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International Management and Sustainable Profitability: First Bank of Nigeria Perspective

John Nkeobuna Nnah Ugoani
Department of Management Sciences College of Management and Social Sciences, Rhema University, Aba Nigeria

Abstract

At the early stages the area now known as Nigeria was an agricultural economy which aroused the interest of early British it's in Nigeria's palm produce, cocoa, groundnuts, rubber and others that were shipped to Liverpool and returned to the country as finished goods. The British governments philosophy of dual mandate encouraged the Royal Niger Company with power to administer, make treaties, charge customs dues and carry on trade in all territories in the basin of the Niger River and it's affluent. Ahead of the withdrawal of the Charter by the British government in 1900, British business people like Jones sought for an alternative platform to promote trade between British and the area now known as Nigeria by the establishment of BBWA on March 31, 1894, with its head office in Liverpool. The bank now known as FBN has passed through the rigours of effective international management in the past 125 years and remains one of the most profitable banking enterprises on the African Continent. In the process of international management the bank produced great managers including Mr. John Major who worked at Jos Main Branch in Nigeria and later became the Prime Minister of Great Britain. 115 people participated in the study conducted through the exploratory research design. Data gathered were analyzed through the descriptive and regression statistical methods and the result showed positive correlation between international management and sustainable profitability. However, further research could be conducted to supplement the present effort including an examination of the relationship between shareholders, worth and profit before taxation in public companies in Nigeria. On the basis of the result of the study it was a recommendation that companies seeking to play in the international environment must ensure that they have competent managers to drive organizational goals.

Keywords: Alfred Lewis Jones; Royal niger company; International management; Sustainable profitability; First bank of Nigeria plc.

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1. Introduction

Nigeria can be said to be a beneficiary of international management and sustainable profitability since about 1885 when the British Government gave the Royal Niger Company power to administer, make treaties charge customs dues and carry on trade in all territories in the basin of the Niger River and its affluent. From this arrangement, the objectives of British colonialism can be understood from two perspectives the views of the British colonial government and those of Nigerians. The British view underscores the idea of *dual mandate*, which can be understood to connote the strategy to rule and to trade. From then owners notable business people of the time like John Holt, Alfred Lewis Jones and George William Neville, through companies based in England established networks in Lagos that have remained profit even today. Among the legacies of early international management and sustainable profitability in Nigeria today is First Bank of Nigeria Plc, established in 1894 as Bank of British West Africa (BBWA) by Sir Alfred Lewis Jones thereby setting the pace supporting the present global agenda or green management and sustainable finance in Africa (Amadi, 2018). According to Ndekwu (1994) Jones was a shrewd international businessmen and shipping entrepreneur par excellence. With the co-operation of his friend, Neville, he set up the management structure of BBWA. A businessman diplomat, George Neville was a man of ideas, a visionary. Because of his commitment he became the first manager of the first bank in Lagos, *African Banking Corporation in 1892*, then of the BBWA in 1894 and a director of BBWA from 1900 – 1929. Thus the British banking culture and management became profitable to Nigerians by a mere transference of their skills and managerial culture. To lend support to this early international management strategy was the doctrine of free market and classical international trade theory which encouraged the removal of obstacles to free trade and movement of goods. To this extent, Jones on July 17, 1895 at the First Annual General Meeting of BBWA stated: "There is no doubt that the country which introduces its coinage and its language into a new territory succeeds in a great measure in securing the trade of the place". By broadening trade, the societies on the West Coast of Africa were transformed for the exploitation of their enormous resources for profit. It is imperative to state that Elder Dempster & Company provided the breeding ground for the fertile idea to establish BBWA in Nigeria by Jones from being an agent of the African Steamship Company in Liverpool to a giant shipping line. Ndekwu (1994) explains that both the African Steamship Company and its rival, the British and African Steamship Navigation Company, were successfully merged in 1890 by Jones who later became not only the principal owner of the new company but also its executive head, after he had taken an effective control of Elder Dempster in 1884. With the growing level of business partnerships around the world, as well as the growing relevance of e-commerce, there is also a growing independence between a company's ability to understand the imperatives of international management as a prelude to sustainable profitability in today's global business environment. The increasing need for market share, becoming the high-quality or low-cost producer, developing new products and increasing employee productivity depend very much on understanding and exploiting the opportunities and the kinds of management systems available across national boundaries. Without a good knowledge of the management systems and practices over the borders, achieving sustainable profitability by global firms in the present century and beyond in reasonable terms and quantum is simply inconceivable. With the benefit of hindsight, networking around the world and the greater understanding of the dynamics of international trade and international management will lead to better management decisions, more efficient business processes, and higher enterprise sustainable profitability. In the context of this study, international management is understood to connote the management by a company having its headquarters in the home country and having branch offices or sites in different countries and whose managers are put in control of such outposts. International management is directly linked to international business and requires high level connectivity. Global firms require huge capital investment and to remain competitive in the global market space depend on sustainable profitability to cushion any effects of adverse market conditions. Sustainable profitability describes the level of undistributed profit that will enable the enterprise bounce back in the event of unexpected misfortune in the global market and remain competitive in the present and through future generations. Sustainable profitability really helps the global firm to offset operational or financial losses, such as those that might arise from unforeseen audit failures. For example, according to Okaro and Okafor (2013) Price Water House Coopers discovered that Cadbury Nigeria Plc falsified its accounts and indicted Akintola Williams, Dalloitte, for inability to discover the accumulated losses of the company amounting to about N15billion as at 31st December 2006. As the result of the falsified accounts, Cadbury Schweppes Plc, the parent company in the UK had to make a provision of £15million sterling pounds as impairment of the goodwill held in respect of Cadbury Nigeria Plc. The concept of sustainable profitability incorporates the principles of sustainability into enduring commitment to basic environmental principles in business and management to ensure the need to develop the environment and the people while striving to enhance business growth and profitability. However, sustainable profitability depends to a high degree on corporate sustainability management and corporate social responsibility (Aimkij *et al.*, 2013). For example, global corporate giants like Chevron with strong vision, values and business principles is committed to protecting the environment, integrity, business ethics, improving the quality of employees, enhancing opportunities for profitability around the world, while building the organizational capability to achieve superior business results is the cornerstone of its vision (Gomez-Mejia and Balkin, 2002a). According to Barham and Rassam (1989) successful international managers, whether mobile or non-mobile, must be prepared to act locally, but to plan and think strategically and globally suggesting that the idea about any form of international management is: *global thinking, local action.* Global thinking in an international business and management is concerned with all the things that are different in doing business and managing in more than one country at the strategic level, and how the activities can be co-ordinated effectively (Hodgetts and Luthans, 1991; Tayes, 2003; Torrington *et al.*, 2005). Since the 20th century there has been increasing significance of the multinational company as the means by which individual economies are integrated into a global economy. According to Bardwell *et al.* (2004) there are 53000 multinational corporations (MNCs) that control 450,000 subsidiaries, and these MNCs account for approximately one quarter of output in the developed economics. According to them, as companies and organizations expand their cross-border activities there has been a concomitant increase in business activity together with an increase in the cross-border integration of their production and services, and this has in turn increased the processes by which management co-ordination and control can be exercised. Because of cross-border integration, global firms often overcome difficult times. In some cases, where there is *business-dry-up* in one country, the enterprise may not be very profitable or may even suffer losses; in such cases the profit from the zones where there is business-boom will be readily available to stabilize the enterprise. For example, when BBWA had problems in Morocco due to unprofitability and problems associated with the Nigerian Civil War (1967-1970) its Head Office at 37 Grace Church Street London, intervened to stabilize the bank in Nigeria in 1971. Internationalization is more prominent today as many companies see national business as a stepping stone. In other words, the international business environment is forcing many enterprises to see the entire world as the stage for manufacturing, banking, marketing among others. According to Gomez-Mejia and Balkin (2002b) the world is moving away from an economic system in which national markets are distinct entities, isolated from each other by trade barriers and barriers of distance, time and culture, and toward a system in which national markets are merging into one huge global market place. According to them, many companies today have facilities in more than ten countries and do about 70 percent of their businesses internationally. And as the global economy becomes more knowledge-intensive, a growing number of companies consider the entire world their labour market, and now hire talent wherever it may be available. According to Mutallab (2002) BBWA which was incorporated as a limited liability company on March 31, 1894, with Head Office in Liverpool, and with a paid-up capital of 12,000 pounds sterling after absorbing African Banking Corporation which was established in 1892, has experienced phenomenal growth over the years. For example, the PAT of the bank grew from 244712 sterling, pounds in 1954, to 535,212, in 1964, to N29.144 million in 1993. The bank's track record of profitability continued throughout the last century. For example, its PAT grew from N4.221 billion in 2000, to N4.676 billion in 2001, and to N40.011 billion in 2017. The First Bank of Nigeria perspective is no doubt a revelation that international management characterized by strategic alliances and collaboration holds the key to efficiency and sustainable profitability as it remains the most liquid, the oldest and the biggest among the 24 commercial banks currently operating in Nigeria (Ani-Mumuney, 2018; Ayodele and Oke, 2013; Kolade, 2018).

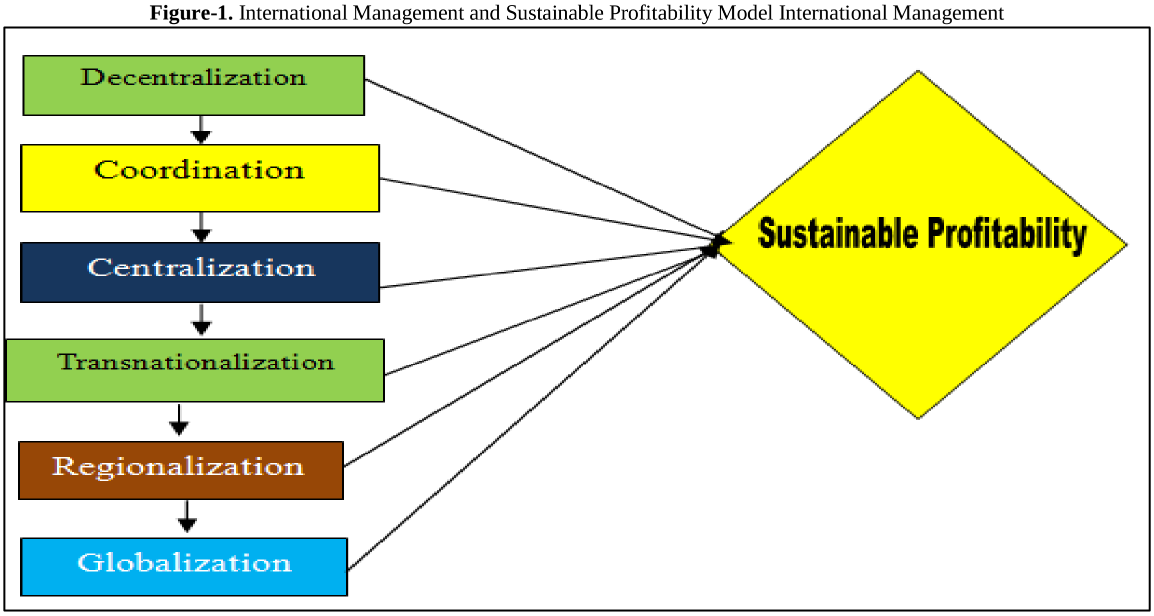
1.1. Statement of the Problem

International management may be impeded by the entry mode into a foreign land. It is important first and foremost to examine the key ways to enter foreign markets, which include: exporting, turnkey, licensing, franchising, joint ventures, wholly owned subsidiaries, strategic alliances, among others. The global firm has to be responsive to the customs and tastes of other countries. It needs also to adapt to the business strategies, structures, operational policies, and human resource management policies of the home countries. For example, nepotism, or the employment of relatives which is discouraged in Anglo-Saxon countries because it engenders favouritism, is seen as a good practice in many South European, South American, and Asian countries because it fosters employee commitment and loyalty. Among the several challenges to international management include issues arising from the political environment, economic environment, socio-cultural environment as well as the physical environment. Each country varies regarding international management. Issues like unstable leadership can create significant problems in recouping investment the government of a host country fails. Political instability is often caused by severe economic conditions that may result to civil unrest or wars. The economic environment equally challenges international management in different fronts. For example, revenue tariff may be applied to an imported item that is also produced locally, of which the primary reason is to generate revenue for the government. However, in retaliation, a country that is affected by a protective tariff often imposes a tariff on its own on a product from the original country introducing the tariff. Unconducive physical conditions also frustrate international management to a certain extent, and socio-cultural dimensions must be understood for good international management. The international manager must have sound knowledge of the language, norms, taboos, and values of the host country. This information can be critical to the successful operations of the company. Knowledge of the cultural ethics will influence the type of management style to be adopted in relation to human resource management and dealings with the people by both home and third country managers in the international environment. Managing in the international market space may also face serious problems with regard to employment conditions and getting the right people in the right numbers to move the multi-country company to the level of sustainable profitability. Matters of differences in culture, legal and trade regulations will have to be overcome so as to operate successfully in the global business environment. This presupposes that the global enterprise must have a stock of competent individuals who can cope with the issues of diversity and different traditional idiosyncrasies to remain competitive. As Torrington *et al.* (2005) suggest, *human resource management* is the basis of all *management* activity, but it is not the basis of all *business* activity. A business may depend fundamentally on having a unique product, or on obtaining the necessary capital, or on identifying a previously unnoticed market. The basis of *management* is always the same: getting the people of the *business* to make things happen in a productive way, so that the *business* prospers and the people thrive. Probably the most formidable challenge facing many global companies today is developing of a cadre of managers and executives who have a deep understanding of the international market environment, have the capacity to transfer the knowledge into appropriate action and who expect to see their rewards and personal growth linked to opportunities for global management careers. This is a major challenge because effective international managers need to share core values and learn both multidisciplinary and multifunctional problem-solving skills, as well as transformational and collegial leadership styles. Managing people is among the most difficult issues entrepreneurs face today because diverse needs, interests and other things define people in the world (Alagbe, 2018; Amadi, 2018; Kanter, 1989).

1.2. Conceptual Framework of the Study

A conceptual framework reflects the structure of the study and the relationship between the principal variables. The framework of this study was based on the model earlier developed by Cavusgil and Zou (1994), as shown in figure 1.

Figure-1. International Management and Sustainable Profitability Model International Management



Source: Author Designed (2018)

As shown in figure 1, a model is a representative of reality, used in research to clearly explain issues that would otherwise be hidden in an excess of words. Models as learning tools have been used by earlier researchers to share knowledge in many areas (Cleary, 1992). Decentralization as a component of international management suggests that each national unit is managed as a separate entity that seeks to maximize profitability in the local environment. This approach is among the traditional forms of many MNCs. Coordination is a form of international management mechanism through which the home office develops superior management systems that allows it to exercise overall control, with a margin of scope given to local management to adopt practices that recognize local market situations and conditions. The centralization approach brings truly global focus on the global market. Companies using this approach are purely global and not necessarily multinational or transnational, in which case they operate through centralized decision-making. According to Barlett and Ghoshal (1993) this approach is common in Japanese corporations. The transnationalization or transnational mode reflects the situation where the company develops multi-dimensional strategic capabilities directed towards competing globally, but also leaves local responsiveness to market conditions and requirements. Not despising the four components however, Perkins and Hendry (1999) argue that international corporations seem to be polarizing around two organizational approaches of regionalization, where local customer service is important, and globalization, with business streams which involve setting up centrally controlled business segments which deal with related range of products and services, world-wide. It would appear that the most appropriate approach in international management that aims at sustainable profitability would depend on different cultural dimensions and prevailing management practices within the global environment (Hofstede, 1980; Ugoani, 2016). For example, according to Sparrow and Hiltrop (1997) the Anglo-Saxon notion sees management as something separate and definable based on general and transferable skills, especially interpersonal skills. In Germany, an entirely opposite view is adopted: value is placed on entrepreneurial skills, technical competence, functional expertise and creativity and members reply more on formal authority than in other European counties. In France, management is seen as an intellectually demanding task and management development system are mostly elitist (Armstrong, 2004). However, early international management in Nigeria has been based mainly on the centralization and coordination approaches whereby managerial expertise resides in the home branches from where the multicountry offices or branches are coordinated and managed through the appointment and allocation of competent managers to those areas of operation. Current thinking in management practice and research reflects that international management practice that tends to drive sustainable profitability revolves around the six components of the independent variables of the study. This is linked with great passion for capturing profitable opportunities in new regions and markets and for delivering superior customer value (Gomez-Mejia and Balkin, 2002b)

1.3. Objective of the Study

The study was designed to explore the relationship between international management and sustainable profitability in Nigeria.

1.4. Significance of the Study

This study will throw some light on the relevance, implications and need of international management in advancing sustainable profitability in a global business environment. Nigeria has a long history of international management predating the time of political independence that has not been explored by earlier local researchers. Students, researchers and management practitioners will learn that a Nigerian banking giant like the First Bank of Nigeria Plc is the direct product of international business and management. From Alfred Lewis Jones as the founder (1894) and George William Neville as the first bank manager in Lagos, BBWA, now First Bank of Nigeria Plc, from its head office in England was able to provide exceptional managerial leadership that nurtured the bank on the path of sustainable profitability until the time the first local managing director was raised for the global bank just in 1973. This study may not fill the gap in our knowledge about the contribution of international management and sustainable profitability in Nigeria, but it is expected to awake the curiosity of other local researchers to do more work in the areas.

1.5. Research Questions

i. Is decentralization the best option in international management and sustainable profitability?
ii. Do you agree that coordination provides a fertile ground for international management and sustainable profitability?
iii. Is it true that centralization has been the traditional approach in international management and sustainable profitability in Nigeria?
iv. Are you aware of any global organization involved in transnationalization aimed at sustainable profitability?
v. Do you think regionalization as a form of international management can drive sustainable profitability?
vi. Is the globalization approach to international management capable of sustainable profitability of the global enterprise?

1.6. Hypothesis

To achieve the objective of the study the following hypothesis was formulated and tested at 0.05 level of significance.

Ho: There is no relationship between international management and sustainable profitability in Nigeria.

Hi: There is a relationship between international management and sustainable profitability in Nigeria.

2. Literature Review

International management is in many respects simply management on a larger scale, more complex, more varied and involving more co-ordination across national boundaries. The same basic techniques of planning, organizing, directing, controlling, motivating, leading, co-coordinating, and training, are used, but these have to be adapted to fit multicounty local requirements. As the world becomes more competitive than ever before, companies need to compete on the global playing ground because the costs associated with the development and marketing of new products are often too much to be spread only over one market (Barlett and Ghoshal, 1991). Today, business operations are being internationalized through overseas expansions, and also by mergers and acquisitions, joint ventures and strategic alliances and partnerships. According to Schular *et al.* (1993) firms now have to manage globally, as if the world were one vast market, and simultaneously to manage locally, as if the world were a vast number of separate and loosely collected markets. They explain that by extension, the main contextual factors affecting international management are the form of organization, the extent of convergence or divergence in international management policies and differences between countries especially cultural diversity. An understanding of cultural diversity and a dose of cultural literacy are critical to success in international management practice. Iwueke (2006), defines cross cultural literacy as the knowledge of the study of the similarities and differences in individuals psychological functioning in various cultural and ethnic groups. He opines that management as an integrating activity, understanding cultural differences leads to improved profitability since culture provides a climate for effective results from the performance of employees. The culture of a people depends on its value system, including the type of reward system capable of ensuring sustainable profitability in the global business environment. To attract and retain top talent, there must be a reward system to stimulate the enhancement of the critical organizational competencies to drive growth and sustainable profitability.

2.1. International People Management

It is believed that one of the most formidable challenges in international management is related to human resource management. To this extent equal attention should be devoted to the career prospects of both local and foreign managers. For examples, a local manager who is aware of the limitations of his career prospects will be primarily concerned about the security and stability of only the local operation, disregarding or paying less attention to the broader goals of the global enterprise. According to Pucik (1984) it is naïve to expect commitment to a long-term global strategy in which local executives have only very limited benefits. Even though it is always difficult to define what constitutes an equitable compensation and reward system in a global enterprise as they do not always converge, attempts must be made to balance what both local and foreign executives receive in relation to their individual competencies, commitment and current market value. This is imperative in order to foster the type of behavior consistent with the notion of borderless organization, teamwork, and reduction of voluntary employee turnover. Sustainable profitability in a global enterprise demands the careful development of competences to progress either within the local environment or internationally, and overall, to ensure that the company has the right number and right quality of executives to manage the multicountry operations in the present and providing the necessary framework for its sustainable or generational management (Blaga, 2013; Bloom, 2014; Boyd, 2011; Nidumolu *et al.*, 2009; Stafford *et al.*, 2010).

2.2. Contextual Review

The First Bank of Nigeria Plc as it is today is a byproduct of BBWA incorporated in England in 1894. It evolved along the paths of political, social, legal and economic changes and developments of Nigeria from the colonial period through independence and beyond. Until the early 1970s when First Bank of Nigeria Plc became a typical Nigerian enterprise it was effectively managed by BBWA from England, by providing resources, particularly managerial talent. By 1901 the staffs of BBWA in Lagos were six, and also reached six in London. According to Ndekwu (1994) Mr. Neville was the first manager in Lagos. Three other people worked with Neville to record early success for the banking business. Mr. Paterson was one; he had joined Mr. Neville in 1894. When Mr. Neville returned to England in 1899 he took over the management of the bank as senior manager and became in 1904, inspector of branches. Another important manager was Mr. Couper, who crossed over to BBWA from Elder Dempster in 1895. He became the first London branch manager when BBWA moved to an independent office in London. He later became a general manager of the bank and eventually a private member of the West African Currency Board (WACB). Mr. Wilson who joined the bank in 1895 became an assistant general manager in 1920. He was a manager in Liverpool and later took the place of Mr. Couper on the WACB. Mr. Wilson became vice-chairman of BBWA in 1942. In those periods the BBWA relied very much on the ability of its managers in the pursuit of growth. For example, the profit after tax (PAT), of the bank grew from £244,712 in 1954 to £387,047 in 1957, and to £403,274 in 1960, £445,426, in 1961, £535,212 in 1964, and to £611,630 in 1965.The bank more than any other factor gave consideration to the factors that would enable it achieve sustainable profitability that would give it better expression in global management. The bank used its global alliances to a great advantage. In terms of internationalization, as an extra-territorial bank, BBWA, was the first international bank in Nigeria. According to Ndekwu (1994) it had branches in the four Anglophone West African countries as well as in Cameroon. The Bank also had offices in Morocco and Egypt apart from Britain. He reports that in the early years of the Bank, during the tenure of Lord Salborne as Chairman, a *Treaty of Alliance* was made with one of the London's major clearing banks, Lloyds Bank. That alliance strengthened BBWA's foundation for international banking operation, having secured an access to the global connection of Lloyds. On August 6, 1920, a much stronger foundation for an international banking network was concluded and approved by its Board of Directors. The arrangement was with three London banks. These were London County Westminster and Parr's Bank limited (which later became National Westminster), and the Standard Bank of South Africa Limited (later the Standard Bank limited-part of Standard Chartered Bank limited) that agreement provided the bank with an access to far greater capital resources, wider international operating sphere and increased opportunities to capture the advantages of the economies of scale. The Bank was further exposed to transactions in a wider world than its original territorial operation. During the tenor of the agreement, the Bank continued to maintain its identity as the Bank of West Africa (BWA). However, today a greater need for robust pattern of international management is imperative because the international business environment is more competitive than it has ever been in history. According to Gomez-Mejia and Balkin (2002a) to survive, successful firms must be at least as cost-efficient relative to the quality of their product or service as their competitors elsewhere in the world, and not just within their own countries. For example, according to Ndekwu (1994) the rapid expansion of the bank in the 1920s before the onslaught of the Great Depression of the 1930s cannot be divorced from the alliance with other London and South African banks. According to him, in 1920, total deposits of the bank increased dramatically to £11,810 million from £6,489 million a year before. Its loans and advances and bills of exchange also rose sharply from £4,927 million to £9,944 million. The bank showed much interest in alliances as an excellent approach in international management and the quest for sustainable profitability. For example, according to Ndekwu (1994) "A further internationalization was achieved when in 1966 it was merged with the Standard Bank, one of the banks in the 1920 agreement. The merger which later in practice turned into an acquisition by the Standard Bank eventually caused the Bank to assume a new name of Standard Bank of West Africa. It also made available to the Bank a greater international banking network and injected into it the American banking spirit through one of the associated banks, Chase Manhattan Bank of New York which was operating in Nigeria at that time. This American connection, which the bank would have developed to a greater benefit years later, was not given time to mature, as the bank was confronted three years after with compulsory, local incorporation, thus making Chase Manhattan to remain as a branch. A breakup of the 1966 arrangement eventually followed, the other West African countries within the Standard Bank of West Africa (SBWA) component of the Standard Bank group formed their own locally incorporated banks. Although the ground design was short lived, it provided the bank with an enduring foreign banking relationship with a global banking experience, vast resources, and connections. The Standard Chartered Bank, popularly known as Stanchart, which was formed by the merger of Standard Bank Limited with Chartered Bank in 1969 helped to provide the bank with wide branch network in Africa, Asia, America and Europe, an international connectivity that places First Bank of Nigeria Plc as one of the biggest banking empires on the African continent (Aregbeyen and Folarin, 2011).

2.3. Internationalization and International Management

The contemporary process of internationalization dates back to the emergence of capitalism in Europe in the late Middle Ages. The process has undergone some changes and passed through various stages. The process was initially marked by great capital and labour mobility and a trade boom as a result of lower transportation cost rather than free trade. In this context internationalization describes cross-border relations between countries and the growth in international exchange and independence. It is the movement from an international economy comprising principally of national economies to a globalized economy where national economies are incorporated into the system by international processes and transactions. On the other hand, the related concept of interdependence connotes the existence of symbiotic and balanced exchanges between and among countries of the world based on differences in natural endowments and in comparative cost advantages in production of goods and services. Internationalization is the process by which firms increase their awareness of the influence of international activities on their future and establish and conduct transactions with firms from other countries. They suggest that this is important because international transactions can influence a firm's future in both direct and indirect ways. International management has become important today because managing the global enterprise and modern business management, are becoming increasingly synonymous. Current definitions of success and sustainable profitability now transcend national boundaries and to succeed, corporations must use global strategies. Therefore, international management relates to how corporations become and remain global in nature and scope. It is about experiences of corporations of all sizes, from many countries, as they come to grips with an increasingly competitive global business environment. International management is about the practice of management when a home-market perspective is saturated and no longer enough to achieve the desire for success and sustainable profitability. International management is often affected by economic globalization which simply refers to the global economic interrelationships of markets, capital, finance, goods and services. This is so because this kind of globalization is characterized by an intensification of cross-border trade and increased financial flow between and among countries of the world. The world has a long history of international management through the auspices of international trade. There is huge empirical evidence that trading among nations can be traced back to the earliest civilizations, which paved the highway for the emergence of modern international management (Mujtaba and Cavico, 2013; Perkins, 1997).

2.4. New Identity and Managerial Leadership

In the 1950s the political changes rapidly emerging in West Africa were putting pressure on the Bank for an internal re-organization to adequately realign itself to the new political and legal realities of the time. According to Ndekwu (1994) the Gold Coast had attained political independence in 1957 and became Ghana. He reports that a year later, the Bank of Ghana the country's Central Bank, started business and the country's legal tender was issued from July, 1, 1959. During this period, Nigeria advanced considerably toward political independence with self-government achieved by the Eastern and Western Regions in 1957, while the nation's own independence was just three years away. To take advantage of opportunities in the global market, the bank's authorized share capital was raised to six million pounds; its reserve of £1.5 million was also capitalized. Accordingly, going by what was required by the Nigerian Banking Ordinance at the time, the bank's capital was in a tremendously comfortable position. The minimum requirement at the time was a paid-up capital of an equivalent of £200,000 for the expatriate banks. In addition to capital expansion, the bank sought to further make itself relevant to the evolving new political environment in West Africa through a new identity and managerial leadership and dropping its colonial tag. Therefore, at the Board's Extra Ordinary Meeting of June 1957, a Special Resolution was passed to change the name of the company by dropping the word *British* to *Bank of West Africa (BWA).* Such important decision was taken because the bank was conscious of its business opportunities in the countries and did not want anything to jeopardize the opportunities in the international arena. The change of name brought the bank significant popularity among Africans. To deepen the relationship between the bank and its huge African customers, a Nigerian, Chief J. K. Agbaje was appointed the Lagos Broad Street Branch Manager in 1955. He had been designated *Head of African Staff* of the bank and eventually became the first Nigerian Branch Manager in the bank. He also became the first Nigerian to sit on the Board of Directors of the Bank from July, 1969 as Executive Director, and was a director of the bank until November 1975 when he retired. Due to the emergence of banks like International Bank for West Africa, Bank of America, Allied Bank of Nigeria, the bank considered a proposal for merger with Standard Bank in London which considered it necessary to extend its international banking image and to have a strong hold in West Africa where it had none before, even though its operations were spread to other areas in Africa. Standard Bank London was attracted by BWA's branch network. For example, in 1963 there were 114 branches in West Africa: 59 of these in Nigeria, 41 in Ghana, 11 in Sierra Leone, one in the Gambia and 2 in Cameroon. The merger proposal progressed rapidly and in November, 1966 formal change of name of BWA was affected to Standard Bank of West Africa Limited (SBWA). Despite the change of name in 1966 the bank quickly came to the rescue of SBWA at the start of the Nigerian political crisis. To ensure the continuation of the bank's services, the Standard Chartered Bank in London recruited a number of young Europeans and dispatched them to Nigeria. One of such young men was Mr. John Major who was employed in October 1966. He was posted to Jos Main branch of the bank. He was to serve for six months in the first instance but had a car accident after the fourth month which forced him to return to England for the treatment of his injured knee. Mr. John Major later took to politics in 1968 and was elected the British Prime Minister in 1990. Even with the change in name, the former BWA sought to maintain its distinctive identity with West Africa where the bank continued its sub-regional operations while remaining in the Standard Bank Group. However, the new structure was short lived as the West African components disengaged three years later to obtain local incorporation and resulting to separate companies. The Nigerian component became Standard Bank Nigeria Limited but retained its strong association with London's Standard Bank to which the BWA's Business in the United Kingdom was transferred in 1973. This association provided the bank with the means to remain in the mainstream of international banking and the benefits of international management. This global bank with offices in the United Kingdom, USA, China, South Africa, Dubai, among others has continued to deepen its profitability profile while still standing on the already well established international management arrangements. The bank is mindful of the competition in the international environment and is holding firm to the ethics and practices of good international management. Ajekigbe (2004), as the Managing Director/Chief Executive Officer of First Bank of Nigeria Plc states: "Anything we do to improve banking service delivery is the way to go. And mark you; Nigeria is not treated in isolation. When you talk about competition it is not just with Nigerian banks. HSBC is competing with you because they have access. Barclays Bank is competing with you because we are now talking of a global village. People have access to information. You cannot block them and once they have access to information, they would choose what is best for them (Mujtaba, 2014).

3. Methodology

3.1. Research Design

The qualitative and quantitative techniques of the exploratory research design were adopted for the study. Exploratory design can take either qualitative or quantitative approach or both. It does not require a large sample or a structured questionnaire (Creswell, 2009). The study attempted to discuss case descriptions and to connect complex issues in international management and sustainable profitability (Yin, 2014). Data generated from both primary and secondary sources such as books, journals, reports, newspapers, annual reports, interviews, observations, among others, were organized and coded for the purpose of analysis. The mixed method of data collection was adopted so as to supplement, complement and test the potency of data through each other. 115 respondents participated in the study. Data were analyzed through descriptive and regression statistical methods and result presented on tables.

3.1.1. Presentation of Result and Explanations

Table-1. BBWA's Profit After Tax (1954-1965)

S/N	Year	Profit (£)
1	1954	244712
2	1957	287047
3	1960	403274
4	1961	445426
5	1964	535212
6	1965	611630

Source: Field work (2018) adapted from Ndekwu (1994)

As shown in table 1, the bank maintained sustainable profitability between 1954 and 1965.

Table-2. The Banks Profit After Tax,1972 – 1993

Year	(N Million)	Year	(N Million)
1972	3.993	1987	68.013
1975	8.011	1988	74.224
1978	17.015	1989	105.946
1981	28.402	1990	(205.428)
1984	29.144	1991	(31.295)
1985	53.404	1992	334.690
		1993	584.502

Source: Fieldwork(2018) adapted from Ndekwu (1994)

As in table 2, according to Ndekwu (1994) the Bank suffered losses in 1990 and 1991 for the first time in its history. These were the effect of the prudential guidelines introduced by the Central Bank of Nigeria in1990 which made the Bank to make huge provision for non-performing loans and accounts as required by the guidelines. By 1992, the Bank restored it profitability status with a robust achievement of after tax profit of N335 million and in 1993 the amount rose sharply to N585 million.

Table-3. Trends in Shareholders' Funds, 1972 – 1993

Year	(N Million)	Year	(N Million)
1972	13.833	1987	373.463
1975	21.775	1988	434.618
1978	51.978	1989	534.230
1981	141.776	1990	300.337
1984	188.075	1991	456.513
1985	226.434	1992	955.602
		1993	1,493.711

Source: Fieldwork (2018) adapted from Ndekwu (1994)

From analysis in table 3, it was not only the profit as in table 2 that grew steadily. Shareholders' funds also grew. It is important to state that the growth in PAT contributed to the growth level in the shareholders' funds which became much more rapid since the 1980s during which time the transfers from profit expanded as dividends paid out were controlled. As was the case with PAT shareholders' funds dropped in 1990 and 1991. However, this increased in 1992. The equity rose to N1,493.7 million in 1993. The impressive performance in sustainable profitability remains a tribute to the commitment and dedication of the bank's employees and sound management.

Table-4. The Bank's PAT (1998 – 2002)

Year	N'M
1998	1649
1999	2943
2000	4221
2001	4676
2002	3979

Source: Fieldwork (2018) adapted from FBN Annual Report & Accounts (2001/2002).

The global bank remained profitable despite the turbulent global financial landscape of the periods, as shown in table 4.

Table-5. The Bank's PAT (2014 – 2017)

Year	N'M
2014	5683
2015	2180
2016	7507
2017	9275

Source: Fieldwork (2018) adapted from FBN Annual Report & Accounts (2014/2017).

As shown in table 5 after over 120 years in the business of banking, the bank made a sustainable profit of about N9,275 million in 2017, despite the heat in global competition.

Table-6. Profile of Interviewees (n=115)

S/N	Description	Category	Total	Percentage
1	Gender	a) Female b) Male	50 65	43.48 56.52
2	Education	a) Diplomas b) Degrees c) Others	30 60 25	26.09 52.17 21.74
3	Age	a) 18 – 35 years b) 36 – 65 years c) 66 years & above	45 50 20	39.13 43.48 17.39
4	Experience	a) Less than 10 years b) up to 20 years c) Above 21 years	40 52 23	34.78 45.22 20.00
5	Status	a) Low b) Middle c) High	22 68 25	19.13 59.13 21.74

Source: Fieldwork (2018)

The interviewees as in table 6 were qualified to provide useful information needed for the a complex study of this nature.

Table-7. Frequency and Mean for Responses to Interview Questions

S/N	Restatement of Research Questions Co-ordination co-ordination	Scores					Σx	No of Resp.	$\underline{x}$	Decision @ 3 points
		SA	A	N	D	SD				
		5	4	3	2	1				
1	Co-ordinator does not provide fertile ground for international management	20	15	6	14	60	266	115	2.31	Rejected
2	Decentralization is the best option in international management	21	19	4	10	61	274	115	2.38	Rejected
3	Centralization is the traditional approach to International management.	60	41	2	5	7	487	115	4.25	Accepted
4	Many International Organization aim at SP	56	35	3	8	13	458	115	3.98	Accepted
5	Regionalization drives SP	50	45	5	5	10	465	115	4.04	Accepted
6	Globalization can influence SP	25	20	4	16	50	299	115	2.60	Accepted

Source: Fieldwork (2018)

Table 7 was used to gauge the assumption that IM is associated with SP, and the acceptance level of about 67% statistically upholds the assumption.

4.1. Model Specification

Model specification is the expression of a relationship into precise mathematical form. According to Koutsoyiannis (1977) economic theory does not indicate the functional form of any relationship. This suggests that economic theory does not state whether a relationship will be expressed in linear form, quadratic form or in a cubic form. On the strength of the above it was decided to specify the relationship between international management (IM) and sustainable profitability (SP) thus:

SP = F(DEC, COO, CEN, REG = = = = = = (1)

From the above functional relationship, the econometric model is specified below:

SP = bo + b, DEC, + b_2 COO, + b_3 CEN, + b_4 REG, + u = t2)

Where:

SP = Sustainable Profitability
DEC = Decentralization
COO = Coordination
CEN = Centralization
REG = Regionalization
b_0 = Constant term
b_1, b_2, b_3, b_4, = Coefficient attached to explanatory variable
t = Time period
u = Stochastic error term

Table-8. Regression Analysis

Variables	Coefficient	Std. Error	t-Statistic	Prob
DEC	-2.694925	0.752464	-3.581467	0.0033
COO	0.909843	0.542053	1.678512	0.1171
CEN	0.266629	0.286879	0.929412	0.3696
C	305.6838	452.9248	0.674911	0.5116
R-Squared	0.784233	Mean dependent Var	-92.31399	
Adjusted R-Squared	0.734440	SD dependent Var	3494.482	
S.E of regression 1800.792 18.03217		Akaike info criterion		
Sum squared resid	42157.115	Schwazz criterion	15.75005	
Durbin-Watson stat.	1.948.160	Prob (F.Stat)	0.000128	

As in table 8, in regression analysis, there is an important measure, R^2, which measures the goodness-of-fit of the regression model. By this, it calculates the percentage of variation in the dependent variable accounted for by the independent variable(s). This value is usually reported by the use of SPSS in regression analysis (Gujarati, 2003). In this table, R^2 is 0.784which means that there is strong positive relationship between dependent and independent variables used in this model. This indicates that the independent variables explain about 78 percent variation of SP. The value of Durbin-Watson is 1.95 that lies within the range between 1.5 and 2.5. Therefore, it can easily be stated that there is no autocorrelation among the independent variables of this study. Also, the adjusted R^2 value of 0.73 or about 73 percent is statistically significant at 0.05 levels.

5. Discussion

The interest of British traders in the agricultural products in the Niger Basin Area can be traced back to 1712 when the British government secured virtual monopoly over slave trade in the West Coast as the area was known as the Slave Coast until the middle of the nineteenth century. When slave trade was declared illegal in 1807, private European traders and companies turned attention to dealing in agricultural products. The Chartered Royal Niger Company under the leadership of Sir George Goldie was foremost in British trade in West Coast. Because of the British *dual mandate* philosophy, it gave the Royal Niger Company power to administer, make treaties, charge customs dues and carry on trade in all territories in the basin of the Niger River and its effluent. Ahead of the time the Royal Niger Charter was taken over by the British government in 1900; prominent British businessmen like Sir Alfred Lewis Jones sought for alternative ways of doing good business in area. The economy was based on agriculture. The colonial government was interested in the palm oil, rubber, hides and skins, cocoa, groundnut, cotton, among other things that were exported to UK through the Port in Liverpool and returned to the area as finish products. Jones working in collaboration with Elder Dempster & Co a shipping company based in Liverpool, UK, established the BBWA now known as First Bank of Nigeria, Plc in 1894 after taking over the African Banking Corporation (ABC) established in 1892. The paid up capital of the BBWA when it was established in 1894 was 12,000 pounds sterling with a major focus to promote international trade between British and West Africa through credit and other banking services. According to Mutallab (2002) the establishment of BBWA signaled the pre-eminent position which the bank was to establish in the banking industry in West Africa. From the early years the bank recorded impressive profits. For example, the profit was 244,712 pounds sterling in 1954, 535,212 pounds sterling in 1964, and N29,144 million in 1984. At the beginning of this century the PAT was N4,221 million in 2000, and N9,275 million in 2017. This trend is no doubt the result of the power of effective international management. The bank has always relied on the competence of its management to pass through many difficult times to remain after over 125 years as one of the most profitable global banking enterprises on the African continent. The participants in the study were very knowledgeable in the areas of interest and their responses as analyzed in table 7 confirm the study assumption that IM explains SP. From the regression result in table 8, the R^2 value of 0.78 confirms that IM has significant positive relationship with SP. This is the crux of the study.

5.1. Scope for Further Study

Further study should explore the relationship between profit after taxation and profit before taxation to see if it has any positive or negative effects on shareholders' funds of public companies in Nigeria.

6. Conclusion

Interest in international trade between British and the West Coast by British trader gave rise to the establishment of BBWA, today known as FBN in 1894. The bank assumed an international stature and relied on managerial competence of its home office managers. Jones put Neville to be in charge of the bank as a senior manager in 1895, and Neville was able to stabilize it before he returned to the UK in 1900. Despite different changes in the political, social and economic fronts, the bank has remained as one of the most profitable banking enterprises on the African continent. From a modest profit of 244,712 pounds sterling in 1954 its PAT grew to N9,275 million in 2017. This huge success can easily be traced to the influence of international management. By critical empirical exploration and statistical analysis the study found a strong positive relationship between IM and SP. This is the interest of the study.

Recommendations

i. Companies seeking to play in the global environment must ensure that they have competent manpower to drive their objectives.
ii. Like in the BBWA / FBN examples, good succession planning is critical to enterprise growth and sustainable profitability. These imperatives must always be adequately explored for continuity in the global market space.
iii. Nigerian business people should start thinking more of international business and management in view of the rapidity in globalization. It is also important to emulate people like Jones who very early in life explored the imperatives of international business and management.
iv. Because of the growing population and unemployment in Nigeria, the government should encourage genuine business people through tax holidays and pioneer status incentive schemes to enable them open up legitimate businesses in Nigeria with the aim of creating more employment.
v. Nigeria today has more graduates in different fields that the nation can gainfully employ. In the circumstance, the government through collaboration, partnerships, agreements with needy countries of the world can release the unemployed graduates to serve them. This will not only provide job satisfaction for the individuals, it will also earn foreign exchange for the country.

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