THE PROBLEMS AND PROSPECTS OF HOTELS AND CATERING INDUSTRIALISTS IN GONGOLA STATE

BY

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DEDICATION

This thesis is dedicated to the memory of my late mother who financed my education and to my wife and our beloved children who gave me company and inspiration during my research.

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A B S T R A C T

In a developing country like Nigeria where authorities are obsessed with the idea of industrialization through execution of gigantic industrial projects such as Iron and Steel and Oil Refineries, the importance of small service industries are likely to be overlooked. If all sectors of the economy are to be developed however small scale industries especially service industries which meet the immediate needs of the nation deserve attention. Any policy of industrialization that is not related to them therefore would be unwise and ill-conceived.

The problems and prospects of service industrialists such as hoteliers and caterers should interest Nigerians of all categories. The industrialists who have to find solutions to the problems to avert threats to the survival of their business enterprises; the consumers who in order to get fair value for their money should know the right atmosphere for the provision of the service industrialists; and researchers in marketing who should aim at and regard development of marketing

profession through gathering and dissemination of information to marketing practitioners and business students as one at their main objectives. The reason for the choice of this research topic arose partly from genuine desire to contribute in this direction.

This thesis examines and analysizes closely the problems and prospects of this category of service industrialists. It is divided into four chapters.

Chapter One treats introductory topics such as the definition of the research problem, the scope at the study, the methodology employed to carry out the research and the review of literature.

Chapter Two deals with the problems by identifying factors which constitute constraints to the industrialists, analysizing their root causes.

Chapter Three deals with prospects and chances of success open to the industrialists.

Chapter Four contains recommendations and conclusion based on the earlier analysis of the problems and prospects.

DEFINITION OF THE PROBLEM

This research is a modest attempt to investigate the problems and prospects of hotel and catering industrialists in Gongola State and in the light of the findings make suggestions and recommendations as to possible ways to solve the problems and make the best use of prospects. The research is therefore concerned with the problems being faced by hoteliers; restaurants; motels and guest inn owners, whether as private individual entrepreneurs, business partners, owners of limited liability hotels or government officials charged with the responsibility of managging government owned hotels and motels.

Specifically the following aspects of the problems will be looked into:

(1) Types and nature of problems, that is, whether the problems are management, financial, marketing or logistical;

(2) Their magnitude and seriousness;

(3) When and how each problem affects the operations of the industrialists.

An attempt is also made to discover solutions sought by the industrialists to overcome the problems and then on the basis of the information highlight shortcomings of such solutions and approaches. The main respondents would be hoteliers, caterers, hotel managers, government officials, bank managers and users of hotel and catering facilities. With regard to the prospects of the industrialists, an effort would be made to locate potential marketing opportunities arising from some socio-economic changes, development projects and governmental or communal plans for development that are likely to promote the industry and from which the industrialists would eventually benefit. Suggestions on how to make thebest use of prospects would be made.

The importance of research in the area of service industry, especially in one that has to do with the provision of shelter and food can hardly be over-emphasized. It is obvious that no any organization, whether government or company, can operate with half fed and half accommodated staff. The research is useful in the following areas:

Firstly, for academic purpose the findings would be valuable to future researchers who would find it handy as source of literature on the industrialists and the industry. This way the present problem of limited information would become minimal. Secondly, the research findings would be useful to existing and prospective hotel and catering industrialists in as much as they care to make the best use of the recommendations and suggestions. Thirdly, financing organisations like commercial banks; government departments responsible for establishing, developing and promotion of the industry would find the findings valuable. Bank managers, for instance, confronted with demands for bank loans to finance investments of these small scale service industrialists would find the theoretical approach to the problems and prospects interesting and practicable. Fourthly, the research findings would be useful to foreign and indigenous firms who may be interested in exploiting existing business opportunities in an apparently young service industry.

Any positive response in the form of setting up hotel and catering enterprise would speed the pace of

industrialization of the State and enhance the position of the industry and the industrialists. Finally, by improving on the existing literature the research findings would give more publicity to the industrialists, the industry and the profession.

SCOPE OF THE STUDY

The hotel and catering industrialists that come under this study are defined by two quantitative criteria. These criteria are[1] the size of their establishments and[2] the range of facilities and services they after to the customer. In defining the scope of the research our main objectives have been to delineate the research area by specifying the category of hoteliers and caterers with whom the investigation is concerned thereby have a defin,tion which avoids common shortcoming arising from the use of too wide or too narrow research area.

DEFINITION OF TERMS

1. HOTEL:

The term hotel has been defined by various authorities. The British Tourist Board has defined it as an establishment listed in one or more guide books, having five or more bedrooms and not being a guest or boarding house and providing bed, breakfast and accommodation only.[1] Secondly the British Industrial classification definition regard a licensed

1. Chris Ryan: Introduction to Hotel and Catering Economics 1st Edition 1980, Stanley Thornes(Pub)Ltd. Cheltenham Glasgow, PP. 7
2. ibid
3. ibid

hotel as one that has four or more letting rooms with, in addition, cleaning services, if so required, the provision of meals.[2]

Act 1956 defines a licensed hotel as an establishm
Thirdly, the British Hotel Proprietor's/ offering food and drink and if so required sleeping accommodation without special contract to any traveller presenting himself, who is willing to pay a reasonable sum of money for services and facilities provided and who is in a fit state to be received.[3] Though the three definitions agree on one basic objective of a hotel establishment namely to provide services whether accommodation, catering, bar or laundry the first and second could not meaningfully apply to hotel and catering outlets in a state like Gongola where the use of guide books is unknown to majority of hoteliers and caterers and the exclusion of bar service would have failed to cover adequately the research sample since the survival of many hotels is based on their bar service. The Third definition on the other hand besides encampassing all the essential services required of hotel establishment sounds more business like and marketing oriented and hence appeals not only to a marketer but also to a researcher in marketing.

Our definition of hotel in this research therefore is that it is a business establishment held out by the proprietor to the public providing Bar, Accommodation, Catering and laundry services. Of course definitions are judged not as matters of fact but on grounds of usefulness and convenience to the research topic.

2. RESTAURANT:

The next major unit within hotel and catering business is the restaurant defined as a catering unit of a hotel or an independent catering establishment providing meals and occassionally drinks to customers. There are different types of restaurants but the main ones are:

(1) Hotel restaurants found within the physical structure of hotels
(2) Take-away restaurants which provide cooked and prepared food not eaten on the premises of the restaurants
(3) Chinese restaurants which specialise in Chinese dishes and
(4) Licensed restaurants which are build specifically to provide, catering services.

Street eating house, mushroom temporarily structured eating places common around motor parks, market places and at the river bank in the state capital are not included in the above definition. These small eating places are neither registered or licensed as restaurants but are referred to locally by their proprietors as 'Food Hotels'.

3. MOTEL:

Motels originally were establishments for an over night stay. Initially also motels were offering self-contained units of double charlets and private bathroom without common facilities such as restaurant, swimming pool and common room. However in an attempt to diversify their services many motel proprietors have started offering common facilities with the result that the original distinction between a hotel and a motel is fast disappearing. Motel establishments covered by the research are the former state government Catering Rest Houses which have been renamed Gongola State Motels; and Motels owned by individual proprietors. In Gongola State the main distinctive feature of motels is their relatively large size and modern architectural designs which is not unconnected with the newness of motel phenomenon in hotel and

catering business in Nigeria in general.

4. GUEST INN:

The fourth and last business establishment under this study are guest inns which provide facilities as those of motels. They are; like motels, new phenomenon in the industry.

METHODOLOGY

The data for this research was collected from Primary and Secondary sources. The Primary data was obtained through questionnaires distributed to respondents by face to face method. Interviews with hotel lodgers and customers were also conducted. The secondary data was collected through references in books, journals and newspapers. The analysis and interpretation of data is by the descriptive method supplimented where necessary with few statistical techniques. In general the methods employed are appropriate and suitable for the research topic as outlined below.

PILOT SURVEY:

The stock of existing hotel and catering establishments in the state was taken by visits to major towns within the state. These towns include Numeta, Yola the state capital, former divisional headquarters; Yola Town, Mubi, Numan, Jalingo, Ganye, Wukari, Gembu and local government headquarters that were not divisional headquarters namely Michika, Gombi, Guyuk, Mayo Belwa, Karim Lamido, Takum and Bali.

A list of eighty hotels, restaurants, motels Guest Inns which met the criteria of our definitions were obtained in this way to provide a reliable basis for sample.

RANDOM SAMPLING:

A random sample of sixty hotel and catering establishments was drawn from the list of eighty through lottery method by the following procedure. Firstly consecutive numbers were assigned to the names of eighty establishments. Secondly, the numbers were written on identicals slips of paper which were then placed in a container and mixed thoroughly. Finally slips were drawn one at a time and each after thorough mixing, until sixty slips were obtained. This became the sample of hotel and catering establishments, whose proprietors were ear-marked as potential respondents to be called upon with questionnaires. The sample obtained could be regarded as having been randomly selected.[1] Other respondents such as Bank Managers and govenment officials were few to warrant sampling.

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1. Rummel, etal: Research Methodology in Busiress Harper and Row London 1963. PP 68 - 69.

LARGE SAMPLE SIZE:

The random sample of sixty is roughly 73% of hotels, restaurants, motels, Guest Inns in Gongola State that have satisfied the criteria of our definition. This provided a large sample size needed to collect data on a wider basis, thereby enabling all those involved in the research to have a complete feeling of hotel and catering industrialists in the state. The large sample size also made room for less than hundred percent response a common feature of data collection in developing countries, like Nigeria where respondents tend to suspect motives often unconnected with the research problem.

DISTRIBUTION OF QUESTIONNAIRES:

The main informants to whom the questionnaires was directed to were proprietors of hotels, restauraants, motels and guest inn establishments. In most cases however completion of the questionnaires was done by their managers who because of daily exposure to the problems of hotel and catering operations tend to have practical experience. The involvement of the managers in providing information about the problems and prospects of the industrialists also has helped in minimizing elements of bias likely

to have been introduced by the proprietors.

LIMITATIONS AND DIFFICULTIES ENCOUNTERED DURING THE RESEARCH:

To carry out a research of this nature covering one of largest states, in area, in the Federation some limittations and problems must be encounterered.

1. One of these limitations is the increased cost of travelling resulting from the large sample size and the largeness of the state. From the state capital to Gembu town for example, in Sardauna Local Government in the Mambila Plateau is about 450 km, with a high transport fare not so much because of the distance as the rough and difficult nature of the road.
2. The second limitation concerns the lottery method used in obtainining the random sample. Although the lottery method is still considered unbiased for all practical purposes, the chances of a hotel or restaurant, guest inn to be drawn improves as the number of slips decreases.

3. The third constraint encountered during the research is lack of cooperation and unwillingness of some proprietors to disclose information about the operations of their business enterprises especially those that concern with the volume of business transactions and profit margin.
4. Another factor that tended to limit the effort and resources put into the research is lack of adequate time. Though the preliminary work on the research began as early as May, collecting back completed questionnaires took longer time than expected thus throwing the research schedule and programming into some disorder.
5. Finally to combine my official job and research work presented a serious limitation, with the result that I had to request for three months leave of absence to concentrate on the research.

LITERATURE REVIEW

Hotel and catering business is one of the young service industries which came into prominence mainly after the creation of Gongola State in 1976. The present Gongola State was carved out of the former North East State which was comprised of the present Bauchi, Borno and Gongola States with Maiduguri as its capital. Yola which became the state capital of Gongola was then a Provincial headquarters having a provincial office as the main centre of government business. There were practically no industries or commercial activities worthy of attracting people from the outside. As Project Management Ltd. Kano have put it, "prior to the creation of Gongola state the level of commercial activities in Yola and its invirons was very small. Petty traders dominated the commercial sector of the area."[1] The Savannah Sugar Company Numan the first industry of commercial magnititude was established in 1970. There were no more than four hotels or 'Bars' as they were then called and officially named after the type of service

1. The Project Management Ltd., Kano: Market Demand and Economic Feasibility study of proposed First Class Hotel in Yola 1979. PP. 23.

they offered to the public. Of these the Bright Star Bar and Benue Bar which are still functioning under the same names were the pioneers established in 195Os followed by Palace Hotel and New Nigerian Hotel in late 60s and early 70s respectively. The last two hotels have ceased to exist. In the former divisional headquarters namely Mubi, Numan, Jalingo, there were fewer hotels providing the same type of service. Apparently there was no demand for accommodation and catering services because visitors from the other parts of the country would normally put up with friends and relatives. Government officials on tour or in transit to new stations were catered for by the Government catering Rest House. If there was demand for laundry and dry cleaning services it was provided by local dry cleaners popularly known as washmen.

The emergence of real hoteliers and caterers in what became Gongola state therefore took place after the creation of the state. As would be expected business speculators who had access to capital saw the state creation exercise as an apportunity to establish business ventures and to make money. Numerous hotel and catering establishments spring

up especially in the state capital to meet demands for accommodation, food and drinks by visitors on business trips, government and company officials from other parts of the country and abroad. For the first time the government paid attention to development of hotel and tourism by establishing the Gongola state Hotel and Tourism Board 1979 with the following specific functions:[2]

(1) To lay down policies for effective control and management of government hotels and catering Rest House;

(2) To build hotels and Catering Rest House;

(3) To provide, maintain, and manage all hotels and Catering Rest House;

(4) To encourage the development and improving of tourist amenities and facilities;

(5) To provide advisory and information services;

(6) To promote and undertake research in the field of tourism;

(7) To grade or classify hotels in such manner as may be prescribed;

(8) To assist in the development of museum historic centres, parks, games reserves, Beaches, natural beauty sports, holiday resorts, souvenier industries, picnic ground and camping sites and

fishing festival villages;

(9) To advise appropriate authorities on ways of improving tourism facilities;

(10) To publicise tourism and

(11) To do such things incidental to those functions which in its opinion are calculated to facilitate the carrying on the Boards duties under the law. The government also appointed consultants: The Sotesa (Nig) Ltd. to carry out feasibility study on Tourism Development in Gongola State. The fore-going Pre-state creation account of hotel and Catering industry is also true of some states in the country at least before the second state creation exercise.

It is against the above background that existing and related literature on problems and prospects of hotel and catering industrialists in Gongola State would be examined. One of the earliest studies is the feasibility by the Sotesa (Nig) Ltd. The aim of the study was to investigate tourism potential in the state; recommend short, medium and long term strategies for tourism development and to identify first phase

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1. Awanc Committee: Report of the Committee Appointed by the Military Governor of Gongola State to investigage and Report on the activities of Hotel and Tourism. May 1984. P. 5 - 6.

programme for immediate implementation. The consultants carried out the study by the questionnaire and interview methods. They classified existing hotels into types A.B.C depending on the facilities available in them; analysed demand for tourism facilities into international, national and local; recommended thirty sites spread all over the state for tourism projects which ranged from luxirous VIP hotel to an ordinary Guest House; forecast future trends of demand listed problems to be surmounted before successful implementation of the projects. In their conclusion they expressed the view that Gongola State has the greatest potentiality for tourism development. This study could be said to be comparable and related to our present research because of:-

(1) Both dealt with the same aspect of the industry, as it has been said, "Tourism is hotel and hotel is Tourism", that is demand for tourism facilities is demand for hotel and catering services;

(2) Both were conducted in the same state;

(3) Both used questionnaire and interview methods of data collection although the consultants used

stratified rather than the random sampling employed in this research.

On the whole however the research is an improvement on the study because, firstly while the feasibility study formed a basis for solution of some socio-economic problems the research aimed at increase of knowledge and dissemination of information. Secondly the use of consumers as informants would fail to provide first hand information about the problems and prospects of the industrialists. Thirdly the use of demand as criteria to determine tourism development seemed to have over-looked the indistrialists problems. Fourthly the use of some government officials as guides during the survey might have influenced findings of the report. The use of stratified sampling might not have provided a representative sample. Lastly there is likelihood for the consultants report to be less objective given the political motives and circumstances under which it was prepared. For example, while the administration might have a genuine desire to locate hotel and catering projects in constituencies where they are economically viable, the possibility that some legislators and political appointees could have been mainly concerned with sitting of

projects in their counstituencies to fulfil part of their electoral campaign promises irrespective of whether such projects would be viable can not be ruled out. In fact one of the two reports submitted on the activities of the Tourism Board under which the consultants were appointed showed that some of the thirty recommended sites for tourism projects if implemented could not have been viable due to lack of market, and infrastructures to stimulate demand.

A second study that relates to our research is a market demand and economic feasibility study of Yola International Hotel by the Project Management Ltd. Kano, who were retained by the Gongola State under the Barde administration based on an agreement signed on 23rd April 1979. The hotel earlier established by the defunct Gongola state House of Assembly as a limited liability company has the state government as the major shareholder and Messrs Electro-watt of Swich Switzerland as consultants and technical partners. The report submitted May 1979 highlighted demand and supply analysis, recommended facilities for a hotel of its international standard and cash flow and expected returns on investment. In summary the report showed that:[3]

(1) The new status of Yola as state capital would give major impetus to the influx of commercial and business visitors and tourists

(2) Demand for accommodation was greatly in excess of supply

(3) There was no first class hotel in the state capital as an earlier proposal for a 200 bedroom hotel by a business man was said to have been dropped.

(4) There was strong demand for medium sized conference facilities in the state capital

(5) There was strong demand for restaurant of international standard which could offer a good choice cuisine in good surroundings

(6) Demand for the first class hotel would come from: Government officials (60%), businessmen, technical experts and company executives (30%) and transient visitors (5%)

(7) 80% of visitors to Yola are Nigerians while Europeans and Assians account for the balance

(8) About 105 of 150 available rooms were daily occupied, additional 10 rooms were declined by local hotels, further 10 rooms per day were taken in low local hotels and further potential

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3. Project Management Ltd. Op. cit. PP. 1 - 11.

of 10 rooms were declined by local hotels; further 10 rooms per day were lost to private accommodation

(9) Future prospects of tourism was encouraging

(10) Only the former Catering Rest Houses, Palace Hotel, Taraba Hotel, Hillside Hotel, Bagale Motel and Kuta Guest Inn provide low standafd hotel facilities which would not be accepted when the Yola International Hotel is completed and becomes functional.

In a nutshell the project was found feasible and economically viable. The project Management study is related to our research in that it is about hotel and catering business but differs in the following respects. Firstly data collection was restricted to the state capital being the study population. Secondly being concerned primarily with the demand and supply of international hotel facilities it does not seemed to have cared with the problems and prospects of lesser hotel and catering outlets and industrialists in the state.

CHAPTER TWO

P R O B L E M S

Lack of market Orientation

Lack of market orientation in marketing could be defined as absence of proper matching of product features and services qualities to customer needs. It is a situation where the producer of goods and services does not first define his potential market, locate its needs before designing and producing the products and services. The producer's primary concern here is what to produce rather than what the customer needs. In hotel and catering business it would mean de-signing and building of hotel charlets without the proprietor making an investigation as to whether his customers would be singles, couples, family, old or young people or whether they are tourists, government officials, businessmen, or holiday makers. It also means preparing of meals without first finding out the tastes of potential customers. If again means poor quality of hotel and catering facilities such that the customer fails to get satisfaction and value for his

money. Similarly poor serving/servicing featuring impoliteness from the staff is part of the problem.

The problem of market orientation is neither peculiar to hotelier and caterers in the state nor is it characteristic of Gongola state businessmen alone. It is a national malaise. Its origin could be attributed to the relatively low level of development of marketing profession in Nigeria in general. A survey of management training needs in Nigeria, for instance, carried out by the Centre for Management Development in May 1975, indicated that marketing was one of the problem areas where remedial management effort should be intensified. Marketing rated poorly compared to other managerial functions which included organizing, directing, decision making, planning, coordinating, controlling and delegating.[1] However, the same development processes of the profession took place in the industrialized nations before they attain their present stage of market orientedness.[2] Thus their earliest orientation in business was production oriented when goods and services were scarce and the central problem of the business firms was to find ways of increasing production.

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1 J.O. Onah: Marketing in Nigeria: experience in a developing economy 1st Edition 1979: Cannell, London.
P. 3

Secondly came the financial orientation period when producers saw the rationalization of industrial structure and financial consolidation through mergers as the major opportunity for profit-making. Thirdly was the age of sales orientation which emphasizes the need to stimulate demand through advertising, increasing of sales force, branding and packaging. Lastly the market orientation which transformed the markets of the industrialized nations into pure competition was finally adoped as an answer for profit-making in an age of intense competition and highly satiated consumer needs. Given the fact that Nigeria is presently operating a seller's market it becomes easy to understand why marketing profession is the least developed and characterised by exorbitant prices, hoarding and artificial scarcity of goods and services. More often the situation is worsen by the consumers lack of knowledge of product availability and product substitute as also the absence of consumer association to educate them and protect their interests.

Some of the questions on the main interview schedule were designed to find out to what extent Gongola state hoteliers and caterers are customer-oriented particularly with regard to:

(1) market survey;

(2) business promotion;

(3) product and service pricing and

(4) reaction to challenge from competition.

Market Survey:

Responses from the sixty informants showed that none of them carried out market survey before going into hotel and catering business. Thus lack of market orientation in the industry starts right from the idea conception of what to produce. Many top government functionaries and professionals in the hotel and catering industry have decried this type of lukewarm and unbusinesslike attitudes on several reasons. One such occasion was a ceremony of presentation of certificates by the General Manager of Shiroro International Hotel, Minna, Mr. Van Hooydonk, to some staff at the end of a six-month course in hotel management.[3] He observed that there was a general complaint by guests of shoby and unsatisfactory treatments by some hotels during their lodging in them. At an opening ceremony of an ultra modern ₦75,000.00 Lesbaro Restaurant, Kakuri, Kaduna, the Deputy General Manager (Personnel), Peugeot Automobile of Nigeria, Alhaji Isa Ozi Salami also sounded a similar note of warning.[4]

2. P. Kotlen: Marketing Management Analysis, Planning and Control - Second Edition 1972; Prince-Hall Incorporated, New Jersey, P. 15.

He told Nigerian restaurant proprietors to be "mindful of tastes and preferences of their customers so as to reflect them in the menu."[3] He also urged them to desist from serving foreign dishes. On the same subject of marketing orientation Chief Ogundona, the General Manager of Airport Hotel, Lagos stated that in spite of poor service Nigerian hoteliers charges are higher than what obtains in international hotels abroad.[5]

Business Promotion:

Business promotion through advertising which consitututes another area of activity for a customer-oriented business enterprise was discovered to be limited to display of sign boards showing the name, location of a hotel and in few cases followed by few 'inviting' phrases such as "Welcome to Taraba Hotel" or "Goodbye To Peacock Hotel, Visit Us Again". As far as display of sign board is concerned all the sixty hotel and catering establishments do it, but only 3 of the sixty or 5% advertise their services over radio and TV. Two proprietors or 3.33% undertake sales promotion through discount of prices of bear brands they have distributorships.

3. New Nigerian: January 27 1983, PP. 11
4. New Nigerian: January, 20. 1983. PP. 11
5. Financial Punch, June 8, 1983. PP. 8 - 9.

To majority of the proprietors therefore advertisement of business through radio and T.V. media is meaningful only when launching the business enterprise and on special occasions such as 'Disco Night.'

Product and Service Pricing:

Pricing which in hotel and catering business means fixing of tariffs for accommodation, meals, bar and laundry services is an area where the industrialists have also shown lack of customer-orientation. Responses from our research showed that only 10 or 16.66% of the proprietors of hotel and catering outlets fix prices with due regard to the market situation while another 10 or 16.66% establishments use what may be termed 'return on investment' method of pricing. The latter category are limited liability hotels and hotels that are divisions oflimited liability companies. The return on investment is mainly concerned with the relationship between the capital invested in the business and the expected net profit. The method although purpose-oriented is inadequate in market-orientation, especially where elasticity of demand, sales,instability and competition prevail. Majority of the industrialists are cost-oriented in pricing. Thus 40 or 66.66% of the hoteliers and caterers fix

prices based on the variable or operating costs and the expected gross profit margin. This approach is quite indefensible especially in a situation where there are many hotel and catering outlets. Customers are not interested in the operating costs of a hotel and restaurant, therefore, if prices appear too high sales and profitability may be affected adversely.[6] The cost-oriented method beside being non-demand-oriented method has disadvantages among which are:

(1) it ignores demand and is therefore out of touch with market situation;

(2) it ignores the capital of the business since prices are fixed on variable or operating costs - net profit is a function of demand irrespective of capital invested;

(3) it is based on element of cost only - food, drink and beverages; labour and overhead costs are usually ignored.

Competition:

Competition is used here in the product and service sense which describes a situation in which various firms or business enterprises in an industry are actively vying for market share of the same

product or service. This is distinct from generic competition which occurs between all products or services capable of satisfying the same needs, for example, art museum with books, boat with car or enterprise competition which occurs between companies supplying similar products, for instance, the Peugeot Automobile of Nigeria and the Volkswagon of Nigeria in the automobile industry in Nigeria. According to responses from hoteliers and caterers 30 or 50% who identified rival hotel and catering establishments as their sources of competition, none of them appeared to have worked out a clear strategy to deal positively with threats from competition. That is they display lack of market orientedness here and also.

Lack of Management Skills:

The term 'management' is Primarily used here as an organizational process rather than as a discripline, occupational career or group of individuals running an organisation. Management skills is therefore synonymous here with managerial skills or management expertise. The problem of management skills confronting hotel and catering industrialists in Gongola state

1. Richard Kotas: Market Orientation in The Hotel and Catering Industry: 1st edition 1975, Surrey Univerdity Press, London, P. 26.

therefore relates to the shortage of trained personnel in the industry. Management as a discipline is a field of systematic learning and training to which people mandated to manage human and material resources of an organisation, should of necessity be exposed.

Many Nigerian industrialists and business entrepreneurs do not realize this and as a result they fail to understand that it is one thing to have the idea of what to produce, the financial backing and quite another to have the necessary management skills to run the business. Skills are acquired through education, training and experience. Education is the basic development of a person's mind and personality without necessarily reference to a particular job.[1] It is concerned with the development of knowledge, skills and attitudes without orientation to a particular vocational purpose.
Thus while education provides a base upon which a person may later be trained, training is a continuous process throughout a person's life career.[2] Every industry whether manufacturing, marketing or service has its own peculiar skill requirements although with professions such as accountancy the professionals'

1. Wyn Reilly: Training Administrators for Development, 1st Edition, 1979, Heinemann London, PP. 15 - 24
2. ibid.

skills are needed for the same function irrespective of the nature of the industry. In the hotel and catering industry the types of skills needed are managerial, accounting and book-keeping; supervisory and operational skills in cookery and serving of food and drinks. The industry being a service industry is labour-intensive and hence the importance of management skills.

The Nigerian industrialists in general have problem of management skills because until the promulgation of the Nigerian Enterprises Promotion 1973 which indigenized enterprises previously owned and managed by foreigners they had no opportunity to acquire experience of running a business. Limited number of courses in hotel and catering management in existing polytechnics and universities has also been an obstacle to the development of management skills. Before the establishment of seven Federal Universities of Technology (merged to three by Buhari Administration) at Akure, Abeokuta, Baudhi, Makurdi, Minna, Owerri and Yola by the Shagari Administration and some state universities there were thirteen universities in the country comprising of six and seven in the Northern and Southern states respectively. Out of the thirteen,

however, only Ibadan, Ife, Nsukka and Maiduguri offer courses related to hotel and catering studies. These are:

(i) Food Technology(Ibadan and Nsukka);

(ii) Food Science and Technology (Ife and Maiduguri).[3]

The call for an urgent need to emphasise business education in the country made by the Vice-Chancellor A.B.U. Zaria Professor Ango Abdullahi at the launching ceremony of Nigerian Association of Business Educators March 20, 1984 is most welcomed and appropriate.[4]

Majority of the universities offer courses consisting largely of Humanities, Law, Medicine, Engineering and Education. The curricula of the universities were based on the colonial system of education which emphasize white-collar job,professions in which the colonial masters themselves were engaged. The science of management which is accorded high place in the curricula of American universities was not given proper attention. Although Surprisingly, however, the history of the development of management science is full of British scientists prominent among whom were: Lyndall F. Urwick and E.G.L. Brech who wrote "The Making of Scientific Management, Vol.2 " James D. Mooney and Alan C.Reiley, authors of "The Principles of organisation"; and Charles Babbage, a mathematician who had great influence on the

thinkings of pioneers of management science, there is a major difference between the British and American scientists, however, is that while the former are good at propounding theories the latter are expert at practicalizing them. Neither did polytechnics, Prior to the establishment of Federal Polytechnics in 1970s, offered any remedy to the situation. Presently, there are said to be about forty-three Polytechnics, Colleges of Arts, Science and Technology, Colleges of Education spread all over the country and offering more or less the same courses as the universities. It was to remedy the colonial orientation in our education system that a technology and science bias new national education policy was introduced in 1978. A related factor to the shortage of hotel and catering management-oriented courses is the problem of getting government sponshorship for course other than the traditional or so-called conventional ones. It is not an overstatement to say that some societal norms and beliefs, until recently, have tended to regard catering and cookery as women's profession whose value does not go beyong the domestic kitchen. This bias attitudes of both government and university authorities towards certain courses and professions has some unsettling effects since in developing countries the government has always been

3. 1983/84 J.A.M.B. Brochure. PP. 101-102,136,179,191
4. Daily Times: June, 7, 1983, PP. 3

the major sponsor of education and training of its citizens.

The inability of the industrialists to compete with the government, parastatals and multi-national firms for qualified candidates is another factor responsible for shortage of manpower. As we have pointed out earlier, majority of existing hoteliers and caterers are mostly small scale industrialists who because of inadequate working capital cannot successfully compete with government and large organisations. Qualified candidates would prefer offer with batter employment package in terms of high salary, greater security and high status of job in the society. What the indigenious entrepreneurs get for their management and labour staff therefore is mainly the residual or what the government and multi-nationals do not want.[5] 40 out of 60 or 66.6% of the industrialists interviewed admitted inability to compete for qualified candidates as a constraint in procuring qualified and trainined personnel, while only 10 or 16.6% appeared to have adequate staffing in terms of professional qualification and work experience.
A third factor which has contributed to the industrialists manpower problem is the general high turn-over rate of

the industry. Even in developed country like Britain where hotel and catering profession is developed and given full recognition by the government through legislature which protects the employees from exploitation by their employeers and enhances the standard of the profession by laid down rules of sanitation, the industry is notoriously known for its high turn-over and the problem of attracting the right people. Manpower suevey conducted by a British Hotel and Catering Economic Committee in 1971 to appreciate the manpower situation showed high turn-over among waiters, waitresses, bar and kitchen staff.[6] This is a heavy drain on the time of managers who have to train new entrants into the profession and have unsettling effects on the operative staff and tend to contribute to the high turn-over. Labour turnover in the operative cadre of the 60 establishments of our research was found to vary from 40% in the fairly large units to as high as 200% in the smallest units. At the management level, 18 or 30% of the hotel managers interviewed had less than six months in their present establishments while 24 or 40% had less than one year. Major reason attributed for the high turn-over was poor condition of service which is not unconnected with the problem of working

capital shortage. Being financially handicapped by their limited sources of funds the proprietors could not afford to pay government or multinationals salary scale. Responses from our interview thus showed that 10 or 16.6% of the 60 establishments were able to pay the one hundred Naira minimum wage of the Shagari wage increase. Other conditions of service like free medical care, subsidized housing accommodation, vehicle loan were found nonexistent. Thus only 15 or 25% of hotel and guest inn establishments of the sample provide accommodation for staff other than the hotel managers. The most common fringe benefits available to hotel and catering personnel was found to be free meals during working hours. Another form of fringe benefit which authorities like M.J.Boella regard as an anachronism is tipping. Originally this was a form of payment made to inns' attendants retained by the quests rather than employed by the inn-keeper. They were retained to carry bags and clean germents of travellers who stay at the inns.

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1. E.O. Akeredolu-Ale: The Under-development of Indigenous Entrepreneourship in Nigeria, 1st Edition 1975, Ibadan University Press, PP. 86 - 87.

2. M.J. Boella: Personnel Management in The Hotel and Catering Industry, 2nd Edition, Hutchinson & Co. (Pub) Ltd., London, 1974, PP. 192 - 193.

The fourth contributing factor to the industrialists problem of manpower is their own unwillingness to employ staff from outside the family circles. 45 or 75% of the entrepreneours indicated that they had no confidence in any employee from outside the family or close friends circles because their experience had shown that most cases of embezzlement and fraud were committed by staff who had nothing to loose should the business enterprise goes bankrupt. Consequently, 40 or 66.6% of the entrepreneurs interviewed were either managing directors or general managers in addition to being proprietors of the establishments. In short there was no separation of ownerships of the business enterprises from their managements, a situation which does not promote accountability and good business management.

Lack of Venture and Working Capital:

The term 'venture capital' as applied in this study is the amount of money, equipments and buildings used in settling up a business enterprise. It is the investment capital on which the would-be proprietor expects return in form of profits. In as much as the proprietor's choice of business area is limited by, among other things, the type and amount of venture capital it determines to a large extent whether or not a

proposed business venture would come into existence. Working capital as used here refers to the fund or money kept aside for the day to day running of a business. It is the financial provision for payment of salaries and wages, procurement of raw materials, payment of water, electricity bills and other related expenses directly related tothe production of goods and services. The importance of working capital can hardly be over-emphasized because it is its availability that finally sets production process in motion. The role of venture and working capital can be appreciated more when it is remembered that production involves what classical enonomists like Richardo and Adam Smith once propounded and called 'the three factors of production', namely, land labour and capital.

We cannot of course make an absolute statement that capital is the most important factor but a combination of the other two without it may not be particularly effective in production. The three are interdepended in that to achieve a given task all are required in some proportion. Although experience has shown, too especially in developing countries, where there is scarcity of capital, that shortage of capital could be supplemented by using more of labour such action

is remedial rather than complete dispensation of capital. Similarly, the fact that hotel and catering business is a labour-intensive is in no way underrating the role of capital but rathern an indication of the relative cheapness of labour and perhaps a low level of development of hotel and catering technology. In fact increasing cost of labour due to high wages may force the industrialists to look for some labour saving devices.[1] A new phenomenon in the industry which is revolutionrizing catering is the concept of fast foods which is defined as catering outlet offering a limited range of menu based on a few foods that are pre-cooked, quick to prepare, and often served on a disposable trays.[2] The operations here are capital-intensive and labour saving.

The problem of capital of hotel and catering industrialist s in Gongola State could be appreciated when examined in the background of possible sources of capital within and outside the state. There are many financing sources which under normal condition are expected to cater for the industrialists funds requirements. The first and the most surest source is personal savings or profits retained in the business. The second source of capital is bank loan from the commercial banks and specialized banks such as the Nigerian Bank for Commercial and Industry and

Federal Mortgage Bank of Nigeria both of which have branches in the state capital. There are six commercial banks in the state capital too. These are:

(1) Union Bank o f Nigeria (1950);
(2) Bank of the North (1976);
(3) First Bank of Nigeria (1978);
(4) United Bank for West Africa (1980); and
(5) International Bank for West Africa Ltd(1982);
(6) Allied Bank for Nigeria (1984).

There are thirteen branches of some of these banks, including one ACB, spread all over the local government headquarters and some urban centres and commercial towns. The third possible source of capital is the state government small scale industries scheme, a scheme established under the defunct Northern Nigeria, administered briefly by the I C S A, and adopted by State Governments when they came into existence.

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1. Chris Ryan : Op. cit., P. 91
2. ibid., P. 162.

1. Personal Savings/Profit as source of Capital

From the responses of hoteliers and caterers the use of savings and profits appeared to be common but virtually inadequate, to meet financial requirements. 35 or 58.33% of the proprietors, forexample, said they use profits and savings as working capital to finance the operations of their hotel and catering businesses. Thus procurements of drinks, foodstuffs, payments of wages of cooks, steward and salaries of managers, are made from this source. The profits generated, however, are said to be too small while the local government levy three different types of taxes yearly, with the result that the size of the working capital could not be increased. One proprietor in this category in expressing the meagreness of the profits asserted that he was in beer business to entertain people and not to make profit. Another five or 8.33% of the industrialists said they have been unable to plough back profits into their business because they had to pay bank loans granted to them. The problem with this group is that after mismanaging such loans they continue suffering the burden of repayment of capital and interests which in some cases could exhaust the revenue realized from their monthly sales.

Further 20 or 33.33% of the industrialists appeared to have been utilizing their profits not in increasing the size of their working capital but in financing other businesses. Most hoteliers and caterers in this category are contractors who use revenue generated by their hotel and catering businesses to execute contract jobs, especially in purchasing of supplies of beer to government departments responsible for entertainment of official guests and visitors and procurement of foodstuff to feed students in schools and colleges. The practice of spreading their thin investment over many ventures in addition to the tendency to consume profits, is said to be typical of indigenous entrepreneurs in Nigeria.[3] Thus one of the problems associated with trade surplus as a source of capital among Nigerian business-men is not only its inadequacy but misuse and lack of control to ensure that it is utilized only in the business operations.

2. Bank loan as Source of Capital

Our research findings on this source of capital indicates that access to it is directly proportional to the size and scale of operations of the individual proprietor or management of the hotel. The larger the turn-over and profits the easier it is to obtain bank

loan and vice versa. Thus some of the advices given by the bank managers show that they would prefer small scale industrialists who had come together to form a joint venture and those small scale industrialists who have operated their business for sometime and generated funds before approaching the bank for assistance to those who operate sole proprietorship or those on launching a business enterprise start asking for bank loan. It is not therefore surprising that out of the eighteen industrialists who benefited from bank loans eight or 44.44% were found to be among the outstanding hotels and restaurants in the state. On the other hand, twenty hoteliers and caterers who had unsuccessfully approached bank for loans have relatively small establishments. They were said to have no enough collateral security to guarantee bank loan. These findings appear to support some establish facts about hotel and catering industry in general. These are that:

(1) As security for a loan a hotel suffers being a purpose-built construction with little immediate use on a viable scale if things fail to work out well.

3. E.O. Akeredolu-Ale: Op.cit., P. 101.
4. Chris Ryan: Op. cit.

(2) The rate of return on hotel investment is relatively lower than contracting jobs and therefore banks doubt the ability of hoteliers to repay loan on schedule.[4] Furthermore, smaller hotel and catering enterprises exhibit lack of proper management by failing to maintain proper accounting and book-keeping records from where financial statements to back any proposal for bank loan could be extracted. In some cases where nominal shareholders are members of the proprietor's family the business has no paid up capital and consequently it is not possible to produde documents showing the joint ownership of the acquired assets which banks and other financing organisations often demand.

3. Small Scale Industries scheme as source of capital

The Gongola State small scale industries credit scheme as we have indicated earlier was inherited from the defunct North Eastern state. To qualify for the award of loan under the scheme an applicant must fulfil the following conditions:-[5]

(1) Be at least 21 years of age and not more than 55 years old;

5. Loan Status Report by the Commissioner for Commerce Industry and Co-operative, November, 1982.

(2) Not to be a public officer;

(3) Be skillful and capable of managing his business successfully;

(4) Be prepared to accept technical and managerial assistance not only from the ministry but also from advisory groups - Ministries of Finance, Economic Development;

(5) Demonstrate an ability to keep financial accounts commensurate with scale of operations;

(6) Produce enough collateral in form of fixed assets to secure the loan;

(7) Contribute to the project before disbursement of loan funds;

(8) The project must be:

(i) commercially and financially viable;

(ii) situated in Gongola State, legally mortgaged and worth not less than 50% of the loan.

At its inception in the state the scheme is said to have inherited thirty-eight loanees from the defunct Northern Region, Benue-Plateau and North Eastern States with a total financial involvement of

₦230,591.04. From 1976 to date the scheme has given assistance to ninety small scale industrialists with a total financial comitment of ₦3,025,462.86, the breakdown of which is as follows.-

(1) 1976/77 financial year twenty-three people benefited from a total sum of ₦525,939.86

(2) 1977/78 financial year thirty people were granted loan totalling ₦1,038,000.00.

(3) 1978/79 financial year eleven were assisted involving ₦389,066.00 and another ₦58,084 to four beneficiaries;

(4) 1980 financial year twenty-six people benefited from a sum of ₦1,014,373.00. Number of applications received during the same period are:-

(i) 1976 - 1979: 1563; and 1980 to date 651. Generally judged by the amount granted as loans and the number of industrialists who have so far benefited from the scheme we may be tempted to conclude that hoteliers and caterers were among the small scale industrialists assisted by the state government's industrial promotion scheme. Further investigation into details of the type of industrialists assisted, however, showed

that not a single hotelier or caterer was among the ninety industrialists. Projects for which loans were granted include:-

(i) Rice Mill;

(ii) Block Building;

(iii) Carpentry and Furniture Making;

(iv) Poultry Farm;

(v) Bread Bakery;

(vi) Tailoring and Dress Making.

Reason given for the absence of hotel and catering industrialists among the loan beneficiaries is that they did not apply for loan under the scheme. This is contrary to the views expressed by the hoteliers and caterers, namely, that their applications were unsucessful. Of course there may be some undisclosed reasons of the government and one of which may be connected with the disapproving attitudes of some state governments towards the purported spread of alcoholism in the society as a result of proliferation of hotels. From our findings therefore the small scale industries credit scheme has not been a source of capital to hoteliers and caterers in Gongola State. The situation may change in their favour, however, especially when the Gongola State Brewery, Currently under construction, is completed and started production.

Lack of Government Patronage and Recognition

The term 'patronage' in commercial and marketing sense is the financial support given by customers in making use of anything established, opened or offered for the use of the public.[1] Applied to the relationship of government and business organisations this definition could be extended to cover any assistance support given to the latter by the former. Patronage in this wider perspective would include provision of industrial incentives in form of tax reliefs, making funds available as loans and grants, and promotion of industries through advertisement of investments opportunities to foreign and indigenous firms. The term 'recognition' as it applies to the countenance given by government to the activities of business enterprises means the action of acknowledging as true, valid or entitled to consideration. It is the attention accorded to such business enterprises. By the terms 'lack of government patronage and recognition' of hotel and catering industrialists in Gongola State therefore is meant the absence of such patronizing and recognition activities conveyed in the two definitions. It also means taking actions detrimental to the development and progress of the

1. The Compact Edition of the Oxford English Dictionary. Vol.II 1st Edition 1971, Oxford University Press, London W.1 PP 2100
2. Akeredolu-Ale: Op. cit. PP. 44 - 45

industrialists enterprising activities. Refusal to grant permit to establish and operate a business and over-taxing of incomes of business enterprise are few instances of detrimental actions.

Governmental measures which sought to improve the lot of industrialists appeared to have come mainly from the Federal level and favoured industrialists in the manufacturing sector to the detriment of marketing and service industrialists. For instance, as early as 1950s the Federal Government set up several incentive schemes to stimulate both foreign and indigenous investment in the country's manufacturing sector.[2] These measures usually in form of legislations promised the prospective investor wide range of substantial benefits, most important among which were:-

(1) Tax holidays (Income Tax Relief Act No. 8, 1958);

(2) Accelerated Depreciation Allowance on Plants (Income Tax Amendment 1958);

(3) Import Duties Relief on Industrial Imports (Import Duties Relief Act No. 27 (1957); and

(4) Government purchases of locally manufactured products (Approved Manufacturers Scheme: Federal Government circular No. X3/1959).

The most recent measures to boost industries of course was direct participation of government in establishment and operating of industrial projects in such sectors as petroleum prospecting and refinery, manufacturing, mining and of late iron and steel, banking and insurance. Of course few state governments have endeavoured to build hotel of international standard in partinership with foreign firms.

The history of service industry in general and hotel and catering industry in particular could be said to have been full of neglect especially in the Northern States which still symbolize, in many aspects, the former Northern Nigeria where beer business are associated with spread of alcoholism and drunkardness in a society supposedly built on the orthodox tenets of Islam and Christianity. What other interpretation for instance could there be for an incident where a rich business-man who has hotels as part of his chairns of business enterprises offered to build a mosque in his town for his muslim brothers and was blantantly told to throw to the dogs the idea of building a religious house with money derived partly from the sale of alcohol.

The business-man had no alternative but shelve his idea for sometime. In Gongola State hotel and tourism during 1976 - 1978 was only asection under the Trade Division of the Ministry of Trade, Industry and Co-operatives. The main function of the section was to manage the few Catering Rest Houses inherited from the defunct North Eastern State. Practically therefore there was no ministry charged with the responsibility of establishing and developing of hotels and tourist centres. Theffew individual entrepreneurs who took to hotel aud catering business had little source of professional advice and technical support. Although the then military government's attention might have been directed towards provisional infrastructure for eventual industrial take-off of the state, the fact that small scale industries scheme was inherited from the former North Eastern state indicates that the government was in a position to help pioneer hoteliers and caterers. Similarly the fact that some small scale industrialists engaged in Bread Bakery, Rice Milling and Block Moulding were granted loans from the scheme tends to show that the hotel and catering industrialists were not given equal treatment as their counterparts in other industries.

The setting up of the Gongola State Hotel and Tourism Board and the appointment of consultants as

referred to earlier, therefore, might have showered a ray of hope for the industrialists. As it has been pointed out earlier the Board had some noble objectives which if practicalised would up lift the status of both the industrialists and the industry.

On the contrary the Board was able to execute the following activities and projects.[3] Firstly it succeeded in producing few feasibilities. Secondly, in conjuction with the State government it awarded a contract for the construction of the 200 - Bedroom Yola International Hotel and motels of Numan, Jalingo Bali and Ganye. Thirdly it made inspection and submitted a report on private hotels. Fourthly it attempted to classify hotels with a view to obtain data on number and standard of existing hotels and catering facilities in the State. Some of these activities are of course preparatory steps towards major projects launching but judged by the duration of its tenure of office and the wide powers and responsibilities, the Board should have done more than these. This view, in fact, is supported by some findings of the same committee.

According to these findings;

(1) The Board was unable to execute any of the thirty -nine recommended tourism projects.

The Head of Tourism Division in his evidence before the Committee accused the Board of neglecting tourism.

(2) The Board has failed to publicise tourist facilities by way of literature productions.

(3) The Board couldn't effect change of tariffs to reflect the existing market situation until after 1982.

(4) The Board was unable to improve the deteriorating conditions of its motels amid complaints centring on the very sensitive areas of low standard of food and services, lack of variety and inavailability of meals at the advertised times. This resulted in low occupancy rate ranging from 50% Yola Motel in the State capital to under 1% in Gembu and Mayo Belwa Motels.

As the Committee noted "the Board contrary to expectation, to be capable to generate enough funds to sustain itself, continued to remain a big liability to the State government to extend that monthly salaries were made out of grants given by the government".[3]

Based on the types of projects and activities it could be said that hotel and catering industrialists had not benefited from the Board's existence.

3. Awano Committee: Op. cit P. 5 - 6.

While no one would have expected it to provide solutions to all the problems of the industrialists it could have assisted in the following areas:-

Firstly, it could have organized series of seminars to educate them on how to finance staff, promote their business enterprises. Secondly, it could have promoted their business through production of pamphlets as 'guides' to visitors to the State. Thirdly, the Board being part of government machinery could have used its influence to ensure allocation of adequate funds as small scale industries loan to hoteliers, caterers and other service industrialists in the state. Neither the Board nor the State government could be said to have patronized and given full recognition to hoteliers and caterers. Alhaji Musa Tafida, Special Assistant on Hotel and Tourism in the three months of Alhaji Bamanga Tukur's administration (October to December1983) has perhaps given an accurate description of the situation in an interview with Sunday Times. He described the tourism potentials of Gongola State as "The most interesting in the country" which if exploited could make the State the richest in the Federation. According to him these tourism potentials when developed are

5. ibid., PP. 41 - 42.

comparable to those of Miami in Florida, U.S.A., and National Parks and National Reserves of Kenya in East Africa. He regretted that gigantic tourism plans made by successive governments have remained on the drawing board, making realization of the potentials a dream.[6] Comparing existing hotels in Gongola State with those of other young states like Bauchi and Niger states leads usto the same conclusion that neither the industry nor the industrialists have been given enough patronage and recognition. The Bauchi International Hotel and Shiroro International Hotel, Minna both of which came into existence after 1976 states creation exercise deserve our attention. Prior to 1976, for instance, Yola, the state capital of Gongola State was, in many respects, more urban than either Bauchi or Minna. Bauchi state in particular which together with the present Borno and Gongola states made up the former North Eastern State could be said to have made a tremendous progress in the provision of hotels and tourism facilities. In 1973, for example, I had the opportunity to see vast parts of Bauchi and Borno States as a long vacation employee collecting data on the small scale industries in the defunct North Eastern State for the University of Ife.

Our sub-group was assigned to Nguru, Gashua and Potiskum in the North West of the present Borno State and Pauchi, Tafawa Balewa and other towns in the present Bauchi State. As a result of non-availability of catering services in those areas we had difficulties in feeding. At each station the group officials had to look for local food sellers to feed us on contract basis. The situation became worse in Bauchi due to non-existence of local food sellers inside the township. Each day therefore we had to trek to what was then known as *bayan gari to take our meals. Bauchi town is now a modern town having beside the International hotel a 5-star hotel standard hotel and restaurants such as Awalah Hotel - 4-star, Sogyi and Karma Hotels - 3 - star. Bauchi Hotels 2 star which are chain of state government owned hotels spread all over the urban centres in the state. As a result of the quality of services provided by these hotels travellers from Gongola and Borno states going to Kaduna, Zaria would now talk of passing a night at Bauchi rather than Jos the traditional top-over town.

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*'Bayan Gari' literarily means 'outside Town' but the connotative and deeper meaning is 'suburb area' where things are sub-standard.

Without committed leaderships of successive governments in Bauchi such improvement in hotel and catering facilities could hardly been possible. In Yola, the state capital, there are no hotels that could be graded 5-star or 4-star. Taraba Hotel, Mahmud Guest Inn, Peacock Hotel and Bagele Motel presently the most outstanding hotels could at best be classified as 3-star. Compared to Bauchi, therefore, there have been relatively little development in Gongola State. Many critical observers, including Gongolians, have thus expressed the view that the state since its creation has not been lucky in getting a committed and dynamic leadership. It is not surprising therefore that the West Africa Magazine editorial of March 19?4 on the Maitatsine religious disaster described the the state as one of the poorest in the Federation. Since poverty and lack of development are synominous, the editorial description could be regarded as not being far from the truth.

Lack of Urbanization

Urbanization is the process whereby people acquire material and non-material elements of culture, behaviour patterns and ideas that originate in or distinctive of the city.[1] It also means growth of cities brought about by a population shift from rural areas and small communities to large ones, and the

change from a largely agricultural economy to industrial one.[2] The 1962 census defines urban centres as those centres of 5,000 people or more. On the basis of this criteria, some 81% of the Nigerian population were found to live in rural areas. A breakdown based on the former regions showed that rural population was as high as 78%,76% and 51% in the Northern, Eastern and Western Regions respectively.[3] The numbers of urban centres have certainly increased and their sizes and distribution expanded over the years. This appears to have been supported by the 1963 census definition of an urban centre. According to this definition an urban centre is one that has 20,000 or more inhabitants. Table 2.1 is a comparative urban rural population of the former North East, Lagos and Western states which shows the predominance of rural over urban population in the defunct North East state.

Table 2.1

State	Total Population	Urban Population	Rural Population	Rural Population as % of total population
North East	7,793,000	883,000	6,910,000	88.7
Lagos	1,444,000	1,047,000	397,000	27.5
Western	9,842,000	4,642,000	4,646,000	49.0

From table 2.1 the former North East State which present Gongola and Bauchi states were part had 11.3% urban population. As the selection of Maiduguri for the state capital by the Assessment Committee was primarily based on the facilities available to accommodate the sudden influx of civil servants, businessmen used to the type of urban facilities of Kaduna, the Regional Headquarters of the defunct Northern Region it could be argued that urban population of the then Adamawa and Bauchi provinces were lower than the North East State figure. Table 2.2. which is the urban - rural population of present Gongola state excluding Wukari Division

1. Dupe Olatunbosun: Nigerian Neglected Rural Majority. Oxford Press, London 1975, PP 5 - 6.
2. Christine Ammer, et. al: Dictionary of Business and economics, Free Press, New York, PP. 438.
3. op. cit. P. 7.

which was part of the defunct Benue-Plateau State until 1976 supports our estimation.

Table 2.2

URBAN AND RURAL POPULATION OF ADAMAWA AND SARDAUNA PROVINCES

Province	Total Population	Urban Population	Urban Population as % of Total population	Rural Population as % of Total population
1. Adamawa	1,585,000	92,030	5.8	94.2
2. Sardauna	878,000	28,090	3.2	96.8

From the table it could be seen that the urban population of Gongola State in 1963 was less than 5% even when it is assumed that Wukari Division, because of its long historical, economic and social contact with Jos and other parts of Plateau State had an urban population slightly higher than the Adamawa Province figure. With the creation of states, however, towns such as Yola (Jimeta) which became state capital, former divisional headquarters and some towns which have assumed the status of local government headquarters have of course grown and expanded during the past eitht years of states creation.

Lack of urbanization is not a peculiar problem to Gongola state but characteristic of many states in the Federation. Thus based on the 1963 census criteria only Lagos state which contains the Federal Capital, Anambra, Bendel, Kaduna and Oyo states within which the former Regional headquarters were located, Kano, Plateau and Rivers states whose states capital and major towns are urbanized by the virtue of their industries, most of the remaining eleven states are comprised largely of rural areas. According to H.I. Ajaegbu for instance, about 85% of Nigerians live predominantly in small rural settlements and less than 10% live in fifty-five towns of 50,000 or more inhabitants each. The proportion of urban dwellers increases to above 20% or 19.6% living in one hundred and eighty-three towns of 20,000 inhabitants and above each.[5] Seventy of these towns were found to be in the Northern States. How many of them are in Gongola state is obvious from Table 2.4 which is a population distribution of the seventeen existing local government headquarters and other major towns based on the 1963 census figures projected to 1982, 1983.

Table 2.3

POPULATION OF 17 LOCAL GOVERNMENT HEADQUARTERS[6] AND URBAN CENTRES

S/No.	Local Government Headquarters	Population Figures of 1963 Census	Projected Population Fig:	
			1982	1983
1.	Bali	5,691	9,098	9,325
2.	Jufore	2,770	4,428	4,539
3.	Ganye	6,661	10,649	10,915
4.	Gembu	4,092	6,542	6,705
5.	Gombi	5,434	8,687	8,904
6.	Guyuk	2,185	3,493	3,580
7.	Jalingo	18,214	29,116	29,846
8.	Karim Lamido	7,543	11,915	12,213
9.	Mayo Belwa	9,754	15,593	15,983
10.	Michika	11,192	17,676	18,323
11.	Mubi	28,090	44,906	46,029
12.	Song	8,347	13,344	13,678
13.	Takum	14,854	23,764	24,340
14.	Wukari	34,134	54,568	55,933
15.	Yola	17,372	27,772	28,466
16.	Zing	5,664	9,055	9,281
17.	Numan	19,614	31,356	32,140
18.	Hong	9,544	15,258	15,639
19.	Ibi	16,978	27,142	27,820
20.	Jada	13,904	22,228	22,783
21.	Jimeta	36,291	58,017	59,467

22.	Gongola State Population	2,617,713	4,184,807	4,289,426
23.	% of Urban Population	3.76	7.62	7.62

Only Mubi, Wukari and Jimeta appeared to have been among the seventy urban centres with 20,000 and above inhabitants. By 1982, 1983, however, the number of urban centres have increased to nine with Jalingo,Takum,Yola, Numan, Ibi and Jada towns having been addedto the list. The pefcentage of urban population also increased from 3.76 in 1963 to 7.62 in 1982 and 1983. From the urban_rural population analysis in tables 2.1 ~~and~~ to 2.3 it is clear that Gongola state like other states in the Federation is predominantly rural and may require another ten to fifteen years before attaining the 1963 national figure of 20% urban population.

The term 'rural' is applied here in both spatial and occupational contexts. Thus in the spatial context rural Gongola population means those living in rural areas. By the occupational index, the rural population of the state is the percentage of labour force in the agricultural occupation. The relationship between the urban character of a settlement and the level of

development of service industries such as transport, banking, telecommunications, hotel and catering is almost linear. Eating out habit, for example, which is an important demand factor for hotel and catering services is part of the non-material elements of urban culture and patterns ofbehaviour of city dwellers. Themore urbanized a State the more its labour force adopt industrial and commercial life whi h beside guaranteeing steady income proportion of which are spent on necessities and luxuries, involves long working hours and eating away from home. There would also be demand for in-door and out-door catering and hotel services from institutions such as schools and colleges, hospitals and ministry employees. On the other hand the less urbanized or rural a state, the less people with industrial life habits andconsequently there would be no demandfor meals away from home. The mode of feeding in rural commbnities is largely the traditional or customarytype which requires every member of the family to take all his or her meals from the family preparation. Feeding and

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5. ibid

6. Federal Census office, Lagos: Population census of Nigeria, Northern Region Vol.1,Federal CensusOffice Lagos 1965. P. 2 - 16.

accommodation of stranger is normally the duty of the host. The problem that the provider of hotel and catering services would face under such circumstance is lack of demandfor the services.

However this does not mean that rural communities are still in their state ofisolation and self-sufficiency. Conscious efforts by governments at all levels and the rural dwellers themselves through development programmes such as teaching of new techniques of farming; provision of new seeds of products; availability of new markets and marketing opportunities and change to new attitudes and new methods of operations of the economy and organisation of the society, have resulted in mutual interdependence not only among the rural communities themselves but also between them and urban dwellers.[7] There is for instance, a continuous interaction between the urban centres and their rural hinterland areas through which diffusion of the influences of the former into the latter takes place effectively in a definable spatial settings. There is thus what is knowns as an urban-rural region which is defined as a contigous zone of effective interactions between

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7. Ministry of Economic Dev.,Yola: Gongola State Statistical Digest 1978 Publication,Government Printer Yola. P. 5 - 6.

an urban centre and its rural hinterland areas. The limit of such zone is the effective distances of that interaction because at given distances and for the rural areas beyong such critical distances, the extent of the urban influence become negligible as the negative effects of the long distances begin to be felt. Some services, of hotel and catering business, especially bar service, do reach the rural areas through such influences, therefore, and a n appreciable amount of sales is possible at the end of the months when local government staff receive their pay and at week-ends when civil servants and businessmen from the state capital go to rural areas to spend their week-ends.

From the foregoing discussion we have endeavoured to show what constitutes an urban and rural area; that Gongola and some seven more states are largely rural. We shall now examine factors which might have been responsible for the state's rural characteristics. Firstly, distance from the main industrial and commercial centres especially the "industrial triangle" is a factor that seemed to have had a negative effect on the process of urbanization of what constitutes Gongola state.

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7. H.I. Ajaegbu: Urban and Rural Development in Nigeria 1st Edition 1976, Heinemann, London. P.60.

Until 1976, for instance, when the state came into existence, Jimeta-Yola the largest town was one of the traditional provincial headquarters far removed from Kaduna (822 kilometres), the capital of the former Northern Region and later from Maiduguri (439 kilometres), the state capital of the defunct North East State. During the pre-1976 periods, especially that of the regions, the pattern of locating development projects was to site them in or around the administrative headquarters irrespective of whether raw-materials are available within the vicinity. There was little or no attempt made to bring the effects of industrialization to the grassroot level. This resulted in uneven development as shown in the table below.

Table 2.4

INDUSTRIALIZATION IN THE FORMER 12 STATES[8]

State	States Industrialization as % of Total Industrialization
1. Lagos	26.5
2. East Central	21.8
3. West	17.0
4. Mid-West	6.3
5. Kano	5.8
6. South East	4.8
7. North Central	4.4
8. Benue-Plateau	4.0
9. North-West	3.4
10. Kwara	2.4
11. North East	1.9
12. Rivers	1.5

From table 2.4 it could be seen that the rate of industrialization diminishes as we move away from the Southern to the Northern part of the country.

8. Setesa (Nig) Consultants: Development of Tourism in Gongola State. July 1979 P. 123.

Another area of concentration of industries which are not apparent from the table are the former Regional headquarters. However, a lot of industrialization activities have been taking place since the survey of industrialization in the former twelve states was done and this might have increased some percentages. Such industrial projects which have since started production are the Iron and Steel Industry of Ajaokuta, Kwara state; Steel Rolling Mills of Katsina, Oshogbo and Jos; oil refineries in Kaduna Port Harcourt and Warri, in Rivers, Kaduna and Bendel states respectively and other industries such as breweries and manufacturing. For Gongola, Bauchi and Borno States, the position might not have changed much because none of industrial projects were located in them.

The second factor which seemed to have contributed to slow urbanization of the present Gongola State is the failure by the successive Federal, Regional and State governments to exploit the natural resources prior to 1976. The State is endowned with livestock, rich farming and grazing lands, fishery and forestry resources. Exploitation of these resources on commercial scale would have created employment and business opportunities thereby

attracting more people to settle as industrial workers and commercialists. The establishment of some industries in the late 70s and early 80's which use local raw materials indicate that the raw materials were previously left untapped. The indnstries include:

1. The Savanah Sugar Company of Numan (1970).
2. The Gongola State Tomato Industry,Lau (1978)
3. The Baissa Timber Corporation,Baissa (1975)
4. The Nigerian Beverages Production Company, Yola (1978)
5. Bajabure Industrial Complex (1979)
6. Faro Bottling Company,Yola (1981)
7. Mubi Burnt Brick Industry, Mubi(1981).

CHAPTER THREE

P R O S P E C T S

Growing Eating out Habit:

Eating out habit which has been described earlier as part of the non-material elements of urban culture and patterns of behaviour of city dwellers constitutes major prospects for hotel and catering business in Gongola state. Generally, demand for meals away from home could be categorised into:[1]

(1) Those connected with travel which is believed to be as old as travelling itself. For example, as far back as the Roman occupation of Europe monasteries were providing food and accommodation to travellers and pilgrims in Europe. Then about the 8th century as the early informal services became sophisticated to meet the increasing demand members of the public set up inns, tarverns and alehouses. These were the origin and equivalents of modern Bars, Restaurants and Hotels;[2]

(2) Demand for food at work place which became widespread in Europe after the Second World War and in African societies with the spread ofwestern culture and the attendant urbanisation and industrialisation;

(3) Eating out for pleasure or as a substitute for meals at home. As far as the traditional African societies are concerned, this also is a product of western civilization and socio-economic developments.

Although eating out while on journey could be regarded as a type of habit, the growing eating out habit with which we are much concerned here are those associated with the second and third occassions. Of the two occasions demand for meals away from home at work place has world over grown with the adaption of industrial life by workers who have to work under shifting systems.

In Britain, for instance, a survey by the National Economic Development Council showed that meals out at the place of work accounts for about a quarter of all meals eaten out in a week by adults. In monetary terms this stood at £5.5,million.[3]

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1. Chris Ryan: op. cit. PP. 83 - 84
2. J.G. Miles: Inn Keeping: A Manual for Licensed Victuallers 7th Edition,1975. Bassie and Jenkins Ltd., London, P.1.

The ratio can not be as high in Nigeria because of the low level of urbanization and the influence of some societal norms which tend to discourage meals out. Similarly, there would also be some variations on state basis as a result of the uneven industrialisation and urbanization. In Gongola state while the different types of eating out exist there is no information on the value of meals eaten away from home in general or at work place in particular. This is because not all hoteliers and caterers keep accurate record of meals served to customers. Where records are kept they are used for cross-checking of the physical cash collected rather than for analysing customers according to their buying motives. Secondly, while data on the consumer of meals out are obtained from government publications in developed countries such sources do not seem to exist in Nigeria even at the national level. The most useful guide used in the researchtherefore, is the rate at which hotels, restaurants, eating places multiply all over the state particularly in the state capital and local government headquarters. Besides the eighty hotel and catering establishments used as research population there are in the state capital numerous smaller hotels

and restaurants in addition to mushroom eating places housed mostly in temporary zinc structures. The last category are located, in the state capital, at the bank of the River Benue serving as general eating centre during the day; and those located near and around ministries of education, works, customs, prisons, agriculture, trade, commerce and industry.

In addition, mobile caterers are found selling prepared foods to skilled and unskilled labour force at building and construction companies engaged in various projects in the state capitals. Locations of mushroom eating places in the local government headquarters and other urban centres are restricted to near market and motor park areas, where they provide similar services to civil servants, businessmen and travellers. Before the state creation, there were very few hotels and restaurants even in the present state capital because there were no industrial workers, other than few civil servants, to patronize meals out. Given the present trend of industrialisation there is possibility that demand for meals at work place would contirue to grow in Gongola state, especially, when the following projects are completed and launched:

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3. Chris Ryan: op. cit.

(1) The Gongola State Brewery Ltd., located at Damare, across the bank of River Benue, facing the Jimeta Metropolis. The very location of the Brewery factory, some 15 km away and accessible from the town only through the bridge, is strategic for marketers of catering services because demand for hotels and restaurants to cater mainly for labour force of the factory would be created;

(2) The Yola International Hotel, when completed, is envisaged to employ 400 people who would depend on meals at work place because of the nature of their duties.

(3) Other proposed projects such as Agro-Allied, Rice Milling, on which feasibility studies have been made and submitted to the state government would contribute their own quota to the meals out market.

Eating out for pleasure or as a substitute of taking meals at home also constitute part of the demand for meals out, and hence has its own habit. Some major factors found responsible for eating out for pleasure include:

(1) Income increase;

(2) Increase in the number of people in gainful employment.

Income increase to which respondents attributed eating out at leisure, is the increase in wages. When salaries and wages are increased, the income earner's purchasing power correspondingly increases and therefore when the prospective diner goes out to take meals in restaurants there would be tendency to spend more and above the amount normally spent on occassions prior to income increase. Similarly, with increased income people opt to pay for cooked meals rather than to cook at home.[4] Although the number of people who eat out for pleasure is much smaller than eating out at work place, the volume of sales is usually high. This is because people eating out for leisure usually do so in the evenings when they have more time to relax with friends over first class and expensive dishes.

The following courses which make up the most expensive dishes in restaurants in the state are confirmed by the respondents to be in high demand at dinner times. The courses are: Salad with chicken or fresh fish pepper soup; pounded yam with mixed soup of okro and stew or jollof rice with chicken pepper soup. The increase in the number of salary and wage earners also

has positive effect on the demand for meals out at leisure time. Through employment of college and university leavers in the public and private sectors of the economy, the number of salary earners increases with a consequent increase in the size of the meals out market - both at national and state levels. New employees in general are heavy-users of meals out because most of them are swingers whose life style is characterized by frequent invitation to social nights featuring dances, parties and meetings in hotels as venue. Meals out provide a very useful solution to the problem of time which often confronts this group of youth.

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4. Richard Kotas: op. cit. P. 97

RAPID GROWTH IN BUSINESS MEETING, CONFERENCES, INTERSTATE AND INTERNATIONAL TOURISM:

There has been rapid growth in the number of business meetings, and conferences, particularly in the state capital as a result of the creation of Gongola State. The continual demand for conference facilities, hotel and catering services are evident from the number of requests made by various individuals and organizations. Business meetings and conferences organized by both public and private organizations in and outside the state have potentials for increased demand for hotel and catering facilities. The project management Kano Ltd., which conducted the feasibility study for the proposed 200 - bedroom Yola International Hotel has for instance indicated that 30% of demand for accommodation and catering services come from the business sector comprising of business-men, technical experts and company executives. Further 60% come from government officials while 5% from tourist visitors. Usually organizers of meetings, conferences seminars range from the Federal Ministries to Local Government departments at government level; national and state branch secretariats of Trade Unions, professional associations, Training Institutes and foreign firms and companies.

Presently however there are very few conference facilities and therefore some very important conferences and meetings especially international ones, intended for Gongola state are lost to the neighbouring states like Borno, Bauchi and Plateau. Most demands for conference Hall are directed to the following organizations whose halls and conferences have the barest conference facilities. These organizations are:-

(1) College of Preliminary Studies, Yola which has a small conference room of maximum siting capacity of twenty, and two large students dinning halls furnished with hard chairs and dining tables;

(2) General Murtala Muhammed College, Yola which has a large Assembly Hall with a sitting capacity of four hundred;

(3) Ministry of Education Headquarters has small conference room; and

(4) Federal College of Education Yola, also has Assembly Hall; and

(5) The former state House of Assembly which has a sitting capacity of three hundred.

The demand for conference facilities directed to these organizations is usually high throughout the year,

although there are peak and low periods of demand. Demand at the College of Preliminary studies for the 1981, 1982 and 1983 periods reflects this trends.

Table 3.1

REQUEST FOR THE USE OF DINNING HALL/ CONFERENCE ROOM[5]

1981		1982		1983	
Month	No.of Request	Month	No.of Request	Month	No.of Request
April	1	Jan.	1	Jan.	1
May	3	Feb.	4	Feb	1
June	2	March	6	March	3
July	1	April	4	April	2
August	3	May	2	May	2
Nov.	4	June	1	June	3
Dec.	1	July	1	July	4
		August	2	August	0
		Sept.	2	Sept.	1
		Oct.	2	Oct.	2
		Nov.	10		
		Dec.	2		

5. Cos. Yola, Official document: Request for the use of College Hall: File No. R/ADM. 296 Vols. 1, II.

Same frequencies of request for conference and meeting facilities were directed to the other four places with the exception of the defunct House of Assembly which is used mainly for government functions. The Dining and conference halls of college of preliminary studies have an edge over those of other organizations because its fees of fifty naira per day for business organizarions, and twenty naira for non-business organizations is moderately cheaper than charges of the other organizations. Also as post secondary institutions aspiring to a higher academic centre the institution is liberal in granting requests for use of its conference hall.

Demand for tourism facilities is another area which has a promising future for hoteliers and caterers in Gongola state. Until the beginning of the present World economic recession for instance tourist visitors which accounts for 5% of all visitors to Gongola state have been source of revenue to the few moderately outstanding hotels and restaurants. Sotesa (Nig) Ltd., has estimated the following tourist businesses for the Mambilla Tourist Centre once it is completed and put into operation:[6]

(1) 40 families spending leisure holiday at an average stay of fifteen days;

(2) 90 young couples for average ten days stay;

(3) 3 groups of about 120 of high school or university students for average stay of ten days;

(4) 6 groups of about 60 sports clubs, employee groups;

(5) 1,900 weekends of businessmen, foreign residents in Nigeria, overworked people looking for rest, as well as people for total entertainment and fun.

Demand for tourism facilities like demand for conference and meeting facilities has potential for hotel and catering industrialists in the state. The Sotesa's statistics of course might not be free of being inflated being a feasibility study but could be a good basis for assessing demand for tourism facilities.

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6. Sotesa (Nig) Ltd., op. cit. P. 236 - 237

INCREASING LENDING ACTIVITIES BY BANKS

The creation of States and Local governments in Nigeria has led to increasing lending activities by commercial banks. The coming into existence of Local Governments in particular has brought banking services to the rural population. Through a deliberate policy the Federal Government introduced what become known as 'Rural Banking' which was an attempt to encourage commercial banks extend their services to the rural areas through establishment of their branches. Until the introduction of the rural banking programme commercial banks being purely profit-oriented had restricted their activities to large commercial and industrial centres.

To attract the commercial banks to operate branches in rural areas the Federal Government made the following concensions to them:

(i) Commercial banks were allowed to write off 45% of capital cost of rural branches in a year;

(ii) Credit facilities extended in rural areas may be excluded in the calculation of permissable growth in bank loans and advances;

(iii) The Central Bank allowed each commercial bank to enjoy a reasonable period of monopoly in

each rural cnntre as compensation for the sacrifice it will make in developing the rural area.

At the time concessions were made however there was a snag because there was no ghidelines from the Federal Government on extension of loans and advances to the rural population. The banks therefore continued to apply their time 'honoured' rules in deciding granting of loans and advances to rural areas. Some banks to minimize losses arising from their operations in the rural areas resorted accepting savings than granting loans. The net result was an imbalance between rural savings and rural loans in favour of the former thus defeating objective of the programme. Dr. Ode Ojowu of the Department of Economics, ABU., Zaria in a paper titled "Rural Banking or Rural Drain - An Analysis of rural banking policy in Nigeria" presented at the 7th Annual Banking Week of Banking students association Kongo, 3rd - 5th August, 1982 has made a useful suggestion as to kow the rural banking could be useful to the rural population. According to him commercial banks should bring more loanable funds to the rural areas than would otherwise be possible and at a cost substantially lower than what the local money lender would have charged.

Notwithstanding the shortcomings of the rural banking there are enough evidence that commercial banks are playing important role in industrialization and development of the rural areas in Nigeria. We have shown earlier that in Gongola State by sheer number commercial banks have multiplied from less than three in pre- 1976 period to about twenty branches presently. When bank loan as a source of capital to hotel and catering industrialists was discussed in the p evious chapter too it was indicated that above eighteen bank applicants have so far benefited in the state. A breakdown of this fiture based on a four year period of 1976 - 1979 and 1980 - 1983 shows that all successful industrialists got their loans in the 1980 - 1983 period. Though most of the hotel and catering establishments and the commercial banks came into existence, late 70s and early 80s there is likelyhood that the number of Bank recipients among the industrialists will continue to increase. Inspite of the current austere condition therefore commercial banks on being familiar with the local issues in the rural areas would be able to convert potential economically viable proposition into actual economy activity. Their task as rural bankers is an entrepreneurship of

higher order than those they expect from the industrialists. The industrialists must however pull their resources together and form joint ventures so that they would utilize commercial banks financial strength and managerial capability effectively.

While personal savings and profits will continue to play an important role as source of capital to the industrialists therefore, bank loan will also assist in their financial requirements especially to those industrialists who could maintain proper accounting and book keeping from which financial statements to back loan proposals could be extracted.

POPULATION GROWTH

Population growth of a country is mainly accounted fo by the difference between the natural increase due to birth and the decrease due to death. This is expressed in percentage and known as the national population growth rate. In Nigeria, the official population growth rate is 2.5% and this is the figure used in calculating projected population figures required for planning and development purposes at Federal, State and Loaal government levels. This is why it has been said earlier that prospective hoteliers or caterer shouldhave information on population of the proposed market area because doing so would enable him not only know the population distribution but distribution of proposed basic amenities in the area. The Gongola state population, according to the 1963 census, stood at 2,617,713. As we have earlier seen the projected value of this figure for the years 1982 and 1983 is 4,184,807 and 4,289,426, respectively. This gives an annual increase of 104, 619 or about 0.1 million people per year.

Although the annual population increase due to birth does not immediately result in increased demand

for hotel and catering services, eventually group of young consumers of 14 - 24 years old with their special demand characteristic would emerge from the process. The "youth sector of hotel and catering services market" according to Richard Kotas, accounts for increasing proportion of total market. The importance of the increasing market share accounted for by the young consumer lies in the fact that people tend to retain their drinking habits through life so that comsumers who are now young may be expected to continue thier consumption behaviour in future decades.[8] A breakdown of the Gongola state population by age group and sex is shown in Table 3.2.

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7. Richard Kotas: op. cit. P. 99.

8. ibid.

Table 3.2

POPULATION OF GONGOLA STATE BY AGE GROUP AND SEX 1963[9]

Age	Male	Female	Total	% of Total Population
0-4	203,428	219,270	422,698	16.15
5-9	206,693	194,100	400,793	15.31
10-14	153,995	134,141	288,136	11.01
15-19	126,428	160,320	286,748	10.95
20-24	140,290	190,368	310,658	11.87
25-29	109,640	127,804	237,444	9.07
30-34	92, 980	106,762	199,748	7.63
35-39	62, 856	49,239	112,095	4.28
40-44	59,050	50,263	109,313	4,18
45-49	31,823	18,845	50,668	1,94
50-54	33,912	23,188	57,100	2,18
55-59	14,801	7,653	22,454	0.86
60-64	25,072	15,378	40,450	1.54
65-69	9,796	5,022	14,818	0.57
70-74	11,985	6,948	18,933	0.72
75-79	6,187	2,831	9,018	0.34
80-84	8,437	5,541	13,968	0.53
85-+	14,407	8,264	22,671	0.87
Total:	1,311,407	1,305,972	2,617,713	100.00%

From the above age group and sex population distribution, it is evident that the youth of 10-24 years which we have said earlier accounts for increasing population of beer market constitutes about 33.83% or more than one-third of the total population of the state. This is effect means for every three Gongolian consumers of hotel and catering services one would from the 10 - 14, 15-19 and 20-24 age groups. This is significant compared to, for instance, the 40-44,45-49 and 50-54 age groups.

Here for every twelve or thirteen Gongolian consumers of hotel and catering services only one comes from the group. Similarly, the importance of young consumers to hoteliers and caterers in a state where the percentage of urbanization is less than 10% can not be over-emphasized. This is because besides being heavy-users of hotel and catering services, the young consumers are agents for transporting influences of urban life to the urbanization process and the city life habits resulting from it. This youth groups are mostly students of secondary schools, polytechnics and universities,"who would be curious cultured travellers of tommorrow"

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9. Ministry of Economic Development Yola: op.cit. P.9.

as Sotesa (Nig) Ltd. put it.[10] It is expected that one of the objectives for which the Nigerian Tourist Board was set up, namely; to encourage people living in Nigeria to take their holidays in the country would then be fulfilled. Presently, tourism is a phenomenon limited to managerial and professional classes who, for educational interest, business and religious reasons, prefer to go abroad with their holidays.

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10. Sotesa: op. cit. PP. 146 - 172.

CHAPTER FOUR

R E C O M E N D A T I O N S

CUSTOMER-ORIENTED MARKETING

We have shown in Chapter Two that the problem of laek of customer-orientation of hotel and catering industrialists in Gongola State and in Nigeria in general is caused by the failure to provice services according to the needs of the customer. Customer-oriented marketing which calls for identification of the needs of the customer first and then producing goods and services to satisfy these needs is a solution to the problem. Unlike a seller in sellers' market who is pre-occupied with the need to convert his product or service into cash, customer-oriented marketdr is concerned with satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating delivery and finally consuming it. Renown authorities in marketing management such as professor Phillip Kotler,

differentiate between the functions of the two by calling the former selling and the latter marketing.[1] Satisfying of customer needs means, among other things, product quality, product availability, the cease of using the product.

Market survey or survey of potential demand for a proposed service and product is the beginning of customer-orientation. This is a creative research into customer needs, wants, attitudes and behaviour which involves defining the market as a group of potential consumers rather than a physical geographical area. The market of a hotelier in the Gongola State Capital may thus comprise of his customers within the State Capital, those from local government areas in the state, customers from other states in the Federation and those from other countries. To define his market area a customer-oriented hotelier and caterers would endeavour to collect information on the number and types of hotel and restaurants existing in the State to locate possible unsatisfied demand. This could be done more accurately by personal visits to the state capital, Local government Headquarters and urban centres of the state since there is no official publications serving as guides to hotel and catering outlets.

He would need to have data on the standard and quality of accommodation, catering, bar and laundry services provided by each establishment. Information on the number of customers at each meal, lodgers per day would give him rough idea of demand for those services as would estimates of visitors arriving in the state by road or air.

He would need information on existing and proposed infrastructure such as roads, water and electricity supplies. Similarly, knowledge of ratios of age, sex andincome groups of the population at national, states and local government levels would be helpful. Also general pattern of trade, market activities, recreational activities, clubs, societies, regular and special events within the area would guide him as to the period of peak or low demand of the proposed service. The importance of data on these items can hardly be over-emphasized. For example, the ratios of social groupings within the market area will determine the extent to which a would-be caterer may have to provide an extensive of limited menu. Usually, the higher the income groups, the greater choice is required.

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1. P. Kotler: op. cit. P. 18.

Similarly, predominance of single guests in existing hotels may indicate the need for some form of social contact in the design, while predominance of family groups have its own implications such as provision of facilities for preparing tea or cofee at any time of the day or night. On the other hand, the young sector of the market may have preference for catering services with less conservative menu, while businessmen on the move with money to spend would demand reasonable food and comfort. As a hotelier for industrial workers too customer-oriented marketer would be conscious of the importance of time factor. Under this circumstance, he would be providing food and drink at a given time during the working hours of an organization. In addition, to the time factor requirement, he may be confronted with the problem of satisfying simultaneously differing needs within the same organization such as salaried workers with sedentary occupations who require snack meals and manual workers whose energy out-put since their last meal has been extremely high and thereby warrants demand for heavy meals. A hotelier or restaurateur who succeeds in collecting data on different needs of segments of his potential markets would have gone half way in solving the problem of customer-orientation.

Suitable location is the second factor to be considered by a customer-oriented hotelier. Location is an important factor in considering building of hotel or restaurant, although some of the best hotels and restaurants have succeeded despite poor location, many more have failed. Hotels and restaurants located at strategic points along highway, at cross-roads, near holiday resort or within residential and commercial area rather than at the outskirts of town, in suburbs or areas of low population density sell themselves visually. This reduces the amount of marketing effort. Customer-oriented hotelier beside locating his hotel outlet in an easily accessible area would employ the following devices in order to reach his market visually.[2]

(1) Eye-catching design different from the surrounding area;

(2) Attractive colouring;

(3) Flood lighting;

(4) Trapping flags, notice boards.

The third important factor to be taken into consideration by a customer-oriented hotelier is competition. Competition could influence pricing, location and even the size of restaurant or hotel being

2. Kotas: op. cit. PP. 74 - 75.

built. Of course, the proximity of competition could be harmful or useful depending on whether or not. If the customer-orientation of the hotel out-let has been correct right from the beginning.

Similarly, it has been observed, and perhaps correctly, by Richard Kotas that "the term competition could be over used and wrongly used and blamed for too much because real competition of a hotel is not the rival establishments but peoples home."[3] This is because hotels are substitutes for homes, and therefore, to fight against homes a customer-oriented hotelier should ensure that a customer who walks into his hotel feels at home as he would if he were to walk into a familiar surrounding of his home. For any person familiar with complaints of hoteliers and restauranteurs regarding what consititutes a competition to their business establishments, the observation is not far from the truth. Identification of rival hotel establishments rather than people's homes by the majority of our respondents supports Kotas' view too. Although it is difficult to estimate how much competition from people's

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3. ibid. P. 77.

homes affect demand for accommodation and catering services of the industrialists there is a positive correlation between the standard of potential lodger's home and that of the hotel or guest inn he would likely seek accommodation in. Only on rare occasions would people accept accommodation of inferior facilities than their own homes. The failure of Gongola State hoteliers and caterers to identify people's homes as one of the sources of their competition therefore should be a matter of great concern not only to the industrialists but to the state Hotel and Tourism Board, the Gongola state Branch of Nigerian Chamber of Commerce and any organisation or group of individuals associated with the task of development and promotion of hotels and tourist centres in the state. The fourth factor to take cognisance of in customer-oriented marketing is packaging which traditionally performs the functions of protection and economy for the manufacturer now provides convenience for the customer as a promotional function for the marketer.[4] Since meals, except takeaway food, can not easily be packaged as other processed products and raw materials, it is the promotional aspect that is of great

importance to a hotelier. Packaging for this purpose would begin at the frontage or facia of the hotel or catering outlet.[5] The facia must bear instructions of how and where to enter carefully phrased in such a way that the initial impression matches with the image of services available. Inside the hotel, the tray on which food is brought, the plates in which the main course is served, the delicate wine glass which accompanies the meal are packaging materials fultilling promotional functions. Similarly, a gentle, painless manner on part of the waiter and a clean crisp menu provides additional reinforcement to kackaging as meal served to the diner can not advertise itself beyong sight and smell. The cleanliness of the hotel area, the friendliness and the courtesy of staff are also part of the packaging which a customer-oriented hotel proprietor should not lose sight of. Fifteen establishments or 25% of the hotel catering industrialists and hotel managers interviewed during our research appeared to have known the promotional effect of packaging. The rest still regard the traditional functions as the main objective of packaging in the industry.

4. Philip Kotler: op. cit. PP. 494.

5. Richard Kotas: op. cit. PP. 78 - 79.

Pricing is the fifth factor that deserves attention under a customer-oriented marketing.

Pricing for a demand-oriented marketer is quite distinct from the cost-oriented and return on investment approaches discussed earlier. Price fixing here is under a competitive market system where pices are viewed as ideal mechanism for clearing gluts and shortages of goods and services. Similarly, prices are important for the customer-oriented marketer because being quantitative and unidimensional changes in them are easier to comprehend and relate to customer attitudes than product quality, customer-service which are qualitative and multi-dimensional.[6] From the analytical point of view therefore, pricing is an important tool for ensuring stability in sales volume and profit margin. Pricing in a demand-oriented marketing takes into account not only profitability and operation costs but also the following factors which influence prices:

(1) Market or business climate;

(2) Company policy and philosophy;

(3) Type of customer;

(4) Cost structure;

(5) Nature of the producr or service and demand for it.

These factors and their influences on pricing are expanded as follows:

Firstly, good business climate is an indication that other things being equal marketers would be able to sell their products and services at market prices. Poor business climate on the other hand is a warning to them that fixing high prices which consumers would not afford makes no sense. Thus the 1980s' austere condition of Nigeria and the general economy recession presents a poor prospects to marketers compared to the 1970s' oil boom. Secondly, whether a company or business enterprise regards as a fair rate of profit would affect pricing decisions since the higher the rate of profit the higher would be the price and vice-versa. Thirdly, whether customers of the business enterprise are young, old, well-to-do or low-income group would have to be considered in price fixing to ensure that prices are within the reach of each group. Normally, the high income and well-to-do customers care little about high prices once the quality of products and services appeal to their ego. As we have pointed out earlier, a demand-oriented hotelier with a proper knowledge of his market segments could

cater for the different needs by providing services of various qualities and standards at different prices, Fourthly, the proportions of variable and fixed costs determine profitability not only in the short run but in the long run when all costs become variable. The total prices charged therefore must be covered not only the variable costs (short run) but all operating costs in order to ensure adequate net profit. Fifthly, whether the product or service is durable or perishable, luxury or convenience would interest the hotelier when making pricing decisions. In hotel and catering business except drinks and beverages much ofthe raw materials that go into meals preparation are perishable in absence of good preservation facilities. For a hotelier, it means any attempt to over price meals beyong the reach of the average consumer would lead to wastes and conseqnent decrease in sales volume and profits. In accommodation and bar services, the wastes would be in a form of foregone sales and profits.

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6. Philips Kotler: op. cit. P. 515.

IMPORTANCE AND SOURCES OF MANAGEMENT SKILLS

We have shown in Chapter Two that lack of management skills is one of the constraints which hamper efficient management of hotels and catering business in Gongola State. In this section we will endeavour to show the importance of trained manpower to hotel and catering industrialists and then discuss the various ways by which hoteliers and caterers in the state could avail themselves of existing and potential sources of potential hotel technologists and training facilities so open to them.

The importance of professionals in the successful operation of hotel and catering business can hardly be over-emphasized. The market-oriented attitudes which was shown to be essential to the success of hotel and catering establishments for instance has to be cultivated in the staff and this is easier when the staff are educated and trained in hotel management. With untrained and amateur personnel, it would be a difficult task. As it has been indicated earlier, areas of manpower needs of hotel and catering business are marketing, accountancy, supervisory and operative cadres.

While the marketing aspects has been discussed in detail under customer-oriented marketing, specific marketing and managerial role of the hotel manager would be analysed here. For a successful operation the candidate to beappointed hotel manager must be a professional who must have acquired his professional knowledge through formal education. This might have led him to theaward of Diploma or Degree on successful completion of a prescribed course. Alternatively, he might have acquired his knowledge through informal education and on-the-job training. Whatever category hefalls into he would be expected to discharge his responsibilities efficiently. He would be performing the following duties: Firstly, through his education and training, he might have been familiar with the types of catering equipment and catering systems. He would be able therefore to choose catering equipment and systems to provide well-cooked and well-presented dishes. Secondly, he would ensure that thechef designs a good menu to attract customers to the catering section of his hotel, some of whom after having a nice meal may be induced to ask for drinks and thus end up as yet another set of customers in the bar

section. In addition to designing of a good menu, a professio ml hotel manager would know the correct service mix for the various segments of his market. Thettype of dishes and drinks taken by customers at work, at leisure time, would be a matter of great concern to him. Thirdly, as a trained hotel manager he would not only be able to supervise his subordinates but also train them on the job. In theory only the section heads who, are accountable to him would be directly under his supervision but in practice he would normally ovwrsee the rerformances of all the operative staff, through regular reports from his supervisor. In this way, he corrects their shortcomings and at thesame time pass down instructions, not only to guide them, but acquint them with the objectives and policies of the organization. Fourthly, through his experience and knowledge and the nature of the products he sells to thecustomer he ensures that supplies are stores in their appropriate storing facilities. This would ensure that perisable items such as vegetables, meat, are preserved in freezer, while dry foodstuffs are kept in well ventilated stores to allow free circulation of air to avoid condensation and mustiness. Fifthly, through analysis of demand and supply he would be in position to know

when to place order and how much to order at a time. Sixthly, he would be current in market prices of hotel services and the prices being offered by his competitors, their menus and the types of facilities and services they offer to the public. Similarly, through analysis of demand for any supply of hotel and catering services he would be able to determine the peak and low periods of demand. Also through his experience as a hotel technologists, he would know the best atmosphere under which his customers feel being cared for, being wanted and being important to the very survival of his hotel establishment. Such ideal atmosphere has been vaguely described as the 'feel' of the bar or restaurant which includes everything attractive about the design, the surrounding, colour or even music provided in the hotel. In addition to the responsibilities discussed, the hotel manager would have to co-ordinate the various sections of his hotel control and discipline his subordinates not only to be polite to their hotel guests but always welcome and greet them with smiles to induce repeat business. Being the administrative head of the hotel, he would be accountable to his managing director or general manager, in the case of

large establishment, and to the proprietor, if he is working in a medium or small enterprise.

The second key person in hotel management, is the accountant who, we may term as the collector and custodian of revenue generated by the service secions. Like the hotel manager, he is a professional knowledgeable about all accounting systems. Together with his accounts staff he must be able to open and maintain accounts for his hotel establishment. By his professional training he would be skillful in revenue collection and operation of accounts. An account as used here in the technical sense, consists of a page or series of pages in the ledger with suitably descriptive name or title.[7] A ledger is a book in which all transactions are entered. In theory a ledger consists of one book but in practice the book is divided into several volumes each volume set aside for specific transactions, for example, Sales Ledger, in which all receipts from customers are entered.[8] The accountant, as part of his duties, would have to open the following accounts:

(1) Receipts and Payment Account, in which all receipts, in cash, are shown on the debit

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7. Brian Magee: Accounting, 8th edition, 1971, Gee & Co. (Pub) Ltd. London: P. 10.

8. ibid. P. 92

side and all payments made entered on the credit side.

It is a summarized cash accounts;[9]

(2) Income and Expemditure Account, which differs from a receipts and payments account since it is credited with all income pertaining tothe period whether received in cash or cheque and debited with all expenses whether paid in cash or not;[10]

(3) Trial Balance, which is a list of the balances on all accounts in the ledger prepared as the period have been entered. The objective of the trial balance is to verify and confirm the mathematical accuracy of the b oks;

(4) Trading, Profit and Loss Account summarizes all nominal accounts which represent profit and losses or income and expenses. At the end of a trading period,usually a year, the amounts shown in the various accounts as profits or losses will be gathered together into profit and loss acdounts so that the final net profit or net loss for the period would be determined.

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9. ibid. P. 133
10. ibid.
11. ibid., P. 30

If the credit (Profits) exceeds debits (Losses) there will be surplus on the credit side of the profit and loss account and this surplus is the net profit. This is transfered to the credit side of capital account to reflect increase in assets;

(5) Capital Account measures the amount of the net assets and moves in sympathy with the changes in the net assets. It is the measure of what the business is worth to the proprietor. Capital account is increased by net profit and decreased by net loss;

(6) Balance Sheet is a list of balances so prepared as to give a single picture of all the transactions which have been recorded during the trading period.
It is a statement of the position of the business at a point of time indicating assets and liabilities.[11]

(7) Debtors Account which is maintained where the restaurant or hotel provides facilities for function which warrant payment latter such as wedding reception, club dinners, and dinner dances.

> This account generally known as sundry debtors account has columns for details of transaction. While opening and maintenance of accounts ensures that all business transactions of his hotel organisation are duly recorded and useful information relating to the progress of the hotel could be extracted, the accountant has other vital responsibilities. One of these is the maintenance of cash flows for his employer. Cash flow is simply the continuous circulation of cash in a hypothetical cycle made up of ready cash, purchases of raw materials, processing of raw materials to final comsumable products and services and purchasing of these by consumers on cash or credit basis.

Cash flow is the life blood of a business enterprise because without it the business will die. In hotel and catering establishment, the concept of cash flow works like this. Firstly, cash would be used to purchase drinks and beverages which need no further procession, but foodstuffs after purchase would flow into the kitchen for processing that is meal cooking and preparation.

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12. Nig. Int. of Mgt: Management in Nigeria, May 1983 Publicstion, P. 41.

Secondly, thereservoirs of drinks and prepared meals are depleted by cash or credit sales. Thirdly, cash sales and collection from credit sales, receiveable accounts, results in an inflow of funds to the cash pool, thereby freeing funds for the purchase of additional raw materials and the cycle begins again.[12] Lack of proper application of cash flow concept by Nigerian entrepreneous is evident from general complaints among bank managers and government departments about misuse of loans by their beneficiaries and frequent business enterprises failure because of bankruptcy. As Mr. M.A. Adikwu, Graduate Associate of the Nigerian Institute of Management put it 'small managers may be skilled in sales, manufacturing or production, but very often they know little about the inter-relationships of the various parts of the organisation and the resultant effects on cash flow.[13] The presence of an accountant in hotel and catering establishmen t as a professional book-keeper and finance advise, would fill this financial management expertise vacuum.

The last set of professionals whose roles have far-reaching effect on the success of hotel and cat ring establishment are the operatives that is the cooks, stewards, barmen, waiters and waitresses.

The various responsibilities are as follows.-

(1) Preparation and cooking of meals by cooks;

(2) Setting up of dinning place, taking orders from diners and serving same by the stewards;

(3) Making drinks available, on payment, to waiters and waitresses, collection of drinks from the main store to barman's office by the barmen;

(4) Setting up of drinking place, taking orders for drinks from customers and serving them by the waiters and waitresses. Because cooking and serving of meals and drinks were traditionally women's functions in households, the emergence of hotels and catering services requires that a set of professional men fo the operatives cadre have to be obtained through training and conscious learning of what used to be women's job. Similarly, the importance of the operatives group to the hotelier and caterer is indicated by the fact that in the cooks cadre, in particular, there exists further sub-division of labour whereby specific foods are prepared by a specialist,

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13, ibid.

Thus soups and other starters are prepared by the potager, vegetables by vegcook, while the main dishes are prepared by the sous-chef who is usually the head shift.

We have established earlier that while there is shortage of hotel and catering management course in our universities and older polytechnics the establishment of the Federal Polytechnics and Federal Universities of Technology in the late 70s and early 80s respectively and the introduction of a new national policy of education which is technology bias were welcomed news to Nigerians in general and the indigenous industrialists in particular. The Nigerian hoteliers and caterers therefore have some sources of hotel and catering management expertise which if fully utilized could solve some of the problems of manpower shortage. One of these sources is by off-the-job training of existing staff. This could be done by sending staff to courses in hotel management at some of the polytechnics and training institutes. The Nigerian Institute of Management whose head office is located in Lagos, with area offfces spread all over the country, is one of these institutes.

Established in 1961 with the main objectives:[14]

(1) To encourage and develop the art and science of management;

(2) To provide facilities for interested persons to meet and discuss managerial practice and problems with a view to improving standards of managerial performance in Nigeria;

(3) To collect and desiminate information on management subjects; and

(4) To encourage the provision of such facilities and assistance as may be required by those studying for professional examinations in management subjects, organizes course of various durations yearly. It also provides consultancy services to companies on request, provides advice and information to companies and organisations on management education and training in Nigeria and published very educative monthly journal; management in Nigeria, which has a wide circulation. The industrial training fund which is a Federal Government establishment set up in 1973 with the main objective to provide training required by the manpower needs of both public and

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14. Julius O. Onah: op. cit. 214 - 215.

private sectors is another important training institute whose impact is felt in the country. Other training institutes include the Nigerian Hotels Training School, mentioned earlier, and Walton Solomon Associates, which has practically oriented courses geared towards special requirements of business organisations. There are also, especially in the Southern states, private hotel and catering management institutes which have sprung up in the early 80s which may be more accessible to smaller business organizations as far as acquirement of basic and recementary knowledge of management is concerned. One such private catering institute is Davog Institute of Hotel, Catering and Management Sciences situated in Lagos, with branches at Ibadan and Akure, which advertised its admissions in some of the national dailies and claims to be running diploma and certificate courses in hotel and catering management, and management sciences. In Gongola State, there are private commercial and secretarial institutes, mostly located in the state capital, which provides training in book-keeping and accounts, typing, secretarial and office management practice and these are accessible to any business enterprise employees as long as the

proprietor is willing to pay for the basic management skills that the staff would acquire. The Federal Polytechnic, Mubi, also runs courses in hotel and catering management at certificate and diploma levels. A second source of training is on-the-job training which costs nothing other than the time of the trainer. However, since a blindman can not lead a fellow blindman, the possibility and the extent to which hotel management skills could be acquired by this method depends on the availability of trained and experienced staff in each of the various cadres of the hotel and catering profession. Thirdly, hoteliers and caterers in the state could utilize the services of NYSC members who normally have National Diploma in hotel and catering management. This costs nothing, other than provision of accommodation, to the proprietor or management. Finally, hoteliers and caterers, especially large and medium-sized, are free to employ qualified and trained candidates to manage their hotels and restaurants through direct recruitment from the labour market. The present unemployment problem and the on-going retrenchment in both the public and private sectors may turn to be a blessing to indigenous entrepreneurs who, under

normal economic condition could not compete successfully with governments and multi-national firms over qualified applicants. The availability of unemployed experienced and trained manpower means that Nigerian entrepreneurs could employ with ease and possibly at a lower salary scale too.

C O N C L U S I O N

In the course of this study we have seen the types of problems being faced by hoteliers and caterers in Gongola state. Prominent among them are the problems of customer-orientations, management skills, capital, government patronise and recognition, and urbanization. Shortage and in-availability of electricity, tap-water supply and good roads are also constraints to the smooth running of their hotels and restaurants. As it has been indicated there are various ways to solve or minimise the effects of most of these problems. Management skills could be acquired through training of existing staff and recruiting of suitably qualified ones. These are the cost of management skills and there is no way to avoid them without sacrificing efficiency and good management. Financial shortage could be remedied through proper management of the scarce funds. Prudence and judicious application of revenue generated by the business and proper utilization of loans would go along way to minimize the problem of capital. The problem of urbanization could also be minimized by locating hotels and restaurants in urban and semi-urban

centres where people have either adopted or getting adopted to industrial and commercial life which creates demand for hotel and catering services. Similarly hoteliers and caterers could solve the problem of lack of government patronage and recognition by soliciting, through lobbying for support and attention of state and local governments. They should be able to demonstrate the usefulness of their profession to government and the society at large. Since the state government realizes revenue as tax from hotel and catering establishments it should be willing to demonstrate the spirit of give and take by contributing to the development of the industry and the industrialists. As for the problem s of water and electricity supplies, and good roads, there is little the industrialists can do since these are part of capital projects of the state government. The availability of these amenities, therefore depends on the government to pay for the construction and maintenance. However hoteliers and caterers could supplement government effort by making private arrangement to procure standby generators and build wells.

Another way out of the problems of hoteliers and cateriers lay on their ability to locate prospects and

new opportunities created by growing eating out habit. business meetings, conferences, seminars and tourism activities; population growth and increasing lending activities by banks. Nigeria Society is fast changing from traditional to industrial society with the attendant charge in the ways of dress and eating. This is a big opportunity for hoteliers, and caterers which if properly utilized will pay devidents. Growth in the frequencies of business meetings, conference and seminars is a prospect which only hoteliers and caterers as providers of feeding and accommodation could take due advantage of. Demand from this group of consumers constitutes entirely new market segment with its own needs which if properly catered for would increase sales volume. Population growth with attendant increase is the number of users of hotel and catering services is again an opportunity for marketing. Gongola State with a population of about 2.6 million and growth rate of 2.5% per annum has a prospect for marketers of goods and services as far as local market is concerned. For the marketers of hotel and catering services the local market is also the national and international market since the nature of facilities provided can not conveniently be transported to meet

demands in another country or in another part of the country or state.

Finally hoteliers and caterers in Gongola state could improve their general level of volume of business by being customer-oriented. Gone are the days when hoarding, profittering were the norms of business transactions. The present austere economic condition may continue for some time thus teaching Nigerian consumers lesson of prudent spending and how to be self sufficient especially in food production. With almost every salaried worker endeavouring to spend part of free time on farms and gardens there is likelihood for farm products to be cheaper than during the last two years of Shagari administratinn when hunger was threatening the country's inhabitants. Should surplus foodstuff result from the harvests, hoteliers and caterers as marketers of processed farm produce have to be conscious of the consumers tastes.

From what we have seen in the two concluding paragraphs it's clear that Gongola state hoteliers and caterers could make their business enterprises a success given the right approach to business.

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APPENDIX

PROBLEMS AND PROSPECTS OF HOTEL AND CATERING INDUSTRIALIST IN GONGOLA STATE

Q U E S T I O N N A I R E

Please fill all information supplied in the space provided and where application tick the appropriate.

NAME, LOCATION AND YEAR OF ESTABLISHMENT

1. Name of hotel/restaurant/motel _____

_____

2. Year of establishment _____

3. Is your hotel and catering business located in:
   (a) A Commercial area
   (b) An industrial area
   (c) A residential area

4. Or is it located at:
   (a) A road junction
   (b) Along a high way
   (c) Near threatre or Cinema hall
   (d) Near shopping centre

5. Why did you chose the particular location?

_____

_____

6. EXPERIENCE AND PROFESSIONAL TRAINING

1. How many years of experience do you have as a hotelier/Resteuranteur/Hotel Manager?

_____

_____

2. What professional training have you undergone before and after establishment of your hotel?

_____

_____

3. What other qualifications do you have?

_____

_____

CHOICE OF AREA OF BUSINESS

1. Why did you choose to go into hotel and catering business? _____

_____

_____

2. Did you undertake market survey/research to find our potential market for your proposed services before launching your hotel? _____Yes/no

3. Which of the followings were the needs of your prospective customers the time you launched your hotel/restaurant/motel/bar
   (a) Accommodation service
   (b) Restaurant service
   (c) Bar service
   (d) All the above services

4. How many hotels, restaurants, were already operating in the areas and its immediate surrounding at the time you established your business?

   _____

5. What services were they offering to the public?

   _____

   _____

MANAGEMENT

1. Number and type of staff running the hotel.

Type of staff	Number	Qualification and Experience
(a) Managers	_____	_____
		_____
		_____
		_____
		_____

Type of staff	Number	Qualification and Experienc
(b) Supervisors		
(c) Accountant/ Acct.Clerks		
(d) Cooks		
(e) Stewards		

Type of staff	Number	Qualifications and Experienc
(f) Barmen/Waiters	_____	_____

(g) Does your business maintain any book keeping and accounting?

Yes/No __

(h) (Which of the following books/accounts are kept):-

(i) Cash book

(ii) Purchase ledge/Accounts

(iii) Creditors ledger/Account

(iv) Debtors ledger/Account

(v) Trading, profit and loss account

(vi) Balance Sheet

(vii) Trial balance

RECRUITMENT AND TRAINING OF STAFF

1. What method of recruitment do you use in employing staff? _____

2. What is your main source of applicants?

_____

3. How often do you recruit/employ staff?

_____

_____

4. What difficulties do you experience in staff recruitment? _____

_____

5. What hel do you receive from the state and local governments in recruitment and training of staff?

_____

_____

6. Which of the following staff training methods do you make use of:

   (a) On the job training

   (b) Sending on course

   (c) Both (a) and (b)

   (d) Staff rely on their experience only.

7. Which of the following incentives do you provide your staff with:-

   (a) Free medical care

   (b) Accommodation

   (c) Vehicle loan

   (d) Transport to and fro work place

8. Does your hotel operate shifting?

   Yes/No _____

9. If yes, how many shifts?

---

10. Which of the following roles do you play in the running of the business?
    (a) Executive Chairman of Board
    (b) Managing Director
    (c) Manager
    (d) Proprietorship
    (e) Partnership
11. Which of the following forms of business organization does your hotel and catering belong to?:
    (a) Family business
    (b) Partnership
    (c) Limited Liability company
    (d) Government establishment
12. Give reasons for your choice of the type of business form.

TYPE OF SERVICES OFFERED TO THE PUBLIC

1. Do you offer accommodation service?
   Yes/No.

(a) How many double charlets are avai able and what facilities do thcy contain?

_____

_____

(b) What is the rate per double charlet?

_____

(c) How many single charlets are there and what facilities are provided?

_____

_____

(d) What is the rate per single charlet?

_____

(e) How do you fix rates for accommodation?

_____

_____

_____

(f) What is your weekly ledger turnover?

_____

_____

(g) What part of the year, month do you records:?

(i) Highest number of lodgers

(ii) Lowest number of lodgers

2. Do you provide restaurant service?

Yes/No _____

(a) How many restaurants are there in your hotel?

_____

(b) Do you have a long or short menu?

_____

_____

(c) Which of the following menus do you operate in your hotel?:

(i) La carte, or free choice menu

(ii) Set menu

(iii) Combination of (i) and (ii)

(d) As a hotelier/Caterer how do you create a menu to attract and satisfy customers?

_____

_____

(e) How many local and non-local dishes does your hotel offer?

_____

_____

(f) What are your rates per dish at:

(i) Breakfast _____

(ii) Lunch _____

(iii) Dinndr _____

(g) What is your daily customer turnover?

_____

(h) At what meal do you record highest number of customers?

Breakfast/Lunch/Dinner

(i) How do you fix price per dish?

_____

_____

_____

(j) How do you know whether a particular dish is popular or unpopular?

_____

_____

_____

(k) What do you do with unpopular dish?

_____

_____

(l) Do you accept luncheon vouchers?

Yes/No

3. Do you offer Bar service?

Yes/No

(a) What brands of drinks do you offer to customers?

_____

_____

(b) Which of these brands are fast moving.

_____

_____

(c) Which part of the year, month do you have:-

(i) Highest sales _____

(ii) Lowest sales _____

(d) How do you fix prices of drinks?

_____

_____

(e) What is your stock turnover rate for drinks and beverages?

_____

_____

4. Do you provide laundry and dry cleaning service? Yes/No

(a) What are your charges for dry cleaning of the following items:

Suit _____ Blouse _____

Jacket _____ Skirt _____

Gowns _____ Night gown _____

Jumpers _____ Pant _____

Kaftans _____ Handkerchief _____

Shorts _____ Socks _____

Pijamas _____

Trousers _____

5. Do you provide transport and car hire service?
   Yes/No
   (a) How many vehicles do you have?

   (b) What is the rate per hour?

CUSTOMERS

1. Which of the following groups of people are your main customers:
   (i) Lodgers
   (ii) Local population
   (iii) Combination of (i) and (ii)
2. Are your customers:
   (i) family people
   (ii) singles
   (iii) young
   (iv) well to do
   (v) heavy manual workers
3. How do they reach the hotel?
   (i) In cars
   (ii) By motor cycles
   (iii) On foot
   (iv) By all the above

4. Which groups are more regular and why?

_____

_____

_____

5. Which of the following strategies do you use to attract customers?:

(a) Price differential

(b) Good service

(c) Attractive layout

(d) Attractive atmospher

COMPETITION

1. Do you have competitors?

Yes/No

2. Who are your major competitors?

_____

_____

3. It has been said that hotel is a substitute for home and therefore real competition comes from peoples home. Do you agree?

Yes/No _____

4. If yes, what steps do you take to fight against competition from home?

_____

_____

5. What do you do to fight competition from other hotel/catering establishments?

_____

_____

6. How much does competition affect your business?

a) very much

b) very little

c) not at all

SALES PROMOTION AND ADVERTISING

1. Do you engage in sales promotion? Yes/ No _____

2. If yes, which of the following media do you use?

a) Press advertising _____

b) Radio/TV Newspaper/all the three media

c) Giveaways (greeting cards,calendars,diaries)

_____

Yes/No _____

d) Direct mail _____

Yes/No _____

e) Recommendation of satisfied oustomers

_____

_____

3. How much do you spend on advertising?

_____

_____

4. How much do you think does sales promotion and advertising contribute to your business volume?

SOURCES OF CAPITAL

1. Which of the following sources of capital do your benefit from?
   a) Small scale industries scheme;
   b) Nigerian Bank for Commerce and Industry;
   c) Nigerian Industrial and Development Bank;
   d) Federal Mortgage Bank of Nigeria;
   e) Commercial Banks;
   f) Trade creditors
   g) Personal savings
2. What difficulties do you face in securing venture of working capital?

   Y

---

3. Do you think the interest rate is too high/ fair/favourable?
4. Which of the following methods do you use in procuring the fixed assets of your business?

a) Building _____ Rent/Lease/Built

b) Equipment and Fittings _____

Purchase/Lease

c) Motor Vehicles _____

Purchase/Lease

5. If buildings and fittings are rented/leased are the terns favourable? _____

Yes/No _____

6. Do you keep a regular service and maintenance schedule? _____

Yes/No _____

7. What difficulties do you face in obtaining the fixed assets?

_____

_____

_____

SUPPLY OF RAW MATERIALS AND DRINKS

1. Which of the followings are your sources of raw materials?

a) Local markets

b) Local middlemen

c) Manufacturers/Producers

2. Are raw materials available?

a) All the year round

b) Seasonal only

3. Who delivers raw materials to business premises?

   a) Your supplier

   b) Your business vehicle

4. How far are your sources from the business premises?

   _____

   _____

5. Are prices of raw materials

   (a) Stable

   (b) Fluctuating

6. Do you run out of stock?

   Yes/No

7. If yes, give reasons and steps you take to control it?

   _____

   _____

   _____

8. How do you preserve perishable raw materials?

   _____

9. How are the following materials stored?

   (a) Dry foods _____

   (b) Vegetables _____

   (c) Drinks _____

EFFECT OF CULTURE AND GOVERNMENT LAWS

1. In what ways have government laws and culture affected:

   (a) Location of your hotel/restaurant/motel?

   _____

   _____

   (b) Types of meals and drinks offered to customers?

   _____

   _____

   (c) The opening and closing hours of your business

   _____

   _____

2. If effects are unfavourable for the smooth operation of your business what changes would you suggest?

   _____

   _____

3. How can your knowledge of the community in which your hotel/restaurant located be useful to successful operation of your business?

   _____

   _____

MAJOR PROBLEMS OF HOTELIERS AND CATERIERS

1. According to your experience what are the major problems of hoteliers and caterers in the state? List them.

   (a) _____

   (b) _____

   (c) _____

   (d) _____

   (e) _____

   (f) _____

   (g) _____

2. List suggestions on how to solve these problems

   (a) _____

   (b) _____

   (c) _____

   (d) _____

   (e) _____

   (f) _____

   (g) _____

   (h) _____

   (i) _____

THE FUTURE OF HOTEL AND CATERING INDUSTRY IN THE STATE

1. What prospects do you think Gongola State hoteliers and cateriers have? List such prospects.

   (a) _____

   (b) _____

   (c) _____

   (e) _____

   (f) _____

   (g) _____

   (h) _____

   (i) _____

2. What effect do you think the following factors have on the development of hotel and catering industry in the State?

   (a) Increased eating out habit as a result of increased in income and love of luxury

   _____

   _____

   (b) Increased activities involving travelling by government officials, local businessmen, local and interstate tourists, foreign firms and businessmen, foreign tourist

   _____

   _____

(c) Population growth _____

_____

_____

(d) Increased lending activities by banks and other financial organization

_____

_____

(e) Increased patronage and recognition by the Federal, State and Local governments

_____

_____

_____

(f) Increased interests in the industry by individual investors -

_____

_____

_____

_____

_____

3. How much do you think does hotel and catering industry contribute to the development of the state in terms of:

   (a) Employment

   (b) Provision of services

   (c) Market for local raw materials

   (d) Sources of foreign exchange.

Department of Business Administration,
Institute of Administration,
Ahmadu Bello University,
Zaria.

Date _____

_____

_____

_____

_____

Dear Sir,

REQUEST FOR QUESTIONNAIRE FILLING

I am a postgraduate student of Master of Business Administration programme at the above institution undertaking a research on the problems and prospects of hotel and catering industrialists in Gongola State as a partial requirement for the award of M.B.A. degree.

I would be happy if you could assist me by filling the enclosed questionnaire. I wish to assure you that any information supplied by you will be treated in confidence and used for the purpose of the research only.

Yours sincerely,

Sgd. Y.E. Mafalcha.

PROBLEMS AND PROSPECTS OF HOTEL AND CATERING INDUSTRIALISTS IN GONGOLA STATE

QUESTIONNAIRE FOR BANK MANAGERS

1. State the number of applications received from hoteliers and caterers for Bank loan during the period:
   (a) 1976 - 1979 _____
   (b) 1980 - 1984 _____
2. How many applications were for:
   (a) Venture Capital in hotel and catering business:
      (i) 1976 - 1979 _____
      (ii) 1980 - 1984 _____
   (b) Working Capital in hotel and catering business:
      (i) 1976 - 1979 _____
      (ii) 1980 - 1984 _____
3. How many applications were:
   (a) Successful - (i) 1976-1979 _____
   (b) Unsuccessful- (ii) 1980-1984 _____
      (i) 1976 - 1979 _____
      (ii) 1980 - 1984 _____
4. What is your interest rate, other conditions for such loans: _____

5. How many loan beneficiaries

   (a) Did not default in repayment:

   (i) 1976 - 1979 _____

   (ii) 1980 - 1984 _____

   (b) Default repayment:

   (i) 1976 - 1979 _____

   (ii) 1980 - 1984 _____

6. From your experience do you think inavailability of capital/funds is a major problem for hoteliers and caterers?

   _____ Yes/No

7. What advice will you give to the problem of lack of capital in the hotel and catering industry in the state? List them.

   (i) _____

   (ii) _____

   (iii) _____

   (iv) _____

   (v) _____

   (vi) _____