



EFFECT OF MANUFACTURING PLANNING OBJECTIVES AND CONTROL SYSTEMS OF MULTINATIONAL ENTERPRISES IN NIGERIA

OKONKWO, ADONAI OKECHUKWU PRINCE (Ph.D)

Department of Business Administration

Enugu State University of Science and Technology, (ESUT) Enugu

ABSTRACT

The main purpose of this study; effect of manufacturing planning objective and control systems of Multinational Enterprises in Nigeria is to do a theoretical review of the aspects of the topic. The strategic initiatives of multinational companies which were dates back to 1990s have in the area of Just-in-Time (JIT) production and Total Quality Management (TQM). Globalization, have seen as an economic integration in which there is a free movement (flows) of goods, labour, capital and technology from one country to another. It therefore, has had also great emphasis in the areas of produce manufacturing, planning and control system by Multinational Enterprises. This has in no small way made the world to become a global village that firms of Multinational Enterprises in all cases controls, monitors, and manage(s) the activities of its firm subsidiaries from their country headquarters. The act therefore, showed that the company of Multinational Enterprises has good Human Resource Management and control culture, a good production base. In Nigeria where the export of crude petroleum is the mainstay of the country has benefitted from the technological globalization of many multinational crude oil producing or manufacturing and serving companies.

INTRODUCTION

The vogue of manufacturing is to shift to international market and acquire as much market shares as possible. Globalization goes with trade liberalization among nations and the removal of all trade barriers so that commerce and industry can flourish smoothly around the world without hitches and impediments.

The need for evolution in manufacturing planning and control systems of the manufacturing multinational organizations implied the need for periodic auditing that compares system responses to the market places requirements. The audits address not only the system's focus but also the conemitant drawing of people that match with current objectives (Wanstrom and Jonsson, 2006).

The impact of engineering changes on materials planning and control was a study carried out by Wanstrom and Jonsson in 2006 and on their attempt to discuss manufacturing planning and control as one family factor use by firms, they see manufacturing planning and control as the system that is concerned with planning and controlling all aspects of manufacturing, including managing materials, scheduling machines and people, coordinating suppliers and key customers.

MANUFACTURING PLANNING

The time horizon of plans for high performances is always longer than plans for low performers. According to Krumwiede (2012) plan revisions allow for a timely and thus cost-efficient and adaptation of plans and strategies in case of a deviation between current and anticipated data. He further maintained that manufacturing strategy requires that clear goals that are formed and understood by all members of the organization. Some plans, he said, must be determined in order to reach the projected goals.

Strategic plans have a considerable impact on the companies' further, since its goals enable the formulation of strategic, tactical and operational plans; though, tactical and operational plans are closely tied to the management of the production process.

EFFECT OF MATERIAL MANAGEMENT ON THE PERFORMANCE OF MULTINATIONALS IN NIGERIA

Nigeria not exception to ascertain the global effect of materials management or manufacturing planning objectives and control systems of multinational companies in Nigeria. Liaw (2008) in his work, titled measuring performance via production management: a pattern analysis was reviewed. In the study, the methodology he used was theoretical just like this work (secondary data) method. Liaw (2008) tried to first, define materials management as that which can deal with planning and building design for the movement of materials and the logistics that deal with the tangible components of a supply chain. While citing Thomas (1994) discuss materials management as the management process which generates the flow of supplies into and through, and out of an organization to achieve a level of service that ensures the right cost, give a detailed function of procurement, materials handling and storage, production and inventory control, packaging, transport and associated information system and application throughout the supply, manufacturing and distribution sector.

EFFECT OF PURCHASING

The effect of global purchasing on production position of some multinational enterprises in Nigeria is another good indicator of Nigeria's manufactured exports produce. It is a very good indicator because the cost of inputs procurement affects price of exportable products and low price cost of procurement became the indices for measurement (Okonkwo, 2005).

To gain a good insight on the effect of purchasing on export products of some multinational companies in Nigeria, the work of Abel, Hammond and John (1998) titled: "strategic marketing planning, otherwise known as the used method called activity theory, has done lots of impact on production and materials procurement of some multinational companies in Nigeria. They first classified purchasing into two types or categories in the business world as:

- (i) Purchasing for resale and purchasing for consumption or conversion.
- (ii) Purchasing for resale, they said; is performed by merchants and speculators.

In whichever category of purchase the key focus is a good marketing, the end of every business (Abel et al, 1998). The study pointed out that no organization can effectively perform without the activity performance of purchasing department, because it is the center of a large part of a company business activity. Purchasing they say, has continuing relationships with all other departments in the firm as well as with all firm's supplies. Its operations cut across all departmental lines. Though, purchasing and other departments (production, engineering, sales and finance, etc.) often view common problems differently. This is a normal healthy situation-provided that the departmental opinions are held objectively (Abel et al, 1998).

The study suggested for the following objectives of purchasing for firms to forge ahead.

- i. To support firm operations with an uninterrupted flow of materials and services.
- ii. To buy competitively and wisely (this includes two distinct consideration. To buy competitively involves keeping abreast of the forces of supply and demand that regulate prices and availability of materials).
- iii. To keep inventory investment losses at a practical minimum.
- iv. To developed reliable alternatives sources of supply.
- v. To develop policies and procedure which permit accomplishment of the preceding other mentioned objectives.

CONTROL POLICIES AND PROCEDURE AS PERMIT ACCOMPLISHMENT OF THE PRECEDING PRODUCTIONS AND SALES OF MANUFACTURED PRODUCTS

The effect of manufacturing control on import of a country is the basis for maintaining an effective records performance level. The globalization control which is the process of ensuring that actual activities conform to planned activities help manufacturers on importation of goods inform of raw materials, monitor the effectiveness of their import objectives, the government policy on import goods and their position in the global manufacturing performances.

Chow, Shields, and Chan in a study "The effects of management controls and national culture on manufacturing performance: An experimental investigation (1991) has observed that the

globalization of the world economy has greatly increased manufacturing firms' concern with maintaining their competitive advantage. The study is on USA management control system that has relationship with manufacturing control on import of Nigeria.

The study show decline in their firms' competitiveness in manufacturing, the USA when compared with the Asian countries management control systems, it proved that firms from the Asian countries have become increasingly dominant in many segments of the word market including import control activity. This development has prompted US academics and business to study the Asian firms' management control systems with a view towards transplanting such systems to US firms.

In this study, it was seen that the success of many Asian manufacturing firms are involved in part to their producing superior quality products at a lower cost. However, an issue that remains unresolved is whether this manufacturing performance is the result of those firms' management control, systems, the nation culture or policy of their employees or the interaction of both factors (Chow et al, 1991).

Problem of resolution of the study has important implication for decision making since the design was on management control systems of manufacturing, but not full of manufacturing control of import. On the other hand, the empirical relationship is, if performance is mainly affected by the management controls systems of Asian country, then adoption of a system that has succeeded in another country may hold more promises. To date, no empirical study has directly tested the global effect of manufacturing control on import competitive position in global business competitive position. Since the objectives of this study is to identify the global effect of manufacturing control on impact competitive position of the manufacturing planning objectives and control system of multinational companies in Nigeria, the researcher of the opinion that the management control system used by Asian firms may be sued by non- Asian firms to improve their performance.

COST AND BENEFITS ANALYSIS OF MANUFACTURING PLANNING AND CONTROLS, ACCORDING TO WANSTROM AND JONSSON (2006)

A study carried out by Wanstrom and Jonsson (2006), titled the impact of engineering changes on materials planning and control system can be made substantial stated the following points as the outcome of the study as:

- i. That the initial cost for a materials planning and control system can be made substantial.
- ii. That an effective MPC system required a large number of professionals and all their supporting resources (including computers, training, maintenance and space).
- iii. It's not uncommon to find the largest number of indirect employees at a manufacturing firm to be involved in the MPC area.

- iv. That many companies have invested large amount of money in manufacturing, planning and control (MPC) system and have not achieved the requisite benefits.
- v. That many firms of multinational companies go bankruptcy because of poor performance of manufacturing planning and control (MPC) system adopted.

RECOMMENDATION

Recommendation to firms of multinational enterprise based on the study carried out by Wanstrom and Jonsson (2006), on successful achievement of the MPC system.

- a. They should have a carefully controlled level of work-in-process inventory and smooth production flows.
- b. Plan for way short and consistent delivery times for most products, with extraordinarily rapid response for a few emergency orders.
- c. Have efficient production of lot sizes as small as one unit.
- d. Arrange for labour productivity, that provides a cost advantage over other competitors.
- e. Have a several-fold reduction in manufacturing and distribution overhead that enables it to continue to operate during a very turbulent period.

SUMMARY OF THE REVIEWED OF THE WORK

Globalization is an economic integration in which there is free flow of goods, labour, capital and technology from one country to another. This has made the world to become a global village. In Nigeria where the export of crude petroleum is the mainstay on the economy, the country has benefited from the technological globalization of many multinational crude oil producing and servicing companies.

There has been a positive global effect of manufacturing on multinational enterprises competitive advantage. Industry and services are the two aspects of production. 80 percent of the industry falls under manufacturing. The steel industry is a primary manufacturing industry. Manufacturing is the act of transforming raw materials through the process to useful products and waste products. A model of manufacturing is the foundry (Moore and Polushin, 2008).

There has also been a positive global impact of materials management on multinational companies' competitive position. Materials are those inventory, parts, stationary, sub-assemblies, semi-finished goods, work in progress, finished goods that go into the production process. Materials management is a confederacy that includes such activities as materials planning, traffic, logistics management, production planning and control, inventory management, purchasing, storage and warehousing, physical distribution, transportation and materials control.

Both manufacturing and materials management are independent variables that have an effect of global on the dependent variable of performances of multinational companies in Nigeria. Globalization, exports and imports are multi-faceted. No wonder in Nigeria, International Business Transactions have brought Nigeria with many developed and developing nations in their foreign affairs Fatowora (1998).

Competitive position is about how an organization stands when it is producing, importing or exporting similar products or rendering similar services to her numerous customers. A way of determining the competitive position is to determine the payoffs of the players or competitors. Game theory is very handy in handling competitive situation. The expected research gaps will be in the area of the differences in the findings of related studies and this study on the global effect of manufacturing planning objective and control systems of Multinational Enterprises in Nigeria. And such areas gaps are:

1. The effect of global manufacturing on the business competitive position of the Multinational Enterprises in Nigeria.
2. The effect of global materials management on the nation's business competitive of the Multinational Enterprises in Nigeria.
3. The effect of global manufacturing planning/objectives on trade competitive position of the Multinational Enterprises in Nigeria.
4. The effect of global purchasing on raw materials and exports competitive position of the Multinational Enterprises in Nigeria.
5. The effect of global manufacturing control systems on import business competitive position of the Multinational Enterprises in Nigeria.
6. The effect of global production on the foreign direct investment business competitive position of the Multinational Enterprises in Nigeria.



REFERENCES

- Abel, T.B, Hammond, P.C. and John, K(1998) The goal structure of situations. European Journal of Social psychology, 8: 230-242.
- Abel, J. (2001) 'National Development Planning in Nigeria 2002 -2013", London: John Wiley Publishers
- Chow, A.A., Shields, P. and Chan, D.C. (1991). "Symbiotic International Business Networks: Collaboration between Small and Large Forms" Thunderbid International Business Review. July/Aug. Pp. 418-499.
- Fatowora, J. (1998). "Globalization-The Human Resource Challenges", Management in Nigeria Volume 3, Number 2.
- Krumwide, P. (2012). Global Research of Academic: A Cross-Social Cultural Issue, www.acaglobresearch.com. Downloaded 2nd May 2012.
- Liaw, C.R. (2008). A Control System Model of Organizational Motivation: Theoretical Development and Applied Implications. Motivation and Emotion 15:10-25.
- Moore, C.D. and Polushine, A.A. (2008). Creating Globally Competitive Canadian Manufacturing www.glomancan.com.downloaded 15th January 2016 by 1.18pm.
- Okonkwo, A.O. (2016). "Essentials of International Business" Enugu Keln Press, 28 College Rd, Ogui Enugu.
- Wanstrom, J. and Jonnson, C. (2006). Yesterday's Accounting Underaines Production, Haruad Business Review (July-August, 2006).