

The Role of Foreign Private Investors in the Industry Development of Nigeria: A Test Case of "X" Breweries Limited

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Abstract:

Most developing economies seek to industrialize as a way to reduce excessive reliance on the agricultural section which is vulnerable to adverse economic conditions. The industrialization pattern is to sponsor programmes promoting the indigenous manufacture of import substitutes. This pattern often involves both local and foreign investment of capital and technical know-how, which invariably is supplied by foreign partners.

The beer industry in Nigeria deserves attention because of its recent phenomenal expansion. There was only one brewery in 1949, producing barely half-a-million hectoliters of lager beer per annum. By 1982 there were twenty-three breweries capable of producing fourteen million hectoliters per annum. This study examines the involvement of some foreign private investors in a new brewery project, in partnership with an indigenous entrepreneur.

Foreign participation in industrial ventures in Nigeria takes two principal forms, provision of technical know-how and management, and equity contribution. These forms are examined in relation to the test case. The study also examines the local sources of funds for 1. The identities of the indigenous entrepreneur and the foreign investors involved are not disclosed in accordance with an undertaking given to them industrial activities. Finally, a forecast of the future of the beer industry is made in terms of the investment opportunities in the form of technical knowhow or equity contribution, or both.

Keywords: Developing economy/ agricultural sectors/ brewery/ entrepreneur/ foreign investors.