MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
SUMY NATIONAL AGRARIAN UNIVERSITY
FACULTY OF ECONOMICS AND MANAGEMENT

Department of Management named after Professor L.I. Mykhailova

QUALIFICATION WORK

at the first (bachelor's) level of higher education

on the topic: «Risk management in the conditions of globalization»

Completed by: higher education student in the specialty
073 "Management"
Avwunudiogba Gracious Kokwo

Supervisor: ***Sokhan Inna***
Doctor of Economics, Professor of Management
Department named after Professor L.I. Mykhailova

Reviewer: ***Heyenko Mykhailo***
PhD, Professor of the Department of Finance, Banking and
Insurance

Sumy – 2025

SUMY NATIONAL AGRARIAN UNIVERSITY

Faculty	**Economics and management**
Department	**Management Department named after Professor L.I. Mykhailova**
Higher education degree	**"Bachelor"**
Specialty	**073 "Management"**

Approve:
Head of the Department A. Oriekhova

« » 2024

TASKS

FOR QUALIFICATION WORK FOR A HIGHER EDUCATION STUDENT

Avwunudiogba Gracious Kokwo

1. Topic of work: **Risk management in the conditions of globalization**

2. Practical research base: **Dangote Cement Plc, Nigeria**

supervisor **Sokhan Inna, Doctor of Economics, Professor of Management Department named after Professor L.I. Mykhailova**
approved by the university order dated «04» November 2024 № 3718/oc

3. Deadline for student submission of completed project (work) *«11» June 2025*

4. Initial data for the project (work): *primary and consolidated documents, statutory and constituent documents, financial and statistical reporting of the company under study for 2022-2024, professional scientific articles and reports at international scientific and practical conferences on risk management in the context of globalization.*

5. Contents of the settlement and explanatory note (list of issues to be developed):
− to investigate the theoretical and methodological foundations of risk management in the context of globalization;
– to provide an assessment of the state of risk management in the context of globalization in the company;
– to carry out an organizational and economic characteristic of Dangote Cement Plc;
– to analyze the internal and external environment of the company;
– to investigate the features of risk management in the company;
– to substantiate proposals for improving risk management in the company in the context of globalization.

6. Date of issue of the task: «30» September 2024

CALENDAR PLAN

№ з/п	Name of the stages of preparation of the qualification work	Term of completion of the stages of work	Note
1.	Defining and approving the research topic, drawing up a plan - a schedule for the work	September 2024	done
2.	Selection and analysis of literary sources, preparation of the first theoretical section	October – December 2024	done
3.	Collection of analytical information, processing of research results and preparation of the second section of the work	January – February 2025	done
4.	Preparation of the third section of the qualification work	March – May 2025	done
5.	Preparation of conclusions, proposals and coordination with the supervisor	April 2025	done
6.	Preparation of the final version of the qualification work	May 2025	done
7.	Processing of the supervisor's comments, checking for authenticity	28 May - 06 June 2025	done
8.	Reviewing the qualification work	28 May - 06 June 2025	done
9.	Submission of the qualification work to the department, dean's office	11 June 2025	done
10.	Preparation of a report, presentation for the qualification work and its preliminary defense	11 June 2025 - 16 June 2025	done
11.	Defense of the qualification work	25 June 2025	

Higher education applicant ________________ ***Avwunudiogba Gracious KOKWO***
(sign)

Supervisor ______________ ***Inna SOKHAN***
(sign)

Authentication check carried out ____________ ***Nadiya BARANIK***

Qualification work admitted to defense ____________ ***Svitlana LUKASH***
(sign)

АНОТАЦІЯ

Аввунудіогба Грешес Кокво. Управління ризиками в умовах глобалізації.

Кваліфікаційна робота за спеціальністю 073 «Менеджмент», Сумський національний аграрний університет, Суми, 2025. – Рукопис.

У кваліфікаційній роботі досліджено теоретико-методичні основи управління ризиками в умовах глобалізації. Досліджено стан управління ризиками в умовах глобалізації в компанії. Запропоновані напрями вдосконалення управління ризиками в умовах глобалізації. Управління ризиками є важливим елементом стратегічного управління будь-яким підприємством, оскільки невизначеність та постійні зміни зовнішнього середовища вимагають від компаній постійної адаптації та готовності до непередбачених ситуацій. Dangote Cement Plc демонструє усвідомлення важливості управління ризиками, декларуючи інноваційний та стратегічний підхід. Сильні сторони компанії, такі як лідерство на ринку та зростання доходів, дозволяють їй агресивно інвестувати у пом'якшення операційних ризиків. Загалом, контроль ризиків та моніторинг сталого розвитку повинні здійснюватися на всіх етапах процесу управління. Інформація оновлюється щоразу, попередні рішення оцінюються та перевіряються, що призводить до відповідних коригувань для прийняття наступного управлінського рішення.

Ключові слова: управління, ризик, глобалізація, компанія, аналіз, оцінка.

SUMMARY

Avwunudiogba Gracious Kokwo. Risk management in the conditions of globalization.

Qualification work in specialty 073 "Management", Sumy National Agrarian University, Sumy, 2025. - Manuscript.

The qualification work explores the theoretical and methodological foundations of risk management in the context of globalization. The state of risk management in the context of globalization in the company is explored. Directions for improving risk management in the context of globalization are proposed. Risk management is an important element of strategic management of any enterprise, because uncertainty and constant changes in the external environment require companies to constantly adapt and be prepared for unforeseen situations. Dangote Cement Plc demonstrates awareness of the importance of risk management by declaring an innovative and strategic approach. The company’s strengths, such as market leadership and revenue growth, allow it to invest aggressively in mitigating operational risks. In general, risk control and monitoring of sustainable development should be carried out at all stages of the management process. Information is updated each time, previous decisions are evaluated and checked, which leads to appropriate adjustments for making the next management decision.

Keywords: management, risk, globalization, company, analysis, evaluation.

CONTENT

INTRODUCTION

Relevance of the topic. Risk management is an important element of strategic management of any enterprise, because uncertainty and constant changes in the external environment require companies to constantly adapt and be prepared for unforeseen situations. Risk management of business activities aims to ensure stability, increase efficiency and competitiveness of the organization through timely identification, assessment and minimization of potential threats. The importance of this topic is due to the rapid development of the economy, technologies and changing global trends, which requires businesses to constantly respond to new challenges and threats. Entrepreneurship, which involves a high level of uncertainty and risk, includes various factors that can create both opportunities and threats to business development.

However, if these risks are not properly assessed and an effective system for managing them is not formed, enterprises may face serious financial, reputational or legal problems. That is why risk management has become an important component of the success strategy for most companies, both large and small. Since risk is an integral part of business activity, the task of modern management is to find ways to effectively reduce, minimize or even use it to your advantage. This requires business leaders not only theoretical knowledge about the nature of risks, but also practical skills in applying various methods and tools for their management. In this context, the significance of studying this topic is extremely relevant, since proper risk management can become a major advantage in the market and will allow achieving sustainable development even in conditions of instability.

The state of research on the problem. The most significant research on risk management in the context of globalization has been conducted by academics, including: Adeniran, I. A., Abhulimen, A. O., Obiki-Osafiele, A. N., Osundare, O. S., Agu, E. E., & Efunniyi, C. P. [1], Babenko, V., Lomovskykh, L., Oriekhova, A., Korchynska, L., Krutko, M., Koniaieva, Y. [4], Bello, H. O., Idemudia, C., & Iyelolu, T. V. [6], Iriani, N., Agustianti, A., Sucianti, R., Rahman, A., & Putera, W. (2024). [10], Portovaras T. [14], Sharko M. V. Shevchuk S. P. [17], ect. Despite the importance of the research conducted, issues related to the specifics of improving risk management in the context of globalization require additional research.

Purpose and objectives of the study. The purpose of the study is to provide theoretical and methodological justification and applied study of risk management issues in the context of globalization.

Achieving the goal of the qualification work necessitated the solution of the following research tasks:

− to investigate the theoretical and methodological foundations of risk management in the context of globalization;

– to provide an assessment of the state of risk management in the context of globalization in the company;

– to carry out an organizational and economic characteristic of Dangote Cement Plc;

– to analyze the internal and external environment of the company;

– to investigate the features of risk management in the company;

– to substantiate proposals for improving risk management in the company in the context of globalization.

The object of the study is the economic activities of Dangote Cement Plc, Nigeria.

The subject of the study is the theoretical, methodological and practical aspects of improving risk management in the context of globalization.

Research methods. The theoretical and methodological basis of the research was the fundamental provisions of the research topic, legislative and regulatory acts, monographs, scientific articles of domestic and foreign scientists on the topic of the research.

The work used both general scientific and special research methods: induction and deduction methods, scientific and analytical methods; abstract-logical method; statistical analysis and grouping method; graphic method - for a visual representation of theoretical material and analytical results. During the development and implementation of directions for improving risk management in the context of globalization, methods of systematization, algorithmization, etc. were used.

The information base for the study was regulatory and legal acts, company reports, periodical materials, and scientific works of domestic and foreign scientists on the topic of the study.

Elements of scientific novelty. The scientific novelty of the results obtained consists in the development of recommendations for improving risk management in the context of globalization, namely:

- the theoretical and methodological foundations of risk management in the context of globalization are determined;
- key areas of improving risk management in the context of globalization are determined;
- a comprehensive approach to improving risk management in the context of globalization is proposed.

Practical significance of the results obtained. The practical significance of the results obtained is that the research conducted allows for improving risk management in the context of globalization.

The materials of the research conducted in the qualification work were transferred to the institution under study, Dangote Cement Plc, as well as to the Department of Management named after Professor L.I. Mykhaylova of Sumy National Agrarian University. The research and conclusions obtained as a result of writing the qualification work can serve as high-quality theoretical, educational and practical material when conducting lectures and seminars by the teachers of the department for higher education applicants in the specialty "Management".

Approbation of the research results. The main provisions and conclusions of the work were reported, discussed and received a positive assessment at the All-Ukrainian scientific and practical conference in Poltava.

Publications. Based on the results of the study, 1 thesis report was published:

1. Avwunudiogba Gracious Kokwo Problematic aspects of risk management in the context of globalization. *Менеджмент XXI століття : глобалізаційні виклики* : матеріали IX Міжнародної науково-практичної конференції, 15 травня 2025 р. Полтава : ПДАУ, 2025. С.596-598.

Scope and structure of the work. The work consists of an introduction, three chapters, conclusions, a list of sources used, and appendices. The total volume of the work is set out on 52 pages. The list of sources used includes 20 items.

CHAPTER 1

THEORETICAL AND METHODOLOGICAL FOUNDATIONS OF RISK MANAGEMENT IN THE CONTEXT OF GLOBALIZATION

The results of any enterprise's activities depend on objective and subjective factors and are always accompanied by high risks. Decisions made by the enterprise's personnel are implemented in conditions of political instability and uncertainty of the market situation.

Enterprises are within the probable limits of risk and are constantly faced with it. Risk is a complex of factors, actions or processes that can cause material and other losses. It differs from danger, which means rather some kind of immediate threat. Risk is only when there is uncertainty about the consequences.

Another important aspect of risk is possible actions aimed at achieving a certain goal in economic activity. In this process, the goal may not be achieved. The concept of risk is associated with a lack of information about individual component events.

The problematic of the study is due to the fact that modern business operates in conditions of numerous risks, which are based on changes in stock prices, currencies, goods, increased competition, the influence of external sanctions. Globalization, which is characterized by the interaction of different levels of economic systems, labor migration, the formation of the international labor market, changes in the financial market situation, affects business activities and increases entrepreneurial risks. Globalization combines various factors: economic, cross-cultural, social, - into a special global socio-economic system based on the international labor market, concentration of capital and production, information communications. Globalization affects the functioning of the world economy and social processes: rapid development of technologies, innovations, methods of information transfer, activation of the financial market. The structure of demand is changing. Under the influence of globalization and Internet technologies, stable risks arise that require innovative management decisions. Thus, the intensive development of Internet trade has led to the fact that most sales and trading organizations have also opened marketplaces for online sales of their goods. External sanctions disrupt established trade and production links, logistics and transportation costs. The manifestation of these conditions requires the organization to effectively manage risks based on innovative approaches.

Risk is understood as a combination of indicators of the consequences of events (including probabilistic), variants of negative consequences, management decisions of managers. Risk management includes identification, analysis, management based on the developed strategy of management of processes, resources, production.

The main thing in risk assessment is to conduct an analysis based on two criteria: the probability of risk occurrence and the damage from its impact. Creating a risk map allows you to determine the maximum probability of a risk event and identify the potential amount of damage. This diagram makes it possible to decide whether financial resources and reserves are needed to mitigate the consequences of the risk. Thus, the limiting factor for a manufacturing enterprise is the maximum production capacity of the equipment, which does not allow increasing the output volume indefinitely. In this case, an analysis of the risks associated with equipment failure is necessary. This circumstance will not allow the production and sales plan to be fulfilled, in this regard, it is necessary to have backup options: do not use the maximum production capacity, have reserves for quick repairs, produce surplus products for quick shipment in the event of equipment failure, etc.

The external parameters of risk include the external environment (Figure 1.1). It is in the external context that the uncertainty factor is especially strong, as the lack of complete information about event options and confidence in relation to the state of the external environment and its impact on the organization. Let us analyze the external context, which affects the activities of organizations in the face of negative external influences.

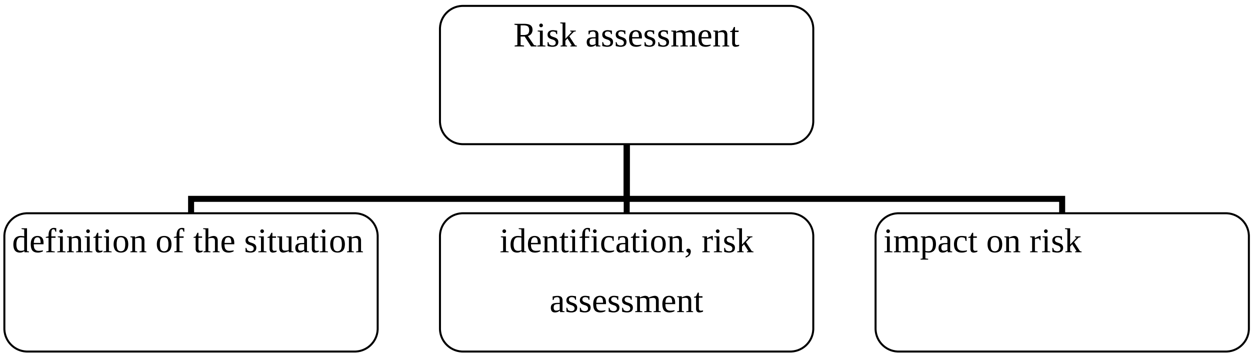

Figure 1.1 - Risk assessment

*Source: compiled by the author

The internal context includes the impact of the internal environment of the organization on its activities from the standpoint of risk creation:

- the effectiveness of the organizational structure and management in the organization;
- formal and informal decision-making processes;
- efficient use of resources: capital, time, people, processes, systems and technologies;
- the level of professional competencies of employees;
- information security, information systems, information flows;
- organizational culture.

Risk situations manifest themselves in various forms and can affect different areas of the organization's activities. Financial risks manifest themselves most often in the general segment of entrepreneurial risks. Their occurrence is due to changes in the financial market situation, external sanctions on business, and the expansion of financial relations. Marketing risk acts as a possibility of financial losses due to changes in demand, changes in the sales market situation, changes in purchase prices, and the competitive environment. Market risks are risks associated with a negative change in the value of an asset, changes in interest rates, stock prices, exchange rates, and purchase prices.

The concept of risk management includes various problems caused by different directions and aspects of management. The need to identify a high-risk zone, assess it, conduct a full and objective analysis, develop measures to reduce and level it, optimally compensate for damage are the actions that the organization's personnel must take. Risk management in modern conditions is a system for managing economic and other relations in the process of an organization's activities, which involves the use of a certain set of rules and restrictions to make the best decision. Risk management as a management system consists of a managed and managing subsystems: an object and a subject of management (Figure 1.2).

The functions of the management object are as follows:

- organization for risk mitigation or prevention;
- reduction of the amount of damage as a result of risk;
- the process of insuring costs as a result of risk.

The functions of the subject of management include forecasting, organizational and coordination activities, control.

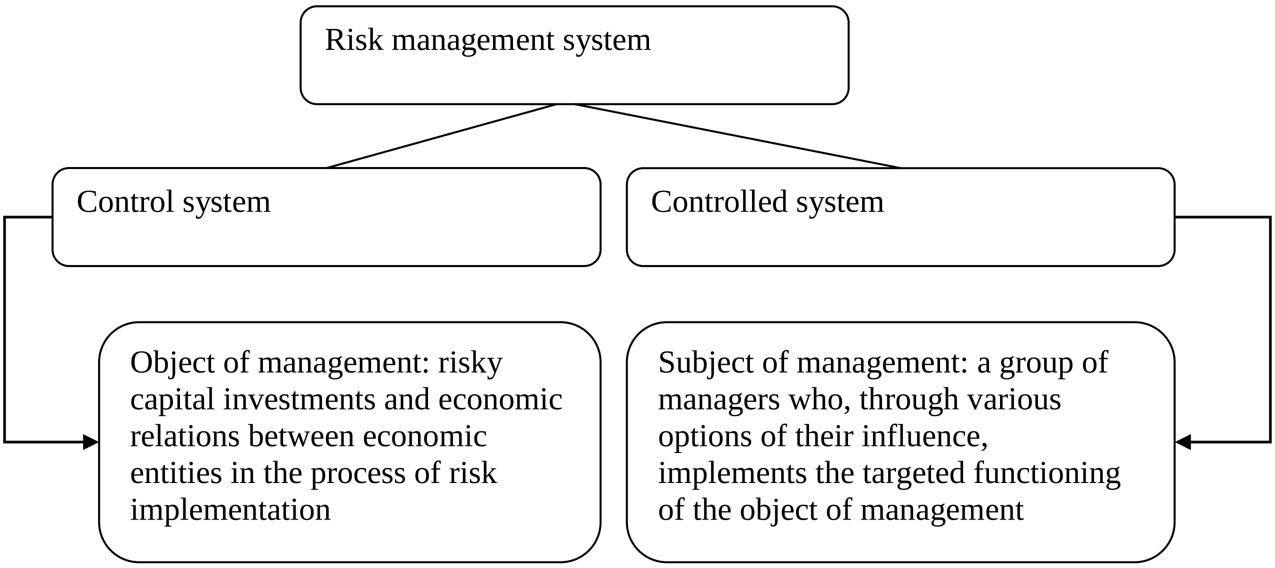

Figure 1.2 – Risk management system

*Source: compiled by the author

As a result of the management entity's activities, a risk management strategy is developed, which is a set of regulatory frameworks for resolving risk situations in economic activities based on forecasting the occurrence of risk and options for reducing its impact. The goals of the strategy are to minimize risk, to maximize the possibility of reducing its impact, to have an optimal probabilistic positive result, and to have a maximum positive delta of the result.

In modern management, there are two main approaches to risk management: traditional and innovative. The traditional paradigm of risk management is prevailing in management. It consists in the fact that a certain area of the organization's activity is singled out, which is most exposed to risk, according to managers. In domestic management, the sphere of economic activity is traditionally considered to be an area of increased risk. In this regard, a structural unit is created that is responsible for the analysis of the system of economic (including business, financial, market) risks. This approach means that there is an emphasis on a certain priority, most often, economic activity (Figure 1.3).

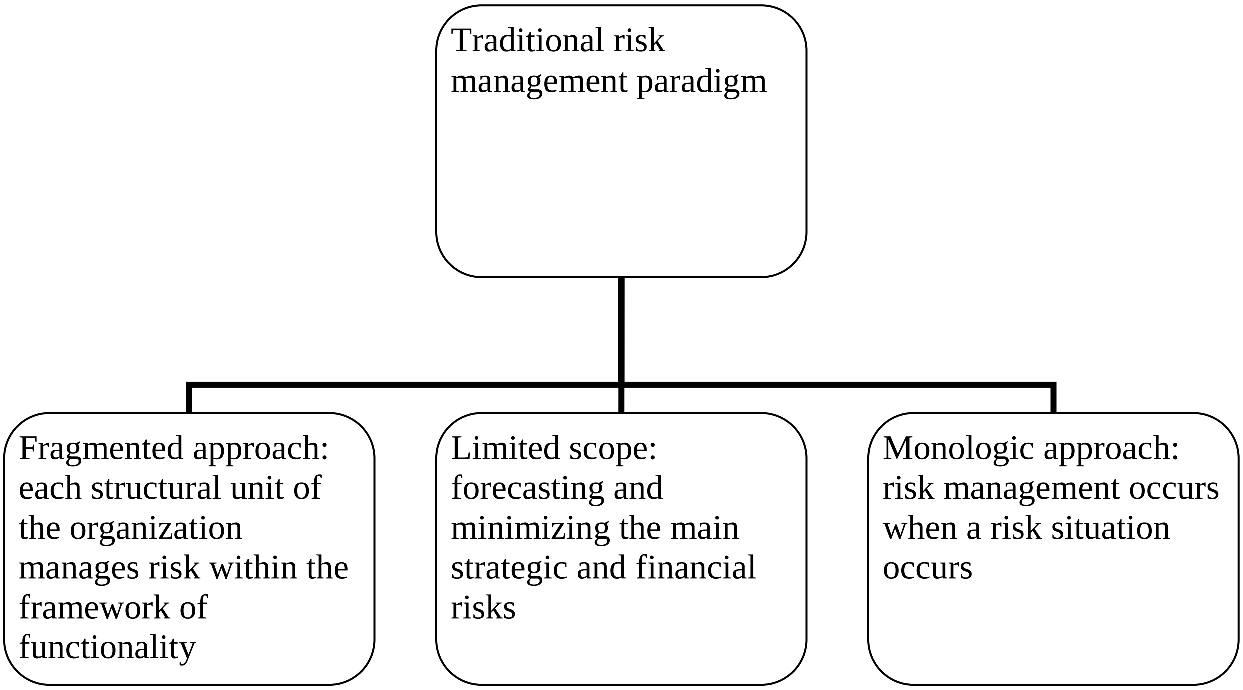

Figure 1.3 - Traditional risk management paradigm

*Source: compiled by the author

This approach in modern conditions, when new risks arise, including those caused by the macroeconomic environment, gives a limited result. Its main disadvantages are the lack of coordination of the actions of various structural units, the absence of a common risk management strategy, and the failure to take into account risks that operate outside the structural unit. It follows that these factors will not be able to predict all the risks that have an impact on the organization.

The basis of the innovative risk management paradigm is an integrated approach and a continuous process (Figure 1.4).

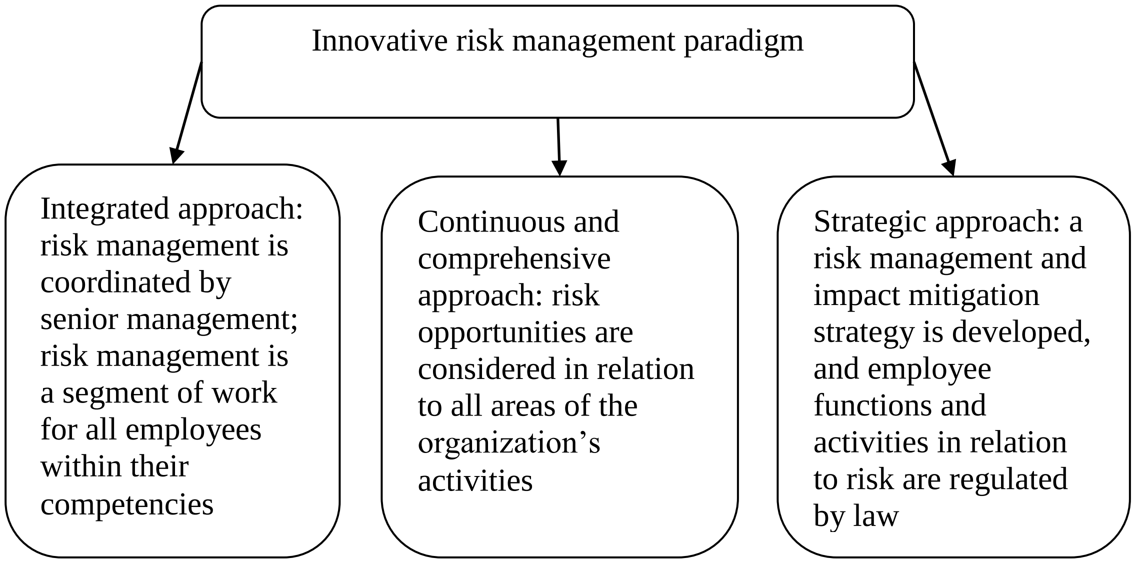

Figure 1.4 – Innovative risk management paradigm

*Source: compiled by the author

The innovative paradigm of risk management makes it possible to organize the professional activity of the entire team of the organization for targeted and comprehensive work to reduce the risk situation, increase the responsibility of each employee, achieve maximum profit with the utmost possible minimization of losses. The innovative paradigm makes it possible to take into account various criteria of a risk situation by the level of influence on the organization's activities as a whole: the degree of risk reduction (probability or damage); the cost and duration of risk; danger to strategic goals. The innovative approach makes it possible to apply various options for solving a risk situation and not exceed the risk appetite that the organization can afford within its capabilities. Within the framework of this approach, the possibility of conducting effective procedures for establishing a situation (context) is formed - determining external and internal risk parameters, which is especially important in modern conditions.

The main risk management tools are diagnostics and monitoring of information - the source of decision-making on the occurrence of a risk or potential threat. Risk management includes the following stages: - defining risk management objectives, developing a risk management strategy, methodology and terminology; - delegating risk management authority to a specific structural unit or creating a new structural unit; - developing regulatory regulations on risk management, regulations for employee actions, amending job descriptions and responsibilities; - developing and conducting diagnostics and monitoring of the internal and external environment in order to determine the impact of hazardous factors; - practicing risk management mechanisms; - organizing and conducting actions to mitigate risks; - analyzing actions, improving activities.

The innovative paradigm of risk management allows to increase the competitiveness of the organization, to increase its viability and the level of resistance to external and internal risks. At the same time, an important direction in risk management is to increase investment attractiveness, implement innovative technologies, reduce bureaucratic costs, and increase the flexibility of the management environment. An innovative approach is the introduction of new risk management methods into the management processes of the organization (process approach, project management, development of additional options for the development of risk mitigation, innovative processes in production).

Important significance within the framework of the innovative paradigm is given to the professional activity of employees in solving risks. Many risks arise as a result of the influence of the human factor: inattention during production, unnecessary useless actions, administrative costs, bureaucratization of processes, lack of rationalization innovations. Internal risks arise that can be removed within the framework of the innovative paradigm. For this, it is necessary to develop and implement regulatory regulations that govern the activities of employees to identify and analyze risks. It is important to conduct training for personnel in order to develop risk management competencies and the ability to apply these mechanisms in their own professional activities.

Risk management in a globalized world faces several significant challenges:

- interdependence and cascading effects - even a minor failure in one system can cause a chain reaction that will spread throughout the world. This requires a comprehensive analysis of the relationships between different types of risks;
- uncertainty and complexity - forecasting and modeling risks on a global scale is extremely difficult due to the large number of variables and their dynamic interaction;
- speed of spread - thanks to modern communications and transportation, risks spread much faster than ever before, which requires prompt and flexible solutions;
- lack of a single control center - there is no single coordinating structure on a global scale that would effectively manage all types of risks. This requires increased international cooperation and multilateral initiatives;
- the gap between the speed of change and the ability to adapt - technological progress and the dynamics of global processes often outpace the ability of organizations and states to adapt to new challenges.

Effective risk management in a globalized world requires a multifaceted approach that includes both traditional and innovative strategies (Table 1.1).

Risk management in a globalized world is a continuous process that requires constant adaptation and innovation. It is not just a technical task, but a complex challenge that encompasses economic, political, social and environmental aspects. An effective global risk management strategy must be proactive, comprehensive, collaborative and focused on increasing resilience. Only with this approach will humanity be able to maximize the benefits of globalization, while minimizing its potential threats and ensuring sustainable development.

Table 1.1 - Strategies and Approaches to Managing Global Risks

Approach	Content
Comprehensive risk assessment and monitoring	It is necessary to develop early warning systems that take into account the interrelationships between different risks and use big data and artificial intelligence to predict and identify potential threats.
Developing resilience	Instead of simply avoiding risks, the emphasis should be on the ability of systems (states, companies, communities) to quickly recover from shocks and adapt to changing conditions. This includes diversifying supply chains, creating strategic reserves, and developing business continuity plans.
Strengthening international cooperation	Global risks require global solutions. It is necessary to strengthen international organizations, develop common standards and response protocols, and actively share information and experience
Investment in technology and innovation	Emerging technologies can not only create new risks, but also provide tools to manage them, such as blockchain to ensure supply chain transparency or remote sensing to monitor environmental changes.
Education and awareness-raising	It is important to build a culture of risk management at all levels, from the individual to the state, by raising awareness of potential threats and ways to mitigate them.

*Source: compiled by the author

The main objectives of risk management are as follows:

- to conduct a targeted comprehensive analysis of events that will identify risks, threats and dangers;

- to rank these events from the standpoint of the interests of the organization, the possibility of manifestation, time of action, assessment of the consequences of influence, cost assessment;

- to determine actions to reduce the manifestation of risk;

- to perform actions in accordance with the developed regulations and approved terminology of overcoming and leveling risks;

- to conduct a risk analysis for the option of its repetition;

- to improve the methodology of risk management based on taking into account significant components, changing the accuracy of measurements, choosing simpler management patterns.

Within the framework of the innovative paradigm of risk management, the level of efficiency of overcoming risks increases, since this activity directly depends on the level of coordinated actions of all structural divisions of the organization. Risk should not cause crisis phenomena, and for this it is necessary to build innovative forms of risk management that work proactively.

CHAPTER 2

ASSESSMENT OF THE LEVEL OF RISK MANAGEMENT IN THE COMPANY

2.1 Organizational and economic characteristics of Dangote Cement Plc

The subject of the study is Dangote Cement Plc. Dangote Cement Plc is the flagship of the cement industry in Sub-Saharan Africa and one of the largest public companies in Nigeria. It is a subsidiary of Dangote Industries Limited, founded by Aliko Dangote. The company plays a key role in the region's construction sector, supplying a significant portion of the demand for cement. Its activities include the extraction of raw materials, production and distribution of cement and related products.

The company has an extensive corporate governance system headed by a Board of Directors, which is responsible for strategic guidance, oversight of operations and ensuring compliance with corporate standards and international practices.

The Board is composed of experienced professionals with a variety of knowledge and skills. Specialized committees (e.g. Audit, Compliance and Risk Management; Finance and Investment; Remuneration, Governance and Nominations; Technical and Sustainability) are in place to support the Board in its functions. The company is constantly reviewing its organizational structure to ensure that it is aligned with the growth and development of the company and its people. There is evidence of both line-staff and product-market organizational structures.

Dangote Cement Plc is actively implementing organizational innovations, which include new management methods, structuring work processes and procedures, staff training, supply chain management, business restructuring, staff autonomy models, partnerships with suppliers and academic institutions.

The company aims to achieve self-sufficiency in West and Central Africa in cement and clinker production, with Nigeria as the main export hub. Thanks to its production capacity, extensive distribution network and brand recognition, the company occupies a leading position in the market. Dangote Cement Plc aligns its business operations with the principles of social marketing, emphasizing the desire to create value that goes beyond financial indicators.

Using the example of Table 2.1, we will examine the structure of the company's financial indicators.

Table 2.1 - Financial indicators of Dangote Cement Plc

Volume sold	2023	2024
	tonnes	tonnes
Nigeria	16,392	17,683
Pan-Africa	11,252	11,131
Inter-company sales	-364	-1,106
Total volume sold	27,28	27,708
Revenues	₦m	₦m
Nigeria	1,297,639	2,192,695
Pan-Africa	925,933	1,481,388
Inter-company sales	-15,482	-93,533
Total revenues	2,208,090	3,580,550
Group EBITDA	886,129	1,382,016
EBITDA margin	40.1%	38.6%
Operating profit	734,267	1,152,042
Profit before tax	553,104	732,537
Tax charge	-97,521	-229,29
Net profit	455,583	503,247
Earnings per ordinary share (Naira)	26.47	29.74
Total assets	3,938,725	6,403,238
Net debt	521,287	2,061,948

*Source: compiled by the author based on financial statements of Dangote Cement Plc

Analyzing the presented data Table 2.1, we note that Dangote Cement Plc experienced a modest increase in total volume sold, growing from 27,280 thousand tonnes in 2023 to 27,708 thousand tonnes in 2024, representing a 1.57% year-over-year increase. This indicates a slight expansion in the company's operational output. The growth was primarily driven by the Nigerian market, where volume sold increased from 16,392 thousand tonnes to 17,683 thousand tonnes, a significant 7.87% increase. This highlights the continued strength and growth potential of the domestic market for Dangote Cement.

The company demonstrated outstanding revenue growth, with total revenues soaring from Nm 2,208,090 in 2023 to Nm 3,580,550 in 2024, an impressive 62.15% increase. This substantial growth is a key highlight of the company's performance.

Nigeria contributed the most to this revenue surge, with revenues increasing from Nm 1,297,639 to Nm 2,192,695, a remarkable 68.98% growth. This reinforces Nigeria as the primary revenue generator.

Group EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation) increased substantially from Nm 886,129 in 2023 to Nm 1,382,016 in 2024, a 55.95% increase. This indicates strong operational profitability.

Despite the significant increase in EBITDA, the EBITDA margin slightly contracted from 40.1% in 2023 to 38.6% in 2024. This suggests that while revenues and absolute profits grew, the cost of goods sold and operating expenses grew at a slightly faster rate than revenue.

Operating profit also saw healthy growth, from Nm 734,267 to Nm 1,152,042, an increase of 56.86%. This aligns with the positive EBITDA trend.

Profit before tax increased from Nm 553,104 to Nm 732,537 (32.45% increase). Net profit followed suit, rising from Nm 455,583 to Nm 503,247, a 10.46% increase. The lower growth rate for net profit compared to operating profit is primarily due to a substantial increase in tax charge, which more than doubled from Nm 97,521 to Nm 229,290.

Total assets witnessed a substantial increase from Nm 3,938,725 in 2023 to Nm 6,403,238 in 2024, a 62.59% growth. This indicates significant investments in expanding the company's asset base.

Perhaps the most striking change in the financial position is the dramatic increase in net debt. Net debt surged from Nm 521,287 in 2023 to Nm 2,061,948 in 2024, an almost 300% increase.

Dangote Cement Plc demonstrated a strong operational performance in 2024, characterized by significant revenue and profitability growth, largely driven by its Nigerian operations. The increase in total volume sold, while modest, signals continued market penetration.

Using the example of Table 2.2, we will examine manufacturing and operating costs Dangote Cement Plc.

Table 2.2 - Manufacturing and operating costs Dangote Cement Plc

Costs	2023	2024
	₦m	₦m
Materials consumed	278.825	411.397
Fuel & power consumed	399.205	679.941
Royalties	3.672	5.885
Salaries and related staff costs	71.098	133.091
Depreciation & amortisation	122.513	189.507
Plant maintenance costs	83.327	157.309
Other production expenses	59.812	108.139
(Increase)/decrease in finished goods and work in progress	(12.172)	(39.618)
Total manufacturing costs	1,006.278	1,645.651

*Source: compiled by the author based on financial statements of Dangote Cement Plc

Analyzing the presented data Table 2.2, we note that Dangote Cement Plc experienced a substantial increase in total manufacturing costs, rising from Nm 1,006,278 in 2023 to Nm 1,645,651 in 2024. This represents a significant 63.54% year-over-year increase. This rise in costs is notably higher than the modest growth in sales volume (1.57%) but is more aligned with the exceptional revenue growth (62.15%), suggesting that increased production to meet higher demand contributed to the cost increase, alongside potential inflationary pressures or changes in input prices.

Category Materials Consumed saw a substantial increase of 47.53%, from Nm 278,825 in 2023 to Nm 411,397 in 2024. This rise is expected given increased production volumes and potentially higher raw material prices.

Category Fuel & Power Consumed is the largest and most rapidly growing cost component. It surged by an alarming 70.38%, from Nm 399,205 in 2023 to Nm 679,941 in 2024. Given the energy-intensive nature of cement production, this significant increase could be attributed to higher energy prices or increased consumption due to higher production. This component is a critical area for cost management.

Royalties increased by 60.30%, from Nm 3,672 to Nm 5,885. This is tied to increased extraction volumes of raw materials like limestone and gypsum.

Category Salaries and Related Staff Costs more than doubled, increasing by 87.20%, from Nm 71,098 to Nm 133,091. Such a substantial rise due to an increase in headcount, significant wage adjustments and bonuses.

Dangote Cement Plc has experienced a considerable rise in its manufacturing and operating costs from 2023 to 2024. While part of this is attributable to increased production volumes and strategic investments in assets and potentially human capital, the disproportionate growth in critical areas like fuel & power and plant maintenance warrants close monitoring. Effective cost management strategies, particularly related to energy efficiency and procurement, will be vital for improving or maintaining profit margins in the future. The company's ability to manage these escalating costs while continuing its growth trajectory will be a key determinant of its sustained financial performance.

Using the example of Table 2.3, we will examine profitability Dangote Cement Plc.

Table 2.3 – Profitability Dangote Cement Plc

Year ended 31 December	2023	2024
	₦m	₦m
EBITDA	886,129	1,382,016
Depreciation, amortisation & impairment	-151,862	-229,074

Operating profit	734,267	1,152,942
EBITDA by operating region		
Nigeria	652,393	1,037,233
Pan-Africa	263,726	345,496
Central administrations costs and inter-company sales	-29,99	-63,284
Total EBITDA	886,129	1,382,016

*Source: compiled by the author based on financial statements of Dangote Cement Plc

Analyzing the presented data Table 2.3, we note that Dangote Cement Plc recorded a robust increase in EBITDA, growing from Nm 886,129 in 2023 to Nm 1,382,016 in 2024. This represents a substantial 55.95% year-over-year increase. This strong growth in EBITDA signals improved operational performance and the ability to generate cash from core business activities.

Depreciation, Amortisation & Impairment - these non-cash expenses increased significantly by 50.80%, from Nm 151,862 in 2023 to Nm 229,074 in 2024. This rise is consistent with the substantial capital expenditures and asset base expansion identified in previous analyses, as higher asset values typically lead to increased depreciation charges.

Reflecting the strong EBITDA performance and after accounting for non-cash charges, operating profit also saw a healthy increase of 56.86%, from Nm 734,267 in 2023 to Nm 1,152,942 in 2024. This indicates the company's core operations are highly profitable and contributing significantly to the bottom line.

The Nigerian market continues to be the primary driver of profitability. EBITDA from Nigeria increased by a strong 58.98%, from Nm 652,393 in 2023 to Nm 1,037,233 in 2024. This confirms Nigeria's position as the core profit center for Dangote Cement.

Central Administrations Costs and Inter-company Sales - this category, representing deductions, increased significantly from Nm (29,990) in 2023 to Nm (63,284) in 2024.

The 55.95% growth in EBITDA is slightly lower than the 62.15% revenue growth. This implies that while the company grew its top line significantly, some costs increased at a faster pace, leading to the slight contraction in the EBITDA margin (from 40.1% to 38.6%, as seen in a prior table).

Dangote Cement Plc has demonstrated strong overall profitability in 2024, with significant growth in both EBITDA and operating profit. The Nigerian market remains the dominant and fastest-growing contributor to profitability. The Pan-Africa region, despite a slight volume decline, managed to improve its EBITDA, indicating enhanced operational efficiency or favorable market dynamics.

Using the example of Table 2.3, we will examine interest and similar income/expense.

Table 2.4 - Interest and similar income/expense Dangote Cement Plc

Year ended 31 December	2023	2024
	₦m	₦m
Interest income	27,406	168,474
Exchange gain/(loss)	-164,077	-843,266
Interest expense & other finance cost	-141,885	-159,377
Net finance income/(cost)	-278,556	-834,269

*Source: compiled by the author based on financial statements of Dangote Cement Plc

Analyzing the presented data Table 2.4, we note that the most striking observation is the substantial deterioration in "Net finance income/(cost)", moving from a cost of Nm 278,556 in 2023 to a much larger cost of Nm 834,269 in 2024. This represents an increase in net finance cost of 199.49%, or almost triple the cost. This adverse change significantly impacts the company's profit before tax and, consequently, its net profit.

Interest income saw a remarkable increase, soaring from Nm 27,406 in 2023 to Nm 168,474 in 2024. This represents an impressive 514.73% increase. This substantial growth due to higher cash balances invested, improved interest rates on deposits, and an increase in loans/advances provided by Dangote Cement Plc to other entities.

Exchange Gain/(Loss) is the primary driver of the significant increase in net finance cost. The company experienced a substantial exchange loss of Nm 843,266 in 2024, a dramatic shift from an exchange loss of Nm 164,077 in 2023. This marks a 413.95% increase in exchange losses.

Interest expense and other finance costs increased from Nm 141,885 in 2023 to Nm 159,377 in 2024, a 12.33% increase. While this is an increase, it is relatively modest compared to the surge in exchange losses. This increase in interest expense aligns with the significant rise in "Net debt" observed in the "Financial highlights" table (from Nm 521,287 in 2023 to Nm 2,061,948 in 2024). The company has clearly taken on more debt, leading to higher interest payments, but the exchange loss is the overwhelming factor.

The substantial increase in net finance costs, primarily driven by exchange losses, directly explains the lower growth rate of "Profit before tax" (32.45% increase) compared to "Operating profit" (56.86% increase) seen in the "Profitability" analysis. These non-operating financial costs are eating into the strong operational performance.

The analysis of interest and similar income/expense reveals that Dangote Cement Plc's financial performance in 2024 was significantly hampered by a massive increase in net finance costs, predominantly driven by substantial foreign exchange losses. While operational profitability (EBITDA and operating profit) remained strong, the adverse currency movements eroded a considerable portion of these gains, leading to a lower growth rate in profit before tax and net profit. The company's exposure to currency risk is clearly a major financial challenge that warrants immediate attention, potentially through more robust hedging strategies and careful management of foreign currency denominated liabilities. The increase in interest expense due to higher debt also requires monitoring, but the exchange loss is the most critical issue in this segment.

Using the example of Table 2.5, we will examine financial position Dangote Cement Plc.

Analyzing the presented data Table 2.5, we note that total assets experienced a substantial increase from Nm 3,938,725 in 2023 to Nm 6,403,238 in 2024, representing a remarkable 62.59% year-over-year growth. This indicates significant expansion and investment by the company. Total liabilities also grew substantially, from Nm 2,238,907 in 2023 to Nm 5,955,015 in 2024, an impressive 166.07% increase. The fact that liabilities grew at a significantly faster rate than assets suggests a shift in the company's financing structure, with a greater reliance on debt.

Table 2.5 - Financial position Dangote Cement Plc

Indicators	2023	2024
	₦m	₦m
Property, plant, and equipment	2,283,518	3,474,342
Receivables from related parties	-	1,045,675
Other non-current assets	133,847	198,347
Intangible assets	12,351	17,493
Total non-current assets	2,529,716	4,735,857
Current assets	901,917	1,013,190
Cash and bank balances	507,092	649,831
Total assets	3,938,725	6,403,238
Non-current liabilities	211,889	474,048
Current liabilities	1,038,634	1,466,188
Debt	988,384	4,014,779
Total liabilities	2,238,907	5,955,015

*Source: compiled by the author based on financial statements of Dangote Cement Plc

The largest component of non-current assets, PPE, increased significantly by 52.18%, from Nm 2,283,518 to Nm 3,474,342. This aligns with previous observations of substantial capital expenditure, indicating investment in production capacity and infrastructure.

Receivables from Related Parties is a new and substantial item in 2024, standing at Nm 1,045,675 (zero in 2023).

Other Non-Current Assets increased by 47.16%, from Nm 133,847 to Nm 198,347.

Intangible Assets showed a 41.62% increase, from Nm 12,351 to Nm 17,493.

Overall, non-current assets surged by 87.27%, from Nm 2,529,716 to Nm 4,735,857, demonstrating the company's expansion strategy.

Current Assets (excluding Cash) increased from Nm 901,917 to Nm 1,013,190, a 12.34% increase. This indicates a moderate growth in working capital components like inventories and trade receivables.

Cash and Bank Balances showed a healthy increase of 27.85%, from Nm 507,092 to Nm 649,831. While a positive sign for liquidity, the increase in cash is proportionally much smaller than the increase in debt, which suggests that much of the new debt might have been immediately deployed for capital expenditure or other operational needs rather than accumulating as cash.

Non-Current Liabilities increased dramatically by 123.70%, from Nm 211,889 to Nm 474,048. This indicates a significant increase in long-term obligations.

Current Liabilities also saw a substantial increase of 41.17%, from Nm 1,038,634 to Nm 1,466,188. This due to higher accounts payable, short-term borrowings, .

Total debt exploded by 306.18%, from Nm 988,384 in 2023 to Nm 4,014,779 in 2024. This massive increase in debt is the primary driver of the overall increase in liabilities and represents a significant shift in the company's capital structure.

Dangote Cement Plc's financial position in 2024 reflects an aggressive growth strategy, evidenced by substantial investments in non-current assets, particularly property, plant, and equipment. However, this expansion has been heavily financed through debt, leading to a dramatic increase in both total liabilities and debt. The almost threefold increase in debt (and net debt) is a major concern, as it significantly raises the company's financial risk profile. While strong operational profitability (EBITDA) is vital, the company's capacity to manage and service this elevated debt, especially in an environment of volatile exchange rates and potentially rising interest rates, will be the most critical determinant of its long-term financial stability and sustainability.

2.2 Analysis of the internal and external environment of the company

Understanding the interplay between an organization's internal capabilities and the external forces acting upon it is crucial for assessing its sustainability and future trajectory.

Analysis of the internal and external environment of the economy is the process of identifying key components of the external and internal environment that affect the ability of a business entity to achieve its goals.

This analysis has a number of valuable functions for doing business:

- in the context of strategic planning, it helps to examine the main factors affecting the economic organization and its future;

- in corporate policy, it helps to create the most favorable image;

- in everyday activities, it provides the information necessary for more effective implementation of operational activities.

The main risk factors in the external environment of Dangote Cement Plc are:

- increased competition,

- dumping of product prices, - decrease in the purchasing power of the population,

- dismissal of competent personnel.

The current activities of the studied enterprise are associated with risks to organizational stability and sustainability, due to which risk factors have accumulated in certain functional areas of current activities.

The most important of them are production and financial risks.

Both risks are of strategic importance for Dangote Cement Plc, and their consequences have a significant impact on the economic and financial results of the enterprise and the financial security of the enterprise.

Production risk is determined by the structure of assets in which capital is invested.

Production risk arises due to the following factors:

- suppliers - premature, incomplete or poor-quality supply of materials and other fixed assets, suboptimal provision of the production process with inventories;

- operating activities - low quality of services (performance of work), improper handling of tangible assets during the provision of services (performance of work));

- sales - receivables, search for additional sources of financing.

Financial risks that arise in the course of economic activity and are directly related to the organization's profit are of particular importance for Dangote Cement Plc.

Factors affecting the external financial environment of Dangote Cement Plc include the following:

1) indirect factors - the level and rate of inflation, devaluation of the national currency, exchange rate, discount rate, uncertainty of the economic situation, factors of economic development of the country, regional economic policy, the general investment climate of the country, the country's tax system, purchasing power of the population;

2) direct factors - the state and transparency of the financial, credit, commodity and insurance markets; type, level and stability of business relations with suppliers, buyers and financial institutions; increase in prices for transport, energy and other services; unsuccessful choice of target segments; level of profitability of investment projects.

Factors affecting the internal financial environment: risk of cost growth, depreciation, taxes, dividends, investment policy, profit management policy, liquid assets, cash flows, financial risks, the company's capital structure, weighted average cost of capital, investment portfolio structure, degree of self-financing of investments, company's creditworthiness, composition of financial liabilities.

At this stage, the most significant financial risks for Dangote Cement Plc are:

- financial instability, which can lead to insolvency of the farm;
- insolvency risk, which arises due to the incorrect distribution of positive and negative cash flows over time, is the most financially dangerous;
- investment risk, which can lead to loss of capital and is one of the most dangerous financial risks;
- inflation risk - the risk that inflation will reduce the real value of capital and expected income from financial transactions.

Analysis of internal and external factors is an important step in the enterprise's risk management system to identify strengths and weaknesses, potential opportunities and threats.

Internal factors of Dangote Cement Plc include:

- financial condition of the company - the availability of sufficient financial resources for development and investment in new technologies and equipment;
- quality of employees - the presence of professionals with an agro-entrepreneurial spirit who can effectively manage the farm and solve complex tasks;
− material and technical infrastructure - the condition of equipment and machinery used at the enterprise, the ability to quickly repair or replace worn-out equipment;
− management system - the presence of a developed management system; reliable control, planning and production methods; the effectiveness of management processes.

External factors of Dangote Cement Plc include:

– natural factors - weather conditions, climate change, environmental problems;

– competition - the level of competition in the market, the presence of similar farms that can compete in terms of production and marketing;

– political factors - relations with government agencies, government subsidies and support, laws and regulations in agribusiness;

– economic factors - the level of economic development, lending and investment conditions, other economic factors.

Understanding the external macro-environmental factors is crucial for a comprehensive strategic analysis of any organization. The PESTEL framework is an invaluable tool for this purpose, systematically dissecting the Political, Economic, Social, Technological, Environmental, and Legal forces that shape an industry and the performance of its players. For Dangote Cement Plc, operating across diverse African markets, the relevance of a PESTEL analysis is particularly pronounced.

Based on the data obtained, companies can develop effective strategies to respond to changes in individual factors and achieve sustainable growth and business development.

Let us consider each factor separately using the example shown in Table 2.6.

Table 2.6 - PESTEL analysis

Political Factors	Economic Factors
• **Government Infrastructure Spending -** continued government focus on infrastructure development (housing, roads, bridges) in Nigeria and other African countries provides a sustained demand for cement. • **Regulatory Environment -** changes in import tariffs, local content policies, environmental regulations, or land acquisition laws can impact operations and profitability. Stable and predictable policies are an opportunity; unpredictable changes are a threat. • **Political Instability/Security -**	• **Economic Growth in Africa -** rapid urbanization and population growth across Sub-Saharan Africa drive demand for construction materials. GDP growth in these regions translates directly into market expansion for cement. • **Inflation -** high inflation, particularly in Nigeria, can escalate input costs (fuel, raw materials, labor), putting pressure on profit margins, as evidenced by rising manufacturing costs. • **Currency Devaluation -** the significant exchange losses experienced by DCP are a direct result of currency devaluations,

political unrest or security challenges in any of its operating countries can disrupt production, distribution, and overall business continuity.	especially of the Nigerian Naira. This increases the cost of imported spare parts, foreign-denominated debt servicing, and can erode the value of profits repatriated from other African markets. • **Interest Rates (Threat) -** rising interest rates increase the cost of borrowing, which is particularly relevant given DCP's high debt levels.
Social Factors • **Population Growth & Urbanization** - Africa's burgeoning population and rapid urbanization create an inherent and sustained demand for housing, commercial buildings, and infrastructure. • **Poverty & Income Levels -** while demand is high, low-income levels in some regions might limit affordability, impacting pricing strategies and volume growth. • **Community Relations -** effective Corporate Social Responsibility (CSR) and engagement with local communities are crucial for social license to operate; poor relations can lead to protests and disruptions.	**Technological Factors** • **Manufacturing Innovation -** advancements in cement production technology (e.g., energy-efficient kilns, automation, waste heat recovery) can reduce costs and environmental impact. DCP's investment in PPE suggests some embrace of new technology. • **Digitalization of Supply Chain -** enhancing logistics and distribution through digital platforms can improve efficiency and reduce delivery times. • **Alternative Building Materials -** development of new, more sustainable, or cost-effective building materials.

Table continuation 2.6

Environmental Factors • **Climate Change Regulations -** increasing global and local pressure for reduced carbon emissions (cement production is energy-intensive and a significant emitter) necessitates investments in cleaner technologies. This is a cost but also an opportunity for leadership in sustainable practices. • **Raw Material Sourcing -** access to and sustainable management of limestone and other raw materials are critical. Environmental regulations regarding mining can impact operations. • **Energy Efficiency -** given the high fuel and power costs, investments in renewable energy sources or energy-efficient technologies can significantly reduce operating expenses and improve environmental performance.	**Legal Factors** • **Compliance with Local Laws -** adherence to labor laws, environmental regulations, tax laws, and corporate governance standards across all operating countries is essential. Non-compliance can lead to fines and reputational damage. • **Trade Agreements -** regional trade agreements (e.g., AfCFTA) can facilitate cross-border trade and expansion, while protectionist measures can hinder it.

*Source: compiled by the author

SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) is an effective tool for forecasting and planning business activities.

The main points of the SWOT analysis of the studied company are shown in Figure 2.1.

Dangote Cement Plc possesses formidable strengths, particularly its market dominance, operational scale, and robust revenue generation. However, the rapidly escalating debt levels and significant exposure to foreign exchange volatility represent critical weaknesses and threats that demand strategic mitigation. The company is well-positioned to capitalize on significant opportunities presented by Africa's infrastructure development and demographic trends. Nonetheless, it must vigilantly navigate the challenges of economic instability, intense competition, and regulatory changes to sustain its growth trajectory and profitability in the long term. Strategic financial management, including effective hedging and debt optimization, will be paramount.

Strengths	**Weaknesses**
• Dominant Market Leadership and Scale • Strong Revenue and Profitability Growth • Backward Integration • Extensive Distribution Network • Strategic Geographic Footprint • Strong Brand Recognition and Reputation • Commitment to Capacity Expansion	• High Financial Leverage / Increasing Net Debt • Vulnerability to Foreign Exchange Fluctuations • Rising Operating Costs & Margin Contraction • Significant Central Administration Costs • Reliance on a Single Product
Opportunities	**Threats**
• Infrastructure Development in Africa • Population Growth and Urbanization • Regional Economic Integration (AfCFTA) • Technological Advancements in Cement Production • Diversification Potential • Export Market Expansion	• Foreign Exchange Volatility • Economic Instability and Inflation • Intense Competition • Regulatory and Policy Risks • Energy Price Volatility • Environmental Regulations and Climate Change • Supply Chain Disruptions

Figure 2.1 - SWOT analysis

*Source: compiled by the author

Based on a comprehensive SWOT and PESTEL analysis, the following recommendations can be made:

- diversify sales markets - enter new markets, both national and international,

- introduce innovations - modernize equipment and introduce new technologies and methods of work,

- focus on environmental friendliness - produce certified environmentally friendly products,

- cooperate with research institutes to develop new products and technologies,

- establish relations with government agencies and be aware of changes in legislation and state support programs,

- conduct marketing research - study the market, competitors and consumer preferences,

- improve employee qualifications - conduct training and professional development of employees.

In conclusion, Dangote Cement Plc is a powerful industrial player with significant advantages in its core markets. To ensure sustained growth and resilience, a scientific and data-driven approach to mitigating financial and external economic risks, particularly currency exposure and cost management, will be paramount.

2.3 Features of risk management in the company

Risks, encompassing both potential gains and losses, are inherent in all undertakings due to pervasive uncertainty. A consensus among experts, including academics, practitioners, and business leaders, holds that effective risk management can diminish uncertainty, thereby enhancing the probability of project or organizational success. While risk management has gained considerable prominence and become a mandatory practice in numerous entities over recent decades, it is still not fully embedded within the daily operations, decision-making frameworks, or overarching management philosophy of most organizations.

The company applies an innovative risk management paradigm that includes an integrated, continuous, comprehensive and strategic approach. This means that risk management is coordinated by senior management, considered in all areas of activity and integrated into the overall company strategy.

Dangote Cement's Board of Directors carries the fundamental responsibility for evaluating and managing all company risks. Their overarching objective is to drive long-term value for shareholders, employees, and other stakeholders through effective supervision of the company's day-to-day activities. This critical risk oversight is channeled through the Board Audit and Risk Management Committee (BARMC), a dedicated body that continuously assesses the Group's risk profile. The BARMC's findings and key discussions are reported to the full Board by its Chairman during quarterly sessions. The Committee operates under a Board-approved Charter, which defines its specific duties. These duties involve crafting and reviewing the company's risk policies, structuring its risk governance, and supervising the practical implementation of risk management, including identifying, analyzing, and mitigating risks in line with the Board's established risk tolerance.

Specialized risk sub-committees can occasionally provide assistance to the main committee. The Group has implemented suitable guidelines, principles, and procedures to ensure a systematic and effective approach to risk management, seamlessly integrated into its daily operations. Consequently, certain operational risks are handled at the departmental or Company level, while others necessitating particular expertise, efficiency gains from scale, or collaborative efforts are managed at the Group level. This cohesive strategy, which covers all of the Group's operations and contributes to its expansion while safeguarding shareholder investments, provides the high standard of Enterprise Risk Management capability essential for a multinational organization like Dangote Cement.

Risk philosophy is underpinned by these core principles:

1. Risk management is a shared responsibility across all employees.
2. The Group's defined Risk Appetite dictates the acceptable level and kind of risk.
3. Every risk is assessed for its potential return against its inherent risk.
4. Ongoing monitoring and management of all risks are imperative.

Dangote Cement's risk management framework is designed to quickly spot significant risks and empower the business to make smarter, more informed decisions about risk. Its goal is to build a robust platform that supports the Group's growth, ensuring all operations align with its risk tolerance. The company also focuses on understanding risk at every level – departmental, country, and Group – to guarantee business continuity even in tough economic times. A strong risk culture is central to the company's growth and sustainability strategy, meaning everyone, from executives to employees, shares responsibility for managing risk. This culture is fostered through ongoing training and initiatives that promote understanding, trust, and transparency, leading to consistent, rigorous, and objective risk assessment and decision-making throughout the Group.

All Dangote Cement employees are expected to uphold core principles: prioritizing the company's integrity in every decision, taking full accountability for associated risks, and consistently applying thorough, proactive methods in risk assessment. Dangote Cement implements a blended risk management model, assigning responsibility for identified risks and their controls to relevant stakeholders across its departments, country operations, and at the Group level.

The Board of Directors holds the final accountability for ensuring that risk management across the entire organization is both effective and efficient. This accountability is systematically distributed throughout the company, guaranteeing that individuals responsible for specific business processes at all levels strategic, tactical, and operational fully embrace their role in managing risks.

Effectively, risk management is a collaborative effort: operational units act as the initial safeguard ("first line of defense"), working in conjunction with dedicated risk management teams.

"Risk appetite" signifies the highest degree of risk we are willing to undertake to achieve our corporate goals. This level has been formally established and endorsed by the Board, ensuring that risks are proactively governed and maintained within acceptable limits throughout the company.

Dangote Cement's approach to risk tolerance is outlined as follows:

- The company regularly assesses its willingness to take on risk to ensure it aligns with its overall strategy, the current business landscape, and the expectations of its stakeholders.
- These statements on risk tolerance serve as a framework to translate strategic goals into measurable objectives. They define both qualitative and quantitative limits for how much risk the business is willing to accept across all key risk areas.
- By leveraging these risk tolerance statements, Dangote Cement establishes specific limits, trigger points, and performance goals. These are designed with clear escalation procedures, ensuring that appropriate actions can be planned and executed promptly to effectively manage identified risks.

The main risks and uncertainties of Dangote Cement Plc are presented in Table 2.7.

Thus, risk management is a critical component of the strategic management of any large corporation, especially those operating in dynamic markets such as those in Sub-Saharan Africa. An analysis of Dangote Cement Plc (DCP) reveals that the company declares an innovative risk management paradigm characterized by an integrated, continuous, comprehensive and strategic approach. However, a close examination of its financial performance and the specific risks it faces reveals certain peculiarities and challenges in implementing this paradigm.

Table 2.7 - Table 2.7 - Principal risks and uncertainties of Dangote Cement Plc

Principal risk	Impact	Mitigation	Risk direction
1. Naira devaluation risk from FX denominated commitments	Financial impacts	- Ongoing generation of FX requirements through Exports. - Cost optimisation through substitution of import raw materials with local sourcing. - Sustained fund repatriation of our investment proceeds from Pan-African operations. - Local and international currency swaps.	Increasing risk
2. Retail segment volume loss from increasing inflationary pressures	Loss of market share	- Sustained implementation of our retail strategy – additional retail outlets created in 2024. - Retailers empowerment.	Decreasing risk
3. Interest rate risk	- Increased interest expense on liability payments - Negative impact on net interest margin and overall EBITDA margin	- Balancing the ratio of fixed and floating rate debts. - Continuous efforts to reduce dependency on interest-bearing liabilities whilst maximizing earning assets. - Periodically reprice interest-bearing liabilities to reflect the changing levels of interest rates in the market.	Increasing risk
4. Plant / mines reliability risk.	- Loss of production volume due to equipment down time - Loss of market share from inability to meet customer demand.	- Plants stability strategy implementation through new equipment purchase and rehabilitation. - Clinical plant maintenance schedule implementation.	Increasing risk
5. Regulatory risk of CBN regulation on repatriation of export proceeds	- Possible regulatory sanctions for breach of CBN's regulation on repatriation of export proceeds due to unavailability of FX in-country.	- Engagement with central banks of export destination Pan-African locations for hastened swift payment approvals and FX allocation.	Increasing risk

6. Security risk in DCP locations	- Safety of staff lives and assets	- On-going security risk assessment. - Security plan execution.	Increasing risk
7. IT and cybersecurity risk	- Vulnerability breaches resulting in significant service disruptions, financial and data compromises	- Enhancement of our cyber resilience through ongoing deployment of automated vulnerability management tools. - Strengthening our cybersecurity posture through cybersecurity training and awareness programmes.	Increasing risk
8. Increasing risk of energy cost for DCP transport and plant operations.	- Dip in EBITDA margins	- Transition to use Compressed Natural Gas (CNG) trucks – towards 1,500 CNG trucks on-boarded so far. - Optimising dual fuel fleets. - Capacity expansion of our CNG stations. - Local sourcing of coal and increased focus on Ajaokuta Fuels KP as key fuel source for coal mills. - Dangote Oil Refinery Company now feeder for AGC eliminating FX volatility risks.	Decreasing risk

*Source: compiled by the author

Key features of risk management at Dangote Cement Plc:

1. Emphasis on a strategic and integrated approach, but with implications.
2. High sensitivity to currency risk and its dominant role.
3. Growing financial risk due to debt burden.
4. Management of operational risks at the asset level.
5. Interdependence of risks.

Dangote Cement Plc demonstrates awareness of the importance of risk management by declaring an innovative and strategic approach. The company’s strengths, such as market leadership and revenue growth, allow it to invest aggressively in mitigating operational risks. However, the biggest feature and challenge for DCP’s risk management system is its significant, and in some cases increasing, sensitivity to financial risks, particularly currency and debt. The scale of losses from currency fluctuations and the rapid growth of the debt burden indicate that, despite the declared principles, the practical mechanisms for managing these fundamental risks need to be further strengthened and adapted. The effectiveness of DCP’s risk management in the future will largely depend on the company’s ability to develop and successfully implement more robust currency hedging strategies and debt portfolio optimization in the highly volatile African markets.

CHAPTER 3

IMPROVING THE RISK MANAGEMENT SYSTEM IN THE CONTEXT OF GLOBALIZATION

Regulating the sustainability of the economic development process involves the development of theoretical, methodological and methodological foundations of the rational risk management process.

Risk management is an important component of the successful operation of any enterprise, and Dangote Cement Plc is no exception. Risks can significantly affect the financial stability, operational efficiency and competitiveness of the company, therefore their effective management is critical to ensuring sustainable development and achieving strategic goals. Defining the right risk management strategy allows the enterprise not only to minimize negative consequences, but also to gain opportunities for growth, due to adequate adaptation to changes in the market and the external environment.

The general objectives of the risk management strategy for Dangote Cement Plc include identifying and assessing all possible risks that may arise in the course of the company's activities, developing measures to minimize or transfer them, as well as integrating these measures into the overall business strategy. The principles of this strategy should be based on transparency, efficiency and systematicity in making risk management decisions. It is important that the strategy is adapted to the specifics of Dangote Cement Plc's activities, in particular taking into account the scale of the company, its activities in the market and external factors that may affect operations.

The approach to risk management at Dangote Cement Plc should be comprehensive and take into account both operational and strategic factors. The company must understand that risks are not only threats, but also potential opportunities, therefore risk management should ensure not only the reduction of potential negative consequences, but also the maximization of benefits from possible changes in the market.

In the process of developing a risk management strategy for Dangote Cement Plc, it is important to start with an assessment of current risks that arise both in the external environment and within the company. This stage includes a review of all potential risks, their classification according to various parameters, as well as an assessment of the probability and level of impact of each of them on the activities of the enterprise.

All risks faced by Dangote Cement Plc can be conditionally divided into several main groups:

1. Operational risks are risks that arise as a result of violations in the company's internal processes. This group includes risks associated with logistics, supply of goods, internal business processes and technological lags.

2. Financial risks – these risks arise as a result of changes in the financial markets or the company's internal financial problems. They include currency fluctuations, changes in interest rates, liquidity instability and financial inefficiency.

3. Competitive risks – associated with high competition in the construction products market, changes in competitors' strategies, as well as the emergence of new players in the market.

4. External risks – these risks depend on external factors, such as economic, political, social changes, as well as natural disasters or global pandemics.

5. Strategic risks – these are risks that may arise in the process of making strategic decisions at the enterprise management level. They include incorrect assessment of market opportunities, ineffective investments, incorrectly selected target market segments or poor adaptation to technological changes.

6. Environmental risks are risks associated with environmental changes and regulatory requirements for environmental protection, which may require

additional costs for environmental projects or lead to restrictions on the activities of the enterprise.

For a complete picture, it is necessary to consider both internal and external risks that may affect Dangote Cement Plc.

Internal risks include:

- Imperfections in business process management systems, which may lead to disruptions in operations.

- Incompatibility of technological equipment and management practices with modern market requirements.

- High level of dependence on a few key suppliers, which may lead to supply disruptions.

External risks that the company faces may include:

- Political and economic changes, including inflation, changes in tax policies and regulations.

- Seasonal fluctuations in demand for construction products, which may affect sales volumes.

- Changes in the competitive environment, which may require the company's strategy to adapt to new conditions.

For effective risk management, it is important to assess the probability and potential impact of each risk on the company's activities. The assessment should include both the probability of a specific risk occurring and its potential impact on various factors of the company's operation.

For example, operational risks related to the supply of goods may have a high probability, but their impact can be reduced by established relationships with various suppliers and alternative supply options. At the same time, competition in the construction materials market is a constant threat, and although its probability is also high, the company can reduce this risk through differentiation strategies and marketing initiatives.

Financial risks, in particular, changes in exchange rates, can have a serious impact on the stability of the company, especially in conditions of high dependence on imported goods or international markets. Given the current economic fluctuations, the probability of this risk is quite high.

External economic and political risks may be less predictable, but have a significant impact on the business, and therefore they should also be carefully assessed and taken into account when developing a risk management strategy.

Developing strategies to minimize the main types of risks for Dangote Cement Plc is an important step in ensuring the stable development of the company and reducing the impact of external and internal factors on its activities. Financial risks that may arise from fluctuations in exchange rates, changes in interest rates, or instability in financial markets require the active use of currency hedging methods, such as forward contracts and options. These tools allow you to reduce the likelihood of financial losses associated with unforeseen changes in exchange rates. Also, the company should diversify its assets by distributing investments between different sectors of the economy, which allows you to reduce the impact on financial results in the event of adverse changes in certain markets. For even greater financial stability, the company can use various types of insurance that will help protect it from unforeseen costs or losses associated with force majeure.

To reduce operational risks, Dangote Cement Plc should implement process automation at all stages of its activities, from supply chain management to financial transactions. This reduces the likelihood of errors related to the human factor and increases the efficiency of the enterprise.

An important element is also the improvement of the internal control system, which ensures constant monitoring and adjustment of business processes. All these measures contribute to reducing operating costs and increasing the reliability of the company. Supply chain management is also important, as it ensures timely delivery of goods and minimizes risks associated with delays or instability in supply.

Strategies for minimizing strategic and market risks should be aimed at ensuring the company's competitiveness in a changing market environment. For this, it is important to constantly monitor the activities of competitors and analyze their strategies. This approach allows you to quickly respond to new challenges, adjust prices and offers, and find new markets.

One of the key strategies is to create unique offers for consumers, which will ensure customer loyalty and allow you to maintain your position in the market even in the face of strong competitive pressure. Strategic planning is also an important element for reducing market risks, as it allows the company to timely adjust its plans in accordance with changes in demand, offers, and market conditions.

Regarding environmental and social risks, Dangote Cement Plc must actively implement environmental standards in its business processes to reduce its negative impact on the environment. This includes reducing emissions, optimizing energy costs, using recycled materials, and complying with waste management regulations. Also, an important part of the strategy is corporate social responsibility (CSR), which helps to strengthen the company's reputation among consumers and local communities. Involvement in charitable initiatives and support for social projects increases brand trust and creates a positive image of the company. Transparency in environmental issues and social initiatives is an important condition for ensuring stable relations with the public and authorities.

Thanks to such strategies, Dangote Cement Plc can effectively reduce the main types of risks, while maintaining its competitiveness and financial stability. It is important that these strategies are not only adapted to current conditions, but also oriented to the future, which allows the company to be ready for changes in the market and the external environment.

Implementing a risk management strategy for Dangote Cement Plc requires developing a detailed action plan that includes a clear definition of implementation stages, identifying the resources required for its implementation, and allocating responsibilities and accountability across the enterprise. First, it is necessary to develop an implementation plan that includes a detailed description of tasks at each stage: from creating a risk management team to implementing specific risk mitigation tools. This will include training and education of personnel, implementing new monitoring and automation tools, and organizing internal controls. Involving all levels of the organization, including senior management and operational departments, is key to effective strategy implementation.

The assessment of resources required to implement a risk management strategy includes financial, human, and technological resources. The enterprise will need a budget to finance relevant projects, the availability of qualified personnel capable of monitoring and adjusting risks, and technology to automate processes and implement a risk management system. It is also important to consider the need for investment in staff training and improving existing processes.

The division of duties and responsibilities between the divisions of the enterprise is necessary to ensure the successful implementation of the strategy. Defining the roles of each division and clearly demarcating responsibilities will avoid duplication of functions and will contribute to more efficient performance of tasks. For example, the finance and operations management divisions will be responsible for the implementation of financial instruments, such as hedging and asset diversification, while the technology and information systems departments will be engaged in automating processes and creating a monitoring system.

Within the framework of the above-mentioned areas of improvement of risk management mechanisms, the schematic model and algorithm of strategic management of the company's sustainable development were clarified and adjusted (Fig. 3.1).

Strategic management requires a clear algorithm of processes. This study proposes an algorithm based on a number of basic management functions.

1. Assessment stage - development of a system of criteria for assessing the company's sustainability, the degree of risk and indicators of the effectiveness of

management decisions. Study and assessment of a number of qualitative and quantitative indicators of economic, social and environmental orientation. Obtaining an integrated assessment of the company's condition. Formation of analytical conclusions. A comprehensive assessment allows you to determine and identify potential risks, choose ways and means of their prevention and reduction, propose measures to reduce losses, etc.

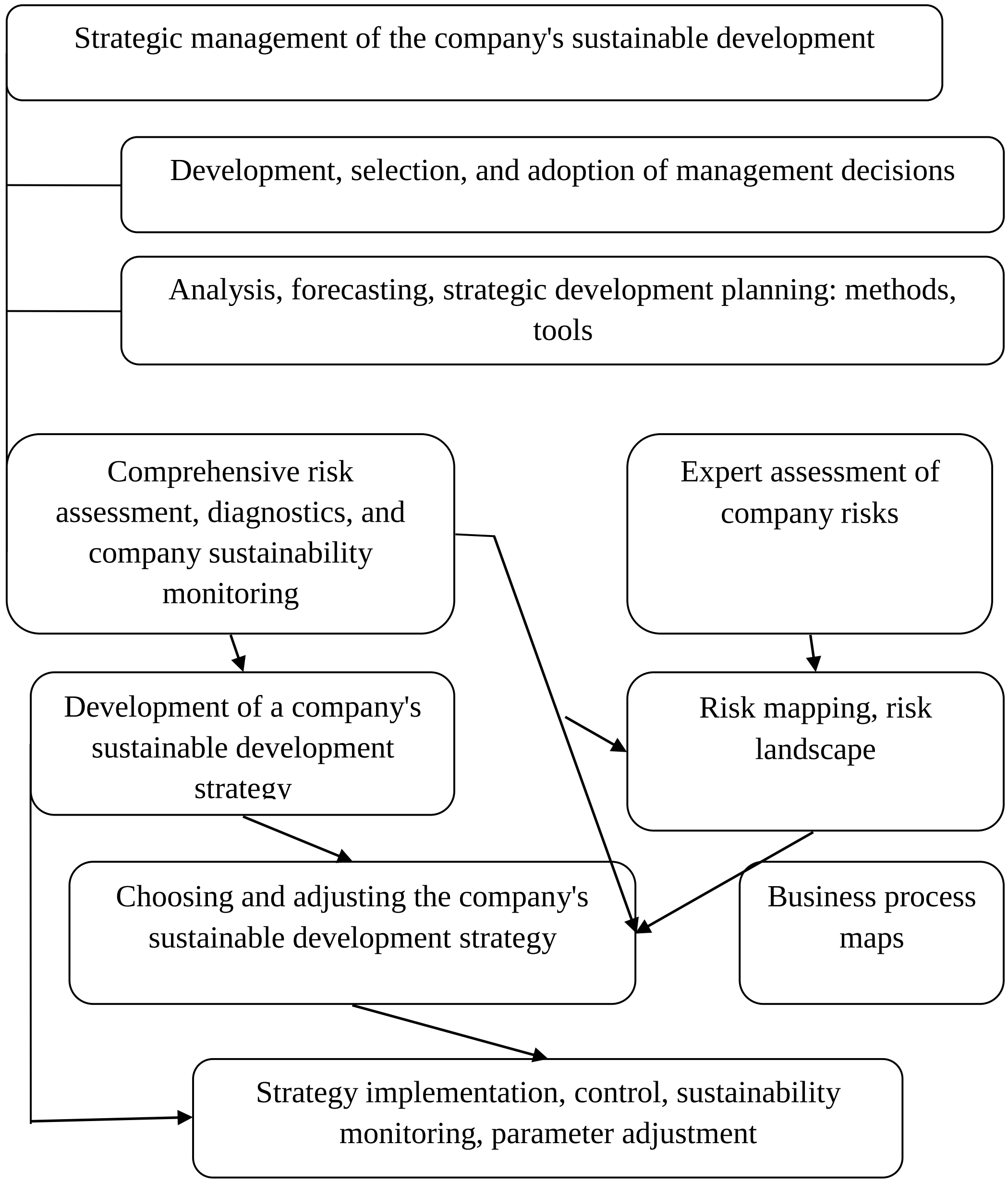

Figure 3.1 - Graphical model of strategic management based on the integration of key components of risk management

*Source: compiled by the author

2. Analysis stage - risk analysis allows you to determine the optimal ratio of risks and opportunities for the company, taking into account the impact of external environmental factors on the company and the dynamics of political, social and economic processes. At this stage, risk analysis and assessment are associated with possible options for making strategic decisions and the parameters of the strategy that the company will implement are adjusted.

3. Planning and forecasting stage - the company's strategic development plan is adjusted taking into account the risk plan and alternatives are proposed for different situations.

4. Implementation stage - provides for maximum interaction between risk assessment, which is a key component of the strategic management system, and the implementation of management decisions. To achieve sustainable development of the company, it is necessary to ensure a synergistic effect, which is achieved by optimizing the company's internal and external relations. As a result, the efficiency of the company as a single system should increase and the impact of risks should decrease.

5. Management and adjustment stage - at this stage, risk regulation is carried out. Based on an integrated system of indicators, planned indicators and achieved results are compared, the company's strategy is adjusted and a number of measures are proposed aimed at adapting the sustainable development strategy to changing environmental conditions.

In general, risk control and monitoring of sustainable development should be carried out at all stages of the management process. Information is updated each time, previous decisions are evaluated and checked, which leads to appropriate adjustments for making the next management decision.

CONCLUSIONS

In the qualification work, a theoretical generalization was made and a solution to the scientific problem was proposed, which consists in improving the theoretical, methodological and practical principles of resource management in the context of globalization.

The results of the study gave grounds to draw the following conclusions and provide suggestions:

1. Within the framework of the innovative paradigm of risk management, the level of efficiency of overcoming risks increases, since this activity directly depends on the level of coordinated actions of all structural divisions of the organization. Risk should not cause crisis phenomena, and for this it is necessary to build innovative forms of risk management that work proactively.

2. Dangote Cement Plc's financial position in 2024 reflects an aggressive growth strategy, evidenced by substantial investments in non-current assets, particularly property, plant, and equipment. However, this expansion has been heavily financed through debt, leading to a dramatic increase in both total liabilities and debt. The almost threefold increase in debt (and net debt) is a major concern, as it significantly raises the company's financial risk profile. While strong operational profitability (EBITDA) is vital, the company's capacity to manage and service this elevated debt, especially in an environment of volatile exchange rates and potentially rising interest rates, will be the most critical determinant of its long-term financial stability and sustainability.

3. Dangote Cement Plc is a powerful industrial player with significant advantages in its core markets. To ensure sustained growth and resilience, a scientific and data-driven approach to mitigating financial and external economic risks, particularly currency exposure and cost management, will be paramount.

4. Dangote Cement Plc demonstrates awareness of the importance of risk management by declaring an innovative and strategic approach. The company’s

strengths, such as market leadership and revenue growth, allow it to invest aggressively in mitigating operational risks. However, the biggest feature and challenge for DCP's risk management system is its significant, and in some cases increasing, sensitivity to financial risks, particularly currency and debt. The scale of losses from currency fluctuations and the rapid growth of the debt burden indicate that, despite the declared principles, the practical mechanisms for managing these fundamental risks need to be further strengthened and adapted. The effectiveness of DCP's risk management in the future will largely depend on the company's ability to develop and successfully implement more robust currency hedging strategies and debt portfolio optimization in the highly volatile African markets.

5. Risk control and monitoring of sustainable development should be carried out at all stages of the management process. Information is updated each time, previous decisions are evaluated and checked, which leads to appropriate adjustments for making the next management decision.

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APPENDIXES