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**IMPACT OF DANGOTE CEMENT ON THE  
MANUFACTURING SECTOR OF THE NIGERIA'S ECONOMY  
BY**

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**Abstract**

*This study is focused on the role of manufacturing sector in the development of Nigerian economy, a case study of Dangote Cement Gboko plant. The study is aimed at assessing the effect of the manufacturing sector activities in the development of Nigerian economy. There is an empirical correlation between the degrees of industrialization and economic development in Nigeria. Consequently, this study investigates the Nigerian economy as one of the developing countries in the world economy and also attempt a review of the level of productivity in Nigeria's manufacturing industry over the years using specific case study. Consequently, this study outlines the company's staff remuneration, production output over time, impact on its host community, impact on the growth of the nation's economy. Questionnaire was administered as a primary source of data collection, the secondary source of data also provided useful information to this study. With the aid of statistical package for social sciences (SPSS). Chi-square was used as a statistical tool for testing the hypotheses. The Findings revealed that the company is committed to the professional development and proficiency of its workforce. Also, the company's operations have positively impacted the Nigerian economy through income taxes and other financial commitments. The recommendations that were made include : the improvement of the administrative, legal, and fiscal environment of the*



manufacturing sector, promotion of financial institutions to cater for the operators of the manufacturing sector, sustained collaboration between government and private sector, the need for the nation's engineering infrastructure to be established; and cooperation between manufacturing sector and research institutes.

**Keywords:** Dangote Cement, Development, Manufacturing and Nigeria's Economy.

### Introduction

Prolonged economic recession occasioned by the collapse of the world oil market from the early 1980s and the attendant sharp fall in foreign exchange earnings have adversely affected economic growth and development in Nigeria. Other problems of the economy include excessive dependence on imports for consumption and capital goods, dysfunctional social and economic infrastructure, unprecedented fall in capacity utilization rate in industry and neglect of the agricultural sector, among others. These have resulted in fallen incomes and devalued standards of living amongst Nigerians. Although the structural adjustment programme (SAP) was introduced in 1986 to address these problems, no notable improvement has taken place. From a middle income nation in the 1970s and early 1980s, Nigeria is today among the 30 poorest nations in the world Anyanwu (2000), productivity in the Nigerian manufacturing industry]. Putting the country back on the path of recovery and growth will require urgently rebuilding deteriorated infrastructure and making more goods and services available to the citizenry at affordable prices. This would imply a quantum leap in output of goods and services.

The path to economic recovery and growth may require increasing production inputs - land, labour, capital and technology - and or increasing their productivity. Increasing productivity should be the focus because many other countries that have found themselves in the same predicaments have been able to resolve them through productivity enhancement schemes. For instance, Japan from the end of the World War II and the United States of America from the 1970s have made high productivity the centre point of their economic planning and the results have been resounding. Also, middle income countries like Hong Kong, South Korea, Singapore, the Philippines, India, Mexico and Brazil have embraced boosting productivity schemes as an integral part of their national planning and today they have made significant in-roads into the world industrial markets.

The overall objective of this research is to assess the impact of the manufacturing sector on the growth of the Nigerian economy using Benue Cement Company Plc as a case study. Specifically, the study is aimed at:

- i. Assessing the productivity, proficiency and remuneration profile of the company's workforce;
- ii. Evaluating the growth or otherwise in production capacity of the company overtime in terms of yearly outputs (tonnages);
- iii. Analyzing the financial contribution of the company in terms of taxation and gross national product ; and
- iv. Assessing the overall impact of the company's social activities and allied interests on





the economy.

The hypotheses formulated to guide this study include.

H<sub>1</sub>: The production capacity of the company has not declined over time.

H<sub>0</sub>: The production capacity of the company has declined overtime.

H<sub>1</sub>: The financial contribution of the company to the country's GDP has not declined overtime.

H<sub>0</sub>: The financial contribution of the company to the country's GDP has declined overtime.

H<sub>1</sub>: The company activities have not impacted positively on the nation's economy.

H<sub>0</sub>: The company activities have impacted positively on the nation's economy.

#### **METHODOLOGY**

Research methodology is an important stage in any scientific evaluation and tells how and where data is collected for the research. It is the researcher's plan that methodology would offer a realistic and reliable data for analysis in order to arrive at far reaching deduction in assessing the role of manufacturing sector in the development of Nigerian economy.

#### **Research Design**

The design specifically outlines the various procedures of collecting and analyzing data relevant to the problem under studies. The design adopted here must correspond to the research typology. A causal-comparative (after-the-fact) approach which helps establish cause and effect relationships between certain variables was adopted.

#### **Study Population**

Population refers to all the people or things that fall under the study or topic. The population group for the study cuts across one hundred (100) staff in the company working in four key sectors – production, engineering, finance and administration and commercial. Of these 100 staff targeted, 85 of the questionnaires were fully completed, giving in an effective response rate of 85%.

#### **Sampling Technique**

The questionnaires were distributed at random to the staff. The most important advantage of the random sampling method is that the results of investigation can confidently be extended to the entire study population. The simple random sampling technique adopted helped in eliminating bias in the choice of media houses. It involved the selection of a sample from the total population of the company's staff, so that each individual had an equal and independent chance of being selected for the study.

#### **Sources of Data**

The instruments of data collection for our study were sourced from oral interviews, observations and questionnaires. These research instruments each has its advantages and disadvantages. Interviews for example allow us to obtain more in-depth information and promote high response rates but require more time and is limited in coverage. Questionnaires on the other hand can reach a large number of people from wide geographic areas with the added advantage that respondents have more time to reflect on their answers. Its disadvantage is that it has a lower response rate and the fact that most respondents do not take time to respond to open-ended questions. Also, questionnaires are good because they can be filled anonymously.

The reason for adopting these research instruments was for flexibility of data collection,



the diversity of questions they could accommodate, speed and low cost involved. The questionnaires are actually good because of the elimination of interviewer bias. Combining these three research instruments for our study will increase the validity of our data for analysis.

### **Method of Data Collection**

Two major types of data were used in this research: primary and secondary. Secondary data refers to data which already exists but were not collected specifically for the purpose of this study. The secondary data sources used for this work were in form of journals, newspapers, magazines, newsletters, web publications, articles, research dissertations and theses and other publications by researchers. On the other hand, information generated expressly for a specific purpose by the researcher is called primary data.

In this study, primary and secondary research is incorporated. The reason for this is to be able to provide adequate discussion for the readers that will help them understand more about the issue and the different variables involved with it. The primary data for the study will be represented by data on the company's annual reports and accounts.

### **Method of Data Analysis**

The study adopted statistical analysis. The data was subjected to basic descriptive univariate statistical analysis (frequency counts, percentages, etc.). In addition, inferential statistics was used to provide more explanations on the data. Importantly, the strength of the analysis depends on descriptive, narrative and analytical mode of report and interpretation. Also, qualitative and quantitative analyses of results were incorporated.

For section B of the questionnaire, the Likert type scale was used in order to weigh the responses of the participants. The participants were expected to indicate their degree of agreement or disagreement with the question raised. The respondents' opinion was coded, i.e. codes were assigned to all the questions raised and individual responses. The five (5) point likert rating scale is given as:

- 5 = Strongly Agree (SA)
- 4 = Agree (A)
- 3 = Undecided (U)
- 2 = Disagree (U)
- 1 = Strongly Disagree (SD)

Using the Statistical Package for the Social Sciences (SPSS) software, the chi-square test of a contingency table was used to determine whether there was enough evidence to infer that two variables (nominal) were related. The data for each research hypotheses/questions was extracted from the completed and returned questionnaires and transferred to a coding sheet. The level of significance that was used is alpha = 0.05, at the 95 percent confidence level (cl).

The expression for the 'calculated chi-square' is given as:

$$X^2 = \sum (O_i - E_i)^2 / E_i$$

Where,

$O_i$  = Observed frequency (Number of observed case in category i)

$E_i$  = Expected frequency (Number of expected cases in category i)

The 'tabulated chi-square' is derived from a statistical table of the  $X^2$  distribution after



the degree of freedom (D) has been determined. The expression for the degree of freedom (D) is given as:

$$D = (R-1) \times (C-1)$$

where,

R = Row, and

C = Column

### Decision Rules and Justification

A set of decision rules is the verbal equivalent of a graphical decision tree, which specifies class membership based on a hierarchical sequence of (contingent) decisions. Each rule in a set of decision rules therefore generally takes the form of a Horn clause wherein class membership is implied by a conjunction of contingent observations.

### Presentation and analysis of data

One hundred (100) questionnaires were administered to respondents. Eighty-five (85) were duly completed and returned resulting in an effective response rate of 85%. The questionnaire was divided into two sections –A and B. Section A dealt with respondents' responses to their level of satisfaction with intrinsic properties of work while section B dealt with their level of satisfaction with the company's contribution to the economy. Presented below in Tables 1.1 and 1.2 are the tabulated results of the questionnaire administration.

**Table 1.1:** Level of satisfaction with intrinsic properties of work

Section A - Intrinsic content of work		High	Medium	Low	Total
1	Opportunity to use skills and training	34	43	8	85
		40.0%	50.6%	9.4%	100%
2	Job challenge	28	50	7	85
		32.9%	58.8%	8.2%	100%
3	Opportunity to be creative	33	41	11	85
		38.8%	48.2%	12.9%	100%
4	Freedom to use own ideas	42	37	6	85
		49.4%	43.5%	7.1%	100%





Source: Field survey (2012)

Section B - Impact of Company		Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
5	Increase in your standard of living	43	29	3	6	4	85
		50.6%	34.1%	3.5%	7.1%	4.7%	100%
6	Increase in your technical know-how	49	19	7	5	5	85
		57.6%	22.4%	8.2%	5.9%	5.9%	100%
7	Growth in Production Capacity of company	51	22	3	3	6	85
		60.0%	25.9%	3.5%	3.5%	7.1%	100%
8	Growth in Financial Returns from operations	48	28	3	4	2	85
		56.5%	32.9%	3.5%	4.7%	2.4%	100%
9	Value added to the nations economy	52	27	2	3	1	85
		61.2%	31.8%	2.4%	3.5%	1.2%	100%
10	Companys corporate social responsibility	45	29	4	5	2	85
		52.9%	34.1%	4.7%	5.9%	2.4%	100%

Table 1.1 which shows the aggregate respondents' responses indicates that all intrinsic attributes of work are highly and significantly correlated with perceived utilization. Specifically, perceived effective utilization drastically increases with an increase in each of the intrinsic properties. Therefore, any effective work design must take these components into consideration. The opportunity to use skills, the challenge of a job, the opportunity to be creative and the freedom to use one's initiative on the job constitute what may be called the qualitative properties of human resource utilization.

Since many Nigerian industries are capital intensive, mechanized, assembly line types, the possible effect is that Nigerian scientific and technical workers employed in them experience few of these qualitative elements of utilization. Consequently, their intellectual contribution to the production endeavour will be minimal.

### The Company's Workforce

The Company has workforce deployed in various functional areas such as engineering, production, finance and administration and commercial sectors. Table 1.3 shows a breakdown of the Company's average number of





employees (excluding Executive Directors) while Table 1.4 shows the aggregate payroll costs of these staff.

**Table 1.3:** Staff number

Sector	2005	2006	2007	2008	2009
Engineering	201	258	287	272	250
Production	138	178	108	257	206
Finance and administration	233	264	374	348	288
Commercial	14	24	28	23	112
<b>Total</b>	<b>586</b>	<b>724</b>	<b>797</b>	<b>900</b>	<b>856</b>

**Source:** Benue Cement Company, Annual Report and Accounts (2005-2009)

**Table 1.4:** Aggregate Payroll Costs of Staff

N'000	2005	2006	2007	2008	2009
Wages and salaries including bonus and Contribution to pension schemes	267,968	418,435	336,399	874,289	696,886

**Source:** Benue Cement Company, Annual Report and Accounts (2005-2009)

Analysis of Table 1.3 shows that a total of 586 staff were employed by the company in 2005, this figure increased to 724 in 2006 and 797 in 2007. In 2008, it increased to 900 staff and finally decreased to 856 staff in 2009. Also, aggregate payroll costs for staff was about N267 million in 2005, it increased to N418 million in 2006, decreased to N336 million in 2007, increased to N874 million in 2008 and finally decreased to N696 million in 2009. Analysis shows a positive correlation between the staff numbers and their aggregate payroll costs over the years. The diversification of the workforce and their increasing remuneration profile shows that the Company is committed to the personal and professional development of its workforce and their work environment. Also, proper monitoring and implementation of programmes designed to ensure effectiveness in these areas continues to remain a priority.

#### **Growth in Production Capacity of Company**

This section will chronicle the company's performance amidst the harsh economic terrain in Nigeria over a 5-year period. In year 2006, the economic environment was not favourable to the manufacturing sector of the economy which is still constrained by the problems of multiple taxation, dif-



difficulty in freight and clearing of goods, low capacity utilization and high inventory of unsold stock. Of even greater concern was the very significant percentage of overhead costs applied to alternative means of power supply due to inability of the Power Holding Company of Nigeria (PHCN) to provide constant and adequate electricity supply. Some small-scale manufacturing concerns had to shut down as they were unable to cope with the harsh operating environment. However, the concessioning of the ports and the introduction of destination inspection scheme helped to provide a friendlier operating environment for all stakeholders with a view to reducing the cost of doing business in Nigeria. Meanwhile, the cement sub-sector gained a very significant victory with the Federal Government ban on cement importation, and with 70% supply gap to be made up by the local industry yet to be closed, cement companies were presented a good opportunity to boost output and therefore profitability.

The Company's results for the year 2006 showed a turnover of N6.029 billion from the N4.005 billion in year 2005. The operating expenses increased from N654.3 million in the year 2005 to N1.042 billion in year 2006 as a result of increased activity in the year under review. Interest payable and similar charges decreased to N138.3 million from N194.2 million in the previous year.

The business environment in 2007 remained largely unfavourable to the manufacturing sector of the economy, despite very high expectations of positive impact anticipated to result from economic reform programmes of the Government. The cement industry was particularly concerned on its investment programme and commitment, with negative moves in Government policy on the banning of cement imports. In addition to these lingering concerns, the situation was further compounded by the deteriorating supply and quality of electric power and acute scarcity of Low Pour Fuel Oil (LPFO) with very significant impact on production volumes and of production costs and invariability on profitability. The Company was shut down for 89 days as a result of the lack of LPFO.

The results for the year 2007 showed a turnover of N5.473 billion, down from N6.029 billion in year 2006 representing a decrease of N0.556 billion or 10% because of fuel shortage. Cost of sales however decreased to N2.711 billion in 2007 from N3.070 billion in 2006, mainly as a result of the decrease in volume of production. Gross profit also dipped marginally from N2.958 billion in 2006 to N2.762 billion in 2007. Operating expenses increased from N1.042 billion in 2006 to N1.111 billion in 2007, an increase of 7% or N0.07 billion in absolute terms.





The year 2008 was one of the most challenging years in recent memory for businesses across the globe, as the impact of the worst economic recession in many years began to take effect. Significant capital flight from the Nigerian Stock Exchange resulted in the gains of recent years being reversed and the volatility in the price of oil and strength of the naira made market conditions unpredictable. The operating environment in Nigeria remains largely unfavourable for the manufacturing sector with ongoing problems with the quality and reliability of power supply from the National Grid and the quality and breadth of transport networks. However, the Company secured significantly enhanced access to Low Pour Fuel Oil (LPFO), the primary fuel used for plant operations, thereby ensuring unhindered production in 2008.

The demand for cement in Nigeria remains well above current local production capacity, creating a strong market for the Company's products. It was with this in mind that the Company commissioned an ambitious expansion program during the period under review. Production capacity of the plant was increased from 0.5 million tonnes per annum to 2.8 million tonnes per annum through the installation of two new kilns. The resulting increase in production is reflected in the strength of the Company's results for the period under review. The Company also focused heavily on improving the efficiency of the business through improved cost management, increased employee productivity and streamlined logistics resulting in better overall performance.

The results for the year 2008 showed a turnover of N16.4 billion or 200%, from N5.4 billion in 2007. The increase is attributable to the commissioning of two new production lines. Cost of sales was 50% of the turnover in 2008, as against 55% in 2007. The decrease in the cost of sales can be attributed to a decrease in the price of raw material inputs such as gypsum and LPFO.

In 2009, despite some positive developments resulting from some degree of recovery recorded in respect of the global financial crisis with corresponding impact on the business environment both locally and internationally, the operating environment in Nigeria continued to challenge the manufacturing sector as it could not achieve its full potentials as a result of re-occurring problems in infrastructure; scarcity and persistent increase in the prices of petroleum products- particularly Low Pour Fuel oil, AGO, Gas etc; uncoordinated tax administration; unstable Monetary Policy Rate (MPR)/ Fiscal Policy Measures and increasing insecurity to lives and property, among other concerns which plagued the business environment in 2009.

Although operating challenges tend to linger, the demand for cement in Nigeria remains well above current local production capacity and the market



for the Company's products also remain strong, thereby re-enforcing the Company's commitment to increased efficiency in management of the business and a well rounded and robust performance for the future as is reflected in the strength of results for the period under review.

Despite deterioration in energy supplies (fuel and electricity power) in the country during 2009, the Company was able to improve cement production and despatches significantly. Cement despatches in 2009 were 1,370,000 metric tonnes; approximately 109% above the volume achieved for 2008. As a result, turnover grew by 112% in 2008 together with an impressive improvement in Operating Margin to 46%; up from 35% achieved in 2008.

#### **Contribution of Company to National Development**

To evaluate the company's contribution to national development, we will analyse the company's 'Statement of Value Added' results for five years (2005-2009). Value added represents the additional wealth which the company has been able to create by its own and its employees' efforts. The statement shows the allocation of that wealth to employees, government, providers of finance and shareholders, and that retained for future creation of more wealth.

**Table 1.5: Statement of Value Added – 2005**

	N'000	%
Turnover	4,005,101	
Exceptional Income	936,235	
Other income	3,639	
Bought-in-materials and services		
Local	1,655,644	
Foreign	292,173	
Value added	2,997,158	100
% of value added		75%
Applied as follows		
To pay salaries and wages	267,968	9
To provide for depreciation of fixed assets	224,243	8
To pay taxes to Government	66,803	2
To pay financial charges	194,204	6
Retained in the Company	2,243,940	75
	2,997,158	100





**Source: Benue Cement Company, Annual Report and Accounts (2005-2009)**

Analysis of the Statement of Value Added for year 2005 (Table 1.5) shows the Company had a turnover of N4,005,101,000. The Company sourced most of its raw materials locally (N1,655,644,000) and less were imported (N292,173,000), thus enhancing the growth and development of the local economy. Total value added to the economy stood at N2,997,158,000. Table 1.5 shows a breakdown of this value added out of which N66,803,000 accrued to the Government as taxes.

**Table 1.6: Statement of Value Added – 2006**

	N'000	%
Turnover	6,029,209	
Exceptional Income	2,080,700	
Other income	1,605	
Bought-in-materials and services:		
Local	2,890,526	
Foreign	534,809	
Value added	4,686,179	100
% of value added		78%
Applied as follows		
To pay salaries and wages	418,435	9
To provide for depreciation of fixed assets	268,770	6
To pay taxes to Government	755,581	16
To pay financial charges	138,328	3
Retained in the Company	3,105,065	66
	4,686,179	100

**Source: Benue Cement Company, Annual Report and Accounts (2005-2009)**

Analysis of the Statement of Value Added for year 2006 shows an increased Company turnover of N6,029,209,000. An increasing number of the Company's raw materials were sourced locally (N2,890,526,000) and less were imported (N534,809,000), thus enhancing the growth and development of the local economy and small scale enterprises. Total value added to the economy stood at N4,686,179,000. Table 1.6 shows a breakdown of this value added out of which N755, 581,000 accrued to the Government as taxes.





	N'000	%
Turnover	5,473,439	
Exceptional Income		
Other income	272,927	
Bought-in-materials and services		
Local	2,939,499	
Foreign	241,344	
Value added	2,565,523	100
% of value added		47%
Applied as follows		
To pay salaries and wages	336,399	13
To provide for depreciation of fixed assets	305,725	12
To pay taxes to Government	618,072	24
To pay financial charges	53,097	2
Retained in the Company	1,252,230	49
	2,565,523	100

**Source:** Benue Cement Company, Annual Report and Accounts (2005-2009)

Analysis of the Statement of Value Added for year 2007 shows a decrease in the Company turnover from the previous year – N5,473,439,000. As usual, an increasing number of the Company's raw materials were sourced locally (N2,939,499,000) and less were imported (N241,344,000), thus enhancing the growth and development of the local economy and small scale enterprises. Total value added to the economy stood at N2,565,523,000. Table 1.7 shows a breakdown of this value added out of which N618,072,000 accrued to the Government as taxes.

**Table 1.8:** Statement of Value Added – 2008





	N '000	%
Turnover	16,453,711	
Other income	143,833	
	16,597,544	
Bought-in-materials and services		
Local	7,360,742	
Foreign	583,015	
Value added	8,653,787	100
% of value added		52
Applied as follows		
To pay employees	874,289	10
To pay income taxes	231,350	3
To pay interest	1,217,873	14
To pay dividend		
To provide for assets replacement	18,27,635	21
Deferred taxation	358,373	4
Retained profit for the year	4,144,267	48
	8,653,787	100

**Source:** Benue Cement Company, Annual Report and Accounts (2005-2009)

Analysis of the Statement of Value Added for year 2008 shows an astronomical increase in the Company turnover from the previous year – N16,453,711,000. Also, an increasing number of the Company's raw materials were sourced locally (N7,360,742,000) and less were imported (N583,015,000), thus enhancing the growth and development of the local economy and small scale enterprises. Total value added to the economy stood at N8,653,787,000. Table 1.8 shows a breakdown of this value added out of which N231,350,000 accrued to the Government as taxes.

**Table 1.9:** Statement of Value Added – 2009



	N '000	%
Turnover	35,012,079	
Other income	180,486	
	35,192,565	
Bought-in-materials and services:		
Local	14,012,894	
Foreign	903,852	
Value added	20,275,819	100
% of value added		58
Applied as follows		
To pay employees	696,886	3
To pay income taxes	63,141	
To pay interest	1,871,826	10
To pay dividend	3,915,382	19
To provide for assets replacement	3,271,072	16
Deferred taxation		
Retained profit for the year	10,457,512	52
	20,275,819	100

**Source:** Benue Cement Company, Annual Report and Accounts (2005-2009)

In year 2009, the Company's turnover almost doubled from the previous year. Analysis of the Statement of Value Added for year 2009 shows an astronomical increase in the Company turnover – N35,012,079,000. Also, an increasing number of the Company's raw materials were sourced locally, almost double that of the previous year (N14,012,894,000) and less were imported (N903,852,000), thus enhancing the growth and development of the local economy and small scale enterprises. Total value added to the economy increased astronomically to N20,275,819,000. Table 1.9 shows a breakdown of this value added out of which N63,141,000 accrued to the Government as taxes.

### Test of Hypotheses

#### Hypothesis 1

H<sub>0</sub>: The production capacity of the company has not increased overtime

H<sub>1</sub>: The production capacity of the company has increased overtime

To validate this hypothesis, data was extracted from question 7 of section B of the questionnaire.

**Table 1.10:** Chi-square table on Hypothesis 1



Respondents view	$O_i$	$E_i$	$O_i - E_i$	$(O_i - E_i)^2$	$(O_i - E_i)^2 / E_i$
Strongly Agree	51	17	34	1156	68
Agree	22	17	5	25	1.47
Undecided	3	17	-14	196	11.53
Disagree	3	17	-14	196	11.53
Strongly Disagree	6	17	-11	121	7.12
Total	85	85	0	1694	99.65

Therefore,  $X^2$  (Chi-Square) value calculated is 99.65

The degree of freedom,  $D = (2 - 1) \times (5 - 1) = 4$

Using the statistical table to find the value of  $X^2_{4; 0.05}$ , the result is =9.4877

Therefore,  $X^2$  calculated = 99.65

$X^2$  tabulated = 9.4877

**Decision rule:** since  $X^2$  calculated is greater than  $X^2$  tabulated, (99.65 > 9.4877) at 5% confidence level and 4 degree of freedom, the null hypothesis is rejected and the alternative hypothesis accepted which stated that "The production capacity of the company has increased overtime".

### Hypothesis 2

$H_0$ : The standard of living of the company's staff has not increased overtime

$H_1$ : The standard of living of the company's staff has increased overtime

To validate this hypothesis, data was extracted from question 5 of section B of the questionnaire.

Respondents view	$O_i$	$E_i$	$O_i - E_i$	$(O_i - E_i)^2$	$(O_i - E_i)^2 / E_i$
Strongly Agree	43	17	26	676	39.76
Agree	29	17	12	144	8.47
Undecided	3	17	-14	196	11.53
Disagree	6	17	-11	121	7.12
Strongly Disagree	4	17	-13	169	9.94
Total	85	85	0	1306	76.82



Therefore,  $X^2$  (Chi-Square) value calculated is 76.82

The degree of freedom,  $D = (2 - 1) \times (5 - 1) = 4$

Using the statistical table to find the value of  $X^2_{4; 0.05}$ , the result is =9.4877

Therefore,  $X^2$  calculated = 76.82

$X^2$  tabulated = 9.4877

**Decision rule:** since  $X^2$  calculated is greater than  $X^2$  tabulated, (76.82 >9.4877) at 5% confidence level and 4 degree of freedom, the null hypothesis is rejected and the alternative hypothesis accepted which stated that "The standard of living of the company's staff has increased overtime".

### Hypothesis 3

$H_0$ : The Company's activities have not impacted positively on the nation's economy

$H_1$ : The Company's activities have impacted positively on the nation's economy

To validate this hypothesis, data was extracted from question 9 of section B of the questionnaire.

**Table 1.12:** Chi-square table on Hypothesis 3

Respondents view	$O_i$	$E_i$	$O_i - E_i$	$(O_i - E_i)^2$	$(O_i - E_i)^2 / E_i$
Strongly Agree	52	17	35	1225	72.06
Agree	27	17	10	100	5.88
Undecided	2	17	-15	225	13.24
Disagree	3	17	-14	196	11.53
Strongly Disagree	1	17	-16	256	15.06
Total	85	85	0	2002	117.76

Therefore,  $X^2$  (Chi-Square) value calculated is 117.76

The degree of freedom,  $D = (2 - 1) \times (5 - 1) = 4$

Using the statistical table to find the value of  $X^2_{4; 0.05}$ , the result is =9.4877

Therefore,  $X^2$  calculated = 117.76

$X^2$  tabulated = 9.4877

**Decision rule:** since  $X^2$  calculated is greater than  $X^2$  tabulated, (117.76 >9.4877) at 5% confidence level and 4 degree of freedom, the null hypothesis is rejected and the alternative hypothesis accepted which stated that "The Company's activities have impacted positively on the nation's economy".



## Result

As a responsible corporate citizen, the company has demonstrated strong commitment in duly discharging its social responsibility obligations to its host communities by fulfilling the planned execution of a number of welfare programmes aimed at improving its operational environment by facilitating harmonious co-existence and economically empowering the youth. Some of these economic empowerment programmes include motorcycle loans scheme. Registered Farmers Cooperative Unions and a scholarship scheme for deserving students in institutions of Higher Learning in Nigeria. All schemes have been launched and are fully operational. Concrete steps have also been directed at providing electricity and potable water supply to some of the communities. The importance of effective community relations cannot be overemphasized. A special department known as the Environmental Management Department was established and is responsible for liaising with host communities aimed at ensuring a peaceful operational environment. Some projects of the company which are in different stages of completion include:

Construction of sewage treatment plants at the factory to ensure effluents emitted through the Company's operations is dealt with responsibly. This will benefit over 5,000 people in Amua and Tse-Kucha communities.

Employment of members of the host community subject to vacancies and possession of requisite qualifications and experience. Unskilled labour requirements are being met through engagement of the local community as much as possible.

Water treatment at the Tse-Kucha dam to be carried out to provide drinking water for over 3,000 inhabitants of the Tse-Kucha community.

Renovation of the J.S.Tarka stadium.

A N100 million health care center to be built for the use and benefit of the host community. About 70,000 inhabitants of the seven districts of Mbayion community are expected to benefit from this project.

An electricity extension project for Gyura and surrounding communities was initiated in 2009 and completed in the second quarter of 2010.

3 classroom blocks project constructed for the Quarry affected families

16 boreholes project completed to provide further access to water for various communities in Ipav, Yandev and Mbayion at a cost of N24 million.

Support for the revitalization of the BCC Lions club.



An electricity project to provide power to about 3,000 inhabitants of Amua village and environs to be completed at the cost of N75 million. Construction of a classroom block each in 13 schools already located within host communities at a total project cost of N78 million. The blocks will provide vital facilities for over 2,000 students.

Provision of N10 million per year for scholarships for members of the host community focusing on engineering, medicine, pharmacy, accounting, information technology and marketing in Nigerian universities and polytechnics.

An attempt has been made in this study to indicate the impact of industrialization using manufacturing sector output in the economic growth and development process of the economy of Nigeria. Dangote Cement Gboko plant was used as a case study. Some constraints that hinder the performance and increase in production capacity of manufacturing sector in Nigeria aside from high exchange rate (exchange rate policy) for importation of equipment, financial facilities is needed electricity supply. Nigeria is a country that is blessed with a lot of natural varying from agriculture, oil, gas and solid mineral have been confirmed to exist in commercial quantities. Nigeria also has enormous electric power resources, a large human population forming a very big market and substantial idle capacity in all industrial sectors (CBN, 2000). The result of the study provides useful insight to policy formulation and implementation. It indicates that the contribution of the industrial sector to economic development was below the expected threshold given the gamut of industrial policies put in place since independence. This poor estimated result could be attributed to poor infrastructure especially electricity supply. This assertion agrees with submission of Ajanaku (2007), who argued that poor electricity supply and other factors have contributed to the dismal performance of the nation's industrial sector. Therefore, it has shown that Nigerian economy has what it takes to achieve economic development and growth through the manufacturing sector, due to the fact that it will assist in employment generation, stimulation of entrepreneurship, mobilizing hidden capital in the economy, provide a level class of self employed entrepreneurs, development and utilization of local and foreign technology, steaming rural-urban migration and encouragement of equitable distribution in income and wealth.

The findings have shown that the Company is committed to the professional development and proficiency of its workforce. Also, it has been shown that the Company's operations have positively impacted the nation's economy





through income taxes and other financial commitments. Also, despite the harsh economic terrain on the country, the Company has recorded good increase in production capacity. However, more still needs to be done in order to meet the demands of the local market. It was also shown that the Company has impacted positively on the local economy through investments in the host communities in which it operates.

Finally, it is important to note the efforts made by the government to increase manufacturing sector output by increasing its expenditure on capital expenditure most especially electricity power supply, which is the one of the major agenda of this present civilian government in Nigeria.

## **Summary and Conclusions**

### **Summary**

The aim of this research was to assess the impact of the manufacturing sector on the growth of the Nigerian economy using "Dangote Cement Gboko plant" as a case study.

The first objective was to assess the productivity, proficiency and remuneration profile of the company's workforce. This was achieved by reviewing the statistics on the Company's average number of employees and aggregate payroll costs of these staff. Analysis showed a positive correlation between the staff numbers and their aggregate payroll costs over the years.

The second objective was to evaluate the growth or otherwise in production capacity of the company overtime in terms of yearly outputs. It was shown that despite deterioration in energy supplies (fuel and electricity power) in the country during the five year period under review, the Company was able to improve cement production and dispatches significantly.

In line with the third objective, we sought to analyze the financial contribution of the company in terms of taxation and gross national product. To do this, we analyzed the company's 'Statement of Value Added' results for five years (2005-2009). It was revealed that a higher percentage of the company's raw materials are sourced locally thus leading to the growth of the local economy. Also, the Company has been making huge contributions to the country's GDP through income taxes.

The final objective was to assess the overall impact of the company's social activities and allied interests on the economy. This was done by reviewing the corporate social responsibility (CSR) stance of the company. Over the years, the company has demonstrated strong commitment in duly discharging its social responsibility obligations to its host communities by



fulfilling the execution of a number of welfare programs aimed at improving its operational environment by facilitating harmonious co-existence and economically empowering the youth.

### **Conclusion**

The findings have shown that the Company is committed to the professional development and proficiency of its workforce. Also, it has been shown that the Company's operations have positively impacted the nation's economy through income taxes and other financial commitments. Despite the harsh economic terrain on the country, the Company has recorded good increase in production capacity. However, more still need to be done in order to meet the demands of the local market. The Company has impacted positively on the local economy through investments in the host communities in which it operates.

### **Recommendations**

For the manufacturing sector activities to act as a catalyst to economic growth and development in Nigeria, the study will prescribed the following solutions to constraints facing the sector:

There is need to improve the administrative, legal, and fiscal environment of manufacturing sector.

Development of a network of local teams in conjunction with the Universities is required in making industrialists more aware of the changes in their Environment.

There should be promotion of finance institutions to cater for operators in the manufacturing sectors.

There is need for sustained collaboration between government and the private sector. Government needs to sustain the present consultations with the private sector by providing incentives and the needed enabling environment to stimulate and foster the survival and growth of manufacturing sector.

There is need for cooperation between manufacturing sector and research institutes with a view to making R&D activities more demand driven.

There is need for the nation's engineering infrastructure to be established in order to facilitate the local production of machinery and equipment to strengthen the industrial development and growth

All of the above cannot be left in the hands of the government alone. The banks, private individuals, multi-national companies, and mass media, economic analysts and training centres, should come together to assist





manufacturing sector to achieve Nigerian economic growth and development.

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