

UNSTABLE MACROECONOMIC INDICATORS AND VALUES OF EXPORT IN NIGERIA

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ABSTRACT

The study examined unstable macroeconomic indicators and values of export in Nigeria. The specific objectives are as follows, to examine the effect of inflation rate on values of export in Nigeria, to ascertain the effect of exchange rate on values of export in Nigeria and to assess the effect of interest rate on values of export in Nigeria. The study used secondary sources of data from Central Bank of Nigeria Statistical bulletin. Ex-post facto research design was also adopted. The study employed multiple regressions of Ordinary Least Square (OLS) method. The result revealed that Inflation rate had positive and non-significant effect on values of export in Nigeria (t-statics is 0.698872 while the probability value is 0.4916). Exchange rate had positive and significant effect on values of export in Nigeria (t-statics is 3.330717 while the probability value is 0.490.002916). Interest rate had negative and significant effect on values of export in Nigeria (-statics is -2.110512 while the probability value is 0.0459). From the findings the following recommendations were made; a major policy implication of this result is that concerted effort should be made by policy makers to increase the level of output in Nigeria by improving productivity/supply in order to reduce the prices of goods and services (inflation) so as to boost the growth of the economy. Inflation can only be reduced to the barest minimum by increasing output level (GDP). Interest rate is to be considered for there to be a meaningful economic activity interest rate on investible fund must be brought low either by monetary or fiscal policy measures to encourage output and increase income. This is to enable appreciable level investment to exist within the economy and in turn stimulate economic growth. There should be a change in business operation and must become formal without becoming too bureaucratic (Burns, 2001) and the change must be properly managed if successful, the export are to perform and grow. The Federal government and its agencies should also formulate policies that will encourage exporters to source funds from the capital market as well as improving business conditions and the business environment.

Keyword: *Economic Environment, Performance of SME, Inflation Rate, Exchange Rate, Interest Rate*

INTRODUCTION

Over the years, the major goals of macroeconomic variables have often been the two later objectives. Thus, inflation and exchange rate have dominated CBN's macroeconomic variable focus based on assumption that these are essential tools of achieving macroeconomic stability (Ajayi, 2020). In Nigeria, macroeconomic variables have been in use since the Central bank of Nigeria was saddled with the duty of formulating and implementing monetary policy by Central bank Act of 1958. This role has facilitated the appearance of active money market where treasury bills, a financial instrument used for open market operations and raising debt for government has grown in volume and value becoming a prominent earning asset for investors and source of balancing liquidity in the market. Macroeconomic variables have two fundamental goals to promote maximum sustainable output and employment and to maintain sustainable price level in the economy (Edun, 2017).

A major driver of economic growth through its impact on economic variables is Macroeconomic variables. Economic growth is crucial in an economy as it reduces poverty and at same time improves livelihoods (Chimezie, 2019). The emerging significance of monetary policy has made its potency in influencing

economic growth the primary issue to most governments. Despite the absence of oneness amongs economists on how monetary policy actually works and on the magnitude of its effect on the economy, there is a remarkable strong agreement that it has some measure of effects on the economy (Nkoro, 2020). Macroeconomics as an amalgamation of measures designed to control the value, supply and cost of money in an economy, in accordance with the anticipated level of economic activity (Folawewo and Osinubi, 2015). For most Economies, the objectives of macro economy include price stability, maintenance of balance of payments equilibrium, promotion of employment and output growth, and sustainable development.

An export is a function of international trade whereby goods produced in one country are shipped to another country for future sale or trade (Erfani, 2017). Exports are a crucial component of a country's economy, as the sale of such goods adds to the producing nation's gross output. One of the oldest forms of economic transfer, exports occur on a large scale between nations that have fewer restrictions on trade, such as tariffs or subsidies. The ability to export goods helps an economy grow and most of the largest companies operating in advanced economies derive a substantial portion of their annual revenues from exports to other countries (Ajaji, 2020). One of the core functions of diplomacy and foreign policy between governments is to foster economic trade, encouraging exports and imports for the benefit of all trading parties. Exports facilitate international trade and stimulate domestic economic activity by creating employment, production, and revenues.

The pursuit of price stability invariably implies the indirect pursuit of other objectives such as economic growth, which can only take place under conditions of price stability and allocates efficiency of the financial markets. Macroeconomics aims at ensuring that money supply is at a level that is consistent with the growth target of real income, such that non-inflationary growth will be ensured. Macroeconomics is used as inflation is generally considered as purely a monetary phenomenon. Macroeconomic variable influences economic growth through aggregate spending, Changes in money supply and interest rates influence consumer spending as well as investment decisions. Therefore, aggregate demand changes in retort to policy acclimatization. Given the critical role monetary policy plays in the hounding of a stabilized economic growth, hence the study intends to assess unstable macroeconomic indicators and values of export in Nigeria for the period 1995-2021.

Statement of Problem

The economy of Nigeria is faced with high inflation, exchange and interest rate, unemployment, low investment and these factors militate against the growth of the economy. Thus, adopting monetary policy in manipulating the fluctuations experienced so far in the economy, CBN undertakes both contractionary and expansionary measures in tackling the problems observed above.

Central bank of Nigeria uses various instruments to achieve its stated objective and these include: exchange rate, interest rate, open market operation (OMO), required reserve ratio (RRR), bank rate, liquidity ratio, selective credit control, moral suasion, etc. Various regimes of macroeconomics policy have emerged in Nigeria. Sometimes, monetary policy can either be tight or loosed, mostly used to stabilize prices. The economy has experienced times of expansion and contraction but evidently, the reported growth has not been a sustainable one as there is evidence of growing poverty among the populace. However, despite these macro-economic policies the performance of the Nigerian economy in terms of growth has been dismal. Growth of the Nigerian economy as at 1990 was 8.2% and decreased to 5.4%, 4.6% and 3.5% in 2000, 2001 and 2002 respectively. It further increased to 9.6% in 2003 and decreased to 5.8% in 2005 and increased marginally to 6.4% and 7.3% in 2008 and 2011 respectively. With all these, the study wants to examine unstable macroeconomic indicators and values of export in Nigeria.

Objectives of the study

The broad objective of the study is to examine unstable macroeconomic indicators and values of export in Nigeria. The specific objectives are as follows:

- i. To examine the effect of inflation rate on values of export in Nigeria

- ii. To ascertain the effect of exchange rate on values of export in Nigeria
- iii. To assess the effect of interest rate on values of export in Nigeria

Significant of the study

The result of this project research will be significant to the workers, individuals, the Nigerian masses and the government in general.

The study will suggest ways to strengthen the nation's infrastructural development and foreign partnership.

The study will expose ways of improving economic development in Nigeria through globalization.

The study will suggest and make recommendation that will be used as a guide for further studies on this area of study to students and those who will find interest in it.

Macro Economic Indicator

Macro-Economic Indicator is the study of the economy as a whole, and the variables that control the macro-economy. The study of government policy meant to control and stabilize the economy over time, that is, to reduce fluctuations in the economy. Macroeconomic variable is certainly one of key drivers of economic growth and development through its influence on economy. The major aim of macroeconomic variable in Nigeria is the maintenance of domestic price and exchange rate solidity since it is crucial for the accomplishment of maintaining economic growth and external sector feasibility (Sanusi, 2015.). (Adefeso and Mobolaji, 2020) employed Johansen maximum likelihood cointegration process which indicates a long run relationship between economic growth, degree of openness, government expenditure and M2. (Ajisafe and Folunso, 2012) observe that monetary policy exercise great impact on economic activity in Nigeria. (Kogar 2020) looked at the correlation among financial innovations and monetary control and reached an agreement that in an improving financial structure, Central Banks cannot accomplish a well-organized monetary policy without positioning new strategy and mechanisms in the long-run, because profit maximizing financial institutions change or establish instruments in order to bypass laws or react to the present economic situation (Ogechukwu, 2019).

Examining the development of monetary policy in Nigeria over the last four decades, (Nnanna, Englama and Odoko 2014.) observe that though, the Monetary administration in Nigeria has been comparatively more prosperous during the period of financial sector reform which is characterized by the use of indirect rather than direct monetary policy tools yet; the efficacy of monetary policy has been eroded by the influence of fiscal dominance, political interference and the legal environment in which the Central Bank operates. Busari, Omoke, and Adesoye (2020) states that monetary actions stabilizes the economy greater under a flexible exchange rate system than a fixed exchange rate system and it stimulates growth more under a flexible rate regime but is followed by severe depreciation, which could weaken the economy meaning that monetary variables would better sustain the economy if it is used to target inflation directly than be used to directly stimulate growth. They counseled that other active measures and variables would be useful in supplementing macroeconomic stabilization.

Inflation

Inflation is defined as a generalized increase in the level of price sustained over a long period in an economy (Lipse and Chrystal, 2018), that is, a persistent rise in the price levels of commodities and services, leading to a fall in the currency's purchasing power. Although inflation is a household word in many market-oriented economies, and there exist a compendium of empirical studies on the over-arching problem of inflation, yet only selected few seem to know about the determinants, mechanics and the real impact of inflation on national economic growth.

According to Hossain (2018), while high inflation is bad for an economy because of its adverse effect on economic performance, zero inflation is equally harmful because it will lead to eventual stagnation of the economy since its presence at a mild level is needed for economic growth. The problem of inflation is not confined to national boundaries neither is it restricted to emerging market economies of the world; it is also

an over-arching challenge in the developed market economies, and since it is by no means a new challenge or phenomenon, over the years, its control has become the unquestioned mantra of economic policymakers worldwide. Melberg (2016) the term inflation describes a general and persistent increase in the prices of goods and services in an economy. Inflation rate is measured as the percentage change in the price index (consumer price index, wholesale price index, producer price index etc). Sien (2019) opine that the consumer price index (CPI), for instance, measures the price of a representative basket of goods and services purchased by the average consumer and calculated on the basis of periodic survey of consumer prices. Owing to the different weights the basket, changes in the price of some goods and services have impact on measured inflation with varying degrees. There are several disadvantages of the CPI as a measure of price level. First, it does not reflect goods and services bought by firms and/or government, such as machinery. Secondly, it does not reflect the change in the quality of goods which might have occurred overtime. Thirdly, changes in the price of substitutable goods are not captured.

Exchange rate

Exchange rate is the rate at which one currency will be exchanged for another (Aabo, 2014). It is also regarded as the value of one country's currency in relation to another currency (Abreu and Mendes, 2019). Exchange rates are determined in the foreign exchange market, which is open to a wide range of different types of buyers and sellers, and where currency trading is continuous. The spot exchange rate refers to the current exchange rate. The forward exchange rate refers to an exchange rate that is quoted and traded today but for delivery and payment on a specific future date.

Exchange rate, also known as the foreign exchange rate, is how much one currency is worth compared to a different one. It is the rate at which one currency can be exchanged for another. Exchanges rates can change for many different reasons, for example the inflation rate of a country. An exchange rate is the value of one nation's currency versus the currency of another nation or economic zone (Adam, 2021).

A fixed exchange rate, sometimes called a pegged exchange rate, is a type of exchange rate regime in which a currency's value is fixed against either the value of another single currency, a basket of other currencies, or another measure of value, such as gold (Adetayo, 2020). There are benefits and risks to using a fixed exchange rate. A fixed exchange rate is typically used to stabilize the value of a currency by directly fixing its value in a predetermined ratio to a different, more stable, or more internationally prevalent currency (or currencies) to which the value is pegged. In doing so, the exchange rate between the currency and its peg does not change based on market conditions, unlike in a flexible exchange regime. This makes trade and investments between the two currency areas easier and more predictable and is especially useful for small economies that borrow primarily in foreign currency and in which external trade forms a large part of their GDP.

Interest Rate

Ibimodo (2015) defined interest rates, as the rental payment for the use of credit by borrowers and return for parting with liquidity by lenders. Like other prices interest rates perform a rationing function by allocating limited supply of credit among the many competing demands. Bernhardsen (2018) defined the interest rate as the real interest rate, at which inflation is stable and the production gap equals zero. That interest rate very often appears in monetary policy deliberations. However, Anyanwoncha (2020) states that interest rates are charged for a number of reasons, but one is to ensure that the creditor lowers his or her exposure to inflation. Inflation causes a nominal amount of money in the present to have less purchasing power in the future.

The concept of the interest rate refers to the interest rate levied by the banks on loans or deposits. (Faris & Syed, 2017). The interest rate charged on loan is a form of revenue for the bank and at the same time represent the cost borne by the customer for borrowing the money and is termed as credit interest, on the contrary, while interest rates on deposits is cost, the bank is expected to pay to the customers and at the same time represent a form of revenue earned by the customers in exchange for retaining deposits with banks, also

termed as debt interest rate. The difference between the debt and credit interest rate from all banking activities are called interest rate spread (IRS). What determines the rate of interest is the credit risk, thus, if the credit risk is high the interest rate on loans is high in order to compensate for the size of this risk. It is also referred to the cost or price of borrowed funds for a period of time, based on the concept of present values the cash value goes down over time due to many factors, including the rate of inflation.

Export

An export is a function of international trade whereby goods produced in one country are shipped to another country for future sale or trade (Erfani, 2017). Exports are a crucial component of a country's economy, as the sale of such goods adds to the producing nation's gross output. One of the oldest forms of economic transfer, exports occur on a large scale between nations that have fewer restrictions on trade, such as tariffs or subsidies.

The ability to export goods helps an economy grow and most of the largest companies operating in advanced economies derive a substantial portion of their annual revenues from exports to other countries (Ajaji, 2020). One of the core functions of diplomacy and foreign policy between governments is to foster economic trade, encouraging exports and imports for the benefit of all trading parties. Exports facilitate international trade and stimulate domestic economic activity by creating employment, production, and revenues.

Companies export products and services for a variety of reasons. Exports can increase sales and profits if the goods create new markets or expand existing ones, and they may even present an opportunity to capture significant global market share (Feder, 2020). Companies that export spread business risk by diversifying into multiple markets. Exporting into foreign markets can often reduce per-unit costs by expanding operations to meet increased demand. Finally, companies that export into foreign markets gain new knowledge and experience that may allow the discovery of new technologies, marketing practices and insights into foreign competitors.

An export in international trade is a good or service produced in one country that is bought by someone in another country (Shiraz, 2019). The seller of such goods and services is an exporter; the foreign buyer is an importer. Export of goods often requires involvement of customs authorities. An export's reverse counterpart is an import. Exports are the goods and services produced in one country and purchased by residents of another country (Tang, 2006). It doesn't matter what the good or service is. It doesn't matter how it is sent. It can be shipped, sent by email, or carried in personal luggage on a plane. If it is produced domestically and sold to someone in a foreign country, it is an export. Exports are one component of international trade. The other component is imports. They are the goods and services bought by a country's residents that are produced in a foreign country. Combined, they make up a country's trade balance. When the country exports more than it imports, it has a trade surplus. When it imports more than it exports, it has a trade deficit.

Conceptual Framework

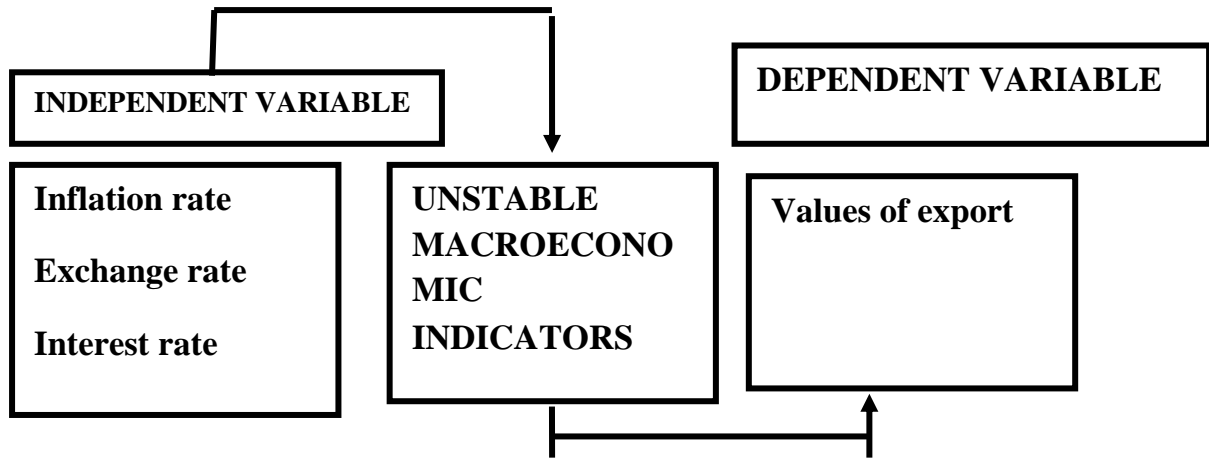


Fig 1 unstable macroeconomic indicators and values of export conceptual framework

Theoretical Framework

This study is anchored on Schumpeter’s Theory of Innovation. Schumpeter takes the case of a capitalist closed economy which is in stationary equilibrium. He believed that entrepreneurs disturb the stationary circular flow of the economy by introducing an innovation and takes the economy to a new level of development. The activities of the entrepreneurs represent a situation of disequilibrium as their activities break the routine circular flow. Innovations of entrepreneurs are responsible for the rapid economic development of any country.

Schumpeter’s Theory of Innovation:

Joseph Schumpeter (1934) propounded the well-known innovative theory of entrepreneurship. Schumpeter takes the case of a capitalist closed economy which is in stationary equilibrium. He believed that entrepreneurs disturb the stationary circular flow of the economy by introducing an innovation and takes the economy to a new level of development. The activities of the entrepreneurs represent a situation of disequilibrium as their activities break the routine circular flow. Innovations of entrepreneurs are responsible for the rapid economic development of any country. Talking about innovation, he referred to new combinations of the factors of production, Schumpeter had assigned the role of innovator to the entrepreneur, who is not a man of ordinary managerial ability, but one who introduces something entirely new.

Research Design

The research design employed in this research is the ex-post facto research design. Ex-post factor research design was adopted. This is because, the researcher does not aim to control any of the variables under investigation and our pre-disposition is to observe occurrence over a period of time (1995-2021).

Sources of Data

This study will employ secondary data sources from Annual Reports and Accounts of the Central Bank of Nigeria (CBN) under consideration in the research. Data were collected and extracted from the Central Bank of Nigeria (CBN) statistical bulletin.

Model Specification

A model is a simplified view of reality designed to enable a researcher describe the essence and inter relationship within the system or phenomenon it depicts (Onwumere, 2005). The hypotheses will be tested

using the Simple Linear Regression Model. In writing the model equation, the following symbols were used to denote their respective variables.

$$VEXP = \alpha_0 + \beta_1(INFR_t + \beta_2EXR_t + \beta_3INTR_t) + \mu_t \dots\dots\dots 3.0$$

$$VEXP = \beta_0 + \beta_1INFR_t + \beta_2EXR_t + \beta_3INTR_t + \mu_t \dots\dots\dots 3.1$$

Where:

VEXP = Small and medium enterprise output

INFR = Inflation rate which is measured by Consumer Price Index (CPI)

EXR = Exchange Rate

INTR = Interest rate

β_0 = Constant of the equation

β = Coefficient of the independent variable

μ = Error terms

Description of Model Variables

Small and medium enterprise output. It is the total value of goods produced and services provided in a country during one year..

Inflation Rate: Inflation rate is defined as a rate of increase in the level of price sustained over a long period in an economy. It is measured by Consumer Price Index (CPI).

Interest Rate: Interest rate as the return or yield on equity or opportunity cost of deferring current consumption into the future.

Exchange Rate: Exchange rate is the rate at which one currency will be exchanged for another. It is also regarded as the value of one country’s currency in relation to another currency.

Method of Data Analysis

The method to be adopted for analysis of the model will be multiple linear regression method with the use of e-view statistical software version 9.0. Preliminary tests such as normality test and would be conducted to ensure that the data is normally distributed. Decision would be based on 5 percent level of significance.

DATA ANALYSIS AND INTERPRETATION OF DATA

This section deals with the presentation of data sourced from secondary sources (Central Bank of Nigeria Statistical Bulletin).

Data Analysis

Unit Root Test

For a guide to an appropriate specification of the regression equation, the characteristics of the time series data used for estimation of the model were examined to avoid spurious regression. We begin by determining the underlying properties of the process that generate out time series variables that is whether the variables in our model were stationary or non-stationary using Augmented Dickey Fuller (ADF):

Table 2: Augmented Dickey-Fuller Test Result

Variables	ADF - statistic	Critical values 1%	Critical values 5%	Critical values 10%	Prob.
D(VEXP)	-5.733020	-3.724070	-2.986225	-2.632604	0.0001
D(INFR)	-3.567061	-3.769597	-3.004861	-2.642242	0.0155
D(EXR)	-2.628531	-3.724070	-2.986225	-2.632604	0.1008
D(INTR)	-7.085779	-3.724070	-2.986225	-2.632604	0.0000

Source: Researcher’s Computation using E-view, 9.0

The result above in table 4.2 shows that vales of export (VEXP) is stationary with the result of ADF Test Statistics of -5.733020 which is greater than Critical Value of -2.986225 with p-value 0.0001 less than 0.05%.

Inflation Rate (INFR) is stationary with the result of ADF Test Statistics of -3.567061 which is greater than Critical Value of -3.004861 with p-value 0.0155 less than 0.05%.

Exchange Rate (EXR) is stationary with the result of ADF Test Statistics of -2.628531 which is greater than Critical Value of -2.986225 with p-value 0.1008 less than 0.05%.

Interest Rate (INTR) is stationary with the result of ADF Test Statistics of -7.085779 which is greater than Critical Value of -2.986225 with p-value 0.0000 less than 0.05%.

The result above in table 4.2 shows that vales of export (VEXP), Inflation Rate (INFR) and Interest Rate (INTR) are stationary at first difference while exchange rate were non-stationary. This is deducted from the fact that at 1st difference and levels of variables, the all the absolute values of the ADF statistics are greater than the critical values of the ADF at 5% level of significance. Showing that all the variables a stationary.

NORMALITY TEST

Table 3: Descriptive Statistics

	SMESO	INFR	EXR	INTR
Mean	47.92000	114.1196	93.51333	23.74407
Median	48.56000	82.60000	96.89000	22.62000
Maximum	62.04000	355.9000	163.9700	31.00000
Minimum	31.29000	15.63000	0.740000	16.93000
Std. Dev.	9.219859	94.14538	39.01161	4.196707
Skewness	-0.553463	1.079349	-0.408872	0.372155
Kurtosis	2.044108	3.244221	3.267470	1.976481
Jarque-Bera	2.406394	5.309571	0.832777	1.801788
Probability	0.300233	0.070314	0.659424	0.406206
Sum	1293.840	3081.230	2524.860	641.0900
Sum Sq. Dev.	2210.151	230447.2	39569.54	457.9211
Observations	27	27	27	27

Source: Eviews, output, 9.0

The normality test adopted in table 4.3 above is the Jargue-Bera (JB) test of normality. The JB test of normality is a large sample test and is based on the OLS residuals. The test computes the skewness and kurtosis measures of the OLS residuals. From the above analysis all the probability of Jarque-Bera statistic is greater than 5% i.e 0.300233(LVEXP), 0.070314(INFR), 0.659424(EXR) and 0.406206(INTR) are greater than 0.05, therefore we conclude that all the variables are normally distributed.

JOHANSEN CO-INTEGRATION TEST

The co-integration analysis helps to test for the existence of long run stable relationship that exists between the dependent variable and its regression. Following the approach of Johansen and Juselius (1990) two likelihood ratio test statistic, the maximal eigen value and the trace statistic were utilized to determine the number of co-integration vectors.

Johansen Co-Integration Test

Date: 06/27/22 Time: 13:01
 Sample (adjusted): 1992 - 2021
 Included observations: 33 after adjustments
 Trend assumption: Linear deterministic trend
 Series: LVEXP INFR INTR EXR
 Lags interval (in first differences): 1 to 1

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.531488	49.47577	47.85613	0.0349
At most 1	0.371385	24.45541	29.79707	0.1818
At most 2	0.231376	9.135635	15.49471	0.3530
At most 3	0.013591	0.451573	3.841466	0.5016

Trace test indicates 1 cointegrating eqn(s) at the 0.05 level

* denotes rejection of the hypothesis at the 0.05 level

**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None	0.531488	25.02036	27.58434	0.1028
At most 1	0.371385	15.31977	21.13162	0.2671
At most 2	0.231376	8.684062	14.26460	0.3134
At most 3	0.013591	0.451573	3.841466	0.5016

Max-eigenvalue test indicates no cointegration at the 0.05 level

* denotes rejection of the hypothesis at the 0.05 level

**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegrating Coefficients (normalized by $b'S11*b=I$):

Source: Eviews, output, 9.0

From table 4.4 above the trace statistic of 49.47577 clearly exceed the critical values of 47.85613 with probability value of $0.0349 < 0.05$ percent confidence interval, hence, we are not accepting the null hypothesis and conclude that there is cointegrating relationship and therefore, a long run equilibrium relationship exists among the variables.

TEST OF RESEARCH HYPOTHESES

Table 4 Ordinary Least Square Model

Dependent Variable: SMESO
 Method: Least Squares
 Date: 06/27/22 Time: 15:05
 Sample: 1995 2021
 Included observations: 27

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	47.21541	7.885234	5.987827	0.0000
INFR	0.015816	0.022631	0.698872	0.4916
EXR	0.174533	0.052401	3.330717	0.0029
INTR	-0.733722	0.347651	-2.110512	0.0459
R-squared	0.587024	Mean dependent var		47.92000
Adjusted R-squared	0.533158	S.D. dependent var		9.219859
S.E. of regression	6.299545	Akaike info criterion		6.654786
Sum squared resid	912.7382	Schwarz criterion		6.846761
Log likelihood	-85.83961	Hannan-Quinn criter.		6.711870
F-statistic	10.89779	Durbin-Watson stat		0.916596
Prob(F-statistic)	0.000119			

Source: Eviews, output, 9.0

Based on Table 4.10, the interpretation of the results as regard the coefficient of various regressors’ is stated as follows:

The value of the intercept which is 47.21541 shows that vales of export will experience 47.21541% increase when all other variables are held constant.

The estimate coefficients 0.015816(INFR) shows that a unit change in Inflation rate will cause 1% increase in values of export. The estimate coefficients -0.733722(INTR) shows that a unit change in Interest rate will cause -73% decrease in values of export. The estimate coefficients 0.174533(exr) shows that a unit change in Exchange rate will cause 17% increase in values of export.

From the above table the coefficient of multiple determenation also called R^2 has a value of 0.587024 which is also 58% change in dependent variable by independent variable. This 58% shows that the model has goodness of fit. This also shows that Inflation rate, Interest rate and Exchange rate has low vales of export outcome on the Small and medium enterprise output.

From the same table the F-Statistics shows that all the variables were statistically significant which was represented by (10.89779) with p-value of 0.000119 which is less than 5% margin of significance.

Summary of Findings

This research has explored unstable macroeconomic indicators and values of export in Nigeria from 1995–2021.

The following findings were made from the above analysis:

- i. Inflation rate had positive and non-significant effect on vales of export in Nigeria. t-statics is 0.698872 while the probability value is 0.4916.
- ii. Exchange rate had positive and significant effect on vales of export in Nigeria. t-statics is 3.330717 while the probability value is 0.490.002916.

- iii. Interest rate had negative and significant effect on vales of export in Nigeria. t-statics is -2.110512 while the probability value is 0.0459.

Conclusion

From findings the variables for economic environment which include Inflation rate and Interest rate came out with negative and non-significant outcome while Exchange rate shows positive effect on vales of export in Nigeria. In spite of this dominance of the Nigerian economy by export services, their contribution to the GDP is below 5%. The results of the study show that several factors such as inflation, exchange rate and interest rate directed at borrowing from bank to produce for export did not stand the test of time and while exploiting the economic potentials of exportation activities in Nigeria is still a mirage as the program had constraints from deriving maximum benefits from them due to administrative bottlenecks and policies on export.

Recommendation

From the findings the following findings were made:

- i. A major policy implication of this result is that concerted effort should be made by policy makers to increase the level of output in Nigeria by improving productivity/supply in order to reduce the prices of goods and services (inflation) so as to boost the growth of the economy. Inflation can only be reduced to the barest minimum by increasing output level (GDP).
- ii. Interest rate is to be considered for there to be a meaningful economic activity interest rate on investible fund must be brought low either by monetary or fiscal policy measures to encourage output and increase income. This is to enable appreciable level investment to exist within the economy and in turn stimulate economic growth.
- iii. There should be a change in business operation and must become formal without becoming too bureaucratic (Burns, 2001) and the change must be properly managed if successful, the exports are to perform and grow. The Federal government and its agencies should also formulate policies that will encourage exporters to source funds from the capital market as well as improving business conditions and the business environment.

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