

Organizational Growth and Sustainability in Developing Economy: A Theoretical Prognosis

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Abstract

Organization and its sustenance are key to the development of economy of countries all over the world. This paper examines organizational growth and how such is sustained to ensure development. Various forms of organizations were examined, organizational growth and sustainability were conceptualized. The problem of organizations in developing economies was identified as lack of sustainability in terms of discontinuity, which affects economic growth and development negatively. Rostow stage theory of economic growth provided the theoretical framework. The Basonian theory of socio-cultural forces, integration, growth and development was presented as a prognosis for guiding organizations towards growth and development in developing countries. It is concluded that socio-centric forces within organizations, like ego-centric, ethno-centric, theo-centric and natu-centric forces interplay determines organizations survival, growth and development. It was recommended that different types of organizations are predominantly controlled by different socio-centric forces and such forces that promotes each organization's growth should be promoted.

Keywords: Organization, growth, sustainable, developing, economy and theoretical.

Introduction

Organization is a strategic entity or unit carrying out specific task in the production and distribution process in any economic system. No system can function without organizations within its structural formation. Nwachukwu (1992) defined organization as a group of people bound together to provide unity of action for the achievement of a predetermined objective. The objective of concern here is production of goods and services for the satisfaction of diverse human wants in the society.

The survival of every system is anchored on the growth and sustenance of organizations within the system or society. In societies where organizations experienced retardation in their growth and such situations affects the survival of organization, the economy as a whole is equally affected. It is therefore important to examine organizational growth and sustainability in developing economy like Nigeria.

Development is the process by which something grows or changes, acquiring higher and advanced characteristics, as society is transformed from agrarian to industrial through modernization process by application of technology, development sets in. Organizations are catalyst of development. Activities that are carried out in the society in order for development to take place are performed by organizations within the society. It is in this light that industrial sociologists take special look at organizations as they influence society and vice versa.

A developing economy is an economy with low per capita income, with less developed industrial base and characterized by low Human Development Index (HDI), reliance on primary products/sector, high unemployment rate, high population, poor infrastructures, high rate of poverty, political instability, and weak rule of law (Fialho, Bergeyk and Peter, 2017). Nigeria is a good example of a developing economy, likewise many African, Asian and Latin American countries.

Despite the classification, “developing economies” varies and countries so classified are truly at different level of socio-economic advancement, thus a relative conception.

Conceptual Analysis:

Certain concepts have to be clarified, such as: organizational growth, organizational sustainability and forms of organizations.

Forms of Organizations

There are two broad forms of organizations, which are formal and informal organization (Nwachukwu, 1992). Formal organizations are planned patterns of group behavior designed to achieve specific objectives or goals. Relationship among members are formal and well organized with laid out pattern of communication, with specialization and division of labour. Informal organization are not structurally patterned and organized as the formal organizations, such as; government agencies, firms, companies, establishments, firms, companies, are all formal organizations and the focus of analysis. In business, organizations are classified into sole proprietorship, partnership, limited liability companies and public liability companies. In contemporary times, focus is moving towards public-private partnership. A sole proprietorship is owned and operated by one person. Partnership is owned and operated by two or more persons that agree to combine their resources together in forming and running a business.

A limited liability is a bigger business owned by more people whose liability ends with the investment. A public limited liability are larger organizations that can sell shares to the public to generate investment fund. Other organizations include corporations, which is a separate legal entity from its owner, but has power of limited liability. Corporative society organizations are operated by its members to benefit from share ownership and its operation or services, such as thrift societies. Not for profit organizations also exist for social and public benefits. How do they all sustain themselves in harsh sociopolitical, economic and technological environment in developing economies, like Nigeria.

Organizational Growth

Organizational growth is the process by which a firm, company, enterprise or agency increase its revenue, size, overall performance, market share and territorial coverage over stipulated period of time (Thompson, 2008). There are specific factors that trigger organizational growth, which includes: technology, quality of human resources; administrative system, which are all internal to the organization (Thompson, 2008). External factors which trigger organizational growth, includes: market trends, economic conditions, and regulation environment (Thompson, 2008). Organizational growth may be internal or external. Internal growth has to do with expansion through innovation, production development, market expansion and penetration, as well as stakeholder's contribution (Robbins and Coulter, 2017). External growth on the other hand can be achieved through acquisitions, mergers, strategic alliances and partnership, T.C public private partnership (Thompson, 2008).

Benefits of organizational growth are useful in enhancing economic development. Such usefulness includes: innovation and adaptability, employee growth and engagement, enhanced market position, increased revenue, profitability, increased employee and organizational performance (Robbins and Coulter, 2017). When these benefits are derived by many organizations in the society simultaneously, economy of the society advanced from developing to developed. Organizational growth is also

patterned by its structure of operation and authority in terms of centralization and decentralization (Bassey, Bassey & Uzoh, 2021-2).

Organizational Sustainability

Organizational sustainability is the ability of any organization to effectively maintain its operations, carrying on its activities efficiently, despite challenges from its environment (economic, political, social, technological, etc). Not all organizations can sustain themselves over time. Challenges imposed upon the organization from its environment can cause the end or termination of the organization. The possibility of organizations termination is more rampant in developing economies with more hostile operational environment. Consequently, organizations in developing societies should deliberately develop sustainable strategies to cope with challenges from the environment (Anderson, 2006). Public owned organizations' sustainability is also as critical as sustainability of private organizations, especially public organizations like libraries that affects social development of users (Bassey, Bassey & Uzoh, 2021).

Organizational sustainability is focused on the need for organization to continue to thrive despite unfavourable conditions and the organization at such time not impacting negatively on the society. The aims of organizational sustainability are multifaceted, which includes: competitive advantage; cost reduction, increased innovation, enhanced corporate image and reputation, promotion of a sustainable world and improved employee engagement (Weerawardena, McDonald and Sullivan, 2010). Organizations that are sustainable are living organization. They operate without using up its resources, all parts and members contributes functionally.

The Situation and the Problem

A sustainable organization is any organization which is able to do business for which it was created or established to do without negatively influencing the operational environment, community or society at large, but satisfying stakeholders, clients, customers and beneficiaries through its operation and practices.

In Nigeria as a developing country, many firms left the country between 2020 to 2024, especially multinational corporations, while local companies simply closed down. For example, Pick n Pay, A South African grocery retail chain entered Nigeria in 2016 and opened two operational locations, but left in 2024 due to economic instability (Punch, 2024).

List of companies that left Nigeria in 2023:

1.	Unilever Nigeria Plc.	-	2023
2.	Glaxosmithkline Consumer Nig. Ltd.		2023
3.	Shoprite Nigeria	-	2023
4.	Sanofi-Aventis Nigeria Ltd.	-	2023
5.	Equinox Nigeria	-	2023
6.	Bolt Food and Jumia Food Nigeria		2023
7.	Microsoft Nigeria	-	2024
8.	Total Energies Nigeria	-	2024
9.	P2 Cussons Nig. Plc.	-	2024
10.	Kimberly-Clark Nigeria and Diageo Plc.		2024
11.	Universal Rubber Company Ltd.		2024
12.	Mothers Pride Ventures Ltd.		2022
13.	Errand Products Nigeria Ltd.	-	2022
14.	Gorgeous Metal Makers Ltd.	-	2022

Source: Nwafor, 2024

The reason for leaving Nigeria or closing down is inability to meet up with economic policy environment in Nigeria. Thus, organizations were unable to sustain themselves. Sustainability is not an issue with organized private sector organizations alone. It also exists for public organizations, establishments, agencies, state owned enterprises etc. In the public sector, policy review may bring about change of name or nomenclature in a restrategization for survival process. Agogbua Mgbatogu and Nzekwe (2024) identified the fact that sustainability is a global issue in contemporary time, and such attention is not given to organization sustainability in Nigeria and other developing countries. As such, agencies, firms, enterprises closed down and go into extinction. This situation disrupts economic growth and development. They made recommendations for increasing focus on sustainability strategies for growth and survival of organizations in Nigeria. Lack of sustainability agenda in organizations is one of the causes of agencies failure in Nigeria and other developing countries. It is on the background of firms, companies, agencies and other institutions (organizations) that supposed to serve as engine and catalysts for growth and development not growing themselves, but rather becoming economic drains and waste pipe that a social theory is needed as a way forward for their growth.

Methodology

The study adopted exploratory discourse method. This was done to provide a foundation for further empirical analysis of socio-centric forces as they affect growth and sustainability of contemporary organizations in Nigeria and other developing societies. Exploratory discourse is a method that investigate a topic that is not yet well-defined or understood. It explores new ideas and provides basis for further investigation, as carried out by Bassey, Bassey and Uzoh (2002) in studying Federal Character principle application in Nigerian Public Personnel Management System, as a strategy of effective human capital utilization.

The Need for Organizational Sustainability

Organizational sustainability is crucial for the growth and development of organizations of different types and forms in developing societies. It is the way out for organizations to stabilize and contribute as agents of economic transformation, by adapting to a changing world. Organizational sustainability will lead in development of innovation capabilities, to address external and internal challenges, thereby gaining sustained competitive advantage in utilizing integrated information, telecommunication resources necessary in creating value, while surviving in the environment among stakeholders (Watering, Mikalef and Helims, 2017).

Sustainable organizations have better resistance to crises and better adaptation potentials to changing circumstances and are able to take advantage of emerging opportunities, resulting in greater impact on society, stronger and lasting legacies in the economic environment (society). In view of the critical essence of organizational growth and sustainability, it is pertinent to explore theoretical background and prognosis (way forward) that will ginger organizations operating in economy of developing countries like Nigeria to sustainable development.

Theoretical Framework

Rostow (1960) posited a theory of economic growth in which he identified five stages a society must undergo to achieve economic development. The stages are: traditional society, preconditions for take-off, take-off, drive to maturity, and stage of high mass consumption. The traditional society is a predominantly agricultural economy with or without technology. The preconditions for take-off witness the emergence of technologies, institutions and social structures necessary to pave way for future economic growth. The take-off stage is a period in which the economy grows rapidly, with

onset of industrialization, marked by increase in capital investment and built-up, increase in per capita income, onset of industrialization, shift from agriculture and primary production.

The fourth stage being the drive to maturity witnessed the commencement of economic diversity, building of skilled manpower, emergence of more advanced industries, demographic stability and rise in production of goods and services. The last stage is the age of high mass consumption, where capital goods are produced, market available for consumption of consumer and capital goods, with services. The fifth stage is also marked by improvement in standard of living and quality of life.

In the second stage of pre-condition for take-off forces emerged in society which promotes culture of investment, like the calvanist and puritan protestant forces in Britain, as noted by Weber (2002), as the fundamental source of the rise of western capitalism. Such forces are available in developing societies, which impact on organizations, as they impact also on society. Hence, the adaptation of Rostow's theory as a framework of investigation.

Towards a theory of Organizational Growth and Sustainability

The society is made up of different competing and conflicting forces. Bassey (2012) noted that societal forces are autonomous entities which can foster growth or decay. The combination of these forces and the interplay of society's dynamics can foster growth or disintegration. This theoretical postulate presents society as an open system which permits forces from its environment to enter and influence agencies, and institutions within it, which includes organizations. Bassey (2012) identified the following forces: eco-centric, ethno-centric, theo-centric and natu-centric forces.

Eco-centric forces dwell in the individual and propel them to thrive towards self-preservation and personal accomplishment. The eco-centric force promotes competitions among individuals and championed the effort to outshine others in struggle for status, wealth accumulation and private capital building. The eco-centric force is the driving force for the growth of sole proprietorship. The higher the force in an individual the more likely a sole proprietorship organization will prosper, grow and shine. This force does not promote partnership and limited liability organizations, because it acts against team work, effort and collective good.

Ethno-centric force is a group force, which tend to bring individuals together. With ethno-centric force in operation, it fosters the "we" spirit that brings people with shared characteristics like culture together. Whether formal or informal group, ethnocentric forces promote solidarity and integration. It is the force that binds together people from the same ethnic group. It is pertinent to note that this force differs in its effect from society to society. It is functional in homogenous society and dysfunctional in heterogeneous society. It was ethnic unity that promotes the growth of regional organizations in pre-state creation era in Nigeria. For example, the Western Region Cocoa Board that grew to be the biggest agricultural product organization in Africa.

Theo-centric force centres round religion, shaped by religious sentiments due to indoctrination into a belief system. Theo-centric force binds together members of religious group and promote growth of religious organizations like churches, mosque, etc. It also fosters the growth of all forms of business organizations owned by religious entities within their territorial enclaves. But outside such enclaves the force becomes disadvantageous. For example, Islamic Bank organizations in Nigeria will gain patronage in Northern States with Islamic religion having predominance, but in south where Christianity reigns, its growth and patronage will be affected.

Natu-centric force fosters integration and solidarity among members of the same nation. This is only common in a nation-state which is tribally and ethnically monogamous, but difficult to foster similar

unity in states that are heterogeneous without concrete effect at national integration or nation building. Same is applicable to organizations. Unity of purpose in national organization, be it state own enterprise, public liability company, government establishment and agencies is difficult. The interplay of these forces in a given society determines the growth and development of various types of organization. In a developing country like Nigeria with its heterogeneous composition national spirit should be specifically build-up for national organization, be it for profit and non-profit, governmental or non-governmental, to grow sustainably.

Theoretical Prognosis

Bassey, Bassey, Osonwa, Bassey, Uzoh, Enang and Uyang (2025) study of health organizations revealed failure of the organizations to achieve sustainable development goals due to their unsustainability occasioned by lack of growth caused by brain drain as a force in developing countries like Nigeria. Growth and sustainability of developing countries organizations are achievable when socio-centric forces are properly channeled, to interplay positively for society's benefit.

Eco-centric force should be directed towards the growth of sole proprietorship through integrating the analysis of this force in micro, small and medium enterprises promotion strategies. Once entrepreneurs are trained to recognize and operate to stand competition and succeed the failure of such enterprises will be minimize, if not eliminated.

Ethno-centric force should be instilled in stakeholders of non-governmental and not for profit organizations that operates within ethnic, tribal, regional and homogeneous communities, same is applicable to ventures of profits within the same level. This will foster their growth and sustainability. Many religious entities owned and invest in different organizations, ranging from tertiary educational institutions to pre-primary, hospitality and leisure, healthcare, real estate, transportation etc. employees, clients and stakeholders should be adequately guided and systematically coordinated through theo-centric force for sustenance and growth of organizations therein.

Natu-centric forces should be systematically included deliberately in national reorientation programme. This will promote integration, solidarity and patriotism in employees and managers of public organizations, including government agencies, departments and establishment. Sustainable growth and development of these organizations will translate to the process of economic development, as organizations will achieve the purpose they were created to achieve, in order to move the society forward as agents of change and development. In this regards, socioeconomic, political and technological development will not be a mirage against in developing countries like Nigeria. Consequently, a theory of socio-centric forces interplay in organizational growth and sustainability is hereby presented.

Conclusion

Organizations are agents of socioeconomic development. Countries that progress and achieved the status of developed economies, are countries that owned great organizations that their operations transcend international and continental boundaries. Such organizations persist overtime e and transient various governments in their countries of origin. Those types of organizations are needed in Africa, Latin America and Asia to lead the countries to development. Organizations can only lead their countries socio-economic development when such organizations are sustainable and growing, as indicated in the study of organizations in the development of tourism industry in Cross River State, Nigeria (Bassey, Bassey and Bassey, 2024).

Nigeria organizations operate still in a pre-condition for take-off environment, as presented by Rostow (1960). There are forces in Nigeria beyond religion as seen by Rostow (1960) in Britain. Ethnic, cultural, religious and tribal forces are predominant in Nigeria and the manipulation of these forces to create a favourable environment is what is required to position Nigerian organizations on growth and sustainability level which will promote socio-economic development as presented in Bassey (2000), and will take Nigeria from the standpoint of developing economy to developed economy. Organizations remain agents and catalysts of socio-economic and technological development. Without organizations developmental goals and objectives cannot be achieved, but such organizations should be growing and sustainable.

Recommendations

Social policy within the general framework of public policy should be formulated to conditioned operation of socio-centric forces to be in line with organization's drive towards development, as provided by Bassey, Bassey and Uzoh (2022) that social policy should be used in developing countries and societies as driver of socio-economic development. Organizations should not be established in areas that prevailing socio-centric forces are antagonistic to the survival of such organizations. Owners of firms, enterprises and institutions, as well as stakeholders and operators should be adequately trained on the existence, impact and utility of different socio-centric forces in organizations.

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