

## **REGIONAL STRATEGIES AND PERFORMANCE OF MULTINATIONAL CORPORATIONS IN NIGERIA: EVIDENCE FROM UNILEVER PLC.**

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### **ABSTRACT**

*This article examined regional strategies and performance of multinational corporations in Nigeria using data collected from Unilever Plc, Lagos, Nigeria to consummate the study. Originally, multinational enterprises (MNEs) design their business strategies at their headquarters overseas and then sell the strategies to their subsidiaries in various regions of the world. However, under the present dispensation, multinational enterprises are beginning to shift from central strategy formulation and implementation to regional approach. They are realizing that centralization strategy is no longer the best approach for global competitiveness in a digital world. This study therefore sought to survey how regional strategies affect the efficiency of multinational subsidiaries, how regional decision making influences cost-effective operations and how output control affects profitability of the subsidiaries. The study adopted mixed method research approach whereby quantitative and qualitative methods were used (triangulation technique). Total population of the study was 5500 from which 380 was derived as the sample size using Yamane's formula. Copies of structured questionnaire were administered to 380 employees of Unilever Nigeria Plc., Lagos, to obtain the quantitative data. For the qualitative data, 25 participants from other stakeholder groups were interviewed. The results of the regression and content analyses showed that regional strategies have significant effect on the efficiency of subsidiaries, regional decision making positively influences cost-effective operations and output control has significant effect on the profitability of the subsidiaries. The article therefore recommended that multinational enterprises should give more autonomy to their regional subsidiaries in the interest of superior performance.*

***Key words: Multinational enterprises, autonomy, performance, profitability, regional strategies***

### **INTRODUCTION**

Numerous literature on the operations of multinational enterprises (MNEs) view regional strategies as a promising alternative to earlier internationalization strategies that focused on the concepts of global integration and local responsiveness. The increased strategic importance of regionalization in the operations of MNEs is largely attributed to changing patterns in both world trade and foreign direct investment (among other things). Research carried out by Barlett and Ghosnal (2014) on regional strategies indicated that managers have different picture of geographical space when defining regional strategies. Although considerable evidence from literature highlights the increasing roles regional strategies play in the performance of MNEs, empirical work in this area is still limited. More research work needs to be done to identify why many large MNEs mainly limit their geographic scope to their home region (Lei, 2015). Edward and Ahmad (2013) were of the opinion that the superior performance of many MNEs is largely dependent on a fit between their regional strategies and contextual factors.

Regionalization of policies, decision-making and operational strategies are being increasingly adopted by multinational enterprises (Lehrer and Asakawa, 2014). Strategizing locally enables multinational enterprises (MNEs) to exploit synergies and arbitrages across regions and achieve global success (Ghemawat 2005). The emergence of regional theory and practice has in recent years gained momentum within the field of MNEs research and many new findings have been

recorded thus providing advantages for international competitiveness (Bernito, Narula & Grogard, 2013).

Due to the current increase in trade liberalization and regional business integration among global firms, many multinational enterprises are reviewing their strategies and operational scope to adapt to this changing business environment (Mehama, 2018). MNEs are dividing their global markets into distinct regions and channelling their resources to maintain strong hold in those regions (Delios and Beamish, 2010). A study conducted by Li (2015) revealed that regional strategies lead to better performance. In order to improve operational efficiency in the regions, Bartlett and Ghoshpal (2014) argued that subsidiaries can be divided into two categories according to their abilities in the host country environment. If the abilities of a subsidiary are weak but the host country is very important to the MNE, then the subsidiary can be classified as a promising entity. In this case, a promising entity will be expected to upgrade its capabilities and become a strategic leader (Burr & Fischmann, 2015). In the second case, if a subsidiary has strong capabilities, but the host country's environment is unimportant to the parent company, then the subsidiary plays the role of a contributor. A contributing subsidiary serves as the centre for development of human resources talents and abilities (Burr & Fischmann, 2015).

Egelhoff (2013) was of the opinion that performance can improve tremendously if a parent company "transplants" the capabilities of contributing subsidiaries to other subsidiaries within the region by transferring managers across subsidiaries. Multinational subsidiaries serve as places for developing talented persons, and most managers in regional headquarters are usually transferred from subsidiaries. According to Obi (2011) the case for transplanting capabilities through the transfer of talented managers from one subsidiary to another may not hold much water due to the fact that stars and talents cannot be successfully transplanted to perform at the same level of efficiency from one organization to another. This is due to the fact that superior performance of talented managers is contingent upon the capabilities available in a subsidiary which may not be available in the new subsidiary when the manager is transplanted.

The objective of the study is to investigate how regional strategies impact the efficiency, effective operations, and profitability performance of multinational corporations in Nigeria. To complete the study, these three distinct objectives would be investigated using data acquired from Unilever, Plc.

## **LITERATURE REVIEW**

### **Conceptual Framework**

The concept of regional strategies as distinct from global strategies represent the practice of giving autonomy to regions and subsidiaries of multinational companies thereby empowering them to formulate and implement their own business strategies that would produce the best of results for the enterprise (Abdallah & Alnamri (2015). Thus multinational enterprises (MNEs) are increasingly adopting regionalization strategies to enable them fully take advantage of local conditions in the respective regions (Rebecca, Phillip & Ghauri, 2018). Multinational enterprises that establish regional subsidiaries need to encourage their subsidiaries to adapt to economic, political, social, technological, legal and environmental forces in the respective regions for successful business operations (Edwards & Amad, 2012). In pursuit of superior performance in the head office, the regions and the subsidiaries, NMEs must discard yesterday's processes and structures that are no longer relevant in order to create a better tomorrow (Obi, 2015).

### **Regional Strategies**

Regional strategies are generally used by multinational enterprises to significantly boost performance. Taking a more empirical orientation than other researchers in the study of regional operations, Ghemawat (2005) provided four main types of regional strategies that incorporate global integration and local responsiveness as well as upstream and downstream activities: They are regional Portfolio strategy, hub strategy, platform strategy, and mandate strategy.

**Regional Portfolio strategy:** This strategy involves setting up or acquiring operations outside the home region that report directly to the home base. It is usually the first strategy adopted by enterprises seeking to establish presence outside the markets they can serve from home. The advantages of portfolio approach include faster growth in non-home regions, significant home positioning that generates large amounts of cash and the opportunity to even out economic shocks and cycles across regions. This strategy looks simple but it takes time to implement. In addition, enterprises adopting the portfolio strategy often struggle to deal with rivals in non-home regions. This is largely because portfolio strategy offers limited scope for letting regional issues affect what happens at local level.

**Hub strategy:** Hub strategy entails building regional bases or hubs that provide a variety of shared resources and services to local operations. The idea is that such resources might be difficult to justify in one country but economies of scale may make them practicable at regional level. Many enterprises see a regional headquarters as a way of achieving this objective. But the impact of such a move tends to be limited by a focus on support functions and weak links to operating activities. Above all, the challenge for those adopting a hub strategy is how to achieve the right balance between customization and standardization.

**Platform strategy:** Platform strategy goes a step further than the hub strategy by spreading fixed costs across regions. They tend to be particularly important for back-office activities that can deliver economies of scale and scope. It is important to realize that the idea behind platforms is not to reduce the amount of product variety on offer, but to deliver variety more cost-effectively by allowing customization on the top of common platforms through the process of adaptation. Platform managers must be careful because platform approach runs into trouble when managers take standardization too far.

**Mandate strategy:** This strategy is related to the platform and focuses on economies of specialization as well as scale. Enterprises adopting this approach award certain regions broad mandates to supply particular products or perform particular roles for the whole enterprise. However, there are certain risks with mandate strategy. In particular, such mandates can allow local, national or regional interests to unduly influence or even take over the over-all strategy of an enterprise. In addition, mandates cannot handle variations in local, national or regional conditions and they can reduce flexibility.

Given that no one approach is best in all circumstances each enterprise needs to work out which strategy best suits its operations.

### **Regional control system and Decision-making**

The ultimate test of management is performance. Every organization in the knowledge society has to be focused and concerned with effective management and timely decision-making. Effective regional control system involves putting in place rules, practices, values and processes that would enhance performance.

Various regional control mechanisms serve to align foreign subsidiaries with corporate goals (Ghemawat, 2013). Regional control at MNEs has been subject of numerous studies in the past decade thus highlighting the relevance of the topic. The design of regional control depends on internal factors at both headquarters and the subsidiaries (Asakawa & Lehrer, 2013). The relationship of headquarters with subsidiaries and the integration into the host country context represent another influence on management control. While strategic control focuses on the external environment and business opportunities inherent in it, management control predominantly concentrates on internal activities that influence employees' behaviour and productivity (Osegowitsch & Sammartino, 2017).

### **Output control System and Profitability of Subsidiaries**

In the business world, the traditional approach is to use financial figures to measure performance due to their high acceptance and comparability across countries (Daniel & Tretter, 2014). However, as the service sector assumes greater importance in digital dispensation of the 21<sup>st</sup> century, the use of non-financial criteria to measure performance is gaining increasing prominence (Mehama, 2018). Non-financial measures complement financial figures. For example, balanced scorecard (BSC) approach which contains non-financial dimensions are increasingly being used by firms to measure enterprise performance (Abdallah and Alnamri, 2015). Frequently, non-financial measures relate to processes and customer indicators. Although non-financial measures are less standardized, they help to compensate for low controllability in volatile environments by integrating different performance perspectives (Edward & Amad, 2012).

Incentives are often based on financial performance or refer to non-financial measures to extend the focus to long-term objectives and may integrate regional as well as corporate performance indicators (Rugman, 2015). Monetary incentives for subsidiary managers are commonly linked to quantifiable measures, whereas career-related rewards are used to strengthen the identification of managers with the MNE. Reporting serves as a pillar of management control at foreign subsidiaries and reliable and timely reporting from subsidiaries requires detailed process descriptions and some MNEs rely on expatriates to ensure direct reporting lines (Collins & Rugman, 2008). MNEs frequently use integrated systems to achieve consistency in reporting (Mehama, 2018). Hence, efficient reporting requires a coordinated approach of different control mechanisms. Budgeting and budgetary controls are highly relevant for controlling foreign subsidiaries and budgeting processes draw on communication and information flows between headquarters and subsidiaries (Delios & Beamish, 2010). Such complex budgeting processes raise the question as to whether a subsidiary's accountabilities should be aligned with budget-based performance measures. (Burr & Fischmann, 2015). The participation of subsidiaries in the budgeting process seems to enhance the commitment of a subsidiary's management to budgets which also influences subsidiary profitability.

### **Process and Social control**

A centralized management style strives to intensely monitor business operations in order to duly brief decision makers at the headquarters on the state of things (Lei, 2013). Centralized MNEs place high emphasis on the transfer of the corporate culture to the subsidiaries (Al-Hassan and James, 2013). Introducing management information systems allows permanent information flow, which is essential for a centralized coordination of MNEs (Collins & Rugman, 2007). These systems allow real-time monitoring and operational coordination worldwide which reinforce centralization and strengthen local responsiveness (Flores & Aguilera, 2017). The consideration of local specifics like language or legal requirements is key to launching such systems in foreign subsidiaries successfully (Al-Hassan and James, 2013). Particularly, global transfer pricing policies (in some cases triggered by tax compliance requirements) appear to reduce the autonomy of subsidiaries.

Social control mechanisms like training, informal communication and meetings help to initiate a performance-based culture at a subsidiary and convey corporate values and pave the way for process and output controls (Barlett & Ghospal, 2014). Networks, which may be reinforced by expatriates, enhance communication within an organization. Regular communication ensures employee commitment to reporting procedures and facilitates knowledge transfer between units (Collinson & Rugman, 2008). Informal relationships that are based on trust complement formal agreements and support change processes (Flores & Aguilera, 2017). In budgeting processes, communication between subsidiaries and headquarters allows for exchange of information about changes in the market with positive effects on performance (Alhassan & James, 2013).

MNEs often employ expatriate managers to reform corporate culture in order to transfer knowledge to subsidiaries and to ensure reporting and performance monitoring as well as compliance with corporate practices and procedures (Paik & Sohn, 2014). Expatriate managers

also hold positions on the management board with extensive control and coordination responsibilities (Abdallah & Alnamri, 2015). Hence, expatriates perform output and process control tasks besides social control. Employing large number of expatriates as a means of control indicates that headquarters is executing tight subsidiary control (Abdallah & Alnamri, 2015). Despite the associated high costs, expatriates are a widespread mechanism of social control. However, only expatriates with appropriate knowledge of the host country culture can contribute positively to management control at foreign subsidiaries (Paik and Sohn,, 2014). Similarly the board of subsidiary and their executive directors assume predominantly coordinating role by transferring information between headquarters and the subsidiaries.

### **Regional Strategies and Performance of Multinational Enterprises (MNEs)**

There is a burgeoning shift in the criteria for the measurement of corporate performance in the competitive environment of digital age (Obi, 2011). We all agree that financial performance occupies a prominent position because it sustains the continued existence of the firm and its owners. However, non-financial performance such as; customer satisfaction, corporate image, employee satisfaction, social and environmental sustainability are assuming sufficient importance today due to the fact that they provide the soft asset and human touch required for success especially in service operations (Obi, 2011).

Unilever Nigeria Plc is doing very well in financial performance with its laudable regional strategies and distinctive competencies as evidenced in its financial statements from 2015 to 2020 critically examined by the researcher. However, this paper is concerned with measuring the performance of the firm based on its non-financial performance criteria as highlighted below:

#### **1. Enhancing Livelihood for Millions of Nigerians**

With the high unemployment rate mounting in Nigeria, Unilever Nigeria Plc is using its business model to create one million job opportunities for Nigerian women and youths. The aim is to empower women and youths and ultimately help to address unemployment and poverty in Nigeria. A flagship intervention of the company is the "SHAKTI" project which is an initiative that creates opportunity for women to increase their earnings and improve the quality of their lives, through the sales of Unilever products. Unilever Nigeria Plc. also launched its "Customer Development Motorbikes" project as a means of promoting entrepreneurship by introducing third party sub-distributors across Nigeria with two-wheeler bikes. This initiative and the "Lipton Push-Cart" programme are creating more jobs along the company's supply chain. (Unilever Annual Report 2016).

#### **2. Reducing adverse environmental impact**

Unilever Nigeria Plc. is reducing the adverse environmental effect of its business on the society by encouraging the recycling of all packaging materials and exploring ways of reducing consumers' energy and water consumption. In line with the company's concern and commitment to the environment, it awarded a grant to a Nigerian recycling company in 2016 to extend its waste recovery programme to more communities in Lagos and Ogun States (Unilever Annual Report, 2017).

## **THEORETICAL REVIEW**

### ***Contingency Theory***

The contingency theory is used to drive this study. The theory suggests that the relationship between an independent variable and a dependent variable is contingent upon a third variable (Delios and Beamish, 2010). In the context of MNEs, the contingency approach is of the view that an organization is effective if its management designs a structure and strategy which correspond to the requirements of its environmental and internal situations. Thus, the organizational effectiveness of a MNE is explained as a function of the fit of its strategy and structure with its

external and internal contingencies (Anderson & Forsgren, 2012). These external and internal situational characteristics of the MNE are termed contextual variables or contingency variables. However, for all possible constellations of these variables, neither a universally optimal organizational structure nor a universally superior strategy exist (Anderson and Forsgren, 2012). Instead, each contextual constellation corresponds to only one efficient organizational structure, which constitutes an organizational equilibrium of the MNE. Along different organizational continuums, the contingency approach allows for generalization of the appropriateness of different strategies to internal or external contextual settings thereby making it adequate and well-suited for a research on MNE's regional strategies (Aharoni, 2016). The applicability of contingency theory to our research problem is reinforced by Rugman's (2015) understanding of regional strategy, which assumes that the simultaneous achievement of autonomous management at the regional level and products and services adaptations to regional market requirements is contingent upon regional environment, strategy and structure.

Empirically, according to Paik & Sohn (2014), success factors of regional strategies for multinational enterprises centre on the exploration of appropriate degree of regional management autonomy and regional product adaptation. Regional strategies became popular with multinational enterprises in the 1990s with the development of trading blocs such as the EU, AFTA, and NAFTA that enabled MNEs to benefit from growing Foreign Direct Investment (FDI) opportunities in their regions (Asakawa and Lehrer, 2013). MNEs have continued to adjust their strategies and organizational designs, to relocate their subsidiaries, and to align their products, services to the requirements of their geographic markets (Delios and Beamish, 2010). For cross-border configuration of corporate activities, regionalization helps MNEs to exploit their strengths and determine their competitive strategies separately for each region (Delios and Beamish, 2010). Designing strategies on regional basis rather than on global basis provides the multinational enterprises with opportunity to maintain superior over-all corporate performance (Rugman, 2015). Unilever Nigeria Plc. strongly believes in taking small everyday actions that can make a big difference for consumers, the communities in which it operates and the environment. Unilever subscribes to the highest standards of corporate behavior in its corporate headquarters, regional divisions and subsidiary offices. In a challenging operating environment such as we have in Nigeria, the Company prides itself in the area of Corporate Governance by strictly adhering to Unilever's Global Code of Business Principles. The company is highly socially responsible and responsive. Unilever has delivered significant social investments that have helped to create a brighter future for numerous Nigerians.

## **METHODOLOGY**

This article adopted the mixed method approach to research where quantitative and qualitative methods were used (triangulation technique) in order to enhance greater validity of the research. For the quantitative research, copies of structured questionnaire were administered 380 employees of Unilever Nigeria Plc., Lagos used as sample size. For qualitative data, 20 participants from other stakeholder groups (consisting of suppliers, contractors and maintenance engineers and community members) were interviewed and soft data obtained for analysis.

### **Sampling**

The study population consists of employees of Unilever Nigeria Plc. Taro Yamane's (1967) formula was used to obtain 380 as sample size from a total population of 5500. For the qualitative research, semi-structured interview was conducted with 20 participants, using convenience sampling from other stakeholder groups comprising customers, suppliers, contractors and community members. The selection of 30 participants was based on the work of Saunders et al. (2009), which stipulated that a sample of twenty to thirty participants should be used when adopting semi-structured interview method in order to give the researcher time to carry out effective in-depth analysis of the responses.

### Validity and Reliability of the instrument

The content validity was used for this article. Content validity tries to establish whether or not the instrument contains all the necessary items and elements that enable the researcher to measure correctly the attributes of interest. To certify content validity, the questionnaire items were generated from established prominent authors in the field such as; Barlett & Ghospal (2014), and Burr & Fischmann (2015), Other experts in this research area were given access to the draft questionnaire in order to provide feedback on the effectiveness of each question in measuring the constructs.

The reliability test used for this article is the internal consistency method. The Cronbach's alpha ( $\alpha$ ) is the most popularly used measure of internal consistency (Pallant 2005). The Cronbach Alpha internal consistency of the items in the questionnaire was analyzed using the reliability procedure in SPSS version 22. The Cronbach's alpha value for the research instrument was 0.892, which surpassed the recommended benchmark of 0.7 for reliability acceptance.

**Table 1: Questionnaire Response rate**

Questionnaire	Respondents	Percentage of Respondents
Number of Questionnaires Administered	380	100%
Number of Questionnaires Returned	380	100%
Number of Questionnaires not Returned	0	0%
Total	380	

Source: Researcher's Field Survey (2021)

In carrying out the research study, a total of 380 copies of questionnaire were administered to employees of Unilever Nigeria Plc., Lagos and all were correctly completed and returned for analysis.

### Demographic Characteristics of Respondents

This section provides a detailed description of the characteristics that make up the employees sample in terms of gender, age, educational qualification and marital status. .

#### Percentage distribution of Gender

**Table 2 Gender**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	178	46.8	46.8	46.8
Female	202	53.2	53.2	100.0
Total	380	100.0	100.0	

Source: Researcher's Field Survey (2021)

Table 2 above contains information concerning the Gender of the sample population. It shows that 178 (46.8%), are male respondents and 202 (53.2%) are female respondents. This implies that majority of the research questionnaire were completed by female employees.

#### Percentage distribution on Age

**Table 3 Age**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-21 years	256	67.4	67.4	85.5
22-25 years	48	12.6	12.6	98.2
26-29 years	5	1.3	1.3	99.5

30 years and above	76	20.0	20.0	100.0
Total	380	100.0	100.0	

Source: Researcher’s Field Survey (2021)

**Percentage distribution on Educational Qualification**  
**Table 4 Educational Qualification**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid WAEC/SSCE	297	78.2	78.2	78.2
BSC/HND	75	19.7	19.7	97.9
MSC/MBA	8	2.1	2.1	100.0
Total	380	100.0	100.0	

Source: Researcher’s Field Survey (2021)

The analysis on table 4 above shows that majority of the respondents have completed their WAEC/SSCE at 78.2% while the remaining 19.7% and 2.1% are respondents who has completed their BSC/HND and MSC/MBA respectively.

**Percentage distribution showing Marital Status of respondents**  
**Table 5 Marital Status**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single	250	66	66	66
Married	130	34	34	100.0
Total	380	100.0	100.0	

Source: Researcher’s Field Survey (2021)

The analysis on table 5 above shows that 66% of the respondents are single while the remaining 34% are married.

**Hypothesis 1: (null hypothesis)**

Ho: Regional strategies have no significant effect on the efficiency of multinational subsidiaries.

The test statistics used in this hypothesis is the regression analysis. Regression analysis is used in describing the dependence of a variable on one or more variables. It is also used in determining the effect the independent variable has on the dependent variable.

The significance level which falls below 0.05 implies a statistical confidence of above 95%. Therefore, we reject the null hypothesis whenever the P-value is less than 0.05.

**Computation of the Statistics**  
**Table 6 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.471 <sup>a</sup>	.221	.219	.62463

a. Predictors: (Constant): Regional strategies

**Table 7 ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	41.954	1	41.954	107.529	.000 <sup>b</sup>
	Residual	147.480	378	.390		
	Total	189.434	379			

a. Dependent Variable: Efficiency of subsidiaries

b. Predictors: (Constant): Regional strategies

**Table 8** **Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.970	.212		9.287	.000
	Regional strategies	.530	.051	.471	10.370	.000

a. Dependent Variable: Efficiency of subsidiaries

### Interpretation

The Regression analysis was used in evaluating the first objective in which gives information about the overall goodness fit of the model being tested. The R value represents the simple correlation and is 0.471 which indicates a high degree of correlation. The R<sup>2</sup> value shows how much of the variance in the dependent variable (efficiency of subsidiaries) is explained by the independent variable (regional strategies). In this case, the R square value is 0.221 which is translated as 22.1% effect on the variance efficiency of subsidiaries.

The ANOVA table reveals the assessment of the statistical significance of the result. The null hypothesis is rejected because the P-value is less than 0.05. The model in this table reaches statistical significance (sig = 0.000) in which the P-value is equal to 0.000 and less than 0.05. The coefficient table shows the extent to which the independent variable contributed to the prediction of the dependent variable. In this table, the beta coefficient is 0.471 implying that a slight change in regional strategies would result in up to 47.1% change in the efficiency of subsidiaries. From the table above, it can be concluded that the efficiency of subsidiaries is directly influenced by the regional strategies. Therefore this implies that regional strategies have significant effect on the efficiency of multinational subsidiaries.

### Hypothesis 2: (null hypothesis)

Ho: Regional decision-making has no significant influence on cost effective operations.

**Table 9** **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.563 <sup>a</sup>	.317	.315	.56900

a. Predictors: (Constant): Regional decision-making

**Table 10** **ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	56.737	1	56.737	175.247	.000 <sup>b</sup>
	Residual	122.380	378	.324		
	Total	179.118	379			

- a. Dependent Variable: Cost-effective operations  
 b. Predictors: (Constant): Regional decision-making

**Table 11** **Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.874	.250		3.497	.001
	Regional decision-making	.770	.058	.563	13.238	.000

- a. Dependent Variable: Cost-effective operations

**Interpretation**

The R value represents the simple correlation and it is 0.563 which indicates a high degree of correlation. The R<sup>2</sup> value shows how much of the variance in the dependent variable (cost effective operations) is explained by the independent variable (regional decision-making). In this case, the R square value is 0.317 which is translated as 31.7% effect on the variance in cost effective operations.

The ANOVA reveals the assessment of the statistical significance of the result. The null hypothesis is rejected because the P-value is less than 0.05 the model in this table reaches statistical significance (sig = 0.000) in which the P-value is equal to 0.000 and therefore less than 0.05. We reject the null hypothesis and state that regional decision-making has significant influence on cost-effective operations.

Table 11 which is the coefficient table shows the extent to which the independent variable contributed to the prediction of the dependent variable. In this table, the beta coefficient is 0.563. This implies that a change in regional decision-making would result in about 56.3% change in cost-effective operations. Thus it can be concluded that increase in the level of regional decision-making in multinational enterprises will directly influence cost-effective operations.

**Hypothesis 3 (null hypothesis)**

**Ho: Output control has no significant effect on the profitability of the subsidiaries**

**Table 12** **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.661 <sup>a</sup>	.437	.435	.53394

- a. Predictors: (Constant): Output control.

**Table 12** represents the "**Model Summary**". The R value represents the simple correlation which is 0.661 and this indicates a high degree of correlation. The R Square value shows how much of the variance in the dependent variable (profitability of the subsidiaries) is explained by the independent variable (output control). In this case, the R square value is 0.437 which is translated as a 43.7% on the variance in the profitability of the subsidiaries.

**Table 13** **ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	83.634	1	83.634	293.359	.000 <sup>b</sup>

Residual	107.764	378	.285		
Total	191.397	379			

- a. Dependent Variable: Profitability of the subsidiaries  
b. Predictors: (Constant): Output control

The ANOVA table reveals the assessment of the statistical significance of the result. The null hypothesis is rejected because the P-value is less than 0.05. The model in this table reaches statistical significance (sig = 0.000), in which the P-value is equal to .000, and less than 0.05.

**Table 14** **Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.597	.206		2.895	.004
Output control	.827	.048	.661	17.128	.000

- a. Dependent Variable: Profitability of the subsidiaries

The coefficient table above shows the extent to which the independent variable contributed to the prediction of the dependent variable. In this table, the beta coefficient is 0.661. This implies that 66.1% of the dependent variable (profitability of the subsidiaries) is explained by the independent variable (output control). The results show a unique contribution of output control in influencing the profitability of the subsidiaries. Therefore the effective use of output control will significantly affect the profitability of the subsidiaries. The P value is less than 0.05 reaching the value of 0.000 therefore the null hypothesis is rejected. This means that output control plays a significant role in strengthening the profitability of the subsidiaries.

### Summary of Findings from tested Hypotheses

**From hypothesis 1**, the study found significant effect of regional strategies on the efficiency of multinational subsidiaries. The statistical tests was conducted using regression analysis with R=.471 which shows that 47.1% of the variation in the dependent variable is explained by the independent variable. The model was statistically significant (sig=0.000) at 5% level of significance. This implies that regional strategies have significant effect on the efficiency of multinational subsidiaries.

**From hypothesis 2**, it was found that the regional decision-making has significant influence on cost-effective operations. The statistical test was conducted using regression analysis with R=.563 which shows that 56.3% of the variation in the dependent variable is explained by the independent variable. The model was statistically significant (sig=0.000) at 5% level of independent variable. Thus, the implication is that regional decision-making has significant effect on cost-effective operations.

**From hypothesis 3**, it was found that output control plays a significant role in strengthening the profitability of subsidiaries. The model was investigated through the use of regression with R=.661 which shows that 66.1% of the variation in the dependent variable is explained by the independent variable. The model was statistically significant (sig=0.000) at 5% level of significance. This implies that output control has significant effect on the profitability of the subsidiaries. .

### Qualitative dimension

**Content Analysis:** *Assessment of the effect of regional strategies on the performance of multinational enterprises through qualitative approach.*

Regional strategies represent the practice of giving more autonomy to regions thereby empowering the regional administration and subsidiaries to formulate and implement their own

policies and business strategies in a way that would produce the best of results. Thus multinational enterprises (MNEs) are increasingly adopting regionalization strategies to enable them boost profitability and enhance over-all performance.

*"Regional decision-making is tremendously helping Unilever Nigeria Plc. to reduce cost and improve quality thus attracting more customer patronage."*

***Comment from local supplier of Unilever Nigeria Plc. in Lagos***

*"Regional autonomy as it affects more effective distribution of products manufactured in the subsidiaries is having salutary effect on the company's profitability."*

***Observation from a wholesaler of Unilever Nigeria Plc.***

*"Workers' dedication to duty brought about by employee empowerment is having positive effect on productivity."*

***Objective view from a maintenance engineer at Unilever Nigeria Plc.***

## **CONCLUSION**

From the results of this study, it is evident that regional strategies have significant effect on the efficiency of multinational subsidiaries. Regional decision-making has influence on cost effective operations and output control has significant effect on the profitability of the subsidiaries. Regional strategies and operational autonomy enhance performance in the subsidiaries. There are four types of regional strategies adopted by multinational enterprises. These are: Portfolio strategy which involves setting up or acquiring operations outside the home region that report directly to the home base. Hub strategy entails building regional bases or hubs which provide a variety of shared resources and services to local operations. Platform strategy goes a step further than the hub strategy by spreading fixed costs across regions. Platform strategies tend to be particularly important for back-office activities that can deliver economies of scale and scope. Mandate strategies are related to platform strategies and they focus on economies of specialization as well as scale. Enterprises adopting mandate strategies award certain regions broad mandates to supply particular products or perform specific roles for the whole enterprise.

## **RECOMMENDATION**

Following the findings and conclusion reached in this study, the article recommended that multinational enterprises should give their regional offices and subsidiaries more autonomy to enable them fully adapt their operations to suit local requirements in each region in the interest of superior performance.

## **MANAGERIAL IMPLICATION**

Human resources managers recruiting new hires to serve in the regions and subsidiaries should strike a balance between recruiting talents who can bring new ideas and new perspectives to the table and bringing on board employees who are familiar with regional operations. It is equally important to ensure that the stars and talents who are brought into the enterprise are deployed in strategic areas that contribute to the bottom-line success of the enterprise.

## **SUGGESTION FOR FURTHER STUDIES**

The thrust of this study is on manufacturing organization. Future researchers can undertake similar study in a service organization to obtain a balanced view of the effects of regional strategies on performance of multinational enterprises.

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