

**ASSESSMENT OF FACILITY MANAGEMENT SERVICE PROCUREMENT
STRATEGIES IN THE FOOD AND BEVERAGE MANUFACTURING
INDUSTRY IN LAGOS STATE, NIGERIA**

BY

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**A THESIS SUBMITTED TO THE
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CERTIFICATION

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DEDICATION

This thesis is dedicated to God who is not only the author of my life, but also the finisher of my faith, my refuge and strength, a very present help in time of need.

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ABSTRACT

The study identified and examined the profiles of the manufacturing companies in Lagos State; investigated the facility management service procurement strategies adopted in the manufacturing companies; identified and examined factors influencing the choice of Facility Management (FM) service procurement strategies adopted in the manufacturing companies in the study area. This was with a view to enhancing the industry's FM practice.

Primary and Secondary data were employed for this study. The study population comprised the entire food and beverage manufacturing companies in Lagos State registered with Manufacturers' Association of Nigeria (MAN). The sampling frame for this study was 133 food and beverage manufacturing companies. Information on the companies were collected from either the facility manager or the heads of the companies. The information included profile of manufacturing companies, general characteristics of the respondents, FM service procurement strategies adopted in the manufacturing companies and factors influencing the choice of FM service procurement strategies adopted. A total enumeration survey was carried out on all the companies. Secondary data which included list of food and beverage companies and maps were collected from Manufacturers Association of Nigeria (MAN) and National Space Research and Development Agency (NASRDA). Frequency distributions, percentages, cross tabulation, and factor analysis were used to analyse the data collected.

The profiles of the companies revealed that soft drink companies had the highest number of representation of all the categories representing 15.4% and 70% of the companies had 1-2 branches while 36% of the companies were established 6- 10 years ago. The jointly owned represented 51.0%. The common available facilities in the companies were standby generator, building, and other manufacturing equipment. Analysis of service procurement strategies showed that outsourcing was the most adopted strategy representing 46.9%, while in-house strategy accounted for 36.2%. Employing factor analysis, the study also established that the most important factors influencing outsourcing FM service procurement strategy were development; staff asset and customer approval; management and modernization; and outlay reduction, while those influencing in-house FM service procurement strategy were good organization; proficiency; effectual and administrative; staff management; responsibility; price decrease and sensitivity; and occupational. Those influencing hybrid strategy were modernization and development; good initiative; competence and government policy.

The study concluded that of the three service procurement strategies adopted in the food and beverage manufacturing companies, outsourcing was the most adopted in the study area.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The term facility management (FM) was divided into two according to Mazzaroto and Traverso (2003). These are facility and management. The authors described facility as a place or building used for a particular activity or industry, or for providing a particular type of services. On the other hand, management was defined as the act or skill of directing and organizing the work of a company or organization. According to Oladokun (2011), facilities are the second-highest cost of doing business right behind people-related costs like salary and benefits. Ristaniemi and Lindholm (2011) also stated that industrial facilities are almost six times bigger than other sector's facilities. With the importance attached to facilities, the study on facility management cannot therefore be overemphasized.

Globalization encouraged the spread of the FM vocation from the US and Europe into Africa and Nigeria in particular. The country's multinational corporations have begun to respond to the changing worldwide needs and seek for an integrated business, resource, infrastructure and management of their facilities (Adewunmi and Ogunba, 2005). Tefler (2005) pointed out, that FM has been adopted in many developed countries of the world particularly in health, education, commercial and even the industrial sectors; and most especially in Europe and America as one of the tools of strategic estate management to improve the performance of these sectors. FM has grown from what was traditionally perceived to be the mere managing of buildings or maintenance unit of an organization to the holistic reality of being woven into the core and support services of organizations (Price and Pitt, 2011).

Different organizations adopt different approaches to FM, even within the same sector. These approaches or strategies are in-house, outsourcing or the combination of the two (hybrid). FM could be an avenue to achieving strategic corporate objective as both in-house and out-sourcing strategies for providing FM services offer significant benefits if chosen in the right context (Kamarazaly, 2007). Although, there is no single formulation of facility management that will fit all situations (Atkin and Brook, 2009). Every big organization across the universe has come to the point of managing their businesses in an integrated activity (Odiete, 1998). Large multinational organizations such as Nigerian National Petroleum Corporation (NNPC), Shell, Chevron, Total and Banks have adopted FM as a means of achieving greater efficiency and facilitating concentration on core activities.

It is important to note that buildings and facility have the potential to enhance performance by contributing towards the provision of the optimum working and business environment (Durodola, 2009). Facilities, people and the system (process) are what an organization is made up of. The interaction among these components: facility, people and the system result in the achievement of the organizational goal and objectives. The facilities in an industrial setting include buildings, plants, infrastructure and other supporting facilities as the case may be, while the process/system is the platform that brings the component (such as the people, facilities) together and transform them into production system. Durodola (2009) asserted that any production system is subject to wear and tear because both facilities and the people respond to the dictate of life cycle. Therefore, examination of existing system of interaction of these components in manufacturing sector will worth venturing into.

According to Sola, Obamuyi, Adekunjo and Ogunleye (2013), manufacturing sector was accepted as the major driving force of the modern economy, also, opined that industries serve as the vehicle for the production of goods and services as well as the generation of employment and enhancement of income. Also, Fabayo (2003) described it as the heart of the economy of a nation. Manufacturing sector is therefore an important factor to the growth and development of any nation most especially the developing ones. However, Adeoye (2005) put forward an argument that the manufacturing sector of the Nigerian economy has increasingly worsened over the years. This was also corroborated by Fabayo (2003), that there has been drastic reduction in capacity utilization. The manufacturing value-added has been declining which was different from the situation when manufacturing value-added grew at about 12 percent annually [United Nations Industrial Development Organization (UNIDO) 2000]. Malik, *et al* (2006) established that there was no marked increase in real output especially between 1998-2003. Ayodele (2010) also established that the manufacturing industry only contribute 4 percent of the country's Gross Domestic Product (GDP) as against the 9.9 percent in the years past. There is therefore the need to examine the FM procurement strategies to see whether or not they strengthen the capacity utilization of the manufacturing industry.

Oyelaran-Oyeyinka (2001) attributed the challenges of manufacturing industry to poor infrastructural support particularly in aspect of electricity and telecommunication which lead to inefficiencies in industrial production. Weak institution, poor finance, marketing support, limited capacity for policy design and implementation partly explain

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