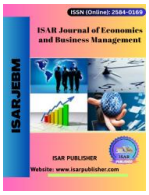
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Perceived Inflationary Uncertainty and Organisational Resilience of Bakery Firms in Rivers State, Nigeria: The Moderating Role of Leadership Credibility

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Abstract: Imported wheat and other inputs are vital for Nigeria's bakeries, but little is known about how the uncertainty of these prices impact the ability to cope. This study investigates the impacts of perceived inflation uncertainty (input cost uncertainty and output price uncertainty) on bakery firms' organisational resilience in Rivers State, Nigeria, and the moderating effect of leadership credibility on these impacts. The study relied on a cross sectional survey design based on dynamic capabilities theory, real options reasoning and a trust based view of leadership in the bakeries located in five local government areas. There were 270 matched responses, with owners/senior managers rating "uncertainty" and "resilience" and employees rating "credibility of the leader. Hierarchical multiple regression indicated that the input cost uncertainty ($\beta = -0.312$) and the output price uncertainty ($\beta = -0.278$) both decreased resilience. Leadership credibility, however, had a positive impact on resilience, and did not moderate the negative impact of input cost uncertainty ($\beta = 0.187$, $p < 0.01$). The final model accounted for 39.3% of the variance of resilience. The results indicate that input and output uncertainty are two separate pressures, and that credible leadership helps in the former situation, but not the latter one, where pressure is from what customers will pay. The bakery industry should establish trust with employees, predict input expenses and control input pricing risk; and exchange rate stability should be encouraged by the policy makers.

Keywords: inflationary uncertainty, organisational resilience, leadership credibility, bakery firms, dynamic capabilities and Nigeria.

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1. Introduction

Bread is a food item which plays a significant role in the urban Nigeria and bakeries are one of the businesses most affected by the recent price fluctuations in Nigeria. Nigeria imports 60 per cent of wheat flour, with most of the wheat imported, meaning the price of a loaf is tied to the exchange rate and international prices for wheat (USDA Foreign Agricultural Service, 2026). According to the same source, bread prices have increased by 53 per cent in 2024 and have since levelled off in 2025. The problem for bakery owners is that costs are not only high, but they're difficult to predict. If prices can fluctuate in a few weeks, it is hard to price, maintain inventory and make investment decisions. These types of uncertainties have been found to result in reduced investment and hiring, as well as delayed adoption of new technology by firms in other studies (Kumar et al., 2023; Yotzov et al., 2023).

The ability of firms to survive and recover (Duchek, 2020) depends on their organisational resilience, which refers to their capacity to adapt and to bounce back in response to these challenges. However, resilience research indicates that the nature of an adverse event influences how firms react (Su & Junge, 2023), and leadership has been shown to boost resilience in food manufacturing (Bataineh et al., 2025). During unpredictable times, employees' confidence in their leaders' competence and honesty might be the most important factor when accepting unwanted change (Ouedraogo et al., 2023).

This evidence is not being utilised in Nigerian bakeries. The most pertinent recent bakery study, which focused on the South East instead of Rivers State, measured the size of cost changes, not their impact on uncertainty or resilience, but their impact on efficiency, following the removal of the fuel subsidy in 2023 (Onyindo et al., 2026). The literature on inflation uncertainty is international, and none of these studies differentiate between the uncertainty of input costs and the uncertainty of selling prices, nor do they contain Nigerian firms. Bakery owners in Rivers State have little evidence, however, on which of the two types of uncertainty does the most damage, or whether credible leadership can reduce that damage.

The impact of perceived inflationary uncertainty on organisational resilience of bakery companies in Rivers State, Nigeria moderated by leadership credibility is examined. It addresses two questions. First, what is the impact of uncertainty of input costs and uncertainty of output prices on organisational resilience? Second, do the effects of credibility in leadership vary in strength? The study has three contributions. It helps to bring focus to the variability of inflation rather than the inflation level. It distinguishes between uncertainty of the input and output. It also delves into the concept of leadership credibility as a boundary condition between uncertainty and resilience in the emerging economy.

Theoretical Framework and Hypotheses was the second step in the literature review.The second step in literature review was Theoretical Framework and Hypotheses.

2.1 Literature Review

2.1.1 Conceptual Clarification

The uncertainty about future movements in managers' own firm's costs and prices is the inflationary uncertainty in this study. The distinction between two dimensions is made. The input cost uncertainty is the challenge in predicting the price of flour, sugar, yeast, margarine, packaging and energy during the next few months. The uncertainty of output price is the challenge of forecasting the price at which bread and confectionery can be sold without losing customers. The focus here is deliberate and is on perception; it is the firm's beliefs that drive action, not measured indices (Kumar et al., 2023). Organisational resilience is regarded as a capacity and not a product (Duchek, 2020) and is gauged as a composite measure that comprises two dimensions. Adaptive capacity is the skill to modify operations, products and routines to meet changing conditions. The second is recovery capacity – how well systems can recover their output and performance from disruptions. Leadership credibility: how much employees trust the owners and top managers of the bakery to be competent, honest and consistent in their statements. It is treated here as a belief that employees hold, as research has shown that employee response to change is related to their credibility (Ouedraogo et al., 2023).

2.1.2 Inflationary Uncertainty and Firm Behaviour

Firm level research now distinguishes between the level of inflation and the uncertainty about inflation. Yotzov et al. (2023) constructed a measure of uncertainty about firms' own prices using a large business survey, which has increased since early 2021, reached a peak in the second half of 2022 and was highest for smaller firms and goods producers. Uncertainty was also associated with increased errors in price forecasts a year later for firms that were more uncertain. From a different premise, Binder et al. (2025) came to the same conclusion. They found that it decreased industrial production and, in firms, real sales and employment, and that this impact was greater the more open firms were to world markets, all measured by inflation uncertainty defined as disagreement between professional forecasters in 33 countries. Kumar et al. (2023) most clearly provide causal evidence. Firms in New Zealand reduced their prices, employment, investment, and decisions to use new technologies or new facilities when information treatments increased the perceived uncertainty of the firms. Dibiasi et al. (2025) exposed Swiss managers to a

hypothetical shock of uncertainty and concluded that production, employment and expected investment all decreased, and the magnitude of the responses was sensitive to the costs of capital and labour adjustment.

The four studies are all in the same direction, but not in the same measurement. The effect sizes of these cannot be compared directly, as uncertainty is represented as own price expectations, forecaster disagreement, an experimental treatment and a hypothetical scenario respectively. More significantly for this study, none distinguishes uncertainty over the cost of inputs from uncertainty over the price that can be charged for output. These are other issues for a bakery. The first is about the price of imported wheat, sugar, and diesel; the second is about the cost to households with declining income for a loaf of wheat. Other outcomes researched include investment, hiring and sales. These demonstrate what companies do when they're unsure, not whether they have the ability to change and become strong again. Lastly, there are no Nigerian companies in any of the samples, but Binder et al. (2025) argue that open import-dependent economies would be worse hit.

The second objective of this study is to identify the cost constraints in Nigerian bakeries.

There is little specific evidence available for bakeries. Onyindo et al. (2026) conducted a survey of 245 bakery managers in the five South East states in Nigeria, before and after the fuel subsidy was removed in 2023. Cost stability and efficiency of operations both suffered significant declines, while the impact of raw material price increases was the most significant factor in reducing efficiency, over and above any other factor, such as fuel prices or energy costs. According to the United States Department of Agriculture (USDA Foreign Agricultural Service, 2026), bakeries consume approximately 60 percent of Nigerian wheat flour and the price of bread increased by 53 per cent in 2024 and remained stable in 2025. Combined, the sources indicate that the input costs of bakeries are largely determined by flour and other imported ingredients, and that the prices of these ingredients have fluctuated greatly in both directions.

There is obvious lack of evidence from bakeries. The authors acknowledge recall bias as Onyindo et al. (2026) relied on managers' recollection of the situation prior to the policy and post policy implementation. Their study also did not measure the magnitude of the cost change but the predictability of the change, and it did not consider efficiency as an outcome but resilience. A big, predictable increase can be accommodated by a firm while a big, unexpected one is hard to plan for. The sample was also taken from the South East and thus, it does not reveal much about the bakeries in Rivers State.

2.1.4 Organisational Resilience

Su and Junge (2023) analyzed 127 studies and found that the nature of adverse events (how they manifest and how serious they are) influences the resilience process, and that the same precipitating event can facilitate or impede the process of resilience, depending on context. This is relevant here because inflationary uncertainty is not a one-off event but a continuous state and may be as important as adapting to it as getting over it. Chari et al. (2024), however, adopted a manufacturing perspective, and classified 54 practices of resilience into 11 dynamic capabilities during the phases of anticipation and coping and adaptation. The framework is comprehensive but has only been used with six companies and is intended to be used as an assessment rather than a test of specific threats. In Nigeria, Okoli et al. (2025) examined 219 micro and small service enterprises, and observed that personal networks, resource slack, creative problem solving and adaptive capacity were all found to support resilience, whilst planning and crisis readiness was not found to hold up as an indicator. The latter is pertinent to bakeries, which tend to be owner-led and are informally planned. The Okoli et al. sample, however, was made up of service firms, and resilience was not correlated with a specific source of stress, e.g., variable input costs.

2.1.5 Leadership Credibility and Employees' Response to Change

Ouedraogo et al. (2023) conducted a study involving 239 employees from various organisations, which revealed that leadership credibility increased affective and normative commitment to change and decreased continuance commitment, which in turn increased the success of change, with affective commitment improving the success of change. Cao and Le (2024) demonstrated that trust in leadership was more influential than trust in reliance on an organisation's capability for change, and that trust in open disclosure was more influential than trust in reliance. Bataineh et al. (2025) conducted a study on Jordanian yoghurt producers and found that emotional intelligence and transformational leadership had a positive interaction in relation to organisational resilience.

The studies lend weight to the idea that the attitude of employees toward their leaders is a determining factor in whether change is embraced. They have different definitions of leadership. Bataineh et al. (2025) and Cao and Le (2024) focus on a type of leadership behavior, while Ouedraogo et al. (2023) focus on a follower's perception. If the bakery is subject to fluctuating flour costs, the second might be more important because employees have to take a cut in loaf size, may be forced to deal with new suppliers or altered shifts based on the bakery owner's promise. None of the three studies examines leadership as a buffer against an outside economic pressure. Bataineh et al. (2025)'s moderation

involves an internal antecedent and all three designs are cross sectional.

2.1.6 Synthesis and Gap

This review is followed by three conclusions. Firms' responses to price uncertainty differ, and the impact is more pronounced for smaller, goods producing, and import-exposed firms. Resilience is context and type of pressure dependent. How leaders are perceived by employees influences the extent of acceptance of change. This review found no studies that combine these strands. In particular, no information is available on the influence of input cost uncertainty and output price uncertainty on the organisational resilience of bakery firms in Rivers State or how leadership credibility undermines these influences. This study aims to fill that gap.

2.2 Theoretical Framework

The study is based on the dynamic capabilities theory, underpinned by real options reasoning and a trust based account of leadership. Dynamic capabilities theory states that firms must detect threats and opportunities in the changing environment and capture and reconfigure resources for survival (Teece, 2007). This perspective has been embraced by resilience research in manufacturing and has taken the approach of resilience as a set of capabilities (Chari et al., 2024). Here, adaptive capacity is synonymous with sensing and reconfiguration and the recovery capacity is synonymous with restoring performance when resources are realigned.

Uncertainty can undermine these capabilities because of real options reasoning. In the absence of clear predictions, and when it is expensive to withdraw from projects, managers prefer to wait and reduce investment and hiring levels (Bloom, 2009; Dibiasi et al., 2025). The investments that create adaptive and recovery capacity for a bakery are an improved oven, a second flour supplier, an inventory of critical ingredients and employee training. The uncertainty makes owners hesitate on such commitments.

When you have trust in the leadership, you have the boundary condition. Employees' attitudes, commitment and performance are related to trust in leaders (Dirks & Ferrin, 2002). Employees are more likely to accept change when they feel that their leaders are competent and honest, and that the changes will benefit them in the long term (Ouedraogo et al., 2023). Leadership credibility should then lessen the damage caused by inflationary uncertainty on the resilience.

2.3 Hypotheses Development

Put in place input cost uncertainty and organisational resilience. The main ingredients used in bakery production are flour, sugar and energy, which are either imported or imported sourced (Onyindo et al., 2026; USDA Foreign Agricultural Service, 2026). Such uncertainty on the part of the owners will likely result in postponing adaptation and recovery investments, which are tied to changes in investors and suppliers (Kumar et al., 2023). The study is thus tested in the following:

H01: There is no significant relationship between input cost uncertainty and organisational resilience of bakery firms in Rivers State.

Uncertainty in output prices and organisational resilience. Goods producers are uncertain about their prices (Yotzov et al., 2023) and firms dealing with this uncertainty tend to cut prices and sell less (Kumar et al., 2023). The uncertainty of revenue does not leave enough funds for adaptation or recovery from disruption. The study thus tests:

H02: There is no significant relationship between output price uncertainty and organisational resilience of bakery firms in Rivers State.

Leadership credibility's moderating role. Credible leaders are more likely to gain acceptance of challenging change (Ouedraogo et al., 2023); and leadership has been proven to enhance resilience in food manufacturing (Bataineh et al., 2025). Employees are more likely to accept smaller loaves, new suppliers, or a different shift from the owner during times of fluctuating prices if they trust that the owner is competent and honest. The following are the hypotheses tested in the study:

H03: Leadership credibility does not significantly moderate the relationship between input cost uncertainty and organisational resilience among bakery firms in Rivers State.

H04: Leadership credibility does not significantly moderate the effect of output price uncertainty on organisational resilience among bakery firms in Rivers State, Nigeria.

3. Methodology

The study adopted a quantitative, cross sectional survey design to investigate the relationship between perceived inflationary uncertainty and organisational resilience of bakery firms in Rivers State, Nigeria and the moderating effect of perceived leadership credibility. The population was the number of registered bakery companies in Rivers State which was estimated to be 850 from the membership record of Association of Master Bakers and Caterers of Nigeria, Rivers State Chapter. A minimum of 265 was needed for this population at 95% confidence using Krejcie and Morgan's table and 320 was selected to provide for non-response. Two stages of sampling was carried out: First, 5

Local Government Areas (LGA) namely Port Harcourt, Obio-Akpor, Eleme, Ikwerre and Oyigbo were purposively selected for their high density of bakeries, while second, respondents were sampled by simple random sampling from the membership frame of the association.

Data was gathered by means of a structured online questionnaire sent by Google Forms, where multiple submissions were not allowed. This multi-source design was implemented: verified WhatsApp groups of the association and direct e-mailing to the members, with the respondents' role and bakery name indicated. The sections where inflationary uncertainty and organisational resilience were measured were completed by owners/senior managers and the leadership credibility section was completed by non-managerial employees. Responses were matched by bakery and only firms that had an owner/manager questionnaire and an employee questionnaire were included, resulting in 270 matched responses. The perceived inflationary uncertainty was assessed using a modified eight-item scale of Kumar et al. (2023), which was divided into two dimensions: input cost uncertainty and output price uncertainty. Organisational resilience was measured using a ten-item scale that includes items related to adaptive and recovery capacity (Duchek, 2020; Kantur & İşeri-Say, 2012). The six items scale was used to measure leadership credibility (Ouedraogo et al., 2023; Kouzes & Posner, 2011). The items were scored on a five-point Likert scale (1 = strongly disagree, 5 = strongly agree). Content and face validity were established through expert judgement and a pilot test of 30 respondents in a non-sampled local government area resulted in Cronbach's alpha coefficients of more than 0.70.

We analysed the data using descriptive statistics and hierarchical multiple regression in SPSS version 27. Multicollinearity was minimized by mean-centring input cost uncertainty, output price uncertainty and leadership credibility prior to the creation of the interaction terms. For Model 1, organisational resilience was regressed to firm age and firm size. The additional variables in the following models were input cost uncertainty, output price uncertainty, leadership credibility, and the two interaction terms: Model 2 added input cost uncertainty and output price uncertainty, Model 3 added leadership credibility, and Model 4 added the two interaction terms. If the interaction term(s) were significant and the R^2 at Model 4 was significantly higher than the R^2 at Model 3, then the model was considered moderated. We probed significant interactions with simple slopes at one standard deviation below the mean, at the mean, and one standard deviation above the mean of leadership credibility. Reliability and validity were assessed in the main sample by Cronbach's alpha, composite reliability and average variance extracted. Harman's single-factor test (Podsakoff et al., 2003) was used to test for common method bias.

4. Results and Discussion

4.1 Results

This covers the distribution of the responses and demographic information. This includes the distribution of responses and the demographic information.

Matched responses were obtained from 270 bakery firms (270 owners/managers and 270 non-managerial employees) from 320 questionnaires sent out (84.4% effective response rate). Table 1 displays the characteristics of the firms that responded. The majority of bakeries (42.6%) had been in operation for 6–10 years, followed by those operating for 11–15 years (28.9%), 1–5 years (18.5%), and over 15 years (10.0%). Regarding firm size, 47.8% employed 10–19 workers, 31.1% employed 20–49 workers, 14.4% employed 5–9 workers, and 6.7% employed 50 or more workers. This distribution shows that the sample is mainly made up of small and medium sized enterprises which is in line with the bakery industry in Nigeria.

Table 1: Demographic Profile of Responding Firms (n = 270)

Characteristic	Category	Frequency	Percentage
Firm Age	1–5 years	50	18.5
	6–10 years	115	42.6
	11–15 years	78	28.9
	Over 15 years	27	10.0
Firm Size	5–9 employees	39	14.4
	10–19 employees	129	47.8
	20–49 employees	84	31.1
	50+ employees	18	6.7

4.1.2 Reliability and Validity Assessment

The reliability and validity statistics for the constructs of the study are presented in Table 2. The internal consistency of all constructs was satisfactory with the Cronbach alpha ranging from 0.847 to 0.891 which are all above the Nunnally's (1978) value of 0.70. The composite reliability ranged from 0.856 to 0.902, which is another indicator of scales' reliability. The average variance extracted for all variables was between 0.583 and 0.641, all of which were above the recommended 0.50 level, which provided satisfactory convergent validity. The square root of each AVE was compared to the inter-construct correlations, which resulted in discriminant validity (Fornell & Larcker, 1981).

Table 2: Reliability and Validity Statistics

Construct	Number of Items	Cronbach's α	CR	AVE
Input Cost Uncertainty (ICU)	4	0.863	0.878	0.607
Output Price Uncertainty (OPU)	4	0.847	0.856	0.583
Organisational Resilience (OR)	10	0.891	0.902	0.641
Leadership Credibility (LC)	6	0.872	0.885	0.619

Notes: CR = Composite Reliability; AVE = Average Variance Extracted

4.1.3 Common Method Bias is assessed in Step

Harman's single-factor test was conducted to assess common method bias. The results showed that the first unrotated factor explained 31.47% of the total variance, which is less than 50% as recommended by Podsakoff et al. (2003). This indicates that common method bias is not likely to pose a serious threat to this study.

4.1.4 Descriptive Statistics and Correlation Analysis

Descriptive statistics and Pearson correlation coefficients for the study variables are shown in Table 3. The bakery managers' mean scores reflect moderate levels of input cost uncertainty (M = 3.72, SD = 0.84) and output price uncertainty (M = 3.58, SD = 0.79), indicating that bakery managers experience a fair amount of uncertainty regarding the costs of their inputs and the prices of their outputs. The mean of organisational resilience was 3.41 (SD = 0.68), which was considered moderate resilience in bakery organisations. The average score for leadership credibility was 3.65 (SD = 0.72) indicating that employees rate their leaders as moderately credible.

The correlation analysis showed that there was a significant negative correlation between organisational resilience and input cost uncertainty ($r = -0.412$, $p < 0.01$) and output price uncertainty ($r = -0.387$, $p < 0.01$). Organisational resilience ($r = 0.468$, $p < 0.01$) and input cost uncertainty ($r = -0.298$, $p < 0.01$) and output price uncertainty ($r = -0.276$, $p < 0.01$) were positively and negatively correlated with leadership credibility, respectively. These correlations are all in line with the hypothesized relationships, and support the study's theoretical framework, albeit preliminary.

Table 3: Descriptive Statistics and Correlation Matrix

Variable	Mean	SD	1	2	3	4
1. Input Cost Uncertainty	3.72	0.84	1.00			
2. Output Price Uncertainty	3.58	0.79	0.534**	1.00		
3. Organisational Resilience	3.41	0.68	-0.412**	-0.387**	1.00	
4. Leadership Credibility	3.65	0.72	-0.298**	-0.276**	0.468**	1.00

Notes: ** $p < 0.01$ (two-tailed); SD = Standard Deviation

4.1.5 Hierarchical Multiple Regression Analysis.

The results of the hierarchical multiple regression analysis that predicts organisational resilience are shown in Table 4. The control variables (firm age and firm size) did not explain a significant portion of the variance in organisational resilience ($R^2 = 0.042$, $F = 5.847$, $p < 0.01$), as shown in model 1. The firm size was significantly and positively associated ($\beta = 0.156$, $p < 0.05$), whereas the firm age was not significant ($\beta = 0.087$, $p > 0.05$).

When input cost uncertainty and output price uncertainty were added into the model, the explanatory power increased considerably ($\Delta R^2 = 0.218$, $\Delta F = 39.847$, $p < 0.001$). The uncertainty variables were found to explain an additional 21.8% of the variance in organisational resilience when combined. The uncertainty of input costs was found to have a strong negative impact on organisational resilience ($\beta = -0.312$, $p < 0.001$), which resulted in the rejection of H01. Similarly, output price uncertainty had a significant negative effect on organisational resilience ($\beta = -0.278$, $p < 0.001$), leading to the rejection of H02. The results show that these types of inflationary uncertainty both have a negative impact on the organisational resilience of bakery companies, but with a slight difference in the impact of input cost uncertainty.

Leadership credibility was added to the model, which improved the model very significantly ($\Delta R^2 = 0.087$, $\Delta F = 24.163$, $p < 0.001$). Leadership credibility was also seen to have a significant and positive influence on organisational resilience with the variance accounted for being an additional 8.7% ($\beta = 0.298$, $p < 0.001$).

Model 4 included the two interaction terms (Input Cost Uncertainty × Leadership Credibility and Output Price Uncertainty × Leadership Credibility). These interaction terms in the model significantly increased the model ($\Delta R2 = 0.046$, $\Delta F = 9.842$, $p < 0.001$) and accounted for an extra 4.6% of the variance in organisational resilience. Interaction between input cost uncertainty and leadership credibility was significant and positive ($\beta = 0.187$, $p<0.01$) and thus rejected H03. This means that the negative impact of input cost uncertainty on organisational resilience is dampened by a high level of leadership credibility, meaning that when leadership credibility is high, the negative impact is less. But the interaction term between output price uncertainty and leadership credibility was not significant ($\beta = 0.089$, $p > 0.05$), which led to acceptance of H04. This implies that leadership credibility has little moderating effect on the relationship between output price uncertainty and organisational resilience.

The final model (Model 4) explained 39.3% of the variance in organisational resilience ($R^2 = 0.393$, adjusted $R^2 = 0.381$, $F = 32.847$, $p < 0.001$), representing a significant amount of variance.

Table 4: Hierarchical Multiple Regression Results

Variable	Model 1 β	Model 2 β	Model 3 β	Model 4 β
Control Variables				
Firm Age	0.087	0.064	0.058	0.052
Firm Size	0.156*	0.142*	0.138*	0.129*
Main Effects				
Input Cost Uncertainty (ICU)		-0.312***	-0.278***	-0.241***
Output Price Uncertainty (OPU)		-0.278***	-0.249***	-0.231***
Leadership Credibility (LC)			0.298***	0.264***
Interaction Effects				
ICU × LC				0.187**
OPU × LC				0.089
Model Statistics				
R^2	0.042	0.260	0.347	0.393
Adjusted R^2	0.035	0.249	0.335	0.381
ΔR^2	0.042	0.218	0.087	0.046
ΔF	5.847**	39.847***	24.163***	9.842***
F	5.847**	23.186***	28.074***	32.847***

Notes: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$; β = standardised regression coefficient; n = 270

4.1.6 Summary of Hypothesis Testing:

The results of the hypothesis testing are summarised in Table 5. The results found that out of the four hypotheses tested, three were rejected (H01, H02, H03) and one was accepted (H04) implying significant effects and no significant moderating effect of leadership credibility on the relationship between output price uncertainty and organisational resilience, respectively.

Table 5: Summary of Hypothesis Testing Results

Hypothesis	Statement	Decision	Remark
H01	Input cost uncertainty has no significant effect on organisational resilience	Rejected	Significant negative effect in Model 2 ($\beta = -0.312$, $p < 0.001$)
H02	Output price uncertainty has no significant effect on organisational resilience	Rejected	Significant negative effect in Model 2 ($\beta = -0.278$, $p < 0.001$)
H03	Leadership credibility does not moderate the effect of input cost uncertainty on organisational resilience	Rejected	Significant positive moderation in Model 4 ($\beta = 0.187$, $p < 0.01$)
H04	Leadership credibility does not moderate the effect of output price uncertainty on organisational resilience	Accepted	Non-significant moderation in Model 4 ($\beta = 0.089$, $p > 0.05$)

Note: H01 and H02 are tested in Model 2; H03 and H04 are tested in Model 4.

4.2 Discussion of Findings

4.2.1 The impact of uncertainty in input costs on organisational resilience

Organisational resilience is significantly lower when incorporating input cost uncertainty (H01 accepted), as per the real options reasoning and dynamic capabilities theory. But bakery owners have the typical problem of making irreversible investments under uncertainty when they don't know the cost of their flour or their energy or all of other inputs. Managers react by delaying high commitment decisions, like purchasing efficient ovens, sourcing a diverse range of flour suppliers, storing ingredients and training staff (Bloom 2009; Dibiasi et al. 2025). These are the very investments that can increase adaptive and recovery capacity. This is consistent with Kumar et al. (2023) and Yotzov et al. (2023), who showed that companies exposed to greater uncertainty reduce investment, overestimate their forecasts, and are less likely to invest in new technologies. The current study expands this evidence to the input cost uncertainty of an emerging economy.

The impact is noticeable in Nigeria, where approximately 60% of wheat flour is used in bakeries. The majority of that flour is imported, meaning that flour prices are tied to volatile exchange rates since 2023 (USDA Foreign Agricultural Service, 2026). Many of the bakery businesses in Many Rivers State are SMEs with narrow buffer and low credit facilities. Owners might therefore be reluctant to consider changing suppliers or purchasing energy-efficient equipment, given the uncertain payback periods. They may also keep cash on hand instead of using it to build their inventory buffers or hire employees to help them recover.

4.2.2 Impact of output price uncertainty on the resilience of the organisation

There is also a substantial impact of output price uncertainty on organisational resilience (H02 rejected), indicating that inflationary uncertainty has several channels. The uncertainty of output prices is the problem of determining the price at which bread can be sold without losing customers. It is a reflection of the problem facing the demand side of inflation, namely that consumers with decreasing real incomes have become more price sensitive. Similarly, Binder et al. (2025) showed that inflation uncertainty is associated with a decline in real sales and employment. Nigeria's bread owners are in a bind because they have to increase the price of their product or they have to cut down on the volume and quality of their product to be able to sell it at the same price. This creates revenue uncertainty, which coupled with the tendency of uncertain businesses to reduce prices and sales (Kumar et al., 2023) limits resilience building.

The effect of input cost uncertainty ($\beta = -0.312$) was slightly more than the effect of output price uncertainty ($\beta = -0.278$) within Model 2. This is in line with Onyindo et al. (2026) who found that the most significant factor that could cause efficiency loss in the South East bakery firms is changes in the raw material cost. This could be due to the fact that the owners have some control over the output price via cost-plus pricing. Input costs, on the other hand, are dependent on the commodity markets and exchange rates in the world.

4.2.3 The Moderating Role of Leadership Credibility on Input Cost Uncertainty

Leadership credibility has a significant moderating effect between input cost uncertainty and organisational resilience (H03 partly supported; $\beta = 0.187$, $p < 0.01$). The negative impact is less if the leaders are perceived as competent, honest and consistent. This builds on Ouedraogo et al. (2023) who identified that commitment to change increased as a result of leadership credibility. The more employees trust the leadership the easier it will be to convince them to implement changes like smaller loaves, different shifts, or different suppliers.

The discovery further adds on Bataineh et al. (2025) who discovered that the emotional intelligence-resilience relationship was reinforced in Jordanian yoghurt manufacturers through the use of transformational leadership. The present study bridges the gap in the literature identified by examining the relationship between an external economic pressure and an internal antecedent, leadership credibility. Trust builds a reservoir of goodwill and facilitates adaptive change without resistance, as Dirks and Ferrin (2002) put it. As Cao and Le (2024) pointed out, trust based on open disclosure is more important than trust based on reliance and could be a key explanation for the moderating effect found here.

The findings of this study reveal that leadership credibility does not play a significant moderating role between output price uncertainty and employees' attitudes towards their organizations.

4.2.4 Non-Significant Moderating Role of Leadership Credibility on Output Price Uncertainty

The moderation of the impact of OPU on organizational resilience by leadership credibility (H04) was not significant. The interaction was not significant but positive ($\beta = 0.089$, $p > 0.05$). There are three possible explanations.

First, the uncertainty of output prices directly affects the revenue, and trust can't generate resources that don't already exist. Second, workers can observe the outside pressures on pricing and can realize that credibility can only get the ball rolling on what the market will bear. Third, uncertainty about input costs impacts only a limited number of decisions made directly by leaders. Uncertainty in output prices, on the other hand, could undermine the viability of the business model and could lead employees to focus on their own financial situation rather than the resilience of their organisation.

This discovery is a credibility-based boundary condition to leadership. Contrary to the general effect found by Ouedraogo et al. (2023), its effect diminishes if it is accompanied by uncertainty regarding resources for change. It also extends the dynamic capabilities perspective with a claim that there are different domains of effectiveness for leadership based capabilities and resource based capabilities.

5.0 Conclusion and Recommendations

5.1 Conclusion

In this study, the influence of perceived inflationary uncertainty on the organisational resilience of bakery firms in Rivers State, Nigeria and its modification by the leadership's credibility was investigated. Input cost uncertainty and output price uncertainty both had negative coefficients and input cost uncertainty had a slightly higher coefficient in its effect on resilience. Leadership credibility increased resilience directly and decreased the damage caused by volatile input prices, but had no effect on the impact of volatile output prices. The complete model accounted for 39.3% of the variance in resilience.

The study makes three contributions. It demonstrates that price volatility and not just price level is of importance to bakery firms. It illustrates the difference between uncertainty on the input side and uncertainty on the output side and how they react differently to leadership. It also distinguishes leadership credibility as a boundary condition that is applicable when the response is under the control of the owners (e.g., sourcing and production), but not when the pressure is from what the customers are willing to pay (e.g., customers' willingness to pay for a product). The results added to the dynamic capabilities theory by connecting the employees' trust in leaders with the reconfiguration capacity of the resources.

Some caution should be used in interpreting the findings. The design was cross sectional, the measurement of uncertainty was perception and the sample was registered bakeries in 5 LGA of one state. Future research could be conducted on firms over time as well as in other food processing industries.

5.2 Recommendations

1. Bakery owners and managers should build trust with employees before price volatility. It will help people to accept difficult changes if you are open about why the costs are increasing, if loaf sizes are being changed or suppliers are being changed, and if you involve employees in the decisions and changes.

2. Input cost forecasting is an element of resilience planning for Owners. Monitoring the price of flour, sugar and diesel in relation to the exchange rate, having a small inventory of essential ingredients and a minimum of two suppliers of flour will help minimise the impact of sudden price fluctuations.

3. Leadership credibility was not able to compensate for output price uncertainty, so leaders need to take a direct action to resolve the uncertainty of output prices. Wider loaf size and price range, and frequent checking of loaf selling prices and retailer contact on demand.

4. The Association of Master Bakers and Caterers of Nigeria, Rivers State Chapter should disseminate information about the market prices of flour and input to its members, and promote group buying among bakeries, so that smaller bakeries can have reliable input costs.

5. Government should help prevent volatility in the value of the dollar and the availability of working capital for small food processors because much of the uncertainty bakers encounter is external to the business.

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