CHALLENGES AND OPPORTUNITIES IN THE MANAGEMENT OF BAKERY BUSINESS IN KADUNA CITY

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A THESIS PRESENTED TO THE DEPARTMENT OF BUSINESS ADMINISTRATION, AIIMADU BELLO UNIVERSITY, ZARIA, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A MASTERS DEGREE IN BUSINESS ADMINSTRATION

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DECLARATION

I, **ONYEJELI UCHE JOSEPH** do solemnly declare that the work embodied in this report is my original work and is not known to have been submitted in part or full for any degree or diploma of this or any other University.

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CERTIFICATION

This research work on the CHALLENGES AND OPPORTUNITIES IN THE MANAGEMENT OF BAKERY BUSINESS IN KADUNA CITY meets the regulations governing the award of the degree of Master of Business Administration (MBA) of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literacy pursuit.

Signature of Supervisor — 14/12/2000 Date

Signature of Head of Department — 15/12/00 Date

Signature of Dean, PG School, — 10/09/02 Date

Signature of External Examiner — 30/09/2000 Date

DEDICATION

TO GOD

FOR HIS UNLIMITED GRACE

TO MY WIFE

FOR HER ABLE AND DEPENDABLE PARTNERSHIP AND LOVE.

TO MY CHILDREN

FOR THEIR INSPIRING LOVE AND JOY

ACKNOWLEDGEMENT

I wish to express my gratitude to my project supervisor, Dr. (Mrs) Joan Nwasike whose suggestions, corrections and encouragement have made the completion of the work possible. I am also grateful to the Head of Department and to all my Lecturers in the course of the MBA program. May the good Lord make all your noble dreams come through.

To all my friends in the course of the program, too numerous to mention, remain blessed. We shall always meet to share the goodness of the Lord.

My thanks go to my darling wife and children for being sources of encouragement. I love you all.

My brother in Christ, Mr. Paul Ediale, the Lord shall reward your sacrifices to make the production of this work possible.

Above all, Jesus I love you, and I say thank you Lord, for making it all possible.

LIST OF TABLES

LIST OF ABBREVIATIONS

FAO	-	FOOD AND AGRICULTURAL ORGANISATION.
FIIRO	-	FEDERAL INSTITUTE OF INDUSTRIAL RESEARCH OSHODI
IART	-	THE INSTITUTE OF AGRICULTURAL RESEARCH AND TRAINING.
OFN	-	OPERATION FEED THE NATION
RBDA	-	RIVER BASIN DEVELOPMENT AUTHORITY
SAP	-	STRUCTURAL ADJUSMENT PROGRAMME
UNICEF	-	UNITED NATIONS INTERNATIONAL CHILDREN EDUCATION FUND.

ABSTRACT

This study was carried out to determine the challenges and opportunities in the management of Bakery Enterprises in Kaduna City.

A survey of twenty one Bakery establishments in Kaduna City was conducted and the necessary information and data required for the study collected through direct observation, interviews and questionnaires.

Statistical tools such as frequency distribution table, and percentages were used for data presentation and analysis, while correlation co-efficient and chi-square were applied for hypothesis testing.

From the analysis, it was revealed that the Bakery owners have the opportunity of diversifying their business into related areas like restaurant and fast food centers but with some limitations. These limitations were in the areas of funding and increased management problems associated with such expansion.

Other findings made from the study include the following:

1. That Bakery establishments in Kaduna City were mainly in the form of sole proprietorship; most of them with branches in Kaduna and else where in the state.
2. These Bakeries are faced with financial problems because of their inability to raise appropriate fund needed from the Bank.
3. That most of the capital equipment needed for their operations can be fabricated locally and is as effective and efficient as their foreign counterparts.

4 These bakeries were also faced with the problem of high labor turnover. This is because their owners do not consider the employment of professional/trained personnel worthwhile Also in the situation where they get these professionals employed, they normally left for better appointments in other factories because of inadequate remuneration.

5. That the bakeries lack adequate raw materials for their operations and as such are faced with the problem of adulteration of most of their major raw materials like flour and fats in our local markets.
6. That these bakeries do not apply sophisticated marketing channels in the distribution of their products to consumers
7. That bakery owners cannot export their products to earn foreign exchange because of the perishable nature of their products.
8. That Government policies on importation were the major bottleneck for non-availability of their raw materials especially wheat flour.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

Industrialization, the world over, is the necessary means of achieving the goal of improvement in the material well being of the society. For this reason, rulers of both the developed and developing countries alike have placed high premium on the issue of industrialization. Actually what makes countries like U.S.A., Britain, Japan etc, thick today is their technological and industrial capability. It is this capability that has enabled them to churn out large volumes of manufactured goods for both internal use and export. Conversely what makes the under developed and developing countries poor is their lack of this necessary industrial base and most of them have done so badly because of their lack of agricultural industrialization primarily.

Today industrialization and technological acquisition have been a world order no longer confined to the leading industrialized nations. Countries have had to spy on others to acquire this fit. This is the singular reason for the rapid transformation in production processes and ways of living in the recent past. There is scarcely any country of the world unaffected for good or ill, by her march towards industrialization or lack of it. An understanding of its nature and consequences is indispensable if the major transformation, taking place in social, as well as economic life in our time is to make sense.

Countries, which have little or no industry, will most certainly be poor. To overcome poverty and economic backwardness therefore, a country must be industrialized for this

this is the key to economic growth and a prerequisite for national development. In realization of the importance of industrialization, it has become a declared policy of many governments of the world to make conscious effort to follow models already in existence, as well as develop new ones appropriate for particular areas or types of country. Be that as it may, some societies like Japan, Britain, U.S.A. have been particularly hospitable to industrialization, unlike countries like Niger, Bolivia, and Nigeria. Industrialization indeed has become a world process and that is why developing countries have generally sought it as a means to raise standard of living to ensure national economic growth and self-dependence.

It is of interest to note that industrial activities consist not only of manufacturing but also of such other activities as mining, construction, electricity and farming or agricultural activities. Infact the food industry is one of the manufacturing industries and basically the worlds largest industry. In addition to the farmers and fishermen who produce agricultural raw materials, the food industry comprises all the manufacturers and processors who convert these basic agricultural raw materials into the many forms in which they are distributed to the customers:- such processors include canners, freezers, meat and poultry processors, bakers and producers of ice cream and other dairy products. These range from the local one-man business owners to large multinational corporations like Cadbury Nig. Plc and UAC foods. Food is one of the three essentials of life: which are food, clothing and shelter. In this wise we concern our self purely to food in this study. The food requirement of people from developing countries are not different from those of the developed world. All humans need carbohydrate, fats, proteins, vitamins, minerals and water, which are the major derivatives of food, for their biological survival.

Food is as good as the nutrient it contains. Our bodies will only attain and maintain a healthy condition if they receive a supply of food that provides adequate amount of all the nutrients, and an appropriate amount of energy. The balanced diet concept arose out of a desire to ensure that a sufficiently wide variety of foods should be eaten to prevent a deficiency of any particular nutrient.

Different types of foods are eaten for different reasons. Some for their nutritional value, others just for palatability or out of addiction. However it is obvious that the nutritional quality of foods which we eat, controls the optimum physical and mental functioning of the body. The major types of food eaten by man are fruits, tubers and cereals, meat etc. Baked food products mainly are from cereals and they play the important rule of adding variety to man's diet.

Baking as defined by **Encyclopedia Britannica** (1993) is a dry heat cooking process. Bakery products are usually prepared from flour, which is derived from either some cereals or grain. A large variety of foods like bread, spring roll, meat/fish pie, cookies and pastries, are all examples of bakery products.

Owing to the increasing demand for baked foods, the bakery industry has been growing tremendously in the country as at today. Bakery foods have established themselves as staple food for the average Nigerian. To day the importance of bakery product can not be over emphasized. This perhaps explains why there is a bakery in every urban town in this country today. While some close down due to harsh economic conditions, others spring up, on daily .basis. The growing demand for bakery and biscuit products, the need to satisfy consumer preferences have forced commercial bakers to resort to elaborate machinery and an automatic manufacturing

process to diversify the products by modifying the composition of the dough and also the technique of kneading and preparing the dough in order to offer products resembling home-made ones, **Matz** (1984).The major advantage of bakery products lie in their easy application to a variety of preparation processes for daily family break-fast. Besides, baked products belong to fast food category, which can easily be consumed without further preparation. These flour based foods are ready to eat and satisfy factory and office workers as well as busy house wives, and they also provide a lot of nutrients in the body.

The major raw materials traditionally used for baking include the following: flour from cereals, water, fat, sugar, salt, yeast, flavoring, colouring and improvers. Some of these raw materials could be sourced locally such as salt, fat and water, while some must be imported. Apart from these raw materials, other things like equipment, machinery and finance are needed for effective operation in the bakery industry.

Bakery production in Nigeria is still to some extent import dependent, as some raw materials, machines and spares are still imported, though most of them can now safely be fabricated here.

At a time the shortage of wheat flour almost brought the bakery business to a halt during the structural adjustment programme days of 1986 due to huge importation bills.

As a result of which an aggressive search campaign for permanent solution to acute shortage of wheat flour was mounted, government then made it mandatory for firms in flour mill industry to make use of local substitutes. The government in this regard is reminding Nigerians that we have right here on our soil abundant grains and cereals that could be processed for the much needed substitute for wheat.

Wheat, is not native to Nigeria. That we use wheat at all to bake our bread was a relic of our colonial heritage. Today there is a high call for other substitutes to wheat. According to **Newswatch article [1989],** part of the government's argument for the ban on wheat importation into the country was that bread could be produced from a composite flour. Composite flour is a mixture of wheat and non-wheat flour at different levels of substitution. This level of substitution is judged when bread baked from composite flour has similar appearance, taste and flavors as that baked with 100% wheat flour. **[Nigerian Illustrated 1987].** A considerable number of researches have been carried out to test the feasibility and viability of using the composite flour. According to the Food and Agricultural Organization [FAO] a suitable composite flour of wheat and maize can be got in a ratio of 90% wheat to 10% maize.

Research efforts so far are highly commendable but the problem still lingers because of the attitude of our people to made-in-Nigeria products. The unacceptability being as a result of the fact that composite flour bread is not as identical to wheat bread itself. In fact, many millers and bakers have complained about the use of composite flour in our bakery and confectionery industries. As **Balogun,** General Manager of Oremeji Bakery, Ketu, Lagos, **[1989]** said, "bread that had been made from the composite flour suggested by FIIRO and other research institutes, had been found unacceptable to the public."

Experiments at the National Horticultural Research Institute, Ibadan, showed that dried green mature plantain can be hammer-milled to produce a light-coloured flour suitable for bread, biscuits and cake. The Institute of Agricultural Research and

Training [IART], Ibadan, has used soya bean flour to bake bread, which compared favourably with wheat bread, except for its colour and heavier weight than wheat bread. Soya bean also provides protein for the bread, which is an advantage.

Composite flour research programme at Institute of Agricultural Research, Zaria, has shown that bread made from three types of sorghum at 30% of wheat substitution was of high quality and fully acceptable to consumers.

The Federal Institute of Industrial Research, Oshodi [FIIRO], has used cassava starch flour to dilute strong wheat flour 10 – 15% on replacement basis with no adverse effect on the volume or overall acceptance of the bread.

Due to this unacceptability problem, and the government rigid stance on importation of wheat the next available option open to millers and bakers is the local cultivation of wheat in the country. How much wheat Nigeria can produce is the big question. Wheat production in Nigeria is very small. Available information showed that the annual average yield of wheat in Nigeria measures favourably with those of the world best producers. This being the case ,the most appropriate way to boost the local supply of wheat production in the country will then be by increasing the hectarage under cultivation, according to **Adebiyi [1985].**

But given the fact that wheat cultivation in Nigeria could only be done in the Northern part of the country owing to climatic limitations, it becomes apparent that there is a need to reshuffle the basket of agricultural commodities that could be grown in that part of the country. According to **Adebiyi [1985]**, any programme aimed at boosting millet and wheat production in the country need not emphasize improvement in the

varieties of these grains grown in Nigeria as it should do to increasing their hectarage, because the average yield from Nigerian farms compare favourably with those of the world largest producers, even in the face of poor/crop husbandry that characterize Nigerian agriculture.

Part of the reason for the short fall in the local supply is the fact that most of the local wheat growers are small scale farmers. They, in most cases harvest their yield manually, and quite a lot is lost in the process. Other problems of wheat cultivated in the country include, inadequate supply of fertilizer, water pumps, seeds and late planting which also affect the yield per acre.

According to **Newswatch [1989],** other problems relating to wheat cultivation in Nigeria include:-

1] importation of seeds

2] More money needs to be spent on irrigation and such farm inputs as fertilizers, tractors for clearing and harvesting and this has not been taken care of.

3] Lack of proper education of the farmers on suitable crops to plant during rainy season so that their harvest would not delay the planting of wheat.

If the above problem areas are addressed, by the government, Nigerian millers and bakers will be assured of regular supply of their most basic raw material – wheat flour.

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1.2 STATEMENT OF THE PROBLEM

Although, recently many companies have embarked on local raw materials development programmes, it may take sometime before the use of local raw materials in our industries produce significant results.

In the meantime, many industries are operating below installed capacities and bakery industry is not an exception.

The structure of industries in Nigeria is characterized by heavy dependence on imported raw materials, machineries and spare parts which tend to negate one of the major gains expected from import substitution – that of foreign exchange savings.

Acute shortage of foreign exchange, as well as, inconsistent government policies,, were all identified as part of the problems being faced by the industrialists in the bakery industry. Furthermore the massive devaluation of the nation's currency has sent shocking waves into the pricing of bakery products, While baked products are readily available, they have become increasingly unaffordable to the majority of Nigerians, thereby causing low profit. For this reason many bakery operators have disinvested into other areas in the wake of economic crisis that brought about low return on investment.

1.3 OBJECTIVE OF THE STUDY

The study is being undertaken with the assumption that identification of specific problems and policy options aimed at their solution would promote small scale bakery production. Certain problem areas have been identified and this study would probe further to find out the following:

1. Ascertain who the entrepreneurs are, their background, motivation and management techniques

2 The extent to which the entrepreneurs in the bakery industry are making use of local raw materials.

Determine the marketing strategies of the owners of the bakery industry

1. Whether bakery is still profitability to invest in nowadays.

1.4 HYPOTHESES

This study is based on the following hypotheses:

- Supply of wheat affects the price of baked products
- proprietors of bakery may have diversified into related firms like restaurant, fast food centers.
- It is possible to fabricate the necessary machineries needed in the bakery industry locally.
- Government policy on importation of wheat and allied bakery materials affect the price of bakery products.

1.5 SIGNIFICANCE OF THE STUDY

It is hoped that the information contained in this report will guide a prospective investor in his decision to invest in a bakery business or not. It will also help to identify for him problem areas for which extra care will have to be exercised during project planning and implementation phases. It is also expected to

prove useful during the feasibility and viability studies to determine successes or failure of the venture.

It is also expected to show where government policies and actions should be channeled to provide or improve upon the existing infrastructure. The study will also be of help to the existing bakery industry proprietors in meeting their current obligations and improve the overall operations and performance of their firms; The study will also serve as stepping stone to future researchers wishing to further work in this area.

1.6 SCOPE AND LIMITATION OF THE STUDY

This study will attempt a critical appraisal of the problem militating against small scale bakery production in Kaduna city. It will also identify problems, highlight the prospects for easier production and better products in the future. The constraints encountered in this study were built around such factors as follows:

SCOPE

Because of the uncooperative attitudes of most entrepreneurs in the bakery industry in passing across the necessary information needed for this study, the study was therefore limited to only the twenty one bakeries where the proprietors were willing to reveal some of the required information. The problem really is that most of these entrepreneurs were suspicious of study and were therefore very reluctant to give out all the necessary information.

More so, the study was limited to only bakeries accessible to the student in Kaduna City

FINANCIAL CONSTRAINT

Financial constraint was a hindrance to visit wheat producers and indigenous machine fabricators like PRODA in Enugu for their imputes.

Because the topic is not a popular area of interest to most researchers few documented materials are available on it in the university libraries and outside.

1.7 ORGANIZATION OF THE WORK.

This study is organized into five chapters. Chapter one deals on introduction, research problem, objective, hypothesis scope and limitations of the work. Chapter two is the literature review while chapter three is the research methodology. It opens with research design, followed by sources of data, population for study sample size and techniques of data analysis. Chapter four deals with analysis of the data collected. It opens the analysis of research result and goes on to test of the hypothesis. Chapter five sets forth the conclusions and recommendations. The research is closed with appendices A and B. Appendices A is questionnaire and B is oral interview.

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CHAPTER TWO

LITETRATURE REVIEW

2.1 X-RAY OF DEVELOPMENT OF SMALL SCALE INDUSTRIES IN NIGERIA

With employment becoming a major concern in the world economy, it has become obvious that modern large scale sector with its small size, capital intensiveness coupled with the orientation of its input and output, is unable to absorb the large number of unemployed skilled and unskilled labour.

As a way forward interest therefore has shifted to the small-scale activities mainly in the private sector.

Closely related to the issue of employment generation is the problem of local resources mobilization. Import substitution was the industrial policy of the Nigerian government at independence. Later these industries were found to rely on imported inputs in form of raw materials, spare parts and even skills, leading to under mobilization of domestic resources, including labour. Other pressures according to the same source, that enkindled the interest in small-scale industries development include capital flight associated with reliance on capital and imported inputs, foreign control of the national economy and inadequate technology.

Small scale industries have been traditionally viewed and treated by both researchers and policy makers as constituting fairly homogenous sector in term

of structure, mode of operation, problems and number of characteristics which distinguish them from the large and medium scale industries.

Their characteristics as emphasized in literatures include: high labour intensity, high capital output ratios, indigenous ownership and control, sole proprietorship, utilization of simple technology, less dependence on modern infrastructure and adapting to the existing ones, local finance sourcing [in the form of personal savings, gifts and loans from friends and relations]; concentration among low income groups in terms of income generation and product market, high value-added; better use of unskilled and marginally skilled labour, easy entry, owner operated.

It has long been held that small businesses in Nigeria have a very vital role to play in its economy. The traditional wisdom is that small businesses can achieve this because of their flexibility and innovative capacity and above all their high profitability. Yet it has been widely known that the relative number of small businesses in Nigeria is smaller than that in any other comparable country. The system of relationships in which the small scale industries operate and which explain their heterogeneity rather than homogeneity are rarely analyzed. The inability to recognize such dominant relationships as class and gender not to mention the fact of the characteristics and or problems of relationships by government and policy maker is what constitutes the basic problems and or needs of the sector.

Accordingly small-scale industries development efforts have placed the onus of backwardness of the sector on the operators themselves, their value system and ironically on their supposed characteristics. The guiding assumption for small-

scale industries development has therefore been that an accelerated process of directed assistance, or cultural change would break the vicious cycle in the small scale sector and integrate the small scale operators into the mainstream of modern industrial development.

2.2 ENTERPRENEURSHIP

Economists have defined entrepreneurship within the broad economic context. It involves any form of innovation that has a bearing on the welfare of the firm or someone who engages in innovation within an existing enterprise. The key issue is that entrepreneurship, whether in old or new firms, is what allows business to survive and prosper in an ever-changing economic environment. It is a continuous process, as new opportunities arise in the economy they are quickly exploited.

Drucker [1974] States, "*the specific job of entrepreneurship in business* enterprise is to make today's business capable of making the future, of making itself into a different business. It is the specific job of entrepreneurship in the going business to enable today's already existing-and especially today's already – successful business to remain existing and successful in the future"

What is important to keep in mind is that opportunities are often fleeting. They are here today and gone tomorrow. Thus for existing businesses to survive in the long-run, they must be ready and able to take advantage of new opportunities. Therefore, entrepreneurs must manage their business strategically in order to adapt to the ever-changing business environment. Exploiting better

opportunities, and avoiding problems and threats. For instances, IBM's product mix is no longer similar to what it was thirty years ago. IBM started out as a manufacturer of office machines. However, IBM saw an opportunity and developed the computer for business. This was a very difficulty product that they were used to manufacturing and marketing and one that involved a great deal of risk.

Risk is at the heart of entrepreneurial process. It occurs at both the organizational and individual levels. The organization creates risk both when it pursues new ventures and when it does not. Individuals take on personal risks when they engage in entrepreneurial ventures. The organization must help the *individual manage this risk* **[*Cornwall et-al* 1990]**

There are forces which promote entrepreneurship and those that come against it. **Kent** [1982]: has defined several factors influencing the level of entrepreneurial activity in the economy at a give time. These are as follows:

1. **Demand for final outputs:** Is demand generally strong in the economy?
2. **Availability of inputs:** Are resources available and affordable to make a new venture possible
3. **Inflation:** Is inflation making debt too expensive to fund new ventures development?
4. **Taxation:** Are there tax considerations that favour or hurt the new venture?
5. **Regulation:** Are the regulatory barriers too restrictive for the new venture?
6. **Political Stability:** Is public policy favourable to long-term investment needed for new ventures?

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6. **Political Stability:** Is public policy favourable to long-term investment needed for new ventures?

A critical analysis of these factors in the context of Nigerian environment will go a long way to show why manufacturing industries especially the small scale ones are growing but yet their impact is not felt in the economy.

An individual entrepreneur or even a large organization can have only limited impact on most of these forces, and no impact at all on some, such as political stability and inflation. Thus, the ability to take advantage of opportunities that are present, or even the number of opportunities that exist, can be restricted by forces that are uncontrollable for an individual organization.

The need for achievement is the driving force determining the level of entrepreneurial activity. If this need has been given a high degree of importance by society, more individuals will attempt to satisfy it.

Success, feelings and emotions are real in business activities and a fundamental part of entrepreneurship. The economic and social system in which business operates significantly affect the number of the attractive opportunities at any given time. That is why even under the most restrictive set of circumstances entrepreneurship still exists. The large number of enterprises in the former Soviet Union, testifies to this fact . Many businesses around us are simply copies of existing ones, in that they are not shifting economic resources to an area of higher productivity and greater yield but are merely moving sideways and or down.

2.3 PROBLEMS FACING ENTERPRENEURS IN NIGERIA.

A nation's economic development is dependent on its industrial development. Usually small-scale industry is a springboard for industrialization yet Nigeria has experienced a low industrial base for a long time now.

The importance of small scale industries in the development of the industrial base of the country cannot be over emphasized. This is because where they are established they will lead to increased food production and supply of raw materials to bigger industries, diffusion of economic power, promotion of indigenous technology, jolting the economy through inter-sectorial linkages and the promotion of entrepreneurship at the grassroots level.

Nigerian economy today is geared towards reduction in the level of Importation and the promotion of domestic production especially through the small scale manufacturing sector. The identified problems that militate against the establishment, operations and viability of small scale industries in management are, raw materials, environment, registration, taxation and technology.

According to **Tudunwada** (1981),in his discussions on the problems facing industrialists in Nigeria, "Nigeria's industrial development has been slowed down inspite of the efforts towards industrialization". This has been found to be due to a number of factors affecting the industrialists themselves

Some of the problems are:-

1) Poor managerial competence.
2) Poor technological base.

3) Inadequate technically trained manpower.

4) Problems connected with the importation of raw materials, machineries and spare parts.

5) Diseconomies of small scale production.

6) Poor market as a result of competition with foreign goods.

7) Unsatisfactory attitude of Nigerians to Nigerian-made goods.

Several factors influence the level of entrepreneurial activity in the economy at any given time. These are:-

1) **Availability of inputs:-** are resources available and affordable to make a new venture possible?

2) **Demand for final inputs:** is demand generally strong in the economy?

3) ***Inflation;*** *is inflation making debt too expensive to fund new ventures and* developments?

4) **Political stability:** is public policy favourable to long term investment needed for new ventures.

5) **Regulation:** are the regulatory barriers too restrictive for the new ventures?

6) **Taxation:** are there tax considerations that favour or hurt the new ventures?

It will be observed that an organization or individual can only have limited influences on most of these forces and no impact at all on some of them like political stability and inflation. He can only control the internal forces within his organization.

In fact for a long time now social scientists have raised the following general questions: What conditions, economic and non-economic influence the

emergence of entrepreneurship? Does entrepreneurship appear primarily in response to a particular set of economic conditions? Or does it appear only where specific economic social, political psychological and cultural conditions are present within a society?

For clarity purposes, the responses to these questions are rather compressed into two compartments, economic and non-economic factors.

ECONOMIC FACTORS

Economic factors or condition have impact on entrepreneurial development in any society. Basically, what facilitates emergence of entrepreneurs in any society are usually such economic factors as market, capital, demand for industrial goods or

products, raw material inputs, degree of inflation, level of taxation and ease of importing or acquiring essential inputs (**Enworom** 1994; **Kent** 1982). Some of these economic factors as enumerated by **Wilken P.** (1977) include capital, new materials, labour, technology, market size and composition, and political climate. These will be briefly appraised to enable us appreciate the problems more.

CAPITAL

Lack of capital or inadequate capital is one of the major problems confronting industrialists in Nigeria. Most industrialists require adequate and regular financial supply for the purchase of machinery, especially modern equipment to meet the necessary quantity. Financial resources are equally needed for the employment of highly qualified personnel, purchase of spare parts, raw materials and for the

expansion of the business. Its inadequacies therefore cause a lot of problem to productive capabilities of enterprising industrialists.

Despite the effort of the Federal Government and its specialised agencies like Nigerian Industrial Development Bank, Nigeria Agricultural and Co-operative Bank, National Economic Reconstruction Fund, National Directorate of Employment and others on finding lasting solutions to the funding problems of small scale industries in Nigeria, the problem has persisted and manifested in different dimensions. Small-scale business cannot attract financial credit to itself. The problem of finance especially that of working capital is compounded by lending policies of Commercial and Merchant Banks. Furthermore, many industrialists have complained bitterly on the method of loan disbursement by the bank, which they found to be irritating most of times. **Ugwuh** (1990) also observed that like other well intended policy measures, the implementation of the World Bank small and medium enterprises loan scheme, have been counter productive thus leaving the industries not better off than they were.

RAW MATERIAL

Nigerian industries depend heavily on the importation of raw materials, machineries and spare parts. This has been indicated by a number of studies (**Ahmed** 1985, **Nwala** 1987, **Iwuanyanwu** 1991)

The unhealthy development on the economy since the introduction of Structural Adjustment Programme by the Babangida regime, brought, about the realization that the growth of the industrial sector, more especially, manufacturing, depended to a large extent on the development and utilization of local raw

materials. Although, a lot of efforts have been expended in encouraging local sourcing of raw materials, yet some factors have been limiting this. These factors include government policy, manpower supply, technological development, engineering base and capital acquisition.

Furthermore, lack of proprietary rights, guaranteed supply of raw materials, economies of scale, lack of finance, petrochemical products and flat steel products also have been identified as factors hampering the local sourcing of raw materials.

MANAGERIAL INCOMPETENCE

Many entrepreneurs have no managerial abilities, as a result, their business run down and collapse. Proprietors who have neither adequate education nor required skill to manage such enterprises own many small-scale industries in Nigeria.

According to **Akinkugbe** (1980), lack of efficient organizational structure and modern managerial techniques in small scale enterprise could be attributed to the limited understanding of modern managerial practice by some Owner – managers.

All the above assertions are right because entrepreneurs in the quest to find something doing do not take the managerial aspects into consideration. They believe that without prior knowledge on the fundamental of business management they can succeed because their major concern is to make profits and not necessarily to employ and manage their business strategically.

More so, most of these entrepreneurs planning as a lubary which could be afforded only by large corporation and when they attempt planning, the tendency

is that they concern themselves only with short term planning while they shy away from the long term planning.

POOR TECHNOLOGICAL BASE

Economic development is quite dependent on technological development. However, poor technological base has created a lot of problems for Nigerian industrialist.

Most of our industries are operating on old technology. Most of them are unable to acquire modern equipment to improve on the quality and quantity of their products.

2.4 FOOD EXIGENCY IN NIGERIA

Man's basic needs from time immemorial are food, shelter and clothing. The main aim of scientific inventions and formulation of social, economic, political and educational programmes, in all the nations of the world are aimed at securing the most effective means of procuring adequate food, shelter and clothing for the people.

Man must eat at least once a day. The provision of food in sufficient quantity at moderate cost, is therefore one of the most important programmes of any government anywhere in the world – irrespective of the economic system in operation. Food can be sourced either by local production or importation. Naturally, any nation or people who is strong and virile should not suffer food crisis.

This is why it is strange and disquieting that even Africa in general and Nigeria in particular should face food crises. Yet Africa the continent of unbreakable men

and women who worked the industries and plantations in Europe and set the industrial revolution rolling is now facing hunger, malnutrition, starvation, disease, and death. These are of course, the disastrous consequences attendants upon a food crisis. This is not so surprising considering that it is only in Africa including Nigeria that the importation of food is carried out with zeal and enthusiasm. Most developed nations are committed to local production and preservation.

From above, therefore, its obvious that the food crisis in Africa and Nigeria in particular is disquieting especially when seen against the background that the African continent had at one time been the food basket of the world.

The problem in Nigeria is that agriculture, which was the mainstay of the Nigerian Economy in the 1960's providing the bulk of the revenue to the government and the nations foreign exchange earnings, suffered severe neglect since the 1970's during the period of the oil boom. Hence, the Nation started to import food and other agricultural products that hither to were produced in the country.

Government has shown greater determination in the development of agricultural sector in recent times. It established various ministries and Departments of Agriculture and Agricultural Research Institutes. Other Federal Government efforts are Federal Agricultural Coordinating Unit, and River Basin Development Authorities. Government also established fertilizer companies, and at one time launched agricultural programmes like Operation Feed the Nation, Green Revolution, etc. All these programmes not withstanding, Nigeria is yet to attain the desired self-sufficiency in food production.

Apart from the oil boom it has also been observed that implementation of wrong agricultural policies is another factor militating against agricultural production in Nigeria. **Oladepo**, an Agricultural Economist says "The cumulative adhoc agricultural policies of the country account largely for the unenviable position we have found ourselves in today". The government should equally remove contradictions in their successive policies and henceforth provide structures and infrastructures needed by farmers.

Other factors heightening food crisis in Nigeria are instability in our political system and attitude of our leaders who are often not patriotic. It results in our getting different government policies that simply distinguish one leader from another. Our leaders engage themselves pursuing activities not geared towards attainment of survival and welfare of the people. **Eze** [1995] observes that we do not produce food in Nigeria not because we do not have resources:- human and natural, but what eludes us is patriotic leadership. So once we have patriotic leaders things will be all right for the people of this country.

Furthermore, Nigeria did not only abandon agriculture during the oil boom, but also fell into food importation. Importation of food is not the solution to our food crisis. It is just a temporary adhoc measure and as such cannot go a long way. Informed opinions suggest that food importation by the government would only be tantamount to admitting that the government cannot grapple with the country's food production problem. **Oladepo** (1995) reacting to this argues that it reflects government's lack of correct appreciation of the underlying causes of the emerging food crisis.

According to **Oladepo** (1995), the causes are very simple. Costs push inflation; that is to say that the escalation of prices induced by uncontrolled increases in

the cost of production which in itself affects production adversely. The authorities superficial attention to agriculture in Nigeria explains to a large extent, why Nigerians are going hungry.

Finally, food is fundamental to all and as can be seen from the foregoing, food sufficiency is an inevitable strategy for the development of any country, Nigeria inclusive. There is great need in Nigeria to create an adequate and dynamic agricultural base, for without this, Nigeria will hardly stand firm on its feet economically.

According to **Alozie** (1985), short supply of food is not usually the only problem, especially in areas where there could be rich harvests sometimes. This inevitably brings to focus the two important areas of storage and preservation, if we are to ensure we feed ourselves adequately at all times.

Therefore, the acquisition and organisation of the right technology best suited to food conservation and preservation should be our national priority.

2.5 FOOD PROCESSING AND MANUFACTURING INDUSTRY

Agriculture has been and is still the main source of food supply. The development of food processing and packaging industries is a matter of recent history **Chang** [1949].

These industries, as an independent field of production, could not have developed to the stage where they are today in highly industrialized countries, had not the process of refrigeration been developed and the modern railroad system established. But no matter to what extent the food processing and packaging industry further develops, agriculture will remain the major source of

food supply so long as the food of human beings consists almost solely of plants and animal products. **Chang [1949]**

Food manufacturers or processors are primarily engaged in adding form utility to raw farm products. For instance, wheat is milled into flour, livestock is converted into meat products, fruits/vegetables are canned or frozen; flour is equally converted into baked products. These firms according to **Bloom [1972],** play a vital role in transforming bulky, raw, perishable farm products into storable, concentrated, and more appealing food products. In so doing, food processors become involved in several supportive marketing functions, such as transportation, storage, and financing.

Thus food processors occupy a strategic position in the food industry. As we already know, the principal function of the food processing sector is to add form utility to farm products. This according to **Kohls et-al** [1980], involves food processing operations, new product development, product changes and improvement, packaging, labeling and branding

The food processing industry is composed of large and small firms, corporate and individual owned companies; single and multi-plant organization, as well as specialized and diversified firms. The fast food industry has been the most rapidly growing segment of the food service industry. **Marketing Research Report** [1972].

Many food processors have entered this sector of the industry. There is also a growing competition between grocery stores and fast food chain. Many supermarkets have expanded their in-store delicatessens and even opened restaurants within the grocery store. Many factors have been contributing to the growth of this sector. According to Fisher [1982], increased consumer incomes,

working wives and changed life-style have contributed to a rapid growth in the away-from-home food industry.

The food industry has grown tremendously in the past several years and the end is nowhere in sight. Opportunities are there for both the large chain and the independent organizations.

However, food processors experience problems and face challenges in three major areas. As **Cassidy** [1962], states: "the chief problems of food processors relate to the operational efficiency of their plants; their need to coordinate the flow of raw materials from the farm and their competitive selling strategies'.

2.6 FOOD MARKETING

Today the process of meeting food and fiber needs involves much more than farming,. It includes, many activities beyond the farm gate, farm input and supply as well as both marketing and processing of agricultural products.

Marketing means different things to different people. To the consumer, marketing may refer to the weekly food shopping trip to the supermarket. The farmer deals primarily with local farm product buyers and may associate marketing with his contact with his customers. **Kohl** [1980]

Food marketing may be defined as the performance of all business activities involved in the flow of food products and services from the point of initial agricultural production until they are in the hand of consumers. **[Review of marketing and Agricultural Economics** – 1973].

The definition does not limit marketing to all the non-farm activities on the food industry nor to everything that happens to food after it leaves the farm gate.

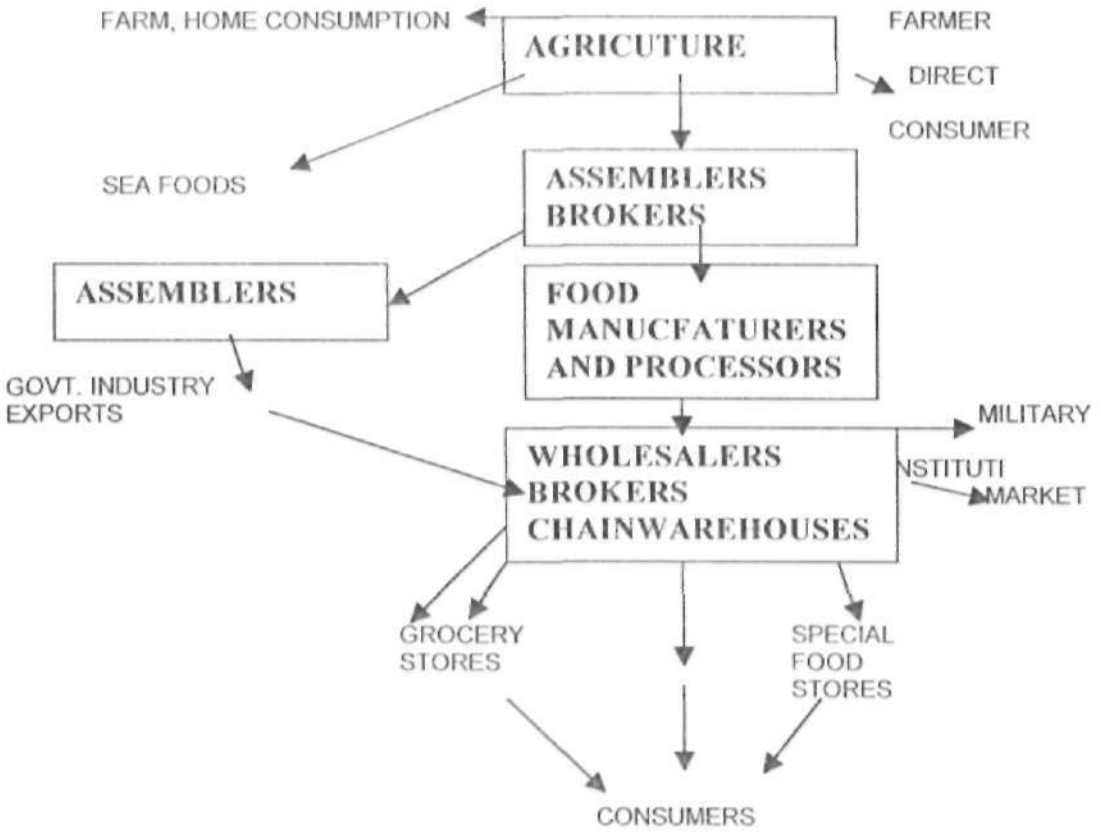
Because no product should ever be produced unless it has a market; marketing begins with production on the farm. More and more farmers are performing many of the traditional food marketing functions on the farm.

Marketing is a productive process that adds form, place, time and possession utility to farm commodities. The value-added in the food marketing process complements the productive processes in farming. According to **Davis** [1952, marketing process forms a vital bridge between food producers and consumers and influenced by social resources, technology, the laws and norms of society. The food marketing system has evolved in response to the changing needs of farmers and food consumers.

The food marketing system according to **Darrah** [1971], is composed of alternative product flows (called channels), a variety of firms (middlemen and numerous business activities referred to as marketing functions). Within food marketing system, he said, a myriad of decisions are made which influence the quality; variety and cost of the nation's food supply.

The marketing system plays two important roles in the food industry. The role of physical distribution, which is concerned with the physical handling and transfer of food as they move from producers to consumers, and the role of adding value to farm commodities . It also facilitates the exchange process between buyers and sellers.

THE FLOW OF FOOD FROM SOURCE TO DESTINATION



SOURCE: MARKETING OF AGRICULTURAL PRODUCTS BY RICHARD KOHLS AND JOSEH N. UHL

The system, which brings the vast array of food products together and places them at the disposal of millions of consumers is complex, expensive and a significant component of the national economy.

2.7 BAKERY INDUSTRY

Industries are the mainstay of every country's economy. In Nigeria, bakery has no doubt contributed a great deal to the national economy.

The bakery industry belongs to the fast food industry. The fast food industry, according to **Kohls** [1980] has been the most rapidly grown segment of the food

service industry. Increased consumer incomes, working wives, and changed life style has contributed to a rapid growth in the sector. It is a truism that people must eat either at home or away from home. The fast food industry bridges the gap between these two alternatives. **Fisher** [1982].

About the most widely patronized commodity by consumers in recent times are bakery products. As **Ikeano** [1985], states: "more than 95% of households in the urban towns eat bread at least once a day and well over 2.2 million loaves were consumed nationwide everyday".

Picnickers, travelers and others who eat out doors are avid consumers of the commodity. **Onuoha** [1985], said that there were over 5,000 established bakeries throughout Nigeria and nearly six million loaves of bread were produced and marketed daily nationwide. Hence, the bread industry provided employment for over 300,000 Nigerians from the flour mills, to the bakeries and the middlemen and women along the distribution lines.

The consumption of bread and other baked products in Nigeria today has increased immensely. The vital role of bread and other baked products as a source of food has led to its use as a symbol of nourishment. It is a known fact that the demand for bread and other baked products is increasing very fast and their popularity as basic food is also going up in the country every year because of the distinct preference for them by consumers.

Around the world, bread is the principal food and provides more nutrients than any other single food source. **[Yeshajahu et. Al** 1971] **Terre** [1971]

Since the time of introduction of strict economic measures aimed at revitalizing the economy by the government till now, many big firms in Nigeria have gone back to agriculture to enable them produce their own agricultural raw materials

locally. **Nasco** [1987], observed that about 18,000 hectares of land are presently under wheat cultivation. The average field is about 2.5Ha with average yield of 3 tones per hectare. From the consumption and production points of view, it is obvious that there is a big gap between demand and supply of wheat in Nigeria. The present annual level of production of 37,000 tones is less than 2.5% of the product in the country. In analyzing the consumption and importation of wheat flour, which is the major material for bread production, it has been established that by 1910, 29,000 tons worth of wheat flour was already imported to support the thriving domestic bakery industry. However, the rate of consumption accelerated after World War II; with wheat flour imports rising from 2,785 tons in 1946 alone, to 12,185 tons in 1950, from 28,950 tons in 1955 to 44,405 tons in 1957. With the establishment of the first flourmill in 1962, the balance of wheat importation shifted to un-milled wheat, but the sustained rise of total imports of milled and un-milled wheat totaled N60.6 million in value at a time.

He further said that bakeries operate at varying levels of sophistication. The gleaming new bakeries serving the urban elite co-exist with the simple-oven bakeries producing doughy but cheap and filling loaves for the urban and rural poor. According to him, the bulk of the output of bakeries is marketed through independent vendors or hawkers and provision stores. The large bakeries maintain fleets of delivery vans for supplying the vendors. With baked foods varied processing technology, backed by favorable global conditions of production and trade, it has the advantage of supplying both volume and type of food demanded. **Bjorn et-al** [1985], points out that expansion in demand for the processed food in general may thus be taken as part of the explanation for the increase in bread consumption. The extreme convenience of bread fit into the

changing structure of demand generated by the emergence of new patterns of living and cooking. He maintained that entrepreneurship, shortage of pure water, reliable communication facilities and availability of skilled labour are still lacking in the Nigerian bread industry.

There was wide divergence in the performance of baking establishments using similar techniques. These divergences result from differing entrepreneurial capabilities and technical considerations in the production of bread in the two separate organizations. He said that some considerable skill and judgement is required on the part of the baker, if serious financial loss is to be avoided. For instance it must be known that warm, humid conditions are conductive for the developments of mould; spores and ropes, which lead to the deterioration of loaves. The rope disease, which is due to bacterial action in the loaves of bread, is a serious source of financial loss to any bakery.

Baked products are categorized as convenience goods with very low value and as such it is deemed that consumers make purchase of them with little deliberation and without much planning. To be profitable therefore, bread must be sold in as many stores or locations as possible.

2.8 PROSPECT OF BAKERY INDUSTRY.

The food service industry, has grown tremendously in the past several years and the end is nowhere in sight. The future of the food service industry cannot be taken lightly for there are both opportunities and challenges as we look ahead.

Food consumer's behaviour and preferences have a significant influence on all production and marketing decisions in the food industry.

The following areas affect the future of the food service industry: demography; life style, menu development; service style and; and technological developments. Furthermore, the mode of living and behavior of Nigerians have for some time now been changing in the past few years.

A continuation of a high proportion of married workingwomen in the national labour force, which has an upward impact on disposable household income, and a corresponding premium value being placed on one's leisure time activities. Both of these factors are positive influences for increased eating away from home.

There is no longer a strong value attached to self-denial on the part of many people. Rather, the value system has shifted towards enjoying and getting the most out of life; as rapidly as possible. There is ample current evidence of a growing national awareness of nutrition and personal health; which will continue to be manifested in menu demands for "light' meals. Healthy foods will grow in popularity as interest will be centered on eating what is good for oneself; as well as what tastes good. All these imply increased opportunities for growth in the fast food industry.

CHALLENGES

The food industry in general and bakery industry specifically are not without their own problems. The sub-sector, like most industries, is currently experiencing increases in the prices of its major input. In the past few years, virtually all the firms have complained of increasing cost in all aspect of their activities.

Although the issue of food has received a measure of attention, in recent times, the situation as it appears now; still points to gloomy future; with the present

inflation in the country, the purchasing power of the naira has become greatly reduced. Some of the factors that have contributed to the growth of the bakery firms in the past years were increase in the demand for bread in both urban and rural areas; and the convenience to the consumers. The increase in demand was as a result of low price of the product compared to most of other staple foods. Apart from the well-known increases in the costs of production; the industry is currently battling with the rising cost of distribution.

High cost of new vehicles; their spares and the increases in the prices of petroleum products have all compounded the problem. Inspite of all these challenges, the future prospects of the sector is seen by analysts as bright considering the inward looking strategy of the government as it emphasis on agriculture. However, success in the years ahead will not come easily. Companies have to be innovative enough to meet the growing sophistication of Nigerian consumers.

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METHODOLOGY

3.1 RESEARCH METHODOLOGY

In this chapter, the research method used, source and methods of data collection, the population of study, sample size and the techniques of data analysis are presented.

3.2 THE RESEARCH DESIGN

The research method used in any research undertaking is determined by the nature of the research problem and purpose of study. Since this research studies the opportunities now and the challenges undergone in the management of Bakery industry in Nigeria, particularly as it affects bakery in Kaduna state, the descriptive and statistical research methods were used in approaching the problem. Descriptive studies are characterized by a preplanned and structured design with respect to sources of information and data collation procedures. Two sets of questions were designed for this study. One was directed to entrepreneurs/owners of the bakeries in the form of oral interview.

This is a preliminary investigation of the studies and was conducted through the use of face-to-face interviews conducted with the managers/owners of the bakery industry. This was achieved through the use of structured question guide designed by the researcher to enable him elicit the necessary information from the managers.

This process revealed the true state of the Bakery Industries in Kaduna metropolis and with this, the researcher was able to state the problem confronting the Bakery clearly. The second question was the self-completion questionnaire and it was designed and administered to the managers/owners of the Bakeries visited. Thirty Bakeries were visited but only twenty-one of them could accept the questionnaire.

The Bakeries visited covered the following areas Kaduna, Zaria, Kafanchan etc. The Researcher also made visits to the Kaduna State Ministry of Commerce and industry and the State Ministry of Agriculture all in an effort to get intimated with the real state of affairs of the sector.

Also contacts were made with relevant individuals that have anything to do with the industry so as to ensure an adequate coverage of all the necessary areas. Hence among the technique used by the researcher in getting the primary data is through the observation made during the visits.

3.3 SOURCES OF DATA AND METHOD OF COLLECTION

Data required for this research are such as would be amenable to the verification of the stated research hypothesis and questions.

The methodology used for the collection of data comprises a desk survey and a field survey. The desk survey made up of the secondary data. The Ahmadu Bello University Library, The British council Library, National Library Kaduna, National Water Resources Institute Library, and Kaduna State Library were visited to obtain relevant information and publications. Test books, Newspapers, Journals, Magazines, etc were used.

The field survey included the questionnaires distributed, the oral interview and the various visits made as discussed earlier.

3.4 POPULATION FOR STUDY

The population for the study comprises selected Bakery managers/owners in Kaduna State. There are considerable numbers of Bakeries in Kaduna. Kaduna is best known as Northern Capital and since wheat is grown in the North, it is therefore not surprising that we choose Kaduna as our case study.

3.5 SAMPLE SIZE

All the Bakeries in Kaduna State could not be reached. However a sizable number of 30 were reached. About 30 questionnaires were distributed and 21 were collected representing 70% dispose rate.

Five managers/owners were orally interviewed.

3.6 TECHNIQUES OF DATA ANALYSIS

In this section, the different methods of data analysis adopted in this study are discussed.

Information gathered was analyzed using the non-parametric tool – "The weight of evidence". By this tool, the analysis concentrated on facts drawn from the questionnaires and the oral interviews.

A combination of traditional / basic statistical methods involving tables, percentages, ordered arrangement of data, frequency tables and charts were used. Further analysis was done using the Chi Square (x^2) test and simple correlation co-efficient.

The formulae for the statistical techniques above are shown below.

(i) CORRELATION CO-EFFIECIENT

$$Y = \frac{NE \times Y - [Ex]\,[Ey]}{\sqrt{NE\ X^2 - [Ex]^2\ \ NE\ Y^2 - [Ey]^2}}$$

Where:

R = Correlation Coefficient

X = Deviation of each case from the mean X

Y = Deviation of each case from the mean Y

EXY = Value of co-variation

X^2 = square of each X deviation

Y^2 = square of each Y deviation

The calculated value of **r** was compared with the tabulated value in order to draw inferences. That is to either accept or reject the stated hypothesis.

(ii) $$X^2 = \sum_{i=1} \frac{[Foi - Fei]}{Fei}$$

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 DATA ANALYSIS, AND PRESENTATION

The field research has been completed and this chapter deals with the entire data collected. As earlier mentioned, questionnaires were distributed to owners/managers of the bakery firms visited.

Thirty bakeries were visited but only twenty-one of them could complete the questionnaires. Therefore the data analysis was based on the responses given by these twenty-one. The responses from the owners/managers of these bakeries were processed and tabulated. Percentages were used in the analysis of the primary data and Chi-Square and Simple Correlation Co-efficient statistical test were used in testing the various research hypothesis.

TABLE 1

OWNERSHIP OF BAKERY

OWNERSHIP		RESPONSE	
		NUMBER	PERCENTAGE
i.	One- Man Business Private Limited	12	57.14%
ii	Partnership	4	19.05%
iii	One man business	5	23.81%
		21	100.00%

SOURCE: SURVEY QUESTION NUMBER 2

The percentage analysis shows that the majority of the bakeries in Kaduna City 57.14% are one-man owned. This indicates that Partnership and One man business ownership which increases the capital management scope are still very popular to the bakery firms.

TABLE 2

MOTIVATION OF THE OWNERS IN ESTABLISHING THEIR BAKERIES

	MOTIVATION	RESPONSE	
		NUMBER	PERCENTAGE
i	Self-employment	8	38.1%
ii	Unemployment	-	-
iii	To make money	8	38.1%
iv	To make money/unemployment	2	9.5%
v	Its prospects	3	14.3%
	TOTAL	21	100.00%

SOURCE: SURVEY QUESTION NUMBER 3

Table 4:2 indicates that 38.1% of the bakeries in Kaduna City were established by their owners because they want to be their own boss. Also 38.1% of the owners were motivated in order to make money to meet up with their various obligations in life. 9.5% established their bakeries because of unemployment and at the same time as a means to get money while 14:3% of them established their bakeries because they saw that the prospects of the bakery industry are very bright.

Incidentally, none of the bakeries was established because the owners have looked for employment and could not get any from the analysis therefore, we can infer that the majority of bakery established out of the desires of the owners to be independent and a means to an end.

TABLE 3

STATE OF THE BAKERY INDUSTRY IN A DISTRESSED ECONOMY: PROFITABILITY

	PROFITABILITY	RESPONSE	
		NUMBER	PERCENTAGE
I	Very Profitable	-	-
Ii	Profitable	20	95.2%
Iii	Not Profitable	1	4.8%
	TOTAL	**21**	**100%**

SOURCE:SURVEY QUESTION NUMBER 4

The above table shows that 95.2% of the Bakery owners/managers maintained that Bakery business is profitable venture in spite of the general economic hardship in the country now. While 4.8% maintained that it is not profitable. In essence, bakery business is a profitable venture in spite of all odds.

TABLE 4 ADEQUANCY OF WORKING CAPITAL FOR BAKERIES

	ADEQUANCY	NUMBER	PERCENTAGE
I	Adequate	9	42.85%
Ii	Fairly Adequate	9	42.85%
Iii	Not Adequate	3	14.30%
	Total	21	100.00%

SOURCE: SURVEY QUESTION NUMBER 5

The above table indicates that 42.85% of the bakery in Kaduna State posited that their working capital is adequate, while another 42.85% maintained that it is fairly adequate. Also 14.3% said that their working capital is not adequate.

From the foregoing, it is inferred that the working capital of the majority of the bakeries in Kaduna is reasonably adequate.

TABLE 5 SOURCES OF WORKING CAPITAL FOR BAKERIES

SOURCES		RESPONSE	
		NUMBER	PERCENTAGE
i	Personal Savings	15	71.4%
ii	Loans from Banks	3	14.3%
iii	Loans from friends	3	14.3%
	TOTAL	21	100.00%

SOURCE: SURVEY QUESTION NUMBER 6

Table 4.5 portrays that most bakeries in Kaduna City (71.4%) have personal savings as their main source of working capital, while 14.3% borrows from banks and friends respectively. This attests to the fact that Banking services are not very beneficial to most small scale industries since they might not be able to provide the necessary collateral required by most bankers. This indicates that Debt Financing in bakery industry is still very poor. Consequently, the management, production and marketing activities are affected and poor capital base does not give them room for business expansion.

TABLE 6

BOROWING FROM BANKS BY BAKERS

RESPONSE	NUMBER	PERCENTAGE
Yes	**5**	23.8%
No	**16**	76.2%
TOTAL	**21**	100%

SOURCE: SURVEY QUESTION NUMBERS 7,8,9

The above table shows that 76.2% of the Bakery owners in Kaduna State has not applied to any Bank/Financial Institution for assistance, while 23.8% of them has.

Among those that have applied 60.1% of them have benefited, while 39.9% have not. Never the less, there is a consensus amongst the beneficiaries that the bank loan procurement was not easy and hence most resorted to borrowing from friends and unorganised financial institutions.

TABLE 7

SOURCES OF RAW MATERIALS FOR BAKERS

SOURCES		RESPONSE	
		NUMBER	PERCENTAGE
i	Local	-	-
ii	Foreign	10	47.6%
iii	Local/Foreign	11	52.4%
		21	100.%

SOURCE: SURVEY QUESTION NUMBER 10

Table 4.7 indicates that 47.6% of the Bakery employed foreign ingredients in their production while the remaining 52.4% have employed local and foreign raw materials at the same time. That is to say that both foreign and local raw material are combined by most of them in their production in order to bring the cost of their products within the reach of an average man.

TABLE 8

USE OF LOCAL FLOUR BY BAKERS

LOCAL FLOUR	RESPONSE	
	NUMBER	PERCENTAGE
Yes	**14**	66.67%
No	**7**	33.33%
TOTAL	**21**	100%

SOURSE: SURVEY QUESTION NUMBER 11 AND 12

It is indicated from the above table that 66.67% of the Bakers in Kaduna State has employed Local flour in the production of their products, while 33.33% of them have not. This means that majority of the bakers have tried the composite flour as a substitute for wheat flour in their production process in line with the Federal government emphasis on local sourcing of raw materials as a means of sustaining our local industries.

Among the bakeries that have tried out the local flours, 60% of them reported that the reactions of consumers to the change were becoming increasingly encouraging.

While 40% still maintained that the reactions of the consumers were still not encouraging. The few Bakers that have not tried the use of local flour for fear that consumer might reject the products, have recorded very huge losses.

TABLE 9 METHOD OF PRODUCTION EMPLOYED BY BAKERS

	METHOD	RESPONSE	
		NUMBER	PERCENTAGE
i	Manual	4	19.05%
ii	Mechanised	4	19.05%
iii	Fairly Mechanised	2	9.52%
iv	Manual-Mechanised	11	52.38%
	TOTAL	21	100%

SOURCE: SURVEY QUESTION NUMBERS 17

The above table indicates that 19.05% of the bakeries in Kaduna State carry out their production processes using manual method. Also the same percentage apply mechanised method, while 52.38% of them employ both manual and mechanised method of production. An insignificant 9.52% employ fairly mechanised method only.

This shows that a good number of bakery establishments in Kaduna state employ both manual and mechanised method of production. Even though, they are mechanised, most of them still carry out their production manually. The obvious reasons for this are poor state of the economy and poor literacy level. Economically, for instance, the high cost of gasoline oil and electricity has made most of them resort to using fire wood in baking since they find it cheaper than using gas ovens. There is also hardly any fluctuations in power supply as is the case with electricity supply by NEPA.

Besides, most of them do not consider it wise mechanising their processes because of fluctuations in the business cycle, especially, if there is sharp rise in the prices of their

products. This results therefore, in higher production costs during such periods because the machines will be producing below the normal installed capacity.

TABLE 10 EMPLOYMENT OF PROFESSIONALS/TRAINED MANAGERS

EMPLOYMENT	RESPONSE	PERCENTAGE
None	11	52.38%
1-4	7	33.33%
5 and above	3	14.29%
TOTAL	21	100%

SOURCE: SURVEY QUESTION NUMBER 18

52.38% of the bakeries in Kaduna state has no Trained Managers/Professionals in its employment. About 33.33% has between 1-4 trained manager/professional while 14.29% has 5 and above in its employment. Obviously, majority do not have any manager in its employment and their reasons for not employing professionals include lack of fund and need for them.

TABLE 11 MEANS OF DISTRIBUTION EMPLOYED

	DISTRIBUTION	RESPONSE	PERCENTAGE
i	Wholesaling only	4	19.05%
ii	Retailing only	-	-
iii	Direct to consumers only	-	-
iv	All of the above	17	80.95%
	TOTAL	21	100%

SOURSE: SURVEY QUESTION NUMBER 19

Table 4.11 indicates that 19.05% of the bakeries in Kaduna state utilise wholesaling only as their means of distribution while 80.95% exploit all the available avenues to distribute their products.

TABLE 12

ADVERTISEMENT OF BAKERY PRODUCTS

ADVERTISEMENT RESPONSE		PERCENTAGE
Yes	13	61.9%
No	8	38.1%
TOTAL	21	100%

SOURCE: SURVEY QUESTION NUMBER 20

The above portrays that 61.9% of the bakeries in Kaduna state advertise their products while 38.1% do not advertise. Out of the 38.1% that do not advertise , 40% of them felt that they have got enough customers.

While 60% of them do not advertise because of financial constraints moreover, amongst those that do advertise,70% use Bill board, mobile van, leaflet and word of mouth type of advertisement while 25% advertise through Radio/T.V. Only about 5% advertise through Newspaper. The above shows that finance is the major constraint of the bakeries employing aggressive advertisement in making of their products.

4.2 TESTING OF HYPOTHESIS

The various research hypothesis posed is this study are hereby tested using the statistical techniques of simple correlation co-efficient and chi-square tests. Precisely, four research hypothesis were posed , the first of it was tested using simple correlation co-efficient and the subsequent with chi-square test. The various steps involved in the process are shown below.

RESEARCH HYPOTHESIS ONE (HO_1)

HO_1 High costs of inputs affects the price of baked products.

The above hypothesis was tested using question thirteen (13) in the questionnaire by applying the simple correlation co-efficient statistical test.

STEPS INVOLVED

1. Ho_1: High costs of inputs affect the price of baked products.
2. The test was done using 5% (0 05) significance level.
3. The statistical test: correlation, co-efficient formula : $$r = \frac{NEXY-[EX]\,[EY]}{[NEX^2-[EX]^2-EY]^2}$$

where:

x = Deviation of each case from the mean x

y = Deviation of each case from the mean y

Exy = Value of co-variation

X^2 = Square of each x deviation

Y^2 = Square of each y deviation

INTERPRETATION OF r

A relationship is said to be strong if the correlation co-efficient, **r** is larger than 0.8, if **r** is calculated to be between 0.4, and 0.8, there is a moderate to-strong relationship between the variable, and if **r** is less than 0.4, the relationship is said to be a weak one.

CO-EFFICIENT OF DETERMINATION [r^2]

r^2 is the square of the co-efficient of correlation. This indicates the proportion of variance in the dependent variable that is associated with [or determined by] the independent variable.

DETERMINATION OF THE SIGNIFICANCE OF r

After this determination, the question remains whether this co-efficient could have resulted by chance. Several statistical test have been devised to determine whether **r** is significant.

The formula for testing such significance of relationship is: $T = r\frac{\sqrt{n-2}}{\sqrt{1-r^2}}$

DECISION RULE

If computed t value is less than the critical value, it thus fall in the acceptance area of that distribution and therefore, HO will be accepted but, if otherwise, HO will be rejected.

STATISTICAL TEST

HO; The high cost of inputs affect the prices of baked products. This is to say that there are some degree of relationship between the prices of bakery raw materials and the prices of baked products.

$$r = \frac{NEXY-[EX]\,[EY]}{\sqrt{[\,[NEX^2-[EX]^2]-[[NEY]^2-[Ey]^{2}]}}$$

TABLE 13

CORRELATION BETWEEN PRICE OF FLOUR AND PRICE OF LARGE SIZED LOAF OF BREAD FROM DECEMBER 1995 TO OCTOBER 1998.

YEAR (N)	PRICE OF FLOUR	PRICE OF LARGE SIZE LOAF			
YEARS (N)	X	Y	XY	X^2	Y^2
1995	1,700	25	42,500	2,890,000	652
1996	1900	30	57,000	3,610,000	900
1997	2000	40	80,000	4,000,000	1,600
1998	2,100	60	126,000	4,410,000	3,600
TOTAL (E)	7,700	155	305,000	14,910,000	6,725

SOURCE: FROM THE BAKERIES

$$r = \frac{NEXY - (EX)\,(EY)}{\sqrt{[\,(NE\,X^2\,)-(EX)^{2}][\,[NEY^2)-(EY)^{2}]}}$$

$$r = \frac{4(305,500)-(7,700)(155)}{[4(14,910,000) - (\,7,700)2\,[4(6725) - (155)2]}$$

$$r = \frac{1{,}222{,}000 - 1{,}193{,}500}{[59{,}640{,}640{,}000 - 59{,}290{,}000]\,[26{,}900\text{-}24{,}025]}$$

$$r = \frac{28{,}500}{[350{,}000][2875]}$$

$$r = \frac{28{,}500}{(591.61)\,(53.62)}$$

$$r = \frac{28{,}500}{31{,}722}$$

$$r = 0.90$$

Interpretation of **r**: since the correlation coefficient **r** is 0.90; there is a strong relationship between the variable **x**, and **y** (prices of flour and prices of baked products).

Coefficient of Determination r^2

This is the square of **r**

$r = 0.90$

$r^2 = 0.81$

$r^2 = 0.8$

This means that approximately 80% of the variation in the price of the baked products may be explained in terms of increase in price flour.

Significance of **r**:

$$t = r\sqrt{\frac{n-2}{1-r^2}}$$

The null hypothesis in this case is that high cost of inputs affects the price of baked products, if the price are not dependant on cost of raw material, the correlation coefficient would be zero. But in this case, the correlation coefficient

is 0.90. **To accept or reject null hypothesis of 0.90, the above formula was used in testing such a significant of relationship.** r

$$t = 9\sqrt{\frac{4-2}{1-(9)^2}}$$

$$= 2.92$$

The degree of freedom = n-1 = 4-1

Therefore, 4-1 =3

From t distribution table, at 3 degree of freedom and 97.5% confidence level, the t value is 3.182.

Since the computed t value of 2.92 is less than the critical value of 3.182, and thus fall in the acceptance area of t distribution, therefore it can be concluded that the null hypothesis is between prices of bakery raw materials and prices of their products.

CHI-SQUARE

The subsequent hypothesis will be tested with chi-square

Chi-square test is an important extension of hypothesis testing. It is used when required to compare an actual observed distribution with a hypothesised or expected distribution.

The formula for chi-square is shown below.

$$x^2 = \sum_{i=1} \frac{[foi - fei]}{Fei}$$

STEPS INVOLVED

(1) Stating the hypothesis.

The second research hypothesis Ho2 is as follows:

Government policies on importation affect the importation of wheat and allied raw materials of the bakers. The research question 14 is used to test the above hypothesis.

(2) Level of significance.

The test was done using 2.5% (0.025) significance level.

(3) The statistical test: Chi-square

Formular: $X^2 = E \frac{[Foi - Fei]}{Fei}$ $i = 1$

(4) The decision rule: if computed test statistics value of chi-square is less than tabulated, Ho_2 will be accepted. If otherwise, Ho_2 will be rejected and the alternate hypothesis H1, accepted.

(5) Calculating the test statistics

(6) Drawing a statistical conclusion.

The above steps will be used for the testing of hypothesis two to four (2-4)

EFFECTS OF GOVERNMENT POLICIES ON THE AVAILABILITY OF THE NECESSARY RAW MATERIALS TABLE 1/4

FREQUENCIES

	YES	NO	TOTAL
Bakery Owners	14	2	16
Manager	5	-	5
	19	2	21

$$X^2 = E \frac{[Fo - Fei]^2}{Fei} \quad i=1$$

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Expected = $\frac{R \times C}{GT}$ i.e $\frac{Row \times Column}{Grand\ Total}$

Expected frequencies $\frac{16x19}{21} = \frac{304}{21} = 14.48$: $\frac{5x19}{21} = \frac{95}{21} = 4.5$

$\frac{16x2}{21} = \frac{32}{21} = 1.5$: $\frac{5x2}{21} = \frac{10}{21} = 0.4761$

Observed [o]	Expected [e]	O – e	$[O - e]^2$	$\frac{[O - e]^2}{e}$
14	14.48	-0.48	0.2304	0.0159
5	4.52	0.48	0.2304	0.0570
2	1.52	0.48	0.2304	0.1516
0	0.4761	-0.4761	0.2267	0.4762
				0.6947

calculated $x^2 = 0.6947$

The degree of freedom [R – I] [R – I] [C – I] = [2 – 1] [2 – 1] = 1

From the x^2 distribution table at 1 degree of freedom and 0.025 confidence level, the value of $x^2 = 5.024$ since the computed chi-square of 0.6947 is less than the tabulated x^2 we accept the null hypothesis.

HYPOTHESIS THREE [HO_3] HO_3 It is possible to fabricate the necessary machineries needed in the bakery industry locally.

The research question 15 was used in testing this hypothesis

FABRICATION OF NECESSARY EQUIPMENT IN THE COUNTRY TABLE 15

	Yes	No	Total
Bakery owners	4	2	6
Managers	14	1	15
Total	18	3	21

SOURCE: SURVEY QUESTION 15

$$x^2 = \frac{E[FO - Fei]^2}{Fei}$$

Expected = $\frac{R \times C}{GT}$ ie $\frac{Row \times Column}{Grand\ total}$

$\frac{18 \times 6}{21} = 5.1$: $\frac{15 \times 18}{21} = 12.85$

$\frac{6 \times 3}{21} = \frac{18}{21}$ or 0 .85 : $\frac{15 \times 3}{21} = \frac{45}{21} = 2.14$

Observed [o]	Expected [e]	O – e	$[O - e]^2$	$[O - e]^2$ [c]
4	5.1	- 1.1	1.21	0.2373
14	12.85	1.15	1.3225	0.1029
2	.85	1.15	1.3225	1.556
1	2.14	- 1.14	1.2996	0.6073
				2.5035

The calculated x^2 =2.5035

The degree of freedom = [r - 1] [c-1] =(2-1)(2-1)

The tabulated x^2 at 5.024 degree of freedom and confidence level is0.025.

Since the calculated chi-square is less than the tabulated x^2 we accept the null hypothesis.

HYPOTHESIS FOUR : [HO_4]

HO_4 Small scale proprietors of bakery industry may have diversified in to firms like restaurant and fast food centres.

Research question 16 was used in testing the above hypothesis

	Yes	No	Total
Bakery owners	O	2	2
Managers	12	7	19
Total	12	9	21

$$x^2 = \sum_{i=1}^{E} \frac{[O-e]^2}{e}$$

Expected = $\frac{R \times C}{GT}$ ie $\frac{\text{Row} \times \text{Column}}{\text{Grand total}}$

$\frac{2 \times 12}{21} = 1.11$: $\frac{19 \times 12}{21} = 10.80$

$\frac{2 \times 9}{21} = 0.81$ $\frac{19 \times 9}{21} = 8.14$

Observed [o]	Expected [e]	O – e	$[O-e]^2$	$\frac{[O-e]^2}{e}$
0	1.11	- 1.1	1.2321	1.11
12	10.8	1.2	1.44	0.1333
2	0.81	1.19	1.4161	1.7483
7	8.14	- 1.14	1.2996	0.1597
				3.1513

The calculated X^2 = 3.1513

The Degree freedom [r – 1] [C – 1] = [2 – 1] [2 – 1] = 1

The tabulated r^2 at I degree of freedom and 95% confidence level is =3.841

Since the calculated chi-square is less than the tabulated, the null hypothesis four is accepted.

Conclusively, from the above statistical tests using correlation coefficient and chi-square tests respectively, it can be concluded that all the various research hypothesis **[HO]** posed in this study were upheld.

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CHAPTER 5

FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

5.1 FINDINGS

This study was conducted through the procedure of scientific method of research. In other words, the research is empirical. The important data collected through interviews and questionnaire were analysed to realise the challenges and opportunities in the management of bakery industry.

The summaries of the findings include the opinions and observations made during the course of the research. These are shown in the following headings below;-

1 OWNERSHIP

There is no gender differentiation in the ownership and management of the bakeries in Kaduna state. Hence both men and women are engaged in bakery business.

Furthermore, in terms of business formation, out of twenty-one bakery establishments studied, 12 of them were discovered to be in the form of sole proprietorship. This can be attributed to the advantages of sole proprietorship. Which pertain to its ease of formation, its control and how it is taxed. Table 4.1 and response to interview question number 2

2. SOURCE OF FINANCE.

In line with the information contained in [table 4.4, 4.5, 4.6, virtually all the twenty-one bakeries under study emphasised that their main source of fund is through their personal savings. They are very much aware that banks can offer help to them in terms

of loan. Nevertheless, there was a consensus amongst them that raising loans from banks is not easy, hence most of them do not bother expending much time trying to secure loans from these financial institutions. Where they opted to borrow, they do so through borrowing from friends and other unorganised financial institutions, which involve lesser protocols.

More so, this method of fund sourcing has made most of these bakeries illiquid. This can be seen from the fact that they lack adequate working capital to pilot most of their business affairs.

Though most of these bakeries claimed adequacy of working capital, the situation revealed that most of the expansion works were not carried out because of lack of fund, neither were they also able to employ skilled workers, nor embark on aggressive advertising at least to ensure customer loyalty.

The above findings were further confirmed by responses given to interview questions number 4.2, 4.3, 4.4)

3. SOURCE OF RAW MATERIALS

It was very clear from the study that all the bakeries under study [twenty-one of them] employ mainly foreign ingredients in their production processes, though they could source these materials locally [Table 4.7]

Therefore, in spite of all the emphasis of the Federal Government on local sourcing of raw materials by our industries, most of these bakeries have not tried the use of composite flour suggested by our research institute like FIIRO. This is out of the fear that customers will not patronise their products because of the poor quality of these products from local flours. Rather, they choose to buy the foreign ingredients especially

wheat flour at all cost and then shift the cost to the final consumer in order to make profit to keep the business afloat.[table 4.8]

4. METHOD OF PRODUCTION

Table 4.9 revealed that a good number of the bakeries studied, 52.38 of them employ both manual and mechanized method of production. Even though these bakeries were mechanized, the situation as observed by the writer revealed that most of their production processes were carried out manually.

5. ADVERTISEMENT

Advertisement is very vital in creating the necessary awareness required by the customers to patronize the products and to ensure customer brand loyalty.

Table 4.12 indicated that the major means of advertisement by these twenty-one bakeries under study are as follows: the use of mobile van, word of mouth and bill board are mostly adopted [70%] while 25% of the bakeries have tried advertising their products through Radio/T.V. Only 5% advertise through Newspaper.

6. MACHINERIES / SPARES

Most of the machines/spares needed in running these bakeries can be fabricated in Nigeria. And these machines/spares are as effective and efficient as their foreign counterparts and can easily be obtained by those who have need for them.[Questionnaire question number 15 [b]; response to interview question No. 8]

7. PROFITABILITY:

In spite of the poor economic state of our country, bakery industry is still a profitable venture to embark upon. This can be deduced from [Table 4.3].

8. MANAGEMENT

Sequel to the information in [table 4.10], 52.49% of the bakeries studied has no need for professional/trained management personnel. This was also shown by response to interview question No. 5

9. THE MAJOR PROBLEMS OF THE INDUSTRY:

As revealed by interview question number twenty one, the major problems of these bakeries are as follows:

10 Seasonal; Shortage of Workers:

Due to the fact that these bakery owners do not bother much in looking for professional workers to work for them, they normally encounter the problem of labour turnover. Most of the people who work in these factories are peasant farmers from our rural areas and during rainy season, most of them go back to their villages to do their farm work.

2. Adulteration

Adulteration of the major ingredients for baking, especially flour, in our local market is also identified by these bakers as one of their problems.

This according to them, result in losses through damages and poor quality of the products produced from it.

3. <u>High Cost of Raw Materials</u>

The high cost of wheat flour in the country is due to the high import duties paid by the importers. This go a long way in affecting the prices of the products made from it. Therefore, government policies on importation were identified as the major reason from non-availability of wheat flour for bakers.

4. Cost of Distribution

The industry also experience high cost of distribution. This is as a result of the high cost of new vehicles and their spares, increase in the prices of petroleum products and the poor state of Infrastructure facilities in the country.

5. Due to the perish-ability of baked products, they [Bakers] cannot export their products to earn foreign exchange.

10. DIVERSIFICATION:

In spite of all these problems facing the bakery business in Kaduna, it was gathered that the bakers have the opportunity of diversifying their business into such areas as restaurants and fast food centre, though with some limitations. These limitations are in the areas of funding and increased management problems associated with such expansions.

5.2 <u>RECOMMENDATIONS</u>

Having made some findings from the survey, the writer now wishes to make some recommendations to bakers, government and the customers alike.

TO BAKERS

1. Because of the disadvantages associated with sole proprietorship, with regard to providing enough capital for business expansion, the owners are therefore, advised to go into partnership or more preferably, private limited company as their business grows.

   In these forms of business, capital is made available [because more than one person make contributions] and credit worthiness is improved [because the personal assets of all partners stand behind the business]. More so, the risks of unlimited liability are averted through the formation of limited partnership or private limited company.

2. In order to increase the availability of wheat flour in the country, bakers should try as much as possible to form co-operative ventures to enable them embark on aggressive wheat production in the country just like how their other counterparts in food and beverage industry have been doing any time there is a ban on their major raw materials. For instance, since the ban on the importation of cereals in the country following the structural Adjustment programme [SAP], many industries like Guinness Plc, Nigerian Breweries Plc and other food and beverage industry like Lever Bothers have embarked on agriculture to provide most of their raw materials.

2. Bakers are also advised to embark on aggressive method of advertising and sales promotion using such media as Radio/TV and newspapers.

TO THE GOVERNMENT

1. Government should invest more in wheat production in the country through increased hectarage. As we know, wheat can only be grown in Northern part of the country due to its climatic limitation; expansion of wheat hectarage therefore, should be given priority in the North over all other grains that can be grown elsewhere in the country.

   Furthermore, increased wheat production could be accomplished through growing new varieties where possible. Therefore, since foreign exchange constraints cannot allow the transformation of Nigeria's potential import demand for wheat into an effective one, it becomes essential to improve on local production through increased hectarage and new varieties.

2. Government should try as much as possible to boost the technological base of the country and to make adequate provision for the technological training of indigenous manpower.

   This is because economic development of any country is quite dependent on technology development. Technology development and growth depend to a considerable extent on training and manpower development.

   It is only when these facilities are in place, that we can achieve self-reliance in sourcing both raw materials and technology locally.

3. Government should also try as much as possible to find ways of averting the negative attitudes of the Nigerian populace to made-in-Nigerian goods.

4 They should also make sure that appropriate loan facilities are made available to the small - scale industries by the commercial banks without many frustrations to the beneficiaries.

5. The problem with local production of wheat is the shortfall in the supply. This is

due to the fact that most of the wheat growers are small-scale farmers who in most cases, have to harvest their yield manually. Quite a lot is lost in that process. Therefore, Government should try as much as possible to meet the needs of these small wheat producers by: providing the adequate seed variety at the particular time they need it.

a] Providing more money for irrigation and other such farm inputs as fertilizers, tractors for clearing and harvesting.

b] Provision of adequate education for farmers on suitable crops to plant during rainy season so that their harvest would not delay the planting of wheat.

6 Short-supply of food is not the only problem associated with wheat production in the country, especially where there could sometimes be rich harvest. This inevitably brings to focus two important areas-storage and preservation – to ensure that wheat is made available at all times. These areas also need the attention of government.

If the above problem areas are addressed by the government, Nigerian millers and bakers will be assured of regular supply of their most basic raw materials.

Finally, we recognise the interest shown by the present government in agriculture generally and hope that they will take steps to implement the agricultural policy being put in place.

5.3 CONCLUSION

The importance of small - scale enterprise in the promotion of economic development has always been at the forefront of development strategies. It is an important asset within a developing country like ours.

Despite the importance of the sector to the overall national economic development, it has been facing quite a number of varied problems which still persist till date. This is to say that small scale business has not been contributing to the nation's economy much as it should. This is partly because they are held back by financial, commercial, managerial and entrepreneurial limitations.

As revealed in the study so far carried out with the bakery firms in Kaduna State these firms have problems in raising the right amount of working capital and capital for expansion at the right time.

They cannot afford to use the highly sophisticated machines nor employ qualified personnel due to financial constraint. But inasmuch as non-availability of fund pose a great challenge to these firms, the greatest challenge experienced by these firms is management. It is one thing to make available investment fund and another thing to manage it well for profitability purposes.

Most people including the writer indeed regard management as the most important factor influencing corporate performance. Good management as contended by Okafor [1983], could cause a turn around in the performance of an otherwise unprofitable firm. Conversely, poor management could prevent a firm from exploiting its opportunities and hence lead to a fall in its growth and market share.

Every investor therefore, likes to select a firm that has sound and efficient management. A manager that has the requisite training and experience, who is highly motivated and can motivate employees is sure to lead a firm to a profitable future. A good manager anticipates change and is prepared to change if necessary [that is managing strategically]. He is flexible in his dealings with employees, union leaders, customers and the government.

Conclusively, Government should endeavour to address the problems of industrialist in the country with special reference to bakers with regard to providing them with necessary raw materials for their operations. The bakery entrepreneurs on their own should also equip themselves with appropriate personnel so as to enable them exploit the various opportunities within their environment.

5.4 SUGGESTIONS FOR FURTHER STUDY

Because of the time and financial constraints associated with this research work, certain areas of interest were not treated in detail. Therefore, the writer is recommending a further study in the following areas:

1. Marketing and promotional strategies of bakery firms.
2. Wheat cultivation in Nigeria: its problems and prospects.
3. Strategies for increased wheat cultivation in the country.

APPENDIX I

QUESTIONNAIRE

TO: Prof/Engr /Dr/Mr/Mrs

Sir,

This research exercise is an effort to fulfil the academic requirements of the Department of Business Administration, Faculty of Administration, Ahmadu Bello University, Zaria for the award of a Masters of Business Administration degree [MBA]. All information supplied here will be treated as confidential.

Please feel free to complete the questionnaire by ticking your choice in the box provided.

Researcher : ONYEJELI, U. J.

1. Name of the Bakery:.....

2 The Ownership of this Company is ?

(a) One-man business ---- (b)Partnership ---

(c) Private limited Company ----

3 What motivated you to establish your bakery?

(a) Self employment ---- (b) Unemployment ----

(c) To make money ---- (d) Its prospects ----

4 Which of the following best describe the present state of your business?

(a) Very profitable ---- (b) Profitable (c) Not profitable ----

5 How adequate is your working capital? (a) Fairly Adequate ----

(b) Adequate ---- (c) Not adequate ----

6 What are the main sources of your working capital?

(a) Personal saving ---- (b) Loan from(b) Loan from

(c) Loan from Friends ----

7 Have you ever applied to a bank or any financial institutions for assistance?

(a) Yes ---- (b) No ----

8 Have you ever benefited from loans? (a Yes ---- (b) No ----

9 If yes, was the loan easy to secure? (a) yes ---- (b) No ----

10 What are your sources of raw materials? (a) Local ---- (b) Foreign - ---

11 Have you ever employed the use of local flour in baking your materials since government emphasis on it? (a) Yes ---- (b) No ----

12 If yes, what was the reaction of the consumers to this change?

(a) Encouraging ---- (b) Not encouraging ----

13 Does high cost of raw materials for bakery affect the prices of baked products?

(a) Yes ---- (b) No ----

14 Does government policy on wheat importation affect the availability of Wheat flour to the bakers? (a) Yes ---- (b) No ----

15 Can Bakers get the necessary machineries and spare parts required for their operations fabricated here in Nigeria? (a) Yes ---- (b) No ----

If yes, how accessible and effective is it in production?

(a) Easily accessible/effective ----

(b) Not easily accessible/effective -----

(c) Easily accessible/ineffective ----

(d) Not easily accessible/ineffective ----

16 Is it possible for Bakers to diversify into related areas like restaurant and food centers?

If No, Why?

(a) Lack of Capital ----

(b) Increased management problem ---

(c) All of the above ----

17 What production method do you employ?

(a) Manual ---- (b) Mechanized ----

(c) Fairly mechanized ----

(d) Manual & Mechanized ----

18 How many trained and qualified managers do you have.....If none, why?

(a) Lack of money to pay them ----

(b) Not needed ----

19 What distribution outlet does your Company employ?

(a) Wholesaling -- (b) Retailing --- (c) Direct to consumers ---- (d) All of the above ----

20 Do you advertise your products? (a) Yes ---- (b) No

If no, why ?

(a) Ready market for your products .....

(b) Financial constraint ..... (c) Not necessary .....

21 In your own opinion, what do you think government can do to help alleviate the problems faced by bakers?

(a) Giving Loans -----

(b)Giving subsidy to Bakers ----

APPENDIX 11

INTERVIEW QUESTIONS

1. What are the problems you encounter in running your business?
2. How do you finance your business?
3. Are you aware that banks can assist you in your financial needs?
4. Have you ever tried raising fund from them?
5. Do you consider the employment of trained personnel important in bakery establishment?
6. How do you get your raw materials?
7. How do you cope with the payment of your staff salaries?
8. How do you obtain you equipment/machines?
9. How do you distribute your products?
10. Does the cost of getting the raw materials affect your factory production capacity?
11. Does the amount of Tax paid to the Government affect your business adversely?
12. Have you ever tried using the local flour for baking?
13. If yes, was the quality the same?
14. Do customers accept it?
15. What do you think about wheat production in the country?
16. Do you think that if government invest more in wheat production in the country, there will be enough of flour for Bakers?

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