

### ABSTRACT

As we all know the objective of any business venture is to maximize profit. Hence all the decisions with respect to new projects, acquisition of assets, raising capital, distributing dividends etc. are studied for their impact on profits and profitability.

Profit maximization theory is based on profits and profits are a must for the survival of any business. Therefore, this research work focused on the effectiveness of profit maximization on Dangote Cement Plc as a case study.

The data used was gathered with the aid of a questionnaire and Chi-Square ( $\chi^2$ ) method of data analysis was applied in analyzing the data.

Based on the findings, the research reviewed that profit maximization occurs with efficient and effective use of resources by the employees in an organization. It also brings to the fore an organization's Strengths, Weaknesses, Opportunities and Threats in an attempt to be relevant and meet customer needs.

It was also discovered that cost volume profit analysis is the technique that is being used at Dangote Cement Plc when planning for profit cost. Hence, it is recommended that Business owners and Organizations interested in maximizing profit must review their cost structure regularly, must be diligent in cutting frivolous cost and boost productivity amongst employees. Furthermore, they must ensure that they make adequate provisions for contingency funds to help control risks and external factors that could hinder the progress of the business.

### TABLE OF CONTENTS

Pages	
Title Page	i
Certification	ii
Dedication	iii
Acknowledgement	iv
Abstract	v
Table of Content	vi
<b>CHAPTER ONE: Introduction</b>	
1.0 Background of the Study	1
1.1 Statement of the Problem	2
1.2 Objective of the Study	3
1.3 Research Questions	4
1.4 Statement of Hypothesis	4
1.5 Significance of the Study	5
1.6 Scope of the Study	6
1.7 Limitation of the Study	6
1.8 Organization of the Study	6
1.9 Historical Background of Dangote Cement Industry	8
1.10 Definition of terms	9
<b>CHAPTER TWO: Literature Review</b>	
2.0 Introduction	13
2.1 Current Literature Review	14
2.2 Meaning of Profit	11

2.3	Types of Profit	16
2.4	Approaches to Profit Maximization	17
2.5	Theory of Profit	18
2.6	Profit Maximization in Business	24
2.7	Limitation of Profit Maximization as an Objective in Business	25
2.8	Importance of Profit	27
2.9	Justification of Maximization in Business	28

**CHAPTER THREE**

3.0	Introduction	31
3.1	Restatement of research Questions and Hypothesis	32
3.2	Research Design	32
3.3	Characteristics of Study Population	33
3.4	Sampling Design and Population	33
3.5	Source of Data	35
3.6	Method of Data Collection	35
3.7	Administration of Data Collection Schedule	36
3.8	Procedure for Processing Data	36
3.9	Statistical Method	37
3.10	Justification of Statistical Tool	37
3.11	Limitation of Methodology	38

**CHAPTER FOUR: Data Presentation Analysis and Interpretation**

4.0	Introduction	39
4.1	Presentation of Respondents Bio-Data	40
4.2	Presentation of Research Questions	43
4.3	Test of Hypothesis	49
4.3.1	Statement of Hypothesis 1	49
4.3.2	Statement of Hypothesis 2	52

**CHAPTER FIVE: Summary, Conclusion And Recommendation**

5.0	Introduction	55
5.1	Summary	55
5.2	Conclusion	56
5.3	Recommendation	57
	Bibliography	59
	Questionnaire	61

**CHAPTER ONE  
INTRODUCTION**

**1.0 BACKGROUND OF STUDY**

The ultimate goal of every firm in business is profit i.e. (Profit Maximization) and cost minimization in order to maximize shareholder wealth. Many industries today are facing problems due to the expansion through increases sales and the introduction of new product. Some on the other hand are facing problem of contraction owing to the introduction of substitute material. It is vital that management should be in position to plan for these

changing levels of activities.

Apart from the problem of contraction and expansion during economic depression, an enterprise may be faced with the alternative of closing down or selling it at a price below the total cost.

Hence profit planning and control becomes difficult as a result of product offered and the action of competitor. In order to solve the problem created by the above situation profit, planning, cost, and their behaviour at different separating level, one of the most important tools developed by accountants to assist management in meeting the challenges is cost volume profit analysis.

According to I.M Pandey the analytical technique used to study the behavior of profit in response to changes in volume, cost and price, is called "Cost volume profit analysis" It is a device used to determine the usefulness of the profit planning process of the firm.

The entire field of profit planning has become associated with the cost volume profit relationship in organization. In micro-economics course, profit maximization is frequently cited as the goal of the firm; Profit maximization stressed the efficient use of capital resources but it is not specific with respect to the time frame over which profit are to be measured; Profit maximization function largely as a theoretic goal with economist using it to prove how firms behave rationally to increase profit.

Unfortunately, it ignores many real-world complexities that financial management firms must deal everyday with. Two major factors not considered by the profit maximization are Uncertainty and timing.

### **1.1 STATEMENT OF PROBLEM**

The rising magnitude of the incessant profit or loss in Nigeria business organization over the year has become a thing of concern to managers; government, Policymakers, academia, entrepreneurs, financial analysis, economist and other stakeholders in the country's economy. Various studies have been carried out to explain with empirical evidence, the factors driving profit and loss in business organization

The challenges facing most firms is numerous particularly during the period of economic depression or recession characterized by high liquidation of many companies, merger and acquisition, low technological powers, shortage of foreign exchange to buy needed raw material, high cost of production, erratic powers supply, high volume of imported goods and the advanced state of competition has affected drastically the maximization profit and cost maximization in most business organisation.

In a competitive world the key factors are cost price turnover and profit and these are factors which no business organization can ignore.

1. Management is faced with the problem of how to make effective and efficient use of their available scarce resources in order to achieve the objective of profit maximization.

2. Most management and organization lack understanding on the importance of cost minimization as an effective tool or technique that has help in the sustainability on most business organization.

3. Most organization is faced with high cost of production which has led to inefficient utilization

of the cost volume profit analysis technique.

## **1.2 OBJECTIVE OF THE STUDY**

Profit planning and control are essential ingredients of every successful business in the world. The efficiency of management is measured by the amount of profit or loss in a given accounting year. The general objective of this study therefore will be;

- 1) To find a way of making use of scarce resource in order to achieve profit maximization.
- 2) To highlight the importance of profit using cost volume profit analysis over other forms of technique.
- 3) To identify the problems encountered in the economy that leads to lack of practical application of profit maximization.
- 4) To evaluate the extent to which the use of profit maximization on Dangote Cement Plc has been efficient.

## **1.3 RESEARCH QUESTIONS**

- 1) Does your organization use cost volume profit analysis as a tool for profit planning and control?
- 2) Apart from cost volume profit analysis; what other techniques do you employ in the profit planning and control?
- 3) What problems does Dangote Cement Plc encounter in the profit planning and control?
- 4) In what ways specifically has the application of cost volume profit analysis helped the organization to achieve efficiency and effectiveness?

## **1.4 STATEMENT OF HYPOTHESIS**

1.  $H_0$ : Cost volume profit analysis as a tool for profit planning and control is not used in Dangote Cement Plc.  
 $H_1$ : Cost volume profit analysis as a tool for profit planning and control in Dangote Cement Plc.
2.  $H_0$ : The application of cost volume profit analysis has not helped Dangote Cement Plc to be efficient and effective in its operations.  
 $H_1$ : The application of cost volume profit analysis has helped Dangote Cement Plc to be efficient and effective in its operations.
3.  $H_0$ : Dangote Cement Plc does not employ other techniques in profit planning and control apart from cost volume profit analysis.  
 $H_1$ : Dangote Cement Plc employs other techniques in profit planning and control apart from cost volume profit analysis.

## **1.5 SIGNIFICANCE OF THE STUDY**

It is hoped that this study will be of importance to students (Accounting, Banking and Finance, Business Administration, Economics etc) staff and management of business organization, the individuals in banking profession and the shareholders of the companies.

The students are to be aware of the role played by profit maximization in business organization. Profit maximization is an essential tool in all business organization.

In a competitive world, the key factors are cost, price turnover and profit, and these are factors which no business organization can ignore. Therefore, the significance of the study is

as follows:

1. How the study of profit maximization and cost minimization of Dangote Cement Plc know how their profit margin is increasing over time.
2. It is useful to students in schools since it will serve as a source of reference to them in the nearest future.
3. It is useful to the state since it is used by government in making decisions for improvement of the states.
4. It is useful to the economy as a whole since it is used by policy makers to maximize profit in the economy.
5. It is a basis for understanding, contribution, margin pricing, related short run decisions and transfer pricing.

### **1.6 SCOPE OF THE STUDY**

This study is to analyze the effectiveness of profit maximization tool in business growth in Nigeria as a tool for profit planning and control in general but with particular reference to Dangote Cement Plc. This is with the view of finding out how the company has been able to manage cost in order to maximize profit.

### **1.7 LIMITATION OF THE STUDY**

The study of the effectiveness of profit maximization as a strategic tool in business growth in Nigeria using Dangote Cement Plc., Lagos State. In carrying out this study, I was faced with a number of constraints some of which are:

**FINANCE:** Inadequacies of funds affected expenses on distribution and collection of questionnaires to respondents and from respondents; printing of questionnaires and other transport expenses in conducting the research.

**TIME:** There is a need to observe lots of protocols in respects to levels of management before the collection so that the primary data collected would be dependable to some extent, also the rationing of time so as to accommodate my other courses.

Nevertheless, these constraints were taken care of and with limited errors and variances.

## **PROFIT MAXIMIZATION: A STRATEGIC TOOL FOR SURVIVAL OF BUSINESSES IN NIGERIA (A Case Study of Dangote Cement Industry)**

The complete project material is available and ready for download. All that you need to do is to order for the complete material. The price for the material is NGN 3,000.00.

Make payment via bank transfer to Bank: Guaranteed Trust Bank, Account name: Emi-Aware technology, Account Number: 0424875728

Bank: Zenith Bank, Account name: Emi-Aware technology, Account Number: 1222004869

or visit the website and pay online. For more info: Visit <https://researchcub.info/payment->

**instruct.html**

**After payment send your depositor's name, amount paid, project topic, email address or your phone number (in which instructions will sent to you to download the material) to +234 70 6329 8784 via text message/ whatsapp or Email address: [info@allprojectmaterials.com](mailto:info@allprojectmaterials.com).**

**Once payment is confirmed, the material will be sent to you immediately.**

**It takes 5min to 30min to confirm and send the material to you.**

**For more project topics and materials visit: <https://researchcub.info/> or For enquiries: [info@allprojectmaterials.com](mailto:info@allprojectmaterials.com) or call/whatsapp: +234 70 6329 8784**

**Regards!!!**