

Economic Meltdown and Inflation and Its Effect on Organization Performance: A Study of Nigerian Manufacturing Companies

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Abstract : This paper highlights the increase in production cost and the corresponding outcomes in Nigeria using six major manufacturing companies as a case study. During an inflationary period, the cost-of-living increases, which reduces the purchasing power of money. Inflation has become a severe issue in many countries recently. To examine how inflation affects the success of businesses in Nigeria, a quantitative approach and a focus on causality were utilized to examine six (6) functional Nigerian manufacturing enterprises. The correlation between business production cost, cost of items supplied, and gross profit from 2021-2022 was analyzed. The analysis recorded that the cost of production increased in 2022 compared to 2021. The expansion varied between the six companies by 77.1%. Only one company out of six reported a decrease in gross profit in 2022 compared to the previous year. The other five companies' profits increased between 6.5% and 87%. Companies like these have thrived despite the rising cost of living because they have adjusted by increasing their product pricing. Since this change has the most significant influence on consumers, the best long-term reaction for a corporation to inflationary effects is often an improvement in cost efficiency, output, or both.

Keywords : economic meltdown, inflation, organization, performance

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