Peripheral financialisation and monopoly capitalism in Nigeria at the example of the Dangote Business Group in Nigeria

Abstract

This article examines financialisation of non-financial corporations (NFCs) in developing countries at the example of the Dangote Business Group in Nigeria, the largest conglomerate on the Nigeria Stock Exchange. Our findings suggest that Nigeria is characterised by a financialisation process, where speculative activities expand in banking and capital markets but not in manufacturing NFCs. Macro-financialisation in banking and capital markets does little to provide finance for Nigeria's manufacturing NFCs. In the face of insufficient financing from banks and the capital market, NFCs rely on internal funding and trade credit within diversified business groups (DBGs). At the firm level, the financial accounts of Nigerian manufacturing NFCs like the Dangote Group show weak evidence of speculative financial activities and high levels of investment in productive capacity. This results from a combination of volatile capital markets with excessive risk for NFCs and profitable opportunities in the real economy. While these two factors curtail the negative implications of speculative macro-financial activities, monopoly capitalist concentration processes in DBGs work to undermine effective demand through the disproportionate allocation of profit at the expense of wages.

Introduction

There is much consensus regarding the disproportionate growth of finance in volume and penetration into other sectors in the last thirty years. Studies that engage with this phenomenon, referred to as financialisaton, now cut across disciplines, which allows for better understanding of the impact of financialisation in economic, social and political spheres (Mader et al., 2019).

Engagement with financialisation in developing economies shows its dynamic and indelible mark in maintaining the uneven development between countries. Examples include how non-financial corporations (NFCs) increasingly undertake financial and often short-term oriented speculative investments in developing countries (Demir, 2007) and how households have become increasingly indebted, not least mediated by micro-finance institutions (Bateman, 2015). The consequences have been far-reaching for developing and emerging economies (DEEs), which have been affected by the in- and outflow of 'hot money', exposed to banking and currency crises and prompted to accumulate costly reserves (Kaltenbrunner and Painceira, 2015). In all, the manifestations of financialisation vary across regions of the developing world (Karwowski and Stockhammer, 2017), given different phases of development, forms of production and economic structures in DEEs.

At the example of the Dangote Business Conglomerate in Nigeria, we investigate how macro-financialisation combines with processes of late-late industrialisation and patterns of industrial organisation in diversified business groups (DGBs) typical for many lower-middle income economies (LMICs) in sub-Saharan Africa (SSA). We locate our reference to financialisaton on a most prominent definition, the accumulation of financial relative to productive assets and increase in speculative activities in the pursuit of short-term profits. The focus on the Dangote Group proves to be reasonable given its status as Nigeria's largest home-grown manufacturing conglomerate and one of Africa's largest. The group accounts for 43% of market capitalisation of the Nigerian Stock Exchange (NSE) and employed just under 20,000 workers in 2020 in Nigeria alone. Having expanded rapidly since 2007 from its core business in cement, it became a key player in the African cement business with production lines in eight African countries. Perhaps more importantly, the group expanded into other manufacturing activities, producing among others flour, pasta, sugar, salt, tomato paste and seasoning. Therefore, the Dangote

Group allows us to engage in detail with the investment behaviour of a DBG whose business interests cut across many sectors of the Nigerian economy.

Our findings suggest a financialisation process in Nigeria, where financialisation at the macro-level, as evidenced by expanding and speculative financial and capital markets, derives from Nigeria's peripheral inclusion into the global flow of capital. However, expanding financial activities do little to integrate Nigeria's manufacturing NFCs. These macro-financialisation dynamics support the existence of Diversified Business Groups (DBGs) which, in the face of insufficient financing from banks and the capital market, provide internal funding to its subsidiaries and trade credit within the group. At the firm level, the financial accounts of Nigerian manufacturing NFCs like the Dangote Group show weak evidence of speculative financial activities and high levels of investment in productive capacity. The latter results from a combination of volatile capital markets with excessive risk for NFCs and profitable opportunities in the real economy underpinned by the continent-wide infrastructure boom. Even though DBGs like Dangote help curtailing the negative implications of macro-financialisation, they still contribute to undermine profitable accumulation based on production-related activities because the distributional dynamics resulting from monopoly capitalism organised in DBGs favour a disproportionate allocation of profits at the expense of wages with negative consequences for effective demand.

In section 1 below we review the mechanisms through which financialisation spreads to developing economies, the literature on financialisation of NFCs and DBGs in DEEs, and trace the manifestations of macro-financialisation in Nigeria in the form of expanding and increasingly speculative financial and capital markets. Section 2 investigates the characteristics of firm-level financialisation in Nigeria based on the financial accounts of the Dangote Business Group between 2008-2020. Section 3 searches for countervailing factors that explain

why accumulation may so far be driven by productive rather than financial activities. Section 4 points to emerging contradictions in the accumulation patterns, in particular the uneven distribution of surplus value between wages and profits, which ultimately undermines the foundation for accumulation based on production-related activities. Conclusions are drawn in section 5.

1. Financialisation in developing countries and its transmission to Nigeria

1.1. The transmission of financialisation to developing economies

A feature of financialisation in advanced and some emerging capitalist economies is the increasing orientation of NFCs towards speculative financial investments, given shareholders' preference for short-term profitability. This shift has been characterised by NFCs in advanced capitalist economies becoming less reliant on banks and increasing their acquisition of financial assets, making them net lenders rather than net borrowers (de Souza & Epstein, 2014; Lapavistas, 2013; Lapavitsas & Powell, 2013). This turn of NFCs to market-based finance is shown to be detrimental to productive investment, manufacturing in particular (Demir, 2007; Araújo et al., 2012).

Therefore, financial lending has become more prominent in the income of NFCs, with a rise in income from interests and dividends (Duménil and Lévy, 2004). Lazonick (2015) shows that these increasing financial activities of NFCs in advanced capitalist economies and the pursuit of shareholder value has led NFCs to increasingly adopt a management strategy described as 'downsize and redistribute', in which financial outflows to shareholders and top management in the form of dividends and buybacks increased. The practice is notably in contrast to previous management strategy of 'retain and reinvest' in which profit was ploughed back into labour and capital to increase productivity (Lazonick and O'Sullivan, 2000).

This process of financialisation is said to date back at least 5000 years (Sawyer, 2013). If financialisation goes back that long, Epstein (2015) asks whether it comes back in waves linked to production or is it independently driven by government policy? Some answers to Epstein's concerns can be found in Fine's (2013) periodisation of financialisation as a prominent marker of an advanced phase of neoliberalism starting from the 1990s, owing to the scale of the growth of finance and its accumulation, with the initial phase being the liberalisation of financial markets in the 1980s. While this shift encompasses the global economy, structural differences between countries reinforce variegation in financialisation, and suggests that developing countries may be at an early phase of financialisation in this periodisation.

Financialisation has led to a shift in the pattern of investing activities of NFCs with a relative decline or slowdown of production-related investment (e.g. in fixed production assets) and production enhancing expenditure (e.g. R&D) on the one hand, and a relative increase in financial investing activities (such as marketable securities, acquisitions of other companies through M&As or FDI) on the other hand. This shift can be brought about by production-related and financial investment activities moving in opposite directions or by financial investment growing at a faster rate (Figure 1). What is more not all financial investment activities are synonymous with speculative activities. In this regard, Rabinovich (2019) cautions the tendency to limit financialisation of NFCs to financial asset structure and incomes, pointing out that financial income has merely averaged 2.5% of total income in the USA since the 1980s. M&As or FDI, for instance, can equally be a consequence of monopoly capitalist concentration processes (Michell and Toporowski, 2013; Rabinovich, 2019) at least within individual sectors such as big tech (Gautier and Lamesch, 2021) and pharmaceuticals (Montalban and Sakinc, 2013). The root causes of financialisation are therefore multi-facetted and vary across sectors, space and time.

[Insert Figure 1 about here]

A prominent explanation for the relative decline or slowdown in production-related investment of NFCs in advanced capitalist economies is located in the falling profitability in the productive sphere (Giacché, 2011; Moseley, 2011; Davis, 2016). The Marxist literature remains inconclusive on the inherent causes of the tendency of the rate of profit to fall at the later phase of capitalist accumulation and on whether such decreases in profitability have occurred in practice. Many authors point out that corporate profits have increased in the neoliberal period and various adjustments to corporate strategies, such as outsourcing, occurred that counteracted declining profitability making the slowdown of physical capital accumulation a spatially limited phenomenon (Shaikh, 2016; Powell 2018).

Whilst declining profitability might have been a factor contributing to the slowdown in physical capital accumulation in some sectors and geographies, the increase in financial investment activities and financial outflows to shareholders has been shown to result from increases in free cash flow coupled with increases in speculative outlets in the form of high-return, low-risk capital markets, themselves enabled by regulatory changes. In fact, the outsourcing of labour processes in Global Value Chains (GVCs) led to substantial increases of profits of international firms, thereby creating the financial resources to invest in speculative financial assets (Milberg, 2008; Powell, 2018). To this add regulatory changes favouring shareholder value distribution and speculative activities (Stockhammer, 2004; Duménil and Lévy, 2004).

For DEEs, financialisation is being transmitted with a prominent argument relating to their increasing exposure to financial flows from advanced capitalist economies and integration into a "structured international monetary and financial system" (Kaltenbrunner & Painceira, 2018:

290). This is underpinned by the subordination of emerging economies to the advanced capitalist economies (Powell, 2013). Therefore, capital accounts in DEEs become vulnerable to financial markets and exchange rate volatility due to speculative capital inflows (Kaltenbrunner & Painceira, 2018) brought about by market liberalisation and interest rate differentials (Becker et al., 2010). Also, central banks are drawn into reserve accumulation to sustain their exchange rate and attract capital (Kaltenbrunner & Painceira, 2015; Kaltenbrunner & Painceira, 2018), undermining already constrained resources for development.

Private capital flows and remittances from the advanced capitalist economies to Africa increased from $20 billion in 1990 to a record $120 billion in 2012 – despite recall of funds following the 2008 financial crisis (see Kvangraven, 2016). Fuelled by foreign capital inflows, South African NFC's composition of financial assets, for instance, shifted towards highly liquid, speculative financial investment and this, in turn, has further contributed to asset price inflation in the South African real estate market (Karwowski, 2018). In Brazil, NFCs now substitute bank financing with mostly international capital market financing while increasing their holding of financial assets, cash, financial incomes and expenditures (Araújo et al., 2012; Kaltenbrunner & Painceira, 2018). This is facilitated by the adoption of policies that promote high savings, capital accumulation, sovereign wealth funds, large buffers of external reserves, unregulated capital markets and the transfer of short-term funds from the advanced capitalist economies, attracted by higher interest rates (Marois and Pradella, 2015).

The question remains to be answered how financialisation may be understood in NFCs in LMIC countries. First, in the absence of the growing pressure from institutional investors that orients corporations towards financial performance and the promotion of shareholder value as in the findings of Duménil and Lévy (2004) and Lazonick and O'Sullivan (2000), there might be less pressure to 'downsize and distribute'.

Second, firms in DEEs typically operate domestically or at the lower ends of GVCs in subordinate positions to lead firms and hence see small profit margins (Clarke and Boersma, 2019). Dangote Cement is an exception, realising high profit margins (see section 3) and being a regional lead firm (Odijie, 2019) with production subsidiaries in eight other SSA countries. Yet their operations outside Nigeria are not driven by exploiting labour cost advantages and exporting finished products back into Nigeria but instead oriented at the domestic market in which the subsidiary operates.

Third, banking systems and capital markets, whilst growing rapidly, remain underdeveloped and highly volatile in many LMICs, including in Nigeria as a result of LMICs peripheral inclusion into the global financial system. Whilst failing to provide sufficient access to external finance to NFCs, this can also be a factor limiting financial speculation because such volatility generates a high-risk to return environment. Symptomatic for this is NFC's continued reliance on internal financing facilitated by Diversified Business Groups. DBGs with their unique funding and capital flow management, characterised by legally independent firms, connected formally through equity or informally through kinfolk ties, operating in multiple, often unrelated industries, are a typical form of business organisation in late developer countries. Notably, business organisation in DBGs in developing countries constitute a common if largely overlooked feature of LMICs that may provide insight for explaining why the financialisation of NFCs as in the literature may be limiting. DBGs are a common feature of business organisation in SSA countries of Nigeria, Rwanda, Kenya and Tanzania (Behuria 2019) and also an initial key feature of business organisations in the USA (Chandler, 1977) and newly industrialised countries of East Asia (Amsden, 1989). The potential factors shaping their formation include risk reduction in relation to fluctuations of demand (Penrose, 1995: 140), cost reduction through realisation of economies of scope (Montgomery, 1994), or expansion of market shares through practices like cross-subsidisation of activities thereby undercutting

competitors (Elzinga, 1990). Their emergence is found to be shaped and sustained uniquely by socio-economic conditions and domestic state politics. The sectors in which they emerge and diversify to, are closely aligned to the incentives created by Industrial Policies (IPs), which makes them first-movers in a winners-take-all environment (Behuria, 2019). The case of DIL below makes this evident, given that the group has been the first mover in most of the sectors where they operate, on the back of the state's IP focus.

Reliance on internal funding in DBGs is also underpinned by lack of access to financing options, especially for long-term investments (Khanna and Yafeh, 2007). Griffith-Jones and Karwowski (2013) show that despite increasing financial flows to African countries, credit to the private sector and access to finance by firms remains difficult. Even some lending by International Financial Institutions (IFIs) is diverted away from real investment towards real estate, financial services and primary commodities (UNCTAD, 2015) at the expense of manufacturing and the productive sectors (Soederberg, 2013). Therefore, internal capital from family ties is used to incubate difficult-to-finance investment ventures and where external finance is costlier than internal finance. It further leads to a web that comprises access to outside equity in subsequent financing, at the same time allowing capitalist access to the entire stock of retained earnings of the group (Almeida and Wolfenzon, 2006; and Masulis et al., 2020).

Empirical evidence is provided by Fazzari et al. (1988) using cash flows, to show that internal financing of investments has a statistically significant impact on the level of accumulation. Therefore, NFCs even without access to financial markets can accumulate physical capital, while access to financial markets allows the accumulation of financial assets (Stockhammer, 2016). This is made possible via three key components described in the firm-level post-Keynesian theory of investment: a positive effect of sales, a positive and independent effect of internal finance or retained earnings, and a negative effect of interest expenses. Since DBGs

do not pay interest on internal investments, they are able to sustain or increase cash flows (Tori & Onaran, 2018: 1397).

Overall, we show at the example of the Dangote Group, that, in the Nigerian case, market outlets and profitability in the group's core activities remained high hence driving high rates of physical capital accumulation, at least in a few first mover firms who consolidated their dominant market position through such productive investment. At the same time, speculative outlets remained comparatively limited in the context of a growing but highly volatile Nigerian capital markets. High interest rates, currency volatility and insufficient financing in LMICs deriving from their location in the periphery of the international financial system drives NFCs to diversified business organisation and internal financing structure. These factors incentivise productive rather than speculative financial investments at the firm level. While this might point to limited firm-level financialisation, emerging monopoly capitalism in Nigeria has produced similar deflationary distributional dynamics as shareholder value capitalism in advanced economies and we observe emergent signs that such distributional dynamics skewed towards profits contribute to undermining the foundations for profitable accumulation on the basis of commodity production in Nigeria. This might drive accumulation of financial assets at a later phase of development. We tease out this mechanism using the DIL in the sections that follow, starting with a brief review of financialisation of the Nigerian economy, where credit relations have expanded rapidly in the private sector but without financing investment in the productive sectors, leading to internal financing in DIL.

1.2. The transmission of financialisation to the Nigerian economy

In Nigeria, the pressures towards financialisation are mediated through the liberalisation of the financial system and integration with the global economy, evidenced by the changing nature

of capital markets, banking and the expansion of credit in the Nigerian economy. As we will show, the growth of capital markets and the banking sector has largely side-lined Nigeria's manufacturing sector.

Financial liberalisation in Nigeria dates back to the structural adjustment programme of the 1980s, characterised by interest rate liberalisation, increase in credit allocation through a market-based financial system, and the emphasis on competition, efficiency and (constrained) regulation (Ikhide, 1997). The liberalisation of the banking sector saw an increase in the number of banks in Nigeria by 1987 (Lewis, 1996), as the conditions for licensing were relaxed. Interest rates were also deregulated in August of the same year.

Capital market development in Nigeria goes back to the establishment of the Lagos Stock Exchange in 1960, now known as the Nigeria Stock Exchange (NSE) (Nigerian Stock Exchange, 2017). The Nigerian capital market is made up of the securities and non-securities markets. The securities market comprises debentures, government bonds and is dominated by shares of private enterprises. The non-securities market is made up of savings, mortgage and development banks and insurance companies, trading in term loans, mortgages and leases. The value of securities traded in the capital market grew at about 45 percent between 1972 and 1977. Ikhide (1997) notes that following financial liberalisation in the 1980s, the number of listed companies grew from 93 to 153 between 1972 and 1992, and the number of securities grew from 163 to 251 between 1981 and 1992, amidst more speculation by the private sector. In fact, new equity share issues as a percentage of gross national savings rose from 6.2 percent to about 17.5 percent in the same period. The ratio of market capitalisation to GDP also increased from about 1.8 percent between 1972 and 1975 to 7.8 between 1986 and 1990.

The growth of equity markets facilitated an increase in capital inflows, but these were mainly composed of portfolio capital inflows into financial rather than real sector equities and

borrowings by Nigerian financial institutions (Udeogu, 2016). Figure 1 illustrates this pattern: between 2010 and 2014, portfolio investment attracted most capital inflows, while money market instruments were the preferred choice of capital inflows between 2015 and 2018. As depicted, inflow to FDI in Nigeria was only significant in the third quarter of 2011 and negligible for the rest of this period. What is more, following financial market liberalisation, stock market volatility increased substantially (Olufemi Adeyeye et al., 2017; Fowowe, 2017).

[Figure 2 about here]

Meanwhile, the proliferation of commercial banks in the 1990s was attendant with numerous bank failures. A consolidation in the Nigerian banking sector was carried out in 2004-2005 and the number of banks reduced in the process from about 80 to 25 through a series of mergers and acquisitions and Initial Public Offers (IPOs) through in the stock market. Griffith-Jones and Karwowski (2013: p.22-23) show that the capitalisation achieved by banks in Nigeria at the time following this recapitalisation exercise was high even by advanced economy standards.

Today many Nigerian banks have grown into regional banks dominating the African banking system and expanding their branches across Europe and the USA. Some are listed on international stock exchanges, such as the London Stock Exchange (LSE) and the Johannesburg Stock Exchange (JSE) raising capital from these markets. Despite expansion, access to finance by manufacturing firms remains insufficient, even commercial bank loans to SMEs have been on a sharp downward spiral since the early 1990s (about 27 percent in 1992 to less than 1 percent between 2008 and 2018).

The availability of capital alongside rising oil prices led to rapid credit creation in the private sector. Private credit as a percentage of GDP tripled from 12 percent to 36 percent between

2006 and 2009, with domestic credit to the private sector as percentage of GDP growing by almost five times in real terms. But these were mostly consumer loans and lending to the extractive sectors like the dominant oil and gas and related services, including micro enterprises, traders and suppliers and consumer loans (see Itaman and Awopegba, 2021).

Bank financing to the services sector is about five times relative to manufacturing (Figure 3). Between 2007 and 2019, bank credit to services grew from 25 to about 60 percent of total credit. Services is followed by the oil and gas sector as the highest recipient. Still, within the flow of bank credit to services, FIRE (finance, investment and real estate) attracts the largest proportion of an average 18 percent of total flows to services, and 10.6 percent of total bank credit to the private sector. Only a meagre increase in bank credit to manufacturing is seen, with flows stagnating in the post-crisis period. Agricultural sector suffers from a similar lack of funding as manufacturing (CBN, 2019).

About 30% of bank loans is made to the oil and gas sector, causing systemic banking crises due to oil price fluctuations. Efforts to guide bank lending into more productive directions (Dafe, 2020) are failing as a result of structural dependence on oil in the Nigerian economy and globalised pressures towards short-term profit (Munshi, 2018). Also, private credit is channelled towards consumer loans, credit cards and purchase of shares that increased customers' leverage position through margin trading (Itaman and Awopegba, 2021). This sharp rise in consumer credit is understood to contribute significantly to the systemic banking crisis in 2009, in which nine banks were bailed out by the Central Bank of Nigeria (CBN) at the cost of $4 billion.

[Figure 3 about here]

Despite credit growth, the average loan to deposit ratio in Nigeria is low standing at 52% and lower even for loan relative to assets at 31% (Norbrook, 2019; see Table A1). Rather than lending, banks in Nigeria focus on trading foreign exchange and treasury bills. They obtain foreign exchange at auctions and resell it to end users at higher prices while also engaging in round tipping whereby they source cheap capital from abroad where interest rates are lower and from government deposits and use it foreign exchange trading (Udeogu, 2016).

Such disproportionate flow of finance to the extractive oil and gas and related services sectors, goes to underscore the insufficient financing of NFCs in Nigeria. Insufficient financing leaves NFCs in the productive sectors such as manufacturing no choice but to depend currently on internal financing as in the case of DIL taken up in the following section. Internal financing can be seen as a symptom of peripheral financialisation in Nigeria, where the growth of capital markets and the banking sector has side-lined and marginalised the manufacturing sector. For better and worse, then, capital markets in Nigeria fail to provide access to external finance for manufacturing companies but also have a limiting effect on speculative financial outlets for firms because Nigeria's equity market remains highly volatile.

2. Scrutinizing financialisation of NFCs in Nigeria: The case of the Dangote group

How and to what extent has financialisation affected the behaviour of NFCs in Nigeria's emerging manufacturing sector? We explore this question in this section at the example of the Dangote Business Group. Remarkably, we find weak evidence of speculative financial activities but strong evidence of investment in productive capacity in the Dangote group.

To assess financialisation within the listed Dangote businesses, we look at both financial inflows, measuring the extent to which accumulation is based on financial incomes or assets,

and financial outflows, measuring the degree of shareholder value distribution in the form of dividends and share buybacks. Whilst there are very few financial inflows and there is strong evidence that accumulation happens on the back of productive assets and investing activities, financial outflows have increased in recent years. The increases in dividend payments, however, benefit primarily the non-listed parts of the Dangote Group, 85.8% of the shares of Dangote Cement being held by the non-listed parent company.

2.1. The emergence of the Dangote Group

Initially set up as an import business for cement, sugar, rice and other consumer goods, DIL operated in Nigeria since the early 1980s and exhibits the typical features of business organisation in DGBs spanning over different, often unrelated, sectors favoured by industrial policy in a winner takes all environment. The Conglomerate diversified into manufacturing in the mid-2000s starting with cement and sugar. The group now comprises a large range of subsidiaries, ranging from IT, Transport and Port Operation Services to manufacturing of packaging, fertilizer, sugar, flour, salt and cement. Four of DIL's subsidiaries are listed on the NSE and have themselves further subsidiaries: Dangote Sugar Refinery (DSR), Dangote Flour Mills (DFM), NASCON and Dangote Cement. To this, add a number of affiliates and related companies such as Dansa Food producing bottled water and fruit juices, West African Popular Foods (a joint venture involving Nascon) and MHF Properties Ltd specializing in the management and development of luxury properties (Figure 4). Dangote Flour Mills (DFM) delisted in 2019 after being acquired by Olam International, a multinational agri-processing company.

[Figure 4 about here]

In its expansion the conglomerate benefitted from different government initiatives, whether their orientation was market-oriented or interventionist. A descendant of the prominent Dantata

merchant family in Nigeria, Aliko Dangote established DIL in 1978 starting out as an import business for bagged cement and other commodities including rice, sugar, flour, salt and fish. When import licensing for cement was put in place in the early 1980s to preserve foreign exchange, Aliko Dangote was able to secure appropriate licenses through his family's political connections and became the dominant player in the cement import business.

The introduction of the Backward Integration Policy (BIP) in 2002 marked an important shift in government policy. This policy, aimed at stimulating domestic manufacturing, made import licences contingent on setting up domestic supply capacity (Akinyoade and Uche, 2018). Trade policy measures were repeatedly supported by monetary policy measures, such as restrictions on the use of exchange and multiple exchange rate regime (Smith, 2019). Dangote moved into cement manufacturing when the government privatised the Benue Cement Company in 2000, though initially Lafarge SA emerged as dominant player from privatisation (Akinyoade and Uche, 2018).

While Dangote's entry into various food import businesses dates back to the 1970s, domestic manufacturing started much more recently. As early as 1992, DIL purchased majority shares of the formerly state-owned NASCON salt refinery. But only since 2014, NASCON expanded its business, starting manufacturing of Seasoning, Tomato Paste and Vegetable Oil. Sugar refining commenced in 2001 when DIL commissioned the Apapa refinery facility. Backward integration in the sugar sector began in 2012 when DSR entered domestic sugar cane production by acquiring the Savannah Sugar Company Ltd (Itaman and Wolf, 2021).

2.2. Accumulation on the basis of real assets and real income streams

The vast majority of assets held by the three NSE-listed Dangote firms are fixed capital (Property, Plant and Equipment). Though declining somewhat from its height of 80% since 2015, fixed capital accounted for 65% of total assets and 120% of sales in 2020. Current

financial assets, which include ‘Cash and Cash Equivalents’, ‘Accounts Receivable’ and ‘Other short-term assets’, slightly increased after the oil price crisis 2014/15 but together account for no more than 38% of fixed capital and 45% of sales in 2020 (Figure 5). For comparison, in UK listed firms, the stock of financial assets was just under 300% of the capital stock in 2013. In US listed firms, fixed capital assets declined to as little as 17% of sales in 2014 whilst financial assets increased to 47% by 2014 (see Davis, 2016). Highly financialised companies like Apple have accumulated cash piles as large as 93% of their sales (Clarke and Boersma, 2019).

[Figure 5 about here]

The increase in current financial assets after the 2014/15 oil price shock was driven by increases in ‘cash and cash equivalent’ holdings and in ‘Other short-term assets’ (Figure 6). The increase in ‘Other short-term assets’ was driven by Dangote Cement and drilling down into this category of assets in the annual reports of Dangote Cement shows that in 2020, 90% of ‘Other short-term assets’ were, in fact, ‘receivables from related parties’, the remaining 10% were ‘prepayments’ of such as advances to contractors or suppliers (Dangote Cement, 2020). This indicates that Dangote Cement engages in financing its subsidiaries circumventing the formal banking sector, as obtains in DBGs in DEEs. Rather than holding financial assets for speculative purposes they actually support productive activities.

Within Nascon and DSR, current financial assets include ‘cash and bank balances’ and ‘trade and other receivables’ rather than assets held for sale. The position of ‘trade and other receivables’ in particular, is indicative that unlike South African NFCs (see Karwowski, 2018), DSR and Nascon are inclined to providing trade credit to support productive activities.

What is more, since the oil-price induced recession and foreign exchange crisis in Nigeria, the Dangote companies were holding more inventories, in particular raw materials (Figure 6).

[Figure 6 about here]

On balance, there appears weak evidence for financial assets held for purely speculative purposes.

Physical capital accumulation was supported by high rates of investment in fixed assets. The rate of fixed capital accumulation was on average 33% between 2008-2020 across the three listed Dangote companies. Fixed capital investment constituted on average 20% of sales and 69% of net profits between 2008 and 2020 across the three companies (Figure 7). By contrast, fixed capital investment relative to operating income fell to about 40-50% in UK listed firms over the past two decades (Tori and Onaran, 2018).

The years 2014 to 2018 were marked by a decline in investment in fixed capital. This decline most likely reflects the crisis of the Nigerian economy after the oil price shock in 2014/15. This external shock resulted in a depreciation of the Naira, which put pressure on domestic prices thereby dwindling purchasing power of lower income households while also increasing the costs of imported raw materials needed in production.

[Figure 7 about here]

Noteworthy, is also the absence of certain types of investing activities, which are very important on the cash flow statements of highly financialised Anglo-Saxon firms, such as M&As or marketable securities (Montalban and Sakinc, 2013; Dolata, 2017).

Further indication that the listed Dangote firms accumulate on the basis of productive activities obtains from the income statements. Financial profits, i.e. non-operating income in the form of interest income, foreign exchange gains and other investment income, are marginal compared to income from operations and in many years actually negative. Operating profits averaged 33% of the capital stock between 2008 and 2020, against an average of -1% financial profits in the same period (Figure 8). For comparison, financial profits ranged between 5 and 15% relative to the capital stock in UK listed companies between 1985-2013 (Tori and Onaran, 2018).

[Figure 8]

Overall, when applying the yardsticks used to measure financial inflows in NFCs in the Anglo-Saxon core, we find weak evidence of speculative investment behaviour and strong evidence for high rates of physical capital accumulation in the Dangote group.

2.3. Despite rapid physical capital accumulation, financial outflows to shareholders are increasing

Despite rapid physical capital accumulation and the relative absence of financial inflows, financial outflows in the form of cash dividends are increasing in DIL listed companies. Whilst investment in fixed assets slowed down after the oil price induced recession of 2014/15, dividends continued to grow throughout. The sum of fixed capital investment was more than double that of dividends paid between 2008 and 2014. Since 2015, dividend payments are on par with fixed capital investment (Figure 9).

[Figure 9 about here]

In the three listed Dangote companies, there were, as of yet, no share buybacks, which are a key marker of the acceleration of shareholder value distribution since the 1980s in Anglo-Saxon firms (Lazonick, 2014; Davis, 2016; Clarke and Boersma, 2019; Montalban and Sakinc, 2013). However, dividend payments increased as share of net income and exceeded or approached close to 100% of net income in 2019 and 2020. Correspondingly the plowback ratio, measuring the flow of retained earnings relative to net income, declined (Figure 10).

[Figure 10 about here]

To contextualise the rise of shareholder value distribution, it is necessary to disaggregate the shareholders. 97% of Dangote Cement stocks are held by 27 shareholders. The biggest among those, controlling 85.8% of all shares is the Dangote Group, i.e. the non-listed parts of the conglomerate, followed by a Singaporean holding company GW Grey Pte (0.75%), Aliko Dangote himself (0.16%) and Black Rock Fund Advisors (0.084%). Thus, the financial outflows in the form of dividends are, in fact, a way to cross-subsidise other parts of the conglomerate, such as various struggling consumer goods arms and the latest expansion projects, namely the Dangote Refinery and Fertiliser Plant, which turned out to be much costly than anticipated (Norbrook, 2021). This indicates that pressures for shareholder value distribution in the Dangote Group do not come from global institutional investors seeking high rates of return as is the case in some sectors in advanced economies (Clarke and Boersma, 2019; Montalban and Sakinc, 2013).

3. Explaining low levels of financial speculation and high levels of physical capital accumulation

What explains the low level of financial speculation and high levels of physical capital accumulation in the Dangote Business Group? We locate the former in the lack of access to developed financial markets, which encourages business organisation in DBGs and an internal financing structure and mitigates against the tendency for financial speculation. Investment in productive capacity, in turn, is underpinned by profitable business opportunities in the real economy.

Underdeveloped, less liquid financial markets tend to generate high volatility in asset prices, both in stock and currency markets. Such high-risk to return environment limit speculative outlets. Despite growing market capitalisation of the NSE, share capital amounts to just about 7% of total equity in the three listed Dangote companies, while retained earnings amount to as much as 88% of total equity across the three companies.

Total debt accounts for just over 20% of total assets and just over 30% of the capital stock in 2020 (Figure 11). For comparison, debt relative to the capital stock was on average 85% of the capital stock in US listed firms in 2013 while total debt to asset ratio exceeded 30% (Davis, 2016). The listed Dangote firms attempt to reduce their exposure to loans from Nigerian banks, which is continuously emphasised as consolidation strategy. Both Nascon and DSR repaid more debt than they took on. Nascon first took on debt in 2019 over ₦3 billon but repaid ₦4 billion in 2020. DSR took on ₦1.5 billion of new debt over 2008-2020 and repaid ₦3.2 billion. Dangote cement has taken on ₦2.2 trillion in debt between 2008-20 but repaid ₦1.9 trillion (calculations based on Financial Accounts of Dangote Cement, DSR. Nascon). For example, in May 2008, Dangote Cement liquidated a loan facility of $1.27billion (which was only a fraction of the total loan required) obtained from a consortium of 10 Nigerian banks to expand its cement facility. This was more than two years before the first tranche of repayment was due and was to last for another 5 years (Proshare, 2011). It bears evidence of internal financing, given that many expansion projects for which the loan was obtained were still at their foundation stage. By contrast, Dangote Cement has obtained loans from China's Industrial and Commercial Bank of China (ICBC) over $ 2 billion to finance the expansion of two cement plants at more favourable interest rates than offered domestically (Africa Confidential, 2016).

[Figure 11 about here]

Further evidence for internal financing in the Dangote group can be found in its approach to expanding internal cash flow through changes in non-cash working capital. Between 2008-20, Dangote Cement generated a total ₦41 billion Naira in cash through changes in non-working capital, whilst Nascon and DSR generated ₦2.4 billion and ₦20 billion respectively. In Dangote's expansion into the oil and gas business, aspiring to build the world's largest refinery

in Nigeria, more than 60 % of the total cost of about $14billion is to funded by internal cash flow (Ohuocha, 2018).

The annual reports of other NSE-listed companies reveal why companies are reluctant or unable to take on loans from Nigerian banks, pointing, in particular, to the high lending rates:

> "High interest rate and borrowing constraints remain a major challenge. The average prime lending rate of 17% remains unattractive, as banks struggle to provide adequate funding for our growth initiatives." (Honeywell, 2014)
>
> "Access to affordable trade credit facilities remained a major challenge for the company in the year under reference. The company is still financially exposed to credit institutions on a short term basis to a total sum of 799 Million Naira. These short-term exposures and the exorbitant finance charges during the year accounts principally/mainly for the company's current loss position. The company was unable to revive its existing products within the consumer health business owing to the difficulty in accessing funds for its factory upgrade." (Pharma Deko, 2013)

Itaman and Awopegba (2021) attribute the financing gap for manufacturing in Nigeria to high lending rates. They trace high lending rates in the Nigerian banking system to the financial liberalisation of the 1980s, which saw the divestment of government holding of over 50% of total banking assets and the abolishing of directed credit. To curtail inflation resulting from fluctuations in the oil price and by extension the exchange rate, the Nigerian Central Bank resorts to high monetary policy rates.

In turn, firms that are exposed to loans from Nigerian banks or take on dollar-denominated loans risk sudden increases in interest payments:

> "Despite the positive operating profit, we recorded a loss for the year of ₦6.39 billion during the period (FYE 2019: ₦5.75 billion). This was due to the offsets caused by Finance Cost— which rose from ₦13.69 billion in FY 2019 to ₦23.40 billion in FY 2020—and an Exchange loss on US dollar-denominated loans of ₦7.72 billion as a result of the CBN's devaluation of the Naira from ₦306/$ to ₦380/$ during the period." (Notore 2020)

Unlike South African NFCs (Karwowski, 2018), high lending rates do not attract NFCs to hold large amounts of deposits with Nigerian banks, at least for the time being when profitability in core sectors remains high. In fact, between 2008 and 2020, Dangote Cement consistently realised net profit margins of around 30%.

While the tendency for internal financing helps to explain the relative absence of financial speculation of NFCs, the presence of high rates of physical capital accumulation is driven by the anticipation of high profit rates against the context of expanding domestic and regional markets. These can be linked to increasing demand triggered by the Chinese-induced construction boom. Chinese construction activities in SSA have expanded significantly over the past two decades (Wolf and Cheng, 2018). In Nigeria, Chinese construction firms have completed construction projects worth $46.2 billion between 1998 and 2019, second highest after Angola ($ 66.8 billion), driving among other demand for construction materials such as cement. Expectations about rising consumer purchasing power have formed on top of economic boom that lasted until 2015, which could explain expansion of business activity in sectors like basic processed food and beverages (Wolf, 2017).

Indeed, one significant factor driving physical capital accumulation, identified from the annual reports across all groups within the conglomerate were expectations about growing demand for output in domestic and regional markets. DFM, for instance, highlights expectations about rising consumer purchasing power following high oil prices between 2009 and 2014 (and hence higher government revenues and cheaper imports raising consumer purchasing power):

> "Oil prices are inching up and the price of wheat is stabilizing. This should translate to increased purchasing power in the local economy and also facilitate our ability to manage our material cost better. (Dangote Flour Mills 2008: 6)

Nascon and its subsidiaries producing tomato paste, seasoning and vegetable oil follow similar ambitions to cater for what are expected to be growing consumer markets.

> "We have recently expanded our product lines to include Tomato Paste, Vegetable Oil and Seasoning in a bid to transform to a FMCG [Fast-Moving Consumer Goods] company, ensuring that our products become staples in the homes of millions of Nigerians." (Nacson, 2016: 12)

> "We entered into this product category [Dangote Tomato Paste] in response to an identified supply gap within the Nigerian market where local production plus imports have been unable to effectively meet local demand." (Nacson, 2016: 12)

From Dangote Sugar, we learn that expectations about the growth of consumer demand were, indeed, high but ultimately severely affected by subdued consumer spending during the crisis years starting in 2014:

> "The influx of Nigerians to urban areas is a trend that increased the population's reliance on purchased food staples and supported the growth in demand of confectionaries, beverages and packaged food products, in which sugar is a major input. Yet, the anticipated effect on businesses did not materialise due to subdued consumer spending." (Dangote Sugar, 2015: 22)

Finally, the annual reports of Dangote cement refer to urbanisation infrastructure development and increasing demand for housing as strong drivers of demand for cement, which the company expects to withstand the ongoing economic crisis triggered by the fall in oil prices in 2014.

> "Urbanisation needs housing and infrastructure, workers need factories, offices and shops, and natural resources need to be extracted and transported to markets. Supporting all of these activities will require millions of tonnes of cement in the coming decades. (...) Increasing personal wealth and the ongoing shift towards younger, more affluent and more mobile populations will also increase demand for property as household occupancy falls. (...) The combination of these drivers will see Sub-Saharan Africa's demand for cement increase significantly in the coming years (...)." (Dangote Cement, 2016: 26)

> "We choose to build factories in countries with large populations and healthy economies that have plenty of potential for construction and housing to drive per-capita demand for cement from low levels." (Dangote Cement, 2016: 28)

Within this setting of expanding and state-backed markets, we find that the productive activities in the Dangote group were efforts to sustain the group's monopoly position and therefore pricing power in expanding markets. High levels of physical capital accumulation allowed the group to reduce their cost functions relative to competitors by achieving economies of scale and scope. This, in turn, allows the group to consolidate their dominant market share and pricing power.

4. Contradictions of monopoly capitalism: Fragile accumulation and distributional dynamics

Productivity increases from increasing returns to scale and scope in the Dangote Group were not passed down to consumers through price reductions, higher wages or redistributive measures financed from taxes (Itaman and Wolf, 2021). If that is the case, for any given level of capitalist consumption and investment, effective demand and output will fall given the higher propensity to consume of workers and subsistence communities (Kalecki 1954). Overall, while it might appear that the prospect of monopoly rents drives dynamic accumulation, we are far from witnessing healthy patterns. This section shows that the same market structures and patterns of business organisation conducive to physical capital accumulation can also make the accumulation process fragile by undermining the growth of purchasing power. Such fragility becomes evident when DEEs are exposed to fluctuations in commodity prices. Given the domestically oriented and still highly import-dependent nature of manufacturing, downward pressure on the exchange rate reduces firms' profit margins both by increasing cost of sales and reducing purchasing power of poorer households suffering from

the impact of rising inflation. This pattern becomes evident from the annual reports of different subsidiaries of the Dangote Group (for further evidence see Itaman and Wolf 2021):[2]

> "The year 2016 was characterized by unparalleled events (...) such as low oil prices, increased inflation rate, depreciation of Naira, tight monetary policies, *foreign exchange* scarcity affecting procurement of key raw material supplies and reduction in *consumer spending*." (Dangote Sugar 2016: pg. 21, emphasis added).

This shows that the Nigerian demand base while growing was overall very vulnerable when exposed to the shock in commodity prices occurring in late 2014 through 2015. There is also evidence of overcapacity and ultimately insufficient demand growth in DFM from which the Dangote Group divested in 2019.

> "The Group's performance is also a reflection of the challenges arising from the existing excess capacity across particularly the wheat milling industry, which limits pricing power for the Flour business." (Dangote Flour Mills 2013: 5)

> "The year 2014 witnessed many challenges, including security concerns, and declining margins in the flour milling industry occasioned by *overcapacity*. These factors affected our performance and had gone ahead to shape our current business year." (Dangote Flour Mills 2014: 5)

The relative struggle of consumer goods producer relative to capital goods producers is a pattern that extends to all NSE-listed manufacturing firms. In fact, growth of Value Added and the rate of accumulation was much slower in consumer goods producing NSE-listed firms than in capital goods producing firms (Figure 12).

[Figure 12 about here]

The oil price crisis thwarted the economy, but the Nigerian government managed to maintain spending on infrastructure and hence demand for building materials by turning to China for help in the form of new loans for infrastructure projects; an increase in Nigeria's foreign

reserves held in renminbi, a deal with the Industrial and Commercial Bank of China (ICBC) to extend the use of Chinese currency in Nigeria's trade finance arrangements and the opening of negotiations on Nigeria's floating a yuan-denominated bond for Nigeria (Africa Confidential, 2016). This stance on expansionary fiscal spending was maintained after the Covid-19 pandemic, when the Buhari government embarked on plans to spend $20 billion mainly on transportation and electricity infrastructure (Africa Confidential, 2020).

By contrast, growth of purchasing power was not supported in the same way by redistributive policy efforts and distributional dynamics within emerging monopoly capitalist firms did not work to reinforce growth of purchasing power. In fact, we observe a disproportionate rise of profits relative to wages and taxes within the listed Dangote businesses whose combined weight has a systemic impact among NSE-listed firms. The three Dangote listed firms together accounted for 51% of workers employed in NSE-listed companies, 59% of value added and 43% of the capital stock. Dangote Cement accounts for 81% of value added and employs 83% of workers in the capital goods sector.

Although the internal financing in DIL resembles Lazonick's (2015) characterising attribute of 'retain and reinvest', suggesting less financialisation, we observe that profits across the conglomerate increased faster than wages thereby undermining the growth of purchasing power, which drove productive investment in the first place. Business organisation in DBGs can be seen as a contributing factor to the disproportionate growth in profits relative to wages, in line with Almeida & Wolfenzon (2006), who show that the pyramidal chain of ownership within DBGs allows the firms to access the entire stock of retained earnings of the original firm and share the new firm's non-diverted payoff with minority shareholders of the original firm.

Figure 13 plots the evolution of the wage share in Dangote Cement, Nascon and DSR. Though increasing in Dangote Cement, the wage share never exceeds 10%. In DSR, the wage share averages just about 16% between 2010 and 2017 with spikes in 2011, 2015 and 2016. Only in

Nascon, the wage-share appears to be substantially higher averaging 31% between 2010 and 2017 though decreasing substantially since 2015.

[Figure 13 about here]

Figure 14 plots the increases in wages and net profits in Nascon, DSR and Dangote Cement relative to a base year in 2011.[3] Notably, average wages in Dangote Cement per employee in 2016 are actually slightly lower than in 2011, while at the same time the company's profits have more than trebled. This disproportionate distribution of profits to shareholders at the expense of wages is accompanied by unfavourable labour policies and declining employment in Nigeria.

[Figure 14 about here]

Beyond distribution between profits and wages, Dangote's powerful position in individual markets and Nigerian politics, also undermines the state's ability to tax the conglomerate and achieve redistribution through means of taxation. Disciplining tax evasion is essential if the state is to successfully undertake pro-poor redistributive spending to support purchasing power. Yet between 2010 and 2017, Dangote cement earned ₦1.7 trillion in profits before tax and paid just ₦90 billion in taxes, i.e. a tax rate of just about 5% (calculations based on Dangote cement annual reports 2010-2016). Ultimately this was possible because Dangote skilfully played the pioneering tax exemption scheme on new plants, claiming pioneering status on the same plant by extending the plant and by scheduling new extensions when pioneering status on other plants was ending.

Therefore, the detrimental effects which the activities of NFCs in LMICs have on wages, demand and macroeconomic development despite weak level of financialisation, may be

located around a broader analysis of the contradictions of monopoly capitalism. This resonates with the interpretation of financialised capitalism as coming out of the internationalisation of labour processes in Global Value Chains (GVCs), which has generated deflationary dynamics in developed and developing economies and encouraged speculative uses of rising profits (Milberg, 2008; Powell, 2018). In Nigeria, monopoly capitalism produced similar distributional effects as shareholder value capitalism in advanced economies. Though emerging monopolists may not find the same speculative outlets as firms in advanced capitalist economies, distributional dynamics skewed to profits ultimately undermined and continues to undermine the foundation of profitable accumulation on the basis of commodity production.

By extension, the periodisation of financialisation in Nigeria is underpinned by structural changes in the economy rather than waves of resurgence or dependent on the state's ability to regulate capital, as Epstein (2015) questions. The emergence of financialisation, is then determined by the extent to which structural transformation is sustained. At the macro level, financialisation in Nigeria seems to derive from its peripheral inclusion into the global flow of capital and production processes, while for NFCs in Nigeria, financialisation seems to be at a phase of capitalist production, in which the rate of return is increasing rather than decreasing. To approach financialisation in Nigeria singularly, either on the basis of its integration into the global economy or weak financial speculation of NFCs, would be limiting, with implications for understanding the nature of financialisation in LMICs.

Concluding Remarks

We show evidence of weak financialisation of NFCs in Nigeria's manufacturing sector at the example of the Dangote business group, which accounts for more than one third of the market capitalisation of the NSE. The factors countervailing financialisation in NFCs in Nigeria include internal financing due to the organisation in DBGs deriving from financial markets

constraints in developing countries, currency fluctuations but also expectations of growing consumer markets linked to state-guided capitalism which incentivise productive investment for lead firms to maintain dominant market position. However, monopolistic market structures yield a substantial degree of price setting power leading to distributional dynamics which disproportionately favours profits at the expense of wages. This contributes to undermining the growth of purchasing power and hence the foundations for accumulation based on production related activities.

There is a possibility that NFCs in Nigeria may exhibit the already known characteristics of financialisation of NFCs at a later phase of development, driven by declining profitability, perhaps, with changes in management structures towards greater shareholder value and further lower aggregate demand in the Nigerian economy if structural transformation is not sustained. This later phase, whether of increasing financialisation or not in Nigeria, will depend heavily on the ability of the state to maintain structural transformation. Yet, it is necessary to investigate other forms of accumulation in the evolution of DBGs, their drivers and impact on the economy in the process of structural transformation. These findings will provide insight on the nature of financialisation of different development paths, not least for DEEs. For Nigeria and other African countries, the question that remains to be answered is whether current and future development can assume more productive paths, given their peripheral integration into the global economy.

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Footnotes

[1] Pre-tax production costs
[2] see also: Dangote Flour Mills 2014: 5; Nacson 2016: 24; Nascon 2015: 16; Dangote Sugar 2015: 31; Dangote Sugar 2014: 8; Dangote Sugar 2011: 12; Dangote Cement 2016: pg. 10.
[3] Profit index: index over 'profit before tax'; average wage index: index of ratio aggregate payroll costs/ total employees

Figures and Tables

Figure 1. *Financialisation and Recomposition of Investing Activities*

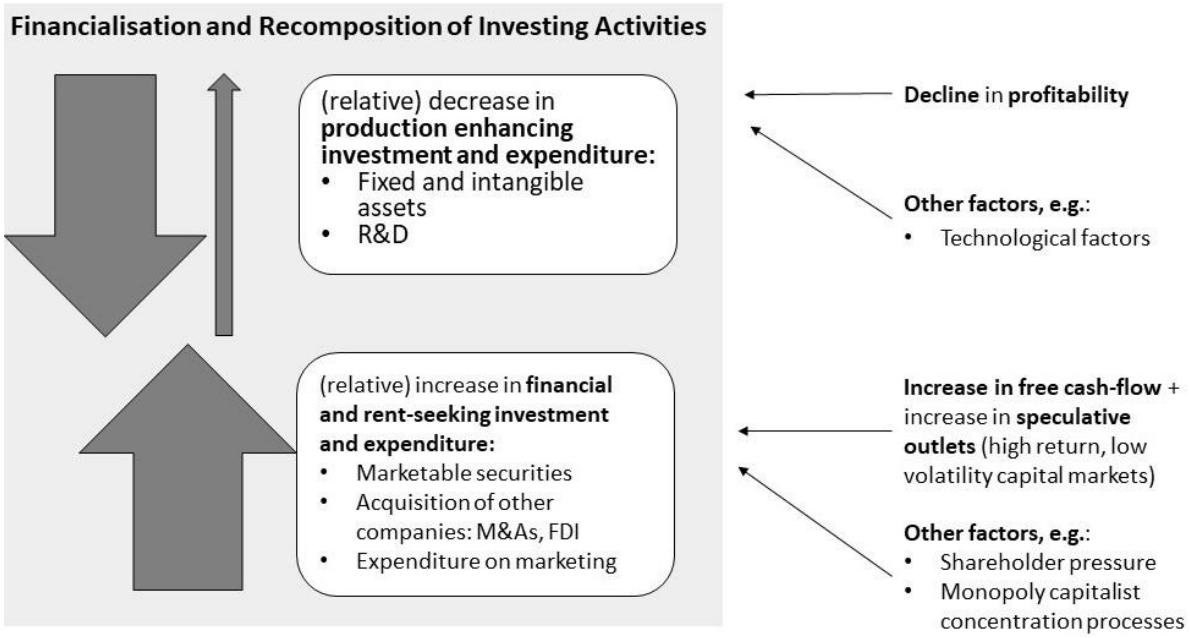
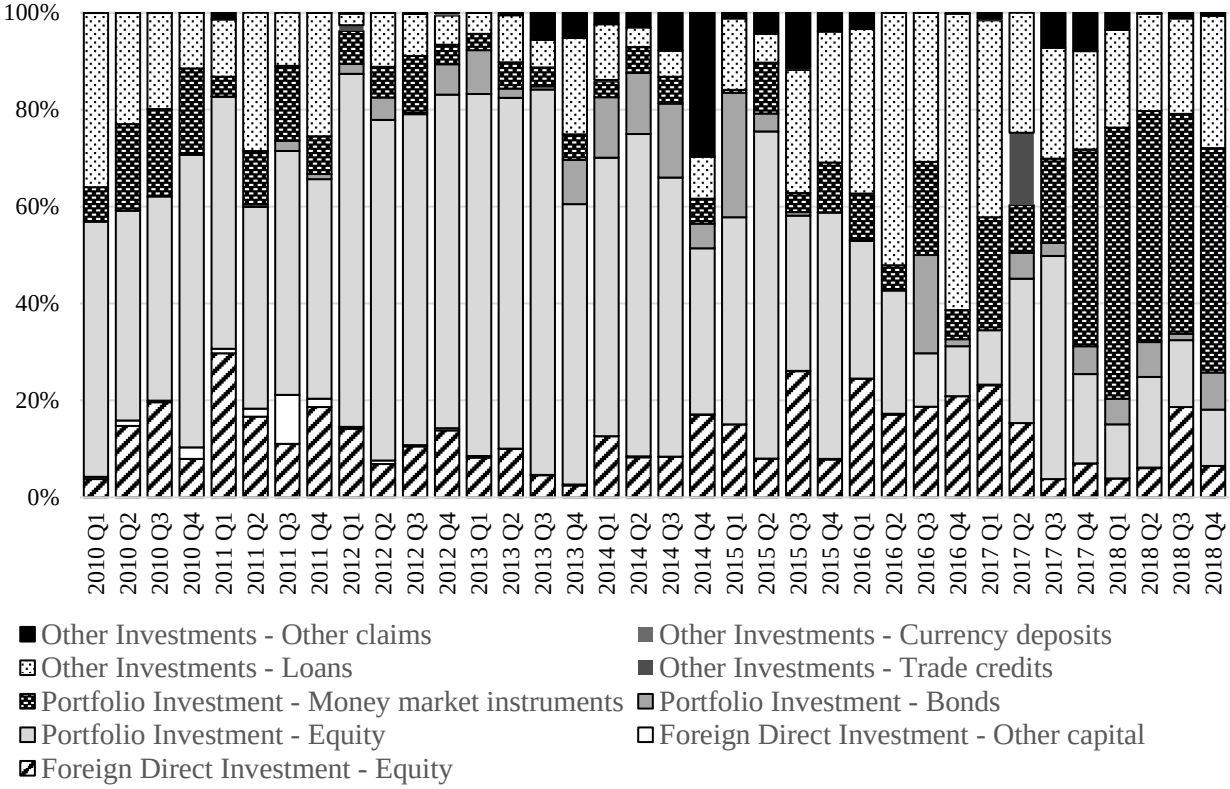
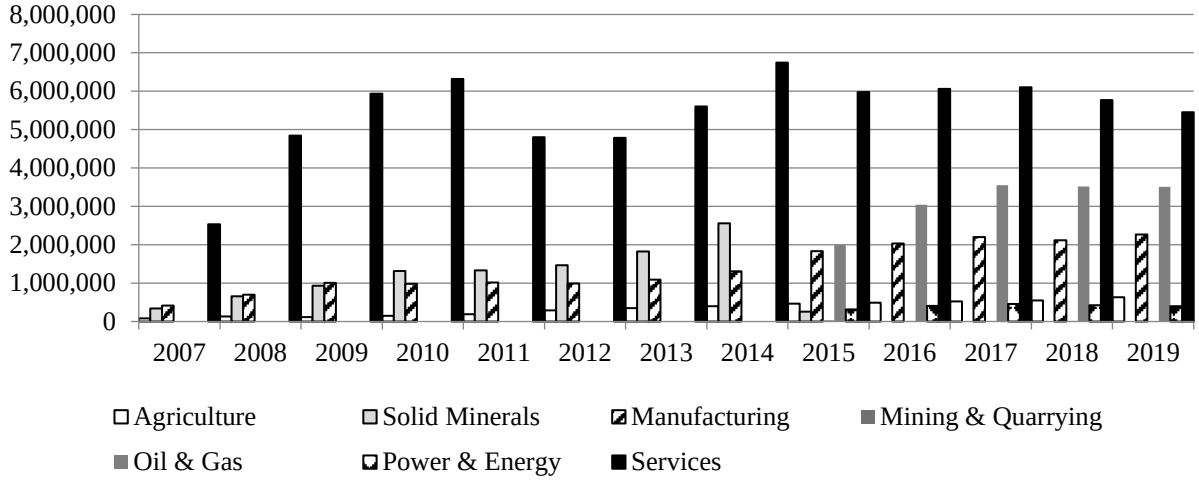


Figure2. *Capital Inflow by Type of Investment in US$ Million (% of total)*



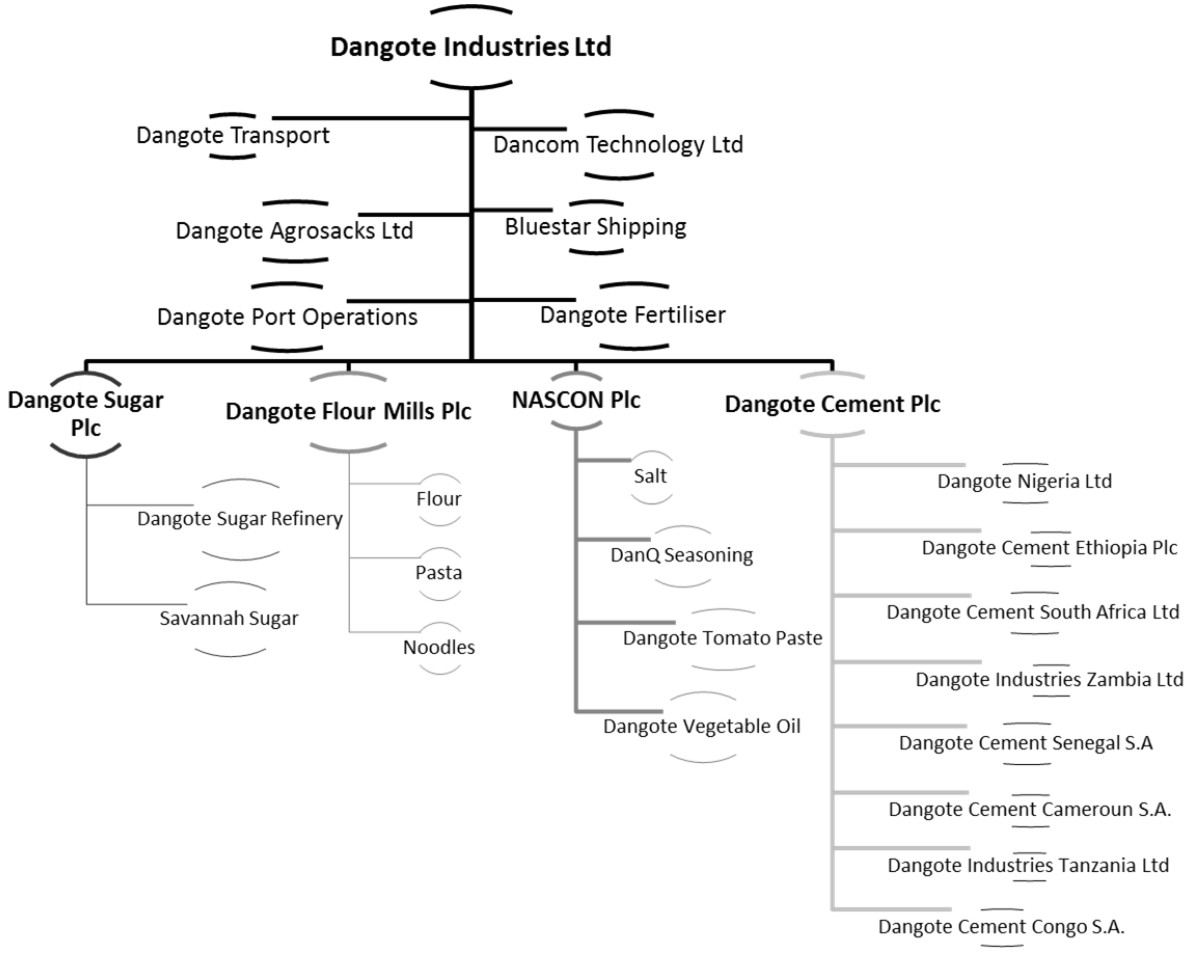
Source: Central Bank of Nigeria, Statistical Bulletin (2019).

Figure3. *Banking Sector Credit Allocation in Nigeria 2007-2019, (million Naira)*



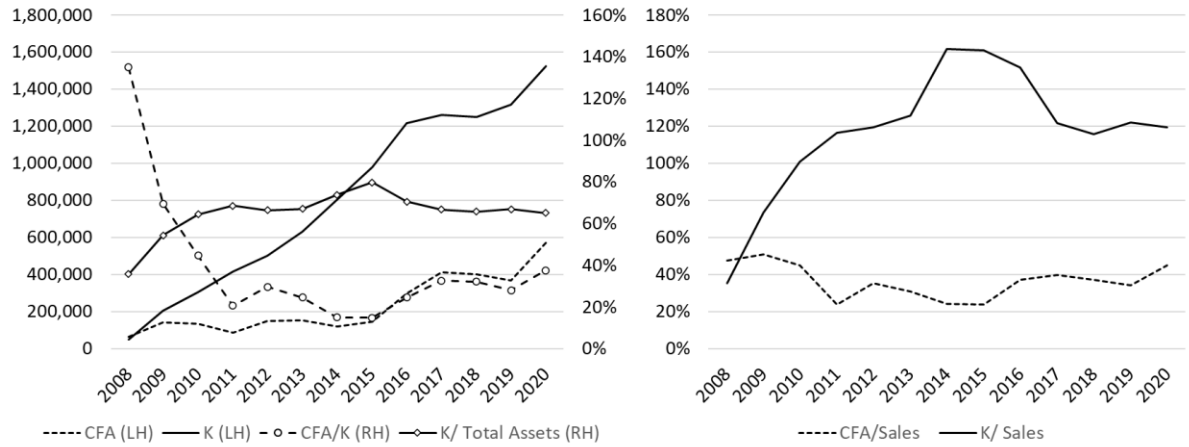
Source: Author's Compilation from National Bureau of Statistics (NBS) and Central Bank of Nigeria (CBN), 2019.

Figure 4. *The Dangote Conglomerate*



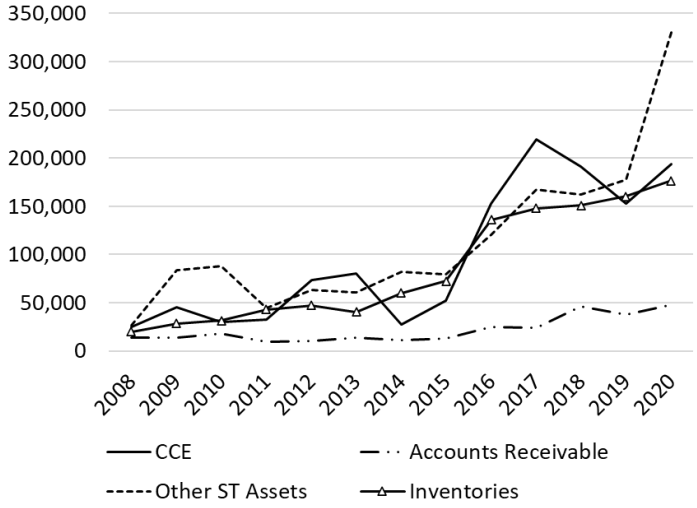
Authors' arrangement

Figure 5. *Current Financial Assets (CFA) and Fixed Capital Stock (K) in NSE-listed Dangote Subsidiaries (Millions of Naira, % of fixed capital stock; % of total assets, % of sales)*



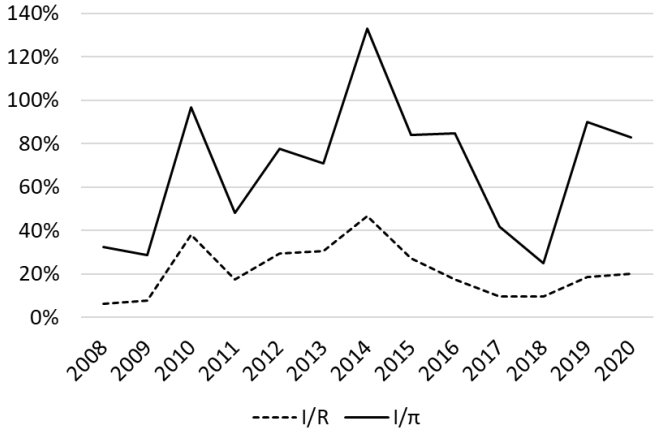
Source: Authors' compilation based on financial accounts of Dangote Cement, Dangote Sugar and Nascon

Figure 6. *Composition of current assets in NSE-listed Dangote Subsidiaries: Cash and Cash Equivalents (CCE), Accounts Receivable, Inventories and other short-term Assets (Millions of Naira)*



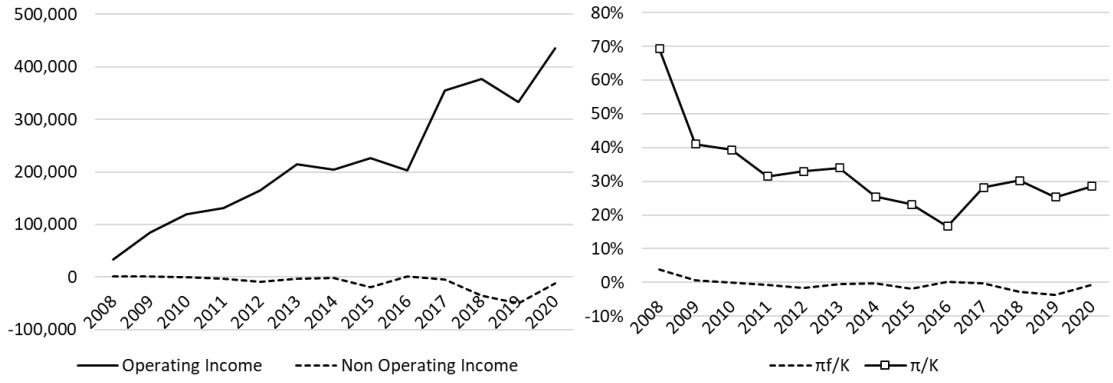
Source: Authors' compilation based on financial accounts of Dangote Cement, Dangote Sugar and Nascon

Figure 7. *Fixed Capital Investment in NSE-listed Dangote Subsidiaries as share of Revenue (R) and Operating Income (π)*



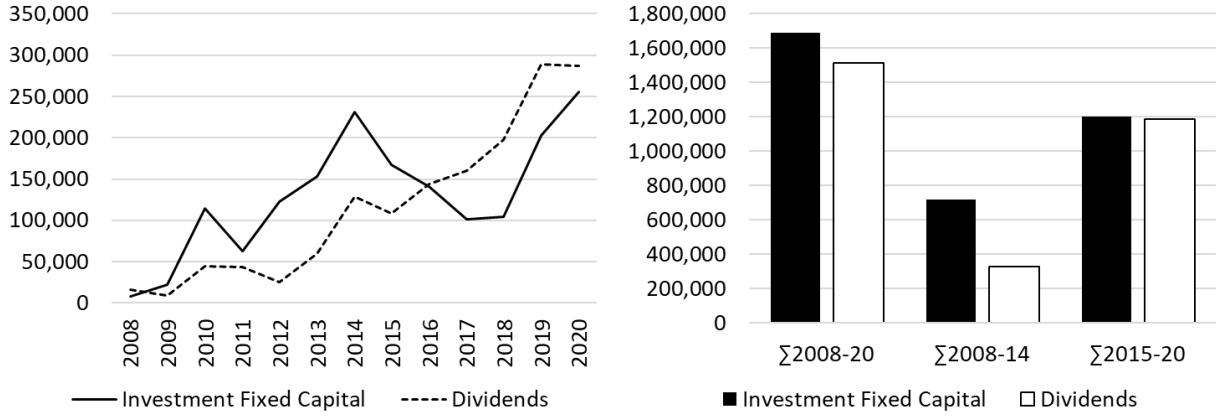
Source: Authors' compilation based on financial accounts of Dangote Cement, Dangote Sugar and Nascon

Figure 8. *Profits from operations (π) and financial profits (πf) in NSE-listed Subsidiaries (Millions of Naira and % of physical capital stock)*



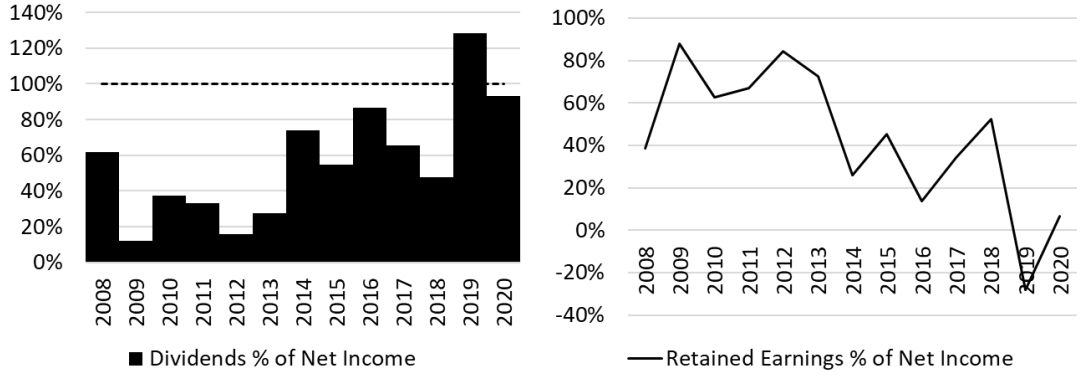
Source: Authors' compilation based on financial accounts of Dangote Cement, Dangote Sugar and Nascon

Figure 9. *Fixed Capital Investment and Shareholder Value Distribution in NSE-listed Dangote Subsidiaries (Millions of Naira)*



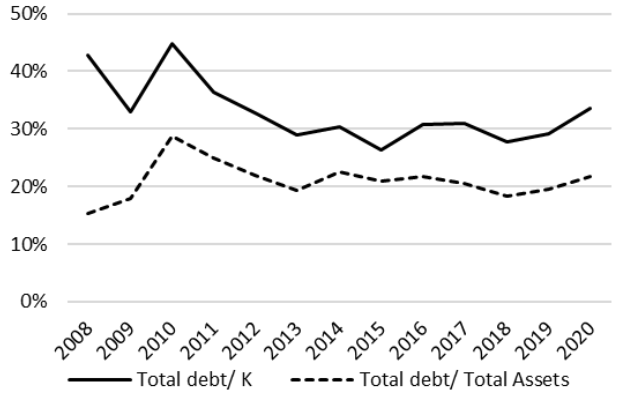
Source: Authors' compilation based on financial accounts of Dangote Cement, Dangote Sugar and Nascon

Figure 10. *Dividends and Retained Earnings % of Net Income in NSE-listed Dangote Subsidiaries*



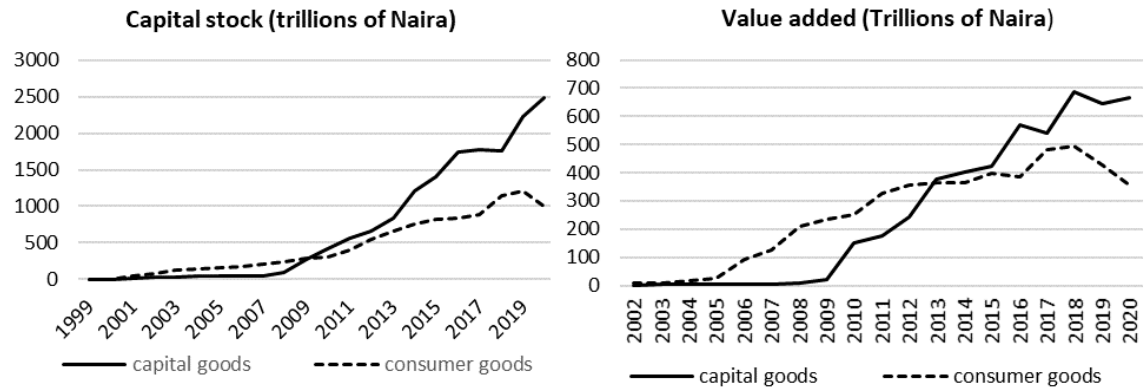
Source: Authors' compilation based on financial accounts of Dangote Cement, Dangote Sugar and Nascon

Figure 11. *Debt as share of capital stock (K) and total assets in NSE-listed Dangote Subsidiaries*



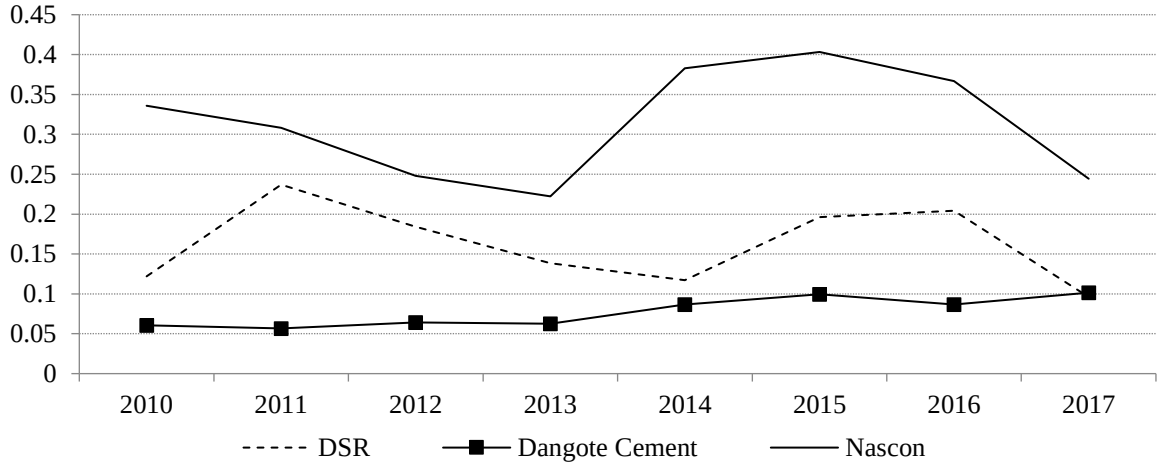
Source: Authors' compilation based on financial accounts of Dangote Cement, Dangote Sugar and Nascon

Figure 12. *Fixed Capital Stock and Value Added in all NSE-listed manufacturing firms*



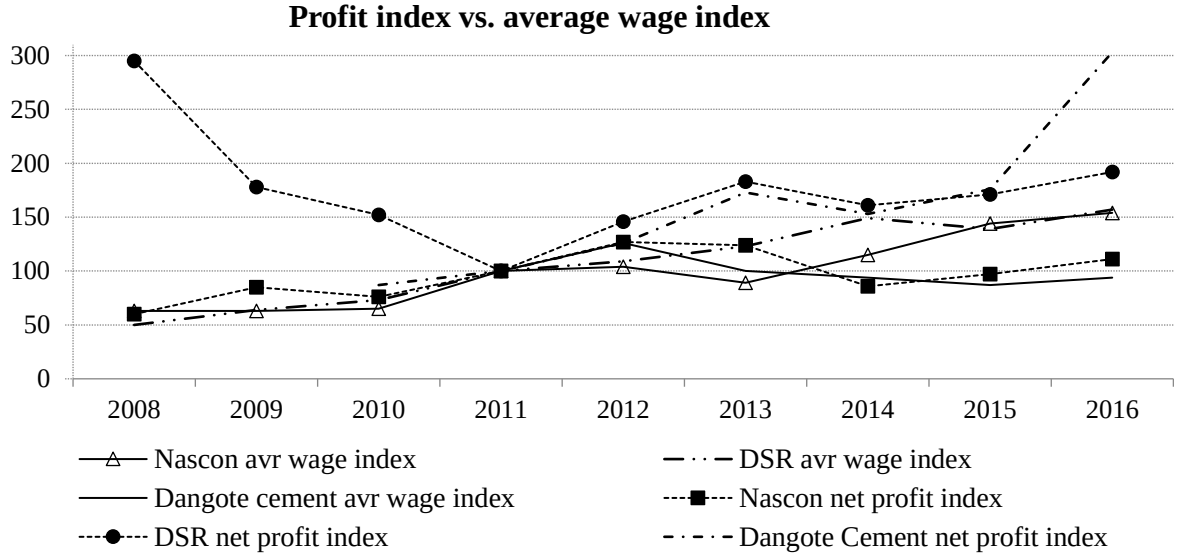
Source: Authors' compilation based on financial accounts of all NSE-listed manufacturing firms

Figure 13. *Evolution of the wage share in different Dangote Businesses*



Calculations based on Nascon, DSR, Dangote cement annual reports 2010-2017

Figure 14. *Evolution of Profits relative to Wages in different Dangote Businesses*



Calculations based on Nascon, DSR, Dangote cement annual reports 2010-2016

Appendix

Table A1: Overview of biggest banks in Nigeria (Nigeria 15 banks among the top 200 African Banks), including total assets, net interest income, loans and deposits (Norbrook, 2019)

Overview Nigerian Banking Sector						
Bank name	**Total assets ($)**	**Net interest income ($)**	**Loans ($)**	**Deposits ($)**	**Loans/Deposits (%)**	**Loans/Assets (%)**
First Bank of Nigeria	15,257,186	778,620	4,613,648	9,553,533	48.3%	30.2%
Zenith Bank Nigeria	13,577,919	667,628	4,756,821	7,729,721	61.5%	35.0%
Access Bank Nigeria	10,872,634	30,173	4,608,028	5,640,945	81.7%	42.4%
United Bank for Africa Nigeria	9,840,176	373,467	3,325,815	6,642,056	50.1%	33.8%
Guaranty Trust Bank	9,007,319	609,469	505,912	6,230,495	8.1%	5.6%
Fidelity Bank	4,712,479	190,668	2,325,931	2,683,592	86.7%	49.4%
Stanbic IBTC Chartered Bank	4,558,431	214,293	1,185,634	2,213,076	53.6%	26.0%
Africa Finance Corp.	4,487,478	150,985	133,769	2,901,941	4.6%	3.0%
Union Bank of Nigeria	4,010,971	151,659	1,297,286	2,349,805	55.2%	32.3%
First City Monument Bank	3,921,757	198,851	1,734,516	2,251,588	77.0%	44.2%
Sterling Bank	3,022,004	209,443	1,701,587	2,084,066	81.6%	56.3%
Citybank Nigeria	1,995,800	52,530	296,621	1,053,401	28.2%	14.9%
Wema Bank	1,339,324	102,412	691,000	1,011,607	68.3%	51.6%
Average	**6,661,806**	**286,938**	**2,090,505**	**4,026,602**	**52%**	**31%**
Source: Calculations based on Norbrook, 2019						