FOREIGN DIRECT INVESTMENT (FDI) INFLOWS AND REAL SECTOR OF NIGERIAN ECONOMY (2000-2015)

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Abstract
This paper investigated the effects of foreign direct investment inflows on the real sector of the Nigerian economy (2000-2015). The specific objectives of the paper were to: evaluate the relationship between the FDI inflows and manufacturing sector output in Nigeria; determine the relationship between FDI inflows and agricultural production in Nigeria; and to assess the relationship between FDI inflows and the power generation in Nigeria. Data for the study were analyzed by the use of correlation and regression analysis aided by SPSS. The results of the analyses show that, foreign direct investment inflows have no significant positive relationship with the manufacturing sector output; there is no significant positive relationship between foreign direct investment inflows and agricultural sector and; there is significant positive relationship between foreign direct investment inflows and the power generation in Nigeria. The paper recommended that, the Nigerian government should ensure the transparency of the operations of foreign investors within the economy so as to engender trust and confidence between the two parties and also good and stable infrastructural facilities such as electricity, roads, water etc. are highly needed to attract FDI inflows into the real sectors of Nigerian economy. All major factors that were documented as constraint to industrial growth and performance of manufacturing sector in Nigeria, since the 1980s, would need to be tackled in an urgent manner.

Introduction
Nigeria has achieved some appreciable economic growth in recent years. Some factors appear to have contributed to this success which includes the rapid development in trade liberalization and substantial increase in FDI inflows into the country. Many scholars have argued that FDI is one of the most important factors for the promotion of economic growth and development, furthermore FDI is seen as an engine of growth to developing countries, by increasing the opportunities for capital flow, globalization, technology transfer which is often referred to as “spill-over effect”, expansion of exports and employment opportunities which increase the potential of host countries (Oji-Okoro & Huang, 2010). The return of democracy in 1999 has helped the Federal Government of Nigeria to gradually withdraw its participation in commercial activities to embrace a private sector-led growth strategy by establishing an economic policy known as National Economic Empowerment and Development strategy (NEEDS). As a result of this, foreign investors were therefore encouraged to invest in the country. This policy embarked by the Government created a unique opportunity for lifting millions of people out of poverty, helped in bridging capital, management, skills and technology gaps where they are most
severe and also support the local companies and the workforce towards world standard. Measuring the effect of foreign direct investment on the economy occupies a substantial body of economic literatures; many theoretical and empirical studies have analysed many channels through which FDI inflows may have positive or negative effect on economic growth (Oji-Okoro & Huang, 2010). The acutely low level of domestic investment makes it compelling to attract significant foreign direct investment to augment aggregate investment. One of the reasons for less than satisfactory economic growth in countries of Sub-Saharan Africa is the low level of domestic investment. In Nigeria, gross domestic investment as percentage of gross domestic product has been on decline in recent times (Abu & Achegbulu, 2011).

One of the major pivots of the Nigeria structural adjustment programme (SAP) in 1986 as is the case with other countries carrying out similar programme is the acquisition of foreign investment. The main reasons for encouraging foreign investment are the acquisition of investment capital and technology for industrialization, creation of productive capacity and consequently the generation of domestic employment. These remain valid and undisputable (Abu & Achegbulu, 2011). While this had been found to be true for Asian and Latin American countries, the same cannot be said for African countries, Nigeria in particular. While, foreign direct private investment flow to developing countries have been on the increase since 1986, with average of 30 percent of the total resources flow between 1986 and 1994, a greater proportion of these flows have been to emerging market of Asia and North America. For example, in Nigeria the percentage of foreign direct investment to gross domestic product was 13.5 percent in 1986 but unfortunately, it declined to 6.2 percent in 1995 and 4.5 percent in 1996. However, as at 2006, the percentage stood at 16.3 percent. In an attempt to attract foreign capital, Nigeria’s investment policies have witnessed significant changes since the introduction of structural adjustment programme (SAP) in 1986. Host countries stand to derive a lot of benefits from foreign direct investment. In spite of such benefits, Mishra and Kisha (2009) revealed that whereas foreign direct investment has been associated with higher growth in some countries, it has also been associated with higher incidence of crises. The possibilities of achieving rapid and sustained development through effective use of foreign direct investment have been applied and demonstrated by the Asian Tiger economies of Singapore, Hong Kong, and Thailand. In these countries, substantial increase in investment financed by foreign direct investment has led to rapid growth of gross domestic product (GDP). Not only has economic growth been accelerated by foreign direct investment but the capacity of these economies to sustain further development from their resources has been significantly increased.

With all these in view, it becomes imperative to investigate the effect of foreign direct investment inflows on the real sector of Nigerian economy and to determine the causal relationship between them. The real sector of the economy practically need finance to continue to grow. These capitals are not always made available by the local investors or the Nigerian financial system, hence there is a necessity for an inflow of capital from abroad in the form of FDI. Even though FDI augments growth through direct as well as indirect channels, it is difficult to quantitatively measure the contribution of FDI to growth. This is especially true for the indirect effects of FDI. FDI can contribute to the upgrading of the whole industrial structure of economies through affecting macroeconomic variables such as employment, exports, consumption and saving. All of these factors contribute to technological progress and efficiency improvement, not only stimulate economic growth, but also directly to raising living standards within host countries.
Some researchers have argued that the benefit of FDI outweighs its cost, and hence should be encouraged by the government through tax incentives and any other form of encouragement that will attract more inflow of FDI into Nigerian economy, while others have argued that FDI do not actually lead to growth of an economy, as the investors in FDI are more interested in enriching their pockets and repatriating the profit to the development of their country, hence it should be discouraged to a certain extent. It is therefore on back of this contradictory argument and inconclusive researches that the paper is based. The specific objectives of the paper are to: evaluate the relationship between the FDI inflows and manufacturing sector output in Nigeria; determine the relationship between FDI inflows and agricultural production in Nigeria; and to access the relationship between FDI inflows and the power generation in Nigeria. The following research questions guide this study: What is the relationship between FDI inflows and manufacturing sector output in Nigeria? What is the relationship between FDI inflows and agricultural production in Nigeria? What is the relationship between FDI inflows and the power sector in Nigeria?

Review of Related Literature

Conceptual, Theoretical and Empirical Frameworks

Foreign direct investment (FDI) is a major component of international capital flows. According to Thirlwall (2014), FDI refers to investment by multinational companies with headquarters in developed countries. This investment involves not only a transfer of funds (including the reinvestment of profits) but also a whole package of physical capital, techniques of production, managerial and marketing expertise, products advertising and business practices for the maximization of global profits. Renewed confidence in the positive benefits of FDI has led many countries that were restricting FDI in the 1960s, 1970s and 1980s to be more open towards FDI in the 1990s and beyond (Safarian, 2009). Governments are liberalising FDI regimes as they associate FDI with positive effects for development in their countries (Lall, 2010). Much of the FDI potential in developing countries had several conducive factors (e.g., a competitive environment, good quality local capabilities) were not in place. This is gradually changing. Almost all countries are now relatively welcoming FDI.

Nwillima (2008) describe FDI as an investment made to acquire a lasting management interest (usually at least 10% of voting stock) and acquire at least 10% of equity share in an enterprise operating in a country other than the home country of the investor. FDI has further been explained as the long-term investment reflecting a lasting interest and control, by a foreign investor (or parent enterprise) of an enterprise entity resident in an economy other than that of the foreign investor. 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 countries could be both host to FDI projects in other countries. A country’s inward FDI position is made up of the hosted FDI project, while outward FDI comprises those investment project owned abroad.

Alejandro (2010) explained that FDI plays an extra ordinary and growing role in global business and economics. It can provide a firm with new markets and marketing channels, cheaper production facilities access to new technology products, skills and financing for a host country or the foreign firms which investment, it can provide a source of new technologies, capital processes products, organization technologies and management skills and other positive externalities and spillover that can provide a strong impetus to regional economic growth. Ricardo, Hwang and Rodrik (2005) argued that Foreign Direct Investment (FDI) provide a path for emerging nations to export the products developed economies usually sell, in effect increasing their export
sophistication. Many developing countries pursue FDI as a tool for export promotion, rather than production.
However, Alfaro, Chanda, Kalemi-Ozeman and Sayek (2003) affirmed that the contribution of FDI to growth depends on the sector of the economy where the FDI operates. They claimed that FDI inflow to the primary sectors tends to have a negative effect on growth, however, as for the service sector, the effect of FDI inflow is not so clear. Durharm (2004) for example, failed to establish a positive relationship between Foreign Direct Investment (FDI) and growth but instead suggests that the effects of Foreign Direct Investment (FDI) are contingent on the absorptive capability of host countries.

Theoretical Framework

Neo-classical theory
Growth, in neoclassical theory, is brought about by increase in the quantum of factors of production and in the efficiency of their allocation. In a simple world of two factors, Labor but capital, it is often presumed that low-income countries have abundant labor but scarce capital. This situation arises owing to shortage of domestic savings in these countries, which places constraint on capital formation and hence growth. Even where domestic input in addition, to labor, is readily available and hence no problem of inputs supply, increased production processes in low-income countries are based. International capital flows (ICFs) readily become an important means of helping developing countries to overcome their capital shortage problem. One of the components of international capital flows is foreign direct investment (FDI). Other components are:

(1) Official flows from bilateral sources (e.g. developed and OPEC countries) and multilateral sources (such as the World Bank and its two affiliates: the International Development Association-IDA, and the International-Finance-Corporation-IFC, concessional and non-concessional terms.

(2) Commercial Bank Loans (including export credits.) Economic theory suggests that capital will move from countries where it is abundant to counties where it is scarce. This pattern of movement will be informed by the returns on new investment opportunities, which are considered higher where capital is limited. The resultant capital relocation will boost investment in the recipient country and, as Summers (2000) suggests, bring enormous social benefits. Underlying this theory is the premise that returns to capital decrease as more machinery is installed and new structures are built, although, in practice, this is not always, or even generally true. Although economic theory and empirical investigations have much to say about where FDI may flow, both the theory and the evidence are less definitive about the impact of such flows like trade. FDI is regarded as a two-way flow, with most of the major providers also being the major recipient.
FDI is supposed, at least theoretically, to be a positive-sum game (Julius, 2012). For Example, Mishra and Kisha (2009) revealed that whereas FDI has been associated with higher growth in some countries, it has also been associated with a higher incidence of crises. This striking revelation poses a lot of challenges to how much is known already of FDI. One of these challenges is an urgent need to revisit the conceptual and theoretical underpinnings upon which foreign direct investment is based. Revisit of the conceptual and theoretical foundations of FDI according to Oyeranti (2003) would bring to the fore relevant issues embedded in economic growth/developmental objectives of developing economies like Nigeria and foreign direct investment.
Modern growth theory
Modern growth theory rests on the view that economic growth is the result of capital accumulation which leads to investment. Given the overriding importance of an enabling environment for investment to thrive, it is important to examine necessary conditions that facilitate FDI inflow. These are classified into economic, political, social and legal factors. The economic factors include infrastructural facilities, favourable fiscal, monetary, trade and exchange rate policies. The degree of openness of the domestic economy, tariff policy, and credit provision by a country’s banking system, indigenization policy, the economy’s growth potentials, market size and macroeconomic stability. Other factors like higher profit from investment, low labour and production cost, political stability, enduring investment climate, functional infrastructure facilities and favourable regulatory environment also help to attract and retain FDI in the host country (Ekpo, 2007). Therefore, though FDI could produce a significant effect on output growth through speeding up capital formation process, the effect tends to diminish in the long run because of the principle of diminishing return.

As opposed to the limited contribution that the neoclassical theory accredits to FDI, the endogenous growth literature points out that FDI can not only contribute to economic growth through capital formation and technology transfers (Blomstrom, Lipsey & Zejan, 2003) but also do so through the augmentation of the level of knowledge via labour training and skill acquisition (De Mello, 2007).

Empirical Review
Solomon and Eka (2013) investigated the empirical relationship between Foreign Direct Investment and economic growth in Nigeria. The work covered a period of 1981-2009 using an annual data from Central Bank of Nigeria statistical bulletin. A growth model via the Ordinary Least Square method was used to ascertain the relationship between FDI and economic growth in Nigeria. The result of the OLS techniques indicated that FDI has a positive but has insignificant impact on Nigerian economic growth for the period under study. Otepola (2002) examined the importance of direct foreign investment in Nigeria. The study empirically examined the impact of FDI on growth. He concluded that FDI contributes significantly to growth especially through exports. Ledyayeva and Linden (2006) determines the FDI impact on per capita growth in 74 Russian regions during the periods 1996 – 2003. Their framework related real per capita growth rate to initial levels of state variables such as the stock of physical capital and the stock of human capital and control variables viewed as important factors in the Russian economy’s regional development in the analysed period. Their results imply that in general FDI (or related investment components) do not contribute significantly to economic growth during the period but that some evidence of positive aggregate FDI effects in higher income regions is relevant. However, FDI seems not to play any significant role in the recent growth convergence process among Russian regions.

Tang, Selvanathan and Selvanathan (2008) explored the causal link between FDI, domestic investment, and economic growth in China between 1988 – 2003 using the multivariate VAR and ECM. The results indicate that there is a bi-directional causality between domestic investment and economic growth, while there is a single directional causality from FDI to domestic investment and economic growth. Kumar (2007) analysed the relationship between FDI, growth and domestic investment for a sample of 107 developing countries for the periods 1980 – 99. He model uses flow of output as the dependent variable and domestic and foreign owned capital stock, labour, human skills, capital stock and total factor productivity as their
independent variables. The results show that panel data estimations in a production function framework suggest a positive effect of FDI on growth, although FDI appears to crowd out domestic investments in net terms, in general, some countries have had favourable effects of FDI on domestic investments in net terms, suggesting a role for host country policies. Osinubi and Amaghionyediwe (2010) investigated the relationship between foreign private investment (FPI) and economic growth in Nigeria for the periods 1970 – 2005 and find that FPI, domestic investment growth, net export growth and the lagged error term were statistically significant in explaining variations in Nigeria economic growth. Adelegan (2000) also explored the seemingly unrelated regression model to examine the impact of FDI on economic growth in Nigeria and found out that FDI is pro-consumption and pro-import and negatively related to gross domestic investment. Olaiyiwola and Okodua (2009) in their study revealed that an unidirectional causality runs from FDI to non-oil exports in Nigeria. Responses of the economic growth, non-oil export and FDI to one standard deviation innovations were on the average, found to be dormant in the early stages of the out of sample forecast but all demonstrated more pronounced responses after about seven years into the forecast period. Gee and Karim (2011) used the Autoregressive Distributive Lag (ARDL) model to investigate the impact of foreign direct investment on manufacturing sector growth in Malaysia. There was a cost involved with the reliance of growth in Malaysia. The study was aimed to explore the impact of spillover effects of the origin of FDI on host economy. The results of analysis are evident that the FDI from European Union economies, China and the United States has its positive impact on manufacturing sector in Malaysia. But the FDI from ASEAN-4, Japan and ASEAN-4 economies showed its negative impact on manufacturing sector growth in Malaysia. It is also argued that the FDI flows from developed economies to research and development intensive sector may have positive impacts on manufacturing sector through the channel of technology transfer.

Charkraborty and Nunnenkamp (2008) assessed the proposition that the FDI boom recorded in the post reform India is widely believed to promote-economic growth. The study subject’s industry specific FDI and output data to granger casualty test within a panel co-integration framework. The result shows that growth effects of FDI vary extensively across sectors. Although, there is no causal relationship in the primary sector and only transitory effect of FDI vary extensively effects of FDI and output in the service sector FDI stocks and output are found to be mutually reinforcing in the manufacturing sector through cross sectors spillovers and externalities.

Adigwe, Ezeagba and Udeh (2015) determined the relationship between foreign direct investment, exchange rate and gross domestic product. Using time series data, data for the study were collected from CBN Statistical Bulletin from 2008 to 2013. Pearson Correlation was used to test the hypothesis with aids of SPSS version 20.0. The findings revealed that there is a significant relationship between FDI, EXR and GDP, indicates that economic growth in Nigeria is directly related to foreign direct investment and exchange rate.

Methodology
Model specification
The paper adopted the model by Onwumere (2009), and modified to suit the present work. The model is as specified below:

Model one
\[ \text{ManQ} = f(FDI) \]  \hspace{1cm} (1)
\[ \text{ManQ} = \text{Bo} + B1FDI + ut \] \hspace{1cm} (2)
\[ \text{ManQ} = \text{Bo} + LB1X2 + ut \] \hspace{1cm} (3)
Model two
AgriQ = f(FDI) …………………………..….(1)
AgricQ = Bo + B1FDI + ut……………..……(2)
AgricQ= Bo + LB1X3 + ut ……………..……(3)

Model three
PSM = f(FDI) …………………………..….(1)
PSM = Bo + B1 FDI+ ut……………..……(2)
PSM= Bo + LB1X4 + ut …………………..….(3)

Where
ManQ = Quantity of goods and services produced by the manufacturing sector
PSM = Power sector output (measured in megawatts)
FDI = Foreign Direct Investment Inflows
AgriQ = Quantity of agricultural output

Data Analysis and Results

Table 4.1: Data for analysing the effects of FDI Inflows on the Real Sectors of the Nigerian Economy (2000-2015)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>RGDP growth rate</th>
<th>ManQ</th>
<th>FDI</th>
<th>AgriQ</th>
<th>PSO</th>
<th>SMEGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>3.7</td>
<td>138,200</td>
<td>16,453.60</td>
<td>85.45</td>
<td>1223.8</td>
<td>.14</td>
</tr>
<tr>
<td>2001</td>
<td>0.5</td>
<td>142,200</td>
<td>4,937.00</td>
<td>81.32</td>
<td>1241.9</td>
<td>.23</td>
</tr>
<tr>
<td>2002</td>
<td>9.2</td>
<td>246,300</td>
<td>8,988.50</td>
<td>77.94</td>
<td>1146.2</td>
<td>.18</td>
</tr>
<tr>
<td>2003</td>
<td>7.3</td>
<td>348,000</td>
<td>13,531.20</td>
<td>75.32</td>
<td>996.0</td>
<td>.12</td>
</tr>
<tr>
<td>2004</td>
<td>8.3</td>
<td>345,700</td>
<td>20,064.40</td>
<td>76.68</td>
<td>1398.0</td>
<td>.16</td>
</tr>
<tr>
<td>2005</td>
<td>4.6</td>
<td>445,800</td>
<td>26,083.70</td>
<td>71.03</td>
<td>2182.3</td>
<td>.25</td>
</tr>
<tr>
<td>2006</td>
<td>3.0</td>
<td>445,900</td>
<td>41,734.00</td>
<td>64.39</td>
<td>2458.8</td>
<td>.28</td>
</tr>
<tr>
<td>2007</td>
<td>2.7</td>
<td>520,880</td>
<td>4,324.86</td>
<td>60.05</td>
<td>2743.2</td>
<td>.22</td>
</tr>
<tr>
<td>2008</td>
<td>1.3</td>
<td>585,570</td>
<td>4,659.156</td>
<td>49.33</td>
<td>2430.7</td>
<td>.27</td>
</tr>
<tr>
<td>2009</td>
<td>2.2</td>
<td>612,310</td>
<td>3,810.251</td>
<td>46.12</td>
<td>1813.6</td>
<td>.23</td>
</tr>
<tr>
<td>2010</td>
<td>3.4</td>
<td>643,070</td>
<td>3,810.25</td>
<td>48.49</td>
<td>2537.9</td>
<td>.30</td>
</tr>
<tr>
<td>2011</td>
<td>3.2</td>
<td>694,810</td>
<td>5,304.112</td>
<td>41.50</td>
<td>2315.3</td>
<td>.26</td>
</tr>
<tr>
<td>2012</td>
<td>2.4</td>
<td>761,470</td>
<td>3,199.89</td>
<td>33.95</td>
<td>3436.7</td>
<td>.29</td>
</tr>
<tr>
<td>2013</td>
<td>2.8</td>
<td>823,860</td>
<td>6,7400.00</td>
<td>58.32</td>
<td>3848.4</td>
<td>.34</td>
</tr>
<tr>
<td>2014</td>
<td>3.9</td>
<td>868,543</td>
<td>49,684.23</td>
<td>69.74</td>
<td>4414.2</td>
<td>.32</td>
</tr>
<tr>
<td>2015</td>
<td>4.6</td>
<td>889,623</td>
<td>36,732.86</td>
<td>56.32</td>
<td>4774.7</td>
<td>.27</td>
</tr>
</tbody>
</table>


KEY: RGDP: Real gross domestic product; MANQ: Manufacturing sector output; FDI: Foreign direct investment Inflows; AGRICQ: Agricultural sector output; PSO: Power sector output; SMEGR: Small and medium scale industries growth rate.
Presentation of Results

Table 4.2: Correlation result on FDI inflows and real sector of Nigerian economy

<table>
<thead>
<tr>
<th></th>
<th>AgriQ</th>
<th>GDP</th>
<th>ManQ</th>
<th>SmeGR</th>
<th>PSM</th>
<th>FDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.453</td>
<td>-.727**</td>
<td>-.595*</td>
<td>-.539*</td>
<td>-.001</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.078</td>
<td>.001</td>
<td>.015</td>
<td>.010</td>
<td>.997</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.453</td>
<td>1</td>
<td>-.269</td>
<td>-.560*</td>
<td>-.267</td>
<td>.128</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.078</td>
<td>.314</td>
<td>.024</td>
<td>.318</td>
<td>.636</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>-.727**</td>
<td>-.269</td>
<td>1</td>
<td>.776**</td>
<td>.915**</td>
<td>.061</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.001</td>
<td>.314</td>
<td>.000</td>
<td>.000</td>
<td>.821</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>-.595*</td>
<td>-.560*</td>
<td>.776**</td>
<td>1</td>
<td>.740**</td>
<td>-.007</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.015</td>
<td>.024</td>
<td>.000</td>
<td>.001</td>
<td>.978</td>
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<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>-.539*</td>
<td>-.267</td>
<td>.915**</td>
<td>.740**</td>
<td>1</td>
<td>.794</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.010</td>
<td>.318</td>
<td>.000</td>
<td>.001</td>
<td>.729</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
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</tr>
<tr>
<td>Pearson Correlation</td>
<td>-.001</td>
<td>.128</td>
<td>.061</td>
<td>-.007</td>
<td>.794</td>
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</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.997</td>
<td>.636</td>
<td>.821</td>
<td>.978</td>
<td>.729</td>
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<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Source: Authors SPSS output.

From Table 4.2 it can be observed that there is a weak positive relationship between Foreign Direct Investment and manufacturing output with a correlation value of 0.061. This shows that a change in Foreign Direct Investment inflow will bring about a weak positive change in the quantity of goods and services produced in the nation. Secondly, it can also be observed that there is a weak positive relationship between Foreign Direct Investment and gross domestic product with a correlation value of 0.128. This shows that Foreign Direct Investment has brought about a less positive change in Nigerian GDP in the period under review. Finally, the correlation result shows that there is a negative relationship among FDI and all other variables in the study except PSM which has a co-relational value of 0.794. This implies a strong positive relationship.

Test of Hypotheses

1. H0: Foreign direct investment inflows has no significant relationship with manufacturing sector output.
   H1: Foreign direct investment inflows has significant relationship with manufacturing sector output.

Table 4.3: Correlation result between ManQ and FDI

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>32089.929</td>
<td>66508.921</td>
<td>482</td>
</tr>
<tr>
<td>ManQ</td>
<td>26.286</td>
<td>114.188</td>
<td>.061</td>
<td>.230</td>
</tr>
</tbody>
</table>

a. Source: Authors’ SPSS Result. b. Dependent Variable: FDI
Table 4.3 shows that ManQ prob. (sig) i.e. 0.821 is greater than 0.05; we therefore accept the null hypothesis and conclude that FDI inflows have no significant positive relationship on the manufacturing sector output in the period under investigation in Nigeria.

2. H₀: There is no significant relationship between foreign direct investment inflows and agricultural production in Nigeria.
H₁: There is a significant relationship between foreign direct investment inflows and agricultural production in Nigeria.

Table 4.4: Co-relational result between AgriQ and FDI

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>46472.299</td>
<td>116263.784</td>
<td>.400</td>
</tr>
<tr>
<td></td>
<td>AgriQ</td>
<td>-6.393</td>
<td>1816.247</td>
<td>-.001</td>
</tr>
</tbody>
</table>

Source: a. Dependent Variable: FDI. b. SPSS result

Table 4.4 shows that AgriQ prob. (sig) i.e. 0.997 is greater than 0.05; we therefore accept the null hypothesis, and conclude that there is no significant positive relationship between foreign direct investment inflows and agricultural production in Nigeria in the periods under investigation.

3. H₀: There is no significant relationship between foreign direct investment inflows and power generation in Nigeria.
H₁: There is a significant relationship between foreign direct investment inflows and power generation in Nigeria.

Table 4.5: Correlation result between PSM and FDI

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>54943.215</td>
<td>36867.536</td>
<td>1.490</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>-571.424</td>
<td>1617.248</td>
<td>-.094</td>
</tr>
</tbody>
</table>

a. Source: SPSS result. b. Dependent Variable: FDI

Table 4.5 shows that PSMprob. (sig) = 0.018 and is less than 0.05; the null hypothesis is therefore rejected with the conclusion that there is significant positive relationship between foreign direct investment inflows and the power generation in Nigeria.

Discussion of Findings
The gross domestic product growth rate was found to be positively correlated with foreign direct investment in the country. This is not surprising as the statistics obtained in table 4.1 above showed that GDP growth rate tend to increase with increase in FDI and decreases with decrease in FDI. In 2000, The FDI stood at N16.435.60b while the GDP growth rate was 3.7%. The FDI fell to N4,937b in 2001 with resultant decline in GDP growth rate to 0.5%. In 2003, the FDI increased to N13, 531.20b while GDP growth rate also rose up to 7.3%. Furthermore, the statistics for 2010 showed that while the FDI declined to N3,810.25b GDP growth rate also declined from 7.3% to 3.4% and finally in 2015, while the FDI rose up to N36,732.86b, the GDP growth rate also rose...
up to 4.6% (1.2% increase) although not proportionate to over 40% increase in FDI. This findings is also in line with the findings by Osinubi & Amaghionyediwe, 2010; Adigwe, Ezeagba & Udeh, 2015. However, these findings did not satisfy the a priori expectation of the paper, that foreign direct investment inflows will improve the real sector of the Nigerian economy by increasing manufacturing output, agricultural output, and power generation and thus contribute to increase in the overall real gross domestic product.

Conclusion
The paper has shown that inflow of foreign investment into the real sectors of Nigerian economy stagnated since the 1980s, and indeed resulted in a net outflow of resources in a reflection of fundamental problems. The decline in the real sector has been attributed, among others, to low investment due to low savings in the domestic economy and poor inflow of foreign investment as a result of a poor enabling environment, deficient infrastructural facilities, weak raw material base, high cost of energy, poor technological base, business ethics shortcomings and unsettled past private debt. Nigerian economy needs major private sector investment in almost all aspect of the economy that can industrialize the whole economy. Foreign direct investment is an engine of economic growth. Therefore, there is need to have a stable political and economic environment which will not have a negative impact on the real sector of the economy.

Recommendations
1. Government should ensure an improvement in infrastructural development by increasing capital expenditure which will enable for establishment of basic amenities, especially in good roads and electricity supply as this will increase the inflow of FDI. There is need to have a stable political and economic environment and improvement on the critical infrastructure as well as level of security at all levels in the country. Investors would like to put their money in a country with high level of insecurity. This will serve as a huge deterrent to inflow of foreign direct investment inflows.
2. Furthermore, government needs to liberalize the foreign sector in Nigeria so that all barriers to trade such as arbitrary tariffs; import and export duties and other levies should be reduced so as to encourage investments in the real sectors of the Nigerian economy.
3. An analysis of the prospect for attracting inflow into the real sector of Nigerian economy suggests the adoption of a policy package that can set the stage for a rapid reversal of the current trend. It not only calls for policy and institutional reforms, but a medium to long term commitment towards its implementation and realization. It also calls for partnerships between local and foreign investors in such a manner to promote the real sector and other domestic economic activities in general and induce foreign investors to want to invest more in the real sector of Nigerian economy.
References
*Dallas*, 2(1), 112-132.


