AN EVALUATION OF THE IMPACT OF DEVALUATION OF NIGERIA CURRENCY ON ECONOMIC PERFORMANCE IN NIGERIA MANUFACTURING INDUSTRY

(A CASE STUDY OF KAM-WIRE INDUSTRY)

BY

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A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF ACCOUNTANCY, INSTITUTE OF FINANCE AND MANAGEMENT STUDIES, KWARA STATE POLYTECHNIC, ILORIN

IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF NATIONAL DIPLOMA (ND) CERTIFICATE IN ACCOUNTING

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DECLARATION

I hereby declare that this research project tittle '' An Evaluation of the Impact of Devaluation of Nigeria Currency on Economic Performance in Nigeria Manufacturing Industry.

is my own work and has not been submitted by any other person for any degree or qualification at any higher institution. I also declare that the information provided therein are mine and those that are not mine are properly acknowledge.

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Ahmed Faruk **Akorede**   **Signature and Date**

CERTIFICATION

This is to certify that this project work has been written by AHMED FARUK AKOREDE with Matriculation Number ND/23/ACC/FT/0025 and has been read and approved in meeting part of requirement for the award of National Diploma (ND) in the Department of Accountancy, Institute of Finance and management studies (IFMS), Kwara State Polytechnic, Ilorin, Kwara State

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DEDICATION

This project is dedicated to the Almighty God for His grace, mercy, and wisdom throughout this academic pursuit. Also, I dedicate it to my beloved parents and all who have contributed to my academic journey.

ACKNOWLEDGEMENT

ABSTRACT

This study evaluated the impact of the devaluation of the Nigerian currency on economic performance, with a specific focus on the manufacturing sector, using Kam-Wire Industry as a case study. The research aimed to determine how currency devaluation affects production output, profitability, and overall performance within the sector.Primary data were collected using questionnaires administered to staff of Kam-Wire Industry, while secondary data were obtained from relevant literature. The study employed descriptive statistics and chi-square analysis to test the hypotheses.Findings revealed that devaluation has a significant negative impact on the company's production and profitability due to increased cost of raw materials and reduced capacity utilization. However, the study also identified efforts by the company to adapt through local sourcing of materials.The study concluded that while currency devaluation aims to stimulate exports and economic self-reliance, its practical effects on the Nigerian manufacturing sector—especially in terms of increased operational costs—are largely negative. The study recommended diversification of the economy, promotion of local raw materials, and improvement of infrastructure to mitigate these adverse effects.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The issue of Nigeria exchange role of currency vis-a-vis other international trade currencies especially the American Dollar and British Pound steeling has become other of the day, many Nigeria that is carrying out business especially those that procure material from abroad. In July '1996 the Federal Government of Nigeria introduced structural adjustment programmer (SAP) to correct defect between balance of payment in both national and international trade.

Likewise, on September 1986, THE Second tier foreign exchange market was introduced the rational for setting up the (SF EM) is based on the need of naira via the interplay of market force in July1987, Foreign Exchange Market (FEM) took over from SFEM and later it was changed to Authomous Foreign Exchange Market (AFEM). However, since the introduction of new exchange rate in 2006, the value of naira or currency to tile United State Dollar has edged downward, further, there has been a widening gap between the parallel markets with the rate in the former is always on the increase. As a result of fundamental increase in exchange rate of Nigeria Currency and those of other countries day-in-day out has resulted in Naira Devaluation

1.2   STATEMENT OF THE PROBLEM

Let look at the three basic function of a currency and ask if the Nigeria Currency: the Naira still satisfactorily fulfils those functions. The currency of a nation would normally serve as a medium of exchange, a standard of value and a store of value. A close perusal of these functions would show that in a complex economy, money is usually the only accepted medium through which a buyer pays a seller. The currency of a nation function also as a store value. Money is a convenient way to store wealth for use whenever it is needed. However, the value of a currency is not stable, the value of that wealth will diminish daily. The Nigeria currency has lost the ability to store value over a long period of time and as years go by. This does have severe consequence for the economy.

As of February 2024, nigeria's second currency devaluation in less than a year and new forex rules suggest the central bank is gearing up to let the naira flot freely, but a huge backlog of orders for dollars and low liquidity may stall reform momentum, investors and analysts said.

On June 14, just days after Nigeria's new president, Bola (Ahmed Adekunle) Tinubu, decided to suspend the under-fire Central Bank of Nigeria's (CBN's) governor, Godwin (Ifeanyi) Emefiele, authorities removed key currency restrictions on Nigeria's official foreign-exchange (FX) market. In so doing, the overvalued naira underwent a massive devaluation, broadly aligning the currency

with its black-market rate. For many, such a devaluation was badly needed to harmonise the naira's value and thus boost confidence in Nigeria as an attractive destination for global investors. But the likely impacts of a weaker naira on Nigeria's domestic corporate and banking spheres paint a more complex picture.

The currency had already been gradually weakening since Tinubu came to power in late May, around two weeks before the devaluation, as the new president immediately began pressuring the central bank to close the gap between the country's official and parallel exchange rates. Having come to power amid a period of sluggish economic growth, mounting public debt and waning oil production, Tinubu's bold decisions to devalue the naira and remove a fuel subsidy that cost the government $10 billion in 2022 received considerable support. In 2021, Rand Merchant Bank's (RMB's) Milk Index found that the naira was overvalued by at least 250 percent, while analysts more recently calculated a 50-percent overvaluation just prior to the central bank's move to abolish segmentation.

The most conspicuous fact about Nigeria economy is that the corruption and mismanagement of its part colonial governments has prevented the channeling of the country's abundant natural and human resources especially its wealth in crude oil lasting improvement in infrastructure and construction of a sound base for self-sustaining economy development.

1.3   RESEARCH QUESTION

1. Does currency devaluation affect the level of profit ability of the company?

2. Is the capacity utilization of the machine underutilized as a result of currency devaluation?

3. Does naira devaluation affect the level of productivity of a company?

4. Has the company been able to meet the standard requirement?

OBJECTIVE OF THE STUDY

In consideration of the impact of continue devaluation of Nigeria currency on industrial performance on Nigeria, these are the following objective

1. To examine the relevance origin of continue devaluation of Nigeria currency on industry performance in Nigeria.

2. To assess the relevance of continues devaluation of Nigeria currency option on industry performance on Nigeria.

3. To highlight the impact of continue devaluation of Nigeria currency on industrial performance

4. To examine the possible short coming of continue devaluation of Nigeria currency in industry performance on Nigeria

1.5   RESEARCH HYPOTHESIS

Ho1: Currency devaluation does not affect production .

Ho2: Currency devaluation does not affect the value of profitability in the company

Ho3

    Capacity utilization of machine is not under utilized as a result of currency devaluation

Hi3:

    Capacity utilization of machine is under utilized as a result of currency devaluation

1.6 **SIGNIFICANT OF THE STUDY**

    The study is revive of the particularly KAM WIRE INDUSTRY, KWARA STATE. Companies that engage in manufacturing activities will found the result of the study (A the study useful in their operations. It will help the market policy in determining the realistic policy exchange rate of the currency to enhance industrial performance. Lastly, this research work would help industry to develop alternatives sources of raw material.

1.7   SCOPE AND LIMITATION OF THE STUDY

    This research has focused on the impacts of continue devaluation of Nigerian currency on industrial performance in Nigeria. In order to cover this area properly, Nigeria balance of payment was discussed, the various balances of payment adopted and Nigeria economy system was subject to devaluation of currency.

1.8   PLAN OF THE STUDY

The research work will be divided in to five chapters. Each chapter contains the following:

Chapter one contains the background of the study on devaluation of Nigerian currency as it regard to industrial performance. The chapter contains with the aims and objective as well as the significant of the study.

Chapter two deals with the theoretical frame work on devaluation of

Nigeria currency as it regards to performance of KAM WIRE INDUSTRY KWARA STATE.

Chapter three will discuss brief history of the case study, modes of data collection, data analysis technique, sampling size and research design, statement of hypothesis.

Chapter four will contain introduction, presentation and analysis to research questionnaire, according to test of hypothesis and case study report and generalization.

Finally chapter five will discuss the findings, summary, conclusion, recommendation and suggestion   for further study.

1.9   DEFINITION OF TERMS

<u>DEVALUATION</u>: Is the reduction in value of a currency, relative to all other currencies. In a fixed rate regime, only a country's central bank can undertake

devaluation of its currency. The impact of devaluation is to make exports less expensive to foreign buyer and imports more expensive for domestic buyers. Thus devaluation will shift a country's trade balance or balance of payment. Sufficient devaluation is presumed to make a country so much more competitive than other countries that competitive devaluation can in effect be considered the export of unemployment. However, following the Asian currency crisis, there is evidence devaluation is not always expansionary. The IMF has as part of its mission the mandate to discourage devaluation for competitive reasons in order to maintain of exchange rates. The opposite of devaluation is revalidation.

CURRENCY: In economics, currency refers to physical objects generally accepted as a medium of exchange. These are usually the coins and banknotes of a particular government, which comprise the physical aspect of a nations money supply. The other part of a nations money supply consists of bank deposits (sometimes called deposit money) ownership of which can be transferred by means of cheques, debit card, or other forms of money transfer.

BALANCE OF PAYMENT: A record of all transactions made between one particular country and all other countries during a specified period of time. BOP compares the dollar difference of the amount of exports and imports including all financial export and imports. A negative balance of payment means that more money is flowing out of the country than coming in and vice versa.

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COMPANIES: It is a collection of individuals are physical assets with a common focus and an aim of gaining profits. This collection exists in law and therefore a company is considered a legal person". In English law in the common wealth realms a company is a body corporate or corporation company registered under the companies' acts or similar legislation. It does not include a partnership or any other unincorporated group of persons, although such an entity may be loosely described as a company.

IMPORT: Is derived from the conceptual meaning as to bring in the goods and services into the part of a country. The buyer of such goods and services is referred to as "Importer" who is based in the country of import whereas the overseas based seller is referred to as "exporter". Thus an import is any good e.g a commonly or service brought in from one country to another country in a legitimate fashion, typically for use in trade.

Imports, along with exports from the basis of international trade. Import of goods normally requires involvement of the customs authorizes in both the country of import and the country of export and are often subject to import quotes, tariffs and trade agreements.

EXPORT: The term export is derived from the conceptual meaning as to ship the goods and services out of the port of a country. The seller of such goods and services is referred to as an "exporter" who is based in the country of export

whereas the overseas based buyer is referred to as "Importer". In international trade, "exporter' refers to selling goods and services produced in home country to other markers. Any good or commodity transported from one country to another country in a legitimate fashion, typically for use in trade.

CHAPTER TWO

LITERATURE REVIEW

2.0   INTRODUCTION

The colleen's business English dictionary by Michael .J. Wallace on year defines" Devaluation as a lowering of the value of a currency with regard to its use". Also, according to active study dictionary devaluation is defined as a reduction in the value of a country's currency in relating to other currencies.

Devaluation means a "face in the exchange rate value of a country's currency relation to the currencies of other countries". It leads to cheaper exports and makes imports uneasy for individual and more especially industries that depend on importation has lead to the retrenchment of workers on the private sector due to the installed capacity utilization of industries and full in demand.

2.1   CONCEPTUAL FRAMEWORK

Editorial crew (2024) stated that "naira cut national currency. The dollar, by a factor of two in the 2019 then so much has chance because, we have so devaluation the naira since September 30, 2018 when SAP was up on Nigeria by the President Mohammed Buari regime our naira our national symbol and strength just lie our flay was taken all sorts of sever beatings. The naira has endured plethora of unannounced devaluation the naira has been allowed to phimmeted in unprecedented freefall for nation currency.

Devaluation is usually resorted to when a country balance of payment deficits persist in nature, when the currency of a country devalue, it makes planning, production and domestic cost of prior uncertain - at is planning. It makes planning for a country as a whole and industries very difficult and expenses on production cost become too high. In consonance with the "Picot" approach of the IfV1F were bank guided structure adjustment, exchange rate devaluation was demoed a corner stone Government policy. T his, it was argued, world boost non -oil exports, redress the basis against agriculture, reduced demand for foreign exchange, and in the process reduce presume on the\balance of payment, this enabling the country to build up external reserves (CBN,1986,IBRD 1989,and Little Scitousky and Scold, 197Q2"

On 29 September, 1986 there began a systematic devaluation of the naira with the inauguration of a weekly a auction,

A two -her market was created one was the auction tagged the second her foreign exchange market (SFEM). Through which all commercial transactions were channel. Customer submitted their bid to heir banks the sole authorized dealer's banks them made there bids to the CBN. Successful bid were determine on the basis of different average marginal, mean, etc at CBN'S discretion. Available foreign exchange was them sold to successful banks according to their categories.

The placement of each bank in a categories was based on its assets, number of customer, age etc initially, these were increased to six, each successful bank than on soil the foreign currency to each successful customer at a price determine of the action plus a margin fixed by the CBN. Bank also did interbank transactions based on autonomously, Sourced fund which came from exports and other source. II rate was envisaged that overtime there would replace the CBN as the major source of foreign exchange FGN,2016).

At the first bidding session, 4.6124 exchange for by the end of (a) the rising cost of especially raw material imports and (b) the rising cost of transport and construction equipment.

These by implication meant rising cost of industrial and agricultural production transportation and construction. However, although, the devaluation caused industrial operational cost to rise by 5.5 % nationally ACBN business survey in Lagos area showed that "the free market system in foreign exchange sale bcilita19d the procurement of (Production) inputs" also (A) Local sourcing increased by 31.1 % nationally (B) There was gradual elimination of the problem resulting.(C) There was on increased autonomous inflows of foreign exchange and (D) There were indications that distortion in production prices and consumption patter were being elimination as farm-gate price rose due largely to increased industrial use of local raw material and exports,

Nigeria balance of payment is often the major save of instability for the economic 21 s it depend heavily or fluctuation of oil export to encourage domestic production in order to reduced imports and- earn sufficient foreign exchange from other sources beside oil on effective exchange rate policy is required.

The Government introduction the first exchange control act in 1962, it's a result of the lost suffered by Nigeria after the devaluation of British pound on matters on national currency, the naira different administrations have tried different economic and sundry economic or financial export from Ciroma.
Okongwu to Kalu Ndika, Kalu to Okonjo Iweala, Iweala to Esther Nanadi Uthman Esthel to Samsudeen Usman and now Mr. Oluwasegun Gaga with varying western economic model imposed ranging from fore.

Foreign exchange, second tier market to the tried and now retired Dutch action system (DAS) all petroleum and petroleum ancillaries where that is the increased imports dinning this past 20 years or since SAP was introduced.

It analyses me how we hold on to a devalued currency when every economic action we taken goes against what makes devaluation work. The purpose nations devalue their currency is to raise the relative price of foreign good so that the price of local good reduced. The economic logic behind this action is to make sure that imputed goods are expensive there by swaying

domestic residents from buying foreign goods and buying locally made goods. In Nigeria case, a number of factors prevent us benefiting our currency devaluation since its inception.

2.1.1 LACK OF ADEQUATE INFRASTRUCTURES

In order for a country to create a conducive in Investment, it must have decent infrastructures. Nigeria lacks in basic infrastructures and this in every economic scene increase that cost of production for local companies. For example, a local company that has to pay for petrol in order to run its generator because PHCN seized power will gain petrol cost in addition to the service cost needed to keep the generator running properly, When these costs are added to the cost of production, selling local good, at loss than foreign and will be difficult because this additional cost would have an effect on profit margin.

Our roads are also a problem that has a serious effect on our on our cornpan.es value stream. A company that needs to export its product out of country to a customer just in time (JIT) would have a problem accomplishing this objective because of our bad roads. This action inmost cases would not create value for customer and these customer would hinder companies from applying learning curve, which will give the opportunity for companies to improved on products and fine tune their strategies to meet changes in import our export because local product will be inferior to imports.

Our lack of adequate infrastructure also prevent local industries from expending their scale, a major impact of preventing companies from expanding their scale is the fact they are not able to properly implement cost drivers, which would not utilized its capacity to the maximum. A machine that the company would normally use to produced a maximum of one hundred thousand per unit of products would be used to produced less than capacity because the company cannot supply potential customer in area as where the roads are either too bad for any form of transportation, or in some cases, Ore as that does not exist, cannot be analyzed. Therefore, creating opportunities for our companies to venture into unexploited market will give them a sustainable advantage over imports.

2.1.2 LACK OF ADVANCE TECHNOLOGY

Companies that are forerunner in the global economy usually sustain such edge through improvement and Innovation, they not only perceive a new market need or potential of a new technology, they also move early and aggressively to exploit such advantage in order for companies to take advantage in order for to meant, the national level should meet a reasonable standard Nigeria Government has not invested in up to date technology for the benefit of its industries and this lack of technology investment has a wrong effect on demand for import that local product. An industry with standard technology use it technological advancement to communicate with manufacturing site as to what customer want there by

strengthening the nations competitive advantage due to strong demand to local goods and service that are made to meet the customers need.

2.1.3 CONDITION FAVOURING DEVALUATION

A   ELASTICITY OF SUPPLY: Devaluation will succeed only if the supply of the devaluation country's export is elastic that is, if supply can easily change to meet change in demand to, country's export in inelastic,

B   ELASTICITY OF DEMAND: for demand the devaluation country's export should easily expand in response to the face in price of those exports in order to achieve this, the demand for devaluating country export must be elastic further more, demand for import must easily fall in response to a rise in price of import for devaluation to achieve its full aim of discouraging Import and encouraging export

C   THE COUNTRY REACTION: Devaluation can be successful to some expert if other countries do not devaluate their currencies if this happen on country can attract would market for her export.

2.1.4 ARGUMENT AGAINST THE USE OF DEVALUATION TO SOLVE BALANCE OF PAYMENY DISEQUILIBRIUM IN NIGERIA

The devaluation of national currencies as a tool for correcting disequilibrium in the balance of payment is used specifically to effect desired change in export and import for a country experiencing balance of payment

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deficit. It means that the value of goods and service imported from other countries are more than it is able to apply or from all receipt due to her from other countries this means that the country is living on world let it cognitive where as the unbalance must be corrected.

One realistic way of correct such balance deficits is devaluation that is to after the existing exchange rate between the rate of the country national current other currencies for example, the exchange rate between the Naira and British starling (taking pound sterling to represent other country's currency) may be fifty naira to one pound starling as which Nigeria experience, Naira may be devaluated is that same E would now buy Nigeria goods worth #70 Nigeria goods are value in naira, Therefore, naira and to do so, they exchange their agriculture product, who have to give E in exchange for #50 to purchase one kilorneter (1K) of Nigeria cocoa for example after #70 with he instead of one.

However, Nigeria had been getting over 90 percent for crude oil internationally in always in us dollar other important export commodities of Nigeria.

The devaluation under the current Nigeria situation can not in any way rescue it be show that devaluation existing is just to makes foreign good more expensive especially capital good" that will even contribute to our economic growth and development.

If devaluating a country could only reduce its import and leaves the flow of foreign revenue unchanged it point to the ineffective of devaluation of the existing balance of payment disequilibrium.

Nigeria's structure has been exactly like that devaluation would reduce the country's expenditure on foreign good and service, However, to correct the existing balance of payment. Nigeria major source of foreign exchange revenue oil must be developed to take the place of oil continua to be extremely important in balance of payment situation in Nigeria no amount of devaluation of currency could change tile seriously bad debits situation unless the crude oil situation become favorable,

Infect the mean reason for using devaluation as tool for correcting balance of payment problem is that it promote free trade between countries, since it is the only tool that could do the job without affecting domestic prices, If devaluation of national currency affect domestic price, Spiral until the initial affects is neutralized. This is the case with the currency devaluation of naira or currency. It will continue to slide downward while domestic process will continue to react inversely with the decline in the value of currency.

2.1.5   EFFECT OF CURRENCY DEVALUATION ON

MANUFACTURING COMPANY

In view of the persistent depreciation of currency industrialist fund it extremely difficult to procure raw material and spare part due to high equivalent in foreign currency needed cost of production. Also devaluation of currency under the important of plants and machine being used in our industries are aid and in of a replacement and rehabilitation, These machine cannot be procure due to high exchange rate, there by hindering effective production of quality product.

The currency fell 0.6% to 114.7 against the LIS dollar after dropping 25% on the black market on Friday.

As spokesman for the central bank attributed the currencies plunge to calls from parliament for a massive devaluation to narrow the gap between official and black market rates.

With some parliamentarian saying the rate should be as low as 127 naira to the U.S dollar demand for foreign currency has social.

"At present there seen to be some level of uncertainty there seems to some level of hedge against eventual depreciation of the naira in accordance with the lower house suggestion by buying up the available foreign exchange in the market" said Tony Ede a spokesman for the Nigeria Central bank.

2.1.6   POSSIBLE SOLUTION TO CURRENCY DEVALUATION

The value of currency can be strengthened by reducing demand for

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foreign as well as increasing its supply at the market importation of items, which are not ready needed at this time of economic depression, should be discourage. Also there should be an effective supervisor and monitoring be the central bank of Nigeria (CBN) to curb fraud went activities by industrialist to certain their reliance on imported raw material.

2.2   THEORETICAL FRAMEWORK

There are numerous theories developed trying to explain the impact of devaluation of Nigeria currency on economic performance in Nigeria. This part encompassed a review of monetary and traditional flow theory.

2.2.1   THE MONETARY AND TRADITIONAL FLOW THEORY

The monetary approach to exchange rate determination postulates that the relative supply of and demand for money between two countries is the basis for determination of exchange rate. It view increase in the supply of money as being able to generate inflation. Hence resulting in exchange rate depreciation., the model opines that a situation of falling price a given nominal money supply result in exchange rate depreciation. While the traditional flow model is essentially based on the principle of the interplay demand and supply. The force of the market interaction between demand supply determines the rate of exchange. However, when there is speculation of expectation of a change in the rate of

exchange. This could lead to the disequilibrium even without any change in the initial determined factor.

Exchange rate can adversely affect the ability to import and therefore Nigeria currency output. Fluctuation in exchange rate will cause in stability in purchasing power and hence negatively impact on investment. Other hand the effect on Nigeria currency output and overall income level will also affect investment, in import of input and in variably the exchange rate. This is because among the determine factors of rate of exchange are the demand for Nigeria exchange, the supply itself being influenced by an economy's productivity level.

2.2.2 AGENCY THEORY

Devaluation on Nigeria currency can arises from information asymmetry and agency conflicts between corporate managers, outside investors, and intermediaries. From an Agency Theory perception, (Dang 2020) clarifies that currency evaluation are an effective monitoring mechanism that assures stakeholders that currency are free of material misstatements. Agency Theory has been extensively exercised in literature to study the information asymmetry between principals (shareholders) and agent (management). The principal-agent association as illustrated in the agency theory is essential to understanding how the role of an auditor has developed. The essential premise of Agency Theory is

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that conflicts of interest arise in corporate relationships due to the divergence of the benefits of managers and shareholders. The Agency Theory presumes that the role of the auditor is to manage the association between the manager and the owners. It is essential that the manager and the owners have a clear understanding that the auditor does not have the responsibility for the accounting. However, the auditor is responsible for making sure that the audit is adequate (Andersson and Emander, 2023). Agency theory, therefore, is a handy economic theory of accountability, which assists in clarifying the improvement of currency on economy performances.

2.3   EMPIRICAL REVIEW

There is a vast body of empirical literature on the impacts of devaluation of currency on economy performance. In many of the existing studies, it has been recognized that the possible effects of devaluation on output could be contractionary. To this extent, several channels through which devaluation could be contractionary have been identified.

First, Diaz-Alejandro (2020) examined the impacts of devaluation on some macroeconomic variables in Nigeria for the period of 2020-2021. He observed that devaluation was contractionary for Nigeria because it induces a shift in income distribution towards savers, which in turn depresses consumption and real

absorption. He equally observed that current account improved because of the fall in absorption relative to output. Cooper (2020) also reviewed twenty-four devaluation experiences involving nineteen different states during the period of 2020. The study showed that devaluation improved the trade balance of the devaluing country but that the economic activity often decreased in addition to an increase in inflation in the short term.

In a similar study, Gylfson and Schmidt (2021) also constructed a log-linear macro model of an open economy for a sample of ten countries, using different estimates of the key parameters of the model. Their results showed that devaluation was expansionary in eight out of ten countries investigated. Devaluation was found to be contractionary in the countries. The main feature of the studies reviewed above is that they were based on simulation analyses. The few studies on contractionary devaluation based on regression analysis include those of Edwards (2020), Agénor (2021), and Morley (2021). In a pool-time series/ cross-country sample, Edwards (2022) regressed the real GDP on nominal and real exchange rates, government spending, the terms of trade, and measures of money growth. He found that devaluation tended to reduce the output in the short term even where other factors remained constant. His results for the long-term effect of a real devaluation were more mixed; but as a whole it was suggested that the initial contractionary effect was not reversed subsequently. In the same way,

Agénor (2020) using a sample of twenty-three developing countries, regressed output growth on contemporaneous and lagged levels of the real exchange rate and on deviations of actual changes from expected ones in the real exchange rate, government spending, the money supply, and foreign income. The results showed that surprises in real exchange rate depreciation actually boosted output growth, but that depreciations of the level of the real exchange rate exerted a contractionary effect. Another study by Mireille (2017) argues that overvaluation of exchange rates have constituted a major setback in the recovery process of Nigeria and Benin Republic. In addition, the author suggests that devaluation accompanied with well-targeted measures alongside an upward adjustment in the domestic price of tradable goods, could restore exchange rate equilibrium and improve economic performance.

CHAPTER THREE

3.1 RESEARCH METHODOLOGY

INTRODUCTION

This chapter deal with the method used in collected data from the study, this chapter attempt to conduct some test in the consequence of KAM-WIRE INDUSTRY, KWARA STATE THE CHAPTER describes in detail the research method used for collection of data what are analyzed to arrive to assets any render to know the consequence of devaluation on industrial performance.

Every research work conducted scientifically a specific frame work for controlling data collection. This chapter will be providing the research instrument used, validity and the reliability of the research.

3.2   RESEARCH DESIGN

In designing this research work, the collection of data were cased on personal interview, questionnaire and observation have been carried out. INTERVIEW: An interview is a face to face method of collection, which involve from conservation between two parties, interview and interviewer. The research conducted personal interviewed with the management of Kam-Wire Industry,Ilorin Kwara State.

QUESTIONNAIRE: A questionnaire is a self representing system of evaluation like the structured interviewed but the response give to the question of statement are in.

OBSERVATION: Observation has to do with watching the operation in a particular area as they are being carried out in respect of the subject under study.

3.3   POPULATION AND SAMPLING

No concept is fundamental to the conduct of research and the interpretation of its result are example, when a complete census is taking, research is almost invariably conducted by means of a sample on lotion are collected according to Olatunde Eto (2020) sample is defined as a sublet apart from entire is legible arrange properly and simple to understand

3.4   SOURCE OF DATA COLLECTION

PRIMARY DATA

Primary data are those that you have collected yourself, where as secondary data originate elsewhere. Generally you will find that you are expected to collect primary data when using quantitative methods, but that secondary data are more acceptable when you are using a qualitative method. This is because there are certain common aspects of qualitative research which involve only secondary data, such as the study of television or newspaper discourses.

SECONDARY DATA

A secondary data research project involves the gathering and/or use of existing data for purpose other than those for which they were originally collected. These secondary data may be obtained from many sources, including data bases and information system and computerized or mathematical models or environment processes.

3.5   DESIGN OF QUESTIONNAIRE

Questionnaire has been drawn and designed on the researcher. It contains relevant question on the area of the study. The questionnaire is legible arranged properly and simple to understand.

The respondent are require to fill the question with appropriate answer(s) the questionnaire can be close ended that is respondent into newspaper yes or no while on open ended question is the one of that givens respondent the opportunity to express himself to best of he/her understanding of the question.

3.6   METHOD OF DATA ANALYSIS

All data collected were tabulated and analysis using enumeration statistic. The growing impact of within die process variation has create the need for statistical timing analysis where gate delays are modeled as random variables

statistical timing analysis has tradition suffered from exponential run time complexity with circuit size due to arrival time dependencies created by reconverging paths in the circuit. In this paper we propose a new approach to statistical timing analysis which uses statistical bounds and selective environment to refine these bounds. If the computed bounds are not sufficiently close to each other, we propose a heuristic to iteratively improve the bounds using selective enumeration of the sample space with additional run time.

The involve the use of percentage descriptive method analysis. Descriptive statistic are used to describe the basic feature of the data in a study. They provide simple summaries about the sample and measures. Together with simple graphics analysis they form the basis of virtually every quantitative analysis of data. With inferential statistics, you are trying to reach conclusion that extent beyond the immediate data alone. For instance, we use inferential statistics to try to infer from the sample data what the population might think or we use inferential statistic to make judgment of the probability that an observed different between group is a dependable one or one that might have happened by chance in this study. Thus we use inferential statistic to make inference from our data to more general condition, we use descriptive statistics simple to describe what going on in our data.

CHAPTER FOUR

**PRESENTATION OF ANALYSIS AND INTERPRETATION OF DATA 4.1
    INTRODUCTION**

Research investigation is not complete until their findings have made available to
the people who are concerned with the decision making.

However, this chapter further brings in to focus this view of respondents that
include the staff of Kam-Wire Industry. The information contain in this chapter
are detail of data collection through the use of consequence.

4.2   SOURCE 0F DATA

Questionnaire has been drawn and designed researcher, it contains
relevant questions on the area of study. The questionnaire is legible arranged
properly and simple to understand.

The respondent, required to fill the question with appropriate answer(s)
the questionnaire can be close ended that is the respondent is to answer yes or no
while on open ended questionnaire is the one that given respondent the best of his
her understanding of the questionnaires were distributed and twenty were
collected sample percentage method was used to analyses the data collected and
chi-square.

TABLE 4.1.1 DID YOU IMPORT RAW MATERIAL?

Alternative	Response	Percentage
Yes	20	100
No	-	-
Total	20	100

Source: Research Survey 2025

All respondent confirmed that the company import raw materials.

TABLE 4.2.2 DO YOU ENCOUNTER PROBLEM IN PROCURING RAW MATERIAL FROM ABROAD?

Alternative	Response	Percentage
Yes	13	65
No	7	35
Total	20	100

Source: Research Survey 2025

Majority supported that there are hindrance in importation

TABLE 4.2.3: DO YOU MAKE USE OF LOCAL MATERIALS?

Alternative	Response	Percentage
Yes	15	75
No	5	25

Total	20	100

Source: Research Survey 2025

We conclude that the company makes use of local raw materials.

TABLE 4.2.4: DO YOU EXPERIENCE DIFFICULTIES IN PROCURING THEM?

Alternative	Response	Percentage
Yes	7	35
No	13	65
Total	20	100

Source: Research Survey 2025

There are no difficult in sourcing for local raw material

TABLE 4.2.5: DO YOU MAKE USE OF LOCAL SPARE PART?

Alternative	Response	Percentage
Yes	9	45
No	11	55
Total	20	100

Source: Research Survey 2025

We conclude that the company make used of certain local spare parts but of imported spare part too.

TABLE 4.2.6: DO YOU ENCOUNTER PROBLEM(S) IN PROCURING LOCAL SPARE PART?

Alternative	Response	Percentage
Yes	6	30
No	14	70
Total	20	100

Source: Research Survey 2025

Most respondent confirmed that there are no much difficulties in local spare parts.

TABLE 4.2.7: DO YOU ENCOUNTER PROCURING IMPORTED SPARE PARTS AND MACHINES?

Alternative	Response	Percentage
Yes	18	90
No	2	10
Total	20	100

Source: Research Survey 2025

We conclude that there are difficulties importing spare parts.

TABLE 4.2.8: IT YES, IS THE ABOVE PROBLEM(S) DUE TO THE HIGH FOREIGN EXCHANGE RATE?

Alternative	Response	Percentage
Yes	14	70
No	6	30
Total	20	100

Source: Research Survey 2025

We conclude that majority supported that high foreign exchange rate hinder the smooth importation of spare part and machines needed.

TABLE 4.2.9: HAS THE VALUE OF SALES THE YEARS TEND TO INCREASE OR DECREASE?

Alternative	Response	Percentage
Increase	8	40
Decrease	10	50
Constant	2	10
Total	20	100

Source: Research Survey 2025

The value of sales over the year has decrease

TABLE 4.2.10: DOES THE COMPANY DECLINING GENERATE THE POINT?

Alternative	Response	Percentage
Yes	20	100
No	-	-
Total	20	100

Source: Research Survey 2025

The entire respondent confirmed the company is drenching

TABLE 4.2.11: IF YES IS AS A RESULT OF:

Alternative	Response	Percentage
Higher foreign exchange	13	65
Low sale volume	6	30
Other	1	5
Total	20	100

Source: Research Survey 2025

The decline in the profit of the company is as a result of high foreign exchange rate.

TABLE 4.2.12: IT THE COMPANY ABLE TO MEET THE DEMANDS FOR ITS PRODUCTS?

Alternative	Response	Percentage
Yes	15	75
No	5	25
Total	20	100

Source: Research Survey 2025

We conclude that the company has been able to meet the demand of the products.

TABLE 4.2.13: DOES NAIRA DEVALUATION AFFECT THE LEVEL OF PROFIT ABILITY OF THE COMPANY?

Alternative	Response	Percentage
Yes	20	100
No	-	-
Total	20	100

Source: Research Survey 2025

Naira devaluation affect the level if profitability of the company.

TABLE 4.2.14: IS THE CAPACITY UTILIZATION OF THE MACHINE UNDER AS A RESULT OF CURRENCY DEVALUATION?

Alternative	Response	Percentage
Yes	15	35
No	5	25
Total	20	100

Source: Research Survey 2025

TABLE 4.2.15: DOES NAIRA DEVALUATION AFFECT THE LEVEL OF THE PRODUCTIVITY OF A COMPANY?

Alternative	Response	Percentage
Yes	15	75
No	5	25
Total	20	100

Source: Research Survey 2025

Naira devaluation affects the level of the productivity

TABLE 4.2.16: THAT THE COMPANY BEEN ABLE TO MEET THE STANDARD REQUIREMENTS?

Alternative	Response	Percentage
Yes	15	75
No	5	25
Total	20	100

Source: Research Survey 2025

Table 4.2.17: IF NO, IT IS AS RESULT OF:

Alternative	Response	Percentage
High foreign exchange	6	85.72
Incompetent personnel	-	-
Lack of quality materials	1	14.78
Total	7	100

Source: Research Survey 2025

We can conclude that some respondents believed that the company has not bee able to meet the standard requirement of them to high foreign exchange rate of items, which are nit ready at this time of economic depression, should be discouraged.

Also, here should be an effective supervision and monitoring by the central bank of Nigeria (CBN) to curb activities and abuse of the system. Increase reliance on imported raw materials.

There should be less dependence on the oil as the sole deferments of our economic future in this country, Improvement of the agriculture sector and fiscal discipline by our leader, not excluding the diversification of economic.

4.3   ANALYSIS OF DATA

Testing of hypothesis using Chi-square test. This method is used to compare an actual distribution (observed distribution) it is also referred to as "goodness of fit test"

REQUIREMENT OF CHI-SQUARE TEST

The data must be in from of frequencies contend in each of the number of categories. Percentage can not be used. The expected frequencies under null hypothesis (Ho) in anyone fraction must be less than five (s)

The total number observed must not be less than twenty (the observation must be independent (one observation must not influenced another).

ESTIMATE OF CHI- SQUARE TEST

If "Fo" is observed frequencies and "FE" is expected frequencies than the value of chi-Square for a set of "N" tails is given by: $X= :\sum(F0.Fe)^2$

 Fe

Where: Fo - observed frequency

              Fe - expected frequency

Contingency table is usually used for chi=square test and it test the independents association between two more criteria for classification.

This given as: DF= Degree of freedom

              R = Number of row(s)

              C= Number of column(s)

Level of signification or rejected level this is the maximum probability or community types of error when testing a given hypothesis especially by practice.

However, 5% (0.05) or (0.01) is used as the value of 8 through other value are allowed when the level of significant is 0.05, this implies that those are about five (5) chemical in 100, that hypothesis to be tested would be rejected when it should be accepted. Simply put we are 95% confident that the right decision as been made.

If the computed chi-square (X^2) is greater than if it is less than value null hypothesis is accepted.

TABLE 4.2.18: HULL HYPOTHESIS (HO) CURRENCY DEVALUATION DOES NOT AFFECT PRODUCTION ALTERNATIVE HYPOTHESIS (H1) CURRENCY DEVALUATION AFFECT PRODUCTION

Alternative	F0	Fe	Fo-Fe	$(Fo-Fe)^2$	$\dfrac{(Fo-Fe)^2}{Fe}$
YES	20	10	10	100	10
NO	-	10	-10	100	10

Computation

Fe= 20/2 = 10

X2 (chi-square) = 5 of (degree of freedom_ = (r-1) (c-1) = (2-1) (2-1)

DF = 1

The critical region at 0.05 level of significant is 3.841

Conclusion: Since our calculated chi-square (X^2) value 3 (5) is greater than the critical region value 3.841 we concluded that currency valuation affects the level of productivity; hence, null hypothesis is rejected.

TABLE 4.2.19: Does currency devaluation affect the value of profitability in the company? Null hypothesis of the company (H_0)

Alternative hypothesis (H_1) currency devaluation affects the profitability of the company.

Alternative	F0	Fe	Fo-Fe	$(Fo-Fe)^2$	$\dfrac{(Fo-Fe)^2}{Fe}$
YES	20	10	10	100	10
NO	-	10	-10	100	10
Total	20				20

Computation

Fe= 20/2 = 10

DF = (r-1) (c-1) = (2-1) (2-1) = 1

The critical region at 0.05 level of significant is 3.841

CONCLUSION:

Since our calculated chi-square (X^2) is greater than the critical region value 3.841 we concluded that devaluation affects profitability of industry (x). Hence, null hypothesis is rejected and alternative hypothesis is accepted.

TABLE 4.2.20: Is the capability utilization of the machine under utilized as a result of currency devaluation?

Null hypothesis (H$_0$) capacity utilization of machine is not under utilized as a result of currency devaluation.

Alternative hypothesis (H$_1$): capacity utilization of machine under utilized as a result of currency devaluation

Alternative	F0	Fe	Fo-Fe	$(Fo-Fe)^2$	$\dfrac{(Fo-Fe)^2}{Fe}$
YES	7	10	-3	9	0.9
NO	13	10	3	9	0.9
Total	20				1.8

Computation

Fe= 20/2 = 10

X^2= 1.8

DF = (r-1) (c-1) = (2-1) (2-1) = 1

The critical region at 0.05 level of significant is 3.84

CONCLUSION:

Since devaluation (X^2) value is less than 3.84 (xs being 1.8) and the currency devaluation does not affect the capacity utilization of industries thus, null hypothesis, in this case accepted.

Therefore the above presentation and analysis of data provides vital information that assist in reaching meaningful conclusion on our study.

The chi-square tested above revealed area (5) in which currency devaluation affected industries.

It is established beyond reasonable doubt that currency devaluation affects both tile productivity and the profitability of industries.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY

Devaluation of currency is a fall in the exchange value of a countries currency, while the currency sliders gradually in depreciation, devaluation is a sharp towards review of the value of a country's currency.

Since every glooming could have silver linings devaluation has their peculiar advantages which are highlighted below:-

(A) The export effect will lead to increase in the volume if exports demanded, hence, increase III foreign exchange earnings of that country. Also the effect on import wills earnings of payment of disequilibrium.

(B) Devaluation increase export demands, which null encourage investments in the export section. All other' thing being equal.

(C) More over, it increase domestic production and makes a country to be self-reliance

(D) However, certain conditions must take place before devaluation can be successfully these include elasticity of supply elasticity of demand and other countries reaction, but sad to not these condition hence not, but s ad to not these condition hence not been met since is -- elasticity of supply of agricultural products in elastic of demand and retaliation by other countries three by leaving balance of payment problem involved.

5.2   CONCLUSION

Currency devaluation has a negative effect on manufacturing industries, individuals and economy as a whole. In manufacturing industries, it makes importation of raw materials and spares parts extremely difficult there by leading to high cost of product. Implies the importation if plants and marching and also due to the factors in its capacity utilization level from 75%-30%.

It impacts negative is on purchasing power of individuals. It also brings about inflation which has resulted in high cost of living low standard of living and wandering of income inequality gap and unemployment in the export sedro of the economic it leads to retrenchment of work and lower the gross national product (GNPY) of the country,

Unfavorable trends in foreign exchange rate have resulted in the reduction of the profit generation level of the company from 75% to 30%. All these really affected the performance of the company.

5.3   RECOMMENDATION

The following recommendation are prefer for the company Kam-Wire Industry to solve or minimize the problem, it is facing as are suit of currency devaluation.

1.   EMPLOYEES

The employee should strive herder to contribute their quote to the materials exported and avoid wasting as much as possible they should always advice the management on the need to rely on local raw material and avoid any act of sabotage.

2.   THE COMPANY

Kam-Wire Industry should increase the use of local materials by developing sources of raw materials which can be manufactured locally. The company may established agricultural Farm tools e.g industrial Machine e.t.c

3.   THE GOVERNMENT

Tile Nigerian government should try and look in to demand for foreign exchange currencies and make it easy and available when be. The government should string them its policies on currency devaluation exchange rate and inflation and make them realistic so as to curtail naira devaluation and reduce Its effect on individual and industries.

They should reduce its independence on oil, diver sifting the economy and they should also encourage the used of raw materials by industries and stimulate the establishment of more indigenous companies providing conducive atmosphere for potential investor, tax rebate should devaluation.

Other industrialist is more initiative to increase the use of local government to lesson their reliance on imported raw materials. Lastly, the government should encourage companies to patronize the raw material research development council (RMRD) where useful advice and assistance will be given on how to procure local material.

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APPENDIX B

QUESTIONNAIRE

SECTION A: Demographic Information

(N.B Answer by Ticking where applicable)

- Gender: Male ( )   Female ( )

- Age: 20-29 ( )   30-39 ( )   40-49 ( ) 50-59 ( ) 60 and above ( )

- Marital status: Single ( )   Married ( )   Widow ( ) Separated ( )

- Educational background: O' Level ( ) OND/NCE ( ) B.Sc./HND ( )

  Postgraduate ( ) Others ( )

- Length of Service: Less than 5years: ( ) 5-10 ( ) 11-20 ( ) 21-30 ( ) 31 and

  above ( )

- Employment Status: Permanent ( ) Contract ( )

SECTION B: Please Tick the appropriate alternative

Where SA-Strongly Agreed, A- Agreed, U-Undecided, SD-Strongly Disagreed

D-Disagreed

	Research Statements	**SA**	**A**	**U**	**SD**	**D**
Work Responsibility						
•	The organization encounter problem in procuring raw material from abroad.					
•	Nigeria currency is been devalued in our state of business in our organization					
•	The organization is concerned about the employees job welfare and psychological balance					

•	My organization designed a moderation apparatus on workers salary and outside life to suit the workers convenience					

Working Hours						
• T	The organization has created a modality in which work rigidity condition is being eased					

•	My organization is concerned about management and reduction of work pressure on the employees					
•	The distress effect of job on work and family life being eliminate at all cost in my organization					
•	Protection from stressful life and work events is maintained for workers health and physical wellbeing					

Employees Satisfaction						

•	The organization policy is such that encourages employees' confidence which effect how work is carried out					
•	The welfare package introduced for personnel management has a desirable effect on employees' efforts on the job					

•	The staffs in my organization work in a conducive environment hence improve their proficiencies					
•	Improvement in how work is being carried out is maintained through staff to staff relationship and equal treatment					
Employees' Commitment						
•	Employees' contribute greater deals in the productiveness and protection of the reputation of the organization					

•	Employees give absolute effect obligation to achieving the set goals of the organization					
•	The principles and legacy of the organization is upheld by the employees					
•	My organization personnel operates with maximum loyalty and cooperation with the management					

Thank you.