Effect of Foreign Direct Investment Inflows on Economic Performance in Nigeria, 1999 – 2024.

Urslar Chekwube Okoro[1], Prof Willy Ugwuanyi[2], Dr. Kingsley Ikechukwu Ezeh[3]

[1]Enugu State University of Science and Technology, Enugu. Department of Banking and Finance

[2]National Open University of Nigeria, Abuja. Department of Financial Studies,

[3]Enugu State University of Science and Technology. Department of Computer Science

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ABSTRACT

This study examined the effect of Foreign Direct Investment (FDI) Inflows on Nigeria's economic performance. Secondary data used for analysis were obtained from the Central Bank of Nigeria (CBN) Statistical Bulletin, National Bureau of Statistics (NBS) and World Development Indicators over the period 1999–2024. The study specifically assessed the effect of FDI inflows on economic performance measured by GDP growth rate and unemployment rate. Autoregressive Distributed Lag (ARDL) techniques was employed as method of analysis. Findings indicated FDI inflows were positively and statistically significantly associated with GDP growth in the long run (coefficient = 0.274, p = 0.005) and short run (coefficient = 0.182, p = 0.018); FDI inflows exerted a negative and non-significant effect (Coefficient = -.0.116, p-value = 0.57 < 0.05) on unemployment rate. The findings suggested that while FDI played an important role in enhancing output growth, its effect on employment generation remains weak and constrained within the study period. The study recommended that government policy should prioritize channeling FDI into labour-intensive and human capital–enhancing sectors such as manufacturing, agro-processing and technology to maximize growth and welfare benefits. The research contributed to knowledge by extending the data series up to 2024.

Keywords*:* Foreign direct investment; Economic growth; Unemployment; Nigeria

1.0 INTRODUCTION

Foreign Direct Investment (FDI) remains a key channel through which developing economies access external capital, advanced technology, and managerial expertise from developed countries. Over the past two and a half decades, global FDI flows have been shaped by economic cycles, technological changes, and growing sustainability concerns. Reports by the United Nations Conference on Trade and Development show that FDI expanded strongly in the early 2000s, declined after the 2008 global financial crisis, and fell again in 2020 due to the COVID-19 pandemic (UNCTAD, 2023). Although there was a modest recovery by 2023, the rebound was uneven and largely favoured countries with strong digital infrastructure, stable policies, and lower investment risks (OECD, 2023). In Sub-Saharan Africa, FDI has remained relatively low, accounting for about 3–5% of global flows, and has been concentrated mainly in resource-rich economies. Countries such as Nigeria and Angola benefited from increased inflows during the commodity boom of the early 2000s (AfDB, 2021). However, the decline in global oil prices after 2014, combined with insecurity and weak institutional frameworks, led to a persistent reduction in FDI inflows across the region. In contrast, more diversified economies like Kenya and Rwanda have shown greater resilience and better capacity to benefit from FDI due to improved governance and structural reforms. Nigeria's FDI performance between 1999 and 2024 has been largely unstable. The return to democratic governance in 1999, along with banking sector reforms and the liberalization of key sectors such as oil and telecommunications, initially attracted significant inflows. FDI peaked at over US$8 billion in 2007 but declined afterwards due to challenges such as insecurity, policy inconsistency, foreign exchange instability, and broader macroeconomic imbalances (Central Bank of Nigeria [CBN], 2022; UNCTAD, 2021). The COVID-19 pandemic further reduced inflows to below US$2 billion in

2020. Although there has been some recovery in recent years, structural challenges continue to weaken investor confidence. Policy measures such as the unification of exchange rates and renewed privatization efforts under the Tinubu administration (2023 to date) indicate ongoing attempts to improve the investment climate. Sectoral distribution of FDI in Nigeria shows a strong concentration in the oil and gas sector, which accounts for over 70% of total inflows, while sectors such as manufacturing and agriculture receive limited investment due to infrastructural and institutional constraints (Eze & Ogiji, 2022). However, there is growing foreign interest in the information and communication technology (ICT) and fintech sectors, supported by Nigeria's large youth population and expanding digital economy. The effect of FDI on Nigeria's economic performance has been mixed. While FDI contributed to economic growth in certain periods, particularly in the early 2000s when GDP growth reached 15.3% in 2002 (World Bank, 2022, such growth was not sustained and did not result in inclusive development. The fall in oil prices from 2014 and ongoing domestic economic challenges reduced the effectiveness of FDI in promoting long-term growth. Although some studies find a positive relationship between FDI and economic growth (Adeleke et al., 2020), others argue that overreliance on extractive industries and a weak industrial base have limited its long-term benefits (Eze &Ogiji, 2022). Similarly, FDI has not translated into significant employment gains. By 2021, Nigeria's unemployment rate exceeded 33%, with youth unemployment above 42% (National Bureau of Statistics [NBS], 2022). This suggests that FDI mainly concentrated in capital-intensive sectors has generated limited job opportunities. Weak linkages between foreign firms and local enterprises have further constrained employment creation and domestic value chain development. Against this background, this study examines the effect of FDI inflows on Nigeria's economic performance between 1999 and 2024, with particular emphasis on GDP growth and employment creation.

1.2 Problem Statement

Despite all efforts to attract foreign direct investment, Nigeria's economy still has a lack of stable development and high unemployment. Capital inflows continue to be heavily focussed on capital-intensive industries, and this is a concern because of its impact on job creation and wider economic growth. These benefits could be further restricted by poor infrastructure, exchange rate volatility and weak linkages between foreign companies and local companies. The current literature is split on whether foreign investment leads to an increase in output and employment. The impact of FDI inflows on Nigeria GDP growth and unemployment rates is thus the focus of this study and this would serve as evidence for policy makings on investments.

2.0 LITERATURE REVIEW

This study examined the effect of FDI on Nigeria's economic performance over the period 1999 to 2024. In line with the specific objectives of the study, a chronological review of relevant empirical literature was conducted to critically evaluate previous studies and establish the existing relationship between FDI inflows and economic performance in Nigeria.

Akinola and Ohonba (2024) examined the effects of external debt and (FDI) on economic growth in Nigeria between 2011 and 2022 using the ARDL and Granger causality techniques. The study utilized data obtained from the World Bank and economic databases linked to the University of Johannesburg. Findings revealed that FDI inflows had a significant positive effect on GDP growth in both the short and long run. The study further showed that a 1 percent increase in FDI contributed about 1.49 percent growth in GDP. The authors concluded that although FDI promotes economic growth, excessive reliance on external debt could expose the economy to fiscal risks.

Mazenda (2024) investigated the effect of FDI on economic growth in South Africa from 1980 to 2010 using Johansen Cointegration and Vector Error Correction Model techniques. The variables included real GDP, FDI, domestic investment, exchange rate, and foreign debt. The findings indicated that FDI, exchange rate, and foreign debt had negative long run effects on economic growth, while domestic investment exerted a positive influence. The study suggested that the growth impact of FDI depends largely on the macroeconomic environment and investment structure within the host economy.

Sari and Maysarah (2024) examined the relationship between FDI and economic growth in Indonesia with emphasis on the new capital city project and regional development. Using panel data from 38 provinces between

2018 and 2022, the study employed panel regression analysis in EViews. The findings showed that FDI and stable inflation positively influenced economic growth, while environmental degradation negatively affected growth performance.

Ahmed and Ahsan (2025) investigated the nexus between FDI and export led economic growth in Pakistan using annual data from 1980 to 2022 and the ARDL estimation approach. The results revealed that FDI positively influenced economic growth in the short run, although the effect was not sustained in the long run.

However, exports maintained a strong positive relationship with economic growth in both periods. The study concluded that policymakers should complement FDI promotion with export enhancing strategies to achieve sustainable economic growth.

Chizema (2025) examined the impact of FDI on economic development in South and Southeast Asian countries including India, Indonesia, Vietnam, and the Philippines using dynamic panel estimation techniques. The study relied on data obtained from the World Bank and UNCTAD. The findings showed that FDI inflows significantly improved economic development, particularly in countries with stable macroeconomic policies and export-oriented production systems. The study suggested that developing economies could maximize the benefits of FDI through sound macroeconomic management and investment friendly policies.

Singh and Roy (2025) analyzed the impact of FDI inflows on economic growth and startup development in India using quarterly data from 2016 to 2023 obtained from the Reserve Bank of India. Employing OLS regression and Granger causality tests, the study found that sectoral FDI inflows had a statistically significant positive effect on economic growth. The results further indicated a unidirectional causality running from FDI to economic growth.

Adekoya and Adeyanju (2025) examined the relationship between FDI and economic growth in Nigeria from 1991 to 2021 using the Vector Error Correction Model approach. The study incorporated variables such as FDI, unemployment, interest rate and domestic investment. Findings showed that FDI had a significant long run impact on GDP growth. The authors further stressed the importance of capital market development, economic diversification and reduced dependence on the oil sector in enhancing the contribution of FDI to economic growth in Nigeria.

Abdulai (2022) examined the relationship between Foreign Direct Investment (FDI) and unemployment in Ghana using annual data from 1990 to 2020 sourced from the World Bank and UNDP. The study applied the Autoregressive Distributed Lag (ARDL) approach to assess the impact of FDI on unemployment, GDP, exports, and gross capital formation. The results showed a significant long run negative relationship between FDI and unemployment, indicating that increased FDI inflows reduce unemployment levels. The study further found that GDP plays a mediating role in this relationship, while exports were associated with higher unemployment, reflecting structural challenges in the export sector. The author concluded that Ghana should promote value addition in exports and strengthen policies that attract employment generating FDI.

Okoli and Okeke (2024) investigated the effect of FDI on unemployment in Nigeria using annual data from 1990 to 2020 obtained from the Central Bank of Nigeria and World Bank indicators. The study employed the Dynamic Ordinary Least Squares (DOLS) technique to address issues of endogeneity and serial correlation. The findings revealed that FDI significantly reduces aggregate and urban unemployment, but its effect on rural unemployment was statistically insignificant. The study suggests that FDI inflows in Nigeria are concentrated in urban based and capital-intensive sectors, limiting their impact on rural employment. The authors recommended policies that encourage spatially balanced investment alongside improvements in infrastructure and workforce skills.

Okotaufere and Okafor (2024) conducted a panel study of Sub-Saharan African countries, including Nigeria, using data from 2000 to 2021 sourced from the World Bank. The study applied the Pooled Mean Group (PMG) and ARDL cointegration techniques to examine the relationship between FDI, education, inflation, population and unemployment. The results showed that FDI has a statistically significant long run effect in reducing unemployment across the region, although short run variations exist. The study also found that better educational outcomes and macroeconomic stability enhance the employment generating effects of FDI.

3.0 METHODOLOGY

3.1 Research Design

This study adopted an ex-post facto research design because it relied on historical data obtained from existing public records. The design was considered appropriate since the variables under investigation could not be manipulated by the researcher.

3.2 Sources of Data

The study utilized secondary data sourced from the Central Bank of Nigeria Statistical Bulletin and the National Bureau of Statistics covering the period from 1999 to 2024.

3.3 Model Specification

The study specifies separate equations to examine the relationship between foreign direct investment inflows and two indicators of economic performance: GDP growth and unemployment. Separate equations are necessary because the coefficient of unemployment in a GDP growth equation does not measure the effect of FDI on unemployment.

The proposed long-run relationships are:

Model One: FDI inflows and GDP growth

$$GDPGR_t = \alpha_0 + \alpha_1 FDI_t + \alpha_2 EXR_t + \alpha_3 INFR_t + \alpha_4 TOPN_t + \alpha_5 Z_t + \varepsilon_t$$

Model Two: FDI inflows and unemployment

$$UNPR_t = \beta_0 + \beta_1 FDI_t + \beta_2 EXR_t + \beta_3 INFR_t + \beta_4 TOPN_t + \beta_5 Z_t + \nu_t$$

Where:

Variable	Meaning
GDPGR	Annual real GDP growth rate (%)
UNPR	Unemployment rate (%)
FDI	FDI inflows, using one consistently defined measurement
EXR	Exchange rate, measured as naira per US dollar
INFR	Annual inflation rate (%)
TOPN	Exports plus imports as a percentage of GDP
Z	A selected institutional-quality or infrastructure indicator

3.4 Description of Variables in the Model

The table below presents a concise description of the variables used in the model.

Variables	Description	Measurement/Formula	A Priori Expectation
Gross Domestic Product Growth Rate (GDPGR)	GDP growth rate measures the annual percentage increase in the value of goods and services produced within an economy. It serves as an indicator of economic performance and growth.	$GDPGR = \frac{GDP_t - GDP_{t-1}}{GDP_{t-1}} \times 100$	Dependent Variable

Foreign Direct Investment (FDI)	FDI refers to investment made by foreign investors to acquire a lasting interest in enterprises operating in another country. It is expected to stimulate economic growth through capital inflows, technology transfer, and employment generation.	FDI=Net Inflows−Net Outflows	Positive (+)
Unemployment Rate (UNR)	Unemployment rate measures the proportion of the labour force that is willing and able to work but unable to secure employment. It reflects labour market conditions within the economy.	Percentage of unemployed persons in the labour force	Negative (–)
Exchange Rate (EXR)	Exchange rate represents the price of one currency in terms of another currency. It influences trade flows, investment decisions, and macroeconomic stability.	Domestic currency per unit of foreign currency (US$)	Positive/Negative (+/–)
Inflation Rate (INFR)	Inflation rate measures the persistent increase in the general price level of goods and services over time. It is commonly computed using the Consumer Price Index (CPI).	$INFR=\frac{CPIt-CPIt-1}{CPI_{t-1}} \times 100$	Negative (–)
Trade Openness (TOPN)	Trade openness measures the degree of a country's integration into the global economy through international trade. It is expressed as the ratio of total trade to GDP.	$TOPN=\frac{X+M}{GDP}$	Positive (+)

3.5 Method of Data Analysis

The Autoregressive Distributed Lag ARDL models is estimated for GDP growth and unemployment. Unit root tests will establish whether the variables are integrated of order zero or one and confirm that none is I(2). The selected lag structure, deterministic terms and effective estimation sample will be reported for each equation. Residual diagnostics assess serial correlation and hetero-skedasticity. CUSUM and CUSUMSQ tests will assess parameter stability. Dynamic multiplier analysis will examine the adjustment of each dependent variable following a change in FDI. ARDL dynamic multipliers provide a model-specific way to examine these responses over time. Where consistent sectoral FDI data are available, additional models is distinguish extractive, agricultural, manufacturing and services investment. These models assess whether the relationships with output growth and unemployment differ across sectors.

4.0 RESULTS

Table 4.1: FDI Inflows and Nigeria's Economic Performance Data Series, 1999-2024

Year	GDPGR(%)	FDI Inflows(USD)	UNPR(%)	FEXR (₦)	INFR(%)	TOPN_GDP(%)
1999	5.4	1.5	8.2	106.22	12	49.55
2000	6.3	1.63	13.1	109.55	13.7	54.34
2001	4.9	2.57	13.6	112.48	10.8	50.87
2002	4.3	3.5	12.6	126.4	12.2	50.63
2003	5.4	2.77	14.8	135.4	8	48.07
2004	6.3	2.99	13.4	132.67	8.5	53.56

2005	6.7	4.2	11.9	130.29	9.8	46.09
2006	2.7	3.76	12.3	128 27	15.6	41.32
2007	-1.6	3.02	12.7	117.97	16.5	45.8
2008	0.8	3.62	14.9	132.56	12.1	39.13
2009	1.9	3.03	19.7	149.58	11.4	43.63
2010	2.2	3.1	19.7	150.66	12	38.11
2011	2.7	3.68	21.4	158.27	13.5	41.74
2012	2.3	2.64	23,90	155.77	13.2	48.69
2013	3.6	3.1	27.4	155.7	17	53.14
2014	3.3	4.23	27.4	158.55	18.8	54.51
2015	2.9	4.45	25.3	193.28.	24.7	56.73
2016	3	5.76	25.8	253.49	32	59
2017	3.1	5.53	20.7	305.79	32.5	57.84
2018	2.9	5.68	23.1	306. 08	31.5	61.85
2019	3.1	7.79	17.6	306.92	30.2	63.62
2020	3.2	7.06	33.3	358.81	29	68.38
2021	3.3	7.42	33.3	399.96	27.5	65.7
2022	3.4	6.62	22.7	461.58	26	58.21
2023	3.4	7.18	31.09	1438.75	25	62.84
2024	3.5	7.57	31.64	1480.37	24	58.84

Source: Author's compilations from CBN, NBS, WDI (various issues)

Table 4.1 shows that FDI inflows increased from 1.5 in 1999 to 7.57 in 2024, despite fluctuations. The GDP growth rate, however, dropped to 3.5% from 5.4% and the unemployment rate jumped to 31.64% from 8.20%. The exchange rate rose significantly, in line with naira depreciation, while inflation rose. The overall level of trade openness rose as well. The trends indicate that an increase in FDI was not always accompanied by better growth or lower unemployment, necessitating more statistical research into relationships.

Table 4.2: Descriptive Statistics Test Results

Variable	Mean	Median	Max.	Min.	Std. Dev.	JB Stat.	Prob.	Obs.
GDPGR	3.41	3.1	10.4	-1.8	2.85	2.14	0.34	25
LFDI	13.1	12.83	13.86	11.75	0.61	1.82	0.4	25
UNPR	15.82	14	33.3	5.3	8.1	5.93	0.05	25
FEXR	289.4	197	911	92.3	235.78	9.64	0.01	25
INFR	12.64	11.5	28.2	5.4	6.12	4.88	0.08	25
TOPN_GDP	41.25	39.8	62.1	28.6	9.78	2.52	0.28	25

Source: Author's computations (2026)

Table 4.2 presents the descriptive statistics of the variables, showing their mean values, variability, and distributional properties during the study period. The standard deviation results indicate that foreign exchange rate (FEXR) was the most volatile variable, while log of foreign direct investment (LFDI) showed the least fluctuation. The Jarque-Bera probability values were used to test for normality based on the 5 percent significance level. The results reveal that GDP growth rate (GDPGR), LFDI, inflation rate (INFR), and trade openness (TOPN_GDP) are normally distributed since their probability values exceed 0.05, while unemployment rate (UNPR) shows borderline normality with a probability value of 0.05. However, FEXR is not normally distributed because its probability value of 0.01 is below the 5 percent significance level, indicating high exchange rate volatility during the study period.

Table 4.3: Stationarity (Unit Root) Test Results (ADF Test)

Variable	ADF Statistic	p-value	Order of Integration
GDPGR	-3.421	0.0157	Stationary at Level I(0)
Inflation Rate	-3.761	0.0196	Stationary at Level[I(0)
FDI Inflow	-1.789	0.8051	Stationary at 1st Diff. I(1)
UNPR	-1.552	0.9848	Stationary at 1st Diff.I(1)
EXR	-2.071	0.6452	Stationary at 1st Diff. I(1)
TOPN_GDP	-1.884	0.6833	Stationary at 1st Diff. I(1)

Source: Author's computations, 2026

Table 4.3 shows that there is evidence of stationarity at level for GDP growth and inflation. The table does not offer the first difference test statistics and p-values that would back up the designation of FDI, unemployment, exchange rate and trade openness as I(1) variables. Their level-test results only show that the level null was not rejected. Thus, the first-difference results need to be added before the integration orders can be confirmed with the ARDL bounds testing and further proceed.

Table 4.4: ARDL Bounds Test Resultsfor Cointegration

Test Statistic	Value	Significance Level	Critical Value	Critical Value
			(Lower Bound I(0))	(Upper Bound I(1))
F-statistic	5.74	5%	2.86	4.01

Source: Author's computations, 2026

The reported F-statistic value of 5.74 is greater than the upper critical bound of 4.01 at the 5% level of significance. With verification of the model specification, integration orders and critically applicable values, this result gives the basis to reject the null hypothesis of no level relationship for the estimated model. It neither gives rise to a stable set of parameters nor provides evidence for an LR equation for the problem of unemployment.

Table 4.5: ARDL Regression Results for FDI Inflows and Nigeria's Economic Performance (1999–2024)

Variable	Coefficient	Std. Error	t.Statistic	p-value	Remarks
C (constant)	1.512	0.432	3.5	0.002	Significant
FDIInfllow	0.274	0.091	3.01	0.005	Positive & Significant
UNPR	-.0.116	0.058	-1.99	0.057	Negative but Significant
FEXR	-0.023	0.009	-2.56	0.016	Negative & Significant
INFR	-0.012	0.007	-1.71	0.098	Negative but non-Significant
TOPN_GDP	0.063	0.028	2.25	0.032	Positive & Significant
R^2	0.81				Model fits data well
Adjusted R^2	0.75			0	Highly Significant
F.Statistic	13.92				No autocorrelation detected
Durbin-Wastson	1.96				

Source: Author's computations, 2025

The long-run GDP growth equation reported indicates that the coefficient of FDI is positive and highly significant (0.274, p = 0.005). There is also a positive and statistically significant coefficient of 0.063 (p = 0.032) for trade openness. The exchange-rate coefficient is negative and statistically significant (–0.023, p = 0.016) and

inflation is negative but not statistically significant at 5% level (–0.012, p = 0.098). The coefficient of the unemployment is −0.116 and the reported p-value is 0.057. This coefficient is not significant at 5% level. This estimate represents the conditional association between GDP growth and unemployment, as unemployment is used as an explanatory variable in the GDP growth equation. Does not measure impact of FDI on unemployment.

Table 4.6: Error Correction Model (ECM) Results for FDI Inflows and Economic Performance (1999–2024)

Variable	Coefficient	Std. Error	t-Statistic	p-value	Remarks
D(FDI Inflow)	0.182	0.071	2.56	0.018	Positive & significant
D(UNPR)	-0.093	0.042	-2.21	0.034	Negative & significant
D(FEXR)	-0.014	0.006	-2.33	0.026	Negative & significant
D(INFR)	-0.008	0.005	-1.60	0.120	Not significant
D(TOPN_GDP)	0.041	0.021	1.95	0.061	Not significant (marginal)
ECT(-1)	-0.621	0.142	-4.37	0.000	Significant (speed of adjustment)

Source: Author's computations, 2026

R^2 = 0.76; Adjusted R^2 = 0.71; F-statistic = 14.83 (p = 0.000); Durbin-Watson = 1.93

The ECM results indicate that in the short run, changes in FDI inflows have a positive and statistically significant effect on Nigeria's economic performance, while unemployment rate and exchange rate exert significant negative effects, suggesting that rising unemployment and currency instability hinder short-run growth dynamics. Inflation rate shows a negative but statistically insignificant effect, while trade openness has a positive but marginally insignificant impact. The error correction term (ECT) is negative and highly significant, confirming the existence of long-run equilibrium and showing that about 62 percent of short-run deviations are corrected annually. Overall, the model is statistically robust, with an R^2 of 0.76 indicating good explanatory power, a significant F-statistic confirming joint significance, and a Durbin-Watson value of 1.93 suggesting no serious autocorrelation problem.

Tables 4.7: Breusch-Godfrey Serial Correlation LM Test Results

Test Type	**Hypothesis**	**F-statistic**	**Prob. (F-statistic)**	**Obs*R-squared**	**Prob. (Chi-square)**	**Decision**
Breusch-Godfrey LM Test for Serial Correlation	H_0: No serial correlation in the residuals	1.482	0.245	2.931	0.231	Fail to reject H_0

Source: Author's computations, (2026)

The probability values (Prob. F = 0.245; Prob. Chi-square = 0.231) exceed the 5% significance level, indicating no serial correlation in the residuals. This implies that the short-run adjustments and long-run dynamics between FDI inflows and Nigeria's economic performance are stable and reliable.

Tables 4.8:Breusch-Pagan / White Test Results for Heteroskedasticity

Test Type	**Hypothesis**	**F-statistic**	**Prob. (F-statistic)**	**Obs*R-squared**	**Prob. (Chi-square)**	**Decision**
Breusch-Pagan / White Test for Heteroskedasticity	H_0: Homoskedasticity (Constant variance of errors)	0.974	0.45	7.892	0.438	Fail to reject H_0

Source: Author's computations (2026)

The p-values (0.450 and 0.438) are greater than 0.05, confirming homoskedasticity. This suggests that variations in FDI inflows, trade openness, and inflation do not produce erratic fluctuations in Nigeria's economic performance, indicating efficiency and reliability of the ECM estimates.

4.4 Discussion of Findings

The findings show a positive relationship between FDI inflows and Nigeria's short and long-term GDPs. This is in line with the view that foreign investment can contribute to production through the supply of capital, technology and managerial knowledge. This overall picture, however, does not capture the nature or drivers of the association, nor do they directly test these transmission mechanisms. The consequences for employment are still unclear. Unemployment is included in the GDP growth equation, but an equation with unemployment as the dependent variable is not reported in the manuscript. As a result, the current estimates can neither provide justification for the claim that FDI has a significant unemployment impact nor can the claim that it has no significant impact on employment be substantiated. There is no data on a sectoral basis, which further hampers interpretation. The study can't determine if extractive investment is more productive or if manufacturing is more job-creating than agriculture. These are questions for further analysis but not findings of the present model. The residual diagnostics do not reveal any serial correlation or heteroskedasticity at the 5% level of significance. However, due to the variability of data summaries, the lack of stability testing and measurement of FDI, definitive conclusions should not be made at this time.

5.0 CONCLUSION

The results indicate that FDI inflows have a positive and statistically significant relationship with the economy of Nigeria GDP growth over the study period. This conclusion, however, is subject to reconciling the data set, defining the variables and statistics, and interpreting the results. The reported GDP growth equation does not lay the groundwork for the impact of FDI on unemployment. So, in order to make a conclusion about employment generation, a separate unemployment model is required. Furthermore, the aggregate analysis fails to provide any information on the sectors that are responsible for the growth association observed. The outcomes of the study would be enhanced by sectoral analysis, further tests of the stability of the parameters and tests of the institutional and infrastructure controls.

5.1 Recommendation

The Nigerian government must think of time-limited investment incentives for employment verification and workforce training and incent domestic suppliers. Agro-processing and manufacturing support should be tied to tangible outcomes such as sustainable jobs and contracts of employment with Nigerian companies. Operating cost of serviced production clusters should be minimised by ensuring reliable electricity, water and storage and transport connections. Investors should support apprenticeships and training programs with technical colleges to align with the production needs. Domestic suppliers should be supported in terms of quality standards and delivery specifications to enable them to be part of the supply chains of foreign firms. The requirements, fees and processing timelines of investment approval procedures should be publicly available. Incentives should be reviewed on an annual basis based on indicators including sustained employment and local procurement/public cost per job. These are recommended policy options and the current total estimates do not determine the sector that would yield the largest benefits.

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