Interest Rate, Economic Growth Rate and Business Profitability of Listed Manufacturing Firms in Nigeria

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Abstract

This study examined the effect of interest rate and economic growth rate on business profitability of listed manufacturing firms in Nigeria from 2015 to 2024, using return on asset (ROA) as proxy for business profitability while interest rate and gross domestic growth rate were used as proxies for the macroeconomic factors. The study utilized an ex-post facto research design. Time series data were sourced from the Central Bank of Nigeria (CBN) statistical bulletin and annual audited report of the sampled companies. The population of the study consists of all the 20 industrial goods and healthcare manufacturing firms listed on the Nigerian Exchange Group floor as of 31st December 2024, while 13 companies were selected as sample size using purposeful sampling techniques. Ordinary Least Square Regression Analysis was applied in hypotheses testing with the aid of SPSS version 20.0. The findings revealed that interest rate (INTR) and gross domestic product growth rates (GDPGR) have no significant effect on the return on asset of selected listed manufacturing firms in Nigeria. The study concluded that, macroeconomic factors understudy has insignificant and negative effects on the business profitability of industrial goods and healthcare manufacturing firms in Nigeria. Based on the findings it is recommended that the cost of lending in the real economy should be lowered in a bid to lower manufacturing expenses, increase productivity, earnings and access to capital for expansion, a higher interest rate will reduce the manufacturing sector's capacity to borrow, because of expansion, interest rate hikes should be kept to a minimum; significant increases as a matter of fact be limited to situations in which tighter monetary regulation is truly ideal.

Key Words: Interest Rate, Economic Growth Rate, Business Profitability, Manufacturing Firms.

1. INTRODUCTION

The growth and sustainability of every business is affected by myriad factors of which funding are the most important (World Bank, 2017). The funds needed by these businesses are provided by the banking sector at a cost commonly referred to as interest. Globally, the banks serve as intermediaries for mobilizing funds from surplus units and making them available to deficit units at a cost (interest). Interest is the opportunity cost of borrowing, or the sacrifice made in other to raise funds. The discovery of inflationary pressures by the Central Bank of Nigeria led to the establishment of an interest rate policy, which was then implemented and used to regulate and control the circulation of money in the economy. Interest rate is an important term in lending activities of banks; it is of great concern to lenders, borrowers and economist, as it plays important roles in economic growth and development (Bhattarai, 2015). When interest rates are high, the cost of borrowing money rises, which in turn slows down domestic investment, reduces aggregate demand, boosts unemployment, and slows down economic growth and development. On the other side, a reduction in interest rates results in an increase in aggregate demand, production, investments, firm profitability, employment, company confidence, and export competitiveness (Precious & Palesa, 2014).

Business Profitability is the measure of how well a firm can use its assets from its primary business to generate revenues and remain in business. It can be measured by variables which involve productivity, profitability, growth or even customers' satisfaction. Maximization of profit is a very crucial objective for a firm to remain in business and to withstand competition from firms operating in a similar industry. It is a major pre-requisite for long-term survival and success of a firm while it is a key pre-condition for the achievement of other financial goals of a business entity (Gitman & Zutter, 2012). Profitability is a core measure of business sustainability, and it constitutes an essential aspect of its financial reporting. It reveals the firm's ability and capacity to generate earnings at a rate of sales, level of assets and stock of capital in a specific period (Margaretha & Supartika, 2016). Consequently, firms' profitability and modalities for improving it have generated serious debates in the literature and have remained topical in the field of economics, finance, accounting and management. Profitable firms create value, hire people, tend to be more innovative, more socially responsible and are beneficial to the entire economy through payment of taxes. High rate of performance of firms indeed contributes effectively to income generation and overall development of an economy (Lazar, 2016).

The effect of macroeconomic factors on business profitability in Nigeria is a serious malady. There is a consensus that high interest rates and economic growth rates cause problems for aggregate firm performance, although there is much less agreement about the relationship between interest rates, economic growth rates and how it affects business profitability at the macroeconomic level as most of the previous researchers focused on commercial banks and their effect on economic growth rates are closely associated, bringing to light how economic activities are affected by this relationship. The lack of access to credit and resultant sky-high costs of production are signs that interest rates whether high or unstable interest rates have deprived many businesses of its funds to grow. If the interest rate is too high, the cost of borrowing goes up, resulting in the high cost of doing business and consequently poor performance (Dunmade, 2012). The continued increase coupled with the recent hike in the key interest rate and fluctuation of economic growth rates could dent the profitability of businesses in Nigeria. As a result of this, this study seeks to examine the effect of interest rate and economic growth rates on business profitability of listed manufacturing firms in Nigeria.

1.1 Objectives of the Study

The study sought specifically to:

- i. Examine the effect of interest rate on return on Assets of listed manufacturing firms in Nigeria.
- ii. Ascertain the effect of gross domestic growth rate on return on Assets of listed manufacturing firms in Nigeria.

1.2 Research Hypotheses

In line with the objective of the study, the following hypotheses were formulated:

- H0₁: Interest Rate has no significant effect on return on assets of listed manufacturing firms in Nigeria.
- H02: Gross Domestic Growth Rate has no significant effect on return on assets of listed manufacturing firms in Nigeria.

The study covers a period of ten years (10) between 2015 and 2024. The choice of ten years is because the study examined the macroeconomic indicators on the business profitability in the period of economic meltdown in 2015, pre and post COVID 19 pandemic era in 2020 and fuel subsidy remover in 2023, thereby offering a nuanced and up to-date evaluation of the prevailing economic conditions in Nigeria. The economic factors in the global markets are witnessing an active rise and fall (fluctuations) and considering the instability of the economic factors due to political reasons, insecurity, wars, pandemic and government policy that are plaguing the economies of the world, including the Nigerian economy. This study will be of benefit to the Manufacturing organizations by understanding the extent to which the selected macro-economic factors have affected them.

2. THEORETICAL AND LITERATURE REVIEW

2.1 The Classical Theory

This study is anchored on classical theory of interest rate. Marshall and Fisher were the first to propose what is now known as the classical theory of interest rates in (1945). Because only real factors like productivity and thriftiness are taken into consideration in the process of determining interest rates according to this theory, it is also referred to as the "real theory of interest rates." This is since monetary factors are not given any weight in the process. According to the traditional economic theory, the level of interest rates is established by analyzing how demand for and supply of investment or capital interact with one another (Richard, 1979). Since businesses borrow money to invest, the cost of investment is interesting. Therefore, the interest rate is crucial to the decision to invest. The opposite is true as well: a high interest rate will result in a decrease in investment, while a low interest rate will stimulate more investment. Therefore, there is a negative connection between investment and interest rates. Customers keep their money in the bank so they may earn interest in it. When interest rates are high, people save more money, but when they are low, they save less money (Okoye & Udeh, 2009). However, the interest rate has a direct bearing (or a positive influence) on the amount of money saved. The need that businesses must invest in is met by the savings that families have. Therefore, savings represent supply in the products market, whereas investment represents demand. Thus, the demand for capital is inversely related to the rate of interest and the schedule for capital or investment slopes downward from left to right. A rise in the rate of interest will make loans less desirable, hence a fall in investment and the output of firms.

2.2 Empirical Review

Alalade, Idowu, Akande, Oliyide and Adebola (2024) examines the impact of key macroeconomic variables on the profitability of consumer goods manufacturing firms in Nigeria. Utilizing an ex post facto research design, the study analyzed secondary data sourced from the Central Bank of Nigeria (CBN) Statistical Bulletin and the financial reports of twelve listed consumer goods manufacturing firms over the period from 2006 to 2022. The data was subjected to analysis using a random effects panel regression model. The results reveal that inflation exerts a statistically significant positive effect on Return on Assets (ROA) (p = 0.0211 < 0.05). Conversely, interest

rates showed no significant impact on any of the profitability metrics. The study also found that fluctuations in the exchange rate had significant negative effects on ROA (p = 0.0000 < 0.05), with no significant effect on EPS (p = 0.0720 > 0.05). Sharif (2023) examines the impact of macroeconomic variables (economic growth, public debt growth, inflation, foreign direct investment, and balance of payments) on the performance of Islamic banks (return on assets, return on equity, and return on equity). The study used multiple linear regression analyses of periodic data for Jordanian Islamic banks in Jordan during the period (2007-2021). The findings demonstrated a positive correlation between macroeconomic factors and performance, except for foreign direct investments, which have a negative effect on performance because they require the use of external financial resources. This means that the country's use of expansionary fiscal policy or expansionary monetary policy leads to better performance

Romanus, James and Esther (2024), examines the effect of macroeconomic variables on the financial performance of quoted consumer goods manufacturing firms in Nigeria, with a particular focus on the relationship between the dependent variable, return on assets (ROA), and the independent variables exchange rate, money supply, and interest rate. Utilizing an ex post facto research design, the study adopts a cross-sectional time-series approach through panel data covering 2013 to 2022. Employing statistical tools such as E-Views 12.0, the research delves into the complex interactions between these macroeconomic determinants and the financial outcomes of consumer goods manufacturing firms. The study's findings reveal that the exchange rate holds a statistically significant negative impact, money supply exhibits an insignificant positive effect, and the interest rate demonstrates a significant negative influence on the financial performance of quoted consumer goods manufacturing firms in Nigeria. Given these outcomes, the study recommends that Nigerian consumer goods manufacturing companies should carefully manage their exposure to exchange rate fluctuations due to their substantial impact on financial performance. Oladipo, Ado, Alesinloye, and Yusuf (2024), investigates the impact of selected macroeconomic variables on economic growth in Nigeria using quarterly data spanning from 2000Q1 to 2022Q3. The methodology, anchored in the co-integrated Autoregressive Distributed Lag (ARDL) model, emphasizes data collection, validity, and reliability considerations. Secondary data, drawn from the Central Bank of Nigeria and National Bureau of Statistics, constitute a sample of 87 data points, meeting the Central Limit Theorem's sample size requirements. The variables under scrutiny nominal GDP growth (as a proxy for economic growth), exchange rate (EXR), inflation rate (INF), and interest rate (INT) demonstrate distinct relationships established through rigorous statistical analysis. Findings reveal that while inflation and interest rates seemingly bolster economic growth in theory, their impact remains statistically insignificant in both the short and long runs. Conversely, exchange rate fluctuations exhibit a significant negative impact on economic growth in both periods. Short-run analyses reveal exchange rate depreciation's detrimental effects on economic growth, aligning with theoretical expectations. However, unexpected positive correlations emerge between inflation and economic growth, challenging conventional assumptions.

Idaka, Ajuh and Edith (2021), analyzes the effect of economic variables on the financial performance of listed firms manufacturing consumer goods in Nigeria. The researchers adopted Ex-post facto research design and Ordinary Least Square multiple regression analysis for estimation of the equations. The population comprises 20 listed consumer goods manufacturing companies, and total sample of 13 firms, the data covered 17 years' financial reports. The sample was determined using the elimination method and purposive sampling techniques. We found a

strong correlation between CPI, interest, exchange rates and net asset per share. Egbunike and Okerekeoti (2018) investigated the effect of interest rate, inflation rate, exchange rate and the gross domestic product (GDP) growth rate, while the firm characteristics were size, leverage and liquidity. The dependent variable financial performance was measured as return on assets (ROA). The study used the ex post facto research design, and the population comprised all quoted manufacturing firms on the Nigerian Stock Exchange. The sample was restricted to companies in the consumer goods sector, selected using non-probability sampling method. The study used multiple linear regression as the method of validating the hypotheses. The study found no significant effect on interest rate and exchange rate, but a significant effect on inflation rate and GDP growth rate on ROA.

Orbunde, Lambe and Anyanwu (2019) examined the impact of interest rate on the financial performance of listed manufacturing firms in Nigeria from 2009 to 2018. The dependent variable of the study was financial performance measured by return on assets (ROA) and return on equity (ROE), while the independent variable was interest rate (ITR). Secondary data on financial performance was obtained from the annual reports and accounts of 28 sampled manufacturing companies for the period 2009 - 2018 while data for interest rate was obtained from the Central Bank of Nigeria (CBN). Correlation research design was adopted and cross-sectional/time series data was extracted from the reports of the firms, while and panel multiple regression was used to analyze the data in order to establish relationship between the variables using Eviews-10.The findings showed that Interest rates had a significant impact on ROA but no significant impact on ROE of listed manufacturing firms in Nigeria. Ehiogu and Nnamocha (2018) investigated the effect of interest rate on profit of insurance companies in Nigeria insurance industry. Ex-post facto research design was used in the study. The data was subjected to a Unit root test. Ordinary Least Square Regression analysis technique was used to test the hypothesis. It was found that interest rate had a positive and insignificant effect on total profit of the Nigerian insurance industry which shows that Interest rate can reduce the returns of its investment. It was concluded that the insurance business profit margin is not significant but positively influenced by interest rates.

Daniel, Paul and Edmond (2022) investigated the effect of interest rate spread on economic growth using annual time series data from 1975 to 2018. The study used the Engel-granger two-step procedure which uses the OLS technique to establish both the long-run and short-run relationships between interest rate spread and economic growth. The study established that interest rate spread is a statistically important determinant of economic growth, but it has a negative impact in the long run. Also, the result shows that labour force, capital stock, and exports affect economic growth in Ghana positively both in the long-run and short-run. However, government expenditure appeared not to be a statistically significant factor in determining economic growth in Ghana. Idaka, Ugwoke, Ajuh and Onyeanu (2021) analyzed the effect of economic variables on the financial performance of listed firms manufacturing consumer goods in Nigeria. The researchers adopted Ex-post facto research design and Ordinary Least Square multiple regression analysis for estimation of the equations. The population comprises 20 listed consumer goods manufacturing companies, and total sample of 13 firms, the data covered 17 years' financial reports. The sample was determined using the elimination method and purposive sampling techniques. We found a strong correlation between consumer price index (CPI), interest, exchange rates and net assets per share (NAPS). CPI has significant effect on NAPS and there is short run relationship based on the coefficients, exchange and interest rates showed no significant effect on NAPS.

Ezu et al. (2020) conducted an extensive study measuring the relationship between macroeconomic variables and the performance of the manufacturing sector in Nigeria spanning the period from 1981 to 2019. Data for the study were collected from sampled firms, complemented by economic data from the Central Bank of Nigeria (CBN) and the National Bureau of Statistics (NBS). The research focused on how macroeconomic variables, including real interest rates, exchange rates, and inflation rates, are associated with the manufacturing sector's performance. Performance was assessed through the output contribution ratio to real gross domestic product and average capacity utilization over a 36-year timeframe. The study's findings indicated a significant relationship between macroeconomic variables and performance at a 5% significance level. Augmented Dickey-Fuller and simple regression analyses were employed to test time series data for stationarity and ascertain the correlation between dependent and independent variables. Orbunde et al. (2020) examined the impact of interest rate on the financial performance of listed manufacturing firms in Nigeria from 2009 to 2018. Correlation research design was adopted, and cross-sectional and time series data was extracted from the reports of the firms, while the panel multiple regression was used to analyze the data to establish the relationship between the variables using E-views 10. The findings showed that Interest rates had a significant impact on ROA but no significant impact on ROE of listed manufacturing firms in Nigeria.

Ozigbo (2020) explored the effects of interest rate fluctuations on the performance of the manufacturing sector in Nigeria, covering the period from 1980 to 2019. Utilizing the cointegration approach with an error correction mechanism, the study revealed that elevated interest rates have adversely impacted the sector's performance. The findings from the Generalized Autoregressive Conditional Heteroskedasticity (GARCH) and Autoregressive Conditional Heteroskedasticity (ARCH) models further confirmed that interest rate dynamics significantly affect manufacturing performance. The study also identified a long-term relationship among the analyzed variables, leading to recommendations for substantial reductions in interest rates and the cautious adoption of a liberalized interest rate regime. Combey and Togbenou (2017) examined the link between three key macroeconomic indicators (GDP, real effective rate, and inflation) and banking sector profitability (measured by return on assets and return on equity) in To-go from 2006 through 2015, using an estimator Pool Mean Group. The results show that the bank's return on assets and return on equity don't seem to be associated with macroeconomic variables within the short term, and therefore the results indicate that real GDP growth, the real effective charge per unit, and inflation negatively affect the bank's return on equity within the long run. Therefore, policymakers and banking sector managers should try and take into consideration and improve real GDP growth, the real effective charge per unit, and anticipate inflation fluctuations.

3. METHODOLOGY

This study employed *ex-post facto* research design. The suitability of this choice was since the design allows researchers to establish the time sequence of the variables based on logical considerations which cannot be manipulated or altered by the researcher. It is adequate to capture any behavioural change contrary to a cross-sectional design method usually associated with most studies in this area both in developed and developing economies. The population of the study comprised manufacturing firms on the Nigerian Exchange Group (NGX). The study focused mainly on industrial and healthcare manufacturing firms listed on the floor of Nigeria Exchange Group. As at 31st December 2024, twenty (20) industrial goods and healthcare manufacturing firms were listed on the Nigerian Exchange Group floor. The choice of industrial goods and

healthcare manufacturing firms is since most of these companies are seriously affected by macroeconomic indicators. The study used purposive sampling techniques to select the sample size. This sampling technique was used to enable researchers to select firms that can conveniently assess their data. A total number of thirteen (13) industrial goods and healthcare firms that have their financial statements available either on their website or on the website of the Nigerian Exchange Group as at 31^{st} December, 2024 was used as our sample size. Industrial goods and healthcare firms that have not operated on the floor of Nigeria Exchange Group for the period of ten years (2015 to 2024) were excluded from the population. The secondary sources of data include audited annual reports and accounts of sampled companies, as published on corporate website of companies and the Nigerian Exchange Group Factbooks and CBN Statistical Bulletin of selected thirteen (13) industrial and healthcare firms listed on the Nigerian Exchange Group covering a period of 10 years (2015 – 2024). We adopted the Ordinary Least Square (OLS) Regression analysis with the aid of SPSS version 20.0 software for the time series data to determine the relationship between the variables.

The study adapted and modified the model used by Omoke (2010). In this model GDP is the dependent variables while Inflation (INFL) and Interest Rate (INTR) are the independent variables. The model is stated below.

$GDP = \beta \ 0 + \beta \ i \ INFL + \beta \ 2INTR + U$	(i)
Our study modified the model as follows:	
In a functional form, we have $ROAit = f(INTR, GDPGR)$	(ii)
Expressing equation in econometric form, we have	
$ROAit = \alpha + \beta 1 INTRit + \mu it$	(iii)
$ROAit = \alpha + \beta 2GDPGRit + \mu it$	(iv)
The linear regression model to empirically test the hypothesis formulated is:	
$ROAit = \alpha it + \beta 1INFRit + \beta 2GDPGRit + \varepsilon i$	(v)
Where	

ROA = Return on Assets, INTR = Interest Rate, GDPGR = Gross Domestic Product Growth Rates, β = the coefficient of the function term, e = error term, α = the constant term.

S/N	Name	Туре	Measurement
1	Return on Asset	Dependent	Net Income After Tax divided by Total
		Variable	Assets.
2	Interest Rate	Independent Variable	Bank rate data measured as readily available on the Central Bank of Nigeria statistical Bulletin.
3	Gross Domestic Product Growth Rate	Independent Variable	The data is measured as readily available on the Central Bank of Nigeria statistical Bulletin.

Table 3.1 Description of Variables

Source: Researcher, 2025

4. RESULT AND DISCUSSION

4.1 Test of Hypothesis

4.1.1 Hypothesis One

- Ho: Interest Rate has no significant effect on return on assets of listed manufacturing firms in Nigeria.
- H1: Interest Rate has significant effect on return on assets of listed manufacturing firms in Nigeria.

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.367	1	5.367	.003	.958 ^b
	Residual	14843.615	8	1855.452		
	Total	14848.983	9			

Table Table 4.1.1a ANOVA^a Interest Rate and ROA

a. Dependent Variable: Return on Asset b. Predictors: (Constant), Interest Rate Source: SPSS Output, 2025

Table 4.1.1b: Regression Coefficients for Interest Rate and ROA

		Unstandardized Coefficients		Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	20.393	58.851		.347	.738
	Interest Rate	179	3.322	019	054	.958

Source: SPSS Output, 2025

Table 4.1.1c: Model Summary^b for Interest Rate and ROA

			Adjusted R	Std. Error of	Durbin-
Model	R	R Square	Square	the Estimate	Watson
1	.019 ^a	.000	125	43.07496	1.008

Note: $r^2 = 0.000 f(1,8) = 0.003$, p = 0.958Source: SPSS Output, 2025

From Table 4.1.1c model summary shows that R square and the adjusted R square are 0.000 and -.125. This implies that 0% of the variation experienced in Return on Asset among the sampled variables was explained by the interest rate. More so, it was observed from Table 4.3.1a (ANOVA Table) that the interest rate is statistically insignificant to predict the return on assets since the probability value obtained (p-value), that is 0.958, is greater than 0.05 (P> 0.05). This was further confirmed in Table 4.3.1b where the coefficient of interest rate indicated a negative (T, -.54) interest rate on return on assets. Based on the analysis above, the null hypothesis (H₀) is accepted while alternative hypothesis (H₁) is rejected, which state that interest rate has no significant effect on return on assets of listed manufacturing firms in Nigeria. This finding is consistent with

observations made by Oladipo, Ado, Alesinloye, and Yusuf (2024), Idaka Ugwoke, Ajuh, & Edith, (2021), Combey and Togbenou (2017), Egbunike and Okerekeoti (2018), who discovered that there is an insignificant relationship between interest rate and return on assets but inconsistent with observations made by Orbunde et al. (2020), Ozigbo (2020), Ghareli and Mohammadi (2016), who revealed a significant relationship between interest rate and return on assets.

4.1.2 Hypothesis Two

- *Ho:* Gross Domestic Growth Rate has no significant effect on return on assets of listed manufacturing firms in Nigeria.
- *H1:* Gross Domestic Growth Rate has significant effect on return on assets of listed manufacturing firms in Nigeria.

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regressio n	412.656	1	412.656	.229	.645 ^b
	Residual	14436.327	8	1804.541		
	Total	14848.983	9			

Table Table 4.1.2a ANOVA^a Gross Domestic Product Rate and ROA

a. Dependent Variable: Return on Asset

b. Predictors: (Constant), Gross Domestic Product rate

Source: SPSS Output, 2025

Table 4.1.2b: Regression Coefficients for Gross Domestic Product Rate and ROA

		Unstandardized Coefficients		Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	11.746	17.776		.661	.527
	Gross Domestic Product rate	3.344	6.992	.167	.478	.645

Source: SPSS Output, 2025

Table 4.1.2c: Model Summary^b for Gross Domestic Product Rate and ROA

			Adjusted R	Std. Error of	Durbin-
Model	R	R Square	Square	the Estimate	Watson
1	.167ª	.028	094	42.47989	.833

Note: $r^2 = 0.028 f(1,8) = 0.229$, p = 0.645Source: SPSS Output, 2025

From Table 4.1.2c model summary shows that R square and the adjusted R square are 0.028 and -.094. This implies that 28% of the variation experienced in Return on Asset among the sampled variables was explained by the gross domestic product rate. More so, it was observed from Table

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4.1.2a (ANOVA Table) that the gross domestic product rate is statistically insignificant to predict the return on assets since the probability value obtained (p-value), that is 0.645, is greater than 0.05 (P> 0.05). This was further confirmed in Table 4.1.2b where the coefficient of gross domestic product rate indicated a positive (T, .478) gross domestic product rate on return on assets. Based on the analysis above, the null hypothesis (H₀) is accepted while alternative hypothesis (H₁) is rejected, which state that gross domestic growth rate has no significant effect on business sustainability of listed manufacturing firms in Nigeria. This finding is consistent with observations made by Ghareli and Mohammadi (2016), who in their studies discovered that there is insignificant relationship between gross domestic product rate and return on asset but inconsistent with observations made by Combey and Togbenou (2017), who revealed a significant positive relationship between gross domestic product rate and return on assets.

5. CONCLUSION AND RECOMMENDATIONS

In conclusion, the study specifically provided empirical evidence on the effect of macroeconomic factors on business profitability of selected listed manufacturing firms in Nigeria. This study concluded that there is negative and insignificant effect between interest rate, gross domestic growth rates and business profitability of selected listed manufacturing firms in Nigeria. That economic policy has insignificant and negative effects on the profitability of industrial good and healthcare manufacturing companies in Nigeria. Based on the findings of the study the researcher recommends the following:

- 1. That the cost of lending in the real economy should be lowered in a bid to lower manufacturing expenses, increase productivity, earnings and access to capital for expansion, a higher interest rate will reduce the manufacturing sector's capacity to borrow, because of expansion. To accomplish this, interest rate hikes should be kept to a minimum; significant increases in interest rates should as a matter of fact be limited to situations in which tighter monetary regulation is truly ideal.
- 2. Since GDP growth rates changes have not affected sustainability, government should prioritize the growth of the real sectors of the economy and create an enabling environment for foreign investors to attract trade with the rest of the world, contributing to the growth of the economy and manufacturing firms in Nigeria.

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