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2022/2023 PhD Thesis Abstract

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RT: Monetary Policy and Manufacturing Sector Performance in Sub-Saharan Africa

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AB: Manufacturing performance lies at the heart of the development processes of many countries. As such, governments have consistently employed policy tools to drive manufacturing sector performance in sub-Saharan Africa (SSA). Notwithstanding, the sector has continued to perform below expectations despite several interventions. In examining the nexus between manufacturing sector performance and monetary policy, most studies have been country-specific with emphasis on Manufacturing Value Added (MVA) as the performance measure. This study investigated how monetary policy (Lending Interest Rate (INT), Exchange Rate (EXR)), and Credit to the Private Sector (CPS)) influenced the performance of the manufacturing sector (Manufacturing Value Added (MVA), Manufacturing Exports (EXP), and Manufacturing Labour Productivity (MLP)) in SSA.

The study employed the *ex-post facto* research design. Based on availability, data from 1995 to 2020 for 24 SSA countries comprising seven Communauté Française Africaine (CFA) and 17 non-CFA (NCFA) were sourced from the World Development Indicators (WDI). Unit root tests were carried out to determine the stationarity properties of the variables in the model. The panel Autoregressive Distributed Lag (ARDL) model was used to examine the nexus between monetary policy and manufacturing sector performance in SSA. The study adopted 5% as the statistical level of significance.

The results for SSA revealed that the long-run estimates of INT, EXR and CPS on MVA were $\beta = -0.62$, $t = -3.48$, $p < 0.05$; $\beta = -0.66$, $t = -3.62$, $p < 0.05$ and $\beta = -0.028$, $t = -1.01$, $p > 0.05$ respectively, indicating that INT and EXR had significant long-run negative effects on MVA. The effects of INT, EXR and CPS on EXP were $\beta = 0.06$, $t = 0.95$, $p > 0.05$; $\beta = -0.01$, $t = -0.11$, $p > 0.05$ and $\beta = 0.01$, $t = 1.18$, $p > 0.05$ respectively. Similarly, the effect of INT, EXR and CPS on MLP were $\beta = -0.46$, $t = 0.61$, $p > 0.05$; $\beta = 1.59$, $t = 2.02$, $p < 0.05$ and $\beta =$

0.08, $t = 1.12$, $p > 0.05$ respectively. The findings for the CFA zone indicated that the long-run effects of INT, EXR and CPS on MVA were $\beta = -0.18$, $t = -4.36$, $p < 0.05$; $\beta = 2.98$, $t = 1.57$, $p > 0.05$ and $\beta = -0.15$, $t = 1.90$, $p > 0.05$ respectively, while for the NCFA zone, the estimates of INT, EXR and CPS on MVA were $\beta = -0.29$, $t = -1.50$, $p > 0.05$; $\beta = 0.45$, $t = 0.24$, $p > 0.05$ and $\beta = -0.05$, $t = -0.56$, $p > 0.05$ respectively. Furthermore, the effect of INT on MVA was negative and significant for the CFA zone while, all monetary indicators had no significant effect on MVA in the NCFA zone.

The study concluded that INT and EXR are key monetary variables that drive manufacturing sector performance in SSA. INT improves manufacturing sector performance more in the CFA zone. The study recommended that SSA countries adopt expansionary monetary policy by lowering INT to enhance manufacturing performance.

Keywords: CFA, Labour productivity, Manufacturing export, Manufacturing value added, Monetary policy, Panel ARDL, Sub-Saharan Africa

Word Count: 499

Abbreviations: RFN: Researcher's Full Name, RD: Researcher's Department, RS: Researcher's School, RE: Researcher's Email, RAE: Researcher's Alternate Email, RP: Researcher's Phone Contact, RT: Registered Title, MS: Main Supervisor, ME: Main Supervisor's E-mail Address, SP: Main Supervisor's Phone Contact, CS: Co-Supervisor, CE: Co-Supervisor's E-mail Address, CP: Co-Supervisor's Phone Contact, AB: Abstract

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