



Training Nigerian Managers for a Swiss Trading Company 1972-1997

Marcel Brengard M.A.

When the Swiss Union Trading Company (UTC) expanded into the Nigerian market in 1931, nobody thought about training Nigerians as managers. Instead, all management positions within the company were filled by Swiss citizens. For almost half a century, this was to remain the case. New staff was regularly recruited in Switzerland in order to replace outgoing managers and training instructors in Nigeria. Meanwhile, Nigerians were employed as clerks, drivers, and in some cases as shop-keepers in the wide sales network of the company, but usually as simple blue-collar workers. This began to change in the 1970s, when Nigeria launched the "Nigerianization" program. The program required that a substantial part of the company's shareholding be transferred to Nigerian citizens. In addition, the UTC's management had to be "Nigerianized" as well, which means that a substantial part of it should consist of locally recruited and trained managers. The company began recruiting Nigerian graduates and, in cooperation with ORT (Organization for Educational Resources and Technological Training), created a training program for future Nigerian managers. It took almost 20 years for the first Nigerian to take over the top executive chair in the company. However, he left UTC after the last shares of the Swiss parent company were sold to Nigerian shareholders in 1997.

Working for Union Trading Company [UTC] 1930-1970

The company in question was once a typical colonial trading company that sold industrial goods in Africa and tropical cash crops on European markets. The origins of the company go back to the Basle Mission. This missionary society was founded in 1815 and was active in the nineteenth century in the Gold Coast and Ceylon. In 1859 the missionaries founded the commercial firm then called Basle Trading Company, which expanded to Nigeria in 1931 under the name Union Trading Company (UTC).¹ Soon, Nigeria became the most important market for UTC. It ran supermarkets and car garages, built an engineering, a farming, and a food processing department, and became one of the largest

¹ For a detailed history of UTC see *Wanner, Gustav Adolf: Die Basler Handels-Gesellschaft A.G. 1859-1959, Basel 1959*. The entanglement between the Basle Mission, their trading company and the idea of «legitimate commerce» see *Franc, Andrea: Wie die Schweiz zur Schokolade kam. Der Kakaohandel der Basler Handelsgesellschaft mit der Kolonie Goldküste 1893-1960, pp. 87-164*. The expansion to Nigeria is examined in *Page, Steve: Le Nigeria et la Suisse. Des Affaires d'indépendance. Commerce, diplomatie et coopération 1930-1980, Bern 2016, pp. 51-67*.

companies in the country in the 1970s.² In the early 1970s, the Basle Mission began to sell some of their shares to Nigerian citizens

Until the early 1970s, nobody considered training Nigerians as managers. Instead, all management positions within the company were filled by Swiss citizens. For almost half a century, this remained the case. New staff was regularly recruited in Switzerland in order to replace outgoing managers and training instructors in Nigeria. These young Swiss staff members working in Nigeria all had to be male, young, married and Protestant.³ Meanwhile, Nigerians were employed as clerks, drivers, in some cases as shopkeepers in the wide sales network of the company, but usually as simple blue-collar workers. When Nigerians were hired in leadership positions, the Swiss referred to them as “figureheads,” indicating that they did not possess any decision-making power. According to Swiss managers, these Nigerians were hired only to strengthen the bond with government and local officials.⁴

These racial hierarchies were hardly questioned after decolonization. Rather, these political changes led to a reorientation of the business model. UTC expanded and since many other Swiss enterprises wanted to expand into the growing Nigerian markets the company helped them to establish their businesses there and became a pioneer for the whole Swiss industry.

UTC and the Politics of “Indigenization”

The policy of the UTC regarding labor relations began to change after the Nigerian government started the “indigenization” of the Nigerian economy. The company started to recruit university graduates and set up their own teaching centers to ensure that management positions would be increasingly held by Nigerians. How did the Nigerian government persuade companies like UTC to change their policies? In particular, two decrees were decisive: The Nigerian Enterprise Promotion Decree of 1972 and the Nigerian Enterprise Promotion Decree of 1977. The latter eventually introduced a tightening of the former, because it had not yet achieved the desired effects. While some economic activities such as hairdressing, haulage of goods by road, laundry, and radio broadcasting were reserved for Nigerian citizens, most large companies such as UTC were able to continue their previous activities, but had to divest some of their shares to Nigerian investors. It also became more difficult to obtain a work permit for expatriate workers.⁵ The Nigerian government acted from a position of strength. Nigeria’s economy grew rapidly in the 1970s. The increased sales of oil benefited both the state and many foreign companies.⁶ UTC, as well as many other large companies, generated the majority of their turnover in

² See *Nigerian Institute of Social and Economic Research (NISER): The 1977 performance of fifty business enterprises in Nigeria, Ibadan 1978, p. 9f.* and *NISER: The 1980/81 performance of fifty business enterprises in Nigeria, Ibadan 1982, pp. 22/49.* For business model of UTC see the annual reports, for example *UTC: '92 Reports and financial statements, Lagos 1993, pp. 2-5.* For the establishment of supermarkets by European trading companies see *Murillo, Bianca: Market Encounters. Consumer cultures in twentieth-century Ghana, Athens 2017, pp. 28-114.*

³ See R.G., F.S., H.J.

⁴ See R.G.

⁵ On the Nigerian indigenization policy see *Balabkins, Nicholas: Indigenization and Economic Development. The Nigerian Experience, Greenwich, London 1982, pp. 163-216.*

⁶ See *Bourne, Richard: Nigeria. A new history of a turbulent century, London 2015, pp. 137-141.*

Nigeria and it was expected that the market would continue to grow strongly. Leaving Nigeria was not an option. Accordingly, they had to comply with the decrees.

How did UTC react? It split off the Nigeria business and went public with it. This part of the company became UTC Nigeria PLC, a public listed company. Although a part of the company shares were sold to Nigerian owners, the Swiss owners that still possessed the biggest share did not want to give up any decision-making power. All decisions continued to be made by them or by a Swiss director that they appointed. A large part of the shares were not sold to the public, but to carefully selected Nigerian individuals, and the well-known politician Adamu Ciroma was appointed as the chairman of the company. This mere pro forma compliance with the decrees was mirrored in every branch establishment of the company throughout Nigeria.⁷ UTC appointed Nigerians as branch heads – usually still referred to by the Swiss as “figureheads” – but the executive power remained in the hands of Swiss managers.⁸

Issues and Actors in Management Training

However, a purely superficial Nigerianization of management was insufficient in the long term. In addition, it became increasingly difficult for expats to obtain a work permit and eventually the decision-making power had to pass to Nigerians. Therefore, it was necessary to start training Nigerian managers who not only had the same skills as the Swiss managers, but also showed a great loyalty to the company and to the directorate in Basel. In particular, the following issues arose. First, how should the education and training be financed? Second, where should the know-how come from when setting up a training center or school? In addition, Basel wanted to keep full control and ideologically bind the prospective managers to the company.

Education is expensive. To persuade companies like UTC to invest more in training their workforce, the Nigerian government created the Industrial Training Fund (ITF) in 1971. Every employer had to deposit two percent of their total payroll into this fund, but then received up to sixty percent of that amount back once appropriate training measures had been implemented. Thus, government incentives have been created to promote training programs.⁹

The attempt to keep full control and bind prospective managers to the company led to an independent training program without involvement of the state or any other company. It seems that the directors of UTC mistrusted other companies and their approach to Nigerian workers, assuming they would corrupt them instead of creating a loyal, “industrious”, and “righteous” workforce. The intention seems clear here: Training Nigerian managers was not only about teaching professional managerial skills, but also about shaping the hearts and minds of the prospective cadres.

⁷ See *Annual Report, UTC Nigeria, 1972, Lagos 1973*, p. 8. Pro forma compliances with the decrees like this were strongly criticized in the public, see Balabkins, *Indigenization and Economic Development*, pp. 174-179.

⁸ See R.G.

⁹ See Iboko, John I.: *Management development and its developing patterns in Nigeria*, in: *Management international review* 16, 1976, p. 99, and Ojo, E. Folayan: *Training for industrial development in Nigeria*, in: *Manpower and unemployment research in Africa* 7, 1974, pp. 74-76. See also R.A.

However, the company lacked experience in the field of training managers. The only training any Nigerian worker had previously received had been a purely a technical training, and even in these cases there had been a lack in formal education. UTC had usually recruited workers with technical skills in Switzerland and assigned them to train their Nigerian colleagues during their daily teamwork – a form of training usually referred as “on-the-job-training”¹⁰. This form of supervision and training later became important when training managers for promotion. But training university graduates to become managers required knowledge and expertise virtually absent within the company.

How did UTC acquire the necessary skills? They hired experts. According to the former Managing Director, UTC hired several organizations,¹¹ but since the archives of the company remain closed for the 1970s many of these remain unknown. Fortunately, at least one organization is known – World ORT. ORT was a Jewish NGO whose origins date back to nineteenth century. It was originally committed to the education of Jewish communities in Russia, especially regarding technical and agricultural training. In 1960, the United States Agency for International Development (USAID) had approached ORT with the suggestion to apply its experience in developing manpower skills to “modernizing” the nations of the “Third World.” This was an entirely new field since the NGO had previously been engaged in activities on behalf of Jewish populations. However, ORT had the required technological, political, and pedagogical knowledge as well as the capacity for technical organization, and therefore decided to engage in this field. In 1961 they began to survey vocational needs in several sub-Saharan African countries, then evaluated the manpower needs, designed technical training programs, and implemented them.¹²

In Africa, ORT worked principally for USAID and World Bank with which it worked to create a “self-sustaining, locally based training capacity”¹³. In the 1970s, more and more inquiries were received from companies in Nigeria to help them set up training programs. ORT collaborated with UAC, Peugeot, Kampax, and other companies like UTC, thus transferring knowledge from development aid programs to these companies.¹⁴

On the recommendation of ORT, UTC created a central training center in Lagos.¹⁵ While in the early years many ORT employees taught at this center, they were gradually replaced. Swiss expats took their place and educated the prospective managers, along with Nigerian teachers. Sometimes external specialists were flown in from the USA or Europe, especially for the further education of the top management staff.¹⁶

The staff began to go through regular training. Typically, trainees were initially trained for half a year. Then they were placed in a lower manager position. From there they had to work their way up, with

¹⁰ See F. S., R. G.

¹¹ See R. G.

¹² See Shapiro, Leon: *The history of ORT. A Jewish movement for social change*, New York 1980, pp. 324-326.

¹³ See ORT: *Capability Statement*, London 2011, p. 4.

¹⁴ See ORT: *Annual Report 1980*, Geneva 1981, p. 166-168.

¹⁵ See ORT: *Three Year Report 1980-1983*, Geneva 1983, “Description of Project Activities”.

¹⁶ See ORT: *Annual Report 1980*, Geneva 1981, p. 168 and R. A.

the recommendation of the – then usually still Swiss – superiors being decisive for their rise within the company.¹⁷

Evaluation of the Training Center

Essentially, all eyewitnesses, Nigerians and Swiss, spoke positively about these training programs and also about each other. The Swiss were impressed by the knowledge, skills, and diligence of the Nigerians. In return, the Nigerians praised the company and showed high estimation and gratitude towards it. They also spoke with nostalgia about UTC. They all said that training in the UTC had benefitted them greatly, and even continued to help them after they left the company. Even when they mentioned difficulties in staff training and sometimes reported verbal abuse, they never blamed the company. Instead, Nigerians held Swiss individuals and their lack of English skills or cultural knowledge responsible for this misconduct.¹⁸ It seems that UTC has succeeded. Not only did the company gain efficient managers able to fill the highest positions, it also created a generation of well-trained cadres who carried the company's principles further and developed great loyalty and gratitude towards the company.

The connection to "their company" was also visible when the Swiss owners in Basel sold their last shares of UTC Nigeria PLC. In the middle of the 1990s, they still held 39.85 percent of ordinary shares, while no other shareholder held more than ten percent of the issued share capital.¹⁹ Due to maladministration of the company, intensified by an economic crisis in Switzerland and the devaluation of the Nigerian Naira, the Swiss owners had to sell their shares of UTC Nigeria PLC. They sold it to an investment fund set up by Nigerian businessmen. UTC Nigeria PLC needed serious investment to adapt to the changing market environment, but the new investors were not willing to bring in more capital. Instead, they wanted to disinvest and sell several divisions to obtain funds and focus on the company's core operations. This led to a string of layoffs in the board of directors. Five (one Swiss, four Nigerians) out of ten directors resigned while two retired, leaving the board with only two longstanding directors while eight positions had to be replaced with outsiders.²⁰

One former director recounted, regarding the new owners:

It was very clear to me since they took over, I knew. UTC had very excessive assets, I knew, they were all bankers, so I knew they were on assets stripping. I said, "I'm not going to be a part of that. This is a company that I worked with for twenty five years, I had an emotional attachment."²¹

The Nigerian executives as well as the Swiss had developed such a close emotional bond with the company and felt such gratitude that they did not want to be part of the restructuring process, which

¹⁷ See R. A. and K. F.

¹⁸ See *ibid.*

¹⁹ See UTC: Annual report and accounts 1996. Lagos 1997, p. 30.

²⁰ See UTC: Annual report and accounts for the year ended 31st December 1997, Lagos 1999, p. 5.

²¹ K. F.

according to them, was the destruction of the company. Some of them even gave up money when they quit.

They haven't paid me the last part of my gratuity, they said I should go to court, I said 'no, I will not go to court' because my step-mother would turn over in his grave if I took UTC to court for what, 10 million naira, in 1998. It was a hell lot ...but I walked away from it. [...] For 10 million naira, for the good that I got, the opportunity, the training, for the faith the company had in me.²²

This former director felt that he himself owed something to the company for the training and opportunities he had received there. And even after resigning many of the former managers monitored how UTC was doing. They saw the disinvestment process and the slow demise of one of the once leading commercial companies in Nigeria. "So it hurts me to see... When I see a UTC sign, I close my eyes."²³ The training programs of UTC shaped the hearts and minds of their management staff and built up an emotional attachment to the company that was proved quite enduring.

Bibliography

Contemporary Witnesses

F. S.: Swiss car mechanic. Worked for UTC in Nigeria from 1957-1963.

H. J.: Swiss head of the UTC department store in Enugu 1957-1967. Worked for UTC from 1953-1967.

K. F.: First Nigerian managing director of UTC. Worked for UTC from 1975-1997.

R. A.: Nigerian head of the UTC training center in Lagos. Worked for UTC from 1978-1996.

R. G.: Swiss Managing Director of UTC Nigeria 1970-1981. Worked for UTC from 1957-1981.

²² K. F.

²³ K. F.