

Essay on china and nigeriam

Business, Marketing



1. 0 Executive Summary

The civil engineering climate and environment of China and Nigeria is one that is coupled with lots of opportunities owing to the fact of the prevailing market conditions of the area. This report incorporates an analysis of the market ventures that can be found in the two countries. A thorough SWOT and PEST analyses are done, with a view of determining market and business opportunities for a civil engineering business in the two regions.

2. 0 Introduction

China is a rising country in terms of development in the Asian continent. Titus (2000) notes that China is one of the countries battling it out on the economic front with the world's largest economies like the US, Germany, Britain, and Japan. This therefore means that economic development is way above average when compared to its Nigerian counterpart. The Nigerian experience is quite low in terms of civil engineering technology and development. The country still harbors a very wide market for development in the engineering world. The Nigeria Infrastructure Report, (2012), shows that Nigeria is targeting an increment in its kilovolt of electricity to over 700kv which will boost its infrastructural development by 2014. There are also massive plans to contract major contractors in the civil engineering industry, for instance the delayed Lagos Light Rail which has now been pushed forward by two years (Nigeria Infrastructure Report 2012). This serves as one of the major highlights of a rich market in the field. An investment in the region is thus well above placed to fetch economic returns.

3. 0 Research findings and analysis of China and Nigeria

China's economic climate is one which is coupled with a lot of market viabilities. There exists a wide spectrum of opportunities ranging from the design and construction in the civil engineering field. However, there are some features that were identified from the research. China may have the market and opportunities but there are other factors that may need to be satisfied or followed to the latter for business to succeed the region.

According to Titus (2000) China has a high level of technology and this limits the extent to which it may source professionals in the field of engineering. It therefore does not need a lot of mechanization as it wants to create employment for its low earning population (Lan, et al. 2003)

Networking is pertinent in succeeding in this field in China. Lan, et al. (2003) note that any business person interested in China has to achieve the “guanxi” literary meaning networking potential. The local fraternity will be more listening to parties which have connection between the different stakeholders rather than new entrants who just storm into the market without prior information. The procurement policies in the region are good with a clearly outlined procedure of procurement. Localization of the jobs and contracts won has to be utilized for any business to succeed in the region (Nigeria Infrastructure Report, 2012). Therefore employment of the citizens in the area is of uttermost importance in winning the confidence of the people for future contract winning. There exist opportunities in the construction of bridges and architectural master pieces in the region. With its rapid expansion policy, the country poses as one of the virgin lands for utilization in the civil engineering. Although most company research findings report that China is a technologically savvy country, there are opportunities

in management of projects. Most projects will entail relocating managers to the field to help run the projects rather than use flight modes or remote control management (Infrastructure investment tips, 1994). Therefore China still harbors a market which has not been fully utilized as reported earlier. Nigeria on the other hand is still a developing country which has a lot more opportunities in the region than China. Nigeria is still under a spirited development platform thus putting it ahead in terms of the number of civil infrastructural development opportunities to come by (Nigeria Infrastructure Report 2012). According to the UN data, Lagos will be the 12th largest populated urban area by 2025. This translates to a lot of marketability in the region. There is ready market in the area. The poor infrastructure in the country has overseen the government encourage development through the adoption of the PPP policy where there is (public private partnership in overseeing an infrastructural development. Roads, rail lines, electricity and other civil engineering designs and constructions are given opportunity. There is no prior experience or technology as is the case in China, so the market here is still virgin for anyone to utilize.

3. 1 Definition of civil engineering

Civil engineering refers to a branch of professional engineering dealing with the design, actual construction and the maintenance of environment (whether physical or natural environment). This include construction of roads, canals, buildings, highways and bridges.

3. 2 The state of civil engineering business

Civil engineering business is part and parcel of human civilization (Caves 1982). The dynamism of human character is manifested in the ways man

changes the design of houses and other physical designs for his own use. Civil engineering is one of the oldest disciplines in the world ranging from military engineering to other types of engineering. Businesses in this field and in particular in Nigeria and China are still virgin. There is a high demand for construction of dams, roads, buildings and other engineering constructions in these countries. Caves (1982) notes that as a country develops the level of engineering requirements increases. This therefore means that as Nigeria advances in its bid for economic empowerment and thrive, its needs in the civil engineering industry are going to be high. This translates to a big business opportunity for this particular discipline or line of duty.

3. 3 Criteria of Civil engineering and Infrastructure

The civil engineering and infrastructure markets that can be instituted in these regions ranges from one form to the next. There are design and construction of buildings and dams. For instance Nigeria wants to increase its national grid of electricity by 2014 therefore it has plans to construct a number of dams. This is a good opportunity for investors to seize. China on its part has structural requirement for internal tunnel constructions for its rail transport, to connect major cities (Velasquez, 2009). There are also buildings that continue to be built by incorporating the latest technology.

3. 4 Main locations for infrastructure

The major locations for the infrastructure are located in areas linking the major cities and towns. In Nigeria the Niger delta where oil is extracted forms a major area of emphasis where the government is trying to invest and harness the potential for proper running of the crude oil refinery. Therefore,

the infrastructure in the area is majorly under development. Roads, buildings, and bridges are also under design and construction in the Lagos and other towns. China on the other hand is expanding from the major cities to other small towns where facilities are being reappraised and reconstructed to match modern trends(Newell, Chau, & Wong, 2009).

3. 5 Labor practices

The two countries have excellent labor laws. Most of the laws in the countries are covered under the international labor laws, thus posing as a very good entity for international business investment. The Nigerian labor laws are cognizant of international level (Nigeria Infrastructure Report, 2010). According to Nigeria Infrastructure (2010) a large number of Nigerians are not in unions. The collective bargaining in the country is therefore still underdeveloped as compared to China. There is a strict adherence to the international standards in labour laws, therefore posing a good investment infrastructure for a civil engineering business.

3. 6 Communication and Language

The major language of communication in China is Mandarin. Although there are 8 major Chinese languages in the region, most people prefer this (Yean, et al. 2005).

There are people who use other languages including English and French (The economist, 2006). These majorly consist of foreigners and a few nationals who have learnt the language. Business can be conducted in either of the languages provided the parties involved understand each other. Nigerians use English in the region for business transactions. There exists Pidgin and other dialects but business is majorly transacted through English.

3. 7 Transports, roads and railways

The transport infrastructure is still under need of development especially the rail transport in linking major towns. The road network is still wide open for expansion as most parts are still in accessible. The scenario is different in China where most parts have been covered with good road transport (Infrastructure investment tips, 1994). The major production areas and the Central Business District are well connected with fast moving electric train. However other parts need to be developed and improved through building of modern blocks and infrastructural systems.

3. 8 Can the infrastructure be improved?

The infrastructure in the two countries can be improved through adoption of modern forms of transport, such as the construction of electric transport as China has started (Newell, Chau, & & Wong, 2009). The roads in Nigeria are still under a pathetic situation calling for a re-development and maintenance. All civil engineering works in the region need constant maintenance and reappraisal for proper development (Yean, et al. 2005).

3. 9 SWOT and PEST analysis

SWOT ANALYSIS

Strong potential for infrastructure development

Large producer of oil

High population, hence market

High corruption cases

Security threats especially the Niger Delta

Poor development relative to the number of population

Lack of domestic payers in the civil engineering

Successful launch of the 1st PPP program

Constant military attacks

Worry of dip recession

CHINA

Existing technology

Prior experience in civil engineering

Unwilling or poor government support for foreigners

A well laid foundation for civil engineering projects, with technical know-how

Unfavorable political climate on the international frontier. China favors those countries which support it political angling

PEST ANALYSIS

Low tax to multinationals

Applies international labor laws

Unpredictable political stability

Low economic growth

No bounding trade sanctions

Inflation rates

Low exchange rates in the country

Most people not used to civil engineering works

Rate of technological change is slow but taking pace with time

Poor technological incentives in the country

CHINA

Politically stable

Has low exchange rates

High economic growth

No trade sanctions

Chinese nationals love working on engineering works

High and speedy technological change

High incentives for technological innovations

Conclusion

Business in Nigeria and China has to be well planned and developed in order for the investor to reap the full benefits. The research has shown that plenty of civil engineering opportunity exists in the Nigerian and Chinese countries. The best method for behavior entry into the Nigerian and Chinese markets is through establishment of foreign subsidiaries (Titus, 2000). These are then followed by the local firms which provide connections and local knowledge. The entire technology and professional servicing will have to be done by the foreign country which has to set camp in the country of investment.

Recommendations

The company should do a thorough market research before embarking on establishing a business in the two countries (Research and markets adds report, 2009). This will ensure that the investment is timely and well balanced as compared to when it is blindly incepted. Nigeria as an investment destination should be given priority as it postulates quite a

number of investment opportunities as a developing country as compared to China which has an advanced civil engineering technology.

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