THE EFFECT OF FOREIGN DIRECT INVESTMENT ON THE PERFORMANCE OF NIGERIAN ECONOMY

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ABSTRACT

This study examines the effect of Foreign Direct Investment (FDI) inflows on the performance of Nigerian economy between the periods spanning from 2000 to 2022, using annual time series data obtained from secondary sources namely; World Bank Group Development Indicator (2022) and International Lab our Organization, ILOSTAT database (2022). The econometric techniques of Autoregressive Distributed Lag Regression Analysis and Correlations Analysis were used to analyze the study data. The result reveals that foreign direct investment inflow have positive and insignificant impact on GDP growth rate. While, foreign direct investment inflows have negative and insignificant impact on unemployment rate. FDI impacts on both variables are statistically insignificant. More so, exchange rate and inflation, as anticipated have negative relationship with foreign direct investment inflow. Based on these findings, the study recommends that policy on foreign direct investment inflows should be targeted towards contribute to GDP growth and reducing unemployment rate through foreign investment in both short and long term port-folio. In particularly, foreign investor should be encouraged to engage more domestic workers in order to reduced unemployment rate. The activities of foreign investors which include transfer of foreign technology, repatriate of profit, managerial and organization should be critically examining and monitoring in order of ensuring stability of exchange rate and inflation

KEYWORDS: FOREIGN DIRECT INVESTMENT, UNEMPLOYMENT RATE, EXCHANGE RATE AND INFLATION.

1. INTRODUCTION

The major macroeconomic objectives of any country, such as Nigeria include, full employment, rapid growth, price stability, and maintenance of healthy balance of payment. However, the attainment of these economic objectives, have pose serious challenges to many developing countries. According to Adeneye (2014) most developing countries of the world are characterized by wider spread of slow economic growth, poverty, rising inflation, persistence external trade imbalances, growing unemployment, and under-utilization of productive capacity etc.

In a bit to overcomes these challenges many developing nations have places more emphasizes on foreign direct investment (FDI) inflow to mobilize the much-needed capital, new technologies, marketing techniques and management skills. Adediran, George, Alege and Obasaju (2019) posited that FDI has been the focus of economic policies and policy makers because of the perceived benefits it provides for the economy. In no doubt, the recent significant increase in capital inflows across economies of the world can be traced to consistent rise in financial trades amongst countries. In addition, a fundamental factor underlining this experience has been the increased globalisation of investors seeking higher rates of return on investment per time and the opportunity to diversify risk globally (Giwa, George, & Okodua, 2019).

As a result, many economies of the world have encouraged inflows of capital by removing restrictions that are not beneficial to capital inflows such as reducing restrictions impose on FDI and deregulating domestic financial market thereby moving away from era of financial instability and depression. The desirability and glamour for foreign capital inflows is a fundamental target to all stakeholders managing the economy all over the globe especially where needed factors of production enhancing faster economy grow is insufficient. In particularly, in

terms of needed capital which include, machinery and equipment, expert, skilled labour, modern science and technology.

Therefore, inclination for FDI emanates from the numerous benefits it offers. According to Oyegoke and Aras (2021) FDI serves as a means of earning foreign reserves via investments, businesses and foreign aids from advanced countries. FDI is considered a valuable source of finance and capital formation, Technology-Transfer and know-how, as well as a viable medium for trade among countries. Theoretically, FDI has always been acknowledged as one of the sources of economic growth of a country as it has been noted to have a positive and significant relationship with economic growth. Hence, stakeholders in emerging and developing economies usually anticipate that FDI inflow will bring the much-needed capital, new technologies, marketing techniques and management skills (Adediran et al, 2019; Amoo, 2018; Giwa et al., 2019). While it seems right to argue that FDI can convey greater knowledge spillovers to host economies. The capacity of a host country to take advantage and benefit from these externalities might be inhibited by its domestic economic conditions, which include undeveloped financial market and unregulated domestic industries. Furthermore, the flow FDI to developing countries is subject to controls exercised by the host country over the condition of entry of foreign capital, regulations of the operations of foreign capital, restrictions placed on the remittance of profits and the repatriation of capital.

However, an important issue of concern that has been largely neglected in recent empirical studies is whether FDI indeed have significant and positive impact on gross domestic product growth (GDP growth %), and unemployment rate in Nigeria, also, whether FDI and exchange rate, FDI and inflation are significantly related or not. It is worthy, to note that there are mixed outcomes on the link between FDI and economic growth in Nigeria. As put forward by Cyprian (2020) FDI inflow and economic growth are not moving in parallel line asserted that FDI inflow and the economic growth of Nigeria seem to be operating inversely in the current decade. While, studied like Adediran et al., (2019) is of contrary opinion. Thus, it's pertinent to have deeper understanding on the impact of FDI on performance of Nigerian economy. Especially, as regard to the impact of FDI on growth rate and rate of unemployment; nexus among FDI, exchange rate and inflation.

Statement of Problem
Nigeria like other nations of the world have been attracting FDI since the time past, in particular since the inception of democrat elected government in 1999 up till date 2024 of newly elected government of Bola Tunubu A wide range of incentives including reduction in bureaucracy in obtaining visa entry to Nigeria by foreign investor, sending top government officials to abroad to campaign for FDI into Nigeria and establishing Nigeria Business Mission abroad entrusted with the task of selling the economic investment climate back at home as well as promised of tax incentive among other.

Despite, the Nigeria government effort in the past and present in attracting FDI; the problems of the slow economic growth, high rate of unemployment, unfavorable exchange rate which reduces the value of naira against United State dollar and rises in inflation has persist. These situations bring about pertinent question as regard to the impact of FDI on the performance of Nigerian economy in tackling these aforementioned challenges. The empirical linkage between FDI and the performance of Nigerian economy is yet unclear; despite numerous studies that have deliberate on this subject matter which equally produced divergent outcomes. For instance, while some empirical findings concluded that FDI have positive and significant impact on Nigeria economic growth see (Anetor, 2019; Sokang, 2018; Akiri, Vehe, & Ijuo, 2016), others of the opinion that impact of FDI on Nigerian economy is insignificant. For instance, according to Oyegoke and Aras (2021) in Nigeria, the performance of the FDI has been low and that FDI has a positive influence on output, but not significant, suggesting the poor performance of FDI on economic growth in Nigeria. Also, Adeneye (2014) and Ugwuegbe, Okore and Onoh (2013) concluded that FDI has a positive and insignificant impact on the growth of Nigerian economy. The divergent outcomes of the effect of FDI on the performance of Nigerian economy call for further empirical finding in order to ascertain the significant impact of FDI on the performance of Nigerian economy.

2. LITERATURE REVIEW
Conceptually, foreign direct investment (FDI) according to World Bank Group Development Indicator (2023) are the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors, and is divided by GDP. Oyegoke and Aras (2021) posited that foreign direct investment serves as a means of earning foreign reserves via investments, businesses and foreign aids from advanced

countries. Furthermore, FDI is considered a valuable source of finance and capital formation, Technology-Transfer and know-how, as well as a viable medium for trade among countries (Oyegoke & Aras, 2021). According to Adeneye (2014) FDI is an investment inflow from abroad to host country, is an important strategy element for economic development. It is seen as amalgamation of capital, technology, marketing and management to increase and sustaining economic growth and development.

Furthermore, concept of economy performance is an appraisal measure of the social domain that emphasizes the practices, discourses, and material expressions associated with the production, use, and management of resources' it is the level of macroeconomics' policies in yielding the desired macroeconomic objectives (Adeneye, 2022). Performance is conceived to be the ability to perform successfully, profitably, survive, grow, and respond to environmental opportunities and threats respectively (Rennox, 2017). Performance is also seen as the measure of the financial health of the organization like a domain of an economy and shows the performance of the executive leadership of a company, the higher the performance of the company or an economy, the more effective and efficient the company in using its resources and later contributes at the macro level in a country's economy (Wanjohi, Wanjohi & Ndambiri, 2017).

According to Adeneye (2022) the term economic growth is described as the positive and sustained increase in aggregate goods and services produced in an economy within a given time period. Economic growth means an increase in the capacity of an economy to produce goods and services, compared from one period of time to another. Economic growth is a process by which a nation wealth increases over time (Ubesie, Nwanekpe & Ejilibe 2020). More so, unemployment refers to the share of the labor force that is without work but available for and seeking employment. Definitions of labor force and unemployment differ by country (World Bank Group Development Indicator, 2023). According to Oluwaleye (2021) unemployment refers to the inability of persons above specific age, who are currently available for work and seeking for paid employment or self-employment to secure one. The unemployed are those economically active population who is without work but available and seeking work, including people who have lost their jobs and those who have voluntarily left work (Saheed, Adeneye, Alexander & Ibrahim, 2018).

According to World Bank Group Development Indicator (2023) and World Data Atlas (2022) official exchange rate refers to the exchange rate determined by national authorities or to the rate determined in the legally sanctioned exchange market. It is calculated as an annual average based on monthly averages (local currency units relative to the U.S. dollar). According to Adeneye (2014); (Adeneye, Otto & Cookey, 2014) exchange rate is the price of one currency in terms of another currency. Exchange rates can be either fixed or floating. Exchange rate fluctuations refer to up and down swing in exchange rates typically due to market forces of demand and supply of currencies (Ezenwakwelu, Okolie, Attah, Lawal and Akoh, 2019).

Theoretically, theories have sought to explain why multinational cooperation elects to use foreign direct investment rather than to license their technology to foreign firms. Why do firms go abroad as direct investors? These and other related questions serve as the bedrock for the emergence and refinement of most of the theories of foreign direct investment. These theories are the product life cycle theory, the theory of multinational enterprises, the electric theory and the neoclassical theory to mention but a few theories.

Product life cycle Theory
The product life cycle theory is propounded by Vemon (1966). The theory emphasized that a firm tends to become multinational at a certain stage in its growth. In the early stage of the means of exports and prior to the standardization of the production process, the firm requires close contact with both its product market, and its supplier. Once the product has evolved in standard form and competing products have been developed the firm may decide to look overseas for the lower cost locations and new markets. It is not only that factor input may be less expensive abroad but that considerable economies of scale from longer production runs may be obtained through the allocation of component production and assembly to different plant.

Theory of Multinational Enterprises
According to Hennart (1982) FDI is the distinctive feature of multinational enterprises hence, a theory of FDI is also a theory of multinational enterprises as an actor in the global economy. FDI is not just an international transfer of capital rather it is the extension of an enterprise from its home country to a foreign host country. By this enterprise extension philosophy, FDI bring in their trail flow of capital, technology, entrepreneurial skills and best management practices to the host economy which enhance local factors in the production of good and services. It equally enhances human capital development and stimulates competition in host countries as the transnational (TNC's) and multinational (MNC's) corporations spur businesses in the host countries.

The Eclectic Theory direct investment.
The Eclectic theory, which forms the theoretical framework of our study, is due to Dunning (1981). The eclectic theory of foreign direct investment often referred to as the OLI Paradigm, attempts to integrate these explanations. The O, L and I in the paradigm refers to the three groups of conditions that determine whether a firm, industry or company will be a source or a host of foreign direct investment. These groups have ownership advantages, locational considerations and internalization gains. According to this theory, ownership advantages, locational-specific advantage and internalization gains determine the inflow of foreign direct investment into a county. Location-specific advantage must be deriving from the macroeconomic environment as well as from the county endowments. These specific endowments include national resources, markets, labour, government policies etc. necessary for foreign involvement.

The Neoclassical Theory
Robert Solow of MIT suggested the most popular version of neoclassical growth theory in the 1950s. But Frank Ramsey of Cambridge University in England first developed this theory in the 1920s. Neoclassical growth theory is the proposition that that real GDP per person grows because technological change induces a level of saving and investment that makes capital per hour of labor grow. Growth ends only if technological change stops. Growth in neoclassical theory is brought about by increases in the quantity of factors of production and in the efficiency of their allocation. In a simple world of two factors (Labour and capital), it is often presumed that low-income countries have abundant labour but scarce capital. This situation arises owing to shortage of domestic saving in these countries, which places constraint on capital formation and hence growth. Even where domestic inputs in addition to labour are readily available and hence no problem of input supply, increased production may be limited by scarcity of imported inputs upon which 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 problems. One of the most components of international capital flows is foreign private investment (FDI). Other components are Official flows from bilateral sources (e.g developed and Organization Petroleum Export Counties (OPEC), multilateral sources (such as the World Bank and its two affiliates, the International Development Association (IDA), and International Finance Corporation (IFC), on concessional and non-concessional terms and Commercial Bank loans (including export credits).

Economic theory suggests that in free market economies capital will move from countries where it is abundant to countries 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, brings enormous social benefits. Underlying this theory is the premise that returns on capital decreases 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. Foreign direct investments (FDI) are generally considered as vehicle through which foreign infusion of technology and capital find their ways into developing countries of the world. This is usually undertaken by the foreign multinational companies or trans-national companies as the case may be (MNC/TNCs).

In general term, foreign investment means an investment in a foreign country where the investing parties (corporation firms) retain control over the investment. It takes the form of foreign firm start a subsidiary or taking over control of an existing firm in the country in question. Direct investment and management go together. And this is the major difference between direct investment and portfolio investment because with the latter such control is exercised by the officials host country. Here the investor lends his capital in order to get a return on it, but he has no control over the use of that capital. Portfolio investments were governed by a wish to maximize the rate of return and to spread risks so as to obtain an optima portfolio mix of investment, which were essentially passive; someone else made the real investments, which were financed by the portfolio investment. At the heart of direct is control. The investor wants to retain the control over his direct investment himself. Direct investment occurs essentially because a firm I.e. multinational corporation has some superior technology or some type of comparative advantage over which it wants to retain control. The best way to retain this control and improve the firms standing and profits is through direct investment.

Empirically; Keji (2023) investigates the nexus between industrial output growth and foreign direct investment in Nigeria. Autoregressive Distributed Lags (ARDL) and Counteraction and Error Correction Mechanisms (ECM) techniques and diagnostics checks were adopted to investigate whether there is long-run interaction

between industrial output growth and foreign direct investments in Nigeria. The study result shown that FDI has a negative relationship with industrial output growth in Nigeria.

Aderemi, Omitogun and Osisanwo (2022) examine the effect of FDI on employment in ECOWAS sub region between 1990 and 2019. The study utilizes a panel autoregressive distributed lag model to analyze the short run and long run relationship between FDI and employment across ECOWAS sub region. In the short run, the impact of FDI on employment is negative and statistically not significant. Meanwhile, in the long run FDI has a positive and statistically significant impact on employment rate.

Danladi (2022) investigates the effect of foreign direct investment on economic growth in Nigeria between the period of 1986 and 2020. The study employed Autoregressive Distributed Lag (ARDL) model for the study data analysis. The study found that FDI has positive and significant effect on economic growth. Exchange rate also has a positive and significant effect on the economic growth. Olasehinde and Ajayi (2022) examined the relationship between foreign direct investment (FDI) and economic growth (GDP) in Nigeria between 1981 and 2020, using Autoregressive Distributed Lag Bound technique (ARDL). From the findings, there existed a long-run significant relationship among the variables employed. Foreign direct investment (FDI) and real exchange rates (REXCR) showed positive significant short and long-run impacts on economic growth (GDP).

 Oyegoke and Aras (2021) investigates the effects of FDI inflow and FDI outflow on economic growth in Nigeria between the periods spanning from 1970 to 2020. The study adopted Ordinary least square (OLS) single regression analysis. The study result shows that FDI inflow has a positive impact on the economy which implies that the developmental goal of foreign investment in developing countries is evident in Nigeria. Darazo and Adaramola (2021) examined international trade and Nigerian economy between 1981 and 2018, using ARDL estimation technique. From the findings, exports showed insignificant impacts on economic growth among other variables like import, Foreign Direct Investment and exchange rate. Also, it was disclosed that import had insignificant impact on economic growth. Then, the study concluded that foreign exchange exhibited insignificant impact on Nigerian economy.

Orji, Nwagu, Ogbuabor and Anthony-Orji (2021) investigated the effect of foreign direct investment (FDI) on economic growth in Nigeria from 1981 to 2017. The study adopted the autoregressive distributed lag modelling approach and ordinary least square in the analysis. The empirical results revealed that FDI has a positive and significant relationship with economic growth in Nigeria within the period under review.

Cyprian (2020) examines the impact of foreign direct investment in the economic growth of Nigeria between 2007 and 2017. Regression analysis was carried out using time series secondary data. The results of the analysis revealed that FDI have statistically insignificant impact on economic growth of the country during the period. The foregoing mixed empirical outcomes suggests inconclusiveness. This implies that gap still exist in empirical literature. More so, many of these studied reviewed needed to be revalidated due to the scope of time and changes in government policies. Thus, this study is an attempts to fill this gap by empirically ascertain the significant impact of FDI on the performance of Nigerian economy between the periods of 2000 and 2022.

3. METHODOLOGY

This study is an ex-facto research design. The study examines the effect of FDI on the performance of Nigerian Economy in particular in relations to gross domestic growth rate (GDP growth rate), unemployment rate, exchange rate and inflation rate in Nigeria within the sample period of 1999 and 2022. This study sourced secondary time series data on the aforementioned variables. The quantitative data sourced were analyzed with econometric technique approach of autoregressive distributed lag (ARDL) with the aid of Eview version 10 Software and SPSS version 13. ARDL models are linear time series models in which both the dependent and independent variables are related not only contemporaneously, but across historical (lagged) values as well. In particular, if y_t is the dependent variable in this case the performance of Nigerian economy is proxy by gross domestic product growth rate at current market prices and, unemployment rate, and x1, xk are k explanatory variable in this context foreign direct investment inflow while exchange rate and inflation rate are control variables. The entire variables understudy is measure in percentage (%) a general ARDL (p, q1, qi) model is given by:

Model 1: FDI and Gross Domestic Product Growth Rate

$$GTR_t = \beta_0 + \sum_{i=1}^{p} \beta_1 \Delta FDI_{t-i} + \sum_{i=1}^{p} \beta_2 \Delta EXR_{t-1} + \sum_{i=1}^{p} \beta_3 \Delta INF_{t-i} + \sum_{i=1}^{p} \beta_4 \Delta UNE_t + \delta_1 tfdi + \delta_2 exr + \delta_3 inf + \delta_4 une + \mu_t \quad \dots (1)$$

$$\dots \dots (1a)$$

Model 2: FDI and Unemployment Rate

$$UNE_t = \beta_0 + \sum_{i=1}^{p} \beta_1 \Delta FDI_{t-i} + \sum_{i=1}^{p} \beta_2 \Delta EXR_{t-1} + \sum_{i=1}^{p} \beta_3 \Delta INF_{t-i} + \sum_{i=1}^{p} \beta_4 \Delta GRT_t + \delta_1 tfdi + \delta_2 exr + \delta_3 inf + \delta_4 grt + \mu_t \quad \dots (1)$$

$$\dots \dots (2a)$$

Where Δ is a difference operator, it is time, β_0 is an intercept term, β_1, β_2, β_3 and β_4 and δ_1 to δ_4 are the coefficients of their respective variables and ps are the lag lengths. Other variables are as defined earlier. To examine the existence of long-run relationship following Pesaran et al (2001), the study first test, based on Wald test (F-statistics), for the joint significance of the coefficients of the lagged levels of the variables, i.e.
Ho: $\delta_1 = \delta_2 = \delta_3 = \delta_4 = 0$ and H1: $\delta_1 \neq \delta_2 \neq \delta_3 \neq \delta_4 \neq 0$

The asymptotic critical values bounds, which were tabulated in Pesaran et al (2001), provide a test for cointegration with the lower values assuming the regressors are I (0), and upper values assuming purely I (1) regressors. If the calculated F-statistics exceeds the upper critical value, the null hypothesis is rejected, implying that there is cointegration. However, if it is below the lower critical value, the null hypothesis cannot be rejected, indicating lack of cointegration. If the calculated F-statistics falls between the lower and upper critical values, the result is inconclusive. Once cointegration is established, the conditional ARDL long-run model can be estimated as:

$$GTR_t = \beta_0 + \sum_{i=1}^{p} \beta_1 \Delta FDI_{t-i} + \sum_{i=1}^{p} \beta_2 \Delta EXR_{t-1} + \sum_{i=1}^{p} \beta_3 \Delta INF_{t-i} + \dots + \mu_t \quad \dots (1b)$$

$$UNE_t = \beta_0 + \sum_{i=1}^{p} \beta_1 \Delta FDI_{t-i} + \sum_{i=1}^{p} \beta_2 \Delta EXR_{t-1} + \sum_{i=1}^{p} \beta_3 \Delta INF_{t-i} + \dots + \mu_t \quad \dots (2b) + \sum_{i=1}^{p} \beta_4 \Delta UNE_t$$

$$\sum_{i=1}^{p} \beta_1 \Delta FDI_{t-i} + \sum_{i=1}^{p} \beta_2 \Delta EXR_{t-1} + \sum_{i=1}^{p} \beta_3 \Delta INF_{t-i} + \sum_{i=1}^{p} \beta_4 \Delta GRT_t$$

In the next step, we obtain the short-run dynamic parameters by estimating an error correction model associated with the long-run estimates. This is specified as follows:

$$GTR_t = \beta_0 + \sum_{i=1}^{p} \beta_1 \Delta FDI_{t-i} + \sum_{i=1}^{p} \beta_2 \Delta EXR_{t-1} + \sum_{i=1}^{p} \beta_3 \Delta INF_{t-i} + elm \dots + \mu_t \quad \dots (1c)$$

$$UNE_t = \beta_0 + \sum_{i=1}^{p} \beta_1 \Delta FDI_{t-i} + \sum_{i=1}^{p} \beta_2 \Delta EXR_{t-1} + \sum_{i=1}^{p} \beta_3 \Delta INF_{t-i} + ecm \dots + \mu_t \quad \dots (2c) + \sum_{i=1}^{p} \beta_4 \Delta UNE_t$$

$$\sum_{i=1}^{p} \beta_1 \Delta FDI_{t-i} + \sum_{i=1}^{p} \beta_2 \Delta EXR_{t-1} + \sum_{i=1}^{p} \beta_3 \Delta INF_{t-i} + \sum_{i=1}^{p} \beta_4 \Delta GRT_t$$

Where ecm is the error correction representation of equation (c) and ϑ is the speed of adjustment. ϑ is the speed of adjustment parameter and ECM is the residuals that are obtained from the estimated co-integration model of equation. Furthermore, Peseran et al., (2001) suggested applying the cumulative sum of recursive residuals (CUSUM) and the cumulative sum of squares of recursive residuals (CUSUMSQ) tests whose equation is detail in Brown et al., (1975) to assess the parameter constancy of the model. The justification for co-integration and error correction model is to add richness, flexibility and versatility to the econometric modeling and to integrate short-run dynamics with long-run equilibrium. Hence, accurate predictions can be more confidently made on the economic relationship between the variables.
The Apriori Expectation: $b_1, > 0$ and $b_2, b_3, b_4 < 0$

4. Data Analysis and Results Presentation

Descriptive statistics help to describe the basic features of the understudy data used as presented in table 1.
Table 1

Descriptive Statistics

	UNE	FDI	EXR	INF	GRT
Mean	5.152739	1.471327	184.5000	12.09478	5.029811
Median	3.899000	1.608280	150.3000	12.22000	5.917685
Maximum	9.788000	2.900249	401.2000	18.87000	15.32916
Minimum	3.700000	0.183822	92.30000	5.390000	-1.794250
Std. Dev.	2.189369	0.768505	89.55030	3.752882	3.784043
Skewness	1.219464	0.136857	1.159788	-0.015681	0.351822
Kurtosis	2.713305	2.055617	2.989371	2.106501	3.896305
Jarque-Bera	5.779294	0.926496	5.156358	0.766018	1.244375
Probability	0.055596	0.629237	0.075912	0.681807	0.536769
Sum	118.5130	33.84052	4243.500	278.1800	115.6857
Sum Sq. Dev.	105.4534	12.99319	176423.6	309.8508	315.0176
Observations	23	23	23	23	23

Source: Researcher Computation using Eview 10

From table 1, the study observation is 23. The skewness which measures the degree of asymmetric of the series shows that exception of inflation rate (INF) with negative sign long-left tail, the rest entire variables understudy namely; GDP growth rate (GRT), unemployment rate (UNE), foreign direct investment inflow (FDI) and exchange rate (EXR)have positive sign that is long-right tail. Also, the entire series are normal skewness and platykurtosis, because the values are below Kurtosis of 3. Meanwhile, kurtosis greater than 3 is said to be leptokurtic. If the kurtosis exceeds 3, the distribution is peaked (leptokurtic) relative to the normal; if the kurtosis is less than 3, the distribution is flat (platykurtic) relative to the normal. The Jarque-Bera test statistic which measure the difference of the skewness and kurtosis of the series with those from the normal distribution show that all the variables understudy was all significant with the probability that a Jarque-Bera statistic exceeds (in absolute value of 5% that is, 0.05) the observed value under the null hypothesis - a small probability value leads to the rejection of the null hypothesis of no normal distribution. Therefore, all the entire variables exhibited normal distribution.

Table 2 presents the series of unit root test using Augmented Dickey-Fuller (ADF) test.
Table 2
Series of Augmented Dickey-Fuller Test (ADF) Output Results

Coefficients	Critical Values at 5%	ADF Values	Probability	Comments
D(GRT)	-3.012363	-3.481292	0.0192	I(0)
D(UNE)	-3.052169	-3.309407	0.0308	I(0)
D(FDI)	-3.012363	-7.449319	0.0000	I(0)
D(EXR)	-3.004861	-2.697922	0.0903	I(I)
D(INF)	-3.020686	-4.154886	0.0048	I(0)

Source: Researchers Computation Using (Eviews 10.0 Output)

Table 2 present the series of unit root tests of (ADF). The results show that not all the variables are stationary of order I (0) in first differencing, EXR is non-stationary at first differences while, the rest variables understudy is stationary. Therefore, the mixed stationary tests met the criteria for the conduct of autoregressive distributed lag cointegration test in order to examine the existence of long-run relationship among the variables understudy within the sampled period spanning between the periods of 1999 to 2022.

Following Pesaran, Shinb and Smith (2001) the study estimate autoregressive distributed lag as reported in Table 3 as follows.

Table 3
Autoregressive Distributed Lag Estimate.
Dependent Variable: GRT
Method: ARDL

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
GRT(-1)	0.138457	0.285473	0.485008	0.6364
FDI	0.140014	1.052780	0.132994	0.8964
EXR	-0.047528	0.031215	-1.522611	0.1538
INF	-0.077225	0.191863	-0.402504	0.6944
INF(-1)	0.363089	0.160783	2.258253	0.0433
INF(-2)	-0.312338	0.205106	-1.522809	0.1537
UNE	-1.076518	1.308250	-0.822869	0.4266
UNE(-1)	2.254283	0.963267	2.340247	0.0374
C	8.153229	4.101824	1.987708	0.0702

R-squared	0.772638	Mean dependent var		5.242171
Adjusted R-squared	0.621064	S.D. dependent var		3.836055
S.E. of regression	2.361390	Akaike info criterion		4.853905
Sum squared resid	66.91394	Schwarz criterion		5.301557
Log likelihood	-41.96600	Hannan-Quinn criter.		4.951057
F-statistic	5.097421	Durbin-Watson stat		2.266923
Prob(F-statistic)	0.006078			

*Note: p-values and any subsequent tests do not account for model selection
Source: Researcher Computation using Eview 10

Table 3 presents, ARDL regression estimation. The first part of the output provides a summary of the settings used during estimation. The result shows that automatic selection (using the Akaike Information Criterion) was used with a maximum of 2 lags of both the dependent variable and the regressor. Out of the 162 models evaluated, the procedure has selected an ARDL (1, 0, 0, 2, 1) including observation 21 after adjustment.

However, the coefficient of gross domestic product growth rate GRT (-1) at period of lag 1 is 0.138457 with probability value of 0.6364 this value is greater than 0.05 level of significance that is statistically insignificant. This implies that holding other independent variables constant, a one percent increase in gross domestic product growth rate at period of lagged 1 translate to approximately 13.85 percent increase in its present value. More so, the coefficients of the foreign direct investment inflow (FDI) at current level, is 0.140014 with probability value of 0.896 which is greater than 0.05 levels of significance suggest that FDI at current level has positive and insignificant impact on gross domestic product growth rate (GRT). Subsequently, the result suggests that one percent increase in FDI lead to 14 percent increase in GDP growth rate both variables are moving in the same direction. The policy implication of this result indicates that FDI contribute positively to GRT.

Additionally, the coefficient of EXR at current level period is -0.047528 with probability value of 0.1538 greater than 0.05 levels of significance. This result suggests that EXR and GDP growth rate (GRT) have negative and insignificant relationship. As one goes up the other go down. That is to say one percent decline in EXR that is naira appreciation against US dollar lead to approximately 4.8 percent increase in GRT vice-vicer. Furthermore, the coefficient of the inflation rate (INF) at current level, periods of lag 1 (INF (-1)) and period of lag 2 (INF (-2) are -0.077225; 0.363089 and -0.312338 with probabilities values of 0.6944;0.0433 and 0.1537which are greater than 0.05 level of significance. This result suggests that INF at current level and period of lag 2 have negative and insignificant impact on gross domestic product growth rate (GRT) while at period of lag 1 INF has positive and significant impact on gross domestic product growth rate (GRT). One percent increase in INF leads to approximately, -8% declines, 36% increase and -31% declines in GRT respectively at different periods.

Furthermore, the coefficients of the unemployment rate (UNE) and UNE (-1), at current level and period of lag1 are -1.076518and 2.254283 with probabilities values of 0.4266 and 0.0374respectively. The result shows that unemployment rate at current level has negative sign indicating that UNE has negative and insignificant relationship with FDI while at period of lag 1 it has positive and significant relationship with FDI. This result that UNE rate at different period has different relationship with FDI. The decline in UNE rate implies increase

in FDI vice-vicer. In term of magnitude, one percent increase in FDI at current level effect about -1.077 that is, approximately, -108percent decrease in UNE. On the contrary, at periods period of lag1 one percent increase in FDI result to 2.25 that is, 225 percent increases in UNE. The policy implication of this result suggests FDI have positive and negative impact on UNE at different periods, the result further suggest that FDI contribution to reduce UNE depend on the tangibility of FDI inflow into real sector where the demand for labour is high.

The Coefficient of fixed variable, that is, constant (C) also known as the intercept is the value of economic growth when other independent variables have a value of zero is 8.153229 is insignificant with probability value of 0.0702 which is, greater than 0.05 level of significance i.e, at 5%. This result simply suggests that increase in GDP growth rate in Nigeria is associated with other factors which are not explained by any of the explanatory variables stated in the model.

Furthermore, the R-Square often refers as the coefficient of determination also known as a measures of the goodness-of-fit, is 0.772638, approximately 77%. This means that 77% of the changes in GDP growth rate at time t, are explained by the changes in the explanatory variables while, the remaining 23% could be explained by factors outside this model represented by error term. Adjusted R-squared value is 0.621064 about 62% variation in the dependent variable is explained by only those independent variables that, in reality affect the dependent variable. More so, Durbin-Watson statistic (DW) is 2.266923 approximately 2 shows there is no serial autocorrelation. The F-statistic that show the overall significant of the model is 5.097421 with probability of 0.006 indicate that the model specified in chapter 3 of this study is significant to explain the relationship between the dependent variable and independent variables.

Table 4 below presented bound test on which decision to conduct ARDL long-run test is based.

Table 4a
F-Bounds Test

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Significance	I(0)	I(1)
			Asymptotic: n=1000	
F-statistic	2.66	10%	2.2	3.09
K	4	5%	2.56	3.49
		2.5%	2.88	3.87
		1%	3.29	4.37

Source: Researcher Computation usingEview10

Table 4a present the F-bound test of null hypothesis of no cointegration regression estimation in order to confirm the no long-run cointegration status. The calculated F-statistics is 2.66 exceeds the lower critical value of 2.56 at 5% significant level. Therefore, the null hypothesis of no cointegration is rejected, implying that there is cointegration thus the long run relationship estimate is justified. See figure 1 below for Cointegration Graph
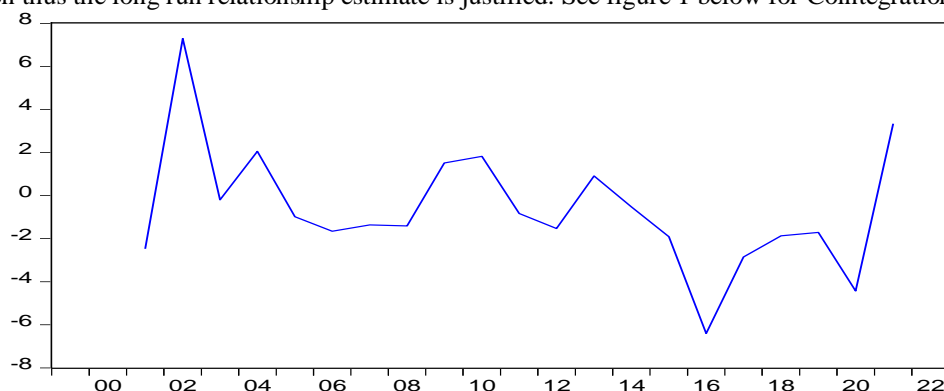

Figure 1: Cointegration graph
Source: Researcher Computation using Eview 10

Figure 1 show that all the variables understudy was Cointegration in Nigeria between 2001 and 2022 there is evidence of cointegration. Thus, the test of conditional error correction regression in table 4b was carried out.

Table 4b

ARDL Long Run Form and Bounds Test
Dependent Variable: D(GRT)
Sample: 1999 2022
Included observations: 21

Conditional Error Correction Regression				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.153229	4.101824	1.987708	0.0702
GRT(-1)*	-0.861543	0.285473	-3.017948	0.0107
FDI**	0.140014	1.052780	0.132994	0.8964
EXR**	-0.047528	0.031215	-1.522611	0.1538
INF(-1)	-0.026474	0.338600	-0.078186	0.9390
UNE(-1)	1.177765	1.341974	0.877636	0.3974
D(INF)	-0.077225	0.191863	-0.402504	0.6944
D(INF(-1))	0.312338	0.205106	1.522809	0.1537
D(UNE)	-1.076518	1.308250	-0.822869	0.4266

* p-value incompatible with t-Bounds distribution.
** Variable interpreted as $Z = Z(-1) + D(Z)$.

Source: Researcher Computation using Eview10

Table 4b, reveals the result of ARDL long run form estimate Conditional Error Correction Regression. The coefficient of fixed variable (C) is the same as result in table 3 ARDL regression estimation presents above. Thus, the result interpretation is equally same as table 3.

Also, the long run form estimate shows that the coefficient of gross domestic product growth rate (GRT (-1) at period of lag 1 is -0.861543 with the probability value of 0.01 which is far less than 0.05 levels of significance. The result indicates that (GRT (-1) at period of lag 1 has negative and statistically significant impact on the current level. About 86 percent decline growth rate in its present value. More so, the coefficient of FDI at current level period is 0.140014 with probability value of 0.8964 which is far greater than 0.05 levels of significance. This suggests that one percent increase in FDI inflow contribute about 14 percent to GRT. Moreover, the coefficient of EXR at current level period is -0.047528 with probability value of 0.1538 greater than 0.05 levels of significance. This suggests that one percent decline in EXR that is naira appreciation against US dollar lead to approximately 4.8 percent increase in GRT. In the same manner, the coefficient of INF (-1) at period of lag 1 is -0.026474 with probability value of 0.9390 greater than 0.05 levels of significance. This suggests that one percent decline in INF causes approximately 2.6 percent increase in GRT.

Subsequently, the coefficient of UNE (-1) at period of lag 1 is 1.177765 with probability value of 0.3974 greater than 0.05 levels of significance. This result suggests that UNE (-1) has statistically insignificant impact on GRT at period of lag 1. However, at first differences the adjustments coefficient of INF at level D(INF) and period of lag 1 D (INF (-1)) are; -0.077225 and 0.312338with probabilities values of 0.6944 and 0.1537 respectively. This result suggests that at first differences INF has statistically insignificant impact on GRT at both level and period of lag 1. At first differences the adjustments coefficient of D(UNE) at level is -1.076518 with probabilities value of 0.4266. This implies that UNE has negative and statistically insignificant impact on GRT

However, Conditional Error Correction Regression consequently produced levels equation alongside the conditional error correction regression outcome as reported as follows;

Table 4c
Levels Equation

Case 2: Restricted Constant and No Trend

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FDI	0.162515	1.213348	0.133939	0.8957
EXR	-0.055166	0.040858	-1.350204	0.2019
INF	-0.030728	0.398017	-0.077204	0.9397
UNE	1.367041	1.749696	0.781302	0.4498
C	9.463517	4.814818	1.965498	0.0729

EC = GRT - (0.1625*FDI -0.0552*EXR -0.0307*INF + 1.3670*UNE + 9.4635)

Source: Researcher Computation using Eview10

Table 4c presents the result of level equation; the result shows that the entire explanatory variables were statistically insignificant given the probability values that are greater than 0.05 levels of significance. However, FDI and UNE have positive impact on GDP growth rate which suggests that both variables are moving in the same direction with GDP growth rate. On the contrary, EXR and INF were moving on the opposite direction. The declining in one leads to increases in other.

Furthermore, error correction model mechanism regression in Table 5 shows the speed of error adjustment. ECM is a category of multiple time series model that directly estimates the speed at which a dependent variable returns to equilibrium after a change in an independent variable. ECM incorporates the long-run equilibrium in the dynamic adjustment (that is the short-run model). The ECM is also closely bound up with the concept of co-integration.

Table 5
ARDL Error Correction Regression
Dependent Variable: D(GRT)
Sample: 1999 2022
Included observations: 21

ECM Regression
Case 2: Restricted Constant and No Trend

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(INF)	-0.077225	0.101991	-0.757180	0.4636
D(INF(-1))	0.312338	0.104174	2.998227	0.0111
D(UNE)	-1.076518	0.621119	-1.733191	0.1087
CointEq(-1)*	-0.861543	0.181095	-4.757409	0.0005

R-squared	0.748047	Mean dependent var	-0.065178
Adjusted R-squared	0.703585	S.D. dependent var	3.644044
S.E. of regression	1.983964	Akaike info criterion	4.377714
Sum squared resid	66.91394	Schwarz criterion	4.576671
Log likelihood	-41.96600	Hannan-Quinn criter.	4.420893
Durbin-Watson stat	2.266923		

* p-value incompatible with t-Bounds distribution.
Source: Researcher Computation using Eview10

Table 5 present, ARDL ECM regression estimation, in this context the estimated parameters were subjected to test based on economic theory so as to ascertain whether they agree with expected sign. In other words, the model sought to relate the changes in GDP growth rate in Nigeria to its explanatory variables to ascertain the conformation with 'a priori' expectation underlying each variable. This result shows that, the CointEq (-1) coefficient of the error correction term which measures the speed of adjustment towards long-run equilibrium is

negatively assign and statistically significant at 5% level. The ECM has the expected negative sign of -0.86. This implies that the rate at which changes in GDP growth rate at time t, adjusts to the single long-run co-integrating relationship is different from zero. In other words, the equation of GDP growth rate at time t, contains information about the long run relationship, the reason why co-integrating equation enter the model automatically. The coefficient of the ECM revealed that the speed with which changes in GDP growth rate at time t, adjusts respond to regressors is about -86% in the short-run. This is in conformity with this study aprior expectation.

ARDL Regression Estimate for Model 2 Specified
Table 9

Dependent Variable: UNE
Method: ARDL

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
UNE(-1)	0.447100	0.162111	2.757983	0.0140
FDI	-0.095560	0.201154	-0.475060	0.6412
EXR	0.012059	0.004396	2.743150	0.0144
INF	0.031963	0.030750	1.039436	0.3141
GRT	-0.063340	0.041422	-1.529136	0.1458
C	0.797066	0.642635	1.240310	0.2327

R-squared	0.967143	Mean dependent var	5.205591
Adjusted R-squared	0.956875	S.D. dependent var	2.225822
S.E. of regression	0.462226	Akaike info criterion	1.521476
Sum squared resid	3.418449	Schwarz criterion	1.819033
Log likelihood	-10.73624	Hannan-Quinn criter.	1.591571
F-statistic	94.19155	Durbin-Watson stat	2.171875
Prob(F-statistic)	0.000000		

*Note: p-values and any subsequent tests do not account for model selection.

The coefficient of unemployment rate UNE (-1) at period of lag 1 is 0.447 with probability value of 0.01 which is less than 0.05 levels of significance statistically significant. This implies that holding other independent variables constant, a one percent increase in unemployment rate at period of lagged 1 translate to approximately 45 percent increase in its present value. More so, the coefficients of the foreign direct investment inflow (FDI) is -0.095560 with probability value of 0.6412 which is greater than 0.05 levels of significance suggest that FDI has negative and insignificant impact on unemployment rate. By implication, the result suggests that one percent decline in FDI lead to 9.5 percent increase in unemployment rate both variables are moving in the opposite direction. The policy implication of this result indicates that the decline in FDI contribute negatively to unemployment rate. While, increase in FDI lead to decline in unemployment rate.

Table 10
ARDL Error Correction Regression
Dependent Variable: D(UNE)

ECM Regression
Case 2: Restricted Constant and No Trend

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CointEq(-1)*	-0.552900	0.078179	-7.072256	0.0000

R-squared	0.659256	Mean dependent var	0.263545
Adjusted R-squared	0.659256	S.D. dependent var	0.691180
S.E. of regression	0.403464	Akaike info criterion	1.066931
Sum squared resid	3.418449	Schwarz criterion	1.116523
Log likelihood	-10.73624	Hannan-Quinn criter.	1.078613
Durbin-Watson stat	2.171875		

* p-value incompatible with t-Bounds distribution.
Source: Researcher Computation using Eview10

The table 10 model sought to relate the changes in unemployment rate in Nigeria to its explanatory variables to ascertain the conformation with 'a priori' expectation underlying each variable. This result shows that, the CointEq (-1) coefficient of the error correction term which measures the speed of adjustment towards long-run equilibrium is negatively assign and statistically significant at 5% level. The ECM has the expected negative sign of -0.55. This implies that the rate at which changes in unemployment rate at time t, adjusts to the single long-run co-integrating relationship is different from zero. In other words, the equation of unemployment rate at time t, contains information about the long run relationship, the reason why co-integrating equation enter the model automatically. The coefficient of the ECM revealed that the speed with which changes in unemployment rate at time t, adjusts respond to regressors is about -55% in the short-run. This is in conformity with this study aprior expectation. For the other test conducted on this section refers to appendix V.

Correlation Analysis
Correlation coefficients measure the strength of the relationship between two variables. A correlation between variables indicates that as one variable changes in value, the other variable tends to change in a specific direction. A correlation coefficient of zero indicates that no linear relationship exists between two continuous variables, and a correlation coefficient of −1 or +1 indicates a perfect linear relationship. The strength of relationship can be anywhere between −1 and +1. This section examines the relationship among FDI inflow, exchange rate and inflation rate in Nigeria using Pearson correlation analysis as presented in table 11 as follows;

Table 11
Correlations

		EXR	INF	FDI
EXR	Pearson Correlation	1	.455*	-.725**
	Sig. (2-tailed)		.026	.000
	N	24	24	23
INF	Pearson Correlation	.455*	1	-.041
	Sig. (2-tailed)	.026		.854
	N	24	24	23
FDI	Pearson Correlation	-.725**	-.041	1
	Sig. (2-tailed)	.000	.854	
	N	23	23	23

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).
Source: Researcher Computation using Eview10

Table **11** present Pearson correlation result among foreign direct investment inflow (FDI), exchange rate (EXR), and inflation rate (INF). The result shows that EXR with a coefficient of 1 and FDI with a coefficient of -0.725 and p-value of 0.00 indicate a fairly strong negative and significant relationship. That is, as EXR changes (increases) by one unit in value, FDI decreases by approximately 73percent. This result suggests that instability in exchange rate significantly affect FDI negatively. More so, EXR and INF with a coefficient of 0.455 and p-value of 0.026 indicate a low positive and significant relationship.

In the same vein, result shows that INF with a coefficient of 1 and FDI with a coefficient of -0.041 and p-value of 0.854 indicate a very weak negative and insignificant relationship. That is, as INF increases by one percent, FDI decreases by approximately 4.1percent. This result suggests that rise in general price level of a basket of goods and services insignificantly affect FDI negatively. More so, INF and EXR with a coefficient of 0.455 and p-value of 0.026 indicate a low positive and significant relationship.

Test of Hypotheses
The test of hypotheses 1 and 2 in this study is based on the outcome of ARDL estimate as presented in Table 3 and 9. While, for hypotheses 3 and 4 is based on correlation analysis in table 11. And, for the hypothesis 5 the test is based on table 5 and 10 respectively. For the hypothesis 1 and 2, The decision criteria to reject or accept the earlier stated hypotheses is based on the p-value and coefficient sign, where p-value is less than 0.05 level of significance null hypothesis will be rejected otherwise, where p-value is greater than 0.05 level of significance the alternative hypothesis is accepted.

Hypothesis one (H0$_1$) stated that FDI inflow has no significant impact on GDP growth rate in Nigeria. The FDI coefficient and p-value of ARDL estimate in table 3 are 0.140014 and0.8964 respectively. Given the p-value which is greater than 0.05 levels of significance indicate that null hypothesis stated earlier cannot be rejected. Hence alternative hypothesis which state otherwise cannot be accepted. Therefore, this study affirmed that FDI inflow has positive and statistically insignificant impact on GDP growth rate in Nigeria within the sampled period between 1999 and 2022. Finding of this study is in agreement with Darazo and Adaramola (2021) who concluded that foreign exchange exhibited positive and insignificant impact on the performance of Nigerian economy. On the contrary, this finding negate finding of Danladi (2022) who found that FDI has positive and significant effect on economic growth.

Hypothesis two (H0$_2$) stated that FDI inflow has no significant impact on unemployment rate in Nigeria. The FDI coefficient and p-value of ARDL estimate in table 9 are -0.095560 and0.6412 respectively. Given the p-value which is greater than 0.05 levels of significance indicate that null hypothesis stated earlier cannot be rejected. Therefore, alternative hypothesis cannot be accepted. Thus, this study concluded that FDI inflow has negative relationship and statistically significant impact on unemployment rate in Nigeria within the sampled period between 1999 and 2022. Finding of this study is in agreement with Aderemi, Omitogun and Osisanwo (2022) study result who revealed that the impact of FDI on employment is negative and statistically not significant.

Hypothesis three (H0$_3$) stated that FDI inflow has no significant relationship with exchange rate in Nigeria. The result shows that EXR with a coefficient of 1 and FDI with a coefficient of -0.725 and p-value of 0.00 which is less than 0.05 levels of significance indicate that null hypothesis stated earlier is been rejected. Therefore, alternative hypothesis accepted. Thus, this study concluded that FDI has a fairly strong negative and significant relationship with EXR. Finding of this study is in agreement with Olasehinde and Ajayi (2022) who found significant relationship between foreign direct investment (FDI) and real exchange rates.

Hypothesis four (H0$_4$) stated that FDI inflow has no significant relationship with inflation rate in Nigeria. The result shows that INF with a coefficient of 1 and FDI with a coefficient of -0.041 and p-value of 0.854 which is greater than 0.05 levels of significance indicate a very weak negative and insignificant relationship. Thus, the null hypothesis stated earlier cannot be rejected. Therefore, alternative hypothesis is discarded. Thus, this study concluded that FDI inflow has negative and insignificant relationship with inflation rate in Nigeria

Hypothesis five (H0$_5$) stated that there is no short-run and long-run relationship between FDI inflow and performance of Nigerian economy. The coefficient of Cointingration Equation (-1) of ARDL Error Correction Regression in table 5 and 10 respectively are -0.861543 and-0.552900 with p-values of 0.000 respectively which is less than 0.05 levels of significance indicate that null hypothesis stated earlier is rejected. Therefore, alternative hypothesis accepted. Thus, this study concluded that there is significant short-run and long-run relationship between FDI inflow and performance of Nigerian economy.

5. CONCLUSION AND RECOMMENDATIONS

This study examines the impact of foreign direct investment (FDI) inflow on the performance of Nigerian economy between periods spanning from the years 1999 to year 2022. In particularly, this study examines the impact of FDI on GDP growth rate and unemployment rate in Nigeria between 1999 and 2022. Ascertain if there is an any significant relationship among FDI, exchange rate and inflation rate. The scope of this study covered the periods of twenty-three years (23). To achieve these said objectives time series secondary data were sourced from World Bank Development Indicators (2023) and International Labour Organization, ILOSTAT database (2022). Autoregressive Distributed Lag Regression Estimate (ARDL) analysis was conducted with the aid of E-view 10. Findings of this study reveals as follows;

This study finding is as follows; that holding other independent variables in this study model constant, a one percent increase in gross domestic product growth rate (GRT) at period of lagged 1 translate to approximately 13.85 percent increase in its present value. That one percent increase in foreign direct investment inflow (FDI) lead to 14 percent increase in GDP growth rate. This result indicates that FDI contribute positively to GRT. Additionally, that exchange rate (EXR) and GDP growth rate (GRT) have negative and insignificant relationship. As one goes up the other go down. That is to say one percent decline in EXR that is naira appreciation against US dollar lead to approximately 4.8 percent increase in GRT vice-vicer. Furthermore, one percent increases in inflation rate (INF) leads to approximately, -8% declines, 36% increase and -31% declines in GRT respectively. More so, a one percent increase in unemployment rate (UNE) at period of lagged 1 translates to approximately 45 percent increase in its present value. More so, one percent decline in FDI lead to 9.5 percent increase in unemployment rate both variables are moving in the opposite direction. The policy implication of this result indicates that the decline in FDI contribute negatively to unemployment rate. While, increase in FDI lead to decline in unemployment rate. In addition, the correlation analysis result revealed that as EXR changes (increases) by one unit in value, FDI decreases by approximately 73percent. This result suggests that instability in exchange rate significantly affect FDI negatively. In the same vein, as INF increases by one percent, FDI decreases by approximately 4.1percent. This result suggests that rise in general price level of a basket of goods and services insignificantly affect FDI negatively. Lastly, finding of the study reveals that the coefficient of the ECM revealed that the speed with which changes in unemployment rate at time t, adjusts respond to regressors is about -55% in the short-run. Thus, significant short-run and long-run relationship between FDI inflow and performance of Nigerian economy exists.

The analysis and findings of this study lead to the following conclusions. That foreign exchange exhibited positive and insignificant impact on the performance of Nigerian economy. That FDI inflow has negative relationship and statistically significant impact on unemployment rate in Nigeria within the sampled period between 1999 and 2022. That FDI has a fairly strong negative and significant relationship with EXR. That FDI inflow has negative and insignificant relationship with inflation rate in Nigeria. That significant short-run and long-run relationship between FDI inflow and the performance of Nigerian economy exists. Based on the findings of this study, the study recommends as follows; that policy on foreign direct investment inflows should be targeting towards contributing to GDP growth and reducing unemployment rate through foreign investment in both short and long term port-folio. In particularly, foreign investor should be encouraged to engage more domestic workers in order to reduced unemployment rate. The activities of foreign investors which include transfer of foreign technology, repatriate of profit, managerial and organization should be critically examining and monitoring in order of ensuring stability of exchange rate and inflation

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