FOREIGN DIRECT INVESTMENT AND ECONOMIC GROWTH IN NIGERIA: AN EMPIRICAL ANALYSIS

Benedict Ndubisi Akanegbu
Nile University, Abuja
NIGERIA

John Jideofor Chizea
Baze University, Abuja
NIGERIA

ABSTRACT

Economic theories have shown that Foreign Direct Investment (FDI) being one of the key macro-economic variables has a positive relationship with economic growth. Therefore, this study specifically test the hypothesis on whether or not FDI has positive and significant impact on output growth in the Nigeria economy using a model based on a modified neoclassical production function where FDI is taken as an input in the production process. The study employed unit root test and Granger-Causality test using E-Views in the determination of the impact of FDI on economic growth in Nigerian. The results of the estimation analysis obtained revealed that there exists a positive relationship between FDI and output growth in the Nigerian economy. The study recommends that the policies that will increase FDI should be encouraged.

Keywords: Foreign Direct Investment, Economic growth, and Neoclassical Production Function.

INTRODUCTION

Foreign Direct Investment (FDI) is an investment made to acquire a lasting management interest in a business enterprise operating in a country other than that of the investor (World Bank, 1996). According to Thirwall (1994), FDI refers to investment by multinational corporations (MNCs) with headquarters in developed countries. This investment involves not only a transfer of funds but also a whole package of physical, techniques of production, managerial and marketing expertise, products, advertising and business practices for the maximization of global profits. FDI comprises not only merger and acquisition and new investment, but also reinvested earnings and loans and similar capital transfer between parent companies and their affiliates.

In the 1970s and 1980s, several countries in the sub-Saharan Africa, especially Nigeria imposed trade restrictions and capital controls as part of a policy of import-substitution industrialization aimed at protecting domestic industries and conserving foreign exchange reserves. Therefore, improvements in economic policies are needed to enhance macroeconomic performance and attain the minimum growth rate required to meet the Millennium Development Goals set by the United Nations. An increase in investment is crucial to the attainment of sustained growth and development. This requires the mobilization of both domestic and international financial resources. And given the unpredictability of aid flows, the high volatility of short-term capital flows, and low savings rate of Nigeria, the desired increase in investment has to be achieved through an increase in FDI flows, at least in the short run. Nigeria receives the largest amount of FDI in Africa. FDI inflows have been growing enormously over the last decade; from $1.14billion in 2001 and $2.10billion in 2004. Nigeria's FDI reached $11billion in 2009 according to United Nations Conference on Trade and Development (UNCTAD, 1999), making the country the nineteenth greatest

recipient of FDI in the world. It is widely accepted that FDI is necessary for the growth and development of the economy, especially in the developing countries. And Nigeria has the potential to attract sufficient FDI but has not been successful in attracting it to a large extent despite her efforts of liberalizing its foreign direct investment regime and intensifying its enabling environment. The huge debt and financial crises faced by Nigeria have constituted much burden to the economy, making it difficult to improve domestic savings. And for a country to be able to have a high investment to gross domestic product ratio, it must be able to increase its savings rate. For most developing countries, it is difficult to increase saving. It is a well-known fact that some of the newly developed countries of East Asia used a method termed as 'forced private saving' to achieve economic growth. For developing countries with relatively fewer efficient markets, especially in Nigeria, the government has traditionally acted as a bridge both in the allocation of investment to the various sectors of the economy as well as investing in these sectors. Given the low level of saving in Nigeria, it therefore becomes necessary that the appropriate policy to pursue is to increase FDI to supplement the low level of domestic saving for economic growth. And in reference to these problems, Ajayi (2003) said that of all the capital inflow into the Nigerian economy from other countries, increase in FDI is the most promising policy due to its potential in dealing with the problems of savings gap, shortage of technology and needed skills. The level of economic growth achieved over the years has been largely constrained by lack of adequate capital to finance government projects. And despite the huge resource base of the country, Nigeria has not been able to attract a high level of foreign investors that is commensurate with its economic potentials. Hence; there is a need to examine the impact of Foreign Direct Investment (FDI) on Economic Growth in Nigeria.

LITERATURE REVIEW

The initial theoretical and empirical literature on the effects of Foreign Direct Investment (FDI) focused on the direct impacts of the multinationals such as additional capital brought into the country, the creation of jobs, the effects on the balance of payment, and so on (MacDougall, 1960). However, since then, the research on FDI effects has increasingly acknowledged that technological, organizational and managerial spillovers on the local firms probably represents the most influential role of MNCs in host country development. Blomstrom and Kokko (1997) acknowledged that spillovers from FDI are essentially positive externalities from the presence of MNCs on the local economy of the host country. Dunning (1988) argued that since a MNC often is profoundly different from a non-MNC (local firm) in terms of technology, capital, organizational and managerial capabilities, and international market access, there is a potential for significant spillovers on the local economy and local firms.

FDI has been instrumental in the development of several developing countries such as Nigeria because the inflow of FDI brought about a better economic performance for the country. And policies designed on the accumulation of human capital surely have a much larger potential for attracting FDI needed for development (Lucas, 1990). Using an endogenized technical progress model, Grossman and Helpman (1990) conclude that countries that have adopted an outward-oriented development strategy have grown faster and achieved higher levels of standard of living than their counterparts who engaged in protectionist exports' policies. Fry (1992) examined the role of FDI in promoting growth by using the framework of a macro-model for a panel data of 16 developing countries for the period 1966 to 1988. Adelegan (2000) used unrelated regression model to examine the impact of FDI on economic growth in Nigeria, and found that FDI is pro-consumption and

pro-import and negatively related to Gross Domestic Product (GDP). Also, some studies have emphasized the importance of attracting FDI to developing countries as well as economic openness as policies that developing countries should pursue (Asiedu 2003; and Akinkugbe 2003. Blomstrom et al. (1994) shows that FDI exerts a positive effect on economic growth, but there is a threshold level of income above which FDI has positive effect on economic growth and below which it does not. And the explanation is simply that it is only those countries that have reached a certain income level that can absorb new technologies and benefit from the technological diffusion, and then reap the extra advantage that FDI can offer. De Mello (1997) shows a positive correlation between FDI and economic growth for selected Latin American countries. FDI has empirically been found to stimulate economic growth by a number of researchers (Borensztein et al, 1998; Glass and Saggi, 1999). Laura Alfaro (2003) finds that total FDI exerts an ambiguous effect on growth. However; her study finds out that FDI in primary sector has a negative effect on growth while FDI in manufacturing sector had a positive effect on growth but an ambiguous effect in the service sector.

Many authors have argued that direct interaction – typically labeled linkages will facilitate spillovers (Altenburg, 2000; Scott-Kennel and Enderwick, 2005; Hansen et al., 2006). Wilkins (1998) stated that MNC appeared to foster broad linkages in the host economy by creating industries that supply the MNC and by inducing forward industries to use the MNC output as inputs, the so-called crowding-in effect of FDI. Also, Odozi (1995) and Obadan (1982) argued that FDI is beneficial to recipient nations because it allows for the inflow of foreign exchange and new technologies, and it generate employment and enhance the income of the recipient countries through taxation and payment of royalties. Some studies have found a positive relationship between foreign direct investments and economic growth in Nigeria. Obinna (1983), Ayanwale and Bamire (2001), Aseidu (2003), Akinlo (2004), and Bakare (2010) found that there is a positive relationship between foreign direct investment and economic growth in Nigeria. Brown (1962), Obinna (1983) and Bakare (2010) using an empirical analysis found a positive relationship between foreign direct investment and economic growth in Nigeria. However, studies done by Endozien (1968), and Adelegan (2000) using unrelated regression model, found a negative relationship between foreign direct investment and output growth in the Nigerian economy. Akinlo (2004) using data for the period 1970 to 2001 in his Error Correlation Model (ECM) results found that FDI has a small and statistical insignificant effect on economic growth in Nigeria. Therefore, it becomes imperative that the impact of FDI in the Nigerian economy must be isolated in order to test whether the relationship is positive or negative.

METHODOLOGY

The study adopts a model based on a modified neoclassical production function where Foreign Direct Investment (FDI), labour, and capital are taken as inputs in the production function. The model is based on the assumption that FDI contributes to economic growth directly through new technologies, efficiency, and productivity (Lime, 2001). Also, labour and capital were found to have significant positive effect on growth (Akinlo, 2004). In the long run FDI will affect growth through improvement in human capital formation, infrastructure, and institutions. It is obvious that macroeconomic conditions that attract FDI will lead to increases in domestic investment and increase a country's capital stock. Thus, there will be productivity and output growth for countries such as Nigeria through technological progress from FDI. Therefore, GDP per capita and FDI in Nigeria will have a positive relationship. To empirically test our hypothesis, other independent variables such as

labour and capital which are assumed to influence growth have been included in the model and therefore the use of Ordinary Least Square (OLS) method becomes imperative. Their inclusion is supported by the endogenous theory models which are expected to reduce or eliminate specification error. And since only lagged values of the endogenous variables appear on the right side of each equation, it makes economic sense to assume no presence of simultaneity thereby making Ordinary Least Square (OLS) method the appropriate estimation technique. The main focus of the empirical analysis is to ascertain whether or not FDI has positive or negative impact on the economic growth of Nigeria. From the above formulation, a simple linear reduced form model can be derived from the modified augmented Solow production function (Solow, 1956) that makes output a function of FDI, labour, and capital stock as follows:

$Y = f(FDI, X, L, K)$ (1)

$dY/dFDI > 0$; $dY/dX > 0$; $dY/dL > 0$; $dY/dK > 0$;

Therefore; structurally, output growth can be expressed as a function of production inputs and other exogenous shifters in a collapsed reduced linear form as:

$Y = \beta_0 + \beta_1 FDI + \beta_2 X + \beta_3 L + \beta_4 K + U_i$ (2)

Where,

Y = Gross Domestic Product
FDI = Foreign Direct Investment
X = Export
L = Labour input
K = Capital stock
β_0 = constant factor (Total factor productivity)
$\beta_1 - \beta_4$ = the output elasticity of FDI, X, L, and K respectively.
U_i = Error term

For the relationship among the parameters in the behavioral equation, the hypothesis is specified as follows:

H_0: $\beta_1, \beta_2, \beta_3, \beta_4 > 0$
H_a: $\beta_1, \beta_2, \beta_3, \beta_4 < 0$

Equation (2) above is a fundamental growth accounting equation which decomposes the growth rate of output into growth rate of total factor productivity plus weighted sum of the growth rate of FDI, growth rate of export, growth rate of labour, and growth rate of capital stock. And on theoretical grounds, most of the literature reviewed, expects the parameter on FDI to take positive sign. Thus, there is a positive relationship between Gross Domestic Product (GDP) growth rate and foreign direct investment.

Time series data were used from 1991 – 2014 for the estimation. The data used were obtained from the World Development Indicators (2015). The method of data analysis employed in this study is basically analytical. However, to derive consistent, unbiased, and efficient estimators of the structural equation, the hypothesis was tested using ordinary least square (OLS) regression technique. And to test the significance of the policy variables, statistical tests such as the F-test, t-test, and the Durbin Watson statistics were used. In order to test the relationship among the policy variables in the equation developed; it was necessary to assume that their coefficients are the estimators of the population parameters. It was also important to ensure that the explanatory variables in the model are independent; meaning that they are not correlated among themselves and they do not influence each other. Since the data employed are time series data, we therefore conduct time series analysis. And in order to avoid "spurious regression", we first test for the stationarity of the individual series by conducting unit root test to find the exact time series technique to be used. We then test for

the order of integration using the Augmented Dickey-Fuller (ADF) test for unit root because it is the most commonly used in empirical research. And Granger-Causality test was also carried out to avoid autocorrelation problem among the variables.

RESULTS

Time series data are often assumed to be non-stationary and thus, it is necessary to perform unit root test to ensure that the data is stationary. The test was employed to avoid the problem of spurious regression. Therefore, the Augmented Dickey-Fuller (ADF) unit root test was used to determine the stationarity of the data to complement each other. The decision rule based on the ADF test is that their statistics must be greater than Mackinnon Critical Value at 10%, 5% or 1% and at the absolute term i.e. ignoring the negativity of both the ADF and Mackinnon Critical value before the variable can be adjudged to be stationary, otherwise we accept the null hypothesis (H_o) i.e. data is non-stationary and reject the alternative hypothesis (H_1) i.e. data is stationary. From the analyses the result showed that the variables are not stationary meaning that the null hypothesis of unit root cannot be rejected since the asymptotic critical value is less than the calculated value for ADF. And after all the variables were transformed to their first difference, the null hypothesis is rejected and become stationary. Therefore, they are said to maintain stationarity at an integration of order one see table below:

Table 1: ADF Test

Variables	Level		First difference		Remark
	Intercept	Trend & Intercept	Intercept	Trend & Intercept	
GDP	2.553283	-1.514370	-3.238085-**	-4.471018**	stationary at first difference
FDI	-1.142531	-5.052152	-3.035247**	-3.454673**	stationary at first difference
X	-0.847141	-3.285478	-6.634878**	-4.635440**	stationary at first difference
L	-1.769173	-0.713061	-3.292280**	-3.106932**	stationary at first difference
K	0.987430	-1.219023	-3.607696**	-5.368706**	stationary at first difference

Note: ** shows Stationarity @ 5% level of significance
Source: Author's computation

Having established that the variables are integrated of the same order, we proceed to testing for co-integration. The Johansen-Juselius Maximum Likelihood procedure was applied in determining the co-integrating rank of the system and the number of common stochastic trend driving the entire system. The concept of co-integration is relevant to the problem of the determination of long-run equilibrium relationship. Co-integration is the statistical implication of the existence of a long-run equilibrium relationship among variables. The condition for a long run co-integrating vector is that the trace statistics and the Maxi-Eigen Statistics (Likelihood ratio) must be greater than 5% critical value. We reported the trace and maximum Eigen-value statistics and its critical values at five percent (5%) in our analysis. The result of multivariate co-integration test based on Johensen and Juselius cointegration technique revealed that the variables are cointegrated as indicated by the Trace statistics and the Max-Eigen statistic.

Table 2: Cointegration Test

Unrestricted Cointegration Rank Test (Trace)				
Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.866147	93.19271	69.81889	0.0002
At most 1 *	0.658234	48.95034	47.85613	0.0393
At most 2	0.451710	25.33053	29.79707	0.1500
At most 3	0.397061	12.10959	15.49471	0.1517
At most 4	0.043521	0.978920	3.841466	0.3225
* denotes rejection of the hypothesis at the 0.05 level				
**MacKinnon-Haug-Michelis (1999) p-values				
Unrestricted Cointegration Rank Test (Maximum Eigenvalue)				
Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	0.866147	44.24236	33.87687	0.0021
At most 1	0.658234	23.61981	27.58434	0.1486
At most 2	0.451710	13.22093	21.13162	0.4321
At most 3	0.397061	11.13067	14.26460	0.1478
At most 4	0.043521	0.978920	3.841466	0.3225
* denotes rejection of the hypothesis at the 0.05 level				
**MacKinnon-Haug-Michelis (1999) p-values				

Source: Author's computation

Therefore, given the co-integration result, Vector Error Correlation Model (VECM) is the appropriate model for the estimation of the model. We then proceed to estimate the VECM that is designed for use with non-stationary time series that are known to be co-integrated. The VECM has co-integration relations built into the specification so that it restricts the long run behavior of the endogenous variables to converge to their co-integrating relationship while allowing for short-run adjustment dynamics. The co-integration term is known as the Error Correlation term (ECT) since the deviation from long-run equilibrium is corrected gradually through a series of partial short-run adjustments. The short-run and long-run causal relationship among the variables was examined in a vector error correlation framework.

Table 3: Causality Test

Null Hypothesis:	Obs	F-Statistic	Prob.
FDI does not Granger Cause GDP	19	0.41809	0.8241
GDP does not Granger Cause FDI		7.61697	0.0066
X does not Granger Cause GDP	19	0.14947	0.9745
GDP does not Granger Cause X		9.46091	0.0033
K does not Granger Cause GDP	19	0.61025	0.6959
GDP does not Granger Cause K		6.85584	0.0090
L does not Granger Cause GDP	19	1.46731	0.2995
GDP does not Granger Cause L		5.54401	0.0169
X does not Granger Cause FDI	19	3.71692	0.0490
FDI does not Granger Cause X		4.45225	0.0309
K does not Granger Cause FDI	19	1.41361	0.3154
FDI does not Granger Cause K		2.58948	0.1114
L does not Granger Cause FDI	19	4.87233	0.0242
FDI does not Granger Cause L		0.33600	0.8775
K does not Granger Cause X	19	0.33077	0.8808
X does not Granger Cause K		3.92016	0.0429
L does not Granger Cause X	19	2.42198	0.1276
X does not Granger Cause L		0.52294	0.7537
L does not Granger Cause K	19	4.51546	0.0298
K does not Granger Cause L		0.65828	0.6650

Author's computation

Causality was found from GDP to FDI, from GDP to X, Bi-directional causality between X and FDI. However, the estimate of the production function is summarized below:

Table 4: Estimated Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	38.82316	9.649472	4.023346	0.0007
LFDI	0.077063	0.064495	1.194866	0.2468
LX	0.270051	0.131306	2.056653	0.0357
LL	0.373863	0.110486	3.383792	0.0031
LK	-7.156802	2.335151	-3.064813	0.0064
R^2=0.95	$\hat{R}^2$ = 0.94	F-statistic=104.3	F_{Prob} 0.000	DW=1.73
Akaike criterion= -1.5 Schwarz= -1.26 RSS= 0.20				

Source: Author's computation

DISCUSSION

The study used a time series data from 1991 – 2014 to analyze the impact of FDI on the growth of the Nigerian economy. The coefficient of multiple determination R^2; stood at 0.95 (95%) which means that the explanatory variables: Foreign Direct Investment (FDI), capital input (K), and labor input (L) accounted for 97% of the total variations in the dependent variable, Gross Domestic Product (GDP); which is a good fit. Taking into consideration the degree of freedom, the adjusted R-square shows that 94 percent of the dependent variable is explained by the explanatory variables and the F-statistics shows that the explanatory variables are jointly significant in explaining the variation in the dependent variable.

The production function exhibits satisfactory results in terms of correct signs and statistical significant of the explanatory variables with the exception of FDI which showed correct sign but insignificant due to a number of factors which have been responsible for poor FDI in Nigeria. And these factors are as follows: (1) Uncertainty due to political instability: macroeconomic instability, and lack of policy transparency (2) Inhospitable regulatory environment (3) Poor infrastructure (4) High protectionism (5) High dependence on commodities (6) Increased competition (7) Corruption and weak governance and (8) Poor and ineffective marketing strategy. The Durbin Watson statistics is approximately 2.0, suggesting the absence of first order serial correlation. It also suggests that no important variable has been omitted from the theoretical specification of the model. It also shows that the output elasticity's of FDI, X, L, and K were 0.07, 0.27, 0.37 and -7.15 respectively. In order words, over the study period, holding export, capital and labor inputs constant, a 1 percent increase in FDI will lead in average to about a 0.07 percent increase in output growth. As a result, output is increased and productivity growth is achieved over the study period in the Nigerian economy. The statistical result of the FDI at the 5 percent level means that the hypothesis that the FDI is positively related to output growth cannot be rejected.

CONCLUSION

The objective of this study is to examine the relationship between Foreign Direct Investment (FDI) and economic growth in Nigeria. The main determinants of FDI in Nigeria are market size, stable macroeconomic policies and a level of human capital that is tolerable by investors. The various reforms in Nigeria notwithstanding, Nigeria has been able to attract only an insignificant percent of global FDI. It is therefore important to ask why Nigeria has attracted such a low share given all its natural endowment. FDI flows are influenced by both push and pull factors. The push factors are mainly growth and interest rates in the

industrialized countries while the pull factors consist mainly of host country characteristics. The push factors determine total resources available in the form of FDI while its allocation is based on the pull factors.

The result of the empirical analysis on FDI growth linkage is positive. FDI can be made to work but it depends on the kind of policies that are put in place. FDI has to be seen within the framework of a general macroeconomic framework. The issue of absorptive capacity centering on human capital development, financial markets and other markets are important in order to derive the growth linkage of FDI. The fact of the matter is that there is a positive linkage between FDI and economic growth in Nigeria though still not significant.

Policy Issues and Recommendation

The findings suggest that Nigeria have not done a good job in increasing the skill level in their workforce to benefit the economy on the FDI inflows. The study also finds out that within the study period, FDI was complementary to foreign AID. Perhaps, Nigeria valued foreign Aid more than FDI. Hence, the slow shift in policies that attract FDI in Nigeria. It is important that the focus should be directed towards policies that will attract FDI. FDI has more potential for expanding the economy base than foreign AID. It is obvious that the multiplier effect that comes from FDI in terms of private sector development of the economy is also lost to the public sector, hence the low level of economic activity or market-based expansion in Nigeria. The results indicated that the following recommendations will go a long way in effectively using FDI to impact the Nigerian economy as follows:

1. Appropriate economic policy of market liberalization and macroeconomic stability should be put in order for attracting FDI into Nigeria. Furthermore, policies are needed to address the level of skills embodied in labor.
2. Appropriate policy measures to attract foreign capital should be formulated and implemented to boost increased economic growth.
3. Policies that will bring about improvement in foreign direct investment and balance of payments (BOP) in the economy should be encouraged.
4. A good macroeconomic policy to improve the institutional frameworks, including stable and high economic growth rate, liberal exchange rates, convertible currency, low inflation, minimal current account deficit and external indebtedness, low interest rates and access to capital, efficient banking system and capital markets, and competitive corporate tax rates should be prioritized.
5. Government should strive to put under check corrupt and fraudulent practices, encourage self-employment, provide access to loan such as micro financing and above all eradicate terrorism that has be-deviled Nigeria.
6. Programs and policies that promote FDI and reduce inflation and unemployment should be encouraged.

REFERENCES

Adelegan, J.O. (2000) Foreign direct investment and economic growth in Nigeria: A seemingly unrelated model. African Review of Money, Finance and Banking, Supplementary Issue of Savings and Development 2000. Milan, 5-25.

Ajayi, S. I. (2003) Globalization and Africa. Journal of African Economies, 12: 4.

Akinkugbe, O. (2003) Flow of Foreign Direct Investment in Developing Countries: The openness hypothesis and policy implications. The International trade Journal, 7: 655-672.

Akinlo, A. E. (2004) Foreign direct investment and growth in Nigeria: An empirical investigation. J. Policy Modeling, 26: 627-639.

Alfaro, L. (2003) Foreign Direct Investment and Growth: Does the sector Matter?

Asiedu, E. (2003) Capital controls and foreign direct investment. World Dev., 32: 490-497.

Altenburg, T. (2000) linkages and Spillovers between Transnational Corporations and Small and Medium-Sized Enterprises in Developing Countries – Opportunities and Policies. In UNCTAD (ed.) MNC-SME Linkages for Development. Issues – experiences – best practices. Proceedings of the Special Round on MNCs, SMEs and Development, UNCTAD, 15 February, 3-61, Bangkok, United Nations, Geneva.

Ayanwale, A.B., & Bamire, A. S. (2001) The influence of FDI on firm level productivity of Nigeria Agro/Agro-allied sector. Final Report Presented to the African Economic Research Consortium, Nairobi. 56-59.

Bakare, A.S. (2010) Multinational Direct Investment and Economic Growth in Nigeria: An Empirical Study. International Business Management 4 (3): 171-176.

Blomstrom, M., & Kokko, A. (1997) The Impact of Foreign Investment on Host Countries: A Review of the Empirical Evidence. World Bank Policy Research Working Papers 1745, World Bank, New York.

Blomstrom, M., & Wolf, E. (1994) Multinational Corporations and Productivity Convergence in Mexico. In W. Baumol, R. Nelson & E. Wolf (Eds.) Convergence of Productivity: Cross-National Studies and Historical Evidence. Oxford: Oxford University Press.

Borensztein, E., De Gregorio, J., & Lee, J.W. (1998) How does foreign direct investment affect economic growth? Journal of International Economics, 45, 115-135.

Brown, C.V. (1962) External economies and economic development. Nig. J. Econ. Soc. Stud., 4: 16-22.

Central Bank of Nigeria (various years). Statistical Bulletin. Central Bank of Nigeria, Abuja, Nigeria.

De Mello, L.R., Jr. (1997) Foreign Direct Investment in Developing Countries and Growth: a Selective Survey. Journal of Development Studies, 34, 1-34.

Dunning, J. H. (1988) The Eclectic Paradigm of International Production: A Restatement and Some Possible Extensions. Journal of International Business Studies 19(1), 1-31.

Endozien, E.G. (1968) Linkages, direct foreign investment and Nigerian economic development. Nig. J. Econ. Soc. Stud., 10: 119-203.

Fry, M.J. (1992) Foreign Direct Investment in a Macroeconomic Framework: Finance, Efficiency, Incentives and Distortions. PRE Working Paper, Washington, DC: The World Bank.

Glass A. & Saggi, K. (1999) FDI policies under shared factor markets. Journal of International Economics, 49: 309-332.

Grossman, G. & Helpman, E. (1990) Comparative Advantage and Long-Run Growth. American Economic Review 80, 796-815.

Hansen M.W., Pedersen, T. & Petersen B. (2009) MNC Strategies and Linkage Effects in Developing Countries. Journal of World Business 44(2), 121-131.

Lucas, R. (1990) Why Doesn't Capital Flow from Rich to Poor Countries? American Economic Review, 80, 92-96.

Lime, E. (2001) Determinants of the relationship between foreign direct investment and growth: A summary of recent literature. IMF Working Paper No. 175. International Monetary Fund, Washington, D.C.

MacDougall G.D.A. (1960) The Benefits and Costs of Private Investments from Abroad: Theoretical Approach. Economic Records 36, 15-35.

Obinna, O.E. (1983) Diversification of Nigeria external finances through strategic foreign

direct investment. Proceedings of the Nigeria Economic Society Annual Conference, May 13-16, Jos, Nigeria, 16-22.

Obadan, M.I. (1982) Direct foreign investment in Nigeria: An empirical analysis. Afr. Stud. Rev., 25: 67-81.

Odozi, V.A. (1995) An overview of foreign direct investment in Nigeria, 1960-1995. Central Bank of Nigeria, Research Department Occasional Paper, No. 11.

Rugraff E., Sanchez-Anochea D. & Sumner A. (eds) (2009) Transnational Corporations and Development Policy - Critical Perspectives."Palgrave MacMillan, London.

Scott-Kennel J. & Enderwick, P. (2005) FDI and Inter-Firm Linkages: Exploring the Black Box of the Investment Development Path. Transnational Corporations 14(1), 13-23.

Solow, R.M. (1956) A contribution to the theory of economic growth. Quarterly Journal of Economics, 70: 65-94.

Thirlwall, A.P. (1994) Growth and Development. 5th Edition, Macmillan, London.

UNCTAD (1999) World Investment Report 1999: Foreign Direct Investment and the Challenge of Development. New York and Geneva: United Nations Conference on Trade and Development.

World Bank (1996) World Debt Tables: External Finance for Developing Countries, Vol. 1 (Analysis and Summary Tables). Washington, D.C.: The World Bank.

Wilkins M. (1998) Multinational Corporations: An Historical Account. In R. Kozul-Wright and R. Rowthorn (eds.). Transnational Corporations and the Global Economy, 95-125, Macmillan Press, London.