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GOVERNANCE INDICATORS AND FOREIGN DIRECT INVESTMENT IN NIGERIA (1996-2017)

Muideen Isiaka, PhD Lecturer II
Juliet Oderhohwo
Bells University of Technology, Ota, Nigeria

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Introduction. Foreign Direct Investment (FDI) plays a vital role in accelerating economic development in emerging economies by providing extra capital for reducing the investment deficit, by bridging the foreign exchange gap as well as tax revenue gap (Quazi1, Vemuri1 and Soliman, 2014). Inward flow of FDI to emerging economies in the world in particular have been increasing especially in recent time on account of the optimistic growth prospects of emerging economies. In 2014, UNCTAD's World Investment Report 2014, highlighted that world FDI inflows to Africa rose to US$57 billion in 2013 reflecting a 4% rise from its 2012 figure (UNCTAD, 2014). Further, of the world foreign direct investment inflows to African country destinations, a significant proportion of the inflows go to Nigeria, thus highlighting Nigeria as a preferred world foreign direct investment destination in Africa. Through Foreign direct investment a variety of economic challenges of Nigeria such as high unemployment, poverty, development of local industries, and social challenges as crime may be effectively addressed. Further, Nigeria will be able to promote inflow of foreign skill and technology critical for Nigeria's economic development. Further, as a result of FDI the economy becomes more productive since the foreign country brings technology into the host country (less developed country) and also improves training of local workers to ensure increased efficiency and increased productivity.

Threatening the continued inflow of FDI to emerging economies as Nigeria is poor governance parameter such as corruption, which is prevalent in developing countries and contributes to weak institutions as well as governance. Corruption as defined by the United Nations Global program against corruption (UNGPAC) is the abuse of power for private gain (Mohammed, 2013). Corruption as argued by Egunjobi (2013) is a global issue which is endemic to government all over the world. It is a widespread scourge in the past, present and future, in third world and western societies and threatens economic growth and country's economic and political stability, Further, corruption is mostly perceived as one of the most important ways to bring about wealth, thus leading to majority of the population seeking for public offices with the hope of accumulating wealth for themselves (Makpor and Akpede, 2014). There is further broad consensus in the literature that corruption is considered an enigma to good governance as it leads to misappropriation of public funds, and limited growth of the economy (Makpor and Akpede, 2014). Consequently, where corruption exists it will increase the cost of doing business both for domestic investors but more critically foreign investors, and further the business climate will be unconducive for foreign and domestic businesses to exist.

Corruption in affecting FDI, may do so either positively or negatively. This may be related to the two views of corruption whereby corruption may be seen as oiling the wheels of economic progress by fast tracking processes or clogging the wheels of economic progress by promoting increased inefficiency in the economy. The negative effects of corruption on FDI are popularly documented in the literature (Andvig, 1991; and Barro, 1990) and highlight corruption results in a reduction in FDI inflow mainly on account of increased costs of doing business and economic instability. Hines (1995) cites the USA as a country from which foreign direct investment goes to less corrupt countries. There however exists the potential for corruption to boost foreign direct investment as highlighted by provided by Egger and Winner (2005).

Therefore, in Nigeria, with a long history of corruption and little impact of FDI felt by the economy, corruption presents a factor that given its deep root in the Nigeria economy, must be investigated as to the role it plays in affecting FDI inflow to Nigeria. With the present ongoing anti-corruption war of the Nigerian government, it remains to be seen if the Nigerian economy will benefit in terms of increased FDI inflow from Abroad. This will indicate, whether FDI inflow in the future may be realistically expected to increase and assist Nigeria' economic growth and development efforts. This study consequently explores the relationship between FDI and governance indicators in Nigeria.

Review of Theoretical Literature. There are various theories of foreign direct investment which have evolved overtime and have been put forward by various economists. For the purpose of this research study however, five major theories are discussed in this section.

Internalization Theory: This theory puts emphasis on intermediate inputs and technology. Buckley and Casson (1976) analysed MNCs within a broad-based framework developed by Coase in 1937. Their theory came to be known as internalization theory as they stressed this fact with regard to the creation of MNCs. They articulated their theory based on three postulates (a) Firms maximize profits in a market that is imperfect; (b) When markets in intermediate products are imperfect, there is an incentive to bypass them by creating internal markets (c) Internalization of markets across the world leads to MNCs. A firm that is engaged in research and development may develop a new technology or process, or inputs. It may be difficult to transfer technology or sell the inputs to other unrelated firms because those other firms may find the transaction costs to be too high. Faced with this situation, a firm may choose to internalize by using backward and forward integration, i.e., the output of one subsidiary can be used as an input to the production of another, or technology developed by one subsidiary may be utilized in others. When internalization involves operations in different countries then it necessarily means FDI.

Buckley and Casson (1976) identified five types of market imperfections that result in internalization: (a) the co-ordination of resources requires a long time lag: (b) the efficient exploitation of market power requires discriminatory pricing; (c) a bilateral monopoly produces unstable bargaining situations; (d) a buyer cannot correctly estimate the price of the goods on sale; and (e) government interventions in international markets creates an incentive for transfer pricing.

Eclectic Paradigm Theory: The eclectic paradigm theory was put forward by John H. Dunning in 1988. It is alternatively referred to as the Ownership-Location-Internalization (O-L-I) framework. The theory highlights multinational companies to establish in a foreign country through FDI based on advantages derived from ownership, location and internalization. With regards to Ownership, the firm benefits from intangible assets, which are, at least for a while exclusive possesses of the company and may be transferred within transnational companies at low costs, leading either to higher incomes or reduced costs. With regard to location advantages, when the first condition is fulfilled, it must be more advantageous for the company that owns them to use them itself rather than sell them or rent them to foreign firms. Location advantages of different countries are the key factors to determining who will become host countries for the activities of the transnational corporations. The specific advantages of each country based on location can be divided into three categories: (a) The economic benefits consist of quantitative and qualitative factors of production, costs of transport, telecommunications, market size etc. (b) Political advantages: common and specific government policies that affect FDI flows (c) Social advantages: includes distance between the home and home countries, cultural diversity, attitude towards strangers and so on. Finally, internalization advantage results based on the ownership and location advantages of FDI being met, in which case it must be profitable for the company to make use of these advantages, in collaboration with at least some factors outside the country of origin (Dunning, 1973, 1988; Dunning and Lundan, 2008).The Internalization characteristic of the eclectic paradigm OLI offers a framework for assessing different ways in which the company will exploit its powers from the sale of goods and services to various agreements that might be signed between the companies. As cross-border market Internalization benefits is higher the more the firm will want to engage in foreign production rather than offering this right under license, franchise. Therefore, the Eclectic paradigm OLI shows that OLI parameters are different from company to company and depend on context and reflect the economic, political, social characteristics of the host country. Consequently, the objectives and strategies of the firms, the magnitude and pattern of production will depend on the challenges and opportunities offered by different types of countries.

Capital Market Theory: This theory is one of the earliest theories of FDI put forward by Aliber (1970; 1971), it postulated that foreign investment in general arose as a result of capital market imperfections. FDI specifically was the result of differences between source and host country currencies (Nayak and Choudhury, 2014). According to Aliber (1970; 1971), weaker currencies have a higher. FDIattraction ability and are better able to take advantage of differences in the market capitalization rate, compared to stronger country currencies. Aliber (1970; 1971) further adds that source country MNCs based in hard currency areas can borrow at a lower interest rate than host country firms because portfolio investors overlook the foreign aspect of source country MNCs. This gives source country firms the borrowing advantage because they can access cheaper sources of capital for their overseas affiliates and subsidiaries than what local firms would access the same funds for.

The capital market theory holds true in the case of developed countries such as the United States, United Kingdom and Canada, however it has been challenged by critics as not being applicable to less developed countries with underdeveloped or imperfect or non-existent capital markets and those with heavily regulated foreign exchange rates. Nayak and Choudhury (2014) allude to the fact that Aliber's theory does not explain investment between two developed countries with similar strength currencies, nor how developing country MNCs with weaker currencies are able to invest in developed countries with much stronger currencies. This they exemplified using the case of Chinese firms with sizeable investments in USA and the UK.

Product Life Cycle theory: The product life cycle theory was put forward by Vernon (1966). The theory arose in explaining the emergence and trend of post-Second World War investments (a shift from exporting to FDI) made by US firms to Western European countries between 1950 and 1970. According to his theory, firms go through four production cycles: innovation, growth, maturity and decline. The underlying principles of this theory were technological innovation and market expansion; hence, while technology ensured the conceptualization and development of a new product, the market size influenced the extent and type of international trade. In the initial stage, new products are invented, produced and sold in the internal markets. If the product is successful, production increases, new markets are penetrated and export develops. This is the transition from growth to maturity. It is also during this maturity phase that competitors emerge, and the product originator then sets up a production facility in the foreign market country to meet growing demand. Product standardization occurs and incremental investment is then directed to any global site which offers the lowest input costs. After that, the product is exported back to the initial innovation country (exporter becomes importer as per the PLC) where it is eventually phased out, and the PLC starts all over again with the innovation of yet another product, since to emerge from the decline phase, the firm must be innovative again (Nayak and Choudhury, 2014).

A number of criticisms of the Product life cycle theory have been put forward. Primarily as pointed out by Boddewyn (1985), the product life cycle is but just a theory because it was not tested empirically. The Product life cycle theory Also does not take into account all FDI determinants, in that it, for example, only explains the location aspects of manufacturing infrastructure but not their ownership (for example, manufacturing under license or set up subsidiaries). The theory is a simplified decision making process, which assumes a smooth-sailing, sequential journey with no obstacles, and is more applicable to industries that use technology for its innovation (Buckley and Casson, 1976). The product life cycle was further criticized for its failure to explain why it is profitable for a firm to pursue FDI rather than maintain its exporting strategy, nor the timing of the move to invest internationally (Nayak and Choudhury, 2014).

Empirical Literature Review. Okolo and Raymond (2014) analyzed corruption in Africa using Nigeria as case study. They explain corruption from different perspectives and concluded that corruption is innate and deep seated in Nigeria particularly in the public sector. The paper then identified non – conformity religious tenets, values, culture, ethnicity, favoritisms, nepotism and weak legal systems among others as the causes of corruption in Nigeria. Thus the paper finds four factors as the costs of corruption in the country – political, economic, social and environmental. Options for curbing corruption in Nigeria as put forward by the authors include restoration of indigenous values and institutions, promotion of religion, strengthening of anti-graft institutions, establishment of anti-corruption court, economic growth.

Udenze (2014) examined the effect of corruption on foreign direct investment in a panel of 73 developing countries over the period of 2005 to 2011. Specifically, the paper empirically tests the relationship between the levels of perceived corruption and the net foreign direct investments (FDI) inflows as a fraction of the GDP. Net foreign direct investment inflow as a fraction of GDP was expressed as a function of corruption, trade openness, GDP growth, inflation, GDP per capita, ratio of gross fixed capital formation to GDP. It is hypothesized that increased corruption translates into a decrease in net FDI inflows. The findings from pooled ordinary least squares reveal that in low and middle income countries, there was a negative correlation between net FDI inflows and corruption perception between 2005 and 2011. During the same period, the relationship was positive in the Sub-Saharan African countries in the sample. However, these coefficients were not statistically significant. The findings suggest that GDP growth is more relevant in attracting FDI in Sub-Saharan Africa than in the rest of the world, and gross capital formation is not as important in attracting FDI as it is in other regions. In low and middle income countries outside Africa, the findings reveal a statistically significant negative relationship between net FDI inflows and perceived corruption.

King (2003) analyzes how corruption affects FDI in transitional economies. Popular development and economic theories today maintain that foreign investment is beneficial for economic growth and that corruption is damaging in economic development. The findings of the study revealed that corruption negatively affects FDI inflow in all transition economies or negatively impacts other determinants of FDI, into transitional economies.

Tosun, Yurdakul, and Iyidogan (2014), examine the relationship between corruption and foreign direct investment in Turkey using monthly data over the period of 1992 to 2010. In the study, the causality relationship among corruption, political risk, industrial production index (as a proxy to gross domestic product) and FDI entrance variables is analyzed by means of Pesaran, Shin and Smith bounds test approach of co-integration and error correction methods. As a result, it is found that corruption has distortive effects on FDI in Turkey both for short and long run periods and this indicates that 'helping hand' corruption does not exist in Turkey. In addition, in the long run, FDI increases with raising income. Contrary to the expectations, it is detected that increase in political risk contributes to FDI inflows in the short run. And more recently, Ajide and Raheem (2016) found that ECOWAS countries with improved institutions have better chances of attracting FDI.

Methodology. This study examines the sensitivity of net FDI inflow to Nigeria to governance indicators. The net FDI inflow is measured by FDI inflows to Nigeria less FDI outflows out of Nigeria. It is measured in Billions of Naira. Data on net FDI inflow are obtained from World Bank World Development indicators (WDI, 2018). The six governance indicators (GI) were obtained the World Bank World Government Indicators (WGI, 2018) database. The six variables used are Control of Corruption (COCR), Political Stability and Absence of Violence/Terrorism (PAAVT), Voice and Accountability (VAAC), Government Effectiveness (GEFF), Regulatory Quality (REQU) and Rule of Law (RLAW). Each of the variables is classified into low and high based on the absolute values of the index over the period between 1996 and 2017. The classification is done using the following equations:

$$GI_i = \text{Low (coded on nominal scale as 1), if } GI_i \le \overline{GI_i}$$

$$GI_i = \text{High (coded on nominal scale as 2), if } GI_i > \overline{GI_i}$$

$$\overline{GI_i} = \frac{\sum_{1996}^{2017} GI_i}{27}$$

Where i=1,2, …6 for each of the six Governance Indicators variables.

And $\overline{GI_i}$ is the mean value of each variable over the period.

The study makes use of ANOVA to examine if which of the variables has a significant impact on FDI inflow in Nigeria over the period. This is better than t-test of difference between two mean as the results provide additional diagnostic tools for the reliability of the results. For the results to be reliable, the Bartlett's test for the null hypothesis of equality of variances must not be significant.

Results. Descriptive Statistics. The WGI variable ranges between -2.5 for the poorest to +2.5 for the best. However, the Nigeria values were negative for all the variables over the period. The absolute values which range between 0 and 2.5 represent the extent of the problem from low to high. The summary of each governance indicator variable is presented in Table 1. The poorest of the variable is political stability and violence and terrorism (PAAVT) with the highest value of 2.21 and the mean value of 1.69. This is followed poor voice and accountability (VAAC) with the maximum value of 1.55. This variable has a wide variability as it also has the minimum value of 0.31. The problem of poor control of corruption (COCR) and poor rule of law (RLAW) have similar distribution with corruption having a higher lower boundary value of 0.89 compare to 0.87 for rule of law. The problem of regulatory quality (REQU) has a higher upper value (1.35) compare to the problem of government effectiveness (GEFF) with upper value of 1.21.

Table 1

Distribution of Governance Index (1996-2017)

	VAAC	PAAVT	GEFF	REQU	RLAW	COCR
Max	1.55	2.21	1.21	1.35	1.43	1.43
Min	0.31	0.59	0.89	0.66	0.87	0.89
Mean	0.74	1.69	1.02	0.89	1.17	1.17

Source: Author's Computation

Impact of Poor Voice and Accountability (VAAC) Index on FDI. The mean value of FDI during period of low problem of poor Voice and Accountability was about 731 billion Naira while it reduced to about 448 billion Naira during the period of high problem of poor Voice and Accountability. The Bartlett's Chi-square value of 0.01 and its probability value of about 0.92 indicate that the results meet the criteria of equal variance for reliability of ANOVA test. The F-value of 2.07 and its probability value of 0.17 indicates that the difference is not statistically significant. Thus, poor Voice and Accountability has no significant impacts on FDI inflow to Nigeria during the period.

Table 2

Relationship between FDI and Poor Voice and Accountability (VAAC)

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            |          Summary of FDI
       VAAC |        Mean   Std. Dev.       Freq.
------------+------------------------------------
          1 |   731.15213   447.65569          13
          2 |   448.01251   463.74134           9
------------+------------------------------------
      Total |   615.32228   465.55363          22

                        Analysis of Variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      426348.242      1   426348.242      2.07     0.1660
 Within groups      4125195.66     20   206259.783
------------------------------------------------------------------------
    Total            4551543.9     21   216740.186

Bartlett's test for equal variances:  chi2(1) =0.0114  Prob>chi2 = 0.915
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Source: Author's Computation

Impact of Political Instability, Violence and Terrorism (PAAVT) Index on FDI. The mean value of net FDI inflow during period of low problem of political stability, violence and terrorism was 175 billion Naira while the value for the period of high political instability, violence and terrorism was 919 billion Naira. The Bartlett Chi-square value of 2.03 and its probability value of 0.15 indicate that the results meet the required conditions for reliable ANOVA results. The ANOVA F-value of 36.7 is significant at 1% and indicates that the result is significant.

Table 3

Relationship between FDI and Poor Political Stability

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            |          Summary of FDI
      PAAVT |        Mean   Std. Dev.       Freq.
------------+------------------------------------
          1 |   175.44037   199.39733           9
          2 |   919.85592   327.41094          13
------------+------------------------------------
      Total |   615.32228   465.55363          22

                        Analysis of Variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      2947094.48      1   2947094.48     36.74     0.0000
 Within groups      1604449.42     20    80222.471
------------------------------------------------------------------------
    Total            4551543.9     21   216740.186

Bartlett's test for equal variances:  chi2(1) =   2.0301  Prob>chi2 = 0.154
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Source: Author's Computation

Impact of Government Effectiveness (GEFF) Index on FDI. The results of the relationship between poor governance indicators and FID are summarized in Table 3. The average FDI during the period of low problem of poor government effectiveness is about 540 billion Naira while it was about 723 billion during period of high government ineffectiveness. The Bartlett Chi-square value of 0.17 with the probability value of 0.68 support the reliability of the ANOVA results. The ANOVA F-value of 0.81 with the probability value 0.37 indicates that the difference is not statistically significant.

Table 4

Relationship between FDI and Poor Government Effectiveness

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            |          Summary of FDI
       GEFF |        Mean   Std. Dev.       Freq.
------------+------------------------------------
          1 |   540.70988   440.97534          13
          2 |   723.09575   505.11456           9
------------+------------------------------------
      Total |   615.32228   465.55363          22

                        Analysis of Variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      176907.229      1   176907.229      0.81     0.3792
 Within groups      4374636.67     20   218731.834
------------------------------------------------------------------------
    Total            4551543.9     21   216740.186

Bartlett's test for equal variances:  chi2(1) =   0.1707  Prob>chi2 = 0.679
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Source: Author's Computation

Impact of Regulatory Quality (REQU) Index on FDI. The average FDI inflow during the period of low problem of regulatory quality was about 832 billion Naira and it was about 301 billion Naira. The Bartlett Chi-square of 0.14 and its probability value of 0.71 suggest the result is reliable. The ANOVA F-value of 9.83 with its probability value of 0.01 indicates that the difference is significant at 5%.

Table 5

Relationship between FDI and Poor Regulatory Quality

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            |          Summary of FDI
       REQU |        Mean   Std. Dev.       Freq.
------------+------------------------------------
          1 |   832.59117   408.83992          13
          2 |   301.48945   361.53293           9
------------+------------------------------------
      Total |   615.32228   465.55363          22

                        Analysis of Variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      1500094.46      1   1500094.46      9.83     0.0052
 Within groups      3051449.44     20   152572.472
------------------------------------------------------------------------
    Total            4551543.9     21   216740.186

Bartlett's test for equal variances:  chi2(1) =   0.1353  Prob>chi2 = 0.713
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Source: Author's Computation

Impact of Rule of Law (RLAW) Index on FDI. The results of the relationship between FDI and rule of law are presented in table 6. The average FDI inflow during period of low problem of rule of law was about 872 billion Naira while it was about 307 billion Naira during period of high problem of rule of law. The Bartlett chi-square of 0.39 with the probability value of 0.53 indicates that the result is reliable. The ANOVA F-statistics value of 12.37 that is significant at 1% indicates that this governance indicator index has a significant impact on average FDI inflow over the period.

Table 6

Relationship between FDI and Poor Rule of Law

RLAW	Summary of FDI Mean	Std. Dev.	Freq.
1	872.00406	338.70853	12
2	307.30415	415.02444	10
Total	615.32228	465.55363	22

Analysis of Variance

Source	SS	df	MS	F	Prob > F
Between groups	1739378.16	1	1739378.16	12.37	0.0022
Within groups	2812165.74	20	140608.287		
Total	4551543.9	21	216740.186		

Bartlett's test for equal variances: chi2(1) = 0.3917 Prob>chi2 = 0.531

Source: Author's Computation

Impact of Control of Corruption (COCR) Index on FDI. Table 7 contains the ANOVA results of the relationship between control of corruption and FDI inflow into Nigeria. The average FDI inflow during the period with low poor control of corruption was about 855 billion Naira while it was about 374 billion Naira during the period of high problem of poor control of corruption. The Bartlett Chi-square value of 0.15 and its probability value of 0.70 suggest that the results are reliable. The ANOVA F-value of 7.78 is significant at 5% and indicates that poor control of corruption affects the FDI inflow in Nigeria during the period.

Table 7

Relationship between FDI and poor Control of Corruption

COCR	Summary of FDI Mean	Std. Dev.	Freq.
1	855.97922	379.03961	11
2	374.66534	429.03227	11
Total	615.32228	465.55363	22

Analysis of Variance

Source	SS	df	MS	F	Prob > F
Between groups	1274146.77	1	1274146.77	7.78	0.0113
Within groups	3277397.12	20	163869.856		
Total	4551543.9	21	216740.186		

Bartlett's test for equal variances: chi2(1) = 0.1458 Prob>chi2 = 0.703

Source: Author's Computation

Conclusion. The net foreign direct investment inflow in Nigeria has been on the rise especially from 1998 onwards, although FDI inflow to Nigeria has been fluctuating. This reflects the instability in foreign direct investment inflows to Nigeria which may be on account of various factors, including governance indicators. FDI inflow continues to rise from 1998 witnessing a huge jump in 2005 from its 2004 value of ₦205 billion to ₦605 billion. FDI inflow then continues to raise reaching ₦1,250 billion in 2009, declining to ₦900 billion in 2010 and then recovering to reach about ₦1,395 billion in 2011. From 2012 to 2015, a decline in FDI inflow to Nigeria is observed with FDI at ₦600 billion in 2015, and then starts rising since 2016.

Out of the six governance indicator indexes considered, index of government effectiveness and index of voice and accountability have no significant impact on the net FDI inflow in Nigeria while the remaining four indexes have significant impact. The index of political stability, violence and terrorism is significant at 1%, index of control of corruption is significant at 5% while index of regulatory quality is significant at 1%. Finally, the index of rule of law is also significant at 1%.The study suggest that government agencies tasked with handling transactions related to promoting foreign direct investment in Nigeria such as those issuing business licenses to the multinational enterprises should be more transparent in their dealings so as to improve all governance index. The study however recommends that future study should further examine the unexpected results of positive relationship between FDI inflow and problem of political instability, violence and terrorism.

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Муйден Ісіака, кандидат економічних наук. **Джульєтта Одергохву**. Технологічний університет Beells, Ота, Нігерія. **Індикатори управління та прямі іноземні інвестиції в Нігерії (1996-2017).** У цьому дослідженні розглядається вплив показників управління на прямі іноземні інвестиції (ПІІ) в Нігерії в період з 1996 по 2017 рік з використанням методів ANOVA. Критерій Хі-квадрат використовується для перевірки достовірності результату. Результати показують, що чистий приплив ПІІ пов’язано з показниками політичної стабільності, насильства і тероризму; індексом контролю корупції; індексом якості регуляторної функції; індексом верховенства закону, але він не чутливий до деяких інших показників. За результатами дослідження рекомендовано внести зміни в діяльність державних установ, що спеціалізуються на цьому питанні, аби їхня діяльність носила більш прозорий характер, а також поліпшити всі важливі показники управління. Чистий приплив прямих іноземних інвестицій в Нігерію зростає, особливо починаючи з 1998 року. Проте наявні коливання у показниках залучення ПІІ. Це відображає нестабільність прийому іноземних інвестицій у Нігерії, що може бути пов'язано з різними факторами, включаючи показники управління. Приток ПІІ продовжує зростати з 1998 року, що підтверджується значним приростом у 2005 році (205 млрд дол.). У дослідженні використовується АНОВА для вивчення того, яка зі змінних виявляє істотний вплив на залучення ПІІ в Нігерію протягом періоду. Розгляд передбачає, що установи, котрі здійснюють обробку транзакцій, пов'язані з просуванням великої кількості іноземних інвестицій, повинні бути більш прозорими у своїх відносинах, щоб поліпшити всі показники управління. Незважаючи на те, що в дослідженні йдеться про додаткові розрахунки, результати аналізу були позитивними, пов'язаними між собою та виявилися проблемою політичної нестабільності, насильства і тероризму.

Ключові слова: прямі іноземні інвестиції, індекс корупції, якість регулювання, верховенство законів, політична стабільність, насильство і тероризм.

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Muideen Isiaka, PhD Lecturer II. **Juliet Oderhohwo.** Bells University of Technology, Ota, Nigeria. **Governance Indicators and Foreign Direct Investment in Nigeria (1996-2017).** This study examines the impact of governance indicators on Foreign Direct Investment (FDI) in Nigeria between 1996 and 2017 using ANOVA method. The Bartlett's Chi-square test for equal variances is used to check the reliability of the result. The results indicate that net inflow of FDI is sensitive to index of political stability, violence and terrorism; index of control of corruption; index of regulatory quality; and index of rule of law but not sensitive to index of government effectiveness and index of voice and accountability. The study recommends that government agencies responsible for promoting FDI inflow into Nigeria should be more transparent in their dealings so as to improve all the important governance indexes.

***Keywords**:* foreign direct investment, corruption index, regulatory quality, rule of law, political stability, violence and terrorism.

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Муйден Ісиака, кандидат экономических наук. **Джульетта Одергохву**. Технологический университет Beells, Ота, Нигерия. **Индикаторы управления и прямые иностранные инвестиции в Нигерии (1996-2017).** В данном исследовании рассматривается влияние показателей управления на прямые иностранные инвестиции (ПИИ) в Нигерии в период с 1996 по 2017 год с использованием методов ANOVA. Критерий Хи-квадрат используется для проверки подлинности результата. Результаты показывают, что чистый приток ПИИ связан с показателями политической стабильности, насилия и терроризма; индексом контроля коррупция; индексом качества регуляторной функции; индексом верховенства закона, но не чувствителен к некоторым другим показателям. По результатам исследования рекомендовано внести изменения в деятельность государственных учреждений, специализирующихся на данном вопросе, чтобы их деятельность носила более прозрачный характер, а также улучшить все важные показатели управления. В исследовании используется АНОВА для изучения того, какая из переменных оказывает существенное влияние на приток ПИИ в Нигерию в течение периода. Несмотря на то, что в исследовании речь идет о дополнительных расчетах, результаты анализа были положительными, связаны между собой и оказались проблемой политической нестабильности, насилия и терроризма.

Ключевые слова: прямые иностранные инвестиции, индекс коррупции, качество регулирования, верховенство законов, политическая стабильность, насилие и терроризм.