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REVIEW OF BUSINESS ACTIVITIES DURING THE FIRST HALF OF 1983

This report contains an analysis of data compiled from the returns to the Central Bank of Nigeria survey of business activities covering the first half of 1983. The survey was confined to Lagos metropolis where a total of 364 companies made up respectively of 195, 91, 50 and 28 manufacturing, trading, services and building and construction companies were contacted. Out of these companies only 60, 33, 18 and 7 manufacturing, trading, services and building and construction companies responded (see Table below).

	No. of companies contacted	No. of companies that responded	No. of companies that did not respond	% Response by subsector
Manufacturing	195	60	135	30.7
Trading	91	33	58	36.2
Services	50	18	32	36.0
Building and Construction	28	7	21	25.0

As a result of the extremely poor response, the following analysis which is based on the data extracted from the respondents should be used with caution while the movements in the selected variables should be taken as indicative of the general trends only.

Summary of Business Performance

Data from the responding establishments indicate that business activities in the manufacturing, trading, services and construction industries declined during the first half of 1983. The value of manufactured goods and construction work-done by the responding companies decreased by 2.8 and 8.1 per cent respectively. Also, the income earned by the services companies and the total sales of the responding trading companies declined respectively by 9.4 and 12.6 per cent.

Employment during the review period reportedly declined in all the sectors, except services where it stagnated at the same level as in the corresponding period of 1982.

The combined data for all the sectors reveal that employment fell by 9.2 per cent. The highest decline was recorded by respondents from the building and construction sector where employment dropped by 22.5 per cent. In the trading and manufacturing sectors employment fell by 16.2 and 2.8 per cent.

The outlook with respect to the second half of 1983 indicate a general feeling of uncertainty by the business sectors. About two-thirds of the responding firms described business during the period as uncertain. Reasons advanced for the gloomy expectation include the persistence of the austerity measures introduced by the Federal Government since April 1982. The major complaints of the respondents from the manufacturing sector was shortage of raw materials which have resulted either in a temporary closure of their factories or operation below capacity in the form of working fewer days a week or leaving some machines idle. Construction companies complained of acute shortage of

new contracts and delay in payment for work already done. Slump in business, especially marine insurance dominated the complaint of the responding insurance companies.

Manufacturing

Although more than 70 per cent of the responding firms reported increases in the value of production, the increases were so small that the large declines in the other firms more than offset the increases to register a decline of 2.8 per cent in the value of production reported by respondents. Industries whose value of production increased include sugar confectionery, beer and stout, soft drinks, cement and plastic products.

The reported decline in employment affected both Nigerians and non-Nigerians. While the employment of Nigerians dropped by 2.2 per cent, that of non-Nigerians fell by 38.4 per cent. The large decline in the employment of non-Nigerians reflected a large decrease of 96.6 per cent in the employment of casual factory labour.

Building and Construction

As measured by the value of work done, construction activities during the first half of 1983 declined by 8 per cent over its level in the corresponding period of 1982. The decline was due largely to decreases of 53, 21, 19 and 2 per cent in the respective value of roads and bridges constructed, government residential accommodation, private residential accommodation and factories, shops and hotels. The value of schools, offices and hospitals constructed for both government and private sectors however rose by 4 per cent.

The number of people employed in the construction industry fell by 23 per cent. This was reflected in all categories of labour employed except Nigerian administrative and managerial personnel which rose by 2 per cent. Employment of Nigerian technicians fell by 5 per cent. The largest decline was in "other" categories which recorded a decrease of 24 per cent.

Trading

Distributive trade appear to have deteriorated during the first half of 1983. Compared with the corresponding period of 1982, the value of goods sold by the responding companies during first half of 1983 declined by 13 per cent. Respondents fully engaged in wholesale and retail trading as separate activities recorded declines of 21 and 27 per cent in sales respectively; while sales were stagnant in those combining both aspects of distribution. Consequently, employment in distributive trade declined by 16 per cent over its level in the corresponding period of 1982. The reduction in employment affected both Nigerians and non-Nigerians at approximately the same rate.

Services

The reporting establishments in the services sector comprised those in insurance business alone. Income of respondents declined by 9.4 per cent compared with its level in the corresponding period of 1982. Employment of both Nigerians and non-Nigerians was stagnant at the level it was in the first half of 1982.