

# Sectoral Inflow of Foreign Direct Investment and Economic Growth in Nigeria

Adigun Abiodun Oladele

Department of Economics, Afe Babalola University, Ado-Ekiti, Nigeria,

## Abstract

The paper examined the sectorial inflow of Foreign Direct investment and its impact on Economic Growth in Nigeria. The main objectives of the study are to find out the impact of the sectorial inflow of FDI on Economic Growth and find out the impact of FDI on Poverty Reduction in Nigeria. The study made use of secondary data and discovered that there is a positive relationship between GDP and FDI, meaning that both FDI and GDP changes in the same direction. Also, the study discovered that in the long run, investment in the business and agric sectors can only make meaningful impact on the economy because it takes time to get back investment in these sectors. The conclusion of the study is that the major reason for the low impact of FDI on Economic Growth in the country is that FDI inflow has been towards certain sectors (oil and gas, communication, construction, e.t.c) at the expense of those sectors (agriculture, tourism, manufacturing, e.t.c) that has the greatest potential for poverty reduction and Economic Growth, so while I say FDI is good, it should be encouraged towards those neglected sectors.

**Keywords:** FDI, Economic Growth and Sectoral Inflow

## II INTRODUCTION

Foreign direct investment can be seen as investment that is made to acquire a lasting management interest [ usually 10 percent of voting stock] in an enterprises operating in a country other than that of the investor [defined according to residency] the investor's purpose being an effective voice in the management of the enterprises. It is the sum of equity capital, reinvestment of earnings, other long term capital and short run capital as shown in a nation's balance of payments account/statements [IMF 1977 and World Bank, 1996]. Foreign direct investors is an individual, an incorporated and/or unincorporated enterprises that is a subsidiary, associate, or branch operating in country other than the country of residence of the investor or investors. From these definitions, foreign direct investment can be recognized as an incorporated or unincorporated enterprise, it can be seen in terms of inflows of new equity capital [change in foreign share capital], re- invested earnings [unremitted profit], trade and suppliers credit, net inflow of borrowing and other obligations from the company or its affiliates as well as other external obligations [OECD 1982].

Foreign direct investment is a strong force which has a positive impact on growth and development through employment generation which leads to increase in income for the people, who in turn save and this is further reinvested into the economy for development and growth. Thus we experience reduction in poverty, as such; income distribution becomes better, so that income inequality gap reduces. As such, it has to be adequately planned for, if a nation is to experience a reasonable reduction in poverty through growth and development moreso that wealth appeared to be highly concentrated in Nigeria, poverty rate in rural areas increased at an alarming rate due to high level of population growth rate, poor infrastructure, high gender blindness and high level of illiteracy

Globally, Coal, oil and natural gas, communication, business services, renewable energy and real estate were the top five sectors by capital investment in 2013, accounting for 47.26 percent of FDI in the world, of the top five sectors, real estate was the only one to record a decline by 27.03 percent to \$46.7 billion. FDI activity in Construction picked up with hotels and Tourism increasing by 36.3 percent to \$18.98 billion in 2013 and the building and construction materials increasing by 88.39 percent to \$9.69 billion. In 2013, FDI in the communication sector increases by 82.2 percent in 2012 and the highest ever capital investment figure for the communication sector since FDI markets began measuring such statistics in 2003. Greenfield report (2014). Also the growth in FDI in 2013 was however unevenly distributed, across regions of the world. While Latin America and the Caribbean was the best performing regions Middle East recoded the second largest increase in FDI and Africa also recorded an increase of 10.76percent reaching \$51.98 billion in 2013, North America recorded a slight decline in FDI in 2013 (a 1.36 percent fall) while FDI in Asia Pacific fell by 4.67 percent and in Europe, decline by 12.08 percent. Greenfield FDI report (2014)

Anderson(2006) stated that the most important strategy a country must be prepared to adopt for attracting FDI is to ensure stability of political and economic environment in which FDI project were operating. Martins (2002) argue that foreign capital flows were in three forms; aids, debts and foreign direct investment and that FDI usually brings in productive capital, foreign expertise, brand names, market linkages, aiding industrialization, export and employment. Odozi (1995) opined that the most attractive features of foreign investment were package of capital technology and managerial resources contained in the investment which

generated a stream of real income in host country. Fabayo (2003) argued that the economic effect of FDI are almost impossible to measure with precision and that each investment provides a complex package of firm-level attributes in varying qualities and quantities which are difficult to separate or quantify. Laura (2003) posited that the benefit of FDI vary greatly across sectors. His empirical analysis proved that FDI in primary sector exerts negatively on growth while those of manufacturing and service sector showed positive and ambiguous results respectively.

Tel Velde and Morrisey (2002) opined that FDI has not been a veritable tool for the reduction of unemployment, despite the increasing inflow, because most foreign direct investment are for mergers and acquisitions, such as buying of privatized firms. Also, if foreign firms are more labour intensive, employment levels will fall in the short-term (although Labour income may rise). If they compete with local firms, employment may be reduced. Unfortunately; there is little systematic evidence of the total employment effects of FDI from their studies partly because such effect depends on the country, sector and time framework of interest, so one of the basic intentions of the paper is to find out the relationship between FDI and Employment generation.

Yuko Kinoshita (2011) believed that in the run up to the global crisis, countries in the central eastern and southeastern Europe attracted large capital inflows and some of them built up large external imbalances. After investigating whether the imbalances are linked to the sectoral composition of FDI. They found out that FDI in tradable sectors leads to an improvement of the external balances and that countries with large market size good infrastructure, greater trade integration and educated labour force are more likely to receive more FDI in the tradable sectors.

The study observed some factors that serve as problem of FDI which includes lack of confidence in the Nigerian economy, limited domestic and regional market, huge external debt overhang, pervasive bureaucratic constraints, weak financial institution infrastructure for attracting investment into the economy, negative real interest related to international ones, weak domestic management capital, all these are some of the numerous problems of FDI in most developing countries like Nigeria. In essence the study will ascertain if there is any structure shift in relationship between FDI and economic growth on sectoral basis. Besides the study intend to look at the important implications for sectoral growth and investment (FDI) in Nigeria.

## **SECTORAL INFLOW OF FOREIGN DIRECT INVESTMENT**

Generally, policies and strategies of Nigerian government towards foreign direct investment are shaped by two principal objectives, the desire for economic independence and the demand for economic development. Multinational companies are expected to bring into Nigeria, foreign capital in the form of technical skills, entrepreneurship, and technology and investment fund to boost economic activities thereby raising the standard of living of Nigerians Odozi (1995). Essien and Onwioduokot (1998), argued that the trend of sectoral analysis of foreign direct investment in the economy from 1970 to 1998 reveals that investment by foreigners in Nigeria especially the transnational companies are concentrated in certain sectors that favour their type of business or investment to only 1.1 percent of the total cumulative foreign investment in Nigeria. This has since been on the decline, despite all the generous incentives including duty free imports of agricultural inputs and credit guarantee scheme to foreign investors.

The impact of these sectoral inflows of FDI on income distribution is that, if FDI has not been sectoral in nature income inequality would have reduce more than these in the country because FDI inflow into the agricultural sector would mean mass production of both cash crops and food crops, importation of improved seedlings and species, better storage facilities, improved pesticides and training ground for local farmers which in turn would mean more income for the farmers, through local sales and exportation, all year round sales due to availability of storage facilities. And the sector would be more attractive to the mass unemployed youth. On electricity, despite government licensing of independent power project (IPP) for the past few years, FDI inflow into the sector is still very low, by now a lot of IPP projects would have been in place, which would have increase the megawatts of electricity generated in the country, the multiplier effect of increasing the pace of industrialization, importation of Technology and improving standard of living, generating employment, reducing poverty and income inequality. On Tourism, which are naturally spread around the country both in urban and rural areas and if FDI has been consistent in this sector rather than buying of privatized government hotels in urban areas it would have reduce unemployment, generate tax for government, improve income for rural dwellers.

Foreign direct investment started flowing into the Nigeria especially in the oil and gas sector because of the discovery of crude oil. According to Makola (2003), immediately after Nigeria civil war, foreign direct investment inflow into the country also jumped up because of the need for massive reconstruction and rehabilitation of infrastructure. Also, income inequality gap has already been created immediately after independence because the few educated those who own big farmlands and business men took the lead, thereby having an edge over the illiterate masses, Bamidele (2003). Moreover, from empirical studies, is clear that

foreign direct investment and income distribution is moving at opposite direction and as Moran(1998) highlights an important fact that exposure to foreign competition play vital role in skill upgrading and poverty reduction, The presence of multinational companies is a positive sign for mass production and export growth of the host country as highlighted by Blomstron and Zegan (1994), While Muhammad and Naveed (1998), opined that poverty reducing impact of foreign direct investment is also observed when foreign firms operate and domestic firms get in contact with them, they get advantage through production subcontracting, competition, investment opportunities and chances of expanding business parallel to employment generation activities, in essence foreign direct investment increases economic growth yet it has not translated into improved welfare, so the study seek to find out, why income inequality has remained high in Nigeria despite the increase in the inflow of foreign direct investment.

Akoh (1999), in his study discovered that foreign direct investment in natural resources exploitation is still dominant in Nigeria. But in recent years, it has begun shift towards services sector. Service sector accounted for about 60 percent of Nigeria foreign direct investment stock in 1998 companies with only 25 percent in the early 1970's (UNCTAD 1999). The factors behind this are the increasing tradability of services (that is ability to produce in one place and consume in another place) and the gradual Liberalization of service industries such as telecommunication and electricity. Other factors suggested by Akoh includes availability of infrastructure facilities i.e. stable power supply and good roads, large market, nearness to port facilities both air and sea and of course security of lives and property.

Again, Empirical Analysis showed that FDI inflow into developing countries has been towards certain sectors i.e. oil and gas, communication, air and rail transportation, construction just to mention a few, at the expense of other sectors, UNCTAD Report (2001). Other Scholars were of the opinion that the neglected sectors by FDI i.e. Agriculture, tourism, manufacturing has the greatest potential for poverty reduction and promoting rapid Economic Growth and Development of the developing countries, particular with vast majority living in the rural areas and engaging in subsistence farming. Muhammad and Naveed (2008). But these studies fail to account for reasons, why FDI has been sectorial in nature.

Essien and Onwioduokot (1998), argued that the trend of Sectoral analysis of FDI in the economy from 1970 to 1998 reveals that investment by foreigners in Nigeria especially transnational companies are concentrated in certain sectors that favour their type of business or investment to only 1.1%of the total cumulative foreign investment in Nigeria. This has since been on the decline despite all the generous incentives including duty free imports of agricultural inputs and credit guarantee scheme to foreign investors. Akoh (1999), in his study discovered that FDI in natural resources exploitation is still dominant in Nigeria. But in recent years, it has begun shift towards service sector. Service sector accounted for about 60% of Nigeria FDI stock in 1998, Companies with only 25% in the early 1970's (UNCTAD 1999). The factors behind this are increasing tradability of services (that is ability to produce in one place and consume in another place) and the gradual Liberalization of service industries such as telecommunication and electricity. Other factors suggested by Akoh includes availability of infrastructures facilities i.e. stable water supply and good roads, large market, nearness to port facilities both air and sea and of course security of lives and property.

Asiedu (2009), in her own paper argued that natural resources, market size, government policy, institutional and political instability constitute major reasons, why FDI may be located in certain areas. She argued that further that coastal region naturally attract more FDI than inland regions. Government policy on Privatization also constitutes a major attracting factor, because FDI will naturally flow more to areas where those privatized firms are located. Both backward and forward linkages to feed or service the Multinationals companies are also a factor for the sectoral allocation of the FDI.

Mosima (1999) said when it comes to FDI in Nigeria, the common perspective is that it is largely driven by natural resources and market size, but it is when foreign investment into the agriculture sector is increased which mean transfer of technology and in turn increase in output and export that poverty can be reduced. Since the greatest percentage of Nigerians are involved in agriculture, the presence of foreign investment will boost income distribution i.e. improved pesticides, seedlings, high breed species and training ground for local farmers while earning better income and since they have foreign link, export of produce will be easier. But foreign investment into the agriculture sector has been limited in Nigeria because certain factors which includes, problem of pricing, land acquisition policy, storage facilities, high level of uncertainties, inadequate research on agriculture therefore hampering improve income distribution in the country.

Generally, policies and strategies of Nigerian government towards FDI are shaped by two principal objectives, the desire for economic independence and the demand for economic development. Multinational companies are expected to bring into Nigeria foreign capital in the form of technical skills, Entrepreneurship, and technology and technology and investment fund to boost economic activities thereby raising the standard of living of Nigerians. Odozi (1995), The paper is of economic significance because it is a deviation from other previous studies of FDI, why many look at impact and inflow, FDI and Economic Growth, FDI and Poverty Reduction and some even find out that the impact of FDI on employment generation, this paper intend to find

out reasons for the sectoral inflow of FDI and its impact on Economic Growth of Nigeria

Since there is a link between foreign direct investment into each sectors of the economy and the aftermath effects on the total output in the country (GDP), the study will emphasizes foreign productivity in each sector of the economy over the stipulated period of time. Foreign direct investment is a two way flow just like trade, with most of the major provider also being the major recipient. Foreign direct investment is supposed at least theoretically, to be a positive sum game Julius (1991). Yet the virtue of which foreign direct investment is extolled notwithstanding, the impact on the developing countries has not been made clear. Both theory and the evidence are less definite about the impact of such flows.

Without gainsaying, it is the country's aim to attain economic development and this hinges on economic growth. Economic growth is reflected in the Manufacturing and Processing, Mining and Quarrying, transportation and Communication, Agriculture, Forestry and Fisheries, Trading and Business sector. Therefore an apparent gap in the stock of knowledge in the area of sectoral inflow of FDI in Nigeria which this study has filled, hence a critical look at the impact sectoral inflow of FDI and economic Growth will offer an immense contribution to government ways of reducing the sectoral inflow and influence FDI into those sectors that has the highest potential for poverty reduction.

## II. MODEL SPECIFICATION

Guided by the empirical findings and sequent to its logical structure as observed in the theoretical framework. Since there is link between foreign direct investment into each sector of the economy and the aftermath effect on the total output in the country (GDP), this study emphasizes foreign direct investment productivity in each sectors of the economy over the stipulated time.

Thus the model to be estimated is as follows

$$GDP = f (FDI, FDI_{MS}, FDI_{MQ}, FDI_{TC}, FDI_{AS}, FDI_{TB}, INTR, EXR, EXTV,)$$

Therefore in other to capture the short run dynamics properties of the models, the error correction mechanism (ECM) will be included in the model second model which is meant to achieve the objective of finding out the sectoral inflow of FDI on economic growth; thus;

$$GDP = (\alpha_0 + \alpha_1 FDI + \alpha_2 FDI_{MS} + \alpha_3 FDI_{MQ} + \alpha_4 FDI_{TC} + \alpha_5 FDI_{AS} + \alpha_6 FDI_{TB} + \alpha_7 INTR + \alpha_8 EXR + \alpha_9 EXRV + ECM + \mu t)$$

### Identification and Operational definition of Variables

FDI= foreign direct investment as share of GDP may increase income and creating enclaves of well paid employees of the multinational corporations surrounded by marginalized poor. Ut== stochastic disturbance term, FDI<sub>MS</sub> = FDI in Manufacturing sector, FDI<sub>MQ</sub> = FDI in Mining Sector, FDI<sub>TC</sub> = FDI in Transportation and Communication, FDI<sub>AS</sub> = FDI in Agriculture Sector, FDI<sub>TB</sub> = FDI in trading and Business, INTR = Interest Rate, EXR = Exchange rate, External Reserve, GDP = Gross domestic product  $\alpha_0$  = constant parameters and  $\mu t$  = error term.

### ANALYSIS AND INTERPRETATION OF EMPIRICAL RESULTS

In the model;

$$GDP = (\alpha_0 + \alpha_1 FDI + \alpha_2 FDI_{MS} + \alpha_3 FDI_{MQ} + \alpha_4 FDI_{TC} + \alpha_5 FDI_{AS} + \alpha_6 FDI_{TB} + \alpha_7 INTR + \alpha_8 EXR + \alpha_9 EXRV + ECM + \mu)$$

Table 1 ORDINARY LEAST SQUARE FOR THE MODEL

Modell Dependent Variable	Independent Variable										Summary of Findings			
	Constarr	FDI	FDIMP	FDIMQ	FDITC	FDIAF	FDIBS	INR	EXR	EXRV	R-Square	Adjusted R-Square	Durbin-Watson Statistic	F-Statistics
GDP	267995.1 *(165654.1)	+10.24619 *(5.859491)	+12.09620 *(13.35191)	-0.362940 *(0.747883)	-1270.426 *(174.6693)	-129.7406 *(540.5701)	-108.9738 *(52.85889)	-20410.621 *(13807.27)	+20188.81 *(3671.735)	+0.664424 *(0.47371)	0.996842	0.995827	2.018897	982.1433

Source: Data Analysis

The empirical model is thus:

$$GDP = 267995.1 + 10.24619FDI + 12.09620 FDI_{MS} + 0.362940FDI_{MQ} + 1270.426 FDI_{TC} - 129.7406FDI_{AG} - 108.9758FDI_{TB} - 20410.621NR + 20188.81EXR + 0.664424 EXRV$$

Standard error denote(s) as \*( )

Ordinary least square result (OLS) explained the short-run relationship is the model. variables in the model were regressed at the level of non stationarity. The intercept of the model was positive 267995.1, meaning that without these explanatory variables the value of GDP will be positive. Also positive relationship exist between GDP and FDI, meaning that a unit change of FDI to one direction, GDP will change to same direction with a unit change of 10.24619. Likewise, FDI<sub>MS</sub>, FDI<sub>TC</sub>, EXR and EXRV all have positive coefficient values of

12.09620, 1270.426, 20188.81 and 0.664424 respectively as it was against the relationship of  $FDI_{MQ}$ ,  $FDI_{AG}$ ,  $FDI_{TB}$ , and  $INR$  shown toward GDP which amount to a negative relationship. It implies that a unit increase in these variables will pull down or have a decreasing effect on GDP vice-versa. This relationship shown was only significant for  $FDI$ ,  $FDI_{TC}$ ,  $FDI_{TB}$  and  $EXR$  while the result showed that the relationship exhibited by other variables were insignificant. The coefficient of multiple determinations which is also known as the  $R^2$  was very high of 0.996842 showing the power of the explanatory variables in the model. It therefore, explained that above 100 percent to variation in GDP is caused by these variables that are impacted well on the growth of the GDP. The implication is that of the high R-square while some variables were showed not to be significant which proved the spuriousity of the OLS result. The goodness of fit of the model which is the F-statistic was 982.1433 higher than the F-tabulated of 2.28 and 3.20 at 5% and 1% respectively given that  $k=d-1$  and  $k_2 = n-k$ . The result showed the Durbin- Watson statistics was put at 2.01 which explained that the model do not suffer from the problem of autocorrelation that is, there is no present of autocorrelation in the model.

Table 2 ADF UNIT ROOT TEST RESULT  
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VARIABLES	ADF STATISTICS	1 <sup>st</sup> DIFF	2 <sup>ND</sup> DIFF	MCKINNON CRITICAL VALUE	5%	10%	ORDER OF INTEGRATION	REMARKS
	LEVEL			1%				
GDP	4.093360	0.859438	-4.639282	-3.6353	-2.9499	-26133	1 (2)	S
EXRV	0.057981	-3.450659	NA	-3.6289	-2.9472	-26118	1 (1)	S
FDI	2.630494	0.708764	-3.628364	-3.6353	-2.9499	-2.6133	1 (2)	S
$FDI_{MS}$	2.99343	0.374449	-3.049161	-3.6353	-2.9499	-2.6133	1 (2)	S
$FDI_{TB}$	4.362431	-0.751385	-5.801684	-3.6353	-2.9499	-2.6133	1 (2)	S
$FDI_{AG}$	-0.410058	-4.110668	NA	-3.6289	-2.9472	-2.6118	1 (1)	S
$FDI_{TC}$	-0.67161	-3.810124	NA	-3.6289	-2.9472	-2.6118	1 (1)	S
$FDI_{MS}$	-3.096035	NA	NA	-3.6228	-2.9446	-2.6105	1 (0)	S
INR	-1.67100	-6.864013	NA	-3.6289	-2.9472	-2.6118	1(1)	S
EXR	0.122575	-3.46554	NA	-3.6289	-2.9472	-2.6118	1 (1)	S

S means (s) stationary

Source; computed output with e- view

The result shows that all the variables were stationary at their first or second difference ( i.e. 1 (1) or 1(2) apart from  $FDI_{MQ}$  which was stationary at levels that is it is integrated of order zero meaning that it cannot sustain any form of shock passed on it as other variable can sustain shocks for some time as was showed that GDP,  $FDI$ ,  $FDI_{MP}$ ,  $FDI_{BS}$  were integrated of order two, while EXRV,  $FDI_{AF}$ ,  $FDI_{TC}$ ,  $INR$  AND  $EXR$  were integrated of order 1(1). Hence the need for co-integration because of the time series properties

Table 3 CO-INTEGRATION TEST

EIGEN VALUE	LIKELIHOOD RATIO	5 PERCENT CRITICAL VALUE	1 PERCENT CRITICAL VALUE	HYPOTHESIZED NO. OF CE(S)
0.999927	1308.527	233.13	247.18	None**
0.998698	965.8051	1929.89	204.95	At most 1**
0.998392	726.6225	156.00	168.36	At most 2**
0.995838	495.0356	124.24	133.57	At most 3**
0.951173	297.6959	94.15	103.18	At most 4**
0.873310	188.9948	68.52	76.07	At most 5**
0.865942	114.6183	47.21	54.46	At most 6**
0.572788	42.27677	29.68	35.65	At most 7**
0.222754	11.65965	15.41	20.04	At most
0.069358	2.587704	3.76	6.65	At most 9

\*(\*\*) denotes rejection of the hypothesis at 5 percent (1 percent) significance level. L.R. test indicates 8 co-integration equations (s) at 5 percent level

Sources; computer output with e-view

The result of the table above confirm that the unit root test in order of integration that is GDP,  $FDI$ ,  $FDI_{MS}$ ,  $FDI_{AG}$ ,  $FDI_{TB}$ ,  $FDI_{TC}$ ,  $INR$  and  $EXR$  co-integrated in the long-run at the same rate by the normalized co-integration coefficient with the highest log likelihood in absolute term.

Table 4 MODEL 1 LONG-RUN RELATIONSHIP

GDP	FDI	FDI <sub>MS</sub>	FDI <sub>MQ</sub>	FDI <sub>TC</sub>	FDI <sub>AG</sub>	FDI <sub>TB</sub>	INT	EXR	EXVR
00000	-10.45519	-26.5908	-4.6441	-748.369	278.179	15.53520	11150.48	-14709.7	0.6117
	(0.12333)	(0.61468)	(0.06135)	(5.15591)	(7.61157)	(0.44064)	(216.237)	(162.988)	(62.112)
Likelihood	-2729.9990								

Source; computer output with e-view.

The co-integration equation is specified below;

The result shows that the relationship that existed between GDP and FDI in the short-run could not be sustained into the long-run as the long-run relationship was negative and significant. Also negative relationship existed between GDP and FDI<sub>MS</sub> in the long run, GDP and FDI<sub>MQ</sub> maintain same relationship both in the short and long run, while GDP and FDI<sub>TC</sub> shows negative relationship, GDP and FDI<sub>AG</sub> exhibited positive relationship in the long-run indicating that FDI in the Agric sector will have a long-run positive impact on the Gross domestic product in Nigeria and GDP and FDI<sub>TB</sub> shows positive relationship

### FINDINGS AND IMPLICATIONS

In the short run, FDI showed a positive relationship with the GDP, FDI<sub>MP</sub>, and FDI<sub>TC</sub>. As it was apparently seen that the power of the explanatory variables which can be called the R-squared was very robust explaining that about 99 percent of the total variation in the GDP (economic growth) can be explained for by FDI and other macro-economic variables considered in the model whereas less than 1 percent is accounted for by the error term. Other variables like FDI<sub>MQ</sub>, FDI<sub>AF</sub> and INR all shows that a negative relationship with GDP (economic growth) since there was no autocorrelation problem. The long run analysis was not left out, long-run result contradicted most of the short-run analysis as FDI was having a negative relationship with GDP as the relationship was showed to be statistically significance than the short-run relationship as this can said that the linkage between FDI and GDP meaning is very unclear as there are two contradicting relationship existing between FDI and GDP. FDI<sub>MP</sub> and FDI<sub>TC</sub> were having a negative relationship with GDP in the long run as against the positive relationship that existed in the short-run, the meaning of these is that, these variables only affect the growth of the economy positively in the short run but as we progress, they begin to have negative impact which can also be attributed to the inconsistency of the Nigerian government policies and framework which is meant to maintain the short-run impact all through to the long-run. The FDI<sub>AG</sub> and FDI<sub>TB</sub> and INR revealed that a positive relationship in the long-run as against the earlier negative relationship in the short-run. The implication of these is that in the long-run, long term investment in the Business and Agriculture sector can only make meaningful impact on the economy in the long-run as it takes time to recoup the investment in these sectors. Lastly government at all levels in Nigeria should gear up efforts to attract more FDI to the productive sectors/neglected sectors of the economy in a way to increase output level and alleviate poverty in the Country and introduce more friendly economic policies and business environment, which will attract FDI into virtually all the sectors of the economy.

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