Journal of Economic Studies (JES)
Department of Economics,
Nnamdi Azikiwe University, Awka,
Anambra State, Nigeria.

Web: www.nauecojournals.com

ISSN 1119-2259

ECONOMIC ENVIRONMENT AND PERFORMANCE OF LISTED CONSUMER GOODS COMPANIES IN NIGERIA: THE MODERATING EFFECT OF BOARD INDEPENDENCE

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Abstract

This study empirically examined the effect of economic environment on the performance of listed consumer goods companies in Nigeria. The panel data set for 15 listed consumer goods companies spanning from 2014 to 2023 were sourced from Nigerian Exchange Group (NGX), and Central Bank of Nigeria (CBN). Methodologically, descriptive statistical techniques, correlation analysis technique, as well as fixed and random effect models were used to examine the degree of association among the variables to investigate the effect of interest rate, exchange rate and inflation (as proxies for economic environment) on the performance of listed consumer goods companies (proxied by firm value based on Tobin's Q) in Nigeria. On the whole, the results showed that interest rate, inflation and board independence have positive and statistically significant impact on organizational performance on consumer goods companies in Nigeria; while exchange rate has negative but insignificant effect on organizational performance on consumer goods companies. Furthermore, the results of moderating effect showed that board independence significantly moderated the effect of interest rate, inflation and exchange rate on organizational performance on consumer goods companies over the period of the study. Finally, the study recommends for management of the companies use periods of lower interest rates to lock in long-term financial agreements related to fixed-rate debt and capital expenditures; adopt backward integration and local sourcing of raw materials in order to reduce high reliance on imported inflation; domesticate their supply chain in order to reduce excessive demand for foreign currency; and constitute a "macroeconomic risk assessment" sub-committee to be chaired by an independent director for effective monitoring of changes in macroeconomic business environment.

Keywords: Economic Environment, Performance, Listed Consumer Goods, Companies, Board Independence, Nigeria

JEL Classification Codes: L25, L30, L78, M48, P24, G18.

1.0 Introduction

Consumer goods companies in Nigeria have, over the years, witnessed drastic changes in the country's business landscape which significantly influence their performance. In the late period of 2021 for instance, GDP growth in the food and beverages sector saw significant improvement rising by about 3.5 percent, and this is aligned with the overall revenue

growth of the consumer goods companies in the country which was revealed to be about ₦1.6trn (Nigerian Exchange Group, NGX 2021). However, recent changes in the macroeconomic environment particularly adoption of floating exchange rate, high interest rate and inflation, removal of fuel and power subsidy, etc. have significantly changed the narrative in the consumer goods sector with serious economic implications. Toward the end of 2014, for instance, the real interest rate was about 11.4%. The trend of this rate showed a substantial increase in 2015 reaching about 13.6%, and thereafter fluctuates between 6.7% in 2016 and 1.2% in 2023 (World Bank, 2023). Also, the inflationary trend in Nigeria over a decade ago has shown how Nigeria's macroeconomic environment has changed from a single digit of 8.5% in 2014 to 24.7% in 2023 and to a peak of 33.88% in 2024 (National Bureau of Statistics [NBS], 2024).

In view of the above practical instances, it becomes apparent that while consumer goods companies in Nigeria are recognized to play a crucial role in the development process of the nation's economy, the sector is confronted with pervasive challenges associated with its economic environment which might have direct or indirect effect on the overall performance of consumer goods companies in recent times. This assertion corroborated with the position of Bailey (2023) who revealed that a combination of rising interest rates and naira devaluation have had a severe blow on the performance of consumer goods companies in Nigeria. As also evidenced in various studies (such as Chigozie et al, 2023; Charles and Onouha, 2020; Ibrahim and Murtala, 2015; etc.), foreign exchange shortages and the Naira devaluation, lower purchasing power of consumers due to the unabated inflationary pressures, as well as the rising cost of capital (interest rate) have unequivocally influenced the business performance of consumer goods companies.

In addition, factors such as infrastructural deficiencies notably power supply, pervasive insecurity particularly in many food-producing states, fuel subsidy removal which led to the increase in the transportation cost for agricultural commodities, have all contributed to the increasing cost of doing business among consumer goods companies which in turn, translated to lower profitability. For example, high inflation rate may exert significant pressure on production costs within the consumer goods sector, particularly affecting food and beverage manufacturers. In turn, the increased costs of essential raw materials may likely affect production directly, thereby leaving companies with only two options – either to

absorb the increased costs or pass them on to consumers through increase in selling prices. As stated by Meristem (2023), this is what led food inflation to reach an alarming rate of 32.84% which is the highest inflation rate recorded in the past 18 years in Nigeria.

With respect to exchange rate also, following the liberalization of the market or adoption of market-determined exchange rate, Nigerian currency experienced significant devaluation against United State Dollar (USD) which put consumer goods companies into serious crisis notably companies who relied heavily on importation of raw materials used in their production. This is because, with Naira depreciation, costs of importation of raw materials rise significantly which consequently resulted to substantial increase in production costs. In fact, the most devastating aspect of Naira depreciation is in relation to companies that held foreign currency debts, since they have to source more Naira in order to pay the debts. Companies affected by this tragedy include Nigerian Breweries Plc (NB), Nestle Nigeria Plc (NESTLE), Guinness Nigeria Plc (GUINNESS), and Cadbury Nigeria Plc (CADBURY), who faced substantial foreign exchange losses due to debt devaluation (Aja, 2023). In a similar way, it has been reported that rising interest rate equally had a severe blow on the performance of consumer goods companies in Nigeria (Bailey, 2023). According to the report, the benchmark interest rate also known as Monetary Policy Rate (MPR) was raised to 18.75 percent in May, 2023. This also puts more pressure on the profit margins of consumer goods companies who are already battling with weakened currency as well as double-digit inflation and weak purchasing power of cash-strapped consumers in the country.

Notwithstanding the identified challenges surrounding the consumer goods companies in Nigeria, it is anticipated that players in the consumer goods sector will engage in restructuring and adopting strategies to sustain performance and navigate from the challenging operating conditions in the consumer goods sector. In this case, it is expected that the management and board members of the respective consumer goods companies may play an important role in moderating the magnitude of the influence of exchange rate, interest rate and inflation on the performance of consumer goods companies particularly the negative side of the impact (Chegwe, 2024). For example, board characteristics particularly the quality of the board members in terms of their size, managerial skills, working experience, educational qualification, and high degree of independence is very critical in shaping

the development and performance of the companies as it facilitates quick decision. In other words, companies with high quality management and board members may likely take decisive measures to ameliorate the challenges of the companies in the period of macroeconomic instabilities and vice versa. Therefore, board characteristics will no doubt help an organization to curtail the negative impact of macroeconomic variables notably high interest rate and exchange rate on organizational performance. Similarly, firm characteristics such as firm age, firm size, growth of sales, etc. are identified as critical factors that help organizations to sustain their performance in time of difficulties (Abubakar et al., 2025).

In view of the above, this research intends to empirically examine the effect of economic environment on organizational performance of consumer goods companies in Nigeria taking organizational board independence as moderating variable. In specific term, this study intends to:

i. To examine the effect of interest rate, inflation and exchange rate on the performance of listed consumer goods companies in Nigeria.
ii. To evaluate the extent to which board independence moderate the effect of business environment on organizational performance consumer goods companies in Nigeria.

2.0 Literature Review

2.1 Conceptual Review

Consumer Goods Companies

Consumer goods companies consist of companies that engaged in the production and distribution of consumable commodities in an economy. It is a multi-dimensional sector that comprises various goods ranging from fundamental necessities like food products, beverages, automobile and electronics, personal care items, as well as household products and durables. Thus, consumer goods sector reflects the collective pattern of consumption, preferences and life style of consumers across the globe. In Nigeria, this sector is recognized as the largest subsector of the manufacturing industry which contributed about 49.01% to the growth of manufacturing sector in the third quarter of 2023 (Meristem, 2023).

Economic Environment

The economic environment is viewed as uncontrollable factors, whereby manufacturing firms expecting effective and efficient success and survival need to develop a strategy of coping with them (Gado, 2015). Economic environment consists of those economic factors that directly or indirectly affect the operations of business organizations in Nigeria; it includes exchange rate, unemployment,

demand and supply trend, economic growth, lending rates and the inflation rate. These factors have major effects on how businesses operate and make decisions (Liman, Burah & Jibir, 2021).

Organizational Performance

Organizational performance is also viewed as the measure of how managers utilize the resources of the organization efficiently and effectively to accomplish the goals of the organization as well as satisfying all the stakeholders (Jones & George, 2009). Richard et al. (2009) described organizational performance as the real output measured against the intended or expected output. However, organizational performance can be measured on two different bases of performance. These are: accounting-based performance such as return on assets (ROA), return on investment (ROI) etc. and market-based performance which includes sales growth, and market share value also known as firm value.

2.2 Theoretical Framework

The theoretical framework adapted for this study is the theory propounded by Johnson, Scholes and Whittington (2008). It is a theory on strategic position whereby external business environment factors are considered as an aspect of organization's strategic position. According to Johnson et al, the connection between the organization and its environment may be thought of in many ways as a set of forces as that of the Porters' five forces analysis (Porter's Five Forces is a model that identifies and analyses five competitive forces that shape every industry and helps determine an industry's weaknesses and strengths) as a set of issue in terms of opportunity and threats and as a set of market configuration.

2.3 Empirical Review

Various studies have been conducted to examine the effect of different dimensions of business environment on organizational performance. For example, Olarewaju and Folarin (2012) investigated the effect of external business environment on organizational performance using 150 sample size across 3 companies in Nigeria. They found out that. The external business environment (using Economic and political environment as proxies) has effect on organizational performance (effectiveness, efficiency, increase in sales, achievement of corporate goals etc.). Thus, organizations should pay more attentions to their environment by doing periodic scanning. Also, Akpoviroro and Owotutu (2018) used 120 samples of 3 organizations in frozen fish companies to examine the effect of external business environment on organizational performance of frozen fish companies in Nigeria. The study employed

multiple regression analysis and found out that both economic and political environment have effect on organizational performance.

In another study, using Cross-sectional research survey of 48 manufacturing firms in Rivers State, Charles and Onouha (2020) examined the relationship between economic environment (inflation rates and interest rates were used as the dimensions) and organizational performance (proxied by profitability). Using Spearman's rank order correlation coefficient, specifically, the study revealed that inflation rates and interest rates significantly influence profitability of firms. Similarly, Ifeoma, Chinedu and Joseph (2021) studied the strategic effect of external environment on the performance of Nigerian Breweries using Time series data. The study made use of descriptive and inferential statistics. Specifically, the time-series data were analysed using multiple regression techniques. The results showed that GDP growth and inflation rate had a positive significant effect; while, the exchange rate had a negative non-significant effect on profit before tax. The results lend credence to the fact that external environment still bears influence on the operational performance of a firm. The study recommends that managers be proactive at tackling uncertainties in the external environment. The managers should be innovative and customer-oriented to ensure survival and gaining a competitive advantage.

Again, Augustine and Udo (2022) examined the relationship between economic business environment and survival of manufacturing firms in Nigeria using theoretical based approach found out that High unemployment rate, high interest rate, high exchange rate as well as high inflation rate have a negative and significant relationships with the survival of manufacturing firms in Nigeria. Moreover, Agu, et al. (2022) investigate the effect of human resource flexibility on performance of selected manufacturing firms in South-East Nigeria, with 378 samples from 5 manufacturing companies in South east, Nigeria. Simple linear regression analysis and Pearson product monument correlation co-efficient was used to analyse the data collected. The findings of the study revealed that human resource flexibility is instrumental in fostering the capacity of firms to be responsive to changes in market demands.

Finally, Chigozie et al. (2023) investigated the effect of economic environment and organizational performance using 479 sample size of 16 pharmaceutical companies in Anambra state, Nigeria.

Using Descriptive and Inferential statistics, the study revealed that Interest rate and Inflation rate has negative and significant effect on organizational performance in pharmaceutical firms Anambra state while Exchange rate has a positive and significant effect on organizational performance in pharmaceutical firms Anambra state, Nigeria.

3.0 Data and Methods

In line with the works of Adoke and Abdulaziz (2021) as well as Shuaibu, Ali and Amin (2019), this study uses ex-post factor research design together with quantitative research approach based on experimentation to examine the effect of economic environment on organizational performance of consumer goods companies in Nigeria using secondary data. The study employs panel data set spanning from 2014 to 2023 for all the variables of interest of the listed consumer goods companies to be selected in the study. However, these data were sourced from the publications of Nigerian Exchange Group (NGX), and Central Bank of Nigeria (CBN). The population of the study comprises all consumer goods producing companies listed on the Nigerian Exchange Group in Nigeria as at January, 2024. The sample size of this study consists of fifteen (15) consumer goods companies whose date of listing are available and are from 2014 and below as presented in Table 3.1.

Table 3.1: Sample size of the Study

S/N	Company Name	Year of Incorporation	Year of Listing
1	Cadbury Nigeria Plc.	01-09-65	1976
2	Champion Brew. Plc.	31-07-74	09-01-83
3	Flour Mills Nig. Plc.	29/09/1960	14/08/1979
4	Golden Guinea Brew. Plc.	26/09/1962	01-02-65
5	Guinness Nig. Plc.	29/04/1950	01-02-65
6	Honeywell Flour Mill Plc.	09/071985	20/10/2009
7	International Breweries Plc.	22/12/1971	01-02-65
8	PZ Cussons PLC	April 12th 1948	February 18th 1974
9	Vitafoam Nigeria PLC	April 8th 1962	Nov-1978
10	Nascon Allied Industries Plc.	30/04/1973	20/10/1992
11	Nestle Nigeria Plc.	25/09/1969	20/04/1979
12	Nigerian Brew. Plc.	16/11/1946	01-02-1965
13	Nigerian Enamelware Plc.	21/05/1960	28/12/1979
14	Northern Nig. Flour Mills Plc.	29/10/1971	20/10/2009
15	Unilever Nigeria Plc.	11-04-1923	01-01-1973

Source: Nigerian Exchange Group, 2025.

3.1. Model Specification

The baseline model of this study can be written, taking all variables of interest into consideration explicitly as follows:

$$FVAL_{it} = \beta_{0i} + \beta_{1i}INFR_t + \beta_{2i}INTR_t + \beta_{3i}EXCH_t + \beta_{4i}BIND_{it} + \beta_{5i}FS_{it} + \varepsilon_{it} \quad 3.1$$

Where:

$FVAL_{it}$ is the firm value (Tobin's Q) of company i at time t which represent market measure of organizational performance.

$INFR_t$, $INTR_t$, and $EXCH_t$ stand for inflation rate, interest rate, and exchange rate at time t respectively representing factors of economic environment.

$BIND_{it}$ stands for board independence of company i at time t respectively standing for board characteristics.

FS_{it} and $FAGE_{it}$ stand for firm size and firm age respectively which serve as control variables.

$\beta_0 \ldots\ldots \beta_5$ are the parameters to be estimated that will reveal the magnitude of the effect of the independent variables on the dependent variable.

i and t represent cross-sectional and time series dimensions of the variables respectively. Specifically, i stands for company 1, …, i while t stands for year 1, …, t.

It should be noted that equation 3.1 is used to achieve the first objective of the study. However, to achieve the second objective, equation 3.1 needs to be modified to include interaction terms that will account for the moderating effect of board independence. This is presented below:

$$FVAL_{it} = \beta_{0i} + \beta_{1i}INFR_t + \beta_{2i}INTR_t + \beta_{3i}EXCH_t + \beta_{4i}BIND_{it} + \beta_{5i}INFR_t * BIND_{it} + \beta_{6i}INTR_t * BIND_{it} + \beta_{7i}EXCH_t * BIND_{it} + \beta_{8i}FS_{it} + \varepsilon_{it} \quad 3.2$$

Equation 3.2 accounts for the moderating effect of board independence. It explains how and the extent to which board characteristics influence the effect of economic environment on organizational performance of listed consumer goods companies in Nigeria. Above models were estimated using random effect estimation technique.

4.0 Presentation of Results and Discussion of Findings

The data collected for this study were analysed using STATA statistical software package version 17, and results are presented as follows:

4.1. Descriptive Statistics

The descriptive statistics analyses the basic feature of economic environment variables,

board independence and market value as a proxy for organizational performance as presented in Table 4.1.

Table 4.1: Results of Descriptive Statistics of Variables

Variables	Observations	Mean	Std. Deviation	Minimum	Maximum
TOBINS	150	206.8904	578.1588	0.9206	3111.9810
INTR	150	5.6759	4.0103	0.9192	13.5962
INFL	150	14.6453	4.7289	8.0474	24.6596
EXCH	150	317.4678	93.9854	158.5526	465.4564
BI	150	0.7256	0.1011	0.5000	0.9000
FS	150	10.5018	0.8032	8.3513	12.0872

Source: Author's computation using STATA version 17.

Table 4.1 shows a mean of 206.89 for the Tobin's Q with the minimum and maximum of 0.9192 and 13.596 respectively. The standard deviation of 578.1588 shows high variation in the market value of the listed consumer goods companies under study. The results also show a mean of 5.6759 for the interest rate with the minimum and maximum of 0.9206 and 3111.98 respectively. The standard deviation of 4.0106 shows no variation in the interest rate within the period under study. Inflation rate has a mean of 14.645 for the period under review with the minimum and maximum of 8.0474 and 24.6596 respectively. However, the standard deviation of 4.7289 shows no much variation in the inflation rate within the period under study. Exchange rate has a mean of 317.468 for the period under review with the minimum and maximum of 158.553 and 465.4564 respectively. However, the standard deviation of 93.9854 shows no much variation in the exchange rate within the period under study.

Board independence has a mean of 0.7256 justifying the extent of compliance with the code of corporate governance by listed consumer goods companies in Nigeria within the period under review with the minimum and maximum of 0.50 and 0.9 respectively. However, the standard deviation of 0.1011 shows no much variation in the board independence of the consumer goods companies within the period under study. Firm size has a mean of 10.5018 with a minimum and maximum of 8.3513 and 12.0872 respectively however the standard deviation of 0.8032 shows no much variation in the size of the listed consumer goods companies under study.

4.2. Correlation Analysis

Correlation technique is used to examine the degree and nature of association between the variables. This is presented in Table 4.2.

Table 4.2: Results of correlation matrix

Variables	LTOBINS	LINTR	LINFL	LEXCH	BI	LFS
LTOBINS	1.0000					
LINTR	0.1562	1.0000				
LINFL	-0.1017	-0.8263	1.0000			
LEXCH	-0.1261	-0.8800	0.8726	1.0000		
BI	-0.1447	-0.0584	0.0812	0.0565	1.0000	
LFS	0.4792	-0.1568	0.1311	0.1703	-0.2782	1.0000

Source: Author's computation using STATA version 17.

Table 4.2 above shows the correlation coefficients of the dependent and independent variables. The results show that inflation rate, exchange rates and board independence have a negative correlation with firm market value of the listed consumer goods companies in Nigeria within the period under study with the coefficients of -0.1017, -0.1261 and -0.1447 respectively. However, interest rate and firm size have positive correlation coefficient with firm market value of the listed consumer goods companies in Nigeria within the period under study with the coefficients of 0.1562 and 0.4792 correlation coefficient respectively.

Having analysed the degree or extent of the relationship among the variables of the study, the next step is to examined the predictive power of the independent variables of economic environment (interest rate, inflation rate, and exchange rate) on organizational performance of consumer goods companies in Nigeria. The results of these estimations are presented in Table 4.3.

Table 4.3: Results of random effect model (Base model)

Dependent Variable: Log of Firms' Value (Tobin's Q)				
Independent variables	Random effect	Standard errors	T-statistics	P-value
LINTR	0.5041***	0.129	3.910	0.000
LINFL	0.6257*	0.353	1.770	0.076
LEXCH	-0.4975	0.435	-1.140	0.253
BI	2.4923***	0.854	2.920	0.004
LFS	10.5096***	3.163	3.320	0.001
Constant	-22.5127***	7.355	-3.060	0.002
R-Square (R^2)	0.2664			
F-Statistics (Wald Test)	45.99 (0.0000)			

Source: Author's computation using STATA version 14.

*Note: ***, **, and * represent level significance at 1%, 5%, and 10% level of significance.*

Table 4.3 shows that the regression result of the impact of business environment on organizational performance of consumer goods companies in Nigeria. The random effect regression results are presented and interpreted. However, the interpretations

are conducted in line with the hypotheses of the study stated in chapter one as follows:

Hypotheses Testing:

H_0: Interest rate has no significant effect on organizational performance of consumer goods companies in Nigeria.

Going through the results in Table 4.3, the null hypothesis above is rejected because interest rate is reported to have positive and statistically significant impact on organizational performance of consumer goods companies in Nigeria. In specific term, when interest rate increases by 1%, organizational performance of consumer goods companies is predicted to rise by about 0.5% with a p-value of 0.000 indicating level of significance at 1%.

H_0: Inflation has no significant effect on organizational performance of consumer goods companies in Nigeria.

Similarly, the result showed that coefficient of inflation rate is positive and statistically significant suggesting that inflation significantly affects organizational performance of consumer goods companies in Nigeria. For instance, a 1% increase in inflation rate is predicted to brings about 0.63% increase in organizational performance of consumer goods companies in the country, though the significance level is at 10% with a p-value of 0.076. Therefore, the null hypothesis of this study that says inflation rate has no significant effect on organizational performance of consumer goods companies in Nigeria is rejected.

H_0: Exchange rate has no significant effect on organizational performance of consumer goods companies in Nigeria.

Contrary to the above findings, exchange rate is reported to have negative impact on organizational performance of consumer goods companies in Nigeria such that a 1% increase in exchange rate is predicted to bring about 0.5% decrease in organizational performance of consumer goods companies. However, with a p-value of 0.253, this result said to be highly insignificant. Hence, the null hypothesis above that says exchange rate has no significant effect on organizational performance of consumer goods companies in Nigeria cannot be rejected.

With respect to board independence and firm size, the results showed that both variables have positive and statistically significant impact on organizational performance at 1% level of significance. This indicates that increase in board independence and firm size will lead to significant increase in organizational performance of consumer goods companies in Nigeria which is consistent with a prior

expectation that both variables influence firm's competitive advantage.

Also, the results show the overall value of R^2 as 0.2664 which is the multiple coefficients of determination that gives the proportion of the total variation in the dependent variable (organizational performance) that is explained by the explanatory variables of business environment (i.e. interest rate, inflation rate and exchange rate) jointly. This result signifies that approximately 27% of the total variation in organizational performance of consumer goods companies in Nigeria is caused by changes in business environment (interest rate, inflation and exchange rate). Furthermore, the F-statistics, which shows the overall adequacy of the model, has a value 45.99 with the corresponding P-value of 0.000 implying that the relationship among the variables was not due to mere chance and therefore the results from the regression analysis can be relied upon at 1% level of significance.

4.3.4 Results of Generalized Least Square with Moderating Effect of Board Independence

To examine how board independence moderates the effect of interest rate, inflation and exchange rate on the performance of listed consumer goods companies, model 5 was estimated and the results are presented in Table 4.4.

Table 4.4: Results of moderating effect of board independence

Dependent Variable: Log of Firms' Value (Tobin's Q)				
Independent variables	Random effect	Standard errors	T-statistics	P-value
LINTR	0.8347	0.5775	1.45	0.148
LINFL	3.9523	2.4937	1.58	0.113
LEXCH	-2.4289*	1.3238	-1.83	0.067
LINTR*BI	-0.4530	0.7688	-0.59	0.556
LINFL*BI	-4.5593	3.3823	-1.35	0.178
LEXCH*BI	2.6552	1.7063	1.56	0.120
LFS	10.3565***	3.2087	3.23	0.001
Constant	-20.3633***	7.1936	-2.83	0.005
R-Square (R^2)	0.2681			
F-Statistics (Wald Test)	47.0000 (0.0000)			

Source: Author's computation using STATA version 14.

*Note: ***, and * represent level of significance at 1% and 10% level of significance.*

Hypothesis testing for moderating effect:

H_0: Board independence does not significantly moderate the effect of business environment on organizational performance of consumer goods companies in Nigeria.

The results in Table 4.4 shows the extent to which board independence moderates the impact of business environment on organizational performance of consumer goods companies in Nigeria. It can be observed that board independence has strengthened the positive relationship between interest rate and organizational performance that has been already established in the base model with a coefficient of 0.8347 compared to 0.5041. Similar result is obtained with respect to inflation rate with a coefficient of 3.9523 compared to 0.6257. However, both coefficients are not statistically significant unlike in the base model.

With respect to exchange rate, board independence has significantly moderated its impact on organizational performance of consumer goods companies in Nigeria. For instance, in the base model, the impact of exchange rate was negative and insignificant (-0.4975), but with the introduction to board independence as moderating variable, the impact has become statistically significant at 10% level with a coefficient of -2.4289.

In view of the above, therefore, the study rejected the null hypothesis that says board independence do not significantly moderate the effect of business environment on organizational performance of consumer goods companies in Nigeria.

4.3 Discussion of Findings

Having interpreted the results of the study, this section advances further explanations on the key findings. Interest rate was revealed to have positive impact on organizational performance of consumer goods companies in Nigeria. This result is contrary to the view point of neoclassical theory which argued that interest rate adversely affects investment decision, thereby leading to a shrink in economic activities. It is also contrary to the works of Gado (2015), as well as Augustine and Udo (2022) who examined the relationship between economic business environment and survival of manufacturing firms in Nigeria and found that high interest rate has negative and significant relationship with the survival of manufacturing firms in Nigeria. It should be noted that, the effect of interest rate paid for borrowed funds may be either positive or negative and each will in turn affect investment decision. However, this strongly depends on the ability of the company to transfer the burden of the cost of capital on to final consumers which also depends strongly on the elasticity of demand for the consumer goods in question.

Similarly, inflation rate was reported to have positive and statistically significant

impact on organizational performance of consumer goods companies in Nigeria such that when inflation rate increases, organizational performance also increases. Although this result is consistent with the findings of Ifeoma, Chinedu and Joseph (2021) who studied the strategic effect of external environment on the performance of Nigerian Breweries and found that inflation rate had a positive and significant effect, it is also in sharp contrast with the studies of Augustine and Udo (2022), and Chigozie et al. (2023) which revealed that inflation rate has negative and significant effect on the survival of manufacturing firms in Nigeria. In the same vein, Meyers (2001) posited that when inflation rate is low, companies operate efficiently, but high inflation impedes companies' performance because the price of inputs will skyrocket and the demand in the outputs will also reduce, which consequently leads to reduction in the annual revenue. However, whether inflation will increase or decrease firms' performance strongly depends on certain factors such as elasticity of demand, activities of trade unions as well as government regulatory framework in terms of price control and subsidies. As rightly stated by Maimunah and Patmati (2018), during inflation, the value of money declines as the prices of goods and services increases. In this way, consumer goods companies may take advantage to exploit consumers particularly when elasticity of demand for such consumer goods is highly inelastic. This idea can be buttressed by the argument of Nielsen (2011) that the rise in the level of inflation can result to increase or decreases in sales depending on how firms are able to manage the increase in the prices of materials used for production.

Furthermore, the result of exchange rate shows that it has negative and statistically insignificant impact on organizational performance after being moderated by board independence. This result is supported by the work of Ifeoma, Chinedu and Joseph (2021) who studied the strategic effect of external environment on the performance of Nigerian Breweries and found that exchange rate had a negative but insignificant effect on profit before tax. However, the result still lends justification to the fact that external environment bears influence on the operational performance of business organizations.

With respect to board independence, the result indicated that it has positive and statistically significant impact on organizational performance of consumer goods companies in Nigeria. In addition, the moderating effect result shows that board independence has significantly moderated the relationship between the variables of business environment and

organizational performance of consumer goods companies in Nigeria. This in line with a prior expectation because an independent board is expected to concentrate on value adding activities that can significantly increase organizational performance of consumer goods companies in Nigeria. This assertion conforms with the findings of Lui, Miletkov, Wei and Yang (2016) that examined Board independence and firm performance in China and found out that independent directors have an overall positive effect on firm operating performance. However, above findings contradicted the work of Rashid (2010) who examined board independence and firm performance among listed firms in Bangladesh using data from 135 listed firms on Dhaka Stock Exchange and found that board independence and firm economic performance do not positively influence each other.

5.0 Conclusion and Recommendations

This research has empirically examined the impact of business environment on organizational performance of consumer goods companies in Nigeria taking board independence as moderating variable. In specific term, the research examined the effect of economic environment as a segment of business environment taking interest rate, exchange rate and inflation as proxies while organizational performance was represented by firm value based on Tobin's Q. Methodologically, the research employed both descriptive and inferential statistical techniques to analyse the data. Descriptive statistical techniques involve the estimation of mean, mean deviation, maximum and minimum in order to analyse the behaviour of the data. On the other hand, correlation technique, as well as fixed and random effect models were used to examine the degree of association among the variables of the study and to investigate the effect of interest rate, exchange rate and inflation on organizational performance of consumer goods companies in Nigeria taking organizational Board independence as moderating variable. On the whole, the results showed that interest, inflation and board independence have positive and statistically significant impact on organizational performance on consumer goods companies in Nigeria; while exchange rate has negative but insignificant effect on organizational performance on consumer goods companies. Furthermore, the results of moderating effect showed that board independence significantly moderated the effect of interest rate, inflation and exchange rate on organizational performance on consumer goods companies over the period of the study.

Based on the key findings revealed by the study, the study concluded that business environment and in particular, changes in the macroeconomic environment particularly adoption of floating exchange rate, high interest rate and inflation, have significantly changed the narrative of the activities in the consumer goods sector with serious economic implications over the period of this study. Similarly, high degree of board independence, accompanied by the quality of the board members particularly in terms of their managerial skills, working experience, educational qualification, is very critical in shaping the development and performance of the consumer goods companies, particularly in terms of taking decisive measures to ameliorate the challenges of the organization in the period of macroeconomic instabilities and vice versa. In view of the above, therefore, the study offers the following recommendations:

Policy Recommendations

The offers recommendations that can be translated into clear and actionable framework that can enhance the organizational performance and resilience of the consumer goods companies in Nigeria's macroeconomic challenging environment. Specifically, it is recommended that management of the companies should:

i. Use periods of lower interest rates to lock in long-term financial agreements related to fixed-rate debt and capital expenditures.
ii. Adopt backward integration and local sourcing of raw materials in order to reduce high reliance on imported inflation.
iii. Domesticate their supply chain in order to reduce excessive demand for foreign currency so that the negative effect of a devaluing Nigerian currency will be mitigated.
iv. Constitute a "macroeconomic risk assessment" sub-committee to be chaired by an independent director, and comprising members with expertise in finance, economics, and strategic policy frameworks. This will allow for proactive monitoring of interest rate, inflation, and exchange rate trends, and offer advice to the company.

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