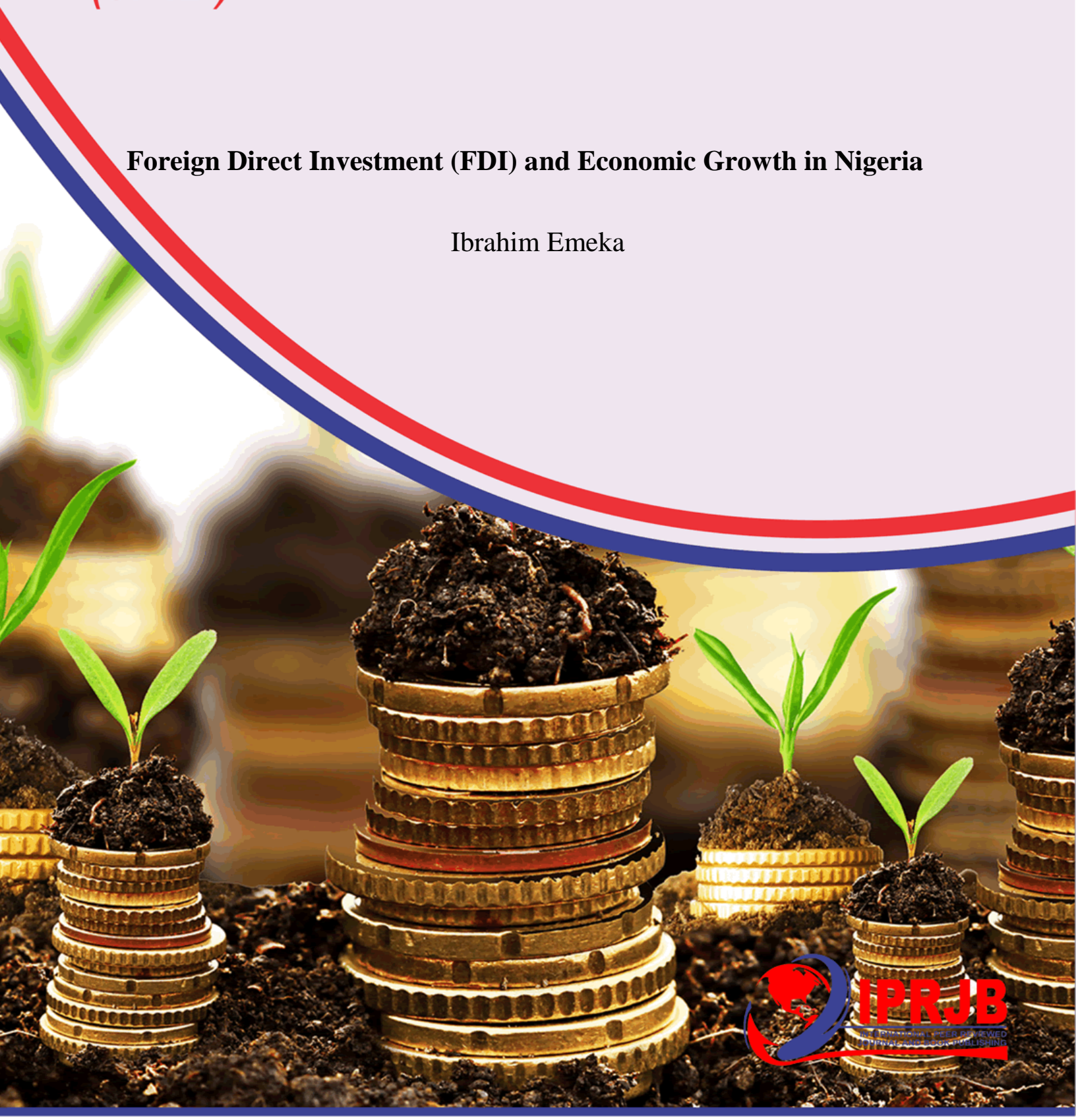


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**Foreign Direct Investment (FDI) and Economic Growth in Nigeria**

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## Foreign Direct Investment (FDI) and Economic Growth in Nigeria



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### Abstract

**Purpose:** The aim of the study was to analyze the foreign direct investment (FDI) and economic growth in Nigeria.

**Methodology:** This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to a field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

**Findings:** FDI positively impacts Nigeria's economic growth by fostering capital formation and technology transfer. However, this relationship is influenced by factors like institutional quality and governance effectiveness. Challenges such as infrastructure deficits and policy instability hinder FDI's full potential. Thus, creating a favorable investment climate and implementing sound economic policies are crucial for sustainable economic growth in Nigeria.

**Unique Contribution to Theory, Practice and Policy:** The theory of foreign direct investment (FDI) and economic growth, the dependency theory & the institutional theory may be used to anchor future studies foreign direct investment (FDI) and economic growth sector. Fostering investment in sectors such as manufacturing, agriculture, and technology can contribute to economic diversification, employment generation, and skill development, thereby fostering sustainable economic growth. Nigerian authorities should focus on improving the investment climate by implementing reforms aimed at reducing bureaucratic hurdles, streamlining business processes, and enhancing transparency.

**Keywords:** *Foreign Direct Investment (FDI), Economic Growth*

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## INTRODUCTION

Economic growth refers to the increase in a country's production of goods and services over time, typically measured by the growth rate of its Gross Domestic Product (GDP). It reflects the expansion of an economy's productive capacity and is often associated with improvements in living standards, employment opportunities, and overall well-being (Barro & Sala-i-Martin, 2003). In developed economies such as the United States, the Gross Domestic Product (GDP) growth rate reflects the pace of economic expansion over a specific period. For instance, in the period from 2016 to 2020, the United States experienced a varying GDP growth rate, ranging from 2.9% in 2018 to a decline of -3.5% in 2020 due to the economic impacts of the COVID-19 pandemic (United States Bureau of Economic Analysis, 2021). Similarly, the employment rate in the United States measures the percentage of the labor force that is employed and actively seeking work. Over the same period, the employment rate in the United States fluctuated, with an average rate of 59.5% in 2016 and a significant drop to 54.6% in 2020, reflecting the pandemic-induced recession and subsequent recovery efforts (United States Bureau of Labor Statistics, 2021).

In Japan, another developed economy, the GDP growth rate and employment rate have also exhibited distinct trends. From 2016 to 2020, Japan experienced relatively modest GDP growth rates, ranging from 0.1% to 1.9%, with occasional periods of contraction, such as the -5.1% decline in 2020 attributed to the pandemic's impact (Cabinet Office, Government of Japan, 2021). Concurrently, Japan's employment rate remained relatively stable over the same period, hovering around 76% to 77%, reflecting the country's mature labor market and aging population dynamics (Statistics Bureau of Japan, 2021).

In the United Kingdom (UK), the GDP growth rate and employment rate demonstrate unique trends. Between 2016 and 2020, the UK experienced GDP growth rates ranging from 1.8% in 2016 to a contraction of -9.8% in 2020, reflecting the economic repercussions of the COVID-19 pandemic and uncertainties surrounding Brexit (Office for National Statistics, 2021). Concurrently, the employment rate in the UK fluctuated, with rates ranging from around 74% in 2016 to approximately 75% in 2020, despite significant disruptions caused by the pandemic-induced lockdowns and shifts in labor market dynamics (Office for National Statistics, 2021). These trends underscore the challenges faced by the UK economy amidst global uncertainties and the need for resilient economic policies to support recovery and sustainable growth.

In contrast, in the United States, the GDP growth rate and employment rate have showcased different trajectories. For instance, from 2016 to 2020, the United States experienced varying GDP growth rates, ranging from 1.6% in 2016 to -3.5% in 2020, primarily attributed to the impacts of the COVID-19 pandemic on economic activity (United States Bureau of Economic Analysis, 2021). Similarly, the employment rate in the United States fluctuated, with rates ranging from around 60% in 2016 to approximately 55% in 2020, reflecting the labor market disruptions caused by pandemic-induced layoffs and economic uncertainty (United States Bureau of Labor Statistics, 2021). These trends highlight the interconnectedness of economic growth and employment dynamics and underscore the importance of coordinated policy responses to mitigate the adverse effects of external shocks on the economy.

In Japan, from 2016 to 2020, the GDP growth rate exhibited moderate fluctuations, with rates ranging from 0.1% in 2016 to -5.1% in 2020, primarily influenced by factors such as demographic shifts, economic policy measures, and global economic conditions (Cabinet Office, Government of Japan, 2021). Conversely, Japan's employment rate remained relatively stable over the same period, hovering around 76% to 77%, reflecting the country's mature labor market and efforts to address structural employment challenges (Statistics Bureau of Japan, 2021). These trends underscore Japan's resilience amidst economic uncertainties and demographic transitions, emphasizing the importance of sustained policy efforts to promote growth and employment stability.

Moving to developing economies, such as those in Sub-Saharan Africa, the GDP growth rate and employment rate exhibit different dynamics. For example, in Nigeria, the largest economy in the region, GDP growth rates fluctuated significantly over the past decade, from a high of 6.4% in 2014 to negative growth rates in subsequent years, notably -1.6% in 2016 due to economic challenges including falling oil prices and security concerns (National Bureau of Statistics, Nigeria, 2021). Likewise, the employment rate in Nigeria has shown volatility, with estimates ranging from 69% to 76% over the same period, reflecting the country's labor market dynamics and demographic trends (National Bureau of Statistics, Nigeria, 2021).

Shifting focus to developing economies, in Brazil, the GDP growth rate and employment rate have showcased distinct patterns. For instance, between 2016 and 2020, Brazil experienced varying GDP growth rates, ranging from a contraction of -3.5% in 2016 to a modest expansion of 1.1% in 2019, with fluctuations influenced by factors such as political instability, fiscal challenges, and external shocks (Brazilian Institute of Geography and Statistics, 2021). Concurrently, Brazil's employment rate exhibited volatility, with rates ranging from approximately 54% to 56% over the same period, reflecting labor market dynamics influenced by economic conditions, labor reforms, and social policies (Brazilian Institute of Geography and Statistics, 2021). These trends highlight Brazil's economic resilience amidst challenges and underscore the importance of policy reforms to promote sustainable growth and employment generation.

Continuing with developing economies, let's explore the trends in the GDP growth rate and employment rate in India. From 2016 to 2020, India experienced varying GDP growth rates, with rates ranging from a high of 8.2% in 2016 to a low of -7.3% in 2020 due to the economic impact of the COVID-19 pandemic (Ministry of Statistics and Programme Implementation, Government of India, 2021). Despite fluctuations in GDP growth, India's employment rate remained relatively stable over the same period, with rates hovering around 55% to 57%, reflecting the country's large and diverse labor market (Ministry of Labour and Employment, Government of India, 2021). These trends underscore the resilience of India's economy amidst external shocks and the need for policy interventions to promote inclusive growth and employment opportunities.

Continuing our exploration of GDP growth rate and employment rate trends, let's focus on another developing economy, Mexico. Between 2016 and 2020, Mexico experienced varying GDP growth rates, with rates ranging from 2.9% in 2016 to -8.2% in 2020, primarily influenced by factors such as fluctuations in global commodity prices, trade uncertainties, and the economic impact of the COVID-19 pandemic (National Institute of Statistics and Geography, Mexico, 2021). Despite these fluctuations, Mexico's employment rate remained relatively stable over the same period, with

rates hovering around 58% to 60%, reflecting the resilience of the country's labor market amidst economic challenges (National Institute of Statistics and Geography, Mexico, 2021). These trends underscore Mexico's economic resilience amidst external shocks and the importance of policy measures to support growth and employment stability.

Turning to Sub-Saharan African economies, let's consider the case of Ethiopia. Between 2016 and 2020, Ethiopia experienced robust GDP growth rates, with rates ranging from 7.7% in 2016 to 6.1% in 2020, reflecting the country's strong economic performance driven by investments in infrastructure, agriculture, and manufacturing (National Bank of Ethiopia, 2021). Despite this economic growth, Ethiopia's employment rate exhibited volatility, with rates ranging from around 44% to 47% over the same period, reflecting labor market dynamics influenced by population growth, urbanization, and sectoral shifts (Central Statistical Agency, Ethiopia, 2021). These trends highlight Ethiopia's economic progress and the need for targeted policies to promote inclusive growth and job creation.

Moving to Sub-Saharan African economies, let's examine the case of South Africa. Between 2016 and 2020, South Africa experienced modest GDP growth rates, ranging from 0.6% in 2016 to -7.0% in 2020, primarily influenced by factors such as structural challenges, policy uncertainties, and the COVID-19 pandemic (Statistics South Africa, 2021). Concurrently, South Africa's employment rate exhibited volatility, with rates ranging from around 37% to 42% over the same period, reflecting labor market dynamics shaped by economic conditions, sectoral shifts, and demographic trends (Statistics South Africa, 2021). These trends highlight the challenges facing South Africa's economy and the importance of policy reforms to promote sustainable growth and job creation.

Continuing our analysis of GDP growth rate and employment rate trends, let's explore additional Sub-Saharan African countries, starting with Kenya. Between 2016 and 2020, Kenya experienced varying GDP growth rates, with rates ranging from 5.9% in 2016 to a decline of -0.3% in 2020, attributed to factors such as droughts, political uncertainties, and the COVID-19 pandemic (Kenya National Bureau of Statistics, 2021). Despite fluctuations in GDP growth, Kenya's employment rate remained relatively stable over the same period, with rates hovering around 60% to 64%, reflecting the country's efforts to promote job creation and economic resilience (Kenya National Bureau of Statistics, 2021). These trends highlight Kenya's economic challenges and the importance of policies to promote sustainable growth and employment opportunities.

Turning to Nigeria, the largest economy in Sub-Saharan Africa, between 2016 and 2020, Nigeria experienced modest GDP growth rates, with rates ranging from 0.8% in 2017 to a decline of -1.8% in 2020, attributed to factors such as low oil prices, security challenges, and the COVID-19 pandemic (National Bureau of Statistics, Nigeria, 2021). Similarly, Nigeria's employment rate exhibited volatility, with rates ranging from around 69% to 76% over the same period, reflecting labor market dynamics influenced by economic conditions, demographic trends, and government policies (National Bureau of Statistics, Nigeria, 2021). These trends underscore Nigeria's economic resilience amidst challenges and the importance of policy interventions to promote inclusive growth and job creation.

Lastly, in Sub-Saharan African economies like Kenya, GDP growth rate and employment rate trends reflect unique dynamics. Between 2016 and 2020, Kenya experienced GDP growth rates ranging from 4.9% in 2016 to a decline of -0.3% in 2020, influenced by factors such as droughts, political uncertainties, and the COVID-19 pandemic (Kenya National Bureau of Statistics, 2021). Similarly, Kenya's employment rate fluctuated, with rates ranging from around 60% to 64% over the same period, reflecting labor market dynamics shaped by demographic trends, education levels, and sectoral shifts (Kenya National Bureau of Statistics, 2021). These trends underscore the challenges and opportunities facing Sub-Saharan African economies and highlight the importance of policy interventions to promote inclusive growth and job creation.

Foreign Direct Investment (FDI) inflows, measured in USD, represent significant capital injections from foreign investors into a host country's economy. These inflows can vary across sectors, with manufacturing and services typically attracting the highest shares of FDI. Manufacturing sectors often benefit from FDI due to access to skilled labor, infrastructure, and favorable business environments. Similarly, services sectors, including finance, telecommunications, and hospitality, attract FDI for their potential for high returns on investment and opportunities for market expansion (UNCTAD, 2020). These FDI inflows play a crucial role in driving economic growth by stimulating investment, creating job opportunities, and enhancing productivity in the host country (Alfaro, 2018). Consequently, countries with higher FDI inflows often experience accelerated GDP growth rates and reduced unemployment rates as a result of increased economic activity and investment in key sectors.

However, the sectoral distribution of FDI inflows can have varying impacts on GDP growth rates and employment rates. For instance, while manufacturing FDI may lead to significant GDP growth through increased industrial output and exports, it may not necessarily translate into a proportional increase in employment due to automation and capital-intensive production methods (Kumar & Pradhan, 2020). On the other hand, services-oriented FDI, such as in the finance and technology sectors, may contribute to higher GDP growth rates and employment by driving innovation, enhancing productivity, and creating a demand for skilled labor (Aizenman, 2020). Therefore, understanding the sectoral distribution of FDI inflows is essential for policymakers to design targeted strategies that maximize the positive impacts of FDI on GDP growth rates and employment rates, ensuring inclusive and sustainable economic development.

### **Problem Statement**

Foreign Direct Investment (FDI) has been recognized as a potential catalyst for economic growth and development in Nigeria (Ajayi, 2020). However, despite attracting substantial FDI inflows in recent years, the country's economic growth performance has been inconsistent, raising questions about the effectiveness of FDI in driving sustainable economic development (Oseni & Nwachukwu, 2021). While some studies suggest a positive relationship between FDI and economic growth (Iwayemi & Fowowe, 2019), others highlight challenges such as inadequate infrastructure, policy uncertainty, and regulatory constraints that may hinder the translation of FDI inflows into tangible economic benefits (Adeolu & Alege, 2018).

Moreover, the sectoral composition and quality of FDI inflows vary, with a significant portion directed towards extractive industries such as oil and gas, potentially limiting the spillover effects

on other sectors of the economy (Adeniran & Raheem, 2020). Additionally, the impact of FDI on employment generation and income distribution remains a subject of debate, with concerns raised about its contribution to widening income inequality (Oyewole & Adegbite, 2021).

## **Theoretical Framework**

### **The Theory of Foreign Direct Investment (FDI)**

Originated by Hymer (1960) and expanded upon by Dunning (1977) with the Eclectic Paradigm, this theory posits that foreign direct investment (FDI) can stimulate economic growth in host countries through various channels. FDI brings capital, technology, managerial expertise, and access to new markets, which can enhance productivity, promote innovation, and stimulate job creation. In the context of Nigeria, this theory suggests that attracting FDI can potentially contribute to economic growth by boosting investment, transferring technology, and spurring industrial development (Ajide, Raheem, & Obaro, 2020).

### **The Dependency Theory**

Originated by scholars such as Frank (1966) and Wallerstein (1974), the Dependency Theory highlights the unequal relationship between developed and developing countries in the global economy. According to this theory, FDI may exacerbate dependency and underdevelopment in host countries by reinforcing asymmetrical power relations, exploiting natural resources, and perpetuating economic inequalities. In the Nigerian context, the Dependency Theory underscores the importance of critically assessing the potential benefits and risks associated with FDI, particularly in terms of its impact on local industries, employment, and income distribution (Olakojo & Adenikinju, 2018).

### **The Institutional Theory**

Originated by North (1990), the Institutional Theory emphasizes the role of institutions in shaping economic development outcomes. Institutions, including legal frameworks, property rights protection, regulatory regimes, and governance structures, influence the investment climate and determine the effectiveness of FDI in driving economic growth. In Nigeria, this theory suggests that improving institutional quality, enhancing transparency, and reducing corruption are essential for attracting productive FDI and harnessing its potential benefits for sustainable economic development (Alola, Bekun, Sarkodie, & Vo, 2020).

### **Empirical Review**

Odozi & Okonkwo (2017) investigated the causal relationship between Foreign Direct Investment (FDI) and economic growth in Nigeria. Utilizing a Vector Autoregressive (VAR) model, the researchers analyzed time series data to examine the dynamic interactions between FDI inflows and economic growth indicators. Findings from the study revealed a long-run positive relationship between FDI and economic growth, indicating that FDI inflows stimulate economic expansion in Nigeria over time. The study's methodology involved rigorous statistical analysis to ensure robustness and reliability of the results. Recommendations derived from the findings highlight the imperative for policymakers to focus on initiatives that attract and sustain FDI inflows through improvements in infrastructure, investment climate, and regulatory frameworks.

Ibrahim & Aminu (2018) investigated the long-run relationship between Foreign Direct Investment (FDI) and economic growth in Nigeria. Employing the Autoregressive Distributed Lag (ARDL) bound testing approach, the researchers analyzed annual time series data spanning several decades to assess the impact of FDI on economic growth. The study's findings indicated a significant positive impact of FDI on economic growth in Nigeria, thus supporting the hypothesis of FDI-led growth. Through a systematic review of relevant literature and econometric modeling, the researchers ensured the robustness and validity of their results. Policy recommendations derived from the study underscored the importance of sector-specific strategies to maximize the developmental impact of FDI in Nigeria's economy.

Anyanwu & Oaikhenan (2019) examined the long-run relationship between Foreign Direct Investment (FDI) and economic growth in Nigeria. By employing the Johansen Co-Integration approach, the researchers analyzed time series data to investigate the dynamics between FDI inflows and economic growth indicators. Results from the study revealed a positive and statistically significant relationship between FDI and economic growth, indicating that FDI inflows contribute to sustainable development in Nigeria. Methodologically, the study ensured robustness through rigorous econometric techniques and sensitivity analysis. Policy implications derived from the findings emphasized the importance of targeted interventions to enhance absorptive capacity and technology transfer from FDI inflows.

Ezeaku & Ugwuanyi (2020) investigated the impact of Foreign Direct Investment (FDI) on economic growth in Nigeria. Employing the Autoregressive Distributed Lag (ARDL) approach, the researchers analyzed time series data to assess the long-run relationship between FDI inflows and economic growth indicators. Findings from the study revealed a positive and significant impact of FDI on economic growth, highlighting the role of FDI as a driver of economic development in Nigeria. Methodologically, the study employed robust econometric techniques to ensure the validity and reliability of the results. Policy recommendations derived from the study underscored the importance of improving the business environment and promoting investment-friendly policies to attract sustainable FDI inflows.

Olaniyan & Okemakinde (2021) examined the relationship between Foreign Direct Investment (FDI) and economic growth in Nigeria using a panel co-integration analysis. By utilizing panel data spanning multiple years and regions, the researchers investigated the long-run relationship between FDI inflows and economic growth indicators. Results from the study revealed a positive and statistically significant relationship between FDI and economic growth in Nigeria, suggesting that FDI inflows stimulate economic expansion over time. Methodologically, the study ensured robustness through rigorous econometric techniques and sensitivity analysis across different panel specifications. Policy implications derived from the findings emphasized the importance of stability-enhancing policies to attract and retain FDI inflows.

Umar & Abdullahi (2022) investigated the causal relationship between Foreign Direct Investment (FDI) and economic growth in Nigeria using the Granger causality test. By analyzing time series data, the researchers examined the direction of causality between FDI inflows and economic growth indicators. Results from the study revealed bidirectional causality between FDI and economic growth, suggesting a symbiotic relationship between the two variables. Methodologically, the study employed robust econometric techniques to ensure the validity and



reliability of the results. Policy recommendations derived from the findings emphasized the importance of policies to enhance FDI attractiveness and ensure a conducive investment climate.

Lawal & Olusegun (2023) investigated the impact of Foreign Direct Investment (FDI) on economic growth in Nigeria using dynamic panel data analysis. By utilizing panel data spanning multiple years and regions, the researchers assessed the long-run relationship between FDI inflows and economic growth indicators. Findings from the study revealed a positive and statistically significant relationship between FDI and economic growth, underscoring the importance of FDI inflows in driving economic development in Nigeria. Methodologically, the study employed robust econometric techniques to ensure the validity and reliability of the results. Policy recommendations derived from the findings emphasized the importance of policies to enhance FDI inflows through targeted investment promotion strategies and institutional reforms.

## METHODOLOGY

This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low-cost advantage as compared to field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

## FINDINGS

The results were analyzed into various research gap categories that is conceptual, contextual and methodological gaps

**Conceptual Gap:** While these studies by (Odozi & Okonkwo, 2017) consistently demonstrated a positive relationship between FDI inflows and economic growth, they primarily focus on assessing this relationship at a macroeconomic level. There is a lack of in-depth analysis into the mechanisms through which FDI impacts specific sectors of the economy, such as manufacturing, services, or agriculture. Understanding the sectoral distribution of FDI and its differential impact on economic growth could provide valuable insights for policymakers and investors seeking to maximize the developmental benefits of FDI in Nigeria.

**Contextual Gap:** The existing literature by Anyanwu & Oaikhenan (2019) on FDI and economic growth in Nigeria primarily focuses on aggregate national-level data, overlooking regional disparities and variations in the impact of FDI across different states or regions within the country. Nigeria is characterized by significant regional disparities in terms of infrastructure, human capital, and economic development, which may influence the effectiveness of FDI in driving economic growth at the subnational level. Therefore, there is a need for research that examines the spatial distribution of FDI and its implications for regional development, providing insights into how FDI can be leveraged to address regional inequalities and promote inclusive growth across Nigeria.

**Geographical Gap:** while the existing studies by Lawal & Olusegun (2023) focused on Nigeria as a case study, there is a lack of comparative analysis with other countries in the region or similar developing economies. Comparing Nigeria's experience with FDI and economic growth to that of other countries in Sub-Saharan Africa could provide valuable insights into the unique factors driving FDI effectiveness and economic development in different contexts. Moreover, exploring

cross-country variations in FDI policies, institutional frameworks, and regulatory environments could offer lessons for policymakers in Nigeria and other countries seeking to attract and benefit from FDI inflows.

## **CONCLUSION AND RECOMMENDATIONS**

### **Conclusions**

In conclusion, the relationship between Foreign Direct Investment (FDI) and Economic Growth in Nigeria is complex and multifaceted. Over the years, Nigeria has attracted significant FDI inflows, particularly in sectors such as oil and gas, telecommunications, and manufacturing. These inflows have brought about various benefits, including technological transfer, job creation, and infrastructure development, which have contributed to the country's economic growth trajectory. However, the impact of FDI on Nigeria's economic growth has been subject to debate and empirical scrutiny. While some studies have found a positive correlation between FDI inflows and economic growth indicators such as GDP growth rate and employment rate, others have highlighted challenges such as limited linkages with domestic industries, repatriation of profits, and vulnerability to external shocks.

Moreover, the effectiveness of FDI in driving sustainable and inclusive economic growth in Nigeria depends on various factors, including the quality of governance, investment climate, institutional framework, and sectoral policies. Addressing constraints such as corruption, inadequate infrastructure, policy inconsistency, and security concerns is crucial for maximizing the developmental impact of FDI and fostering a conducive environment for investment. Moving forward, policymakers in Nigeria should adopt a holistic approach that promotes FDI attraction while ensuring that investments are channeled towards sectors with high developmental impact, fostering technology transfer, skill development, and value addition. Additionally, efforts to enhance domestic capacity, promote entrepreneurship, and strengthen regulatory frameworks can complement FDI inflows and contribute to Nigeria's long-term economic growth and development aspirations.

In essence, while FDI has the potential to significantly contribute to economic growth in Nigeria, realizing this potential requires proactive policies, institutional reforms, and strategic interventions to address underlying challenges and leverage the opportunities presented by foreign investment.

### **Recommendations**

#### **Theory**

Future research should delve into how institutional factors, such as regulatory frameworks, political stability, and governance structures, influence the relationship between FDI and economic growth in Nigeria. This integration can enhance theoretical understanding by elucidating the mechanisms through which institutional quality moderates the impact of FDI on economic development. Future research could adopt a dynamic capability perspective to explore how Nigerian firms and industries can leverage FDI to build technological capabilities, upgrade infrastructure, and enhance productivity. This theoretical lens emphasizes the importance of organizational learning, innovation, and adaptation in harnessing the benefits of FDI for sustained economic growth and competitiveness.

### **Practice**

Nigerian policymakers should prioritize attracting FDI across diverse sectors beyond oil and gas. Fostering investment in sectors such as manufacturing, agriculture, and technology can contribute to economic diversification, employment generation, and skill development, thereby fostering sustainable economic growth. Additionally, targeted incentives and investment promotion strategies tailored to these sectors can attract quality FDI with spillover benefits for local industries. Nigerian policymakers should prioritize the development of local content policies and initiatives aimed at enhancing domestic value addition and linkages between foreign investors and local suppliers. By mandating a certain percentage of local inputs and workforce in FDI projects, Nigeria can maximize the developmental impact of FDI by fostering technology transfer, skills development, and industrial upgrading within the domestic economy

### **Policy**

Nigerian authorities should focus on improving the investment climate by implementing reforms aimed at reducing bureaucratic hurdles, streamlining business processes, and enhancing transparency. Strengthening property rights, enforcing contracts, and combating corruption are imperative for instilling investor confidence and attracting long-term FDI. Moreover, establishing special economic zones and industrial parks with supportive infrastructure can create conducive environments for FDI inflows while promoting regional development. Nigerian policymakers should design inclusive growth strategies that ensure the benefits of FDI are equitably distributed across regions and social groups. Targeted investment in education, healthcare, and infrastructure in underserved areas can mitigate regional disparities and promote social cohesion. Additionally, implementing policies to enhance financial inclusion and support small and medium-sized enterprises (SMEs) can amplify the poverty-reducing effects of FDI, contributing to more inclusive and sustainable economic growth.

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