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## PRIVATE PARTICIPATION IN INDUSTRIAL TRANSFORMATION OF KWARA STATE: THE EXAMPLE OF ADESOYE HOLDINGS, OFFA

by

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### Introduction

Kwara State was one of the states created in 1967 after the political tension precipitated by the attempt of the defunct Eastern region to break away from the country. The state is therefore a first generation state in the country. The state was blessed with mineral and human resources that could sustain all kinds of industries. This made governments at the state and federal levels to set up industrial establishments in the state to utilise these resources for the betterment of the state and the country in general. Efforts to industrialize the states and the nation as a whole was not left to governments at the state and federal levels alone but private investors were also encouraged to establish industries across the federation of Nigeria and indeed Kwara State.(Aluko,1967)

One of those who responded to the call to help develop Kwara State was Chief Emmanuel Adesoye who came with his experience and wealth to set up a chain of industries in Kwara State. These industries were incorporated under the Adesoye Holdings and contributed to the development of the State. An interesting aspect of these establishments was that the industries and the school were established in Ijagbo and Offa, rural communities though the birth place of the founder of the holdings. The industries did not only employ thousands of individuals but contributed to the development of the state and the country socially, economically and politically. To showcase the activities and achievements of these industries the paper has been divided into five sections: Introduction forms the first section while section two summarises the activities of the industries under the holdings. The third section focuses on the various contributions made by these industries and the fourth section deals with the problems of the industries and section five concludes the study.

### The Industries in the Holdings

**Okin Biscuits Limited:** It was the first industry to be put in place among the holdings' chain of industries. It was incorporated in May 1978. The industry was situated at Ijagbo very close to Offa in Oyun Local Government area of Kwara State. This was in response to the earlier call by the then Colonel George A. Innih, who was the Military Governor of the State between 23/3/1976 - 25-7-1978, to Kwarans to invest in the State



(*Nigerian Herald*, 1977) Activities at the site of the biscuit plant commenced on 5<sup>th</sup> September, 1979 and by 2<sup>nd</sup> June, 1980, the erection of plants and machinery had been completed and biscuit production started.( Adesoye, 2010). The demand for the two varieties of Biscuits, namely, Okin Shortcake and Okin Coaster, which were crispy and tasty, outstripped supply and installed equipment to the extent that another machines that increased the production lines by two was installed in 1982 to double the capacity of production of biscuits to about 14,000 tons per annum.( Okin,2006 )

The ingredients used for Biscuit production included wheat flour, sugar, balm fat, margarine, liquid, glucose, baking chemical flavour, milk and eggs. Most of the ingredients were sourced from abroad while a number of them were equally bought from within the country. In 1987, when the Federal Government banned importation of wheat flour, which is the major ingredient for biscuits production, Okin Biscuits Limited instituted local substitute for the production of wheat, which was successful. The company set up wheat farms at Ira, Babanla and Kano to achieve local content of the raw materials needed by the industry. (Keshavan, 2005)The outputs of these farms further enhanced the production abilities of the industry. For instance, the products of the industry were sold in all major markets across the country through the network of numerous whole sellers, retailers and good management exhibited by the manager of the industry. The huge success recorded by the industry made the Chairman and Financier of the company to consider the opening of another industry beside the biscuit industry which is the Okin Foam Nigeria Limited under the same management.

**Okin Foam:** As indicated, by the end of 1980 machineries and construction of the building that housed Okin Foam were completed. Production started at the foam section in the middle of 1981.It produced maximum quality foam known as *Okin Foam*. The raw materials for foam making were largely sourced from within the country. It procured this from the eastern part of the country where rubber was located. Unused mattresses were also reprocessed into new ones, thereby making the industry to survive the hard days of the mid 1990. The products of this industry satisfied the yearnings of students across the State and the country in general. The products of the industry were also utilised by furniture houses and many hotels located across the country. (Kwara Chambers.1995)

**Okin Brewery:** This industry was formerly owned by the Kwara State Government and known as Kwara Brewery Limited, Ijagbo, with initial capital of ₦8.7 million. The construction of the industry started on 1<sup>st</sup> November, 1976. The project was commissioned in July 1978 to produce one hundred and fifty million bottles of *Okin Malt* drinks and twenty six million *Noble Lager Beer* bottles per annum as well as three thousand (3000) tones of ice block per annum. (Kolawole, 2001) The industry was later bought over by Chief E.O. Adesoye and incorporated into Adesoye Holdings in 1990. He



turned it around and the products of the industry were on sale in all major markets in the state and across the country. (Keshavan, 2005)

**Adesoye College:** This College was established in 1987 to take care of the educational needs of the people of Offa, the state and the country in general. The College is a co-educational institutional high school situated along Igosun road. The College was set up with a vision of turning it into a citadel of learning and to be leader of a host of other educational institutions. The college had international partnership with University of Sussex, United Kingdom and most of the products of the college have pass through Sussex University as a result of this affiliation. The total population of students at Adesoye College as at 2012 stood at about 500, while the population of teaching staff and non- teaching staff was 90. Expatriate teachers were also employed to give the school an international image and global ideas. In the college, staff were well motivated through periodic seminars, workshops and international trip to widen their knowledge. (<http://www.adesoyeCollege>)

### **Impact of the Holdings on the Development of Kwara State and Nigeria In General**

The industries and institution of Adesoye Holdings made a lot of significant contributions to social, economic, education and political fortunes of the people of Offa, Kwara State and Nigeria in general as discussed below:

The first area where these industries made significant impact was in the area of taxation. The Holdings paid the following taxes to both the Federal and the State Governments. Company Tax was a tax paid strictly to the Federal Government, and it was based on the profit that the companies made annually. Though, the actual amounts made between 1983 and 2005 cannot be determined, the company must have paid about ₦10 million in taxes. (Adesoye, 2009). Between 1990 to 2005, the company's profit rose tremendously and this made its remitted tax to both the Federal and State Governments to increase tremendously. Apart from this, the industries paid import duties of the stipulated 30% on machineries imported into the country to government. For instance, the companies under the Holdings paid 30% of ₦12 million worth of machineries and other equipment imported from abroad in 1992/93 as tax. Like in most other states in Nigeria, taxation matters in states are administered by the Board of Internal Revenue which has its functions as identifying a taxable income of such a person, collecting the tax assessed and accounts for it to the state government. The main sources of the revenue in Kwara State as permitted by the Federal Government are; Personal Income Tax usually deducted directly from staff salaries, Capital Grain Tax, Sales Tax, Property Tax and other Miscellaneous that included pools, mechanic workshops, community tax etc. (Adesoye, 2009)



In the area of general commerce, many people particularly young females and wives of the employees and villagers engaged in retail trade to support the financing of their families. With this, their husbands were relieved from the hardship of having to provide money for minor household items which the wives could then make available from whatever gains they must have made from their trading activities. Equally, the location of the industries in the localities assisted the local farmers to adopt new methods or techniques of farming and other social advantages. For example, the setting up of the Okin Biscuit Limited at Ijagbo and Adesoye College along Igosun road improved business atmosphere in the towns. Traders moved in and around the localities to display their commodities to workers. This led the indigenes of the host communities of the industries to become mostly retailers and some even became wholesalers. These people tried to satisfy the needs of the factory workers and their relations while others took their commodities to workers' homes for sale to them on part payments, while the remaining paid later on agreed day.

Apart from this, the local dwellers were also involved in the supply of petty things needed by the workers of the industries. These included stationeries, catering services, sachet water, repairing of broken down electrical appliances, repairing of bicycles and motor cycles. The indigenes of the surrounding villages were also involved in the distribution chain. Some of the big wholesalers were in some instances appointed distributors for some of these industries. Perhaps, the most important local development aspect of the location of these industries was the development of the physical infrastructure in an essentially rural and distressed community. With the location of Okin Foam and Noble Brewery along Ajase-Ipo road for example, came new motorable roads linking many of the surrounding villages such as Ijagbo, Adeleke, Eleyoka, Igosun and Ogakunrin where some of the workers resided. This indirectly led to an improvement in the area of communication among the villages and towns that surrounded Offa. (Olasuyi, 2012)

Equally, the location of these industries led to opening up of some towns to development. For example there was the rapid development of Ogakunrin village, which was set up exclusively for the workers of the plants. The township which is about 2 kilometers away from Ijagbo town proper had virtually everything that makes a city. Today Ogakunrin village has an estimated population of about 2,000 people.

The establishment of Adesoye industries within Offa encouraged the location of other industries. For example, Selia Industries Limited, Demosco Nigeria Limited, Kajola Bakery, Erin Ile Paper Converter in Offa, Erin Ile and Ijagbo towns respectively among others were so located basically because, these industries made use of some by-products



of some of the industries of Adesoye Holdings(Kwara Paper,1984), or sold their finished products to some of the holdings' industries.(Ibrahim, 2009)

The industries of the holdings introduced comprehensive industrial health services for all its employees. This also served the health needs of the local communities and most of the health centers were run by full-time doctors and other essential health workers. The clinics sited in each of the industries were of modern standards and had various facilities, while complicated matters were referred to the General hospital located in Offa. Villagers and other people were not disallowed from making use of the clinics, thereby bringing health care facilities closer to the people.

The founder of the holdings also provided housing facilities for his employees. Houses were constructed for those in key positions at all levels along Igosun road. The companies provided recreation facilities for the staffers and the local communities, so that they might enjoy their leisure time in one form of group activities or another. Sports facilities were also provided including Football fields, Swimming pool, Golf courses, Tennis Courts, Table Tennis at its recreation center located within Adesoye College. The industries in addition also had rest houses for the workers and other important people that visited the industries.

The industries also contributed to the political image of Offa and the state in general. This is because the products of the industries and students that passed out of the Adesoye College carried with them the name of Offa and Kwara State outside the shore of the state and even beyond. With this, the town's name written on the leaflet of the products of the industries and the certificate of the students no doubt projected the image of the town and the state to the outside world, most especially since the products of the industries and those that passed out of the school were highly regarded and accorded respect. It should be noted also that, when the people of Offa agitated for the creation of Offa Local Government from the old Oyun Local Government Area, Adesoye Holdings was one of the reasons adduced for the viability of the local government area. It is therefore not a surprise when Offa was granted a separate local government in 1991.

Finally, the companies through their efforts in producing series of quality products and training of young Nigerians and foreigners locally saved the country several billions of naira in foreign exchange and attracted foreign earnings to the country. In the same vein, through the production of the products of the industries, the urge and madness for imported materials by those who were interested in the types of the products produced by the industries and quality education provided by the school reduced drastically, since their products competed favourably with the imported ones.(Kashvan,2005 )



### **Problems and Collapse**

When the state was created in 1967, the incentive that was introduced by the government varied from direct government industrial investment, persuasion, financial relieves, establishment of industrial investment agencies, programmes for industrial estates and lending schemes to existing industries. The provision and application of some of these incentives encouraged the founder of the holdings to heed the calls of the state government to indigenes to come and establish industries in the state and he started with the establishment of Okin Biscuits Limited. The continued conducive atmosphere further encouraged Chief Adesoye to consider new and additional establishments in the name of Okin Foam, Adesoye College and took over Kwara Brewery when it was beset with administrative problems. From the middle of 1990s however, the economic policies of government at all levels changed and showed glaringly that lip services were applied to hitherto industrial incentives and other economic measures. For example, appeals were made to Kwarans to contribute towards an industrial development fund and that the state government would give a matching grant for the fund to become meaningful enough for utilization. Many investors responded during the launches of the funds in Kaduna and Lagos and even in local government headquarters, but the matching grant did not come. Under these circumstances what do you expect an investor to do? (Okino 1992:85-87)

Also in 1988, Kwara Investment Company (KINCO) was reorganized into a holding company. The Company could not perform because it was not capitalized. The mere conversion of government loans into equity did not actually inject funds into its operations. The management became ineffective and later the holding filtered away. In the same vein, plans were made to set up industrial estates in all the local government headquarters of the state including Offa. It was the hope of the founder of Adesoye Holdings and other investors that this would bring the expected improvements to the dilapidated economic infrastructure and other social facilities in Offa and the state in general. But this was not to be, because the better economic measures promised Offa and other local government areas were not implemented as nothing was done for years. The effect of lack of these incentives is that it increased the initial capital cost of some of the new industries incorporated into the Holdings and added to the production cost of the earlier established industries.

In addition, in the late 1980 to mid 1990s, trade fairs and industrial fora were used as vehicles for attracting investors. Governments of Kwara, Sokoto, and Niger States rotated trade fairs grounds on an annual basis. The intention was to expose and expand the industrial potentials of the participating states so as to entice industrialists to set up new industries or improve on the markets for the existing ones. (Kwara, 1999) Nothing of



Evidence from the Raw Material Research and Development Council in the state indicated that lack of infrastructure in terms of road, electricity and water hindered industrial development in the state as in many states of the federation. The state roads began to dilapidate from the early 1990s. In particular was Ajase –Offa road which is a federal road that led directly to the head office of the Holdings. This resulted into overall cost of production which made the goods to become costly because the transport owners charged triple of what they used to charge when the road was good bearing in mind the cost of vehicle maintenance and spare parts. It also led to late arrival and low level of acceptance of many products in the markets with the end result of financial loss.

Equally was lack of ability to maintain and replenish the existing equipment and machineries caused by the introduction of the Structural Adjustment Programme. (Aikoye, 1982) To adapt or shift to the usage of locally made raw materials, it meant that new equipment would have to be bought since the equipment in use were specifically constructed to utilize mixture of imported and local raw materials. To buy completely new equipment that would make use of complete local content of materials became difficult for the founder of the holdings and many industrialists across the country.

Another major problem that confronted the holdings was the mobilization of fund and its management especially when age started to catch up with the financier and sole owner of the industries. The capital available was not pooled together later in the history of the Holdings especially from 2005. This was necessitated as a result of some financial mismanagement discovered. Since other investors were not invited to be part of the business from the beginning and so other investors and even government agencies were extremely reluctant to support, cooperate and, in mobilizing the capital required at the times of financial problems.

The suspicion and distrust from participating in the holdings might have also stemmed from the experience of local partnership for commercial undertaking for which most factory owners had to wind up, because their partners had defrauded. In addition, the industries of the Holdings were also never quoted on the Stock Exchange Market which would have attracted young and dynamic brains into the industries. As a result of all these, the Holdings continued to take the form of one-man business. And with old age, virtually all the establishments had wound with the exception of Adesoye College Offa which is still in full operation.

### **Conclusion**

This paper has considered the motives, activities and contributions of Adesoye Holdings to the industrial development of Offa, Kwara State and Nigeria at large. As revealed in this paper, the establishment of these chains of industries by Chief Emmanuel



Adesoye into Adesoye Holdings in the industrial development of Kwara State dated back to 1983. The abundant natural and human resources in the State, Offa in particular and calls to Kwarans to come to develop their state prompted him to come to invest in Kwara State. As indicated in this paper, the acceptance of Chief Adesoye boosted the state economically, socially, politically and the general well-being of the people.

However as indicated in the body of this work, these innovative and lofty ideals of Chief Adesoye in putting up industries that had these tremendous impacts on the lives of Offa people and other Kwarans nay Nigerians in general had all collapsed except the school. Some of the reasons for their collapse have been highlighted in the body of the work. A close look at the factors shows that these industries can be resucilitate. The present administration in the country and, indeed, Kwara State can contact the financier for possible takeover of the industries and put the moribund industries back to life and make them functional to encourage future investors who might be interested in setting up industries in the state.

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