

## Determinants of Foreign Direct Investment in Nigeria (1970-2014)

Abubakar Abdullah Kumo<sup>1</sup>

Foreign Direct Investment (FDI) has been at the center stage as a phenomena of discussion amongst international cum development economists since the breakthrough made by Hymer's Thesis in 1960 which serves as a basic reference in subsequent study on the Multinational Corporations (MNC). Therefore, there has been a continuous growing concern on research in the area of FDI due to globalization of markets and companies emerging to be internationalized. Also, the existing liberal regulations in various countries give rise to the influx of companies across borders in an effort to engage in FDI's. The issue of FDI determinants remains relative and debatable owing to different results found empirically. Asiedu (2006) suggests that in Nigeria, FDI is determined by large local markets, natural resources, infrastructure and low inflation but to Bakare (2011) the major determinants of FDI are attributed to political cum macroeconomic instability; while Okafor (2012) conclude that the key FDI determinants are real gross domestic product (GDP), interest rate, and real exchange rate. Therefore, the problem of ascertaining the real FDI determinants in Nigeria is yet to be unanimously established and that calls for further research. In this study, we use time series data from 1970 to 2014 so as to enable us capture the FDI determinants in Nigeria up to date. We employ econometric techniques and estimated the FDI model with exchange rate, real gross domestic product, money supply, interest rate, international trade and expenditure on education as explanatory variables. The result shows that the model has a perfect fit at the same time GDP, money supply, international trade and interest rate increase FDI inflow. Furthermore, almost all the variables entered behave in accordance with a priori economic expectation. We conclude that government should intensify on such policies that are likely to attract FDI and vice versa.

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<sup>1</sup> Federal University, Kashere Nigeria, aakumo@fukashere.edu.ng