



Economic Environment and Organizational Performance in Pharmaceutical, Firms in Anambra State

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Abstract: The study examined economic environment and organizational performance in pharmaceutical, firms in Anambra State. This study adopted the survey design which allows for the collection, analysis and interpretation of original data from the respondents. The area of this study is Anambra state which is a state in southeastern part of Nigeria. The population of the study was two thousand four hundred and ninety-five (2495). The sample size of 479 was gotten through Borg and Gall formular. The method applied in gathering the data used for the answering the questions raised in this study was primary and secondary methods, the primary method was questionnaire, the questionnaire items was raised from the objectives of the study. In order to make provision for reliability of the questionnaire as a major instrument in this research study, the test-re-test reliability method was adopted by this study. The questionnaires were pre-tested by administering 40 copies to pharmaceutical firm in Enugu state. The reliability of responses to the items of the instruments was analysed using cronbach coefficient alpha aided with the use of SPSS 23. The reliability coefficient shows that the questionnaire yield 0.75%, which indicates that the instrument is reliable. Meanwhile percentage table, correlation and regression analysis were used to analyze the collected data from the sample respondents. The study found that Interest rate has significant negative effect on organizational performance in pharmaceutical firms Anambra state. Inflation rate has negative and significant effect on organizational performance in pharmaceutical firms Anambra state. Exchange rate has a positive and significant effect on organizational performance in pharmaceutical firms Anambra state. In view of the findings, the study recommended that managers of pharmaceutical firms should carefully analyze the economic trend and develop tactics in order to take advantage of the opportunities the changes might bring at the same time shielding themselves from any threats

Keywords: inflation rate, interest rate, exchange rate, organizational performance.

1.1 Introduction

To achieve a continuous performance is one of the most important aims of any business organization including the pharmaceutical firms because only through an enhanced performance, organizations are able to grow and develop. Thus, organizational performance has become one of the most important variables in the organization worthy of constant attention by managers. Thus,

Evwierhurhoma and Onouha (2020) expressed that in business, organizational performance is known as a central outcome variable of interest, ranging from human resources and marketing to operations department. More so, in today's business environment that is marred with frequent changes, knowing the factors that will yield enhanced performance and the ways in which it can be measured is very essential to the survival of all organization in respective of the size. This is because organizational performance is very important since it provide information on the quality of processes performed which offers support on how the objectives of the organization are attained in an efficient and effective way.

The environment of an organization in business is described as "the pattern of all the external conditions and influences that affect its life and development" (Minzberg et al., 2012). Economic environment of small scale businesses to a large extent determines the success or failure of business enterprises in the country (Emefiele, 2012). Shane (2014) opines that an economy is considered stable when there is constant output, exchange rate, interest rate and low inflation. More so, Sherl in Asogwa (2019) contends that for small scale enterprises to thrive in a given environment, the government at the center should make the environment conducive, by maintaining a fix inflation and exchange rate. The above assertion was also supported by Adegbite (2016) that government should take proactive steps that would gradually bring about turn-around on the economy by stimulating, mobilizing and encouraging small scale businesses, through provision of enabling environment that supports creative idea that culminates to production of goods and services.

Unfavorable economic environment are in most cases orchestrated by the arbitrary increase or fluctuation of exchange rate, interest rate and inflation rate on Nigeria economy (Salihu, 2015). The economic environment just like other factors in the external environment is fill with uncertainty, complexity and dynamism; thus to effectively manage this complexity and uncertainty and achieve enhanced performance, organization must be aware of and fully understand the different manifestations of the economic environment. It is such understanding that organizations can take actions such as building capabilities and core competences that would help them to buffer themselves against negative impact of the changes in the economic environment while improving performance. Thus, the purpose of this study is to examine the economic environment and organizational performance in the pharmaceutical, firms in Anambra State.

1.2 Objective of the Study

The general purpose of this study was to investigate economic environment and organizational performance in pharmaceutical, firms in Anambra State. Specifically, the study sought to:

1. Determine the impact of interest rate on organizational performance of pharmaceutical, firms in Anambra State.
2. Ascertain the impact of inflation rate on organizational performance of pharmaceutical, firms in Anambra State.

3. Ascertain the impact of exchange rate on organizational performance of pharmaceutical, firms in Anambra State.

1.3 Hypothesis of the Study

The following are the hypothesis of the study

H₀₁ Interest rate has no significant effect on organizational performance of pharmaceutical, firms in Anambra State.

H₀₂; Inflation rate has no significant effect on organizational performance of pharmaceutical, firms in Anambra State.

H₀₃; Exchange rate has no significant effect on organizational performance of pharmaceutical, firms in Anambra State.

REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

2.1.1 Economic environment

Economic environment is part of the business environment and business environment has to do with a set of forces or factors inside and outside the organization's precincts which are capable of influencing the operations of the organization. These set of environmental forces changes from time to time and the changes can either brings an opportunity or a threat to the organization.

There are two types of business environment namely: internal environment and external environment. The internal environment includes situational factors within the organization that the organization has control of. These factors are largely the result of decisions of the management process and they are under management control and they include employee, processes, work environment strategy. The internal environmental forces can be influenced by management of the organization towards attaining organizational goals and objectives. More so, the external environments are set of forces or institutions that are outside the control of the organization which impact on the operations of the organization. These forces include the economic environment, political environment, social environment, cultural environment, and technological environment.

However, this paper focused on the economic environment. The economic environment has to do with the general economic indices of the country or region in which the business organization is operating. Due the fact that today's business organizations are operating in a global environment, the economic dimension has become exceedingly complex and creates even more uncertainty and complexity for organizations as well as managers (Richard, 2013). The economic environment goes a long way to determining and defining the opportunities for an organization; this is because an expanding economy provides operational scope for the organizational existence as well as for the establishment of new ones (Ogundele, 2015). Furthermore, Olawe (2014) expressed that the economic environment include factors such as fiscal and monetary policies, inflation rates, interest rates, unemployment and foreign

exchange rates, which are capable of influencing the performance of the organization. Business organizations function in an economic environment which shapes, and is shaped by their activities and at the same time comprises of variables which are dynamic, interactive and uncertain which, in part are affected by government policy related to the economy.

2.1.2 Organizational Performance

The concept of organizational performance has different meaning to different persons just like most concepts in management. However, organizational performance has over the years become synonymous with concept such as effectiveness, efficiency, productivity, earning capacity etcetera. Based on this, there is need for a clearer definition. Didier (2002) articulated that performance has to do with achieving the goals of the organization in conformity with the firm's orientations. In other words, organizational performance is attaining organizational stated objectives. This means that organizational performance is the result of a comparison between the outcome and the objective of the organization. Thus, the fulfillment of stated objectives involves attaining a certain level of performance. In the same vein, Bourguignon (1995) expressed that organizational performance can only be achieved when targeted objectives in the organization are reached.

More so, Rolstadas (1998) expressed that organizational performance is a complex relationship involving seven performance criteria that must be followed which has to do with efficiency, effectiveness, productivity, quality, innovation, quality of work, as well as profitability. An organization can only be deemed to have achieved performance if the criteria listed above have been attained. However, this study is limited to profitability. Profitability according to Griffith and Carroll (2001) is the ability of the organization to generate income minus its expenses. More so, profitability is a major pointer of organization's good performance from its activities (Evwierhurhoma & Onouha, 2020). In today's economy, where strong competition dominates and where all processes are highly dependent on information, the success of an organization requires specific measurement and management systems. To comply with the principle of rational economics, an organization must systematically analyze its financial result. In other words analyze its profitability.

2.2 Theoretical Framework

Institutional theory is adopted as the underpinning theory for this study which postulates that the business environment that surrounds the business firms exerts pressure on the performance of the firm (Kinuu, 2014). Thus, Scott (2008) expressed that the exerted pressures from the environment incites diverse reaction from the organization as they seek legitimacy in order to survive and prosper in their environment. This theory provides a non- economic explanation of organizational behaviors and strategies (Scott, 2008). Institutions (such as the government, central bank of Nigeria) regulate economic activities which affect organizational performance by setting the rules of the game as the basis for production, exchange, and

distribution. Thus, it is important for manufacturing firms to follow established rules, norms, and belief systems emanating from the business environment to gain legitimacy (Yang, Su, & Fam, 2012) and judiciously utilize their resources in order to adapt to specific institutional environments such as the economic environment in view of enhancing their performance

2.3. Empirical Review

Asogwa and Onukwuli (2020) explored the effect of economic environment on the performance of small scale businesses in a Sub-Saharan African Nation. Specifically, it ascertained the effect of high inflation rate on the performance of small scale enterprises; examined the effect of high exchange rate on the performance of small scale enterprises; and explored the effect of high interest rate on the performance of small scale enterprises in Nigeria. The study employed ex-post facto design from data extracted from Central Bank of Nigeria statistical Bulletin and established an integrated model of economic environmental factors and business performance of small scale enterprises in Nigeria, from 1973-2019 through research objectives. Ordinary Least Square (OLS) method of regression test was adopted to estimate the unknown parameters in a linear regression model. Results revealed that; high inflation rate significantly affects the performance of small scale enterprises in Nigeria; high exchange rate significantly affects the performance of small scale enterprises; and high interest rate significantly affects the performance of small scale enterprises in Nigeria. The study recommended that Nigeria government needs to increase her productive capacity (made in Nigeria products) to improve her export earnings which would stabilize the exchange rate. More so, address the problems of high interest rate and collateral securities that made it difficult for small scale operators to access loan in the bank. Most of the small scale operators who may have viable business ideas may not put it into use, due to dearth of capital. Stabilizing these economic variables would drive the operations of small scale enterprises, as they will innovate, create and invent new things, products and services to stimulate productivity, which in turns, create resource-based economy. The implication of this negative relationship of these economic environmental factors provided empirical evidence that high inflation, high exchange rate and high interest rate predict the operations of small scale enterprises in Nigeria.

Oga and Onouha (2020) examined the relationship between economic environment (inflation rates and interest rates were used as the dimensions) and organizational performance (the measures used was profitability) of manufacturing firms in Rivers State, Nigeria. We therefore adopted quasi experimental design in the form of cross-sectional research survey design and our population was 48 manufacturing firms gotten from Manufacturers' Association of Nigeria, Rivers State Chapter and the sample size was 44 using the Krejcie and Morgan (1970) sample size determination table; also, simple random sampling technique was used and the research instrument. Data was collected through questionnaire as the research instrument which was analyzed using spearman's rank order correlation coefficient with the aid of Statistical Package for Social Sciences. Our findings revealed that inflation rates and interest rates significantly influence profitability respectively, thus we concluded that economic environment significantly

influence organizational performance. We therefore recommend that managers of manufacturing firms should effectively monitor the likely changes in its economic environment such as changes in inflation and interest rates, so that they can make right decisions that will enhance the performance, especially their profitability.

Mobegi, Sang and James (2019), examined the effect of the economic environment; changes in tax rates, changes in interest rates and changes in exchange rates on the performance of donor-funded health projects in Kenya. The study was anchored on the theory of constraints. The study adopted explanatory and descriptive research designs. A census of all the sixty- nine donor-funded health projects initiated between 2008 and 2018, and are ongoing was conducted. A semi- structured questionnaire was administered to managers of the donor-funded health projects and the heads of donor- funded projects at the ministry of health. Both descriptive and inferential statistics were applied in the analysis and presentation of data. Quantitative data were analyzed using the Statistical Package for Social Sciences (SPSS), while qualitative data were analyzed by content analysis based on patterns and themes. A multiple regression model was used to explain the effect of the economic environment on the performance of donor-funded health projects in Kenya. The study found out that the economic environment had a significant effect on the performance of donor-funded health projects. The study recommends that all decision-makers and other donor-funded health project stakeholders devise policies and strategies for controlling the effect of the economic environment on the donor-funded health projects to enhance their performance.

Mwangi and Wekesa (2017) established the influence of economic factors on organizational performance of Kenya Airways. This study adopted descriptive research design and was limited to two financial years, 2013/2014 and 2014/2015, due to resource constraints. The target population of this study was 245 staff working in Kenya Airways Finance department. Stratified random sampling was used to select 74 respondents. The researcher used a questionnaire as primary data collection instrument. Secondary data was collected from published materials and annual reports of Kenya Airways. Content analysis and descriptive analysis was employed. In addition, a multiple regression was used. The study established that economic factors influence the organizational performance of Kenya Airways Limited. The study also recommends that there is need for government and various policy makers to put in place policies that will improve the economic condition surrounding the airline industry.

Mohammed (2012) on the impact of socio-economic factors on the success of small scale business in Khyber-Pakhtunkhwa Province, Pakistan. Primary data were sourced via questionnaire administered to sixty (60) businessmen who were randomly selected through the application of stratified sampling technique. Ordinary least square was employed in predicting the relationship between the studied variables of the study. The study revealed that dearth of advisory services among businessmen constitutes a major set-back on their operations and conclude that having the dexterity to analyze SWOT (strength, Weakness, Opportunity and

Treat) of the business could help them to appreciate and proactively responds to the environment.

3.1 Methodology

The study adopted survey research design. The basic idea behind survey methodology is to measure variables by asking questions and then to examine relationships among the variables. Data for this research was drawn from both primary and secondary sources. According to Uyimadu (2005), data collection is very important in finding solution to research questions. He noted that both types of data collection are employed for a thorough analysis and validation of theories. Data analysis was done by descriptive and inferential statistics. Descriptive statistics deals with methods of organizing, summarizing, and presenting data in a convenient and informative way. Inferential statistics is a body of methods used to draw conclusions or inferences about characteristics of populations based on sample data (Keller and Warrak, 2003). Sixteen pharmaceutical firm used were Alben Healthcare Industries Limited, Barker Alfanzo Pharmaceutical Industries (Nig) Limited, Chazmax Pharmaceutical Industries Limited, Clatess Limited, Damazo Pharmaceutical Industries (WA) Limited, EV Lifetime Pharmaceutical, Nigeria Limited, Franson Mannyon International Co. Ltd., Guaze, Pharmaceuticals & Laboratory, Nigeria Limited, Juhel Nigeria Limited, Kingsize Pharm. (Nig.) Ltd, Nature and Nurture Industries Limited, New Divine Favour Ind Nig Limited, Odesco Pharmaceutical Industries, Nigeria Limited, Pauco Pharmaceutical Limited, Rico Pharmaceutical Industries Limited, See Best Pharmaceutical Company Nigeria Limited. The population of the study two thousand four hundred and ninety-five (2495). The sample size of 479 was gotten through Borg and Gall formular. The method applied in gathering the data used for the answering the questions raised in this study was primary and secondary methods, the primary method was questionnaire, the questionnaire items was raised from the objectives of the study. In order to make provision for reliability of the questionnaire as a major instrument in this research study, the test-re-test reliability method was adopted by this study. The questionnaires were pre-tested by administering 40 copies to pharmaceutical firm in Enugu state. The reliability of responses to the items of the instruments was analysed using cronbach coefficient alpha aided with the use of SPSS 23. The reliability coefficient shows that the questionnaire yield 0.75, which indicates that the instrument is reliable. Meanwhile percentage table, correlation and regression analysis will be used to analyze the collected data from the sample respondents.

Model Specification

The model is to verify the economic environment and organizational performance in pharmaceutical, firms in Anambra State. However, due to the nature of the objective of the study, the researcher will develop a model that capture economic environment as a function of organizational performance, the model is specified below,

$$\text{ORP} = f(\text{INT}, \text{INF}, \text{EXCH}) \text{------(i)}$$

Where

ORP = Organizational performance

INT = Interest rate

INF = Inflation rate

EXCH = Exchange rate

F = functional rotation

The above equation can be put in an econometric form as;

$$\text{ORP} = b_0 + b_1 \text{INT}_{it} + b_2 \text{INF}_{it} + b_3 \text{EXCH}_{it} + \mu \text{-----ii}$$

Where;

b₀ = Autonomous or intercept

b₁ = Coefficient of parameter INT

b₂ = Coefficient of parameter INF

b₃ = Coefficient of parameter EXCH

μ = Stochastic variable or error term

DATA PRESENTATION AND ANALYSIS

4.1 Demographic Characteristics of the Respondents

In this section, the demographic features of the respondents such as gender, marital status, age bracket, and educational qualification are presented and analyzed. A total of four hundred and seventy-nine (479) respondents were sampled and four hundred and sixty-two (462) were retrieved, the results are presented in the table below.

Frequency Table

4.1.2 GENDER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	302	80.5	80.5	80.5
	FEMALE	97	19.5	19.5	100.0
	Total	462	100.0	100.0	

Source: Field Survey, 2023/SPSS

The above table reveals that the 80.5% of the respondents which represents three hundred and two (302) persons were male respondents, while ninety-seven (97) respondents which represent 19.5% were female respondents. By implication, male respondents were more than female respondents by 61% in our selected population sample for this study. The implication of this is to enable us to know the number of female and male that successfully returned their questionnaire.

4.1.3 MARITAL STATUS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	169	36.6	36.6	36.6
	Married	264	57.1	57.1	93.7
	Others	29	6.3	6.3	100.0
	Total	462	100.0	100.0	

Source: Field Survey, 2023/SPSS

In the table above, one hundred and sixty-nine (169) respondents, representing 36.6% are single while two hundred and sixty-four (264) respondents which represent 57.1 percent are married. While twenty-nine (29) respondents which represents 6.3% were among widowed, divorced and separated. It is therefore glaring that the majority of the respondents are married as at the time of this study. Thus marital status table help us to know the number of single, married, and divorce respondents that answered the distributed questionnaires

4.1.4 AGE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-30	210	45.5	45.5	45.5
	31-40	92	19.9	19.9	65.4
	41-50	74	16.0	16.0	81.4
	51-above	86	18.6	18.6	100.0
	Total	462	100.0	100.0	

Source: Field Survey, 2023/SPSS

Table 4.3 above depicted the age bracket of the respondents. The distribution shows that 45.5% of the respondents are between the age brackets of 18 to 30 years while 92 respondents representing 19.9% are within the age bracket of 31 – 40 years. On the same note, 16.0% of the respondents are within the age bracket of 41 – 50 years while the remaining respondents representing 18.6% are within the age bracket of 51 years and above.

4.1.5 EDUCATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	OND/NCE	94	20.3	20.3	20.3
	BSC/HND	205	44.4	44.4	64.7
	MSC/MBA	137	29.7	29.7	94.4
	PHD	26	5.6	5.6	100.0
	Total	462	100.0	100.0	

Source: Field Survey, 2023/SPSS

In the table above, out of the four hundred and sixty-two (462) respondents, ninety-four (94) of the respondents are OND/NCE holders. While two hundred and five (205) respondents which represent 44.4 percent are BSC/HND holders. One hundred and thirty-seven (137) respondents which represent 29.7 are MSC/MBA holders, while twenty-six (26) which represents 5.6 are PHD holders.

4.2 Multiple Regression Analysis

Table 4.2.1 Summary of the Regression Result

The result of the multiple regressions formulated in chapter three is presented in the tables below

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.416 ^a	.573	.567	.36179	.173	31.885	3	458	.000	1.605

a. Predictors: (Constant), EXCH, INT, INF

b. Dependent Variable: ORP

Table above shows that R^2 which measures the strength of the effect of independent variable on the dependent variable have the value of 57%. This implies that 57% of the variation in economic environment is explained by variations in interest rate, inflation rate and exchange rate. This was supported by adjusted R^2 of 56%.

In order to check for autocorrelation in the model, Durbin-Watson statistics was employed. Durbin-Watson statistics of 1.605 in table above shows that the variables in the model are not auto correlated and that the model is reliable for predications.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.520	3	4.173	31.885	.000 ^b
	Residual	59.947	458	.131		
	Total	72.468	461			

a. Dependent Variable: ORP

b. Predictors: (Constant), EXCH, INT, INF

The f-statistics value of 31.885 in table above with f-statistics probability of 0.000 shows that the independent variables has significant effect on dependent variables such as interest rate, inflation rate and exchange rate can collectively explain the variations in economic environment and organizational performance.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.541	.069		7.845	.000	.405	.677
	INT	-.209	.030	.306	-6.981	.000	.150	.268
	INF	-.056	.016	.163	-3.579	.000	.025	.086
	EXCH	.083	.022	.174	3.788	.000	.040	.126

a. Dependent Variable: ORP

4.3: Discussion of Findings

In testing our hypotheses, we provide the below specific analysis for each of the independent variables as follows:

4.3.1 Interest rate and organizational performance

Based on multiple regression result in table 4.2.3 above, we observed that Interest rate showed a negative coefficient value of -0.209, and P-value of 0.000. The result from the model indicates that Interest rate which is the amount of [interest](#) due per period, as a proportion of the amount lent, deposited, or borrowed (called the [principal sum](#)) have negative but significant influence on the organizational performance of pharmaceutical firms in Anambra state. This suggests that the negative coefficient and the probability indicate that Interest rate negatively affects the organizational performance but the effect is statistically significant and is enough to drive performance of organizations. Moreover the negative coefficient implies that 1% decrease in the Interest rate leads to a percentage increase in organizational activities by 20% thus providing support for the importance of stable interest rate in an organization.

Possibly, Interest rate to a large extent determines the organizational performance in pharmaceutical firms. In general, when the Interest rate is decreasing positively it is expected that it will improve organizational performance due to the higher degree of stability it brings to the organization. As a result of this significant relationship we documented, we accepted our alternative hypothesis and therefore conclude that Interest rate have significant negative effect on organizational performance in pharmaceutical firms Anambra state.

4.3.2 Inflation rate and organizational performance

The study established that Inflation rate has negative significant effect on organizational performance in pharmaceutical firms in Anambra state having recorded a negative coefficient value of -.056 and p-value of 0.000 ($\beta_2 = -.056$, $p = 0.0000 > \alpha = 0.05$, $t = -3.579$). The coefficient value β_2 was negative showing that Inflation rate has a negative effect on organizational performance in pharmaceutical firms in Anambra state. Hence when Inflation rate decreases by one percent, performance increases by 0.56% units, this means that Inflation rate has negative influence on the level of performance of pharmaceutical firms and it was statistically significant. Based on the results of the analysis, the study accepted the second alternative hypothesis and therefore concludes that Inflation rate has negative and significant effect on organizational performance in pharmaceutical firms Anambra state.

4.3.3 Exchange rate and organizational performance

The analysis result of Exchange rate showed a positive coefficient value of .083%, t-value of 3.788 and a P-value of 0.000 from table 4.3.2 above, we found Exchange rate to have a positive and significant effect with performance of pharmaceutical firms Anambra state. The coefficient value of .083% revealed that increase in Exchange rate may lead to about 0.83% increase in the organizational performance; this is not in line with apriori expectation. The t-value of 3.788

reveals that Exchange rate has a positive effect on organizational performance in pharmaceutical firms Anambra state. The probability value of .000 indicates that exchange rate on performance is statistically significant. Based on the significant result documented, this study therefore rejects the third null hypothesis and concludes that, exchange rate has a positive and significant effect on organizational performance in pharmaceutical firms Anambra state.

4.4 Correlation Analysis Test

4.4.1 Interest rate and organizational performance

Correlations			
		ORP	INT
Pearson Correlation	ORP	1.000	.613
	INT	.613	1.000
Sig. (1-tailed)	ORP	.	.000
	INT	.000	.
N	ORP	462	462
	INT	462	462

As presented in Table above there was a positive relationship between organizational interest rate and organizational performance ($r=0.613$ $p<0.05$). This suggests that interest rate positively influenced organizational performance in pharmaceutical firms Anambra state. This implies that the issue of the positive interrelation between interest rate and organizational performance is established here

4.4.2 Inflation rate and organizational performance

Correlations			
		ORP	INF
Pearson Correlation	ORP	1.000	.578
	INF	.578	1.000
Sig. (1-tailed)	ORP	.	.000
	INF	.000	.
N	ORP	462	462
	INF	462	462

As presented in Table above there was a positive relationship between inflation rate and organizational performance ($r=0.57$; $p<0.05$). This suggests that inflation rate positively influenced the organizational performance. This implies that the issue of the relationship between inflation rate and organizational performance is brought out clearly in this study. This concurs with other researchers who have established the relationship between inflation rate and performance in different organizations.

4.4.3 Exchange rate and organizational performance

Correlations		ORP	EXCH
Pearson Correlation	ORP	1.000	.774
	EXCH	.774	1.000
Sig. (1-tailed)	ORP	.	.000
	EXCH	.000	.
N	ORP	462	462
	EXCH	462	462

As presented in Table above there was a positive relationship between exchange rate and organizational performance ($r=0.774$; $p<0.05$). This suggests that exchange rate positively affect organizational performance in pharmaceutical firms Anambra state. This implies that the issue of the positive relationship between exchange rate and organizational performance is brought out clearly in this study.

5.1 Conclusion and Recommendation

The economic situation in Nigeria at some point has been hinted to be unfavorable for business activities. This could be true to some extent but the fact is that the present economic status of the

country has some hope for the conduct of business. Dollar due the importations of some capital goods are left in the hands of particular individuals, it still has a fair day on the common businessman. Some economic factors affecting the Nigeria business environment include interest rates, exchange rates and the inflation rate. These factors have major impacts on how businesses operate and make decisions. for example, interest rates affect a firms cost of capital and therefore the extent to which a business grows and expands Dollar exchange rates affect the costs of exporting goods and the supply and price of imported goods in an economy

We therefore, concluded that economic environment influence organizational performance in the pharmaceutical firms in Anambra state Hence, the capability of the pharmaceutical firms to understand the business environment (economic environment) is very important to enhancing their performance. This is because the economic environment provides the needed resources and

opportunities to the firm which is very essential to its existence; therefore, organizational performance is greatly tied to the economic environment especially to its economic environment. We therefore recommend that managers of pharmaceutical firms should effectively monitor the likely changes in its economic environment such as changes in inflation and interest rates, so that they can make right decisions that will enhance the performance especially their profitability.

Also, managers of pharmaceutical firms should carefully analyze the economic trend and develop tactics in order to take advantage of the opportunities the changes might bring at the same time shielding themselves from any threats

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