operating along the Niger area and along the West coast initially. Later, their operations expanded and encapsulated Insurance, Banking, aviation, mining, agriculture, oil exploration and others which is categorized as services. During the post colonial era in Nigeria, the grip of these oligopolistic transnational corporations did not relax because considerable proportion of world trade took the form of affiliate to parent company or affiliate to affiliate shipment.<sup>28</sup>

Nigerian area was dominated largely by British transnational corporations which were licensed to trade and operate in the British colonies as chartered companies of other colonial powers operating under bilateral agreements. Among the important transnational corporations that operated in the Nigerian business environment during the colonial period included: the United Trading Company (UCT), United African Company (UAC), Lever Brothers (now Unilever), Leventis, G.B. Olivant, Peterson Zochanis (PZ), Elder Dempster, Shell, British Petroleum (BP), Barkleys Bank, John Holt, etc., some of this companies are still very much active today, some nationalized by the Nigerian Government and some defunct.<sup>29</sup> Existing businesses in Nigeria started to be in conformity with their capitalist designs while new ones got introduced to.

In 1960, Nigeria gain independence from the British government, with a capitalist economy tailored after the western pattern which is hinged on the same commerce with the trading companies that dominated and shaped the period before this time (the colonial era). The economy inherited by the new administration was basically a raw material producing economy and tied to the apron strings of the economic patterns of Europe, Britain in particular. To cushion this system and refocus the economy, the Nigerian government instituted the National Development Plans; being a government policy document that embodies future action targets and strategies to achieve accelerated and sustainable development in the nation's economy. The first development plan of 1962-1968 adopted a policy of private sector business expansion, and measures for ensuring investments (private) in the diversification of the economy and expansion of industries.

Between 1967 and 1970, foreign investment and business in Nigeria had dwindled due to the topical Civil War (also called "the Biafra War) that raged the country at the time. But after the war, an attempt was made to salvage the situation through the introduction of the Second National development Plan to run between 1970 and 1974.

Between 1986 and 1993, the Nigerian Government felt compelled to introduce the Structural Adjustment programme (SAP) as advised by foreign international organisation and governments. Its intention was to bring down the hold of government to a very minimal level and allow market forces to determine the direction of businesses in Nigeria. Thus enabling a favourable environment of free trade in the country, increasing import liberalization and freer access to foreign exchange market; as well as the very unpopular devaluation of local currency intended to encourage local domestic production as well. The features of SAP also included a liberalized policies and implementation on foreign investments, deregulation of the financial systems and privatization of public enterprise. All these are intended to place emphasis on private initiatives in vital areas like agriculture, industrialization etc. Sadly, the objectives of the programme may seem noble and lofty, but the implementation resulted in a catastrophe for the business community of Nigeria because it failed woefully due to high degree of corruption within the rank and file of the managers of the Nigerian economy and the guardian of the programme as a whole. It was now clear to the Nigerian Government the active participation of the general populace in the business terrain would be the key to revamping the Nigerian economy.

As contemporary as the term “entrepreneur” may sound, its development in Nigeria dates back to thousands of years back, when production is still subsistence and minimal. Farmers, pastoralist and hunters among others are categorized as entrepreneurs of that time. They started to produce in surplus value<sup>39</sup> because their needs keep increasing and thus creating an organized trade system and market establishment. However, entrepreneurship received a redefinition and boost at the coming of the Europeans from the fifteenth century upwards particularly in the period of colonialism. Europeanization of Nigerian trading system saw the emergence of new ideologies to entrepreneurship which is reflected in its scope and form. The quest for industrial raw materials by the Europeans created investment opportunities for the locals in the production of export crops, such as cocoa, cotton, coffee, groundnut, palm produce etc. as well as large scale production of some staple crops like maize. The trading companies that came into the Nigerian terrain as earlier stated expanded the frontiers of entrepreneurship in Nigeria. They entered into trade alliances with the local merchants who served as agents for the distribution and trading of European manufactured goods.<sup>40</sup>

## CONCLUSION

The expansion of European economy and the development of Nigerian business systems as presently constituted cannot be distinguished from one another. In carrying out a research or documenting the economic history of Nigeria without the generous input and mention of the activities of transnational corporations cannot in any means be close to a complete work. Finally, an historical outlook of the Nigerian area with respect to her business relations with Europe, to determine the trends and events that led to the status quo can only be crafted through a genre of academic discipline known as business history. Whether one is studying a particular company, a group of related institutions, states or even non state actors that engages in business activities within a micro or macro dimension, there is always a look into the past of such to understand its present and ultimately help to forecast the next line of action. Dovetailing from the above, I will close this discourse with an earlier quote by Professor Green Nwankwo who stated that “any business organisation, be it a private enterprise, a public corporation, or a policy formulating body, that forgets its past cannot comprehend its present and will definitely lose control of its future.”<sup>47</sup> it is the duty of the business historian to keep this genre of history alive in order to have better judgments of the future.