IMPACT OF CORPORATE TAXATION ON FOREIGN INVESTMENT AND ECONOMIC GROWTH IN NIGERIA

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Approval of the Thesis

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Abstract

IMPACT OF CORPORATE TAXATION ON FOREIGN INVESTMENT AND ECONOMIC GROWTH IN NIGERIA

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In the contemporary world, foreign investment (FI) is highly sought after in the majority of developing nations since it fosters economic growth through improving managerial abilities, new process innovation, employee training, global production networks, transfer of technical capital, and market access. Unfortunately, Nigeria has seen minimal net foreign investment flow over the past ten years, which has had a serious detrimental effect on the country's economic diversification and progress. In furtherance to this reality, this study examined the effect of corporate taxation on Foreign Investment in quoted and unquoted companies in Nigeria. The use of corporate taxation by the Nigerian government between 1990 and 2019 and its implications for Foreign Investment flow was assessed. Additionally, for the period of research, the study looked into how foreign investment impacted the nation's economic growth. Specifically, the study determined how corporate taxation impacted quoted foreign investment in Nigeria, how corporate taxation impacted unquoted foreign investment in Nigeria, how unquoted foreign investment impacted Nigerian economic growth, how quoted foreign investment impacted Nigerian economic growth, and how corporation tax impacted Nigerian economic growth. The Central Bank of Nigeria Statistical Bulletin and the World Development Indicators (WDI) provided time series data on foreign investment flows, corporation income tax, value-added tax, petroleum profit tax, and gross domestic product. Graphs, tables, and econometric methods were used to examine the data. The result revealed that Corporation taxation affects quoted investment positively only in the short run, while it does not affect unquoted investment. The result on the impact of quoted and unquoted investments revealed an insignificant effect on economic growth. However, corporation taxation significantly impacted economic growth. Inflation revealed a strong and substantial impact on economic growth, while exchange rate demonstrated an inverse and significant impact on economic growth. The study established that corporation taxation proxy by company income tax, value-added tax and petroleum profit tax impacted both the quoted and the unquoted foreign investments in different proportions and that value-added tax as expected, being an indirect taxation, substantially has a high coefficient value against all other taxes. The study therefore recommended that the Federal government accelerate and deepen tax reform as several aspects of the tax system must be considered for review and modification. Furthermore, it recommended deepening of the nation’s tax reform by putting all machinery in motion to review some aspects of the law that inhibit the inflow of foreign investment.

Keywords*:* Foreign Investment, Foreign Direct Investment, Foreign Portfolio Investment, Corporate taxation, Quoted companies, Unquoted companies

Declaration

I declare that this thesis has been composed solely by me and that it has not been submitted, in whole or in part, in any previous application for a degree. Except where stated otherwise by reference or acknowledgment, the work presented is entirely my own.

AI Acknowledgment

Non-Use of AI:

I acknowledge that I have not used any AI tools to create, proofread or produce any text or ideas related to any draft or final versions of the thesis.

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Dedication

I dedicate this Dissertation to God Almighty for His strength, wisdom and the ability to complete this Doctorate Degree.

I also dedicate this Dissertation to my dear Mother, Mrs. Oyedola Akerewusi for her support, inspiration and prayers for me during her life.

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CHAPTER ONE: INTRODUCTION

1.0 BACKGROUND TO THE STUDY

Over the last decade, nations worldwide have been struggling to entice Foreign Investment, particularly in underdeveloped nations. This is because international flows of capital perform a variety of functions in the world economy by ensuring that levels of domestic investment in a country exceed the country's level of saving (Lipsey, et al., 1999). Chuhan, et al. (1996) noted that the G-7 countries' capital outflows in terms of direct investment have been quite large while the non-G7 countries have been net recipients of international capital flows. According to Lipsey, et al. (1999), there was a significant increase in foreign investment inflows during the nineteenth century to United States and Argentina, resulting in faster economic growth. A critical assessment of the United Kingdom (UK) and Japanese economies during the nineteenth century, revealed that international capital flows provide a means to invest where returns are higher than at home for countries generating large amounts of savings (Lipsey, et al., 1999). Also, Lipsey et al. (1999) argued that although inward capital flows to the United States at that time were not large relative to domestic capital formation over long periods, they were much more important in shorter periods when capital formation spurted far ahead of more slowly growing saving levels, financing booms in capital formation that rising interest rates might have otherwise strangled. Furthermore, foreign investment influences trade if it creates production channels and informational spillovers that increase product demand (Swenson,2004). This assertion was supported by Blonigen (2001) noting that United States (US) imports from Japan declined when Japanese foreign investment created a US manufacturing presence.

A similar trend was observed in China in 1993 when it attracted $348 million worth of foreign investment (FI) representing 39 percent of the total flow in the entire less developed countries

despite her long restrictive policies and recent liberalization policies. Other BRICS countries of Brazil, Russia, India and South Africa, including Indonesia have equally witnessed continuously increasing trends in their foreign investment. From the perspective of African economies, Loots and Kabundi (2012) noted that FDI inflows are making substantial contribution to emerging economies. Musila, et al., (2006) however argued that to achieve growth in various sectors of African economies there is a need for huge investment injections because, to catch up with countries like Malaysia, Indonesia, and Thailand, sub-Saharan African economies will need to add between 29% and 25% to their existing investment levels. It was found that generally speaking, investment and savings rates in Africa have been on the decline. Because of this, most African countries have seen a serious rise in the savings-to-investment gap over time, highlighting the significant issue of funding development challenges. According to Musila et al. (2006), Africa was the hub of foreign direct investment (FDI) in the past due to its wealth of natural resources, which multiplied in 1999 due to rapid economic growth. However, this argument only accounts for 1.1% of FDI globally and 5.3% of FDI flows to all developing nations, with Angola, Egypt, Morocco, Nigeria, and South Africa accounting for roughly 63% of FDI during the period between 1995–1999. While the net flows into the emerging economies countries have been growing steadily since 1990, the share of the increasing flow attracted into the Nigerian economy maintains a consistent decline.

Foreign investment refers to the deployment of capital by individuals, companies, or governments from one country into assets or activities located in another country (Chen, 2020). Foreign Investment is expected to have significant impact on the nation's economic development. Foreign Investment can achieve economic growth by enhancing management skills, innovation of new processes, staff training, international production networks, transfer of technical capital,

and market access (Ugwu, 2018). In the pursuit of maintaining a Foreign Investment fit destination, nations have taken drastic measures, including tax incentives, liberalization of the economy, provision of infrastructure in designated industrial areas, and accessibility of guarantee on repatriation of profit (Uwuigbe et al., 2019). Tax incentives benefit businesses and put them in a position to make their success easier and stay in business (Olaleye, Riro, & Memba, 2016). Tax relief is in the form of personal benefits, investment exemptions, relief from losses, roll-over relief, pioneer support, and relief for exploration. It lowers tax burdens on the businesses involved. Others include a lower income tax rate, fiscal holidays, capital allowance, or an accounting provision allowing accelerated depreciation, reducing tariffs on imported products, raw materials, and components, or increasing domestic tariffs against import-replacement projects (Oladipo, Iyoha, Fakile, Asaleye, & Eluyela, 2019).

The theoretical foundation for the study of the impact of corporation taxation and foreign investment was laid in the study by Hines (1996) and Gordon and Hines (2002). Hines (1996) looked into how tax policy and foreign direct investment (FDI) interact and found that corporate tax rates significantly influence the location decisions of multinational corporations, with lower tax rates attracting more FDI. In the same vein, Gordon and Hines (2002) analyzed the impact of tax policy on economic activity, concluding that corporate taxes distort investment decisions and reduce the overall efficiency of capital allocation. They emphasized the importance of a competitive tax environment for attracting foreign investment. Desai, Foley, and Hines (2004) examined the impact of US corporate tax rates on outbound FDI. They found that higher US tax rates lead to greater FDI in low-tax jurisdictions as MNCs seek to minimize their tax burdens through profit shifting and strategic allocation of capital. Blonigen and Davies (2004) carried out research on the impact of taxes on the location of FDI within the US. They found that states with

lower corporate tax rates tend to attract more foreign investment, suggesting that subnational tax competition plays a significant role in FDI location decisions. Toder and Viard (2016) discussed the implications of US corporate tax policy on economic growth. They emphasized the need for comprehensive tax reform that balances the goals of attracting FDI with maintaining a fair and efficient tax system that supports long-term economic growth.

Additionally, Wei (2000) analyzed the determinants of FDI in China, finding that tax incentives and lower corporate tax rates significantly influence the location choices of multinational corporations (MNCs). Wei highlighted that tax incentives were particularly effective in the coastal regions of China, where most FDI is concentrated. Bai and Yu (2024) studied the impact of China's corporate tax reforms on FDI inflows. They found that the unification of domestic and foreign corporate tax rates in 2008 reduced some of the preferential treatment for foreign firms, but overall, the reforms created a more level playing field and improved the business environment, which continued to attract FDI. Gao (2018) examined the impact of recent tax reforms in China, particularly the reduction in corporate tax rates and the implementation of value-added tax (VAT) reforms. Gao found that these reforms have made China more attractive to foreign investors by reducing the overall tax burden and simplifying the tax system. Li and Yu (2018) examined how corporate tax incentives impacted FDI after the 2008 Enterprise Income Tax Law reform. They found that while the unification of tax rates reduced some incentives for foreign firms, the overall impact on FDI was positive due to the improved transparency and predictability of the tax system. Tang, Selvanathan, and Selvanathan (2008) explored the long-term effects of FDI on China’s economic growth. They found that FDI, attracted by favourable tax policies among other factors, significantly contributed to China’s economic development by bringing in capital, technology, and managerial expertise. However,

Gao and Yang (2020) critiqued the sustainability of China's tax incentives, suggesting that over-reliance on tax incentives could undermine fiscal stability and lead to unhealthy competition among regions. They advocated for broader structural reforms to enhance China's investment climate beyond tax incentives.

Further, Bond and Xing (2015) examined how changes in the corporate tax rate influence the behaviour of multinational corporations in the UK. They found that lower corporate tax rates not only attract new FDI but also encourage existing investors to expand their operations in the UK. The Institute for Fiscal Studies (IFS, 2016) explored the impact of corporate tax policy on economic growth and investment. They noted that while tax cuts can stimulate FDI, the broader implications for public finances and income distribution must also be considered. Oxford University Centre for Business Taxation (2016) found that the reduction in the UK's corporate tax rate from 30% in 2008 to 20% in 2015 contributed to an increase in FDI inflows. The study highlighted that a lower corporate tax rate reduces the cost of capital, making the UK a more attractive location for multinational firms. The UK Government's HM Treasury (2013) report discussed the importance of a competitive corporate tax rate for attracting and retaining FDI. The report emphasized that reforms aimed at lowering corporate tax rates and simplifying the tax system have been effective in enhancing the UK's attractiveness as an investment destination. Desai and Hines (2002) however criticized overly generous tax incentives, arguing that they might spark a price war where countries competitively lower their tax rates to attract FDI, potentially undermining public revenue. They advocated for a balanced approach that considers both tax competitiveness and the need for sustainable fiscal policies.

Besides**,** Wanke, Maredza and Gupta (2017) studied the impact of corporate tax reforms on FDI in South Africa. They found that recent efforts to simplify the tax code and reduce

corporate tax rates have had a positive impact on FDI inflows, although challenges remain in ensuring policy stability and predictability. Bekana (2016) focused on the mining sector, showing how targeted tax incentives in this sector attracted substantial FDI, which in turn spurred economic growth and job creation in Ethopia. However, the study also pointed out the need for transparent and stable tax policies to maintain investor confidence.

In addition, Adu and Awunyo-Vitor (2015) studied the impact of corporate tax rate reductions on FDI inflows in Ghana. They found that lowering corporate tax rates has a positive effect on attracting FDI, particularly in the financial services and telecommunications sectors. However, the authors stressed the need for a comprehensive approach that includes improving the overall business environment. Appiah-Adu, Okpattah, and Amoako (2018) examined the impact of tax incentives on FDI in Ghana's agricultural sector. They found that targeted tax incentives have been effective in attracting foreign investment, leading to increased productivity and growth in the sector. The study also highlighted the importance of aligning tax incentives with broader economic policy goals. Damoah (2021) analyzed the role of FDI in Ghana's economic growth, emphasizing that tax incentives are essential in stimulating foreign investment. However, the study also pointed out that the long-term sustainability of these incentives needs careful consideration to avoid potential negative impacts on tax revenue and fiscal stability. Kusi and Mensah (2018) discussed the challenges associated with implementing tax incentives in Ghana, such as corruption, policy inconsistency, and lack of transparency. They argued that these issues can undermine the effectiveness of tax incentives and deter potential investors.

Ugwu (2018) found that China had drawn significant investment with its low labour costs and large numbers of skilled workers. In addition, China introduced a 5-year tax vacation, with a

50% tax liability for another five years, while cities and regions were offered tax incentives for investors. Cross-border investment encouragement is one of the main elements of today's push for globalization, particularly by transnational companies and corporations (TNCs). Developing countries, particularly, consider Foreign Investment as a combination of capital, technology, marketing, management, and economic growth strategy (Olaleye et al., 2016). In Nigeria, the government implements tax incentives as a mechanism to leverage and induce local and foreign investment for production, export processing, oil and gas exploration, and utilities usage and provision (Uwuigbe et al., 2019). Olaleye et al., (2016) pointed out that Foreign Investment is a driving force for economic development and growth in Africa. Given the New Partnership for African Development NEPAD initiative, Ugwu (2018) stressed that the government works towards strengthening public-private partnerships with the road, agriculture, and electricity by attracting Foreign Investment.

A National Council on Privatization (NCP) was set up, and the Nigerian Investment Promotion Commission (NIPC) was also founded. To clear up all the investment requirements in Nigeria by attracting Foreign Investment in the form of tax incentives, NIPC has been strengthened to include a single-stop office. Even with tax incentives, the Foreign Investment's flow to the Nigerian economy is small compared to other African countries (UNCTAD, 2014). Nigeria's inflow to Africa is 5.6 billion dollars of Foreign Investment (10 percent of total Foreign Investment to Africa) from the FI of 57 billion. Nigeria has a 75% share of Foreign Investment inflow in the oil and gas market, while other sectors comprise 25% (Corporate Guide, 2012). Negative Foreign Investment flow to the production sector will have a negative effect on economic growth and diversification. Ugwu (2018) argues that industrialization would be crucial for Nigeria to transit from a poor country to a rich country. However, there is insufficient

Foreign Investment attraction in the Nigerian list of manufacturing companies. The declining revenues from the oil and gas industry have caused a negative impact on the low manufacturing sector. With declining revenues from the oil and gas industry, the negative effects of the low manufacturing sector came to light (Olaleye et al., 2016). While tax incentives and foreign investment studies have been conducted in Nigeria, the effects of reduced income tax incentives on Foreign Investment have virtually been ignored on quoted and unquoted companies in Nigeria.

Furthermore, Jones, Ihendinihu and Nwaiwu (2015) argue that the Nigerian economy is in a difficult position, due to its mono-product nature which is been worsened by the volatility in the international price of oil. As the country strives to enhance its economic growth and development, there is a need for foreign capital from Foreign Investment to resolve its ongoing adaptation. Therefore, the requirement for foreign capital is indispensable if the economy is to recover from its present economic state. Despite the opportunities offered by Foreign Investment, empirical proof shows that approaches to tax assessment can also foster remote interest among countries since an outbound enterprise provides competent access to the external business sector and generation economies, which encourages a prolonged net residential pay (Eiya & Okaiwele, 2019). With the current trends in Foreign Investment in Nigeria, it is important to examine the impact of corporate taxation on the rate of Foreign Investment indulgence in quoted and unquoted companies in Nigeria. To explicitly comprehend the role of corporate taxation on Foreign Investment flows, it is crucial to examine the use of corporate taxation by the Nigerian government within the period between 2000 and 2019 and the implications of this policy on Foreign Investment.

The period from 1990 to 2019 in Nigeria's political and economic landscape is significant

for several reasons. Firstly, this era saw profound changes, including transitions from military to civilian rule, economic reforms, and substantial growth in certain sectors. The Nigerian government undertook economic reforms, including liberalising the economy, privatizing state-owned enterprises, and encouraging foreign investment. Significant reforms in the banking sector, particularly during the mid-2000s, led to consolidation and increased stability in the financial system. Secondly, various infrastructure projects were initiated to improve transportation, power, and other critical sectors, though progress was often hampered by corruption and inefficiencies. There was significant urbanization during this period, with more people moving to cities in search of better economic opportunities. In conclusion, the period from 1990 to 2019 was transformative for Nigeria, characterized by a major political shift from military to civilian rule and significant economic reforms aimed at diversification and growth. Despite challenges such as political instability, terrorism, economic recessions, and persistent poverty, the era also saw advancements in telecommunications, infrastructure, and cultural industries.

The study considered foreign investment from the perspective of the quoted and unquoted investment because foreign investors usually not only invest in companies that are listed on the registered Stock Exchange in Nigeria but also in companies that are not listed on the Exchange. However, a substantial amount is put together for these forms of investment.

The current research is of important social and practical concern as it examines the crucial economic aspect that can transform the economic status of a nation. The implementation of corporate taxation in quoted and unquoted companies will attract foreign investment, which will enhance the quality, efficiency, and effectiveness of production in the companies leading to tremendous profit. The area of study is also of social concern as it will create employment and

attract investment, which will enhance the living standard in Nigeria.

1.1 RESEARCH PROBLEM STATEMENT PURPOSE OF THE STUDY

Over the years, Nigeria in its quest for national development has been caught in the web of the role of foreign capital (Ugwu, 2018). Most businesses are facing hard times which is a reflection of the bad shape of the economy. The realities of the not-to-good shape of the Nigerian economy and the imperatives of a balanced of payment equilibrium, as well as the burden of our current external debt services ratio combined to make injection of foreign capital a sine qua non for economic recovery and accelerated development. Uwuigbe et al., (2019) noted that foreign investors are no Santa Claus. They invest in an economy to primarily maximize their returns which could result in investors preying on the domestic economy, thus retarding real growth. Despite these changes, foreign investors are not entirely predacious in their operations in the domestic economy. The influx of foreign capital consequent upon his investment is known to have served as both a fillip and catalyst to growth and development.

For the Nigerian economy to come out of the woods, the need for foreign capital is indispensable. Although the country is in dire need of foreign capital for the ongoing internal adjustment and realignment of the nation's growth potential, there are concerns that commanding heights of some sectors of the economy may wrest complete control of the national economy and render it an appendage. A critical look at the inflow of foreign investment into Nigeria from World Bank reports displays a very disturbing development. While the net flows into the emerging economies countries have been growing steadily since 1990, the share of the increasing flow attracted into the Nigerian economy maintains a consistent decline. On the contrary, the report stated that China attracted $348 million worth of foreign investment (FI) in 1993 representing 39 percent of the total flow in the entire less developed countries despite her long

restrictive policies and her only recent liberalization policies. Other BRICS countries of Brazil, Russia, India and South Africa, including Indonesia have continuously increasing trends in their foreign investment. Nigeria has however been trying to reset this adverse situation by coming out with other economic policies of liberalization in the foreign exchange market, trade openness and having other international trade currencies such as the Yuan in addition to working on the nation's decaying infrastructure, the need to encourage substantial inflow into the country needed to be supported with right tax regimes and policies that can attract foreign investment while stimulating economic activities. In light of the above, several incentives were introduced within the period to enhance foreign investment inflow which is a sine qua non for economic growth and investment.

The focus of the study is to explore the impacts of corporate taxation such as company income tax (CIT), value-added tax (VAT), and petroleum profit tax (PPT) on Foreign Investment as well as economic growth in Nigeria between 1990 and 2019. Empirical research in this field with a focus on Nigeria's context is limited. A previously conducted study by Olaleye et al., (2016) accentuated tax policy incentives and Foreign Investment in Nigeria. However, the study concentrated on the influence of tax incentives on the inflow of Foreign Investment in only quoted manufacturing companies in Nigeria. Ugwu (2018) examined the effect of tax incentives on Foreign Investment inflow into Nigeria, Ghana and South Africa. Nonetheless, emphasis was placed on the impact of Foreign Investment inflow on these countries' exports following their implementation of the International Financial Reporting Standard (IFRS) for the period 1999-2015. In a similar vein, Uwuigbe et al., (2019) evaluated the impact of taxation on Foreign Investment inflow to Nigeria but in conjunction with the rate of inflation, exchange rate and real gross domestic product. Likewise, a study on tax policy incentives and Foreign Investment in

Nigeria between 1994 and 2016 was conducted by (Olaniyi, Oyedokun & Ajayi, 2019) but the study focused much on the influence of petroleum profit tax incentives on the inflow of Foreign Investment in Nigeria. Also, the study placed more significance on the level of value-added tax incentives and how they impact Foreign Investment inflow. Besides, the extent to which the excise and customs duties influence the inflow of Foreign Investment in Nigeria has been examined (Olaniyi et al., 2019). Nevertheless, empirical studies on corporate tax policy and its effects in influencing Foreign Investment in Nigeria, particularly focussing on quoted and unquoted companies are limited. Thus, there is a need for further research to examine the effectiveness of such incentives on economic climate and investors in Nigeria between 1990 and 2019 to fill this gap.

According to Eshghi, Eshghi, and Li (2016), corporate income tax policy has been recognised as an important business strategy to attract foreign investment in labour-intensive organisations. In addition, Peters and Kiabel (2015) cited that corporate tax policy is the key policy instrument used by governments around the globe, especially in developing countries and countries with limited capital and lags in technological advancement. This policy assists governments to encourage more foreign investors. Therefore, this study focuses on determining whether the use of corporate taxation policy has significant effects in encouraging more such investors and Foreign Investment in Nigeria. The study is more focused on foreign investment in Nigeria because it is one of the African countries that lag in terms of Foreign Investment flows worldwide even with its high population and its attendance market potential (Anyanwu & Yameogo, 2015). Also, Nigeria was selected for the study because it is one of the countries that have increasing inter-African investment (Anyanwu & Yameogo, 2015). As such, this study showed the influence of corporate taxation in attracting foreign investment in quoted and

unquoted companies in Nigeria. Also, the study added value to the existing body of literature on the impacts of corporate taxation on Foreign Investment as it revealed the extent to which corporate taxation encouraged Foreign Investment. In addition, the study contributed to the existing literature on the significant relationship between economic growth and Foreign Investment in Nigeria between 1990 and 2019.

1.2 RESEARCH AIMS AND OBJECTIVES

The main objective of the study is to empirically examine the impact of corporate taxation in attracting foreign investment flow as well as influencing economic growth in Nigeria.

The specific objectives are to:

i. ascertain the effect of corporate taxation on quoted foreign investment in Nigeria;
ii. examine the effect of corporate taxation on unquoted foreign investment in Nigeria;
iii. evaluate the effect of unquoted foreign investment on economic growth in Nigeria;
iv. analyse the effect of quoted foreign investment on economic growth in Nigeria; and
v. assess the effect of corporation tax on economic growth in Nigeria.

1.3 NATURE AND SIGNIFICANCE OF THE STUDY

1.3.1 Research Method and Design

The study employed both a quantitative correlational research approach and an econometric research analysis. A quantitative correlational research approach mainly focuses on examining the research phenomenon by establishing the relationships between variables (Walter & Andersen, 2016). The research approach is used to collect tabulated data that can be used to compare and describe the phenomenon being studied (Stangor, 2011). Since it is the intention of the study to consider both the relationship that exists between the variables and the impacts of the incentives on foreign investment net flow, both correlational research approach and

regression research will best suit this study. In statistical and econometrical analysis, correlational analysis is suited for relationship determination, while measuring the impact of one variable or the other requires a more robust instrument within the purview of econometrics especially when time series data are involved.

1.3.2 Data Collection

The research questions and hypotheses guiding the study were addressed by the use of secondary data. Secondary sources mainly from bulletins and databases were used as tools to obtain the necessary data. According to Sutton and Austin (2015), secondary sources are among the most useful data collection instruments used in research to collect relevant information to address research questions. These data collection instruments assist in gathering large datasets whereby the existing materials or documents are reviewed to obtain the most relevant information that best describes the topic or the problem in question (Smith, 2008). In this quantitative correlational study, secondary data were obtained from the Central Bank of Nigeria Statistical Bulletin (2021) and World Bank Development Indicator database (2021) because they include the necessary information within the specified period 1990 to 2019. The data were collected in a numerical format. The data from the two databases were compared to ensure the accuracy of the data used. Data from the Nigerian Statistical Bulletin were given priority if any differences between the data set were observed. The period of the study was considered to sufficiently capture the effect of the various economic reforms that have characterised Nigeria's economic activities over the past two decades. The reforms spanned across the military, interim national government and civilian regimes. The focal areas of the reforms relevant to this study were; fiscal policy and management, monetary policy, exchange rate management, liberalisation of foreign trade and management of external debt. The study particularly adopted 1990 as the

base year to capture the effect of critical reforms that have shaped Nigeria's economy from its infancy. The reform programmes upon which the current Nigerian economic environment is anchored began in the latter part of the 1980s and the beginning of the 1990s through the Structural Adjustment Programme (SAP) under the military regime while National Economic Empowerment and Development Strategy (NEEDS) began after the country's transition to democratic government.

Ethical concerns ensure transparency in the research through the protection of data privacy and confidentiality (Friesen, Kearns, Redman, & Caplan, 2017). In this study, ethical measures were undertaken to protect the privacy and confidentiality of data used throughout the study. The study does not involve human subjects and ethical considerations such as informed consent, voluntary participation and free withdrawal are not applicable.

1.3.3 Data Analysis

In this study, correlational analysis using Statistical Package for the Social Sciences (SPSS) version 26 was used in addition to E-views 10 econometric software. Pandis (2016) explained that correlational analysis is a numerical evaluation that is mainly used to study the relationship between two different continuous or statistically measured variables. This method of analysis allows the researcher to establish a possible relationship between the variables (Pandis, 2016). Thus, a correlational data analysis assisted in determining the relationship between corporate taxation and Foreign Investment net flow in Nigeria between 1990 and 2019. The correlation coefficient was used to determine the strength of the relationship between corporate taxation and Foreign Investment, while the regression coefficient was adopted to determine the strength and pattern of impact of the corporation taxation and other control variables on foreign investment net flows in both the quoted and the unquoted companies. Ong and Puteh (2017)

explained that SPSS is used in correlational and comparison statistical tests to determine how two variables relate to each other. The correlational analysis was used to evaluate how corporate taxation relates to Foreign Investment in Nigeria. The analysis helped to determine the existent of statistically significant relationship between the two variables of interest in the current study. This data analysis package was supported with E-views version 10. The analysis from this software was considered crucial in addressing the research hypotheses of whether corporate taxation has a significant impact on Foreign Investment in Nigeria between 1990 and 2019.

1.3.4 Significance of the Study

In the contemporary world, the introduction of Foreign Investment is crucial especially in developing and less developed countries. Foreign investments enhance a country's growth through financial investments as they provide a cheap source of external finance through domestic savings (Park & Kim, 2017). The results from other studies concerning the effects of tax incentives on Foreign Investment inform the need to examine Nigeria's corporate taxation, which is the focus of this study. As such, the current research is crucial as it bsprovided sutantial insights into the impact of corporate taxation in attracting Foreign Investment in quoted and unquoted companies. The research also identified the trend of corporate tax for the past three decades. Examining the impact of corporate taxation on foreign investment in Nigeria between 1990 and 2019 is of importance as it provides a great basis for future scientific research in the field, and adds to the existing literature on tax incentives and Foreign Investment in developing countries. The study identified the impacts of corporate taxation such as value-added tax (VAT), company income tax (CIT) and petroleum profit tax (PPT) in attracting Foreign Investment in quoted and unquoted companies in Nigeria.

1.4 RESEARCH QUESTIONS AND HYPOTHESES

1.4.1 Research Questions

The primary research question addressed by the study is: What are the effects of corporate taxation on Foreign Investment and economic growth in Nigeria between 1990 and 2019?

To achieve the study objectives, the following questions were raised:

i. What is the effect of corporate taxation on quoted foreign investment in Nigeria?

ii. What is the effect of corporate taxation on unquoted foreign investment in Nigeria?

iii. What is the effect of quoted foreign investment on the economic growth of Nigeria?

iv. What is the effect of unquoted foreign investment and the economic growth of Nigeria?

v. What is the effect of corporate taxation on the economic growth of Nigeria?

1.4.2 Research Hypotheses

In line with the study objectives, the following hypotheses were formulated:

H_{01}: Corporate taxation has no significant impact on quoted foreign investment in Nigeria.

H_{A1}: Corporate taxation has significant impact on quoted foreign investment in Nigeria

H_{02}: Corporate taxation has no significant impact on unquoted foreign investment in Nigeria.

H_{A2}: Corporate taxation has significant impact on unquoted foreign investment in Nigeria.

H_{03}: Quoted foreign investment has no significant impact on economic growth in Nigeria.

H_{A3}: Quoted foreign investment has significant impact on economic growth in Nigeria.

H_{04}: Unquoted foreign investment has no significant impact on economic growth in Nigeria

H_{A4}: Unquoted investment has significant impact on economic growth in Nigeria.

H_{05}: Corporation taxation has no significant impact on economic growth.

H_{A5}: Corporation taxation has significant impact on economic growth.

CHAPTER TWO: LITERATURE REVIEW

2.0 OVERVIEW

The primary objective of the study is to investigate the impact of corporate taxation on foreign investment flow in Nigeria from 1990-2019. The section presented a detailed and comprehensive review of literature related to corporate tax and foreign investment flow in Nigeria. To achieve this, the section is organized into six subtopics that analyze individual peer-reviewed research articles from their methods used, participants, results, and how the study is related to this thesis. The subtopics also discuss various themes related to the research. The first section focuses on examining the impacts of taxation on Foreign Investment (FI) by investigating crucial aspects of taxation and how they influence FI flow in Nigeria. The second section examines the effects of FI on quoted and unquoted companies in Nigeria and the different roles and impacts FI has on the two business environments. In Nigeria, FI consists of two components: Foreign Portfolio Investment (FPI) and Foreign Direct Investment (FDI).

Both FDI and FPI are categorised under in the fifth edition of the IMF's Balance of Payments Manual (BPM5) as the foreign investment that aims to give a citizen of one country (the direct investor) a long-term stake in a company operating in a different country (the direct investment enterprise) and investments made mainly in form of financial capital outside the home country (indirect foreign investment) respectively. According to Akintoye (2021), FDI and FPI are two types of foreign investments that involve investing in another country. However, Kukaj and Ahmeti (2016) juxtaposed the two types of Foreign Investment (FDI & FPI) and in their assertion, they noted that in FPI, also known as foreign indirect investment, the investor does not have the right to control the company or participate in the decision-making process, while in FDI, the case is different as the investor has both the right to control and to participate in

the decision-making process of the company. They further explained that in FPI, investments are made principally by way of financial capital outside the home country; in contrast to the case of FDI where the investor invests in production factors (financial capital, labour, technology and expertise) outside the home country. In effect, while FPI is an investment in quoted companies, FDI is an investment in unquoted companies.

Foreign Direct Investment (FDI) is defined by UNCTAD (2015), as an investment that reflects a long-run holding and control by a resident entity in one economy (foreign direct stockholder or parent company) in a venture or business that is located in any country besides that of the foreign direct investor (FDI business or affiliate company or overseas subsidiary). FDI indicates that the investor has significant management influence over the company located in the other economy. This investment includes all of the transactions that took place between the two entities as well as any later ones that involved their respective registered and unregistered overseas affiliates. FDI can be carried out by both private individuals and corporate organisations.

However, Foreign Portfolio Investment (FPI) is described by Montiel & Reinhart (1999), as a type of investment that involves buying stocks, bonds, or other financial assets of a foreign country. As stated by Appleyard & Alfred (2013), FPI is a way for investors to diversify their portfolios and take advantage of global market opportunities. In other words, Foreign Portfolio Investment refers to the acquisition of financial instruments like bonds and stocks, or other securities, in a foreign country (Ilugbemi & Ogunlokun, 2020). These assets are held by investors outside the country where they were issued or traded. Investors usually buy and sell these assets in a foreign stock exchange or financial market.

Indeed, the most obvious benefit of FI is the creation of jobs, which is one of the main reasons a country (especially one that is developing), will try to entice FI. FDI increases the manufacturing and service sectors, which leads to job growth and lower unemployment rates in the nation. Increasing employment increases earnings and gives the populace greater purchasing power, which strengthens a nation's overall economy. Human capital development is another advantage of Foreign Investment. Human capital refers to the skill and knowledge of a worker. Employee training and experience-based skills can improve a nation's human capital and educational system. It can train human resources in other industries and businesses through a cascading effect. Targeted nations and organizations have access to the newest financial instruments, innovations, and management techniques from around the globe. The introduction of newer and improved technology leads to the diffusion of businesses into the local economy, resulting in increased industrial efficiency and effectiveness. The markets for many FDI-produced commodities extend beyond local markets. The establishment of solely export-oriented businesses helps FDI investors support increased exports from other nations. A country's central bank is assisted in maintaining a healthy foreign exchange reserve, which results in stable exchange rates, by the flow of foreign investment (FI) into the nation. For governments with few domestic resources as well as those with few opportunities to raise money on international capital markets, the inflow of capital is especially advantageous. FI aids in the development of a competitive environment and the dismantling of domestic monopolies by facilitating the entry of foreign businesses into the domestic market. A healthy competitive environment encourages innovation by pushing businesses to continuously improve their operations and product lines. Also, customers have access to a greater selection of products with affordable prices.

Besides, FI may occasionally prevent domestic investment. Local businesses in countries begin to lose interest in investing in their homegrown goods as a result of FI. The political climates of other nations are subject to frequent change, which could hurt investors. Exchange rates can occasionally be impacted by foreign direct investments, favouring one nation while harming another. Investors can observe that investing abroad is more expensive than exporting goods. More money is frequently spent on equipment and intellectual property than on the salaries of local workers. Foreign investments can occasionally be extremely hazardous or economically unviable because they may be capital-intensive from the investor's perspective. Political turbulence all the time can result in expropriation. In this situation, the governments of those nations will be in charge of the assets and property of the investors. Many third-world nations, or at least those with a history of colonialism, fear that foreign direct investment will lead to some form of contemporary economic colonialism, leaving host nations exposed and open to exploitation by foreign corporations.

Ekpo (1997) looked at the correlation between FDI and a few macroeconomic variables in his study on the factors influencing foreign direct investment in Nigeria. The findings revealed that the variation in FDI inflows to Nigeria was explained by the political system, real income per capita, rate of inflation, global interest rate, credit rating, and debt servicing. According to an empirical analysis of the relationship between foreign direct investment and its determinants, the size of the host country's markets, deregulatory policies, political unrest, depreciating exchange rates, the abundance of natural resources, and inflation are important factors influencing FDI to Nigeria. Findings from previous studies revealed that, among other factors, the market size was positively and significantly related to attracting foreign direct investment (FDI) (Soumyanada, 2009; Yuko and Nauro, 2002; Beatrice and Adolf, 2004; Asiedu, 2002; Obadan, 1982; Iyoha

2001; Loree and Guisinger, 1995). In his research, Soumyananda (2009) took into account the employment rate, inflation rate, exchange rate, openness, and natural resources availability as variables affecting FDI. In the long term, FDI inflow to Nigeria is co-integrated with natural resource outflow, GDP per capita, openness, inflation, and foreign exchange rate, according to results obtained using a vector error correction model. Another thing to keep in mind is that the error correction coefficients for FDI flow and foreign exchange rate are notably negative, but they are significantly positive for resource flow and GDP. Using an econometric model based on panel data analysis for 38 developing nations (including transition economies) from 1995 to 2000, Marcelo and Mario (2002) concluded that FDI is correlated with education level, economy's level of openness, risk, and factors related to microeconomic performance like inflation, risk, and average rate of economic growth. In their study of the variables affecting the type and amount of private foreign direct investment in Southern Africa, Carolyn and Lynne (2004) discovered that FDI is one of the factors connecting Southern Africa to the global economy. Yet, the finding is not unique, since it has also been observed in trade flows.

Additionally, Eiya & Okaiwele (2018) examine the relationship between the different forms of taxes collected and foreign direct investment in Nigeria. The study adopted the ex-post facto research design and covers a period of thirty-four years from 1982 to 2015. Secondary data were analyzed using the Autoregressive Distributed Lag regression technique. The study found that there is a negative and significant relationship between taxes collected in the form of the National Information Development Fund and Education Tax and Foreign Direct Investment. Also, there exists a positive and significant relationship between Value Added Tax, Companies Income Tax and Foreign Direct Investment, while Petroleum Profits Taxes and Custom and Excise Duties do not influence Foreign Direct Investments in Nigeria. Based on the findings, the

study recommended that the government should come up with more friendly economic policies such as tax incentives and macroeconomic adjustments that will enhance the continuous increase and growth of the nation's GDP and by implication, attract FDI into Nigeria.

Furthermore, using information on FDI movements between seven countries from 1984 through 1989 and a sophisticated measure of the cost of capital, Devereux and Freeman (1995) estimate the effect of taxation on FDI flows. They discover that taxes do have an impact on the site of outward FDI, but they have little impact on the decision between domestic investment and total outward FDI. The implications of tax integration systems are investigated using these findings. Providing foreign shareholders, with a tax credit may result in a significant rise in FDI from "exemption" countries but not from "partial-credit" countries. The overall impact on the United States would be negligible. Shafig, Hua, Bhatti and Gillani (2021) examine how taxes may affect Pakistan's decision regarding FDI inflows. Data from time series covering the years 1985 to 2020 are used. The World Development Indicator (WDI) and the Economic Survey of Pakistan were the two sources from which the information was gathered. Empirical study employs the Auto-Regressive Distributed Lag and Error Correction Model (ECM) methodologies. According to the study's findings, Pakistan has low taxes that encourage FDI and a long-term association between taxes and FDI. FDI is positively impacted by other control variables like GDP growth, trade openness, and currency rate. It is recommended that policymakers use measures to lower taxes to welcome FDI in Pakistan.

The third section of the literature review focused on discussing the implications of FI on economic development and advancement in Nigeria by exploring the implications of FI on economic growth in Nigeria. Furthermore, the fourth theme/ subtopic examined the country-specific factors, including political factors, market, and economic factors, alongside their

influence on FI. The political factors discussed include the degree of openness of the host country to global business and political stability. Market factors include the population of the host country and GDP, while economic factors encompass the unemployment rate, cost of capital in the host country, inflation rate, and exchange rates. Subtopic five comprised a detailed description of the Ownership, Location and Internalization (OLI) factors in the Nigerian context and their influence on FI inflow. The OLI factors entailed a discussion of ownership advantage and how firms utilize it to successfully engage in FI, the host country's characteristics, and how internalization advantage influences a company's choice of engaging in FI. Lastly, the last theme focused on exploring past research on the nature of the correlation between corporate taxation and FI inflow. Various key search terms were used in the study, including corporate taxation, FI, FDI, FPI, Ownership, Location and Internalization factors, OLI, quoted and unquoted, and GDP. The study was substantially limited to peer-reviewed articles over the last five years (2016-2021). Moreover, the articles were retrieved from several databases, including OECD, ADI, ProQuest, Statista, and Access World News database. Google Scholar and hand searching using existing eligible references were also used to retrieve some study articles.

2.1 CONCEPTUAL FRAMEWORK

A conceptual framework is a structure that the researcher believes can best explain the natural progression of the phenomenon to be studied (Camp, 2001). It is linked with the concepts, empirical research and important theories used in promoting and systemizing the knowledge espoused by the researcher (Peshkin, 1993). A conceptual framework in research is used to understand a research problem and guide the development and analysis of the research. It serves as a roadmap to conceptualize and structure the work by providing an outline that converts different ideas, concepts and theories within the area of study

A conceptual framework is a representation of the relationship you expect to see between your variables, or the characteristics or properties that you want to study. Conceptual frameworks can be written or visual and are generally developed based on a literature review of existing studies about your topic. A conceptual framework is used to illustrate the variables in a study and the relationship expected to be found between them. A conceptual framework pictorially or verbally depicts the presumed relationship among the variables.

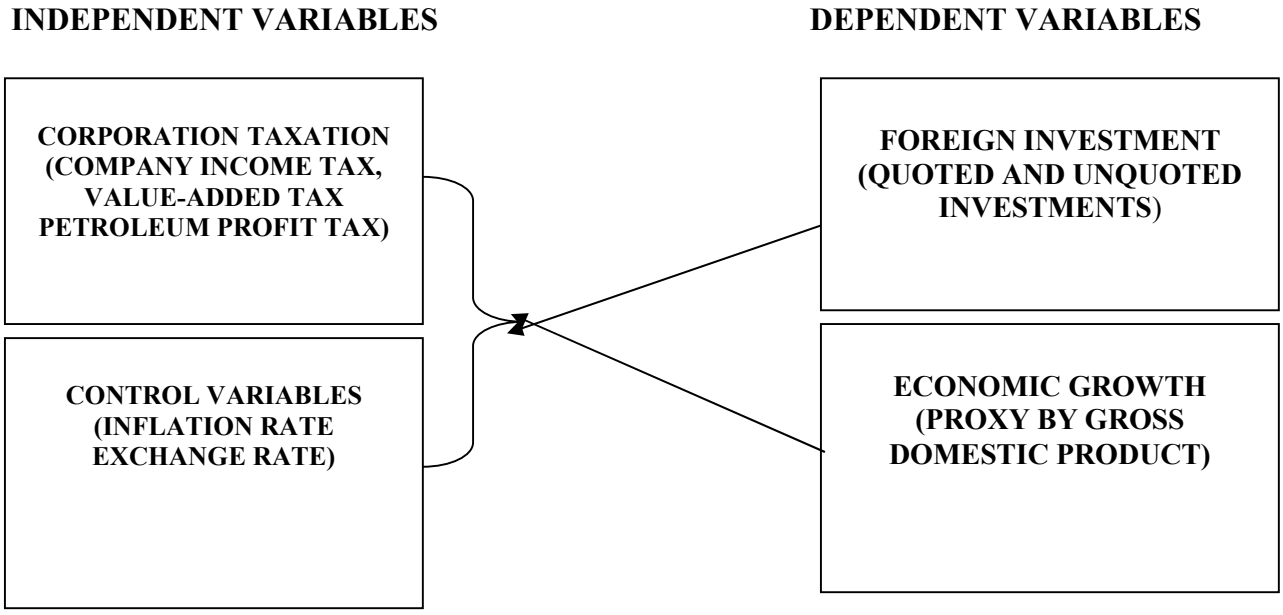
A conceptual framework sets forth the standards to define a research question and find appropriate, meaningful answers for the same. It connects the theories, assumptions, beliefs, and concepts behind your research and presents them in a pictorial, graphical, or narrative format. Miles and Huberman (1994) defined a conceptual framework as a visual or written product, one that "explains, either graphically or in narrative form, the main things to be studied—the key factors, concepts, or variables—and the presumed relationships among them"

The conceptual framework presents a theory of the phenomenon being investigated and researchers must construct the conceptual framework based on their personal experiences, previous research, and published theories to create a clear representation of their study (Maxwell, 2013). Furthermore, Miles et al. (2014) made a significant contribution to the concept of conceptual framework by introducing a graphical representation of it. The authors emphasized the importance of dedicating ample time to developing and presenting the conceptual framework. This process helps researchers to closely examine the relationship between variables, the characterization of study participants, and the selection of data collection instruments. Marshall and Rossman (2016) defined a conceptual framework as the rationale for a study The importance of grounding a conceptual framework in the literature related to the topic under investigation was also emphasized by Marshall and Rossman.

Additionally, Ravitch and Riggan (2017) explain that a conceptual framework is an argument for a study, which has two main parts. First, the argument explains why the study is important and who the intended audience is. Second, the argument shows how research questions, data collection, and data analysis are aligned, and how rigorous procedures are used to conduct the study. They suggested that the conceptual framework informs and describes the development of research questions, design selection, data collection, data analysis, and presentation of findings.

All definitions emphasize the significance of the relationship between the conceptual framework and the purpose of the study, as well as the alignment of its parts. They also illustrate how a conceptual framework can simplify the construction of a study.

Figure 2.1: ***Conceptual Framework***



Source: Researcher's Design (2023)

While the theoretical framework outlines how more abstract-level theories shape the study, the conceptual framework operationalizes the empirical observations that can be connected to theory and broader understanding. Understanding these differences is crucial when designing and conducting your research study. In this study, the diagram depicted in a pictorial form the focus and objective of assessing the impact and the relationship the independent variables (corporation taxation in the form of corporate income tax, value-added tax and petroleum profit tax) have on the dependent variables (quoted foreign investment, unquoted foreign income and economic growth) along with the interaction of the control variables (inflation and exchange rate).

2.2 GENERAL OVERVIEW OF TAXATION

Taxation refers to the compulsory and coercive collection of money from individuals and firms in a given country by a levying authority, which is often the government (Ofurum, Amaefule, Okonya, & Amaefule, 2018). Taxation is mandatory and is often imposed on taxpayers to generate income for the provision of public goods. Harelimana (2018) defined taxation as compulsory money collection by an imposing authority. According to Appah and Oyandonghan (2011), the purpose of taxation is to generate revenue for the government to fund public goods and services. However, Anyanfo (1996) has argued that taxation can also be used as a tool to achieve various economic and social objectives, such as reducing inequality, promoting economic growth, and discouraging harmful behaviour. Taxation is also distinguished from other types of payment, such as market interactions since taxation requires no individual's consent and is not in exchange for any services rendered in an economy. Taxation is the process by which the government levies charges on individuals, businesses, and other entities to finance public goods and services. They are collected by the government to fund public projects such as

infrastructure, defense, education, and healthcare, among other things (Oyedokun, 2020). It is the imposition of compulsory levies on individuals or entities by governments. They are levied mainly to generate funds for government spending, while they also have other uses (Cox et al., 2022).

Further, Slemrod and Bakija (2017), define taxation as the extraction of money by a government from its citizens for the purpose of financing government spending. It is the compulsory levying of financial charges by a public authority to finance public spending OECD (2021). According to economist and former US Secretary of Labor Robert Reich (2020), taxation is the way we pool our resources to fund the things that we as a society have decided are important, like education, healthcare, infrastructure, and national defence. Corporate taxation refers to the taxes that corporations or firms pay with respect to their taxable incomes (Darnihamedani, Block, Hessels, & Simonyan, 2018). Primarily, corporate taxes apply to both resident and non-resident companies operating in a particular country.

2.3 OVERVIEW OF TAXATION IN THE NIGERIAN CONTEXT

Taxation is a tool used by the government to generate income to enable payment for government spending on public goods provision. Taxes are involuntary and levied on individuals and corporations to finance government activities (Ibe, 2019). Taxation in Nigeria dates back to the colonial era when local chiefs collected tax to finance security and common services (Gatt & Owen, 2018). In Nigeria, the first legal taxation law was the Land Revenue Proclamation Law of 1904, introduced by the British colonial masters, which applied to Northern Nigeria. In 1917, the Native Revenue Ordinance was enacted to cover the southern and western parts of Nigeria, and in 1927, the first Personal Income Tax law was enacted in the Eastern Region. In 1939, the Companies Income Tax Ordinance was introduced to cater for the taxation of companies (Ibe,

2019). Nigeria became a federation in 1954, after which the sharing of taxing powers between regional and federal governments arose. The Federal government has since enacted the Personal Income Tax Act of 1993, the Companies Income Tax Act of 1979, and the Taxes and Levies Act of 1998 (Ibe, 2019). Despite the implementation of different taxation laws in Nigeria, the tax administration system is still problematic. Notably, this is because the judiciary has not been instrumental in enforcing tax compliance, given that it is subject to high levels of corruption (Ibe, 2019).

Similarly, taxation has been viewed as an instrument of engineering the performance of an economy. Onakoya and Afintinni (2016) noted that the economic growth role of taxation in Nigeria had not been felt due to the country's poor tax administration system. Specifically, this is because the taxation policies encompassing the E-payment scheme, Tax Identification Number, and Anti-Tax Avoidance legislation lack accountability, high levels of corruption, and the general public is not aware of tax compliance benefits (Onakoya & Afintinni, 2016). A country's tax administration system determines how citizens comply with the tax regulations and the kind of tax behaviour exhibited by them, alongside the level of accountability in the tax system. In Nigeria, the fiscal power relies on a three-level tax structure consisting of national, state, and local governments (Odhiambo & Olushola, 2018). Precisely, the national government levies taxes on corporate bodies while the state and local governments tax individuals. Regarding corporates, the taxes are levied according to part I of the tax schedule, which appertains to companies' income taxes, withholding taxes, petroleum profits tax, capital gains tax, and stamp duties on corporate bodies (Odhiambo & Olushola, 2018). Particularly, corporate taxes are regulated by the Companies Income Tax Act (CITA) (Olatunji & Oluwatoyin, 2019).

Also, Odhiambo and Olushola (2018) noted that Nigeria's taxation policy subjects companies to multiple taxation, given that they are compelled to pay taxes to the federal government and pay other levies and rates to the state and local governments. In the same vein, Olatunji and Oluwatoyin (2019) opined that Nigeria's tax system exerts heavy burdens on firms, thus undermining their performance. This is because corporate taxes' incidence generally lies on companies, thus dipping the fund available for growth, or dividends for re-investment, thereby hampering the amount of goods and services produced by such firms. Corporate taxes are charged based on a company's profits. In Nigeria, companies are required by law to pay a corporate tax based on company income tax on the profit earned of 30%, an education tax of 2%, a withholding tax of 10%, and a value-added tax of 5% in the period preceding tax assessment (Olatunji & Oluwatoyin, 2019). However, effective from 1st January 2021 (with the exemption of the VAT rate which takes effect from February 2020), Company Income Tax (CIT) rate was classified as 30% for large companies; 20% for medium-sized companies; and 0% for small companies. For education tax, 2% is chargeable on the qualifying profits of businesses incorporated in Nigeria other than a small company while VAT was increased from 5% to 7.5% (Finance Act, 2020). According to the Finance Act (2020), a small company is any company that earns a turnover of N25,000,000 or less per annum while a medium-sized company is a company that earns a turnover of above N25,000,000 but less than N100,000,000 per annum. A large company is any company that earns a turnover of N100,000,000 and above. Above all, resident companies are made to pay a corporate income tax rate of 30%, while non-resident companies with significant economic presence and providing technical, professional, management, and consultancy services are subject to a 10% final tax on their profits (PWC, 2021). Adegbite & Fasina (2019), maintain that the Nigerian tax system is made up of Three (3) constituent parts;

the tax administration, tax laws, and tax policy.

2.4 TYPES OF TAXES IN NIGERIA

2.4.1 Personal Income Tax:

This is a tax on the income of individuals, including salaries, wages, profits, and gains from trade, business, or investment. The tax is typically calculated as a percentage of the taxable income earned by an individual. The tax rates and income brackets vary by country and are often designed to be progressive, meaning that the tax rate increases as the income level of an individual increases.

2.4.2 Company Income Tax:

This is a tax on the income of companies and corporations operating in Nigeria. Companies are subject to income tax based on the provisions of the Companies Income Tax Act (CITA). The tax is levied on the profits of the company for every assessment year. The current rate of company income tax in Nigeria is 30%, but there are some exceptions for small companies that meet certain conditions (Ojo & Oladipo, 2017).

2.4.3 Value Added Tax (VAT):

This is a tax on the value added to products and services at every stage of production and distribution (Sanni, 2012). According to Oyedokun (2016), it is a consumption tax levied on value added. He went further to describe it as an indirect tax, in that the tax is collected from someone who does not bear the entire cost of the tax (incidence of taxation).

2.4.4 Petroleum Profits Tax:

According to Odusola (2006), Petroleum profits tax is levied on the profits of oil and gas businesses operating in Nigeria. This system of taxation has its focus mainly on the petroleum profit from the upstream sector of the petroleum industry which deals with oil prospecting, mining, and production (Ogbonna & Appah, 2012).

2.4.5 Education Tax:

This is the tax levied on the net incomes of businesses located in Nigeria in order to support the expansion and advancement of education in the nation. To improve tertiary education in Nigeria, this tax is imposed on the assessable profits of every incorporated company in the country, inclusive of those that are taxable under the Petroleum Profit Tax Act. The Tertiary Education Trust Fund (TET Fund) Act No. 16, of 2011, established the education tax in Nigeria. Ordu & Nkwoji (2019) state that the principal focus of the education tax in Nigeria are the development, consolidation, restoration, and rehabilitation of post-secondary education.

2.4.6 Capital Gains Tax:

This is a tax on the gains made from selling assets such as property, stocks, and other investments (Federal Inland Revenue Service (FIRS), 2021). Obaje (2012) defines it as a form of tax chargeable on capital profits from selling assets that are subject to charges.

2.4.7 Stamp Duty:

This is a tax on certain types of documents, such as legal agreements, contracts, and transactions. It is a tax on instruments (written or electronic documents) (PwC, 2021 & FIRS, 2021).

2.5 TAX REGIMES THAT IMPROVE BUSINESSES IN NIGERIA

Tax collection in Nigeria is administered by the FIRS and the SIRS at the federal and state levels, respectively. Taxpayers are required to register and obtain a tax identification number (TIN) before they can file tax returns and pay taxes. Non-compliance with tax laws in Nigeria can result in penalties, fines, and even imprisonment. It is therefore important for individuals and businesses to comply with tax regulations and fulfil their tax obligations to avoid legal consequences. Taxation can have both positive and negative effects on businesses, and certain aspects of taxation can make it easier for businesses to operate. Here are some ways in which taxation can ease business undertaken:

2.5.1 Tax Incentives:

Governments can use tax incentives to encourage businesses to invest in certain sectors, such as research and development, renewable energy, or agriculture. According to the United Nations (2018), they are preferential tax treatments that are offered to a selected group of taxpayers. These special treatments can take the form of tax credits, exemptions, or deductions, which reduce the amount of tax that businesses have to pay (Goodman, 2015). In the context of doing business, tax incentives can make it more attractive for companies to operate in a certain area or engage in certain activities (Bartik, 2019). For example, a government might offer tax breaks to companies that invest in renewable energy or that create jobs in a particular region.

2.5.2 Simple Tax System:

According to Friedman (1962), a simple and transparent tax system can make it easier for businesses to comply with tax regulations and reduce the costs of tax compliance. A simple tax system can also reduce the burden on tax authorities and improve the efficiency of tax collection. It makes it easy for taxpayers to file tax returns and make payments (Smith, 1776). This can reduce the time and effort required to comply with tax obligations. Furthermore, a simple tax system should have an efficient and effective tax administration that provides taxpayers with timely and accurate information and assistance. This can reduce the burden on taxpayers and help to build trust in the tax system (Tax Foundation, 2016).

2.5.3 Tax Holidays:

According to the United Nations (2018), a tax holiday is a period during which businesses are exempt from paying certain types of taxes. This can take the form of a temporary exemption of a new business or investment from some specified taxes, sometimes it involves

being exempted from at least corporate income tax. This can be used to encourage investment in some specific regions or sectors, or targeted at attracting foreign investors (Klemm, 2009).

2.5.4 E-filing and Payment Systems:

The use of electronic filing and payment systems can make it easier for businesses to comply with tax regulations, reduce paperwork, and streamline the tax payment process. E-filing is a strategy that is adopted to enable taxpayers to submit tax returns in a convenient, speedy, and cost-effective manner and consequently allows for the efficient processing of tax returns both by the taxpayer and the tax administration (United Republic of Tanzania - URT 2010). The e-filing also helps tax authorities save time and money through a significant reduction in paperwork and reduces the possibilities of keying and input errors. Also, the e-filing of tax returns is easier to process compared to a paper return (Eichfelder & Kegels, 2014).

2.5.5 Taxpayer Education and Support:

One way to educate individuals about the complete tax system and the benefits of paying taxes is through taxpayer education (Aksnes, 2011). It is a method of assisting taxpayers in meeting their tax obligations to the government and has the goal of encouraging voluntary compliance amongst taxpayers. Taxpayer education is one of the strategies for improving service delivery to taxpayers (Ndirangu, 2014). According to Gitaru (2017), Providing education and support to taxpayers can help them understand their tax obligations, reduce errors, and avoid penalties. This can include providing guidance on tax compliance, offering tax clinics, and providing online resources and tools (Kira 2017, Tanui 2016, Nalishebo & Halwampa 2014).

By implementing these measures, governments can create a tax environment that is more conducive to business development and growth, and help to foster a more positive and supportive relationship between businesses and the tax system (Mascagni & Santoro, 2018).

2.6 FOREIGN INVESTMENT

Foreign investment may either be foreign direct investment (unquoted investment) or foreign Portfolio Investment (quoted investment). Foreign Direct Investment (FDI) refers to investment undertaken by a company located in one nation in another nation (Thomas, 2016). In sync with this definition, Agarwal (2020) pointed out that FDI refers to the investment into the production or business of a nation by a person or firm of a separate nation through the acquisition of a concern in the intended nation or by growing the subsisting undertaken in the host country. In this sense, FDI can be generally termed as capital inflows from abroad, invested into an economy through the establishment of companies to enhance the production capacity of that given economy (Agarwal, 2020; Thomas, 2016). FDI plays a crucial role in developing an economy by providing new funds, technology, and enhancement of local labour through bolstering the expertise of local employees' skills (Thomas, 2016). It is an international capital flow whereby a firm in one country creates or expands a subsidiary in another. This does not only involve moving capital across borders, but also about transferring knowledge, technology, and management practices (Shenkar, 2014).

Foreign Direct Investment (FDI) is the process by which a company or an individual invests in a business venture in a foreign country. FDI is an essential driver of globalization, as it helps to transfer technology, skills, and knowledge across borders, create jobs, and stimulate economic growth (OECD, 2002). FDI is a crucial component of international business and is defined as the direct ownership of assets in a foreign country by a foreign investor. Odozi (1995) notes that FDI can be achieved through mergers and acquisitions, joint ventures, or greenfield investments. A Greenfield investment refers to the establishment of a new business venture in a foreign country, while mergers and acquisitions involve the acquisition of an existing business.

Correspondingly, Farole & Winkler (2014) and Sudha (2013) agree that FDI has numerous benefits, both for the host country and the foreign investor. To them, FDI benefits the host country in that through FDI jobs can be created, they believe it boosts economic growth, transfers technology and knowledge, and increases competitiveness. They further argued that FDI can also lead to the development of new industries, which can help to diversify the economy and reduce dependence on a single sector. For the foreign investor, FDI provides access to new markets, resources, and technology, as well as opportunities for growth and expansion. FDI can also help to reduce production costs and increase efficiency, leading to higher profits.

2.7 FOREIGN DIRECT INVESTMENT (FDI) AND FOREIGN PORTFOLIO INVESTMENT (FPI) - A COMPARATIVE ANALYSIS

Akintoye (2021) stated that Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI) are two types of foreign investments that involve investing in another country. While both involve investment in a foreign country, there are some key differences between FDI and FPI, and they have different characteristics and implications. However, Ehimare (2011) sees FDI as a direct investment in a foreign company. He opines that it is an investment made by an investor or businesses in another business or comparable in terms of voting power or other forms of authority in an overseas nation to oversee the investment and optimize revenue. He further stated that FDI is not limited to the transmission of funds alone, but also the transfer of physical capital, production techniques, marketing and managerial expertise, product advertising and business practice to make a profit. On the other hand, Oyeranti (2003) explains FPI as an investment in securities. According to him, foreign portfolio investment (FPI) refers to the act of a foreign individual or business entity purchasing assets in a national stock or money market through the possession of title rights of transferable investments that are sold or secured by the host nation's

government. These assets are kept as short-term instruments such as Treasury Bills and Promissory notes or Long-term instruments such as bonds, debentures and equity shareholding. FDI is generally a long-term investment with higher risk and return, while FPI is a short-term investment with lower risk and return. FDI can have a significant economic impact on the host country, while FPI generally has a smaller impact.

Additionally, Kukaj and Ahmeti (2016) juxtaposed the two types of investment (FDI & FPI) and in their assertion, they noted that in FPI, also known as foreign indirect investment, the investor does not have the right to control the company or participate in the decision-making process, while in FDI the case is different as the investor has both the right to control and to participate in the decision-making process of the company. The study further explained that in FPI, investments are made largely in the form of financial resources outside the home country; in contrast with the case of FDI where the investor invests in production factors (financial resources, technology, labour and expertise) outside the home country. Finally, FDI is subject to more stringent regulatory requirements than FPI. The main differences between FDI and FPI include ownership and control; investment horizon; risk and return; and economic impact.

2.7.1 Ownership and Control

FDI involves a direct investment in a foreign company or operation, which gives the investor ownership and control over the company or operation. On the other hand, FPI does not involve ownership or control over the foreign company or operation, as it is limited to investing in securities such as stocks and bonds (Humanicki, Kelm & Olszewski, 2013).

2.7.2 Investment Horizon

FDI is relatively stable and represents a long-term form of foreign capital inflow (Razin & Sadka 2007, Kirabaeva & Razin 2011). Hence, it is safer and more desirable by host countries than FPI, which can be described as “hot money” that is prone to destabilize the economy

(Claessens et al. 1995). Hattari & Rajan (2011) support this assertion when they claim that FDI is a long-term investment that involves a significant commitment of resources, while FPI is generally a short-term investment that can be easily bought and sold.

2.7.3 Risk and Return

Ahmad, Cova and Harrison (2004) stated that FDI generally involves an increased degree of risk, as the investor takes on the risks related to operating in an overseas nation. However, FDI can also offer higher returns if the investment is successful. FPI involves a lower level of risk but also offers lower potential returns. Investors who engage foreign portfolio investors more often than not resort to short-run investment to reap the benefits of good economic conditions and they tend to withdraw their investment during periods of economic recession (Ahmed & Mostafa, 2020).

2.7.4 Economic Impact

FDI can have a significant economic impact on the host country, as it can create jobs, transfer technology, and stimulate economic growth (World Bank, 2019 & UNCTAD 2021). FPI generally has a smaller economic impact, as it does not involve direct investment in the host country's economy. It can impact a country’s economy by increasing capital flows and boosting liquidity in the financial markets (IMF, 2021).

2.8 CHALLENGES OF FOREIGN INVESTMENT (FPI) AND FOREIGN DIRECT INVESTMENT (FDI)

While FDI can bring many benefits, it also presents some challenges. One of the main challenges is the risk connected to operating in an overseas nation, including political and economic instability, currency fluctuations, and changes in the regulatory environment (Mojekwu & Ogege, 2012). FDI can also lead to the exploitation of natural resources and a lack of investment

in local communities, which can lead to social and environmental problems. Another challenge of FDI is the potential for a loss of sovereignty, as foreign investors may have significant influence over the policies and decision-making processes of the host country (Cerny, 1997). This can lead to a loss of control over strategic industries and resources, as well as the erosion of cultural identity and national sovereignty (Rugman, 2006; UNCTAD, 2020).

Foreign Portfolio Investment, in contrast, is the investment in the companies quoted on a registered stock exchange in the capital market. Montiel and Reinhart (1999), described Foreign Portfolio Investment (FPI) as a type of investment that involves buying stocks, bonds, or other financial assets of a foreign country. In the same vein, Makola (2003) defines FPI as the acquisition of stock in a company in a nation other than the investor's. Oyeranti (2003) defines FPI as an investment in securities. The study described FPI as the process of a foreign individual or business entity purchasing assets in a national stock or money market through the possession of title rights of transferable investments that are sold or secured by the host nation's government. These assets are kept as short-term instruments such as Treasury Bills and Promissory notes or Long-term instruments such as bonds, debentures and equity shareholding. Contrary to direct investment, which is made by a corporation from one nation physically investing in the construction of a plant in another, Graham & Spaulding (2005) refers to foreign portfolio investment simply as indirect investment.

Furthermore, Appleyard and Alfred (2013) refer to foreign portfolio investment as a strategy employed by investors to diversify their holdings and get an international edge. According to the authors, FPI is a way for investors to diversify their portfolios and take advantage of global market opportunities. In other words, Foreign Portfolio Investment refers to the purchase of financial assets, such as stocks, bonds, or other securities, in a foreign country

(Ilugbemi & Ogunlokun, 2020). These assets are held by investors outside the country where they were issued or traded. Investors usually buy and sell these assets in a foreign stock exchange or financial market. FPI investments can provide higher returns than domestic investments, but they also come with higher risks, such as currency and political risks (Ezeanyeji & Ifeako, 2019). There are several ways for investors to invest in FPI, including ETFs, mutual funds, ADRs, and direct investment. It is important for investors to do their research and understand the risks before investing in foreign markets.

In the same vein, Ezeanyeji & Maureen (2019) define foreign portfolio investment (FPI) as the movement of financial assets such as cash, stocks, or bonds across international borders in the hopes of making a profit. When investors acquire non-controlling stakes in foreign corporations or government bonds, short-term securities, or notes, they are engaging in this practice. Holsapple, et al., (2006), support the assertion made by Graham & Spaulding (2005) when they defined foreign portfolio investment as involving the passive ownership of financial securities, such as shares of a corporation or a limited partnership. Onyeisi, et al, (2016) explain and refer to FPI as investments in securities and other financial assets held inactively by foreign investors. The studies further noted that foreign portfolio investments do not grant the investor direct ownership of financial assets or, consequently, the ability to govern a firm directly. In their assertion, they explain that depending on the volatility of the market invested in, this type of investment is quite liquid and is frequently utilized by investors who do not want to run a company overseas.

2.9 ADVANTAGES OF FOREIGN PORTFOLIO INVESTMENT (FPI)

2.9.1 Diversification:

One of the main advantages of FPI is that it allows investors to diversify their portfolios by investing in a variety of foreign securities. This reduces their overall risk exposure and can help them earn higher returns. Diversification according to Asghar and Nisar (2019), FPI provides diversification benefits to domestic investors by allowing them to diversify their portfolios across different markets and asset classes, thus reducing their portfolio risk.

2.9.2 Access to New Markets:

FPI allows investors to gain exposure to new markets and economies, which can provide opportunities for growth and profitability that may not be available in their home country. In the words of Delcoure & Zhong (2014), Investors can gain higher returns by investing in foreign securities due to differences in economic conditions, industry trends, and company-specific factors.

2.9.3 Liquidity:

FPI investments are generally highly liquid, meaning that investors can easily buy and sell their investments as needed. According to Chen & Wong (2018), it provides investors with access to liquid assets, which can be easily bought or sold on global financial markets. Investors can benefit from the liquidity of foreign securities by quickly adjusting their portfolios to changing market conditions and taking advantage of trading opportunities.

2.9.4 Currency benefits:

FPI can provide investors with currency benefits, such as a favorable exchange rate, which can increase their returns. FPI provides investors with exposure to different currencies, which can help to diversify currency risk and provide a hedge against inflation. According to a

study by Kocenda & Valachyova (2015), currency diversification is one of the key benefits of FPI as it can help to reduce the volatility of returns and provide a hedge against currency risk.

2.10 DISADVANTAGES OF FOREIGN PORTFOLIO INVESTMENT (FPI)

2.10.1 Market Volatility:

FPI investments are subject to market volatility, and sudden fluctuations in exchange rates or stock prices can result in significant losses for investors. Investing in foreign securities exposes investors to exchange rate risk, which can have a significant impact on their returns. Exchange rate risk can significantly affect the returns of foreign investments, and investors may not be able to fully hedge this risk (Copeland & Wong, 2016).

2.10.2 Political Risk:

Political instability in a foreign country can adversely affect the value of an FPI investment (Ezeanyeji & Ifeako, 2019). According to Foley et al. (2017), FPI exposes investors to political and economic risks in foreign markets, which can lead to sudden losses. Political and economic instability in foreign markets can lead to losses for investors, and these risks may be difficult to predict or hedge against.

2.10.3 Currency risk:

Investing in foreign securities also exposes investors to currency risk, as changes in exchange rates can impact the value of their investments. Currency risk can have a significant impact on the returns of foreign investments, and investors may not be able to fully hedge this risk (Lee and Tong, 2017).

2.10.4 Legal and regulatory risk:

According to Ajide & Olofin (2018), foreign investment may be subject to legal and regulatory risks, like enhancement and amendment to regulations and legislation that may adversely affect the value of an

investment.

2.11 ADVANTAGES OF FOREIGN DIRECT INVESTMENT (FDI)

2.11.1 Access to New Markets:

The view held by Bose (2012) is that FDI can help companies' access new markets and customers, allowing them to increase their customer base and expand their business.

2.12.2 Access to Natural Resources/Cost Savings:

To achieve lower production costs, investors invest their production capacities in countries with rich raw materials and which offer cheap labour. Consequently, FDI can provide cost savings for companies, as they can take advantage of lower labour costs, lower taxes, and other incentives in the host country. FDI can also give companies access to natural resources that are not available in their home country, such as oil, minerals, and timber (Kukaj & Ahmeti, 2016).

2.12.3 Technology Transfer:

Foreign Direct Investment creates an opportunity for resource transfers and the exchanges of knowledge, technologies, and skills between countries, allowing the host nation to benefit from the expertise of the foreign investor (Bruce, 2021).

2.12.4 Job Creation:

Lubeniqi (2020) asserts that FDI can create jobs in the host country, which can help reduce unemployment and stimulate economic growth. Jobs are created directly by FDI to the local economy by directly adding new jobs and indirectly when local spending increases due to the buying of products and services by the increase in employees.

2.12.5 Economies of Scale:

Direct Investment can enable companies to achieve production efficiencies by allowing them to produce goods and services more efficiently and at a lower cost. To explain this further,

Helpman et al (2004) noted that FDI enables businesses to reach a bigger consumer base and increase production quantities. Companies can profit from economies of scale by manufacturing and selling bigger quantities of goods or services. They can spread fixed expenditures like equipment and infrastructure across a greater output, resulting in reduced average costs per unit.

2.12.6 Diversification:

FDI can help companies diversify their operations and reduce their exposure to risks in their home country. According to Hitt et al, (2017), Foreign Direct Investment enables businesses to expand their operations into new nations and markets. Companies can limit their exposure to risks connected with operating in a particular market by increasing their worldwide presence. This diversity reduces risks associated with changes in market circumstances, economic downturns, or political instability in certain nations.

2.12.7 Access to Skilled Labor:

According to OECD (2002), FDI can also provide companies with access to skilled labour that is not available in their home country, which can improve the quality of their products and services. This may be through the transfer of resources from foreign countries into the host country.

2.12.8 Improved Infrastructure/Human Capital:

It is without doubt that FDI plays an active role in stimulating the development of infrastructure in the host country, such as roads, ports, and telecommunications, which in turn can be of great benefit to both the local population and investors (Daisuke, 2008). In the aspect of improvement in the quality of human capital**,** when individuals are employed by multinational enterprises (MNEs), their human capital may be enhanced further through training and on-the-job learning. Workers may move from such multinationals to domestic firms, taking

with them some of the knowledge gained while working for foreign firms (Godart, Görg & Hanley, 2020).

2.12.9 Enhanced Reputation:

FDI can enhance the reputation of the investor, as it shows that the company is committed to global expansion and is willing to invest in other countries.

2.13 DISADVANTAGES OF FOREIGN DIRECT INVESTMENT (FDI)

2.13.1 Risk:

FDI involves a significant amount of risk, as the foreign investor may face political, economic, or legal risks that can affect the success of the investment. Asiedu and Lien (2011), noted that Economic risks such as exchange rate volatility, inflation, and economic instability undermine the profitability and sustainability of foreign investments and consequently result in the reduction of FDI inflows. According to Kolstad and Wiig (2012), Environmental and Social risks such as social unrest, environmental regulations, labor disputes, etc. impact negatively FDI by raising the cost of doing business, causing delays in projects or outright cancellations, and reputational issues. Then, Alguacil et al. (2019), also assert that legal and regulatory risk can also impact FDi negatively by ways of Confusing contract enforcement, inadequate intellectual property protection, and arbitrary regulatory changes which cumulatively enhance foreign investors' perceived uncertainty and therefore dissuade FDI.

2.13.2 Competition:

FDI can also increase competition in the host country, which may negatively impact local companies and industries.

2.13.3 Dependency/ Modern-day economic colonialism:

FDI can create a dependency on foreign investment, which can make the host country vulnerable to changes in the global economy or political environment. Also, developing

countries worry that FDI can result in modern-day economic colonialism, thereby making them vulnerable and leaving them at the mercy of foreign companies (Bruce, 2021).

2.13.4 Transfer Pricing:

FDI can sometimes involve transfer pricing, where the foreign investor charges high prices for goods and services sold to the local subsidiary, which can reduce the profitability of the local operation (Davies et al., 2018, Tørsløv et al., 2020).

2.13.5 Negative Social and Environmental Impacts:

A study conducted by Ahmed et al (2022) suggests that FDI can sometimes have negative social and environmental impacts, such as displacement of local communities, damage to natural resources, or labour exploitation.

2.13.6 Political Instability/Corruption:

FDI can be adversely affected by political instability, as changes in government policies, regulations, or laws can negatively impact investment. FDI can also be affected by corruption in the host country, which can lead to increased costs, delays, and legal issues (Ahmeti, 2019).

2.13.7 Cultural Differences:

This assertion is supported by Kapás & Czeglédi (2020) & Silajdzic & Mehic (2020) when they noted that the FDI can be hindered by the disparities in culture between the home and host nations, which can affect communication, management style, and business practices.

2.13.8 Repatriation of Profits/Displacement of local businesses:

According to the Corporate Finance Institute (2023), FDI can sometimes result in the repatriation of profits to the home country, which can reduce the amount of revenue that is reinvested in the host country. The entry of big firms may cause the displacement of local businesses that may not be able to compete favourably with their lower prices.

2.13.9 Exchange Rate Risk:

FDI can be subject to exchange rate risk, as changes in the exchange rate between the home and host countries can affect the value of the investment and the profits generated by the investment (Sharifi-Renania & Mirfatahb, 2012).

2.14 FOREIGN INVESTMENT IN NIGERIA

Foreign direct investment and foreign portfolio investment are the two components of foreign investment in Nigeria. Foreign investment is thus the sum of foreign direct investment and foreign portfolio investment. Foreign direct investment entails starting a business in Nigeria and acquiring business assets while foreign portfolio investment entails purchasing stocks and securities in an existing Nigerian company. Generally, however, foreign investment restrictions cover areas such as manufacturing of military/paramilitary uniforms and accouterments; manufacturing and dealing in narcotic and psychotropic substances; and other things as determined by the Federal Executive Council from time to time (NIPC Act, 2004, s 25)

2.15 FOREIGN INVESTMENT RESTRICTIONS AND CONSTRAINTS IN NIGERIA

Below are sector-specific restrictions that investors must be aware of:

2.15.1 Oil and Gas:

According to the Nigerian Oil and Gas Industry Content Development Act, a Nigerian Company is one that is registered in Nigeria in accordance with the rules of the Companies and Allied Matters Act and owns at least 51 percent of its equity shares. It further states that Nigerian operators and indigenous service businesses will be given priority in the awarding of oil blocks, licenses, and works in the sector. To be competitive in contract awarding, Nigerian investors must possess at least 51 percent of the shares (Nigerian Oil and Gas Industry Content Development Act 2010, s 106)

2.15.2 Private Security:

A foreign investor is prohibited from having an equity stake in a private security company in Nigeria (Private Guards Companies Act Cap P30 Laws of the Federation of Nigeria 2004, s 13(1)(e))

2.15.3 Engineering:

A company and its engineers must be registered with the Council for the Regulation of Engineering in Nigeria (COREN) if they provide engineering services. One criterion for registration is that the corporation has at least 55 percent of its shares held by Nigerian directors registered with the COREN. Furthermore, foreign engineers given provisional registration are not permitted to establish a 100 percent-owned engineering consulting firm in Nigeria.

2.15.4 Broadcasting:

For a foreign investor to obtain a broadcasting license in Nigeria, the bulk of its equity investment must be owned and controlled by Nigerians, with no foreign interests represented (National Broadcasting Commission Act Cap N11 Laws of the Federation of Nigeria 2004, s 9(1)(b))

2.15.5 Management Restriction:

Private limited companies must have at least two shareholders, two directors and a company secretary (Company and Allied Matters Act 2004, s 18 & 246). A public company is required by the SEC to have at least five directors (at least one of whom must be an independent director), (Code of Corporate Governance for public companies, 2014, Article 4.2). Also, a Nigerian company looking to employ foreign nationals must obtain expatriate quota approvals before employing them, and is required to file monthly immigration returns stating the utilization of expatriate quotas.

2.16 REGULATORY FRAMEWORK OF FOREIGN INVESTMENT IN NIGERIA

Before considering investing in Nigeria, a foreign investor must be aware of a plethora of laws, rules, and regulations. This is in addition to industry-specific legislation. The fundamental legislation controlling investment in Nigeria includes the Companies and Allied Matters Act (CAMA); Nigerian Investment Promotion Commision (NIPC) Act; Investment and Securities Act (ISA): National Office for Technology Acquisition and Promotion (NOTAP) Act; Foreign Exchange (Monitoring and Miscellaneous Provisions) (FEMMA) Act; Immigration Act; The Companies Income Tax Act, the Personal Income Tax Act, the Value Added Tax Act, the Stamp Duty Act, the Capital Gains Tax Act, the Petroleum Profit Tax Act, and other laws, regulations, and notices issued by the applicable tax authorities. These laws govern the tax requirements of firms and individuals doing business in Nigeria.

The Companies and Allied Matters Act governs the formation and operation of business enterprises in Nigeria. A foreign firm cannot conduct business in Nigeria unless it is registered in accordance with this Law. Nigerian Investment Promotion Commission (NIPC) Act is the institution in charge of overseeing foreigners' participation in Nigerian business companies. Foreign investors must register with the NIPC as soon as they incorporate. Investment and Securities Act (ISA) empowers the Securities and Exchange Commission with the responsibility of regulating the investment and securities business in Nigeria. Immigration Act governs and supervises foreigners' entry, exit, and employment in Nigeria. National Office for Technology Acquisition and Promotion (NOTAP) was established by the Act and is in charge of registering contracts/agreements relating to the transfer and acquisition of foreign technology. Foreign Exchange (Monitoring and Miscellaneous Provisions) (FEMMA) Act is Nigeria's primary legislation governing foreign exchange transactions. The Act creates an Autonomous Foreign

Exchange Market in which foreign exchange transactions are performed, monitored, and overseen.

The Nigerian Communications Commission Act and regulations, the Nigerian Broadcasting Commission Act, and the Pensions Reform Act, as well as regulations and guidelines published by the relevant regulator, are examples of sector-specific laws. Generally, the level of taxation in a country influences the level of FI inflow into the economy. Different aspects of taxation encompassing statutory tax rates and components of tax provisions such as tax requirements for different firms have diverse impacts on different economic sectors, including the investment sector (Muthitacharoen, 2017). Remarkably, the implications of taxation on FI vary between countries because tax rates vary across countries (Bailey, 2018), hence, the need to examine country-specific effects of taxation on Foreign Investment. In addition to factors such as the nature of tax structure, tax administration, complexity of tax legislations and absence of double/multiple taxation that have been written as aspects of taxation that enhance ease of doing business in an economy, especially in developing nations like Nigeria. The following factors also need to be considered.

Firstly, are tax credits and investment allowances? Tax credits and investment allowances provide several benefits over tax holidays. For stimulating specific investment kinds, they are far better targeted than tax breaks, and their revenue cost is much more transparent and manageable. A straightforward and efficient method of managing a tax credit system is to calculate the credit due to a qualified firm and "deposit" this amount in the form of a bookkeeping entry into a specific tax account. The business will be treated like an ordinary taxpayer in all other respects, which means it will be obligated to comply with all applicable tax laws, including the requirement to file tax returns.

Secondly, there is consideration for accelerated depreciation. Providing tax incentives in the form of accelerated depreciation has the least of the shortcomings associated with tax holidays and all of the virtues of tax credits and investment allowances—and overcomes the latter's weakness to boot. Since merely accelerating the depreciation of an asset does not increase the depreciation of the asset beyond its original cost, little distortion in favor of short-term assets is generated. Moreover, accelerated depreciation has two additional merits. First, it is generally the least costly, as the forgone revenue (relative to no acceleration) in the early years is at least partially recovered in subsequent years of the asset's life. Second, if the acceleration is made available only temporarily, it could induce a significant short-run surge in investment.

Thirdly, is the use of investment subsidies in the economy? They involve out-of-pocket expenditure by the government up front and they benefit nonviable investments as much as profitable ones. Next is the use of Indirect Tax Incentives, such as exempting raw materials and capital goods from the VAT. In addition, exempting from import tariffs on raw materials and capital goods used to produce exports is somewhat more justifiable. The difficulty with this exemption lies, of course, in ensuring that the exempted purchases will in fact be used as intended by the incentive. Establishing export production zones whose perimeters are secured by customs controls is a useful, though not entirely foolproof, remedy for this abuse.

Lastly, is the use of Triggering; which is the mechanism by which tax incentives can be triggered can be either automatic or discretionary. An automatic triggering mechanism allows the investment to receive the incentives automatically once it satisfies clearly specified objective qualifying criteria, such as a minimum amount of investment in certain sectors of the economy. The relevant authorities have merely to ensure that the qualifying criteria are met. A discretionary triggering mechanism involves approving or denying an application for incentives

based on subjective value judgment by the incentive-granting authorities, without formally stated qualifying criteria.

A discretionary triggering mechanism may be seen by the authorities as preferable to an automatic one because it provides them with more flexibility. This advantage is likely to be outweighed, however, by a variety of problems associated with discretion, most notably a lack of transparency in the decision-making process, which could in turn encourage corruption and rent-seeking activities. If the concern about having an automatic triggering mechanism is the loss of discretion in handling exceptional cases, the preferred safeguard would be to formulate the qualifying criteria in as narrow and specific a fashion as possible, so that incentives are granted only to investments meeting the highest objective and quantifiable standard of merit. On balance, it is advisable to minimize the discretionary element in the incentive-granting process.

2.17 TAXATION ASPECTS AND THEIR INFLUENCE ON FOREIGN INVESTMENT

Beyond the taxation rates faced by firms in foreign countries, other aspects of taxation encompassing the nature of tax structures, tax administration, and the complexity of tax legislation influence the ease of undertaking operations in a given economy, which are double and multiple taxation (Lawless, 2013). The design of tax structures and their amendments over time essentially impact the levels of risks, uncertainties, and operational costs associated with investments. Complex tax legislation, diverse tax bases, and specialties in the administration of taxes directly impose high transaction costs on a firm, hence decreasing the returns from their investments (Edmiston, Mudd & Valev, 2003). Complexity in the tax structures of a country also negatively influences investments. An investor must seek to understand the tax legislation and the tax requirements that he is required to comply with to successfully continue in operation in the country. Edmiston et al. (2003) studied the implications of tax structures on FDI inflows in

the former Soviet Union and East and Central European countries. The research findings indicated that in transition economies, where complex tax legislation exists, there are low FDI inflow levels into these economies. Moreover, such complex taxation structures, especially in developing countries, are characterized by poor tax administration and poor communication, to make clarifications on tax compliance requirements imply high costs and more risks to investors (Edmiston et al., 2003). In line with these sentiments, Goodspeed (2006) pointed out that developing countries often have complex tax structures characterized by poor tax administration and insufficient expertise to fully monitor tax transactions. In this regard, highly complex tax structures negatively influence FI.

Also, uncertainty in a country's tax system negatively influences investment, given that firms prefer to invest in places where their investments face less risk concerning their expected returns (Edmiston et al., 2003). Lawless (2013) examined the implications of complicated tax systems on FI inflows in 16 Organizations for Economic Co-operation and Development countries and 57 host countries. The data pertinent to FI inflows and taxation systems for these countries were retrieved from the World Bank. The study findings outlined that a 10% reduction in tax complexity in host countries corresponds to a 1% reduction in the effective corporate tax rate. This causes a 6% increase in FI inflows into the economy (Lawless, 2013). Reducing tax complexities can be done by clearly communicating the applicable taxation to foreign firms and enhancing a country's tax administration system.

Tax administration encompasses how taxes are levied on firms in a given country (Keen & Slemrod, 2017). Nasution (2020) studied the implications of tax administration on FI inflows in different countries around the world between 2010 and 2017. By fitting a regression model, Nasution (2020) established that tax administration significantly influences FI inflows in low and

middle-income countries. However, there was no significant association between tax administration and FDI inflows in high-income countries. Conspicuously, the tax administration system encompassing payments, time, and the number of taxes levied to a company for it to be considered tax compliant often implies additional costs to investors.

Besides, double taxation is another aspect of taxation that encompasses levying taxes twice on the same income source (Pham, Pham & Ly, 2019). To bolster investments, countries have adopted double tax treaties, which serve as vital policy tools to promote cross-border economic activities by eradicating double taxation (Petkova, Stasio & Zagler, 2020). Rizky and Tjen (2018) examined the implications of a double taxation treaty on FDI inflows in Indonesia. Specifically, this research study sought to determine whether the agreements to avoid double taxation have positive implications on FI. Time series secondary data between 1990 and 2014 was used for the study. By undertaking OLS regression analysis on this data, Rizky and Tjen (2018) established that avoidance of double taxation increases FI inflows in Indonesia. Explicitly, the double taxation avoidance treaty was regarded as the greatest influence towards the positive FI inflows into the country. Similar to Rizky's and Tjen's (2018) study, Petkova et al. (2020) assessed the implications of double tax treaties on FI for a sample of 138 countries. Data were retrieved from the IBFD Global Corporate Tax Handbooks for the years 2009 to 2012 (Petkova et al., 2020). Network analysis was used to analyze the collected data. The research findings outlined that double taxation treaties increase direct bilateral FI.

In the same vein, multiple taxations refer to the imposition of several taxes in a single tax base (Jelil, Eunice & Festus, 2017). To establish the implications of multiple taxations on FI, Jelil et al. (2017) assessed the association between multiple taxes and FI in Nigeria between the periods 1996 to 2015. Secondary data for this period relating to the tax rates and FI inflows were

gathered from the Central Bank of Nigeria. Granger causality tests were used to test the affinity between tax rates and FI over the specified period. The findings indicated a negative correlation between multiple taxes and FI inflows in Nigeria. Specifically, this is because foreign investors were subjected to multiple taxes encompassing company income tax, VAT, education tax, and customs and excise duties, which significantly reduced investment returns (Jelil et al., 2017). In line with these research findings, Anichebe and ACA (2019) established a negative correlation between multiple taxation in Nigeria and FI inflows into the country. Specifically, Anichebe and ACA (2019) examined the annual FI inflows into the Nigerian economy, alongside the applicable multiple tax rates to investments from 1981 to 2017. Regression analysis was used to analyze the data collected from the Central Bank of Nigeria. From Anichebe's and ACA's (2019) and Jelil et al.'s (2017) research findings, it is noteworthy that the Nigerian tax system subjects investments to multiple taxation, which consequently causes low levels of FI inflows into the country.

2.18 RELATIONSHIP BETWEEN CORPORATE TAXATION AND FOREIGN INVESTMENT

Tax rates are a significant factor influencing FDI decisions. High corporate taxes, excise duties, sales taxes, or customs tariffs can act as deterrents for foreign investors. A high tax burden can negatively impact a company's profitability, discouraging them from investing in a particular country. Conversely, lower tax rates and favourable tax policies can incentivize FDI (Abu Bakar et al, 2022).

Blechová (2016) conducted a quantitative analysis to investigate the effect of Different Corporate Income Tax Rates on Foreign Direct Investments within the European Union Single Market. The author collected secondary data from the Eurostat database for the year 2014. A

sample size of 28 European Union (EU) countries was selected with 13 European Union (EU) new member states (EU13) and 15 old EU member states (EU15). The time series of the collected data ranges from 2004–2012 for some member countries, and from 2006–2012 for other countries. Inferential statistics are comprised of comparative and correlation analysis. The research findings revealed that there is no purposeful linkage between the development of FDI flows and the growth of tax rates in 28 EU countries. Similarly, from the findings of the study, it cannot be resolved that changes in corporate income tax rates in the EU13 and EU15 countries instigate a surge in tax competition, which undesirably affects FDI flows within the EU solitary market. Furthermore, tax competition triggered by a decrease in Corporate Income Tax Rates does not have a noteworthy influence on the nature of FI flows in the EU. In the same vein, Eshghi & Eshghi (2016) conducted research to examine the effect of corporate income tax as a determinant of FI in Central and Eastern Europe spanning 12 years from 2000-2012. The researchers adopted an avant-garde or legal tax rate to measure the tax incidence. The findings of the study reveal that the corporate tax rate has a substantial inverse influence on FI inflows in Central and Eastern European countries.

In a similar study, Sujarwatia, & Qibthiyyah (2020) investigated the effect of Corporate Income Tax Rate and FI on 112 countries around the world. Data used for the study was collected from sampled 112 countries around the world over the period 2003-2017. Secondary data from OECD publications, tradingeconomics.com, and worlddata.info were used for the research. The investigation adopted an unbalanced fixed-effect method for data evaluation. The result of the examination shows that the Corporate Income Tax Rate does not have a significant effect on net Foreign Investment inflows both universally and at each income level. The results also show that political stability has a momentous effect on net FI inflows in emerging countries

(lower-middle-income and lower-income).

Further, Bella & Yudianto (2021) launched an inquiry on the influence of tax incentives on Foreign Direct Investment (FDI) in Indonesia between 1981 and 2020. Their inquiry focused specifically on the impact of tax holidays and corporate income tax rates. Purposive sampling was employed to obtain a sample of 40 data points for each variable across the specified timeframe. FDI inflows were considered the dependent variable, while tax holidays, corporate income tax rates, Gross Domestic Product (GDP) growth, inflation, and trade openness were included as independent and control variables, respectively. Multiple regression analysis was utilized to assess the relationships between these variables. Two models were examined: one without control variables and another incorporating them. The findings from the model without controls revealed that tax holidays have a positive and statistically significant impact on FDI inflows, whereas corporate income tax rates exhibit a negative and significant effect. When control variables were introduced, the results indicated that tax holidays remain a positive and significant factor influencing FDI inflows. Conversely, corporate income tax rates and trade openness were found to have a negative and significant impact on FDI inflows. Interestingly, GDP growth and inflation did not demonstrate a statistically significant influence on FDI inflows in this model.

Similarly, Kanyanjua (2020) conducted a study to assess the impact of tax incentives on foreign direct investment (FDI) in Kenya's oil and gas sector. The study's objectives were to evaluate the effects of capital deductions, income tax, VAT incentives, and import duty incentives on FDI in this sector. The research was guided by the theory of innovation diffusion, social exchange theory, and stakeholders' theory, and employed an explanatory research design. The target population consisted of five oil and gas companies, involving 136 senior managers. A

census approach was used, and primary data was gathered through structured questionnaires. Quantitative analysis methods, including descriptive statistics (percentages, means, and frequencies) and inferential statistics (Pearson's correlation and regression), were used to analyze the data. The results showed that capital deductions ($\beta1$=0.377, P = .000), income tax ($\beta2$= 0.286, P = .000), VAT incentives ($\beta3$= 0.124, P = .020), and import duty incentives ($\beta4$= 0.375, P = .000) all had a positive and significant effect on FDI. The regression model's adjusted R2 was 0.789. The study concluded that tax incentives significantly boost FDI in the oil and gas sector. Based on these findings, it recommended that the government enhance various tax incentives, such as wear and tear allowances, investment allowances, industrial deductions, loss carry-forward, withholding tax incentives, tax credit incentives, allowable deductions, VAT exemptions, and import duty incentives on machinery, raw materials, office equipment, and customs duty. The study suggested that similar research could be conducted in other sectors for comparative analysis.

Regarding Nigeria, Saidu (2015) conducted a quantitative study investigating if there was any correlation between corporate taxation and FDI in Nigeria. The researcher utilized annual reports from various databases, including the CBN statistical bulletin and the World Bank, between 1970 and 1980. To derive substantial insights from the data, descriptive and deductive statistics, including correlation and regression analysis were performed. The researcher also measured the study variables using a percentage of GDP for the dependent variable (FI) and the corporate tax rate to measure corporate taxation. Findings from the study revealed that there was a substantial inverse correlation between corporate taxation and FI. The study explained that the negative relationship between the study variables was attributed to the massive burden of corporate taxation in Nigeria, which influenced the volume and location of FI in the nation. The

findings had the implication that to attract FI in Nigeria, the government needs to reduce the corporate tax rate and develop responsive economic rules and macroeconomic modifications that attract unceasing development of the nation's GDP and create a favourable environment for a stable inflation rate in the nation.

Then, Uwuigbe et al. (2019) conducted a similar study investigating factors that impact FI in Nigeria. The investigation focused on examining the influence of corporate tax, exchange rate, inflation rate, and the real gross domestic product (RGDP) on FI. A quantitative study design was adopted using annual time-series data for 31 years (1985-2015). Inferential statistics, including the Unit Root Test, OLS, and the Johansen Co-integration model, were employed. The research revealed that, in the short term, corporate taxation has a negative impact on FDI, but there was a positive association in the long run. Furthermore, other factors such as the exchange rate, inflation rate, and RGDP have a considerable influence on FI. The author recommends that the Nigerian government consider implementing tax-related policies that eradicate the negative impact that corporate taxation has on FI. Moreover, microeconomic policies addressing crucial taxations such as exchange rate, inflation rate, and RGDP should be enacted for the variables are responsible for 68.2% of the total variations in FI inflows in Nigeria. Given the crucial role performed by FI in the growth and development of a nation, the use of tax incentives as a strategy to attract FI has been integrated by many nations, including Nigeria (Peters & Kiabel, 2015). Peters & Kiabel (2015) investigate the inter-relationship between Tax Incentives and FI in Nigeria. Data used for the research were gathered from the statistical bulletin of the Central Bank of Nigeria Database. To derive substantial insights from the data, multiple regressions via a static Error Correction Model (ECM) were employed for data analysis. Results from the study show that there exists a negative correlation between tax incentives and FI in Nigeria. That is, a tax

increase will lead to a decrease in FI. Also, it was established from the study that there was no symbolic effect of trade openness, population, exchange rate, inflation, and GDP on FI in Nigeria.

Besides, Olaleye, Riro, and Memba (2016) conducted research investigating the impact of corporate income tax incentives on FI in quoted Nigerian manufacturing companies. Seventy-four quoted manufacturing companies with approximately 56,000 employees were targeted for the study. The researchers utilized stratified sampling techniques where they obtained a sample of 352 participants from 32 companies. Questionnaires were administered in three clusters categorized from lower, middle, and top management levels for data collection. The obtained data was analyzed using inferential statistics, correlation, and regression analysis. Descriptive statistics, including frequencies, mean and standard deviation, were used to analyze categorical data. Findings from the study revealed that there was a significant direct link between reduced cooperate income tax rates and FI. The authors elaborate that implementing corporate income tax incentives increases the level of investments (Olaleye, Riro & Memba (2016). An example of corporate income tax incentives was the Industrial Revolution initiative implemented in 2012 by the national government of Nigeria to transform manufacturing industries to be the key driver of the country's economic growth. In the initiative, the national government included a new scheme of tax credit aimed at inspiring FI inflow in Nigeria. Multiple researchers confirm that in 2013, Nigeria recorded a total sum of $8.9 billion in investment inflows, making it the leading investment destination in Africa (Chen et al., 2016; Zakari, 2017; Olaniyi, Oyedokun & Ajayi, 2019).

Correspondingly, a study by Arzizeh et al. (2018) investigated the impact of tax incentives on foreign direct investment in the Nigerian oil sector. They found that the

government does not offer tax incentives to oil companies, which is as a result of the common belief that oil is profitable enough to handle high taxes. Compared to other sectors, oil companies receive fewer incentives. The researchers argue that high taxes, numerous taxes, unclear tax rules and inadequate knowledge or education regarding matters relating to taxes make it difficult for the industry to grow. This, they say, explains the decline in foreign investment in Nigeria's oil sector. The study used an ex-post-facto research design to analyze the relationship between tax incentives and investment. The secondary data were collected and analyzed using regression analysis with the aid of statistics & data. Their findings suggest that tax incentives, such as investment allowances and deductions, encourage foreign companies to invest in the oil sector/industry. They argue that companies receiving tax incentives create more jobs than those in high-tax areas. Based on this, the study recommends changes to tax policies to avoid double taxation and ensure companies benefit from available breaks. The authors also emphasize the importance of a welcoming investment environment for attracting foreign investment. This includes clear and effective policies, good infrastructure, and a focus on raising people's living standards.

Furthermore, Eiya & Okaiwele (2019) scrutinize the connection between diverse forms of taxes collected and FI in Nigeria. The study's data came from the Federal Inland Revenue Service (FIRS) and Central Bank of Nigeria (CBN) statistical bulletins spanning over 34 years (1982-2015). Data collected was scrutinised utilising the ARDL regression technique. From the result of the investigation, it was established that taxes such as the National Information Development Fund, and education tax possess a negative and substantial inter-relationship with foreign direct investment. Also, the research findings show that there is a favourable and substantial inter-relationship between value-added tax, companies' income tax and foreign direct investments

while Petroleum Profits Taxes and Custom and Excise Duties do not have any impact on Foreign Direct Investments in Nigeria.

Additionally, Kyari (2020) conducted a study to determine whether Nigeria's petroleum tax incentives are effective in attracting foreign direct investments (FDI). Data were gathered using a five-point Likert scale questionnaire and analyzed through descriptive statistics and the Kruskal-Wallis technique. The study found that the number and mix of Nigeria's petroleum tax incentives are adequate and appropriate for attracting FDI. It concluded that these incentives are suitable and sufficient for drawing foreign investment into the nation's oil and gas sector. The study also suggested that further research should explore additional methods for attracting FDI into Nigeria's oil and gas industry.

Besides, Edo, Okafor, and Justice (2020) added to the existing literature by assessing the influence of corporate taxes on FI inflows between 1983 and 2017. An ex-post study approach with archival data from the Federal Inland Service, the World Development Indicator, and the CBN database was utilized to achieve the formulated hypothesis. Analysis was conducted using the Error Correlation model (ECM), which revealed that there was a negative association between FDI, corporate tax, value-added tax, and custom and excise duties. That is, an increase in the taxes led to a decrease in FDI inflows to Nigeria. The research suggests that the business environment of Nigeria and its fiscal policies be reviewed. Reducing income taxes will help local, foreign, and higher educational taxes will help to increase the executive and technical skills needed to support domestic and overseas companies (Edo, Okafor & Justice, 2020). Furthermore, the nation's entire dependency on imports requires macroeconomic changes and policies. The balance of payments will be good, for inflationary stress in the naira will reduce,

and a liberal foreign policy that drives investments in the nation will be enhanced (Edo, Okafor & Justice, 2020).

Moreover, Akam, Ohaka & Ikegwuru (2023), researched to investigate tax incentives and FDI of publicly quoted gas and oil firms in Nigeria. A cross-sectional survey research design was employed to carry out this assessment. They used a population of eleven (11) publicly traded gas and oil firms in the country as at January 2020, and a 4-point likert-scale was adopted to administer the questionnaire used for the study on the Unit Heads of accounting, marketing, production and customer service and their Assistants as a major instrument for data collection. The simple random sampling (SRS) technique was adopted to and thirty (30) management staff was drawn from each of the companies and identified departments of the company under study which resulted in the emergence of 330 management staff for the whole sample from which 202 copies of the questionnaires were returned, giving a 67.3percent response rate. The data was analyzed using descriptive statistics and simple regressions, using SPSS version 22.0. The findings of this study revealed that Capital allowance had a positive effect and moderate effect on FDI, while investment tax allowance had a weak, positive and insignificant effect on FDI. Through the results obtained, they concluded that tax incentives through capital allowance had a significantly and positively affects FDI of publicly traded gas and oil firms in Nigeria and they suggested that Nigeria should not rely on the use of investment tax allowance to promote of attract FDI and also to reduce tax investment tax allowance publicly traded gas and oil firms in Nigeria that operate on FDI since findings revealed a weak and insignificant effect of investment tax allowance on FDI but should maintain or improve on capital allowance to attract FDI since there is positive & significant effect.

This section reveals that multinational firms seeking to secure opportunities to enhance global investment in their economies should strive to lower their tax burdens. Providing corporate income tax incentives helps the government bridge the revenue shortfalls, unemployment, and knowledge gap by encouraging more foreign investment inflows in the nation. The current research will seek to add to the existing research by investigating the influence of corporate taxation on FDI in Nigeria from 2000 to 2019.

2.19 THE IMPACT OF CORPORATE TAXATION ON ECONOMIC GROWTH (GDP)

2.19.1 Overview

Making use of the framework of an endogenous growth model, Poulson and Kaplan (2008) investigated how tax laws affected state economic growth in the United States of America. To evaluate the effect of taxes on economic growth in the states between 1964 and 2004, regression analysis was employed. The analysis shows that greater rates of marginal taxation have a statistically significant negative effect on economic growth. The analysis emphasizes how crucial it is to account for convergence, regressivity, and regional factors when separating out how taxes affect state-by-state economic growth. According to a 2012 study by Forbin, who used historical data for Sweden from 1951 to 2010 to investigate the empirical impact of corporate income tax on GDP growth rate. His research was grounded in economic theory, which suggests that corporate tax rates ought to have a substantial negative impact on the growth rate of GDP. Previous empirical studies using cross-national panel data have likewise substantiated this strongly negative relationship between growth rate and company tax. Nevertheless, empirical studies that employ time-series data unique to a given nation reveal

inconsistencies and variances from this accepted wisdom. He found that the corporate income tax rate had no discernible impact on the growth of the Swedish economy using time series data.

Additionally, Nálepová & Janickova (2012) sought to confirm that corporation taxes and long-term economic growth in the sample nations have a negative connection as predicted. The neo-classical growth model, expanded with human capital, served as the foundation for their study. Also, the model linked to the variable represents the various ways in which the tax burden on firms can be quantified, particularly the tax quota system for corporate income taxation, the implicit capital tax rate, and the effective tax rates obtained through the use of micro-forward-looking techniques. Panel regression methodology and related data analysis techniques are used by default. EU member states make up the sample. The annual frequencies for the years 1998 through 2010 serve as the reference periods. The findings showed that there is a consistent negative correlation between business tax burden and long-term economic growth in the case of former EU members. At the 5% level of significance, the results of the performed regressions indicate that the variables implicit tax rate on capital (ITRC), effective marginal tax rate (EMTR) and average effective tax rate (EATR) have a negative impact on long-term growth.

Besides this, Gashi, Asllani, and Boqolli (2018) examined how Kosovo's tax structure affected the country's economic expansion between 2007 and 2015. The study assessed how different tax regimes affected economic expansion. The comparative study of data from primary and secondary sources served as the foundation for the methodology. The research hypotheses were examined using the STATA application/software to determine the effect of tax structure on economic growth through the use of the econometric model and linear regression analysis. The dependent variable GDP is included in the econometric model together with several independent variables (tax types). Based on information gathered using the log-log model, the findings

illustrate how specific taxes like presumptive personal tax (Pt), taxes on income (It), Value Added Tax (VAT), withholding tax (Wt), tax on individual businesses (Ibt), tax on interest, on dividends, on rent, on the win of the lottery or other gambling games (Tdr) and the corporate tax affect GDP. The findings indicate that while most taxes have a beneficial effect on GDP growth, not all taxes have the same effect on economic growth. In their study, Khumbuzile & Khobai (2018) investigated how taxes affected South Africa's economic growth. They deployed the ARDL method using annual data for South Africa from 1981 to 2016. The analysis of the data used showed that there was a negative correlation in the nation under consideration between taxes and economic growth. The study's conclusions also demonstrated the co-integration of capital, taxation, trade and openness, and economic growth. It went on to suggest that to ensure South Africa's sustained economic growth, fiscal policy is crucial. Similarly, Öz-Yalaman (2019) used a panel VAR for 29 OECD nations from 1998 to 2016 to evaluate the correlation between corporate tax rate and economic growth during the financial crisis and the non-crisis period. The findings indicate that the corporate tax rate has a negative impact on economic growth that is substantial. It was also discovered that throughout the crisis, there was no direct relationship between the corporation tax rate and economic growth. The findings demonstrate that the endogenous relationship between the corporate tax rate and economic growth was significantly impacted by the crisis.

Furthermore, Elshani and Pula (2023) carried out an empirical investigation on how taxes affect the expansion of economies in the Eurozone nations. Value-added tax (VAT), corporate income tax (CIT), and personal income tax (PIT) are the three main tax categories that were analyzed. For the study, data for the dependent variable (Gross Domestic Product, or GDP) and the independent variables (types of taxes) from 2002 to 2019 were taken into account. The

GDP of the Eurozone countries is negatively impacted by personal income tax, social security contributions, and customs tariffs and excises, according to the findings. Value-added taxes and corporate income taxes, however, are beneficial. It was also discovered that taxes have a negative effect on economic growth as their share of GDP rises. It was suggested that policymakers concentrate on corporate income tax and value-added tax to influence economic growth, based on the empirical data.

Also, to examine the effect of direct taxation on economic growth at the level of two major clusters of nations concerning fiscal efficiency, Balasoiu, Chifu, and Oancea (2023) used panel data from all 27 EU countries covering the period 2008–2020. To categorize the major EU nations into groupings of countries with a high degree of fiscal efficiency and those with a relatively limited level, the analysis used cluster methodologies. The study looked into how direct taxation elements, such as corporate and personal income taxes, affected economic growth using both fixed effect models and dynamic Generalized Method of Moments (GMM) techniques. The role of the informal economy in connection to the formal economy was also taken into account in the analysis. The empirical findings showed that for both clusters of countries with high and limited fiscal efficiency, corporate income taxes have a substantial negative influence on economic growth. Besides, for the nations in the limited fiscal efficiency category, personal income tax was linked to slower economic growth. Therefore, from the standpoint of policymakers, reducing direct taxes can raise disposable income, promote investment that creates jobs, boost consumption and economic growth, boost competitiveness, and lessen tax evasion and avoidance, all of which contribute to a more effective tax system.

2.19.2 The Impact of Corporate Taxation on Economic Growth (GDP) in Nigeria

Festu and Samuel (2007) found that in Nigeria, the role of tax revenue in promoting economic activities and growth is not felt primarily because of its poor administration, perception, and frequently an undesirable imposition that bears no relation to the responsibilities of citizenship or the services provided by the government. This was the conclusion of their study on the inter-relationship between Nigeria's economic development and corporate income tax. Their research also showed that while more efficient and effective tax administration raises revenue yields, tax evasion and avoidance are still a problem because of legal loopholes that allow for this. Adegbie and Fakile (2011) investigated the connection between Nigeria's economic growth and corporation income tax between 1981 and 2007. They used the GDP, which was compared to the total yearly revenue from corporate income tax for the same time period, to assess the state of the Nigerian economy. To examine the data, they collected from primary and secondary sources, they used chi-square and multiple linear regression analysis. A variety of taxes regressed against GDP were among their variables. With a 98.6% R squared and an adjusted R squared of 98.4%, it is evident that corporation income taxes have a significant and noteworthy impact on GDP. It also demonstrated that tax avoidance and evasion are the main barriers to revenue generation and that there is a substantial correlation between firm income tax and Nigeria's economic development. Overall, the study only looked at corporation income tax, which means it's important to look at how total tax collections affect the Nigerian economy.

Besides, Ogbonna and Ebimobowei (2012) looked into how Nigeria's economic growth was impacted by the petroleum profit tax. Relevant secondary data were gathered from 1970 to 2010 from FIRS and the CBN to fulfil the purpose of this research. Using pertinent econometric tests—Breusch-Godfrey Serial Correlation LM, White Heteroskedasticity, Ramsey RESET,

Jarque Bera, Johansen Co-integration, and Granger Causality—the secondary data obtained from the pertinent Nigerian government agencies were examined. The findings demonstrate that the petroleum profit tax and economic growth have a long-term equilibrium relationship. Additionally, it was discovered that Nigeria's gross domestic product is affected by the petroleum profit tax. Akwe (2014) examined how Nigeria's economic growth was impacted by oil tax revenue between 1993 and 2012. Archival data that is germane, derived from the Central Bank of Nigeria's (CBN) 2012 Statistics Bulletin were employed to accomplish this study goal. The Ordinary Least Squares Regression method was used to evaluate these data. The test's outcome demonstrates that non-oil tax revenue has a favourable effect on Nigeria's economic growth.

Furthermore, in Confidence and Ebipanipre (2014), the use of taxes as a tool for economic growth in Nigeria was examined. The empirical findings imply that there is, in fact, a relationship between corporate income tax, value-added tax, and economic growth in the Nigerian setting. Consequently, the findings provide intriguing proof that taxes play a role in Nigeria's economic expansion. This conclusion emphasizes the necessity of further government actions to prevent taxpayers from dodging taxes to allow for a fair redistribution of income throughout the economy. To further ensure taxpayer compliance, regulatory agencies tasked with the exclusive duty of collecting taxes ought to be reinforced. Above all, it is important to allocate the tax revenue fairly to effectively support economic growth. A study on the effect of tax income on economic growth: evidence from Nigeria was carried out by Ojong, Ogar, and Arikpo (2016). The study's conclusions showed a strong correlation between the Nigerian economy's growth and the tax on petroleum profits. The results also showed that the growth of the Nigerian economy and corporation income tax do not significantly correlate. It was suggested that the

government make an effort to supply social amenities to every corner of the nation.

Also, in the study conducted by Ngwoke (2019) on the Impact of Taxation on Economic Growth, assessed how taxes affected Nigeria's economic growth from 2007 to 2017. According to the study's findings, the independent variable accounts for roughly 96% of changes in the dependent variable. This suggests that the R^2 indicates a goodness of fit of roughly 99%. The study noted that government should strategically pursue economic diversification to boost economic growth and development as well as step up its efforts to combat corruption in Nigeria, because it is one of the factors that has contributed to the misappropriation of public funds, particularly from the petroleum profit tax. This is because the government's revenue from petroleum-related sources is declining

2.20 EFFECTS OF TAXATION ON FOREIGN INVESTMENT

An Effective tax rate is a useful tool for policymakers and for business managers who might demand condensed but sophisticated information on investment tax burdens (Schreiber et al, 2002). To a reasonable extent, investment and financing decisions are influenced by tax. Using time series data spanning 23 years (1995 to 2017), Uchime & Anichebe (2019) investigated the impact of taxation on domestic investment in Nigeria. The CBN Statistical Bulletin and the National Bureau of Statistics (NBS) provided the data for the study. The Ordinary Least Square (OLS) Technique was the estimation method used in the investigation. According to the estimate results, taxes and domestic investment in Nigeria have a long-term relationship. Furthermore, they found that over time, there is a non-significant positive association between value-added tax (VAT) and domestic investment. The study concludes with a mixed finding. The study's conclusions led them to urge that the government use tax revenue to fund the construction of suitable infrastructure, such as reliable water and electrical systems. As

a result, conducting business in Nigeria will be less expensive.

In addition, Governments also often allocate tax incentives to attract domestic and foreign capital. Developing countries often use strategies such as reduced corporate income tax rates, tax holidays or temporary exemptions on corporate taxes, and tax reductions through tax credits or investment allowances (Andersen, Kett & von Uexkull, 2017; Mertens & Ravn, 2012). Despite the financial costs that these tax incentives accrue to an economy, they remain a popular policy, given that they result in positive benefits in terms of higher investments (Mertens & Ravn, 2012).

Djankov, et al., (2010) assessed the influences of taxation on investment in different economies comprising 85 countries. These countries included 27 high-income, 19 upper-middle-income, 21 lower-middle-income, and 18 low-income countries. Specifically, the geographical distributions of these countries comprised 22 rich (OECD) countries, 10 in East Asia, 17 in Eastern Europe, 13 in Latin America, 6 in the Middle East, 14 in Africa, and 3 in South Asia (Djankov et al., 2010). These countries' corporate taxation rates were assessed over a five-year period. Apart from corporate taxes, other taxes encompassing labor taxes, Value Added Taxes (VAT), and sales tax were examined. The findings of the study outlined that corporate taxes adversely affect FI inflows in any economy. Corporate taxation lessens total investment and entrepreneurship in an economy. These research findings were in line with those of Ohrn (2018), who examined investments and financing, in the United States and established that lower corporate tax rates incentivize investments in the economy while higher corporate taxes discourage investments.

According to the neoclassical theory of investment, organizations amass capital as long as the expected benefits surpass the costs (Mertens & Ravn, 2012). Therefore, if tax reductions

reduce the user costs of capital, investment rises. This is because tax credits offered to investors in an economy are deducted from the investment expenditure (du Toit & Moolman, 2004). Mertens and Ravn (2012) examined the implications of tax incentives on investment by analyzing data drawn from 40 Latin American, Caribbean, and African countries from 1985 to 2004. The research findings indicated that lowering the corporate income tax rates and extending tax holidays is effective in attracting FDI in Latin America and the Caribbean countries but otherwise in Africa (Mertens & Ravn, 2012). This difference was attributed to the fact that the variations between FDI and its determining factors, encompassing corporate taxation, differ with the level of growth of the country of residence.

Additionally, Munongo, Akanbi, and Robinson (2017) explored the effectiveness of tax incentives in FDI attraction by examining secondary data relating to tax incentives and the level of FDI inflows in different countries. Munongo et al. (2017) employed critical analysis to analyze the collected data. The research findings outlined that tax incentives are only useful in influencing FDI in cases where non-tax factors, including the development of a country's institutions, are included in FDI attraction strategies. Outstandingly, the disadvantages associated with the use of incentives encompass tax competition where neighbouring countries lower their taxes to outdo a given country with the aim of attracting higher investments (Munongo et al., 2017). These research findings were in line with those of Hsu, Lee, Leon-Gonzalez, & Zhao (2019), who highlighted that the tax incentive policies are insufficient to attract FDI in an economy, but a country’s market size and geographical location significantly influence FDI inflows.

Furthermore, Jaimovich and Rebelo (2017) noted that high tax rates are forms of disincentives to investments in any economy. This is because corporate taxes reduce the

investment returns available to any shareholder. Merz, Overesch, and Wamser (2017) examined the implications of corporate taxation on the location of financial sector FI in 83 host countries over 13 years. The study particularly focused on the investment returns of German investors in these countries. Data were retrieved from the German Central Bank (Deutsche Bundes-bank), and it related to the location of each investment, the rate of tax applicable in that specific location, and the returns to investment enjoyed by the German investors. The retrieved data was analyzed using the logit regression analysis method. The findings indicated that the location of German investors' financial services is dictated by the rate of taxation applicable in the given country (Merz et al., 2017). Consequently, high rates of taxes correspond to low FI inflows into a given location (country). In this regard, taxation significantly influences FI.

In a different research study, Esteller-Moré, Rizzo, and Secomandi (2020) examined the implications of corporate tax rates on FI in OECD countries and non-OECD countries. Data were retrieved from a survey of the OECD and non-OECD countries. The collected data were analyzed using regression and correlation tests. The research findings indicated a negative relationship between high corporate taxes and FI in non-OECD countries and no relationship between corporate tax rates and FI in OECD countries. The difference in these relationships was attributed to the market-friendly nature of OECD countries, which allows ease of undertaking transactions. Specifically, the quality of institutions is important in the attraction of FDI inflows in a country (Sabir, Rafique & Abbas, 2019). In this regard, the well-established market institutions in the OECD countries had a higher impact on FI compared to the influence of taxation rates (Esteller-Moré et al., 2020).

Nigeria, just like many other developing countries, utilizes tax incentives as a way of attracting investments. Olaleye, Riro, and Memba (2016) assessed the implications of tax

incentives on FI in listed Nigerian manufacturing companies. Correlation and regression tests were used to analyze the data collected from survey questionnaires. The research findings outlined a significant correlation between reduced company income tax incentives and increased foreign direct investment. Remarkably, the benefits generated relating to increased investment should exceed the revenue foregone by the government through instituting specific tax incentives (Olaleye et al., 2016). In congruence with Olaleye et al.'s (2016) findings, Tapang, Onodi, and Amaraihu (2018) established that tax incentives significantly affect foreign direct investment. Specifically, Tapang et al. (2018) examined the utilization of tax incentives to attract foreign direct investments in the petroleum industry in Nigeria. Secondary data was collected from the Central Bank of Nigeria and was analyzed using regression tests. The research findings indicated that tax incentives comprising tax allowances, non-productive rent, and capital allowance significantly influence FI in the country. In this regard, it is necessary to change tax laws and policies to do away with double taxation and attract foreign investors.

Governments utilize tax expenditures to bolster investment, innovation, and employment in the economy (Redonda et al., 2019). However, some of the tax expenditure schemes are highly costly and do not always yield feasible investment gains. (Redonda et al., 2019) argued that tax expenditures are often harmful to the environment. For instance, tax exemptions that allow the exploitation of fossil fuels lead to environmental degradation. In addition, tax expenditures offered in special economic zones to attract FI usually have little influence on investment or economic growth. This is because such schemes operate as tax competition tools which erode the tax bases of these economies (Redonda et al., 2019). In line with these sentiments, Olaniyi, Oyedokun, and Ajayi (2019) highlighted that FI is associated with the costs of foregoing expenditures associated with the public goods provision, political stability, and the

costs of availing labour to attract foreign investors.

In a different study, Olaniyi et al. (2019) explored the influence of tax policy incentives on FI in Nigeria. The research findings indicated that tax incentive policy is effective in enhancing FDI in an economy. However, not all incentives favour FI. Specifically, Olaniyi et al. (2019) established that in Nigeria, the most feasible tax incentive strategy is reducing customs and excise duties to yield high levels of FI inflows into the economy. This is because the majority of the foreign trade transactions in the country fall within the docket of the customs and excise tax bracket. On the other hand, corporate income tax and petroleum profit tax incentives imply insignificant effects of FI inflows only in the short term but significantly influence FI inflows over a long time (Olaniyi et al., 2019).

2.21 EFFECTS OF FOREIGN INVESTMENT ON QUOTED AND UNQUOTED COMPANIES IN NIGERIA

Listed or quoted companies are those businesses whose stocks are traded on an official stock exchange and adhere to the listing requirements of that particular stock exchange (Sahu, 2012). Such companies easily raise finances from the public. On the other hand, unlisted or unquoted companies refer to firms whose stakes are not on the official list of traded shares on a given stock exchange (Sahu, 2012). Such business concerns are usually not so significant as to meet the requirements for a stock exchange listing and do not often advertise for investors through public offers. In the Nigerian context, Ugwuanyi (2015) pointed out that quoted companies refer to those whose shares have been accepted for trading on the Nigerian stock exchange, while unquoted companies are those whose shares are not traded on the stock exchange (Ugwuanyi, 2015).

In Nigeria, some of the requirements for being quoted on the Nigerian Stock Exchange (NSE) include the need for the firm to be effectively incorporated as a public company limited by shares and have been in operation in the country for at least two years (NSE, n.d). Besides that, the company should have audited its financial statements according to the International Financial Reporting Standards (IFRS) and should have grown its revenue by a minimum rate of 20% cumulatively in its last two years of operation (NSE, n.d). Other listing requirements encompass the requirement for firms to fully pay their respective securities, provide well-audited financial statements for a specified period of their operations, and offer specified classes of equity shares to the public (Finance, 2020).

Specifically, there exist two classifications under which a company can be quoted on the NSE, comprising the entry segment and the standard segment (Ogedengbe, Adetona & Omoniyi, 2020). The entry segment is mainly meant to list eligible small firms, and the standard segment is for listing medium-sized businesses. For listing on the entry segment, a firm should have a market capitalization of not less than N50,000,000 (Fifty Million Naira) and a minimum free float of a proportion of 15% of its issued shares, while for listing on the standard segment, a firm should have a market capitalization valued at N500, 000,000 (Five Hundred Million Naira) and a free float of 15% of its issued shares (Ogedengbe et al., 2020). A firm should also have submitted a written application to the NSE requesting for listing in order to be listed. Upon meeting the above minimum requirements, a company is listed and termed a quoted company.

2.22 FOREIGN INVESTMENT (FI) IN QUOTED COMPANIES IN NIGERIA

FI has diverse positive influences on various sectors of an economy. This is because FI inflows into an economy provide development capital without implying repayment commitments (Danmola, Olateju & Aminu, 2017). Besides that, FI enhances the inflows of new expertise,

managerial and technical knowledge into an economy, thus enhancing the economic development of the host countries (Danmola et al., 2017). FI is also a significant tool in enhancing the transition of an economy from an underdeveloped to a developed status (Cho, Daim & Dabic, 2017). However, there exist controversies on whether, over the years, FI still enhances economic growth and development in different economies (Danmola et al., 2017. Thus, it is prudent to examine FI implications in quoted and unquoted companies in an economy.

Some researchers have focused on the influence of FDI on listed companies in Nigeria. To unearth the implications of FI on listed companies' financial performance in Nigeria, Nwanji et al. (2020) assessed listed deposit banks in Nigeria. Mainly, the study sample comprised 14 listed banks whose annual reports and accounts were examined between the years 2010 and 2017. The data collection method utilized encompassed retrieval of secondary data from the annual reports and financial statements of these banks. Tobin Q quantitative analysis technique was used, which indicated that FI flows in Nigeria had significantly contributed to these banks' financial performance within the period under study. The positive association between FDI and financial performance was attributed to profit maximization, which is guaranteed by FDI (Nwanji et al., 2020). FI inflows into companies have been hypothesized to possess an impactful influence on the financial results of relevant firms. In an investigation of the perceived effects of International Financial Reporting Standards (IFRS) adoption on FI and the Nigerian economy, Okpala (2012) examined the 183 listed companies in Nigeria. The data for these companies for the period 2002 to 2011 were retrieved from the Nigeria Stock Exchange. They were analyzed to determine the implications of IFRS adoption on FI in quoted companies. Precisely, the collected data were analyzed using regression tests. The study outcomes indicated that the adoption of IFRS among quoted companies increased global investor confidence in Nigerian quoted

companies (Okpala, 2012). In these wise, foreign investors were attracted to invest in these companies, hence boosting their performance.

IFRS adoption by quoted companies is one major requirement by foreign investors (Tran, Ha, Le, & Nguyen, 2019). Especially, this is due to the fact that IFRS adoption facilitates easy comparison of financial statements across different nations. In this regard, investment into foreign countries by foreign investors will allow them easy comparison and harmonization of financial statements from the different countries within which they operate. Jinadu, Ojeka, and Ogundana (2016) scrutinized the implications of IFRS adoption on FI inflows in Nigerian quoted companies. Data were collected through questionnaires administered to 173 active quoted companies in Nigeria. The regression analysis technique was utilized for data analysis. The research findings outlined an affirmative and significant relationship between IFRS adoption and FI inflows in the quoted companies. Unambiguously, a rise in the level of IFRS adoption by 1% among quoted firms in the Nigerian economy accounted for a 120.1% increase in FI inflows (Jinadu et al., 2016). In this regard, IFRS adoption by quoted firms significantly influences FI inflows.

Similar to Jinadu et al.'s (2016) research study, Odo (2018) examined the implications of IFRS on FI inflows among publicly listed (quoted) commercial banks in Nigeria. Markedly, the compulsory adoption of IFRS was intended to unify the universal accounting reporting and disclosure set of standards while also ensuring reliability, uniformity, and comparability of financial statements across nations (Odo, 2018). In this respect, Odo (2018) sought to determine how IFRS adoption influenced FI inflows into listed Nigerian commercial banks. The study data were collected from secondary sources encompassing the financial statements of the selected banks for the specified time range between 2011 and 2014. Particularly, this period represented

two years before the required adoption of IFRS in Nigeria and two subsequent years after the adoption. This was meant to allow comparability to assess the efficiency of the adoption of IFRS in Nigeria in relation to FI inflows into the economy. Regression tests were run on the collected data. The study's findings established an inconsequential association between IFRS adoption and FI inflows into the Nigerian economy via commercial banks (Odo, 2018). The rate of FI inflows remained unchanged after the adoption of IFRS. Therefore, these research findings contrasted with those of Jinadu et al. (2016), who established a positive increase in the inflows of FI into the Nigerian economy upon the adoption of IFRS. Udofia (2018) sought to investigate the implications of IFRS adoption on cross-border investments in Nigeria. The research utilized a mixed research design to examine IFRS adoption and FI inflows into the Nigerian economy between the periods 2007 to 2016. Primary data for this study were captured through survey questionnaires administered to qualified financial experts, while secondary data sourced from the Nigerian Bureau of Statistics report (Udofia, 2018). Inferential statistics comprising independent t-tests and descriptive statistics were utilized for data analysis. The results of the analysis indicated that IFRS adoption among firms significantly influences cross-border investment in Nigeria. However, IFRS adoption did not solely explain high rates of cross-border investments in the forms of FI inflows (Udofia, 2018). Particularly, other country-specific factors such as the legal environment and macroeconomic factors also explain an increase in cross-border investments.

Tax incentives, such as capital allowances, could also influence FI inflows into an economy. Specifically, capital allowances encompass allowable deductions, in place of depreciation, treated as inadmissible for taxation purposes (Olaleye, Memba & Riro, 2015). To acquire an in-depth understanding of the implications of capital allowances, Olaleye et al. (2015)

explored the association between capital allowances and FI in quoted Nigerian manufacturing companies. Data were collected from respondents in 32 listed (quoted) manufacturing companies in Nigeria. Inferential statistics comprising regression and correlation tests were adopted for data analysis. The analysis results indicated a significant positive association between capital allowances and FDI (Olaleye et al., 2015). In this sense, capital allowances are incentives through which foreign investors can be attracted to invest in various sectors of the economy. In the same manner, research by Peters and Kiabel (2015) examined the effect of tax incentives on investors' preference to locate FI in Nigeria. Secondary data for the research were gathered from the Central Bank of Nigeria database from 1980 to 2011. The researcher used multiple linear regressions for data analysis which were based on a static error correction modeling (ECM) that helped identify tax incentives' time-series properties as a percentage of the annual Gross Domestic Product (GDP) and FI. The research findings indicated a lack of correlation between FI responses and tax incentives, which infers that an increase in tax incentives did not correspond to an investor's decision to locate FI in Nigeria (Peters & Kiabel, 2015).

In a subsequent research study, however, Olaleye (2016) explored the effects of tax incentives on FI inflows in quoted Nigerian manufacturing companies. The tax incentives examined by the research encompassed capital allowances incentives, value-added tax incentives, double taxation treaty incentives, and capital gains tax incentives. Both secondary and primary data were collected for this research. Primary data were gathered through the use of survey questionnaires, while secondary data were retrieved from the Central Bank of Nigeria annual reports, financial statements alongside NSE annual reports. The collected data were analyzed through regression analysis, which yielded a positive association between tax incentives and FI inflows in listed Nigerian manufacturing companies (Olaleye, 2016). In this

respect, the Nigerian economy can utilize the different tax incentives to attract foreign investors into injecting their investment into the country's quoted companies.

In a different research, Olaleye, Riro, and Memba (2016) examined the implications of reduced income tax rates on FI inflows in listed manufacturing companies in Nigeria. Data for the study were collected through survey questionnaires issued to respondents from 32 listed manufacturing companies. The collected data were analyzed using regression and correlation tests. The analysis yielded positive correlations between reduced income tax rates and FI inflows in the quoted manufacturing companies. In the same vein, the regression tests yielded significant positive linear associations between reduced income tax rates and FI inflows in quoted manufacturing companies in Nigeria (Olaleye et al., 2016). Thus, it can be inferred that reduced income tax rates resonate with higher levels of FI inflows into the economy.

In a diverse research study, Yahaya, et al. (2017) examined the implications of FI on the financial performance of Nigerian manufacturing publicly quoted firms. The subjects of the study encompassed 32 listed companies, whose data were sourced from annual financial reports and statements for these companies. Regression analysis was run on the data where regression models were fitted on the data to assess the association between FDI inflows and the financial performance of the selected companies (Yahaya et al., 2017). Correlation tests were also utilized to examine the strength of the association between FI and financial performance. The research findings indicated a strong positive relationship between FI and these quoted firms' financial performance, implying that FI significantly impacts firms' performance. Remarkably, the research also outlined that the firm with the greatest proportion of FI inflows accounted for 22% of its assets being contributed by foreign investors (Yahaya et al., 2017). In this sense, FI significantly influences the financial performance of quoted Nigerian companies.

2.23 FOREIGN INVESTMENT (FI) IN UNQUOTED COMPANIES IN NIGERIA

Due to inadequate monitoring, unquoted companies in Nigeria tend to evade taxes (Adegbie & Fakile, 2011). The unavailability of adequate statistics also makes it hard for the Nigerian tax system to cover all these unquoted companies. In the same vein, data about the effects of FDI on unquoted companies is limited given the lack of efficient monitoring of their operations (Adegbie & Fakile, 2011). Unquoted or unlisted companies encompass firms that cannot qualify for listing on the stock exchange because they are too small to earn a stock market listing (NSE, n.d). Unquoted companies also encompass those that were initially listed on the stock exchange but have been delisted either voluntarily or due to violations of the stock exchange regulations. Notably, most small and medium-sized enterprises and small firms have limited capital and are not listed on the stock exchange.

Similarly, Subair and Salihu (2011) studied the implications of FI on the development of small and medium-sized enterprises (SMEs) in the Nigerian economy. This study's data were retrieved from secondary sources, specifically the Central Bank of Nigeria database. These data were related to the fixed capital formation and the trading output of these firms, covering the period between 1981 and 2009. The retrieved data were analyzed using multiple regression techniques. Similarly, correlation tests were employed to examine the strength of the association between the study variables. The analysis results outlined a significant and positive association between FI and the development of small and medium-sized enterprises in Nigeria throughout the study (Subair & Salihu, 2011). In this wise, it can be inferred that FI significantly influences the development of small businesses, which are also unquoted on the stock exchange. Thus, FI significantly influences the development and performance of unquoted firms

In another research study, Sanjo and Ibrahim (2017) examined the implications of international businesses on the growth and development of Nigerian small businesses. Exactly, the research study focused on small and medium-sized enterprises (SMEs) and how FI influences their growth and development. Data for this study were retrieved from secondary sources encompassing the Nigerian Bureau of Statistics and the Central Bank of Nigeria annual reports. Multiple regressions were exploited to analyze the collected data, where a multiple linear regression model was utilized to depict the association between the study variables. The research findings indicated an insignificant relationship between FI inflows and SMEs growth and development in Nigeria, implying that despite high levels of FI inflows into the economy, there was a negligent influence on the development, alongside the growth of these small businesses in Nigeria (Sanjo & Ibrahim, 2017).

In line with Sanjo's and Ibrahim's (2017) study, Acha and Udoh (2017) observed the implications of FI on the growth and development of small and medium enterprises in Nigeria. The retrieved data covered 27 years between 1986 and 2013. ANOVA tests and ordinary least square methods were adopted for the analysis of the collected data. The study results indicated a strong and positive relationship between the development of SMEs in Nigeria and FI between the periods of study. In this respect, FI helps in the development of small businesses, which may be unquoted in the stock exchange. Thus, FI inflows into an economy positively influence the growth and development of small firms, which translates to improved economic growth.

More than 90% of companies operating in the agricultural sector in Nigeria are small and medium-sized enterprises and unquoted. In a research study, Edeh, Eze, and Ugwuanyi (2020) investigated the influence of foreign direct investment on the agricultural sector in Nigeria. The trio used quarterly time series data for the period 1981–2017 specifically collected from the

Central Bank of Nigeria Statistical Bulletin for the examination. The research adopted the pairwise correlation test to analyse the secondary data collected. The research findings revealed that a substantial and strong linear correlation exists between foreign direct investment and the agricultural sector's output in Nigeria during the period of evaluation. The study concluded that FI has a more positive effect on agriculture sector output in the short run than in the long run and suggested that more efforts should be put in place by stakeholders in the agricultural sector to attract more FI to improve and increase productivity. Thus, FI inflows into Nigeria positively influence the growth and development of unlisted companies. Idehen and Iguisi (2020) assessed the effects of foreign private investment on the development of small and medium-sized enterprises in Nigeria. A longitudinal research design, which encompassed the collection of data from 1991 to 2018, was utilized by the research study. The study variables comprised the net FI inflows into the country within the years of study, Nigeria's GDP within the period, and the rate of development of Nigerian SMEs within that period. Secondary data were employed for the study, which was collected from the World Bank database. The analysis outcomes indicated that FI and the development of SMEs in Nigeria within the period under investigation depicted a negative association. Specifically, FI had an insignificant impact on the development of SMEs in Nigeria within the period under investigation (Idehen & Iguisi, 2020). This was attributed to the fact that most SMEs do not go public by getting listed on the stock exchange to access more funds to finance their operations. In this regard, firms need to get listed to acquire funds from the public and other external sources.

However, Hoang (2020) opined that unlisted or unquoted firms in less developed financial markets in target countries often face challenges and high costs in securing external financing in the form of foreign investments. In this sense, foreign investors often prefer to

acquire unlisted firms in foreign countries instead of financing them. In the same vein, Feito-Ruiz, Fernández, and Menéndez-Requejo (2014) outlined that in highly developed countries, characterized by well-developed financial institutions and markets that favour high liquidity and financing, the probability of foreign investors acquiring an unlisted company is low. Thus, developing countries with poor financial markets are less likely to acquire external foreign financing for unquoted companies, but such firms can be acquired by foreign investors. On the other hand, well-developed financial systems in a target country provide an active market for the shares of publicly quoted companies, making it easy for such firms to acquire financing from foreign investors (Hoang, 2020).

In this respect, unquoted companies are disadvantaged to some level. Predominantly, publicly quoted companies have their shares on the stock exchange, making it easy for foreign firms or investors to invest in these companies. On the other hand, unquoted companies' shares and equities are not easily available, hence constraining easy access to investments in these firms by foreign investors. In Nigeria, there is very scanty research about the influence of FI on the performance of unquoted companies. Therefore, this constrains the comparability of the influence of FI in quoted or listed and unquoted or unlisted companies in the economy of Nigeria. This is a research gap that the proposed research study seeks to fill.

2.24 IMPLICATIONS OF FOREIGN INVESTMENT ON ECONOMIC GROWTH IN NIGERIA

2.24.1 Effect of Foreign Investment on Unemployment

In the contemporary world, unemployment has been a subject of discourse that requires immediate attention from researchers and the government. However, as a means to eradicate the issue of unemployment, developing nations have attracted support and investments in their countries to help provide opportunities for youths and unemployed citizens (Chidiebere, Iloanya

& Udunze, 2014). Due to its recognised advantages as an instrument for economic growth, most developing countries strive to attract FI. As demonstrated by the establishment of the New Africa Development Partnership (NEPAD) which mainly has the enticement of foreign investment in Africa, Nigeria, in particular, and, Africa in general, have joined the world to seek FI. The greatest possible benefits of FI in economies include the transfer of technological skills, the development of capital, competitive business support, and improved integration of foreign trade. Moreover, the associated benefits promote the economic areas that are key to achieving high rates of employment and economic development, such as an increase in construction and real estate, agriculture, manufacturing, mining, transport, and petroleum (Ajayi, Akano & Adams, 2019). However, the overall returns and impact of FI vary across nations with respect to available resources and the economic state of the nation. The economic state of Nigeria has a critical condition that needs to be improved, for there is still a high level of unemployment, low economic growth, etc. (Adediran, 2019). Many analysts believe that FI may serve as a key driver for the economic growth of Nigeria due to the country's reduced capital availability, low industrialization level, a spike in the unemployment rate, etc. Unemployment in this case refers to persons who were actively available for work but were without work for at least 20 hours a week (Adediran, 2019). A person is also said to be unemployed if they did nothing at all or did something but for less than 20 hours in a week (Uddin, 2013).

Besides, Johnny, Timipere, Krokeme, and Markjackson (2018) researched to investigate the extent to which FI influenced Nigeria's unemployment rate from 1980 to 2015. The authors used a quantitative research design, with FI and capital formation as the exploratory variables and the unemployment rate as the explained variable. Johnny et al. (2018) employed multiple tests including, the co-integration test and ordinary least square (OLS), to achieve the desired

objectives. Findings from the research revealed that FI and unemployment had an insignificant negative relationship while there was a strong and favourable correlation between the formulation of capital and the rate of unemployment in Nigeria. The findings implied that a unit increase in FI would result in a unit decrease in the unemployment rate, which would help boost the living standards and enhance the economic state of Nigeria. The results also meant that increased accumulation of capital leads to high unemployment rates, which suggests that for effective implementation of capital reinvestment, more focus should be dedicated to policy and strategy development rather than to the accumulation of capital for a significant reduction in the unemployment rate. As such, the government ought to formulate and integrate policies that attract FI and strategies that enhance investments in Nigeria, thus reducing the alarmingly high unemployment rate. The government should also make sure that all productive resources are fully used before any kind of savings can be made. Mobilizing capital in productive activity will reduce the level of unemployment and regenerate more capital for future businesses (Johnny et al., 2018).

Additionally, Gilbert (2017), in his study, investigated the impact of foreign direct investment (FDI) on Nigerian economic growth between 1972 and 2015. The findings revealed a positively significant statistical association at the 5% level, indicating that FDI is drawn to countries with strong economies. In other words, FDI catalyzes economic growth. Based on these results, the study recommended several policy changes by the Nigerian government. First, a liberalization of the foreign sector is suggested. This includes reducing trade barriers such as unreasonable tariffs, import/export duties, and other levies. This would create a more inviting environment for investors. Additionally, the government should implement policies that foster an enabling environment for foreign investors. Furthermore, the study emphasizes the importance of

improving the quality of Nigerian exports to enhance their international competitiveness. This can be achieved by increasing value addition to both private and public sector goods, potentially through the development of indigenous technology. This would make Nigerian products more appealing to overseas investors.

In the same vein, Alabi (2019) also looked at the relationship between FDI and Nigeria's economic growth. The findings showed that, with a very significant p-value of 0.0002, an increase in foreign direct investment (LFDI) is associated with an increase in economic growth (LGDP) of 0.633506 units. This suggests that Nigeria's economic growth is significantly positively correlated with foreign direct investment (FDI). The real interest rate (RINTR) also exhibited a positive, albeit statistically insignificant, influence on economic growth (p-value = 0.310). Domestic investment (LDI) displayed a positive influence on economic growth (coefficient value = 1.758036), but the significance level fell between 5% and 10% (p-value = 0.0688).

In another study conducted by Anthony-Orji, Anthony-Orji, Ogbuabor & Nwosu (2018), the researchers investigated the influence of foreign capital inflows on unemployment in Nigeria. Data from the first quarter of 1977 to the fourth quarter of 2013 on the unemployment rate in Nigeria, Foreign Portfolio Investment and Remittances were explored. The research adopted the Auto-Regressive Distributed Lag- Unrestricted Error Correction Methodology (ARDL-UECM) to undertake data analysis. The research affirmed that foreign private investment, foreign direct investment as well as trade openness have an adverse effect on the unemployment rate whereas the influence of remittances and real exchange rate on the unemployment rate is positive. Similar research by Ajayi, Akano, and Adams (2019) sought to unveil the relationship between FDI, employment rate, and unemployment rate in Nigeria. The researchers utilized data from the CBN statistics bulletin, and the World Bank indicators for the period 1960 to 2014. A vector autoregression (VAR) model was used to analyze the employment and unemployment rate in

Nigeria. The study findings revealed that FI had a significant and positive relation with employment but was not associated with the unemployment rate in Nigeria. The findings imply that FI plays a crucial part in creating employment and should be, therefore, enhanced. The monetary authorities in Nigeria should stress the need for stable exchange rates to enable the attraction of increased levels of external direct investment, effective measures for the development of social-head capital, and actions aimed at reducing the brain drain phenomenon. The results also imply that enhancing the implementation of FI can curb the great problem of unemployment. This, in turn, would help improve the overall living standard and household income while eradicating poverty in Nigeria (et al., 2019).

Similarly, in their research, Suryani & Rony (2020) aimed to assess the effect of government expenditures, domestic investment, and foreign investment on the economic growth of primary sector in central Kalimantan. The research adopted quantitative research using multiple linear regression. Collection of the variable data was by library methods based on secondary data with times series on 1990-2019. Research results show that Government Expenditures, Domestic Investment, and Foreign Investment have significant effect and positive to the Economic Growth of Primary Sector. Government Expenditures have a significant effect and positive to the Economic Growth of Primary Sector meanwhile Domestic Investment and Foreign investment have not had much of an effect.

Similarly, Danladi (2022) in a study conducted between 1986 and 2020 explored the impact of FDI on economic growth in Nigeria. The research specifically examined how exchange rates influence this relationship. For the investigation, an ARDL model was adopted. According to the study, FDI positively and statistically significantly affects economic growth in the country. Similarly, a stable exchange rate was found to positively impact economic growth. The findings also highlighted the model's overall significance, with an F-statistic lower than 0.05, indicating a 5% significance level. This suggests

that a stable exchange rate strengthens the positive influence of FDI on economic growth. Based on these results, he recommended improvements in institutional quality to attract more FDI to Nigeria. Additionally, he emphasizes the importance of government policies that promote exchange rate stability to attract further foreign investment and achieve the country's desired economic growth and development goals.

In the same vein, Bisiriyu & Osinusi (2020) examined the influence of FI and GDP on unemployment in Nigeria. The findings of the study affirmed that there is an increase and development in both FI and GDP over the years under study. In addition, from the result of the ordinary least square, it can be inferred that both FI and GDP have a noteworthy effect on the unemployment rate during the period covered by the study.

However, it is vital to realize that the majority of developing economies are characterized by their low financial resources, limited industrial base standards, limited employment opportunities, and insufficient technical know-how (Sabir, Rafique, & Abbas, 2019). Foreign direct investment could bridge the gap to foster growth and development. But that is never sure because direct foreign investment is not a free ride, for it demands a bigger share. In other words, the primary objective of foreign investors' investments is not to assist any nation in augmenting their budgetary deficit or support the development aspiration of their host country, but the investors aim to maximize their stakeholders' return. With this in mind, the following section discusses the implication of FI on the national output and how FI contributes to the overall GDP of Nigeria.

2.24.2 Effect of Foreign Investment on Economic Growth (GDP)

Many empirical investigations on the connection between FDI and economic growth and development have led researchers to the conclusion that FDI has complex consequences. They

are frequently seen as producers of employment, high productivity, competitiveness, and technology spillovers from a macro perspective. Concerning the least developed nations in particular, FDI means increased exports, access to global markets and global currencies, being a significant source of funding, and displacing bank loans. According to Caves (1996), attempts are being made by numerous nations to entice foreign direct investments because of the potential benefits to the economy. With FDI, productivity, technological transfer, management skills, know-how, global production networks, unemployment reduction, and access to new markets would all grow. These theories are supported by Borensztein (1998), who sees FDI as a means of achieving technology spillovers with a bigger contribution to economic growth than would have been the case with national investments. Findlay, who thinks that foreign direct investment causes a spillover of cutting-edge technologies to local enterprises, also emphasizes the significance of technology transfer (Findlay, 1978). On the other hand, FDI might displace domestic businesses and harm the growth of the economy. Hanson (2001) believes that there aren't many good consequences, and Gorg, & Greenaway (2004) contend that most effects would be detrimental. According to Lipsey (2002), there are beneficial effects but no clear correlation between FDI stock and economic growth. Depending on the type of impact, the economy could either have positive or negative effects.

National output entails the measurement of the worth of all finished goods and services offered by a nation (Onuoha et al., 2015). The GDP is a key indicator of national output, for it determines the healthiness and the standard of living in a nation (Momodu, 2015). Researchers define GDP as the actual market value of all legally recognized products and services produced by a nation in a specified period (Momodu, 2015). GDP is vital in any nation for it determines the rate of economic growth. It is also used to compare the size of economies worldwide and the

relative growth rates of economies worldwide (Onuoha et al., 2015). Foreign Direct Investment (FDI), which is a technology transfer vehicle, offers world-class skills and management technology and enhances local firms' access to foreign markets, which improves the national output and GDP of a nation (Yusuff, Afolayan & Adamu, 2016). To identify policy actions aimed at maximizing the FI flows and gains for economic growth, it is necessary to understand the association between the flow of FDI and the level of productivity for the economy. Therefore, the development of the economy and advancement in the countries involved have prioritized FDI policies to help mitigate the saving-investment imbalance and offer the technology for the production of goods and services (Onuoha et al., 2015).

In a similar vein, Edame & Okoi (2014) looked at how taxes affected investment and economic growth in Nigeria between 1980 and 2010. To evaluate the data, they used the multiple regression analysis technique known as ordinary least squares. The CBN statistical bulletin and NBS provided the study's annual data. The analysis concluded that there is an inverse association between taxes and investment since the parameter estimates of corporate income tax (CIT) and personal income tax (PIT) show negative indications. The outcome's economic implication is that investment in Nigeria will decline with a one percent (1%) increase in CIT. Because of this, a rise in PIT will cause a drop in the level of investment. In effect, the outcome demonstrated that, in Nigeria, taxes are favourably correlated with government spending and adversely correlated with investment and GDP (gross domestic product). Additionally, they noted that taxes statistically have a major impact on GDP, investment, and government spending in Nigeria. Based on their results, the Nigerian government was advised to use taxation to meet its objectives, which will promote economic development and growth.

Besides, Dinh, Vo, and Nguyen (2019) researched to investigate the contribution of FI to the economic growth of developing countries in the short term and long term. The authors employed various econometric methods, including the fully modified OLS, vector error correlation model, and panel-based unit root test. The findings revealed that the implementation of FI in developing nations had a significant impact in the long run but reported a negative impact in the short run. The research implies that FI is an important long-term economic factor in emerging and developing economies in particular. Therefore, efforts should be encouraged to attract FI to add to domestic investments in developing low-middle-income economies. However, policies to attract FI must be developed to maximize the positive effects of FI on the economy of a country in a longer-term perspective. Policies aimed at attracting FI in the short term will not bring significant economic benefits. Developing countries with low-medium incomes have sought to attract positive advantages from FI (Dinh, Vo & Nguyen, 2019).

FI does not always possess a beneficial influence on economic growth, as it depends on FI investment characteristics such as type, sector, scope, time span, the share of the sector's domestic businesses, etc. Therefore, government policies to improve the quality of human resources and work skills should be put in place by governments (Onuoha et al., 2015). Since FI is always supplied with technology, high-quality work is necessary to make use of new technology and generate a positive impact on technological diffusion. Simultaneously, other than prioritizing FI's attraction to increase economic growth and to absorb maximum FI benefits, governments ought to explore human capital policies, money supplies, total domestic investment, and total private sector credit (Dinh, Vo & Nguyen, 2019). The supply of money always has positive effects on short-term and long-term growth. For this reason, prioritization should be given to formulating and using monetary policies flexibly to support growth.

Also, Susic, Stojanovic-Trivanovic & Susic (2017) added that economic development could be affected by foreign capital on three fronts. First, the domestic investment rates are increased. The influx of foreign capital can support investment in the economy to the level that the nation has a discrepancy between the savings and the capital due to a deficit in the balance of payments. Secondly, it improves the efficiency of the business. Productivity increase is the result of efficiency gains based on knowledge transfer, experiences, and implementation of new technologies. Thirdly, the economic system and the company are encouraged. Moreover, to survive in the market, it is possible to encourage innovation of businesses from local competitors, which would enhance the quality and diversity of development in the native countries (Susic et al., 2017).

In the Nigerian context, Uwubanmwen and Ogiemudia (2016) empirically studied the influence of FI on economic growth in Nigeria. Twelve-monthly secondary time series data for the period between 1979 and 2013 were gathered. Granger causality methodology was used to analyse and discover the type of correlation between FI and economic growth in Nigeria. The error Correction Model technique was also employed to ascertain the short- and long-term consequences of FDI on the economic growth of Nigeria. The variables used in this study were Real GDP Growth Rate, Foreign Direct Investment, Total Debt, Exchange Rate, Gross Domestics Investment, Inflation Rate and Trade Openness. Results of the examination disclose that Foreign Direct Investment (FDI) has an immediate as well as time lag influence on Nigeria's economy in the short term whereas it has an insignificant negative effect on the Nigerian economy in the long term during the period. Thus, FI has a significant directional effect on the growth in addition to Nigeria's economic development only in the short term during the period of investigation.

In addition, research on the inter-relationship between foreign direct investment (FDI) and the nation's economic growth was carried out by (Udeh and Odo, 2017). To look into the latter, the pair employed person product-moment correlation and an ex-post facto research approach. The study's conclusions showed a strong correlation between foreign direct investment (FDI) and economic growth in Nigeria. The results implied that FI can be enhanced to boost the overall GDP and national output in Nigeria. Therefore, the government ought to come out with effective strategies that would create a conducive business environment and market that would attract more FI in the country (Oyero, 2019). Some of the measures it could take include deploying national teams to prevent and manage domestic violence and conflicts in a way that will protect and attract foreign investors to the country. The fight against corruption should also be extended across the country to enhance the effectiveness of the impact of FI on government revenue and capital expenditure (Udeh & Odo, 2017). Also, a study conducted by Okumoko, Akarara & Opuofoni (2018) scrutinized the effect of Foreign Investment on Economic Growth in Nigeria for the period between 1981 and 2016. The evaluation showed FDI has a positive but non-significant impact on GDP, while Gross Fixed Capital Formation (GFCF) is positive and weighty, Nigeria's economic growth and GFCF are positively and significantly correlated. In addition, the study showed that there is a bi-directional relationship between FDI and GFCF while FDI granger results in GDP growth in Nigeria.

Similar research by Giwa, George, Okodua, and Adediran (2020) examined the impact of FI inflows on Nigeria's real gross domestic product growth and how the foreign inflows can contribute to the goal of achieving additional finance from multiple sources in the country. The research revealed that labour quality had a significant impact on the real GDP while capital intensity inversely impacted the real GDP. This implies that the FI has no positive links with the

capital intensity that has a positive impact on the local economy. Therefore, all stakeholders must step up efforts to ensure that the attracted capital inflows reach the most productive sectors of the economy appropriately (Dinh, Vo & Nguyen, 2019). This will help to transmit the FI's profit to Nigeria's domestic economy through capital intensity.

Research investigating Nigeria's experience in the pre-recession era based on FI and economic growth revealed that between 1999 and 2014, FI had a positive impact on economic growth (Oyero, 2019). However, the government was advised to implement fiscal, monetary discipline and introduce control measures to maximize its return on its borrowing and spending pattern (Oyero, 2019). The findings imply that a nation that wants economic growth has and should have a reasonable portion of its state income to save and invest. But, by definition, developing countries are poor and have low savings and investment rates, contributing to their remaining poor. Foreign resource inflows are anticipated to supplement national resources and help to boost economic growth (Oyero, 2019). FI has been defined by the United Nations as an investment in companies in one country that are fully controlled by residents of another country (Dinh, Vo & Nguyen, 2019). FDI is also defined as a permanent or long-term investment to acquire an interest in a company operating outside the economy of investors defined by residence (Yusuff, Afolayan & Adamu, 2016). FDI takes the form of building new facilities, i.e., investment in "Greenfield" or sustainable investment. Moreover, FDI includes mergers and takeovers, new buildings, reinvestments in profits and loans, and an equivalent transfer of capital between the parent organization and its affiliates to promote sustainable development and enhance the overall GDP in a nation (Onuoha et al., 2015). Direct foreign investment is perceived through various direct and indirect channels to positively affect the growth of the economy of the host nation, for it increases domestic investment, which is essential for

sustainable growth and development.

Based on the assessment above, there are undoubtedly many positive effects on FI for national growth and development. However, fiscal discipline and surveillance measures are important to the government to optimize the potential benefits of a country in terms of its borrowings and spending patterns. Borrowed funds should be invested in productive economic activities to increase investments that could ensure more international investors.

The reviewed literature supports the liberalization of trade and investment systems. Nevertheless, the Nigerian administration faces the challenge of being cautious in developing policies to improve the liberal policy regime and trade. The country should take advantage of physical capital spills and influxes to boost external direct investment to boost economic growth (Giwa et al., 2020). The country also ought to realize that when the economy improves, investors can enter the country, which contributes to the overall GDP and living standards. In Nigeria, economic and political policies should be favourable. This will promote the continuous inflows of international direct investments and exports of products and services in the country. Furthermore, by developing infrastructure, the government should improve the investment environment for domestic and international investors, particularly by reducing the cost of alternative electricity provision (Oyero, 2019). Moreover, the government needs to create a climate for domestic investments by implementing macroeconomic policies that promote prospects for investments in the economy and thus enhance economic growth (Dinh, Vo & Nguyen, 2019). Furthermore, in order to encourage investment, governments must support the foreign sector, thereby reducing all trade barriers, such as random tariffs and import-export duties, and other taxes. Research also shows that the major barriers in developing countries' modern economic systems are ensuring that mass and accumulation rates are enough to finance

investment in economic development (Susic, Stojanovic-Trivanovic & Susic, 2017). Therefore, the Nigerian government should aim at maximizing the efficiency of accumulation. Other factors they should consider to achieve an optimal return from FI include encouraging better and more effective management, efficient utilization of production capacity, high level of training and quality, the timely use of new technologies and the progress of technology, etc. (Susic, Stojanovic-Trivanovic & Susic, 2017). From the reviewed literature, we can conclude that FI has a significant positive impact on the national output and greatly contributes to Nigeria's GDP. The following section will examine the country-specific factors such as political, market, economic, technological, environmental, social and corporate governance factors and how they influence FDI in Nigeria.

Further, Bouchoucha & Bakari (2021) analyze the impact of domestic investment and FDI on economic growth in Tunisia during the period 1976–2017. This study is based on the Auto-Regressive Distributive Lags (ARDL) approach that is proposed by Pesaran et al (2001). According to the results of the analysis, domestic investment and FDI have a negative effect on economic growth in the long term. However, in the short term, only domestic investment causes economic growth. The findings are important for Tunisian economic policymakers to undertake effective policies that can promote and lead domestic and foreign investments to boost economic growth. Jacob & Jiji (2021) examines how foreign direct investment has affected China's and India's economic development. Applying regression analysis demonstrates that FDI has a major impact on the expansion of the Chinese economy, but that it has little or no impact on the growth of the Indian economy for the study period of 1991 to 2020. In comparison to China, the average FDI as a share of GDP in India is quite low. This explains why FDI had little bearing on the expansion of the Indian economy.

Similarly, Lamsiraroj (2016) examines the relationships between FI and growth using 124 cross-country datasets for the years 1971 to 2010. The estimation's findings show that FI's overall benefits are positively correlated with growth and vice versa, although labor force, trade openness, and economic freedom are other important factors that influence FDI and in turn spur further income growth. Sarker and Khan (2020) used common time-series econometric techniques to look at the correlation between FDI and GDP in Bangladesh. These techniques included augmented Dickey-Fuller, augmented Dickey-Fuller generalized least square, Kwatkowski-Phillips-Schmidt-Shin, and Lee-Strazicich unit root tests to assess stationarity, augmented ARDL bounds testing approach to assess cointegration, and in the long run, FI and GDP were found to be related by the augmented ARDL model. Additionally, the results suggested the existence of a unidirectional connection connecting GDP and FI. The influence of FI inflows on the growth of the economy of the top 30 countries worldwide from 1998 to 2017 was examined by Okwu, Oseni and Obiakor (2020) using pertinent econometric methodology in a panel data setting. The findings revealed inconsistent overall growth effects of the variables. Particularly, FDI had a beneficial and significant impact on the countries' economic progress throughout that time. As a result, the paper concluded that FI inflows boosted economic growth and stressed the importance of fostering more FI-attracting policies as well as enough GFCF to support FIs for possible sustained economic growth.

Dinh, Vo, and Nguyen (2019) examined the influence of foreign direct investment (FDI) on economic growth in developing nations in the lower-middle income group between 2000 and 2014, along with new and pertinent quantitative data. To guarantee the validity of the results, a variety of econometric techniques are used. The findings of this analysis indicate that while FDI has a short-term negative impact on the countries in this study, it long-term promotes economic

growth. Mihyawi (2019) focuses on how foreign direct investment affected Jordan's economic growth from 2000 to 2017. The goal of the study is to determine how foreign direct investment affects economic growth by utilizing the E-Views program, relying on a collection of macroeconomic data, and employing the conventional analytical methodology. The study discovered that foreign investment had a favourable effect on economic expansion. Based on this outcome, the Jordanian government's main objective is to try to raise the amount of foreign direct investment to accelerate economic growth.

Halizam et al., (2021) examine the effects of FDI on Malaysian economic growth as measured by GDP, FDI, gross fixed capital formation (DI), population growth (POP), and trade openness (TO). The study period included from 1970 to 2018 and analysis was conducted utilizing the bound test approach of the ARDL. The analysis showed that the model's selected macroeconomic factors had a favourable and significant impact on the growth of the Malaysian economy. Shaikh (2010) examined the effect of FDI on the economy of Malaysia from 1970-2005 using OLS regression analysis. The finding depicts a significant negative relationship between economic growth and foreign investment inflows (FI) in Malaysia within the study period. Al-Iriani (2007) focuses on the association between FDI and the economic growth of Bahrain, Oman, Saudi Arabia, United Arab Emirates, and Kuwait from 1970-2004. The Granger causality test of Holtz-Eakin was adopted as the econometrical tool. The result shows bidirectional causality between FDI and economic growth in these countries. Griffiths and Sapsford (2004) analyze how FDI and economic growth are related. in Mexico within the period of 1970-1999. OLS regression was adopted for the study. The result reveals that the two-period lag of FI was found to have a significant relationship within the period 1980- 1999.

In addition, Chowdhury & Mavrotas (2006) examine the relationship between FDI and economic growth proxy for real gross domestic product in Chile, Malaysia, and Thailand within the period of 1969- 2000 using lag-augmented vector auto-regression. The findings show that no relationship existed in Chile, but in the two other countries. Sarkar (2007) considers the relationship between FDI and economic growth in 51 less developed countries between 1970 and 2002 using OLS fixed and random effects regressions and the Autoregressive distributive Lag approach. In the majority of cases, there is no long-term relation between FI and economic growth. Umoh, Jacob and Chuku (2012) examine the responses between FDI and economic growth in Nigeria from 1970-2008. The study adopted the single and simultaneous equation systems. The findings show that both economic growth and FI are receiving direct feedback from each other in Nigeria. Shabbir, Bashir, Abbasi, Yahya, & Abbasi, (2021) main goal is to determine the relationship between domestic and international private investment's effects on Pakistan's economic growth. Additionally, time-series data from 1980 to 2017 has been employed, and the autoregressive distributed lags (ARDL) method is assumed for the purposes of data analysis. The long-term results reveal that domestic investment has a statistically significant but positive impact on Pakistan's economy, whereas foreign private investment impacts economic growth negatively and negligibly. The short-run dynamic indicates that private investment, both domestic and foreign, is considerably and favourably related to the growth rate. However, the error correction term (ECT) corrects the data's 42.7% yearly disequilibrium. Finally, the F-test demonstrates that the study's overall model is significant. Am Marcel (2019) empirically the effect of foreign direct investment (FDI) on economic growth in the Republic of Benin is empirically examined in this article. According to the empirical analysis, Foreign Direct Investment (FDI) has a short-term immediate and time-lag influence on the economy of the

Republic of Benin. Additionally, FDI has a long-term, considerable, and unfavourable impact on the economy of the Republic of Benin.

Also, Sarker, & Khan, (2020) used standard time-series econometric techniques to examine the relationship between FDI and GDP in Bangladesh. These techniques included augmented Dickey-Fuller, augmented Dickey-Fuller generalized least square, Kwatkowski-Phillips-Schmidt-Shin, and Lee-Strazicich unit root tests to assess stationarity, augmented ARDL, bounds testing to assess cointegration, and in the long run, FDI and GDP were found to be related by the augmented ARDL model. Additionally, the Granger causality results and the error correction model showed the existence of a unidirectional connection connecting GDP to FDI. Further, Ayomitunde, Omotayo, Adejumo, & Abolore, (2019) investigated the link between foreign direct investment and economic growth in seven rising nations from 1990 to 2017. There is a gap in the literature since previous empirical research has not been able to calculate the long-term association between the variables in these countries. The study's goal was then addressed using the Johansen-Fisher Panel Cointegration and Pairwise Dumitrescu Hurlin Panel Causality Tests. As a result, the empirical findings demonstrate a long-run equilibrium link between FDI, GDP per capita, growth rate, and economic growth. Additionally, there is a one-way feedback loop connecting FDI and economic expansion.

Likewise, Camacho, & Bajaña (2020) investigate whether there is a Granger causality relationship in the historical trajectory between the study variables, Ecuador's economic growth and Foreign Direct Investment (FDI), with its trading partners Colombia and Peru, taking into account the significance that its implications could have on political-economic decisions. To ascertain the link between the aforementioned variables, the analysis was carried out using data from Ecuador, Peru, and Colombia with a temporal sample in the years 1996–2016 on a

quarterly basis. Autoregressive vectors were used in the research. The findings show that none of the nations under study experienced increased FDI as a result of GDP. However, FDI has a large Granger-causality influence on GDP in Ecuador and Peru. Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI) both have a significant impact on the economic growth of a country. The relationship between the two on economic growth is a topic of ongoing debate in the literature, and different authors have presented different views on the subject. According to Borensztein et al. (1998), both FDI and FPI have a positive impact on economic growth, but that FDI has a greater impact. They suggest that FDI can bring new technologies, managerial skills, and access to global markets, while FPI can provide additional sources of capital. According to Aizenman and Noy (2006), they argue that FDI and FPI have different effects on economic growth. They suggest that FDI has a positive impact on economic growth by promoting technology transfer, while FPI has a negative impact on economic growth by increasing the volatility of capital flows. Borensztein et al. (1998) suggest that FDI and FPI can have different effects depending on the level of economic development. They argue that FDI can have a greater impact on economic growth in less developed countries, while FPI may be more important in more developed countries where financial markets are more developed. Ndikumana and Verick (2008), believe that FDI and FPI have complementary effects on economic growth. They argue that FDI can promote long-term investment and technology transfer, while FPI can provide short-term capital and help to deepen domestic financial markets. There is a complex relationship between FDI and FPI on economic growth that may be influenced by a number of variables such as the quality of institutions, development of the financial industry, and macroeconomic stability. Different authors have presented different views on the subject, and the empirical evidence is not conclusive.

Regarding Nigeria, FDI and FPI are two of the most important sources of capital inflows in the country. In the last few years, Nigeria has seen an increase in FDI and FPI, which has resulted in a surge in economic growth. This has been largely due to the country's strong macroeconomic fundamentals, including a strong monetary policy, low inflation, and low external debt. In the Nigerian context, there have been several studies that have looked at how FDI and FPI affected economic growth, and they all have divergent views on how the two relate to economic growth

According to Iwayemi and Fakayode (2012), both FDI and FPI have a direct impact on economic growth in Nigeria, but they suggest that FDI has a greater impact. They argue that FDI can bring new technologies, managerial skills, and access to global markets, while FPI can provide additional sources of capital. The findings of Lawanson and Oloyede (2015) align with that of Ogunleye and Lawanson (2017) as the study they conducted which scrutinised the connection between FPI and FDI and Nigeria's economic growth using data from 1995 to 2013, revealed that both FDI and FPI have a positive impact on economic growth, but that FDI has a greater impact. The study of Akinlo and Akinlo (2015) differed slightly from the others, as theirs demonstrated that FDI positively affects Nigeria's economic growth., but they did not find that FPI and economic growth have a strong relationship. Ogunleye and Lawanson (2017) in their works studied how FDI, FPI, and economic growth relate to one another in Nigeria using data from 1980 to 2014. It was discovered that FDI contributes positively to economic growth, whereas FPI has the inverse effect.

Overall, the literature on the relativity of FDI and FPI on economic growth in Nigeria is not conclusive, and different studies have presented different views. However, most studies suggest that FDI has a positive impact on economic growth in Nigeria, while the relationship

between FPI and economic growth is less clear. However, it is worth noting that the combination of these two sources of capital inflows has served as the primary impetus for the economic growth of Nigeria.

2.25 COUNTRY-SPECIFIC FACTORS AND THEIR INFLUENCE ON FOREIGN INVESTMENT

Despite the tremendous interest in the analysis of FI among scholars and organizations worldwide, there is still no satisfactory empirical research explaining the factors and the determinants of the massive interest in FI distribution in businesses. This section seeks to explore the country-specific factors, including socio-political factors, market and economic factors, and how they influence the effectiveness or performance of FI in the contemporary world. In an attempt to accomplish the objective of the section, three sub-sections will be covered, as shown below.

2.25.1 Socio-Political Factors Influencing Foreign Investment

2.25.1.1 Political Instability

The recent growth in FDI inflows to developing countries is a significant sign of globalization, largely driven by the effort to liberalize many economies, creating almost no barriers to trade. However, Koko, Aminurraasyid, and Tapiwa (2017) reveal that the positive influence of globalization, except for the increasing influence of political risk in host countries, has continued to influence FDI inflows to emerging countries over the past ten years. To provide a detailed review of the relationship between political factors and the inflow of FI, Koko, Aminurraasyid, and Tapiwa (2017) conducted mixed-method research using secondary data from Nigeria records from 2000 to 2014. Findings from the study revealed that risks associated with politics have a positive and substantial effect on foreign investments in Nigeria but were not advanced enough to inhibit the inflow of investments in the country. However, there was an

urgent need for the government to provide policy shifts on various factors, including the nation's security and the country's promotion and rebranding strategies. Policy uncertainty and the rising rate of geopolitical risks were considered great calls of concern in any nation, for they discouraged foreign investments in any region (UNCTAD, 2015).

Similarly, Nazeer and Masih (2017) conducted a quantitative examination to investigate the sway of political volatility on FI in Malaysia. The researcher utilized time-series data dating from 1984 to 2013 to address the objective of the investigation. Results of the investigation revealed that political instability has a significant negative consequence on economic growth, for it hinders foreign investors' contribution to a nation. The duo adds that the presence of political instability in a nation shortens policy-making horizons, which results in frequent switches between policies and suboptimal short-term macroeconomic policies that affect the overall market performance. Moreover, in developing countries, political instability is linked with the destruction of property, insecurity, and changes in operation restrictions which make investors prefer not to invest.

Similar research by Kurecic and Kokotovic (2017) sought to determine the significance of political solidity on FI. The researchers used the Granger causality test and vector autoregressive framework to address the formulated hypothesis. Findings from the study reveal that FI outflows were more prevalent in areas with less political stability. The duo explained that there was an increase in foreign direct investments in countries that experienced a high level of political instability, especially in middle-income countries.

Given the contradictory results from the prior studies, Bitar, Hamadeh, and Khoueiri (2019) conducted quantitative time-series research to determine the impact of political instability on FI in Lebanon. The authors utilized time series data over 10 years, from 2008 to 2018, in

Lebanon. The study results revealed that political instability had a negative bearing on FI, for it increased the cost of investments since investors were forced to pay bribes. Political instability also contributed to unstable economic activities, which reduced the profitability of businesses in the affected country. The authors also concluded that political instability is a major determinant for FI for investors seeking countries that have few conflicts and bureaucratic complications.

Also, as highlighted by Alshamlan et al. (2021), Multinational corporations (MNCs) prioritize operating in safe and stable environments. Political unrest often stems from citizen dissatisfaction within a host nation. Conversely, a politically stable country, achieved through strong leadership and well-defined development plans that prioritize both national growth and citizen well-being, becomes an attractive destination for foreign investors (Alshamlan et al., 2021).

2.25.1.2 Unstable Policies

Unstable policy changes are greater political risks for foreign investment in business environments. Agabeze, Nwonu, and Nwoba (2017) researched to scrutinize the influence of fiscal policy instability on FI in Nigeria. The authors used a quantitative research method with a time series FI data which range from 2000 to 2014. The study revealed that there is still a dire need for a more stable macroeconomic environment in Nigeria as well as effective fiscal and monetary actions. The study also reported that fiscal policy instability was a significant determinant of FI, for the instability resulted in insufficient domestic investment, which hindered growth (Agabeze, Nwonu & Nwoba, 2017).

In addition, Florence, David, and Daniel (2017) sought to study the determinants of FDI in Nigeria and how it impacts the economic advancement in Nigeria. The examination used the time series data gathered from 1984 to 2015. The data was analyzed using the co-integration test

and the vector error correlation model to address the study objective. Findings from the study revealed that in most developing countries, governments strive to curb or regulate FI in order to safeguard local businesses and crucial resources, equivalent to petroleum, minerals, etc., maintain the nationwide and native culture and domestically defend segments of its population. The governments achieve this by implementing various policies and rules such as ownership restrictions, tax rates, and sanctions (Florence, David & Daniel, 2017). On the other hand, when governments are willing to develop their national economy and draw on new technologies, advanced business expertise, and capital, they devise strategies and policies to promote FDI. However, numerous governments still attempt to manage and regulate the type, quantity, and even nationality of the FI to achieve their domestic, societal, political, and economic objectives. Some of the strategies employed by the government, in this case, include reassuring investors of the stability of the local operating conditions, transparency, and political and legal stability (Agabeze, Nwonu & Nwoba, 2017). Governments also reduce bureaucracy and regulatory environments, which attract massive investors in the country.

2.25.1.3 Corruption

On the matter of corruption and insecurity in nations, Eguae-Obazee (2014) investigates the influence of corruption on the inflow of FI into ten Sub-Saharan African Countries: using Ghana and Nigeria as discussion points. The data used was based on the sample of ten sub-Sahara African states between 1997 and 2011 using ordinary least square regression to determine the fundamental influence that corruption has on FI. Results from the research show that corruption undesirably impacts FI inflows into the countries. The result corroborated earlier studies that credit accessibility; the level of human capital, the inflation rate, infrastructure, political instability, and the extent of urban population are established to be vital in attracting FI

to host nations. In another study, Luu et al. (2019) conducted research to scrutinize the impact of corruption on FI and the major ways of entry of the FI. The authors used a quantitative research design with a sample size of 131 countries to investigate the latter. Findings from the empirical study revealed that corruption is a significant determinant of FI for it hinders its inflows in the target countries. The research also revealed that corruption in the target countries discouraged cross-border markets over time which affects the Greenfield investment. Blundell-Wignall and Roulet (2017) confirmed the findings through empirical research investigating the dynamic of FI and the impact of corruption and anti-bribery conventions on FI. Findings from the study show that corruption had a significant effect on FI, for it reduces investments in corrupt destinations. Corruption has been a major bottleneck limiting the ability of developing economies to attract the required FI. In a study, Onyinyechi (2019) explored the consequence of corruption on FI inflows in Nigeria. The study which covers 1996 to 2017 established that corruption has a weighty affirmative influence on FI. In addition, the study concluded that corruption is not an isolated factor that influences FI inflows in Nigeria; the exchange rate as well as the inflation rate is directly involved.

Likewise, research conducted by Okonta (2020) examined how corruption influences the inflow of FI into Nigeria. The examination adopted secondary quantitative time-series data from the United Nations and the World Bank from 2000 to 2017. The non-parametric alternative of one-way ANOVA (Kruskal-Wallis test) was employed for data analysis. Results of the study show that corruption has an adverse effect on foreign direct investment inflow to Nigeria. Furthermore, the results indicated a strong positive correlation between population growth and foreign direct investment. This implies that as the population rises, foreign direct investment inflow also surges.

Furthermore, elevated levels of corruption within a recipient nation deter foreign investment. In the direction of creating a business-friendly environment, a host country needs effective and efficient public administration with strong anti-corruption measures (Mahbub & Jongwanich, 2019; Alshamlan et al., 2021). The presence and enforcement of anti-corruption and anti-fraud legislation, where practices like gift-giving, hospitality, and facilitation fees are considered bribery, significantly impact a country's attractiveness for FDI.

2.25.1.4 Ethnic Conflict

Ethnicity generates conflict and helps to define nations and societies' political and economic structure as an actor of pressure groups, which promotes rent-seeking and excessive spending, undermines the provision of public goods, and promotes inequality. Matthews (2020) sought to investigate the impact of FI in resource extraction on ethnic conflict. The research used a qualitative case study design to achieve the set objective. Findings from the study revealed that ethnic conflict influences the overall growth of the nations, for it inhibits foreign investment in the affected region. Moreover, the return on multinational firms' investment can be largely affected by political violence. Mueller and Tobias (2016) also conducted systematic review research to estimate the economic impact of conflict in a nation. Findings from the study revealed that the aftermath of ethnic conflict, which entails bolstering peace and building trust among diverse groups, attracts FI in the region for the region devotes itself to strengthening political stability and inclusivity (Mueller & Tobias, 2016).

The impact of insecurity on the level of FI inflow to a country cannot be underestimated. Due to the important roles that FI plays in the economic growth of developing economies and the current security challenges being faced in Nigeria, Oriakhi & Osemwengie (2012) examine the impact of national security on FI in Nigeria. The results reveal an inverse relationship between FI

and National security. The socio-political factors discussed above illustrate how government decisions, conflicts between parties and ethnic groups, insecurity, and the political and legal stability of the host nation affect the effectiveness of FI. The research also reveals that political factors are major determinants of FI inflows, for they determine the profitability and market of investment companies in Nigeria. The following section will elaborate on the market factors affecting foreign investments in Nigeria and other developing countries.

2.25.2 Market Factors Influencing Foreign Investment

2.25.2.1 Effect of Population on Foreign Investment

One of the greatest target markets for all FIs is the people of the host country. To validate the above claim, Aziz & Makkawi (2012) conducted research that examines the inter-relationship between FI and Country Population. The duo used a quantitative Pearson correlation coefficients research design with a sample size of 56 countries of Sub-Saharan Africa (SSA) and Asia. Data for the study were extracted for a period from 2000 to 2010 from the World Bank and United Nations databases. The results indicated that the size of the nation population and inward FI were positively correlated for SSA and Asian countries as well as for the combined sample for all the years under investigation. Similarly, Immurana (2020) conducted primary research to explore the impact of population health on FI inflows. The author used a quantitative research design using time series data to obtain the expected results. Findings from the research revealed that population health was a significant determinant of FI inflows.

2.25.2.2 Effect of Market Size on Foreign Investment

Regularly, foreign direct investment aims to dispose of goods directly to the host nation. Therefore, the population size, scope of economic growth and development will be essential to entice investment (Pettinger, 2016). Researchers revealed that Nigeria's FI determinants include

market size, infrastructure development, and stable macroeconomic policy (Obi, 2017). However, FI is not inducing openness to trade and available human capital, contributing to economic growth in Nigeria positively. Although FI's overall economic growth impact may not be substantial, it does make a positive impact on its components. Based on market size, research reveals that, as a country, Nigeria is one of Africa's leading three countries in Africa and for the previous ten years has continuously received FI, given the nature of its resource base and its large market size (Florence, David & Daniel, 2017). However, in comparison to the base of resources and possible needs, Nigeria's FI level is mediocre (Emmanuel, 2017). For most of the low-income countries that do not attract large FI flows, the main deterrent is their small domestic market (Pettinger, 2016). Given other economic and political deficiencies, most investors doubt the value of installing a factory unless a substantial amount is attained for their products. Regional integration is often regarded as a positive way to offset small domestic markets (Emmanuel, 2017). The extent of that influence on FI flows is currently unclear.

Based on the reviewed literature, it is evident that the population size and the market size affect the rate of foreign investment in a country. Nigeria is one of the most populated nations in Africa, is therefore prone to a high rate of FI inflows for there is adequate market and labor for the new ventures. However, it is vital to realize that a massive inflow of FI in a nation can have a negative impact on the country's resources, especially the economic and social-cultural aspects of the regions. The following section will discuss economic factors as another key determinant of FDI.

2.25.3 Economic Factors Influencing Foreign Investment

These factors encompass tax rates, unemployment rates, exchange rates, inflation rates, and the cost of capital in the host country. Economic factors, such as market size, economic

growth, labor costs, and infrastructure, have a significant impact on FDI inflows. According to a study by Asiedu (2002), market size, economic growth, and natural resource endowments are the most significant factors influencing FDI in Africa. Similarly, a study by Kokko et al. (2003) found that economic growth, market size, and labour costs are the most important determinants of FDI in Southeast Asia.

Further, Uwubanmwen & Ogiemudia (2016) empirically studied the effect of FI on economic growth in Nigeria from 1979 to 2013. Findings from the research revealed that the short-term effects of FI on Nigeria's economy are both immediate and overdue. And, over the period under review, FI had a significant adverse effect on Nigeria's economy. The causality test shows that the FI granger causes real GDP, not the other way around (Uwubanmwen & Ogiemudia, 2016). The FI, therefore, has an important positive impact on Nigerian economic growth and development in the short term only during the reviewed period. The duo recommended a stable macroeconomic policy to ensure a stable tool for the stabilization of Nigeria's FI attraction, and its dependence on foreign direct investment should remain limited (Uwubanmwen & Ogiemudia, 2016).

Economists believe that tax change will have an effect on FI. This foundation of economic theory has stimulated public research interest, and most governments are trying to exploit and utilize the host-economy tax policy to entice as many international investors as necessary (Omankhanlen, 2011). For instance, Mudenda (2015) examined the effect of corporate income tax on FI in twelve Southern African Countries. The majority of African governments want to improve their citizens' livelihoods by reducing poverty and encouraging economic growth. Investment has been considered an essential component for ensuring increased growth rates by promoters of economic development. These national governments have a massive

competition to obtain as many FIs as possible to take advantage of the benefits of this FI. These FI competitions by countries have been highlighted in several ways, such as setting favorable domestic tax rates, giving prospective investors tax incentives, giving potential investors fiscal vacations, and providing capital allowances.

2.25.3.1 Exchange Rate

This is the rate at which one country's currency is exchanged for the currency of another country (Dornbusch, 2004). This is the worth of one money relative to another money and the numerical value of the domestic money of a nation at any time in relation to other nations where the home country has international or business connections. Exchange rates can affect stability of money and stability of finances in addition to being the price of money in other currencies (Moenjak, 2014). Mankiw & Taylor, 2006) describe it as the exchange price between two countries. It is known as the price of the currency of one nation relative to the currency of other countries. The exchange rate of a nation is an important factor in the growth of its cross-border trading and it serves as an extent of its international competitiveness. According to Obadan (1982), rate of exchange is an important macroeconomic factor in the perspective of general economic policy-making, and of economic transformation programmes, in particular, and therefore a very vital value which governments pay keen attention to.

However, there are two frequently noteworthy ideas about exchange rates, The nominal exchange rate (NER) is a monetary concept that measures the comparative cost of two currencies or moneys, e.g. naira relative to the U. S dollar. But the real exchange rate (RER), as the name suggests, is a true term that measures the relative price of two commodities (goods sold abroad and goods purchased from abroad) for non-tradable commodities (products and services generated and eaten locally). Nevertheless, there is a link between the two ideas that can trigger

short-run changes in the RER in the NER variants. For example, the effect of depreciating the RER will be NER depreciation.

The nominal exchange rate will be adopted by this research. The nominal exchange rate is the relative price of two monies. It's determined by the monetary policies of the two countries in question. The nominal exchange rate is more appropriate when considering the actual value of a currency vis-à-vis other currencies. The nominal rate of exchange is a vital tool of economic policy as it impacts resource allocation, international trade development, and structural change. It's about the most significant relative value for a market economy that influences virtually all other prices. In particular, it deserves the utmost attention in matters of determination (Ogun, 2012).

2.25.3.2 Exchange Rate Impact on FI

Collins, Paago, Igbara, and Domale (2016) researched to investigate the correlation between the exchange rate and FI in the Nigerian economy. Results from the research revealed that there was a weighty positive correlation between the exchange rate, the FI inflows, and the rate of economic growth in Nigeria. Collins et al. (2016) also add that the implementation of FI in Nigeria and other developing countries enhances technological advancement in the areas and promotes an upgrade in human resources and expertise where the host nation can tap and enhance the productivity of their companies hence improving the overall GDP and market value. Besides, Zakari (2017) looks into how changes in currency rates affect foreign direct investment in Nigeria. The study used time series and secondary data that were gathered from the Central Bank of Nigeria between 1990 and 2015. The study's conclusions indicate that, in Nigeria, there is a strong positive correlation between FDI and the exchange rate in Nigeria, whereas the correlation between FDI and GDP was found to be weakly positive.

Therefore, the government should strive to implement a friendly exchange rate that promotes FI inflows in the nation rather than one that hinders its inflows. The government of Nigeria can achieve this by collaborating with vital bodies in the nation such as the Central Bank and major policy-making bodies to develop a favourable exchange rate regime that would help both the domestic firms and foreign investors. The Nigerian government should also create awareness of the implementation of information technology in their infrastructure, road networks, and electricity to enhance and create a favourable market that attracts FI into the country. Exchange rate is a control variable in this study.

2.25.3.3 Inflation and Inflation Rate

The rate of a gradual increase in the cost of products and services, which results in a decline in the purchasing power of currency, is known as the inflation rate. Shapiro (1972) describes inflation as a continuing and appreciable increase in the general price level. Dernberg and MacDougall (1968) themselves are clearer in their opinion that the term inflation refers to a persistent price rise as calculated by an index such as the consumer price index (CPI) or an implied price deflator for the gross national product. Pigou (1941) describes inflation as a situation when money income increases compared to the productive agents' job production. On the other hand, Friedman (1977) describes inflation as the cycle of steady and sustained price hikes. Einzig (2012) describes inflation as the state of imbalance in which an expansion of buying power appears to cause a rise in price level or is the result of it. Friedman (1966) argued that inflation was always and everywhere a financial phenomenon. He reiterated that the causes of all inflationary episodes are the rapid expansion of the money supply and that inflation can be avoided simply by raising the pace at which the money supply is expanding to a low level. The inflation rate is a measure that reflects how the average price of goods and services changes over

time within an economy. An increase in the inflation rate can signal economic instability in a country. A high and volatile inflation rate can erode the value of foreign investments, reduce investor confidence, and ultimately decrease FDI inflows (Hong & Ali, 2020).

The rate of inflation is the rate of price variation, generally measured by a variation in proportion per year. Three methods of aggregate price level are available in economic literature. The first is the GDP deflator, marked by the actual GDP as the nominal GDP split. The personal consumption expenditure (PCE) deflator is another gauge of the total price level. This is akin to the GDP deflator and the nominal cost of personal consumption divided by the actual PCE. Consumer price index (CPI) is the most commonly used metric of aggregate price level. The CPI is measured by the price of a basket of products and services purchased by an urban household. The value of the CPI for any other period is calculated by taking from the reference base period the ratio of the current cost of a market basket of goods to the cost of the same market basket of goods and multiplying by 100.

The Consumer Price Index (CPI) systematically measures the cost variability of products and services bought throughout the time series by families across the country. It represents changes in the price of buying products and services in a "market basket" fixed. This thesis will adopt CPI as a measure of inflation. The CPI is a good index for its anticipated purpose, a magnitude of average price changes of goods and services purchased by customers. It is designed as a price index to measure inflation arising from the household sector. Inflation rate is a control variable in this study.

2.25.3.4 Inflation Impact on FI

A study conducted in the United Arab Emirates aimed to ascertain the significance of the inflation rate and GDP on FDI inflows (Alshamsi & Azam, 2015). The study was time-series research covering a span of 33 years from 1980 to 2013. The research revealed that, when examining the two independent variables (inflation rate and GDP), GDP had a significant impact on the market size of the country, which had an affirmative effect on the FI inflows, while the inflation rate did not have a substantial impact on FI (Alshamsi & Azam, 2015). However, it is vital to understand that the inflation rate does not impact FI inflows as long as it does not exceed a certain threshold. This implies that an excess inflation rate will have a significant negative impact on FI in a nation. As a result, the governments in the countries should strive to maintain the inflation rates below the given threshold and enhance their overall GDP, which in turn attracts more FI inflows (Alshamsi & Azam, 2015).

In another investigation, Tsaurai (2018) conducted quantitative pooled fixed effects, random effects and pooled OLS research analysis to determine the impact of inflation on foreign direct investment in Southern Africa**.** The researcher used a sample size of 10 countries over 20 years, from 1995 to 2014. The results of the study indicate that under fixed effects, inflation was found to have had a trivial positive influence on FI, random effects show that inflation negatively but non-significantly impacted FI while under the pooled OLS, inflation had a substantial negative influence on FI in Southern Africa. Furthermore, both fixed effects and pooled OLS found that the correlation between inflation and financial development had an inconsequential negative impact on FI but the random effects framework demonstrates that FI was positively but not meaningfully impacted by the relationship between inflation and financial development in Southern Africa.

2.25.3.5 Advantages of incorporating inflation and exchange rate in this study

Incorporating inflation and exchange rates into the study of the impact of corporate taxation on foreign investment provides several advantages, making the analysis more comprehensive and accurate. The inflation rate is an indicator that shows how the average price of products and services changes over time within an economy. An increase in the inflation rate can signal economic instability in a country. Conversely, a low and stable inflation rate demonstrates a government's commitment to maintaining economic stability, which strengthens investor confidence and attracts FDI (Mitra & Khan, 2014). Therefore, the inflation rate contributes much to deciding the level of FDI inflows (Srinivasan, 2011). A high and volatile inflation rate can erode the value of foreign investments, reduce investor confidence, and ultimately decrease FDI inflows (Hong & Ali, 2020). Here are some key benefits:

Firstly, by accounting for inflation, one can distinguish between nominal and real values. This helps in understanding the actual cost and return on investment, providing a clearer picture of the economic environment in which corporations operate. In the same light, Inflation and exchange rate trends are crucial for long-term investment planning. Understanding these trends helps corporations forecast future costs and revenues, aiding in better decision-making. In addition, incorporating inflation and exchange rates helps in assessing the overall economic stability of a country. Stable economies are more likely to attract foreign investment, while those with high inflation and volatile exchange rates may deter investors.

Furthermore, by incorporating inflation and exchange rates, the study of corporate taxation's impact on foreign investment becomes more robust, providing a deeper understanding

of the various economic forces at play and enabling more informed decision-making for both policymakers and investors

2.25.3.6 Cost of Capital

Rygh and Benito (2018) conducted a transactional cost analysis investigating the impact of capital structure and cost of capital on FI. The duo applied the transaction cost theory to explain the equity debt and capital structure decisions in a country. Results of the investigation showed that the cost of capital in a given nation has a noteworthy influence on FI. This is because the cost of capital determines equity which is a crucial aspect in projects involving specific assets and for knowledge-intensive activities where information asymmetry and availability of public goods increase the cost of external financing (Rygh & Benito, 2018).

2.25.3.7 Unemployment

Alalawneh and Nessa (2020) conducted primary quantitative research investigating the impact of FI on unemployment in developing countries. The authors used a panel data approach from 1990 to 2018. The target population of the study was the Middle East and North Africa, Jordan, Morocco, Tunisia, Turkey, and Lebanon. The research also employed three economic models, unemployment, male unemployment, and female unemployment, to assess the latter. Findings from the research revealed that in the long term, FI resulted in reduced rates of unemployment in all models. However, there was no causal relationship between FI and unemployment (Alalawneh & Nessa, 2020). Similar research by Irpan et al. (2016) sought to study the effect of FI on joblessness in Malaysia. The research used a qualitative research design using a literature search strategy to achieve the set objective. Findings from the research revealed that decreasing FI had a significant impact on employment in the region. Other employment factors that were related to FI include the number of foreign workers and the GDP of a country.

2.25.3.8 Salary and Wages- Wage Rate

FDI is attracted to countries with lower labour costs, as this can reduce the cost of production and increase profits. A lower salary and wage bill can make a country more attractive to foreign investors looking to set up operations in a new location (Tripathi & Chandrasekhar, 2017). According to Cheung & Qian (2009), lower labour costs are among the most crucial elements that draw FDI to a particular location. Higher labour costs in the home country can encourage investors to seek out lower-cost production locations abroad, resulting in an increase in FDI. They also note that labour cost differentials can be particularly important in industries with high labour intensity, such as manufacturing. Cheung & Qian (2009) agree with the views of Kireyev (2007) on the influence of labour cost on FDI and assert that low-wage countries tend to attract more FDI in services such as finance, insurance, and real estate, while higher-wage countries tend to attract more FDI in manufacturing. The authors note that this reflects the different levels of skill and education required in these sectors, with services requiring a lower level of skill and education compared to manufacturing. Cipollina & Salvatici (2010) further explain that the impact of labour costs on FDI is contingent on how developed the host nation is. Labour costs have a positive impact on FDI inflows in developing countries, where lower labour costs can make these countries more attractive to foreign investors. However, in developed countries, higher labour costs can actually attract more FDI, as they are seen as a sign of a skilled and productive workforce.

Ease of Doing Business: According to Alshamlan et al. (2021), a host country's economic ranking is often based on its "ease of doing business" score. This score considers regulations impacting ten key areas of a business's lifecycle, including starting a business, obtaining permits, acquiring utilities, registering property, securing loans, protecting minority investors, paying

taxes, facilitating cross-border trade, enforcing contracts, and resolving disputes. A high ease-of-doing-business ranking indicates a more favourable regulatory environment for establishing and operating local businesses, which significantly influences FDI destination selection.

2.25.3.9 Labour Skills

Edwards (1998) emphasizes the importance of labour skills in attracting FDI. In his assertion, he believes that countries with a high level of human capital tend to attract more FDI, as foreign investors are more inclined to invest in nations that have a skilled workforce that can support their operations. He also notes that the availability of skilled labour can lead to positive spillover effects, as foreign investors may invest in training and education programs to improve the skills of local workers. In the same vein, in the study of Udvari & Czaller (2016), they argued that the availability of skilled labour is a key factor in attracting FDI to a country. In their research, they found that the presence of skilled labour can increase the competitiveness of a host country, making it a more attractive location for FDI. They also note that the availability of skilled labour can lead to positive spillover effects, as foreign investors may share knowledge and technology with local firms, increasing their productivity and competitiveness. The views of Edwards (1998) and Udvari & Czaller (2016) are in unison as they suggest that the availability of skilled labour is an important factor in attracting FDI to a country. Countries with a skilled workforce are seen as more competitive and attractive to foreign investors, and may also experience positive spillover effects from FDI.

2.25.3.10 Transport and Infrastructure

Transport infrastructure is an important factor in attracting FDI to a country. Countries with better transport infrastructure tend to attract more FDI, as foreign investors are more inclined to invest in nations that have efficient and reliable transportation networks that can

support their operations (Mathew & Vasudevan, 2014). They also note that transport infrastructure can have positive spillover effects, as it can improve the competitiveness of local firms and support economic development. Besides, Alcácer & Zhao (2012) also emphasize the importance of infrastructure in attracting FDI. In their research, they found that countries with better infrastructure tend to attract more FDI, as foreign investors are more inclined to invest in nations that have reliable electricity, water, and telecommunications systems that can support their operations. They also note that infrastructure can have positive spillover effects, as it can improve the productivity and competitiveness of local firms. Yang & MacPherson (2017) lend credence to the assertion of the other authors quoted above. According to them, countries with better infrastructure tend to attract more FDI, as foreign investors are more inclined to invest in nations that have reliable transportation, telecommunications, and energy systems that can support their operations. They also note that infrastructure can have positive spillover effects, as it can improve the productivity and competitiveness of local firms.

Furthermore, Rodríguez-Fuentes & Añón Higón (2019), maintain that transport infrastructure and accessibility are crucial factors in attracting FDI to a country. In their argument, they stated that countries with better transport infrastructure and accessibility tend to attract more FDI, as foreign investors are more inclined to invest in nations that have efficient transportation networks that can support their operations and reduce their transportation costs. They highlighted the essence of transport infrastructure and accessibility which they opined can have positive spillover effects, as they can improve the competitiveness of local firms and support economic development. In addition, a well-developed infrastructure network is a top priority for multinational corporations (MNCs) when selecting locations for foreign investment (FI). This is because robust infrastructure facilitates efficient business operations within the host

country. Alshamlan et al. (2021) further emphasize this point, highlighting that superior infrastructure significantly impacts MNC profitability and ultimately influences FDI location decisions.

2.25.3.11 Raw Materials

Raw materials are materials in their natural state that are extracted from the earth, the sea or the atmosphere and that are used as inputs for production (Nieuwenhuis & Wells, 2003). Raw materials can be processed in a variety of ways, including mechanical, chemical, and biological processes, to create the final product. According to Martin and Sunley (2006), they define raw materials as the physical components that are used in the manufacturing of products and services. They note that raw materials can include both tangible and intangible components, such as labour and intellectual property. Tsai (2017) also defines raw materials as the basic materials used in the production of goods or services, which can be further processed to create finished products.

The influence of raw materials on FDI is a complex and multifaceted issue, with differing views among scholars. While some argue that natural resources can attract FDI, others point out that there are risks associated with resource dependence, such as vulnerability to fluctuations in commodity prices and corruption. Akinlo (2004) strongly asserts that natural resources have a positive impact on FDI inflows, as investors are attracted by the potential profits that can be made from exploiting these resources. He was careful however to point out that the benefits of FDI may not necessarily trickle down to the wider population, and that there is a need for policies that ensure that the benefits of FDI are distributed more equitably. For instance, Kaplinsky (2010) argues that countries that are rich in natural resources are often targeted by foreign investors who are interested in exploiting these resources. This can lead to a situation

where FDI is concentrated in resource-rich countries, while resource-poor countries are left behind. However, Kaplinsky also notes that the presence of natural resources is not always a guarantee of FDI, as other factors such as political stability and infrastructure also play a role.

However, Rajan and Zingales (1998) posited that countries that are heavily dependent on natural resources may be less attractive to foreign investors, as they are more vulnerable to fluctuations in commodity prices. This can lead to a situation where FDI is concentrated in non-resource sectors, which can in turn lead to greater economic diversification and higher levels of growth.

2.25.3.12 Return on Investment

One of the major attractions for FDIs is the profit or the return they get for the investment made. Unless the return is substantially higher than what they could have obtained in other countries, they will not venture for investment. The rectum should also be consistent and it should be increasing over a period. These factors are closely looked into while undertaking investment. The financier of the FDIs will also ensure that they get their money back as it is a safe investment. Thus, return on investment is a major deciding factor for FDIs while undertaking investment in foreign countries. They also would like to ensure that the payback period is also less so that the return is ensured within a short period. Weightage is given to each of these factors and decisions are finalized.

According to Chan and Gemayel (2004), a key factor in the attraction of FDIs is the profit or the return they get for the investment made. Unless the return is substantially higher than what they could have obtained in other countries, they will not venture for investment. The rectum should also be consistent and it should be increasing over a period. These factors are closely looked into while undertaking investment. The financier of the FDIs will also ensure that

they get their money back as it is a safe investment. Thus, return on investment is a major deciding factor for FDIs while undertaking investment in foreign countries. They also would like to ensure that the payback period is also less so that the return is ensured within a short period. Weightage is given to each of these factors and decisions are finalized. It was Bevan and Estrin (2004) who stated that foreign investors usually would take into account the viability of their ventures in a host nation. They evaluate the predicted return on investment by taking into account aspects such as market demand, cost structures, and competitive dynamics. Higher potential rewards make FDI more appealing. Furthermore, investors analyze the risk of the investment and change their projected return appropriately.

2.25.3.13 Credit Rating

Credit ratings are assigned by rating agencies based on a variety of factors, and are used by investors and issuers to evaluate the risk and return of investing in different securities (Fabozzi, Modigliani, & Ferri, 1994). Credit rating is typically defined as an assessment of the creditworthiness or likelihood of default of a borrower or issuer of debt. It is an opinion on the creditworthiness of an issuer of debt or a particular debt issue (Hull, 2015). Credit ratings are based on a variety of factors, including the issuer's financial strength, its ability to meet its debt obligations, and the general economic and industry conditions (Hull, 2015). In the same vein, Mishkin & Eakins (2015) define credit rating as an assessment of the likelihood that an issuer of debt securities will default on its obligations. They note that credit ratings are used by investors to evaluate the risk and return of investing in different securities and that they are also used by issuers to determine the interest rate they will have to pay on their debt.

Credit ratings can have a significant influence on foreign direct investment (FDI) by affecting the perceived risk and cost of investing in a particular country or company. Credit

ratings can affect the cost of capital for companies, which can impact their ability to attract FDI. Companies with lower credit ratings may have to pay higher interest rates on their debt, which can make them less competitive and less attractive to foreign investors (Caramazza & Ricci, 2008). In addition, according to Iannotta et al. (2016), lower credit ratings can lead to higher borrowing costs, which can discourage FDI. Countries with lower credit ratings may find it more difficult and expensive to borrow money from international lenders, which can make them less attractive to foreign investors. Furthermore, Musso and Francioni (2017) believe credit ratings can also influence the level of regulatory scrutiny that foreign investors may face when investing in a particular country. Countries with higher credit ratings may be perceived as having more stable and predictable regulatory environments, which can make them more attractive to foreign investors.

2.25.4 Technological Factors

Technological capabilities, research and development, and intellectual property rights are also critical factors influencing FDI. This is the view held by Wang and Blomstrom (1992) argue that a country's level of protection of intellectual property rights is positively related to FDI inflows. Additionally, Dunning and Lundan (2008) noted that technological capabilities and R&D expenditures are the most important determinants of FDI. Belderbos et al. (2014) also support this claim when they assert that innovations and advancements in technology are important factors and major determinants of FDI inflow in most countries. They argue that Countries with strong technical infrastructure, research and development (R&D) skills, and a competent workforce attract foreign investment. Furthermore, they explained that these variables help international enterprises improve their competitiveness, develop new products, and increase operational efficiency.

The availability of research and development resources also influences the inflow of Foreign Investment. Multinational corporations engaged in "knowledge-seeking" investments, such as research and development (R&D), are drawn to locations with specific characteristics. These factors include a readily available pool of scientists and educated personnel, a history of innovation in the region, a strong emphasis on R&D activities, a robust education system, and well-established connections between educational institutions and businesses (Abu Bakar, 2022; Danciu & Strat, 2014).

2.25.5 Environmental, Social & Corporate Governance Factors

Environmental, social, and corporate governance (ESG) issues are now more widely recognized, and this movement in public opinion has altered the context in which the asset management market operates. People are starting to reevaluate how they affect the environment and how their actions affect society as a whole. Products that support environmental protection, or at the very least do not harm the environment, recognize working conditions, and adhere to long-term corporate governance, are becoming more and more in demand from investors and partners. These problems are exploited by new market entrants who use them to differentiate themselves from established rivals who are compelled to alter their strategy (Aich et al, 2021). Politicians and regulators have started to take an ESG framework and sustainability concerns into account, which has led to both new and modified legislative obligations. To survive in the new climate, asset managers' value chains will need to undergo significant changes that will impact front-, middle-, and back-office services.

FI is essential for a country's economic development since it promotes employment, economic growth, and technical improvement. Foreign investment, however, has an impact on more than just economic measures; it also has an impact on environmental, social, and

governance (ESG) factors. The idea of ESG has received a lot of attention in recent years, with investors realizing the value of matching their investments with sustainable and ethical activities (Chipalkatti, 2021). As more investors see the value of considering environmental, social, and governance (ESG) factors when making investment decisions, the importance of sustainable investing has increased. The 2020 pandemic, according to Morgan (2020), is the most recent "wake-up call" for economic policymakers and investment decision-makers to pursue a more sustainable strategy for investing. Shen (2023) explains Environmental, Social, and Governance (ESG) as an investment concept and enterprise evaluation standard that focuses on corporate environmental, social, and corporate governance performance rather than traditional financial performance. The ESG framework's main objective is to assess the sustainability of enterprises. In recent years, ESG performance has gradually come to the attention of investors, regulators, and investors. Because ESG compliance is much more sustainable, has more resources for long-term development, spends time optimizing its activities, and has better financial performance, investors are becoming more interested in companies that operate with these principles (Egorova et al., 2022). ESG simply compares the effectiveness of a company's environmental, social, and corporate governance measures (Gillan et al., 2021).

According to Mayowa and Adetayo (2023) the acronym "ESG" stands for Environmental, Social, and Governance evaluation standards, which are used by corporations to track and evaluate non-financial performance and sustainability initiatives. ESG refers more precisely to the sustainability measurements and targets that investors evaluate as part of their ESG investing strategies rather than just being a part of a full corporate social responsibility (CSR) plan. The United Nations Principles for Responsible Investment (PRI) encourages investors to assume greater responsibility for their investments by promoting the incorporation of

ESG elements into investment decision-making. Investors can better understand sustainable investments and make more responsible decisions with the aid of a framework like PRI. PRI promotes a network of international investor signatories working to incorporate ESG considerations in their investment and ownership decisions by encouraging participation, sharing best practices, and learning (Halid et al, 2023). The importance of ESG practices for businesses and organizations is increasing. ESG practices can help businesses reduce risks, improve their reputation, and attract new customers. Customers, investors, and other stakeholders are also looking for businesses that prioritize ESG.

According to the US SIF Foundation (2020), portfolio investors are taking ESG aspects into account at a rate that is 42% higher than it was in 2018, and ESG investing now accounts for a third of all assets under management in the U.S. Mayowa & Adetayo (2023), also explained that in 2022, the Forum for Sustainable and Responsible Investment (US SIF), reported that sustainable investments accounted for $8.4 trillion in investor assets in 2022, or roughly 12.6% of total U.S. assets under management (AUM). As a result, $1 of every $8 invested in the United States is in a sustainable fund. Socially Responsible Funds, ESG Funds, and Impact Funds are the three main kinds of sustainable funds. In the areas of addressing climate change, a healthy ecology, resource scarcity, basic necessities, and human development, sustainable funds aim to make noticeable progress toward these objectives.

2.25.6 Justification for Evaluating ESG Factors in this Study

Evaluating the impact of corporate taxation on foreign investment in Nigeria through the lens of ESG factors provides a comprehensive approach to understanding and managing the various risks and opportunities. It aligns with global investment trends and helps create a more attractive, sustainable, and resilient investment environment in Nigeria. Evaluating

Environmental, Social, and Governance (ESG) factors in relation to the impact of corporate taxation on foreign investment in Nigeria is important for several reasons. These reasons provide a strong justification for considering ESG factors in such assessments:

1. Risk Management
2. Reputation and Brand Value
3. Regulatory Compliance and Incentives
4. Long-term Sustainability and Profitability
5. Access to Capital
6. Market Differentiation
7. Social License to Operate
8. International Standards and Investor Expectations
9. Economic Development and Poverty Reduction
10. Transparency and Accountability

2.25.7 How ESG Impacts Investment & Investment Decisions

2.25.7.1 Rights of People

According to Blanton & Blanton (2007), Developing nations that uphold human rights are the ones that attract the majority of foreign investment (FI) or investors. Everywhere and whenever the citizens of a country are content, more production and hence better outcomes follow. They attract more investment as it produces greater results compared to others because they are more likely to achieve their aims. FI has been connected to widespread human rights abuses that impact the populace of the host nation. The opposite is also true; investment functions as a remedy for human rights (Spar, 1999).

2.25.7.2 Biodiversity and Deforestation

The amount of forest has decreased by half, and the rate of deforestation is accelerating (Paoli et al, 2010). The advantages of biodiversity can be maximized by putting the REFDD (reducing emissions from forest degradation and deforestation) into practice. Ecology and the economy are currently intertwined. To deploy assets in ways that have a favourable impact both financially and ecologically, investors must take into account a variety of information. Our survival will be in jeopardy if we solely invest for financial gain. The environment for forestry investment in Third World nations is getting better. Investment is given top priority as deforestation grows, causing a loss in biodiversity. Protecting biodiversity is crucial, and it can be done through engaging in productive activities, implementing public policies, and using geo-technologies to help manage deforestation in protected areas (Paiva et al, 2020).

2.25.7.3 Good Governance

According to the United Nations Economic and Social Commission for Asia and the Pacific report (2021), A significant aspect of investment decisions is good governance because it is a key sign of a nation's financial stability. People will eagerly participate in governmental or private schemes in a nation that is strong internally and has positive financial statistics because they know that there are strict regulations in place to safeguard them in case things go wrong. This guarantees that the economy's wheels are turning smoothly and that people are continuing to make money rather than letting it stagnate. This guarantees that corruption is kept to a minimum and that society's requirements are all addressed (Mengistu & Adhikary, 2011). The most important component for encouraging FI inflow for investment in the host country is excellent governance, which includes political stability and non-violence, government effectiveness, legislation, and the reduction of corruption.

2.25.7.4 Employee/Employer Relationships

Underinvestment occurs when a company merely provides modest benefits while expecting considerably more work in return from employees to reap the benefits. As a result, employees' perceptions of justice are reduced, coworkers' levels of trust are diminished, and absence rates rise, which has an impact on productivity. Therefore, as employers become more flexible, it may result in the loss of top performers. Higher production and output are reported in organizations when employees are happier. As a result, the institution or business gains a positive reputation and attracts quality investments. Employee relationships are therefore a valuable advantage in every industry (Aich et al, 2021).

2.25.7.5 Company Guidelines

An investor's decision-making process is influenced by a few factors. Investigating the connections between investments, decision-making, factors, and firm-level corporate governance are a few examples of elements that act as filters while making investment decisions. A country's corporate rules give a clear indication of its economy, which in turn reveals the kinds of businesses that may successfully operate there (Kamal & Deegan, 2013). This information, along with other factors like how strict or lax the policies are for investors, might influence an investor's decision to invest (Sparkes & Cowton, 2004). Core behavioural variables and corporate governance at the firm level both have an impact on how investors make decisions.

2.25.7.6 Green House Emissions

ESG is a performance metric for sustainability that is utilized everywhere. According to Grundström & Miedel (2021), Investors pay more attention to environmental performance, and the Nordic nations all rank in the top five in terms of sustainability. Burning fossil fuels (coal, oil, and natural gas), clearing land, and agriculture are a few examples of human activities that

put humanity in danger by raising greenhouse gas concentrations. As a result, the amount of greenhouse gases (GHGs) in the atmosphere increases, speeding up the process of global warming. Earth's warming, or global warming, is brought on by a stronger greenhouse effect (De Boer et al, 2011). The emission of greenhouse gases can help us attain sustainability, which is our ultimate goal. Because sustainability is possible, it will also make it possible to attract profitable investment because greenhouse gas emissions are negative for the ecosystem over the long run (De Spiegeleer et al, 2021).

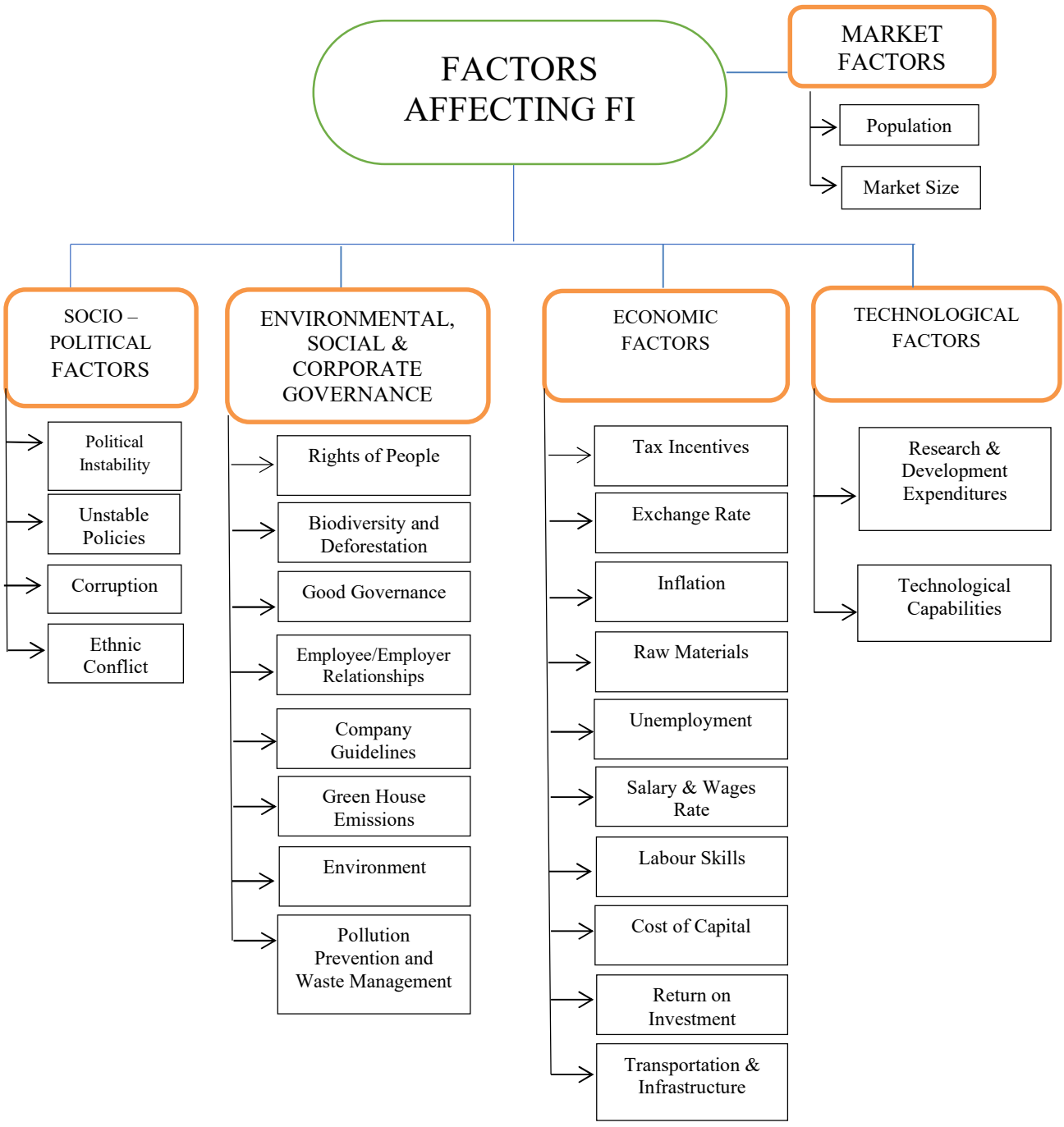
2.25.7.7 Environment

Sustainable growth is controlled by the environmental and social facets of sustainability. ESG social management, which is crucial, supports an institution's or business's success. The ESG rating, which directly relates to investment, improves with the company or institution's environmental reaction (Oprean-Stan et al, 2020).

2.25.7.8 Pollution Prevention and Waste Management

Waste management and pollution control have been seen as public duties for at least two millennia. At the outset of the first compact settlements, hygienic concerns took precedence; nevertheless, in recent decades, the most urgent waste management challenge has been the rapidly rising turnover of materials. Industrialization has always produced trash and pollution, but these byproducts are poorly promoted, resulting in large amounts of waste being disposed of (Brunner & Rechberger, 2015). Industrialization cannot be stopped, but if we can turn its wastes and pollutants into something beneficial, it will be sustainable and less harmful to the environment. Sustainable waste management leads to beneficial investments since it promotes sustainability.

Figure 2.2: ***Summary of Factors Affecting Foreign Investment***



Source: Author's Design, 2024

2.25.8 Ownership, Location and Internalization Factors Influencing Foreign Investment

2.25.8.1 Ownership Advantages and their Influence on Foreign Investment

Ghahroudi, Hoshino, and Turnbull (2018) describe ownership advantage as privileges specific to the firms that result in a reduction of the firm's production costs and provide a platform for the firms to compete at the international level. The authors add that the ownership advantages are diverse and may be enjoyed over other local and international competitors in the form of both physical and intangible assets (Ghahroudi, Hoshino, & Turnbull, 2018). Quantitative research performed by Ghahroudi (2011) explored the relationship between ownership advantage and firm factors affecting overseas affiliates' performance. To explore the concept of ownership advantage, Ghahroudi (2011) sought to examine whether foreign investors are preferred to local investors when the firm is wholly owned or when it's a joint venture. The finding from the study revealed that the type of ownership, wholly-owned or transnational joint venture, are both elements of ownership advantage and, when integrated, can have more significant results for ownership and performance of FI

Also, Adejumo (2013) conducted research investigating the relationship between FI and the value-added in the Nigerian manufacturing industry between 1970 and 2009. The author was specifically interested in the impact the multinationals have had in transforming the Nigerian manufacturing industry. Results obtained from the investigation revealed that, in the long term, FI had a negative impact on the manufacturing sub-sector in Nigeria. The author elaborates on the latter through the spillover theory, which reveals the negative impact may be attributed to the lack of ownership advantage from the potential foreign investors. This implies that, for Nigeria to realize a positive impact from the FI in the long run, potential foreign investors must have ownership advantages such as marketing strategies and firm-specific production technology that

give it a competitive advantage in the foreign market. However, all the benefits should be equal across the host nation and the foreign investors in that the competitive advantage of the FI is determined by its productivity relative to potential host country firms, other than in their service to international trade (Adejumo, 2013). However, in most cases, the impact of FI in manufacturing firms is affected by knowledge spillover when foreign investors with cutting-edge technology and managerial expertise share knowledge with local firms and MNCs that fail to fully internalize the knowledge. Therefore, to enhance the effectiveness of FI in promoting positive impact in Nigeria manufacturing firms, foreign-owned firms in Nigeria can act as mediums to incorporate the skills, knowledge, and expertise that could transform the nation's industrial capability and competitive advantage through linkages and spillovers (Adejumo, 2013).

A similar study by Nayak and Choudhury (2014) conducted a selective review of foreign direct investment theories, which provided profound knowledge of the concept. The authors reveal that MNCs and other organizations can determine the best action to realize more profits using the eclectic theory. For instance, when the firm has an ownership advantage and internationalization gains, it can set up units in its home country and export products abroad due to a lack of locational advantage. On the other hand, where the firm has ownership and locational advantage, it can realize more profit by producing abroad and exporting its products (Nayak & Choudhury, 2014). Understanding this concept can be vital in any organization, for it provides a basis for the implementation of strategic measures that provide a competitive advantage to the business. In the same vein, Al-Habash, Mmieh & Cleeve, (2017) conducted a similar study investigating the issue of ownership advantages affecting multinational corporations' (MNCs) entry mode strategies in developing countries in the Middle East region of Syria and Jordan. The

study concentrates on three types of ownership advantages: intangible asset advantages (IAA), advantages of common governance (ACG), and home-country-specific advantages (HCSA). The researchers employed a deductive research process through the use of quantitative data. Data were collected from senior executives of MNCs' subsidiaries in the two countries using a cross-sectional survey questionnaire with a sample of 303 foreign affiliates between 2009 and 2010. The research findings indicated that MNCs' choice of entry mode strategies is meaningfully impacted by ownership advantage.

Further, Marandu and Ditshweu (2018) conducted a theoretical examination to evaluate the key theories of foreign direct investment and how they explain why and when FI takes place. The duo utilized a strategic review of related literature research design for data collection. Moreover, content analysis was used to analyze eight theories that clearly explained why and when FI takes place. The study's conclusions showed that there is a sufficient explanation from theories on the determinants of FI in the contemporary world. The duo suggested that to develop a satisfactory theory for FI, the theory of economic advantage and the product life cycle theory are very important to allow comparative advantage to shift from one nation to another. The authors also added that a good theory should also explain flows from developing nations to broaden our understanding of FI. One way of introducing the function of government policies to promote the upgrading of the domestic country's business advantages, which in turn aid in producing ownership benefits for home companies, is through the eclectic theory of Dunning. The ownership advantage is the advantage a firm has to gain from owning a specific asset, for example, a strong brand, intellectual property, technical knowledge, or management capability (Marandu & Ditshweu, 2018)

Moreover, Obi-Nwosu, Ogbonna, and Ibenta (2019) conducted a quantitative study investigating the role of FDI in the manufacturing sector in Nigeria. The study's findings revealed a significant positive relationship between FDI, exchange rate, and inflation rate in the Nigerian manufacturing sector. The authors explain the results by revealing that, in Nigeria, foreign investors profit from the ownership advantage, which includes brand names, economies of scale and technology, as well as the transfer of domestic productivity effectiveness and efficiency. Therefore, to ensure sustainable collaboration and the impact of FDI, the study suggests improving the investment environment for national and international investors. This can be achieved through building infrastructure, service provision, and regulatory changes such as loosening profit repatriation laws, improving security, addressing issues that concern the nation's unity, and prioritizing the economy's investment agenda over political interests or affluence (Obi-Nwosu, Ogbonna, & Ibenta, 2019).

Dunning’s OLI approach is also crucial in understanding ownership advantage. As such, Juusola and Alajoutsijärvi (2019) initiated a dialogue to evaluate the applicability of Dunning’s OLI (Ownership, Location, and Internalization) advantage in Dubai. The duo utilized a systematic review of related literature study design and content analysis to obtain data collected from the research articles. The finding of the study established that, in international operations, the conventional Ownership advantages define brands as essential assets and benefits explaining internationalization decisions of institutions: The better the brand, the higher the incentives. The marketing literature usually considers a brand or brand owner to represent the largest capital possessed, measured, and conveyed by a corporation. The study also reveals that ownership advantage is a key determinant for sustainable profitability and growth. Ownership advantage is

also expressed in two forms; its capacity to both cultivate and take advantage of both ownership advantage and transactional ownership advantage. Asset ownership advantage entails an institution's ability to benefit from FI due to its possession of higher-level technology, product differentiation, scale economies, distribution channels, and advantageous access to financial capital, which gives the institution a competitive advantage in increasing the market dominance by taking advantage of imperfections in the market (Juusola & Alajoutsijärvi, 2019). On the other hand, transactional ownership advantage is concerned with the multinational company's ability to take advantage of transactions and decrease transaction expenses. They improve efficiency and offer advantages such as collaborative governance, the capacity to manage several operations with added value, and the possibility of profiting from diversification (Al-Emadi, 2019). These result from the size of the company, range of products, and expertise gained through learning, as well as from its unique access to information, knowledge, and product markets in the host nation (Juusola & Alajoutsijärvi, 2019).

Based on the reviewed literature, firms can obtain ownership advantages whether they are wholly-owned or joint ventures. Ownership advantage in this context entails the availability of skills, knowledge, and technology associated with FI that help local organizations achieve a competitive advantage and enhance their productivity. Therefore, other than failing to adequately internalize the shared insights, local firms should strive to integrate the shared concepts into their business and seek further clarification and guidance. The government should also strive to integrate suitable policy measures to successfully engage in FI.

2.25.8.2 Location-based Factors Affecting Foreign Investment

Nwachukwu (2019) conducted research investigating the factors influencing FDI in Nigeria, a case study of Nigeria's oil and gas sector. The study utilized a survey research design with a self-structured questionnaire to achieve the set hypothesis. The study recruited a sample size of 100 respondents from a population of 300 individuals to participate in the study. Findings from the study revealed that human capital factors and infrastructural factors had a significant relationship with FI growth in the oil and gas sector. The research also revealed that to attract more FI, the nation needs to improve its location-specific advantage, which entails the nation's core characteristics that make it more attractive for FI than others. In reference to Nigeria, the researcher revealed that the political regime, rate of inflation, credit rating, world interest rate, and real income per capita determine the variance of FI inflows to Nigeria (Nwachukwu, 2019).

Moreover, the study revealed that infrastructural factors such as commerce and transport, which constituted the average percentage of the country's GDP based on wholesale and retail trade, communication, and transport, have a positive impact on FI. Poor power generation and the high case of insecurity were also identified as the major barriers to the implementation of FI in Nigeria (Nwachukwu, 2019). The study also revealed that policy factors characterized by government policy determine the degree of trade openness, such as the presence of tariffs and obstacles that determine the probability of foreign investors set up in the host country. In the Nigerian context, the study respondents revealed that the government has encouraged FI by implementing a favorable policy framework. The host country's characteristics are very vital in the implementation of FI for it determines the sectors the foreign investors will participate in. Other concepts that are mentioned in the text include the quality of the place, low cost, service provided, and proximity to the clients (Nwachukwu, 2019).

Similarly, Lu, Liu, Wright, and Filatotchev, (2014) assessed the level to which Chinese government backing of FI ventures and country of destination official environments interrelate with erstwhile entry knowledge by Chinese firms, and how this interrelatedness impacts FI carried out by Chinese multinationals. Hand-collected panel data sets of Chinese quoted companies, which encompassed the collection of data from 2002-2009, were utilized by the research study. The research outcomes indicated that the Chinese government's support and well-developed host country establishments reduce the relevance of previous access experience and meaningfully enhance the prospect of FDI entry into a targeted country.

Furthermore, Arawomo and Apanisile (2018) also conducted research investigating the key determinants of FI in the Nigerian telecommunication sector. The study utilized data from the World Development Indicators (WDI) for the period between 1986 and 2014. Some of the determinants explored in the context were foreign exchange rate, interest rate, and inflation rate. Inferential statistics, including t-tests and an Autoregressive Distributed Lag, were performed to analyze the data collected. The study revealed that the main determinants for FI inflows in the Nigeria telecommunication sector are the market size, trade expenditure, and trade openness. However, the inflation rate and real interest rate of the nation hinder foreign investments in the sector. The duo further explain that the location characteristics do have a diverse degree of significance to foreign investors, which calls for the host country to identify determinants that have more weight to one foreign investor and less to the others in a given period (Arawomo & Apanisile, 2018). For instance, while the market size and trade openness are positively related to FI, an unstable exchange rate and real interest rates create foreign exchange risks and an

unpredictable investment climate (Ezeanyeji & Ifebi, 2016). Moreover, the high and rising inflation rate may result in rising costs of imported capital goods and inputs, which might influence the overall productivity of foreign investors (Cookey & Eniekezimene, 2020). The study also revealed that location advantage is the key determinant in the decision-making process to invest in Nigeria. Location advantages include but are not limited to political stability, foreign exchange reserves, government policy and tax policies, regulatory environment, and the level of eternal indebtedness in the host country (Arawomo & Apanisile, 2018).

Similar research by Olofin, Aiyegbusi, and Adebayo (2019) sought to clear the controversy surrounding the determinants of FI inflows in a nation. The primary focus of the study was to investigate the roles of a country's location in the determination of the inflow of FDI to Nigeria and how FI affects economic growth in the region. The authors utilized a quantitative study approach using spatial econometrics to achieve the formulated hypothesis. The data used in the study was sourced from FI inflows based on constant 2010 US dollars from World Bank data. Findings from the study revealed that a country's location does not play a significant role in determining the rate of FDI inflows to Nigeria. The study also revealed that factors such as a nation's manufacturing sector, tax revenue, health expenditure, net trade, human capital, and financial development positively correlated with income growth. Income growth, import, and capital formation were also realized to have a significant negative relationship with FI. The study finding is consistent with the economic theory, which argues that the import of products and services has a significant impact on the leakage in the economy. These results may be associated with the prevailing high level of corruption, misappropriation of funds, and sharing of security votes among officials, which affect capital formation and security in Nigeria.

Based on the reviewed literature on location-based factors, it is evident that the host

country's characteristics such as the market size, trade openness, exchange rate, population health, political study, corruption, and government policy, among others, determine the rate of FI in Nigeria. However, to attract more FI inflows, the government needs to strive and promote factors that positively impact FI while implementing measures to reduce potential setbacks such as corruption and high exchange rates.

2.25.8.3 Internalization advantages and their influence on Foreign Investment

A nation's internalization level is determined by its size, its' attitude toward risks, and its FI strategy (Gaur et al., 2019). Knowledge inflows associated with FI also impact the internalization advantage by enhancing the coordination and quality of products and investment in the host country (Tseng, 2015). Amungo (2014) adds that, when examining the internationalization of Nigerian banks, internalization advantages provide a framework for evaluating the various ways in which a company will use its power derived from the selling of goods and services. Internalization advantages also relate to contractual risk and managing overseas affiliates through FI, which may be more advantageous than licensing a local firm to sell the product in a foreign market. The latter helps assess the benefits of keeping tangible and intangible assets in-house and examine if internalizing production will reduce transaction costs. The author adds that the greater the benefits of cross-border market internalization, the more a company will prefer to engage in foreign production over other means of international development such as exports, licensing, and franchising (Amungo, 2014). Therefore, the internalization advantages can be used to determine the rate of FI inflows in a nation.

Similar research by Edwin (2014) sought to explore FI from the Nigerian perspective. The study adopted a qualitative research approach using three case studies to achieve the set objectives. The study revealed that Nigeria had produced large home markets over the last

decade, which has attracted growing and profitable multinational enterprises. However, to attract and sustain MNEs and FI, it is vital to create an environment that provides a competitive advantage for the investors to invest. In examining the factors that influence FI and other foreign investors, the author realized that cultivating internalization advantages helps attract investors. Internalization benefits come from taking advantage of faults in external markets, such as lowering uncertainty and transaction costs to obtain information more efficiently and lowering state-created imperfections like tariffs, foreign currency controls, and subsidies. Internalization is often favored in host countries when there is a lot of environmental uncertainty but also a lot of profit to be gained, and the firm has a significant ownership advantage and knowledge. Understanding the internalization advantages is crucial for it determines a firm's decision to either delocalize all or a portion of the production process that leads to low-cost benefits (Edwin, 2014).

In addition, Omokaro-Romanus (2018) conducted research to examine the factors that impact the domestic growth of Nigerian firms and the factors that enhance internationalization. The study utilized a qualitative case study design using a sample size of four companies to achieve the study objectives. The researcher drew insights from different sectors of the Nigerian economy, including the manufacturing, banking, insurance, and ICT sectors. The study's findings revealed that internalization has a significant positive impact on FI in Nigeria. The author described internalization as the components in which companies have the opportunity to make use of their ownership benefits by assessing alternative tactics that complement their market location attractiveness. To lower the transaction costs linked to the business, companies might be present in a foreign market through internalization (Omokaro-Romanus, 2018). For example, a company may internalize its activities in order to utilize government incentives and,

when feasible, gain exemptions from taxes (Kaltenecker & Kahle-Piasecki, 2019). Through internalization, clients in a foreign market can be involved in services locally, for example, retail banks, which could provide services that cannot be provided in a domestic market. The decisions of multinational companies to internalize their operations may depend on regional variables, geographical location, social features, and company benefits (Omokaro-Romanus, 2018).

Further studies in the field sought to investigate the motivations and location patterns of the internationalization of Nigerian firms (Omokaro-Romanus, Anchor, & Konara, 2019). Omokaro-Romanus, Anchor, and Konara (2019) utilized a quantitative research design to analyze the internationalization process of Nigerian companies. Findings from the study revealed that firm-specific advantages, home country factors, and regional market factors were major determinants of motivation and location patterns in Nigerian firms. In Nigeria, the authors explain that internalization advantages are characterized by factors that encourage firms to exploit ownership advantage locally by supporting the charm presented by the foreign location.

Based on the reviewed literature on internalization, it is evident internalization advantages are key to realizing both location and ownership advantages. However, local and foreign firms need to be enlightened on how to analyze the market environment to take advantage of faults in the external markets and identify favourable conditions in host countries.

2.26 THEORETICAL FRAMEWORK AND INDUSTRY FIELD

2.26.1 Dunning's Eclectic Theory

The present research study was based on Dunning's eclectic theory (Makoni, 2015). This theory was developed by Dunning (1980), who integrated the theories of international trade, and internalization theories to explain Foreign Investment (FI). According to this theory, for a firm to

undertake FDI, it should simultaneously meet three conditions (Dunning, 1982; Rahman et al., 2018). These requirements encompass ownership advantages, location advantages, and internalization advantages. The eclectic paradigm is an economic and business strategy for evaluating the desirability of making a foreign direct investment, and it is based on the internalization thesis of British economist J.H. Dunning (FDI). The OLI framework is followed by the eclectic paradigm model. Three tiers—ownership, location, and internalization—make up the framework. The eclectic paradigm assumes that businesses are unlikely to proceed with a foreign direct investment if they can obtain the service or product internally and more affordably.

According to Cantwell and Narula (2001), the eclectic paradigm emerged from a desire to combine aspects from theories of transaction costs (internalization) and market dominance of the specific business in its interaction with markets using macroeconomic techniques to global production (similar to the original product cycle model) at the national level. It was not meant to be a comprehensive synthesis, however, as it is impossible to fully incorporate a collection of theories that may focus on a variety of issues or draw on many worldviews. As a result, it was quickly recognised that it was not a new theory. Because of its widespread appeal, it is frequently used to describe different industries and activity categories. It is compatible with a variety of schools of managerial and economic thought due to its simplicity and universal character. Management experts, economic geographers, evolutionary economists, resource-based theorists, and development economists, to name a few, have all utilized it (Eden, 2003). The eclectic paradigm provides a comprehensive framework to examine the impact of variables influencing multinational businesses' (MNEs') initial growth in overseas production as well as the ongoing expansion of their operations (Dunning & Robson, 1987; Tolentino, 2001). The framework makes it easier to compare theories by identifying areas of agreement among distinct methods,

outlining the precise problems theorists have raised, and highlighting the many levels of analysis (Cantwell & Narula, 2001).

The fundamental tenet of the eclectic paradigm is that the returns to FDI, and thus FDI itself, can be explained by a set of three factors: ownership advantages of firms, which indicate who will produce abroad, as well as other forms of international activity; locational factors, which "influence where to produce" (Dunning, 1993). Moreover, the internalization factor "I" "addresses the question of why enterprises engage in FDI rather than provide foreign firms a license to use their proprietary assets" (Dunning, 1993). One can describe the scope and location of foreign value-added activities using the aforementioned propositions. A company needs specific ownership advantages—often referred to as "competitive" or "monopolistic" advantages—that can offset the higher startup and operational costs of doing business abroad to be able to compete in a foreign market. These are expenses that domestic producers do not incur (Dunning, 1988). Some of these ownership benefits could also result from the company's nationality (Dunning, 1988). Three tiers—ownership, location, and internalization—make up the framework. Ownership advantages resonate with the firm-specific advantages that exclusively belong to a particular organization and include tangible and intangible assets, such as technology, patents, and trademarks which enable the organization to reduce production costs, thus competing effectively with companies in a foreign country (Makoni, 2015). These advantages can be in the form of specialized knowledge, technology, brand reputation, or other intangible assets that are unique to the firm (Porter, 1980). Dunning suggests that ownership advantages are necessary for a firm to undertake FDI, as they enable the firm to earn higher returns than it would by exporting or licensing its products or services These ownership advantages also encompass a firm’s ability to develop international business networks and utilize

them to generate sustainability and innovation and to inculcate new knowledge into the firm's operations, thus enabling it to derive the maximum amount of value (Cantwell, 2015). The competitive advantage that comes with FDI can also be perceived as the ownership advantage. In this case, ownership might be characterized as the possession of a special and valuable resource that is difficult to duplicate, giving the owner a competitive edge over possible foreign rivals. Due to the fact that the potential investor is not a citizen of the nation in which the FDI will be made, there are inherent disadvantages or difficulties associated with FDIs in terms of ownership. The difficulties could arise from, but are not limited to, potential language hurdles or a lack of understanding of the demand patterns that are typical of the regional consumer markets.

Another consideration with regards to ownership advantages is that the exploitation of these advantages while integrating additional production factors such as human resources in a foreign country should result in highly profitable outcomes for the firm (Makoni, 2015). Furthermore, the exploitation of these ownership advantages by the firm should generate more profits compared to renting them out to other foreign firms in the form of management contracts. A higher level of enjoyment of ownership advantages by a firm becomes an incentive for the company to make use of these advantages in a foreign country and this increases the possibility of the company undertaking FDI and international production (Makoni, 2015). The "where" of production is the subject of the second requirement of the eclectic paradigm. When it is in their best interests to mix intermediate products produced in their home country that can be transferred spatially with at least some immobile elements or intermediate products particular to the foreign country, MNEs will choose to produce there (Dunning, 1988). Some location advantages include endowment and availability, geographic factors, or government intervention in the allocation of resources as evidenced by legislation toward the production and licensing of technology, the

patent system, tax, and exchange rate policies, which a multinational would like to either avoid or exploit (Dunning, 1977). Root (1987) refers to this as the advantages that a foreign location offers to a firm, such as access to natural resources, a skilled workforce, or a favorable business environment. Dunning suggests that location advantages are necessary for a firm to undertake FDI, as they enable the firm to reduce its production costs, increase efficiency, and access new markets.

Location is one of several competitive advantages that the prospective business host countries for FDIs must demonstrate. The geographic advantages of the host country or countries are more prominent in the location advantage. Access to the ocean (for shipping or other uses) is an example of a geographic advantage over a landlocked nation. Businesses and their management teams typically need to take into account if any of the aforementioned location benefits exist in the market they seek to penetrate. If the benefits are present, the companies may think about making the investment through FDI or other channels (such as franchising or licensing), given that there is a market for their products abroad. Internalization advantage relates to the reason why firms choose to keep their production internal (Bényei, 2016). According to Buckley & Casson (1976), Internalization advantage refers to the advantages that a firm can gain by controlling its activities in foreign markets. By internalizing its activities, a firm can avoid transaction costs, protect its intellectual property, and maintain control over its operations. Dunning (1980) suggests that internalization advantages are necessary for a firm to undertake FDI, as they enable the firm to capture greater profits than it would by exporting or licensing its products or services (Rugman, 1981). This means that the firms try to avoid or reduce some transaction costs. Dunning's internalization postulation provides insight into the reason why the ownership advantages of access and influence skills are internalized by multinational companies

rather than being traded in the market (Boddewyn, 2015). The internalization advantage occurs due to the nature of production (Dunning, 2015). For instance, if a firm possesses special expertise, whose transfer is difficult, it could choose not to lease it out.

Investment firms consider location-specific factors when choosing where to invest. An international firm will choose to locate its investment in a country or region that will generate the most value of returns to the investment (Sikwila, 2015). The location advantages influence a firm's choice to go abroad. In this regard, the location advantages relate to factors such as laws, regulations, political institutions, political and cultural environments, and contract enforcement in the host country (Bényei, 2016). Countries have different comparative advantages (Witt & Jackson, 2016). Therefore, these advantages need to satisfy the requirements of the investment company to attract the FI from the company. With regards to location, a firm will make a preference of investing in a foreign market whose attractions are higher than that of its home country (Popovici & Călin, 2014). Among the location-based determinants are the level of taxes, tax administration, and the fiscal advantages of the given country (Popovici & Călin, 2014).

The major criticisms of the eclectic paradigm as discussed in the literature are: firstly, its failure to account for the role of managers. Secondly, is its inability to handle the dynamic nature of MNC easily. Thirdly, an unclear specification of what can serve as the major constructs in the paradigm and how those constructs are related, and fourth a limitation in dealing with the interaction between the policy environment and the firm. Dunning's proposed location benefits have drawn criticism for being nothing more than a "shopping" list.

Taxation is an important aspect of the location-based advantages of the eclectic paradigm. The types, rates of taxes, and their administration differ across countries. Higher levels of taxes tend to discourage investments because they lower the profit margins (Alvarez-

Martinez et al., 2018). For example, corporate taxation increases the cost of capital and thus limits investment. Generally, corporate tax rates are an important determinant that drives multinational firms to engage in FI (Jones & Temouri, 2016). Tax incentives and tax grants offered by host countries are usually meant to attract foreign firms (Kinda, 2018). Therefore, taxes should be favourable for foreign investors in the host country. When multinational firms choose to invest in a given country, they aim at ensuring that their investments will be promoted, protected and that they will not be subjected to double taxation (Raudonen, 2014).

The integration of the three advantages consists of ownership advantage, which is essential for effective competition with the local firms' internalization advantage, which must appear to keep the ownership advantage of the firm, and the location advantage helps the firm to choose between exporting and engaging in FI (Bényei, 2016). These three factors (ownership, location, and internalization) interrelate and hence should simultaneously occur for FDI to occur (Makoni, 2015). Generally, Dunning's Eclectic Paradigm provides a useful framework for understanding the factors that influence FDI, and how firms can use their ownership advantages, location advantages, and internalization advantages to succeed in foreign markets (Dunning, 1981). By adopting this theory in research work, researchers can investigate the specific factors that motivate firms to invest in foreign markets, the entry mode strategies that firms adopt, and the benefits and costs associated with FDI. Additionally, this theory provided a framework for comparing the benefits and costs of FDI with alternative entry modes, such as exporting or licensing.

2.26.1.1 Advantages of Dunning Eclectic Theory:

2.26.1.1.1 Comprehensive:

The OLI framework is a comprehensive theory that accounts for a wide range of factors that influence FDI decisions. According to Dunning (1981), it provides a framework that explains why firms will go into foreign production that comprises three different sets of advantages – Ownership, Location and Internalization (OLI).

2.26.1.1.2 Applicable to Different Types of FDI:

The framework is applicable to different types of FDI, such as Greenfield investments, mergers and acquisitions, and joint ventures (Buckley et al., 2018).

2.26.1.1.3 Helps countries attract FDI:

In the works of Cuervo-Cazurra & Genc (2008) they explain that the OLI framework helps countries understand the factors that MNEs consider when deciding where to invest, and can help governments design policies that attract FDI.

2.26.1.2 Disadvantages of Dunning Eclectic Theory:

2.26.1.2.1 Difficult to Quantify:

The OLI framework relies on qualitative factors, such as managerial expertise and branding, which can be difficult to quantify. It has been adjudged by Buckley et al (2018) for being too general and abstract, and unable to provide enough guidance for empirical testing.

2.26.1.2.2 Ignores Political Factors:

The framework does not account for political factors, such as political stability, corruption, and trade barriers, which can influence FDI decisions. According to Gupta & Govindarajan (1991), the OLI framework failed to take into account the institutional and cultural backgrounds that face firms when they enter foreign markets.

2.26.1.2.3 Limited to Large Firms:

The OLI framework is most applicable to large multinational firms, and may not be as relevant for small and medium-sized enterprises that lack ownership advantages or resources to enter foreign markets. It is based on a false assumption that firms are rational well informed which most times are unrealistic (Rugman & Verbeke, 2003).

2.26.3 Justification of the Dunning Eclectic Theory

The Dunning eclectic theory, also known as the OLI framework, has been widely used as a theoretical foundation for research on foreign direct investment (FDI). There are several justifications for the adoption of the OLI framework in research on FDI, but for the current study the justifications below have been given for the adoption of the Dunning Eclectic Theory:

2.26.3.1 Comprehensive:

The OLI framework is a theory that encompasses and takes into account a wide range of factors that influence FDI decisions (Rugman & Verbeke, 1993). The comprehensiveness of the theory allows researchers to analyze FDI in a holistic manner and account for a variety of factors that may impact FDI decisions, making it a useful starting point for research that seeks to understand the motivations as well as the strategies of multinational enterprises (Dunning, 1993).

2.26.3.2 Applicable to Different Types of FDI:

According to Cantwell (2015), Rugman & Verbeke (1998) the framework is applicable to different types of FDI, such as Greenfield investments, mergers and acquisitions, and joint ventures. While the theory can be applied to a wide range of firms and industries of varying sizes and sectors, it is also useful to developed and developing nations. This makes it a flexible and versatile framework that can be used to analyze FDI in different contexts.

2.26.3.3 Widely Recognized:

The OLI framework is widely recognized and has been extensively used in academic research on FDI. It has a general acceptance and a strong theoretical foundation and also has been subjected to extensive empirical testing. This makes it a valuable theoretical foundation for research, as it allows for comparisons and analysis across a wide range of studies. By extension, it means that research works that adopt the OLI framework can leverage on existing body of knowledge and contribute to the advancement of the field (Buckley & Casson, 2009)

2.26.3.4 Allows for Testing of Hypotheses:

Buckley & Casson (2010) claim that the OLI framework provides a set of clear and testable hypotheses about the factors that influence FDI decisions. This makes it a valuable framework for empirical research, as it allows for the testing of specific hypotheses and the development of more robust models of FDI behavior.

2.26.3.5 Policy Implications:

The OLI framework is multi-dimensional and has important policy implications, as it highlights the importance of location-specific advantages in attracting FDI. This can be useful for policymakers who seek to attract FDI to their countries by identifying and promoting their location-specific advantages (Rugman, 2010).

In summary, the Dunning eclectic theory is a valuable theoretical foundation for research on FDI, as it is comprehensive, widely recognized, and allows for the testing of hypotheses. Additionally, its policy implications make it a valuable framework for policymakers seeking to attract FDI to their countries.

Besides Dunning's eclectic theory, other FI theories explain the aspect of FI alongside international trade. For instance, the Institutional FI Fitness Theory, developed by Saskia

Wilhelms in 1998, outlines that Institutions, their policies, and implementations of these policies, rather than other generic inflexible variables, give a nation a competitive edge in the global FI market (Popovici & Călin, 2014). The phrase "FDI Fitness" describes a nation's capacity to draw, accept, and hold on to FDI. An allusion to the Darwinian idea of the survival of the fittest argues that those who adapt to their environment most wisely and effectively would survive rather than just those who are the biggest and strongest.

In other words, the healthiest countries—not the largest—are the ones that attract the greatest FDI. Fitness indicates being alert, having quick reflexes to threats and opportunities, and having the ingenuity and adaptability to carve out a niche where a nation can endure in the face of rivals—even ones who are bigger and fitter. According to the Institutional FDI Fitness theory (Wilhelms, 1998), institutions, their policies, and implementation, rather than general, immovable factors, are what provide a nation with a competitive edge in the international FDI market. Generic variables account for broad, unchangeable, or predefined conditions that appear to be fundamental to a nation. These theories state that countries with high institutional fitness receive more foreign direct investment than those with low institutional fitness. A nation with high institutional fitness has open, efficient, dependable, and predictable institutions. The phrase "FDI Fitness" describes a country's capacity to draw in, absorb, and hold onto FDI by responding quickly to threats and opportunities, as well as its innovation and adaptability in finding a market niche where it may compete successfully These generic factors include the population, social and cultural characteristics of a country. The theory also posits that countries with high institutional fitness experience higher FI inflows than those with lower institutional fitness (Popovici & Călin, 2014). The theory further implies that a nation’s capacity to entice foreign investors lies in its ability to meet all the demands of economic agents. In this regard, governments are tasked with

focusing on the development and implementation of strategic policies that will attract higher inflows of FI (Musonera, Karuranga & Nyamulinda, 2014). Compared to Dunning's eclectic theory, the Institutional FI Fitness Theory does not focus on the aspect of international trade and internalization by the FI investors; hence it does not give a comprehensive framework for this study.

Another FI theory is the Product Life (Vernon) Theory originated by Raymond Vernon in 1966, which outlines the pattern of a product's lifecycle in international trade (Audretsch, Sanders & Zhang, 2017). According to this theory, the cycle begins with the production of a new product by a developed country. A product life cycle includes three distinct stages, according to the theory, which emerged in the field of marketing: (1) new product, (2) maturing product, and (3) standardized product. The theory assumes that the production of the new product will occur completely in the home country of its innovation. In the 1960s this was a useful theory to explain the manufacturing success of the United States. US manufacturing was the globally dominant producer in many industries after World War II. Initially, the sales will be low but will gradually increase to the point that exports will be made to the less developing countries that are in need of the product (Verter, 2015). When the product gains market in the developing countries and demand rises, the developed country will consider setting up production firms in these developing countries to meet the rising demand. The product life cycle theory has had less success in explaining the global manufacturing and innovation trade patterns that exist today. For instance, multinational corporations even carry out research and development in emerging regions where highly skilled people and resources are frequently more affordable. Even though research and development are typically associated with the first or new product stage and are thus finished in the home country, these developing or emerging-market nations, such as India

and China, offer both highly skilled labor and new research facilities at a significant cost advantage for multinational corporations. Eventually, the product experiences a decline in its sales due to the saturation of the market. This theory's key principles include technological innovation and market innovation (Makoni, 2015). However, the theory does not take into account the country characteristics that may influence FI.

Compared to the Institutional FI Fitness Theory and the Product Life (Vernon) Theory, Dunning's eclectic theory provides deep insights into the OLI factors that impact FI in international business contexts. The integration of all three factors explains investor firms' choices of investing in foreign countries. The theory provides a comprehensive framework that focuses on both the investing firm or country and the host country. This makes it suitable for explaining the firm-specific and country-specific factors that influence FI. Therefore, the theory will form the theoretical underpinning for the present research study. It will be utilized to explain the impact of corporate taxation on FI in Nigeria.

2.26.4 Hymer Foreign Direct Investment (FDI) Theory

In addition, to the aforementioned is the Hymer FDI theory. The Hymer FDI (Foreign Direct Investment) theory, also known as the theory of international production, was developed by economist Stephen Hymer in the 1960s. The theory attempts to explain why some firms invest in foreign countries to establish production facilities rather than simply exporting goods to those countries. The Hymer-Kindleberger hypothesis suggests that, because foreign firms have necessarily some disadvantages vis-à-vis domestic firms (e.g., knowledge of the market, communication), they must possess some firm-specific advantages if they are to engage in foreign production (Hymer, 1960; 1968). Hymer (1960, 1968) claimed that the existence of FDI is exclusively due to the imperfection of the international markets for these assets. The firm

"internalises or supersedes" these market failures through direct investment (Hymer, 1960).

The Hymer FDI theory suggests that firms invest in foreign countries to obtain a competitive advantage and to maximize their profits. Moreover, the theory also highlights the role of market imperfections, such as market power and imperfect information, in driving foreign investment. Hymer argued that market imperfections often prevent firms from realizing the full potential of their ownership-specific advantages in the domestic market, and that investing in foreign countries can help overcome these barriers. The Hymer FDI theory provides a useful framework for understanding the motivations and benefits of foreign direct investment. However, like any economic theory, it also has its advantages and disadvantages.

2.26.4.1 Advantages of Hymer FDI theory:

2.26.4.1.1 It Explains why Firms Invest in Foreign Countries:

The Hymer FDI theory helps in explaining why companies may opt to spend money in foreign nations rather than simply exporting goods to those countries. The theory suggests that firms spend money in foreign nations to gain from ownership-specific, location-specific, and internalization advantages, which can help them, achieve a competitive advantage and boost their profitability (Rugman & Verbeke, 2021).

2.26.4.1.2 It highlights the role of market imperfections:

Casson (2012) explains that the theory suggests that market imperfections like imperfect information and market power can create barriers for a firm to completely capitalize on its ownership-specific advantages in the domestic market. By investing in foreign nations, firms can overcome these barriers and make the most of their distinctive competencies.

2.26.4.1.3 It has influenced further research:

According to Cantwell (2020), the Hymer FDI theory has stimulated further research on foreign direct investment and has contributed to the development of new theories and models that help to explain the determinants and effects of foreign investment. His work provided the foundation for exploring why firms invest abroad instead of exporting or licensing, the role of multinational enterprises in the global economy, and how the operations and strategies of these firms differ from domestic companies. Hymer's analysis of market power and imperfect competition shaped research on many subsequent important topics in international business, such as entry mode choices, knowledge transfer, subsidiary autonomy, and the boundaries of the multinational enterprise (Dunning, 2012).

2.26.4.2 Disadvantages of Hymer FDI theory:

2.26.4.2.1 It focuses mainly on large firms:

According to Dunning & Pitelis (2004), the Hymer FDI theory focuses primarily on large multinational firms with ownership-specific advantages and the resources to invest in foreign countries. It may not apply to small and medium-sized enterprises that may not have such advantages.

2.26.4.2.2 It oversimplifies the role of government:

The Hymer FDI theory does not give much attention to the role of government in promoting or regulating foreign investment. In reality, governments can play a significant role in shaping the incentives and risks of foreign investment through their policies and regulations (Suleiman, 2017).

2.26.4.2.3 It does not fully explain the effects of foreign investment:

The Hymer FDI theory explains why businesses invest abroad, but it falls short of explaining how such investments affect both the home and the host countries. In reality, foreign investment can have both positive and negative effects, and its net impact depends on various factors such as the type of industry, the level of development, and the political environment (Pitelis, 2009).

2.26.5 The Theory of Exchange Rates on Imperfect Capital Markets

The Theory of Exchange Rates on Imperfect Capital Markets is another theory that attempts to explain FDI is this one. The foreign exchange risk was initially examined from the standpoint of global trade. Itagaki (1981) and Cushman (1985) examined how uncertainty affected foreign direct investment. Cushman's one and only empirical analysis to date demonstrates that while a foreign currency appreciation has decreased American FDI, a real exchange rate gain promoted FDI made by the USD. According to Cushman, there has been a 25% decline in U.S. FDI as a result of the strengthening of the currency. The simultaneous foreign direct investment between nations using various currencies, however, cannot be explained by the currency risk rate theory. The sustainers assert that these investments are made at various periods, yet there are numerous instances that refute their assertions.

Internalization theory aims to explain the development of multinational corporations and the drivers behind their pursuit of foreign direct investment. In 1976, Buckley and Casson first formulated the hypothesis, followed by Hennart in 1982 and Casson in 1983. The theory was first introduced by Coase in a national context in 1937 and Hymer in an international one in 1976. Two key factors of FDI were found by Hymer in his doctoral dissertation. One was the elimination of rivalry. The second was the advantages that some businesses have in a specific

activity (Hymer, 1976). The theory was developed by Buckley and Casson, who show how multinational corporations structure their internal operations to create certain advantages that can later be utilized. Dunning also believes that internalization theory is crucial and incorporates it into his eclectic theory, but he also asserts that this only partially explains FDI flows.
Hennart (1982) creates models for the two types of integration—vertical and horizontal—to construct the concept of internalization.

Hymer, who created the idea of firm-specific advantages, shows that FDI only happens when the advantages of utilizing these advantages outweigh the relative costs of conducting business abroad. According to Hymer (1976), the MNE manifests as a result of market flaws that prevented the end product market from experiencing ideal competition. According to Eden and Miller (2004), Hymer has explored the issue of information costs for foreign enterprises compared to domestic firms, differing treatment of governments, and currency risk. The outcome implied the same conclusion: transnational corporations incur certain adjustment costs when making foreign investments. Hymer understood that FDI is a firm-level strategic choice rather than a financial one based on capital markets.

2.26.6 New Trade Theory

The early 1980s saw the emergence of the "new trade theory," which highlighted economies of scale and market failures as the primary variables influencing global trade. The new trade theory gave an explanation for industrial strategy, in contrast to the earlier theory, which primarily presupposed perfect competition. The new trade theory is associated with Paul Krugman's work in the late 1970s, developing into what is known as the Dixit-Stiglitz-Krugman trade model and the Helpman–Krugman model. Early in the 1980s, the new trade theory came into being, emphasizing market failures and economies of scale as the primary drivers

influencing global trade. New Trade Theory is an economic theory that attempts to explain why countries engage in international trade and how trade patterns can arise through a combination of economies of scale, product differentiation, and market power (Sen, 2010). The theory posits that a very significant factor that influences the patterns of international trade is the economies of scale and network effects that occur in key industries. These economies of scale and network effects can be so powerful that they overpower the more traditional paradigm of comparative advantage. Economies of scale are factors that lead the average cost of producing something to decrease as its output volume grows (Rangasamy, 2003; Pettinger, 2017). The New Trade Theory is a factor that explains the rise of globalization, with multinational firms serving as the primary agents. It means that poorer, developing economies may struggle to grow particular industries because their economies of scale lag considerably behind those enjoyed by the developed world. According to the argument, the government may have a role to play in fostering new businesses and supporting the growth of established sectors. Tariff protection and domestic subsidies may be required in a developing economy to stimulate the development of capital-intensive sectors. If the industries receive government assistance for a few years, they will be able to utilize economies of scale and become competitive without government assistance (Eluka et al, 2016). The key ideas of new trade theory include economies of scale, product differentiation, and network effects.

Under the economies of scale, new trade theory argues that industries that can produce goods on a large scale are able to lower their costs of production, making them more competitive in international markets. As a result, the theory suggests that countries may specialize in certain industries to take advantage of economies of scale (Godwin, 2021). According to the New Trade Theory, products that are differentiated from each other (e.g., through branding, quality, or

features) can command a higher price in the market. This means that countries may specialize in producing differentiated products to increase their competitiveness (Bernard, Redding & Schott, 2007). The new trade theory further suggests according to Pettinger (2017), that products and industries that have already established a strong market position (i.e., are already popular and widely used) can benefit from network effects, which can make it difficult for new entrants to compete. This means that countries that are already dominant in certain industries may be more likely to continue to specialize in those industries.

2.26.6.1 Advantages of New TradeTheory

2.26.6.1.1 Takes non-price elements into account:

Helpman (2004) suggests that new trade theory considers non-price factors such as technology, innovation, and product quality, which can influence international trade patterns. This explains why some countries may dominate in specific industries despite having greater labor and production expenses.

2.26.6.1.2 Explains the presence of international trade:

Melitz (2003) argues that one of the most significant benefits of the new trade theory is that it explains the existence of international trade. Trade, according to this view, is driven not just by comparative advantage, but also by economies of scale and product differentiation (Anderson & van Wincoop, 2004).

2.26.6.1.3 Promotes trade liberalization:

Trade liberalization measures have been justified using the new trade theory. It contends that trade liberalization can boost competitiveness and specialization, resulting in more effective resource allocation and higher economic growth (Irwin, 2015).

2.26.6.2 Disadvantages of New Trade Theory

2.26.6.2.1 Limited applicability:

The new trade idea does not apply to every industry and product. It is only applicable to industries that have economies of scale and product differentiation, such as high-tech items. As a result, it may not be appropriate in industries where products are standardized or where production costs are the primary determinant of competitiveness (Baldwin, 2016).

2.26.6.2.2 Ignores other factors:

Irwin (2015) maintains that other elements that may influence trade patterns, such as government regulations, transportation costs, and cultural considerations, are not taken into account in the new trade theory. This means that it may not fully explain why some countries trade more with one another than with others.

2.26.6.2.3 May lead to uneven distribution of gains:

According to the new trade theory, trade liberalization can lead to increased efficiency and economic growth. It may, however, result in an uneven distribution of these advantages, with winners and losers both within and between countries. This can cause social and political upheaval (Krugman, 2008).

In summary, the new trade theory justified industrial policy, in contrast to the earlier theory, which primarily presupposed perfect competition. Industries with a comparative advantage are predicted to grow while those with a comparative disadvantage are predicted to contract as global trade liberalization progresses, resulting in an uneven spatial distribution of the corresponding economic activities.

2.27 SUMMARY AND CONCLUSION

2.27.1 Summary

The main objective of the study was to investigate the impact of corporate tax on FI inflows and economic growth in Nigeria from 1990-2019. The literature review assessed various themes that provided substantial insights on the formulated research objective. The first theme focused on the impact of taxation on FDI. The theme revealed that taxation is an instrument of engineering the performance of an economy. Taxation is also a tool used by the government to generate revenue for funding government expenditures encompassing the provision of public goods (Ibe, 2019). In Nigeria, the economic growth role of taxation had not been felt due to the country's poor tax administration system (Onakoya & Afintinni, 2016). The study revealed that the double taxation avoidance treaty was regarded as the greatest influence towards the positive FI inflows into the country. Double taxation treaties also increase direct bilateral FI. In Nigeria, multiple taxes affected FI inflows for foreign investors were subjected to multiple taxes encompassing company income tax, VAT, education tax, and customs and excise duties, which significantly reduced investment returns (Jelil et al., 2017). Implementation of tax incentives attracts FI inflows in Nigeria. Tax incentives include tax allowances, non-productive rent, and capital allowances that influence FDI in the country. In this regard, tax policies should be amended to eliminate double taxation and attract foreign investors. However, the disadvantage of the use of incentives encompasses tax competition where neighbouring countries lower their taxes to outdo a given country to attract higher investments (Munongo et al., 2017). Olaniyi et al. (2019) add that not all tax incentives favour FDI. However, the most feasible tax incentive strategy is reducing customs and excise duties to yield high levels of FI inflows into the economy for the majority of the foreign trade transactions in the country fall within the docket of the customs and excise tax bracket.

The second theme focused on the effect of FI on listed and unlisted companies in Nigeria. The reviewed research under this theme revealed that FI significantly influences the financial performance of quoted Nigerian companies for quoted firms, with the greatest proportion of FI inflows accounting for 22% of its assets being contributed by foreign investors (Yahaya et al., 2017). Due to inadequate monitoring, unquoted companies in Nigeria tend to evade taxes (Adegbie & Fakile, 2011). Unquoted or unlisted companies encompass firms that cannot qualify for listing on the stock exchange because they are too small to earn a stock market listing. Research revealed that FI inflows into an economy positively influence the growth and development of small firms, which translates to improved economic growth (Acha & Udoh, 2017). Further study revealed that FI does not have a significant impact on unquoted firms, for most SMEs do not go public by getting listed on the stock exchange to access more funds to finance their operations (Idehen & Iguisi, 2020). In this regard, firms need to get listed to acquire funds from the public and other external sources.

The third theme discussed the implication of FI on economic growth in Nigeria. Due to its recognized advantages as an instrument for economic growth, the research revealed that developing countries, Africa in general, have joined forces to attract FI to the continent (Ajayi, Akano & Adams, 2019). FI also has a positive impact on the employment rate, which boosts the living standards and enhances the economic state of Nigeria. As such, the government ought to formulate and integrate policies that attract FI and strategies that enhance more investments in Nigeria, thus reducing the alarmingly high unemployment rate. FI does not always have a positive impact on economic growth, as it depends on FI investment characteristics. Although the supply of money always has positive effects on short-term and long-term growth, prioritization should be given to formulating and using monetary policies flexibly to support

growth. Moreover, for Nigeria to save its economy and survive in the market, it is possible to encourage innovation of businesses from local competitors, which would enhance the quality and diversity of development in the native countries (Susic et al., 2017). The reviewed literature revealed that FI has no positive links with the capital intensity that affects the local economy. Stakeholders must step up efforts to ensure that the attracted capital inflows reach the most productive sectors of the economy appropriately (Dinh, Vo & Nguyen, 2019). Fiscal discipline and surveillance measures are important to the government to optimize the potential benefits of a country in terms of its borrowings and spending patterns. The country should take advantage of physical capital spills and influxes to boost external direct investment to boost economic growth (Giwa et al., 2020). The major barriers in developing countries' modern economic systems are ensuring that mass and accumulation rates are enough to finance investment in economic development (Susic et al., 2017). Therefore, the Nigerian government should aim at maximizing the efficiency of accumulation.

Based on country-specific factors, the reviewed literature revealed that risks associated with politics have a positive and significant impact on foreign investments in Nigeria but are not advanced to inhibit the inflow of investments in the country. A nation's investment profile, corruption and relations with neighboring nations, political violence, kidnapping, and ethnic tension also influenced FI in Nigeria. Unstable policy changes are greater political risks for foreign investment in business environments. The government applies various strategies to attract FI in their nations, including reassuring investors of the stability of the local operating conditions, transparency, and political and legal stability (Agabeze, Nwonu & Nwoba, 2017). Governments also reduce bureaucracy and regulatory environments, which attract massive investors in the country. Based on market factors, the study realized that Nigeria is one of the

most populated nations in Africa, is therefore prone to a high rate of FI inflows for there is adequate market and labor for the new ventures. However, it is vital to realize that a massive inflow of FI in a nation can have a negative impact on the country's resources, especially the economic and social-cultural aspects of the regions. The economic state of Nigeria, which is determined by its GDP, inflation rate, and exchange rate, influences the rate of FDI inflows in the country (Alshamsi & Azam, 2015).

Ownership, Location and Internalization (OLI) factors had an important influence on FI. Ownership advantage in this context entails the availability of skills, knowledge, and technology associated with FI that help local organizations achieve a competitive advantage and enhance their productivity (Arawomo & Apanisile, 2018). Location-specific factors such as the market size, trade openness, exchange rate, population health, political study, corruption, and government policy, among others, determine the rate of FI in Nigeria (Omokaro-Romanus, 2018). Internalization advantages are key elements to realizing both location and ownership advantages. Lastly, the reviewed literature revealed that corporate taxation has a significant negative impact on FDI inflows in Nigeria. As such, the government is urged to implement tax incentives or tax policies that encourage FI to guarantee a constant increase in the nation's GDP.

2.27.2 Conclusion

Based on the reviewed literature, it can be concluded that corporate tax has a significant impact on FI inflows in Nigeria. Findings from the reviewed literature revealed that political factors, which include political violence, the national investment profile, portfolio, corruption, and relations with the neighbouring nations, were among the major determinants of foreign investments in a country. Countries with existing ethnic tension were also realized to discourage investors in the region due to security and political instability. On the other hand, market factors

were very crucial in determining the willingness of investors to venture into a nation for market value, and the availability of an adequate population was a clear indication of a ready market and availability of labor. Furthermore, technological factors are also critical in attracting Foreign Investment. Lastly, the economic state of Nigeria and any developing nation, which is determined by its GDP, inflation rate, and exchange rate, influences the rate of FI inflows in the country. These findings imply that, for a nation to attract more FI inflows, it is vital to revise the nation's socio-political, market, and economic factors.

The other crucial factors affecting FI include ownership advantage, location advantage and internalization advantage, mastering the three factors will allow foreign investors to assess the risks and returns in investing and producing in certain nations which will maximize profit and reduce avoidable losses. Moreover, the local firms and the home nation should be cautious about utilizing the shared concepts in the business, seek further clarification and guidance, and integrate suitable policy measures to take full advantage of the knowledge and skills of foreign investors. However, although the current study provided a comprehensive review of the role of FI in Nigeria and how corporate taxation and other associated factors affect the inflow of FI, further research is vital to realize the existing trends in the Nigerian market and foreign investment. As such, the current study will add to the existing study by investigating the impact of corporate tax on FI inflows in Nigeria from 1990 -2019. The current study is important to the Nigerian government and foreign investors for it will present emerging trends in over the last two decades, and factors that affect FI inflows in Nigeria. The study will also recommend effective strategies to implement to promote foreign investors and promote the overall economic growth of Nigeria.

CHAPTER THREE: RESEARCH METHODS

3.0 OVERVIEW

This section features the methodology adopted for the study. Apart from considering the research design embraced by the study, this section also makes justifications for the design and how it leads to the research approach with enumerations of ethical issues therein.

The study aims to determine the impact of corporate taxation on FI in Nigeria between 1990 and 2019. Empirical research in this field with a focus on Nigeria's context is limited. A previously conducted study by (Olaleye et al., 2016) accentuated tax policy incentives and FI in Nigeria. However, the study concentrated on the influence of tax incentives on the inflow of FI in only quoted manufacturing companies in Nigeria. Thus, there is a need for further research to examine the effectiveness of such incentives on FI in quoted and unquoted companies in Nigeria between 1990 and 2019 to fill this gap in the literature. The purpose that this quantitative study aims to achieve is to examine the effect or impact of corporate taxation on FI inflow in Nigeria from 1990 to 2019 focusing on quoted and unquoted companies. The research also provides answers to the research questions posed in this study as to whether:

i. Corporate taxation has a significant relationship with quoted FI flow in Nigeria
ii. Corporate taxation has a significant relationship with unquoted FI flow in Nigeria.
iii. Quoted Foreign Investment has a significant relationship on economic growth in Nigeria.
iv. Unquoted Foreign Investment has a significant relationship on economic growth in Nigeria
v. Corporate taxation does have a significant relationship on economic growth in Nigeria

To achieve this, the chapter is organised into five sections to cover: the research approach and design, sampling method adopted, operational definition of variables, study procedures and ethical assurance as well as data collection and analysis procedures employed. The first section focuses on a detailed discussion of the appropriate research approach and design used in the study. It gives information relating to the research approach and design that was employed in carrying out this study in addition to advancing justification for the adoption of the selected approach and design. The study employed a quantitative research approach in order to quantify the variables. A correlational and ex-post facto research design is used in this study.

A correlational research design investigates relationships between variables without the researcher controlling or manipulating any of them. A correlation shows how strongly and/or in which direction two or more variables are related to one another. Correlations can have positive or negative directional effects.

Correlational design according to Stangor and Walinga (2019) is more precise and accurate and it entails a carefully organized description of events. In addition, the correlational research design as adopted in answering the research questions in this study examined how corporate taxation relates with FI flows in Nigeria. Correlational design observes and measures the historical relationship between two variables such as the relationship between company taxation and FI flows in quoted and unquoted companies. In addition, to this, the ex-post facto research design is also adopted. This design requires the assessment of the influence of past variables on the current occurrence or event. Agburu (2001) describes ex-post facto research design as an enquiry to determine whether, and to what degree the occurrence of the current event has been affected by a variable or event that occurred in the past. The ex-post-facto research design discusses the nature of two variables: independent and dependent variables. The

independent variable exists in space and time before the dependent variable. Ex-post facto research, also known as after-the-fact research, is a type of study in which the examination begins after the event has occurred, without the intervention or manipulation of the researcher. Ex post facto research designs are used in the majority of social research studies where manipulating the features of human participants is not possible or appropriate. It is also frequently used as a stand-in for actual experimental research to test hypotheses about cause-and-effect relationships or instances when following the complete protocol of a true experimental design is either impractical or unethical. A correlational research design is adopted in this study to get answers to the research questions while the testing of the hypotheses adopted ex-post facto research design

The second section addresses the population and sampling method explored in the study. According to Taherdoost (2016), sampling methods allow the researcher to deduce data about a given problem based on the results obtained from a subset of the targeted population. However, this study does not require sampling because primary data is not used and was not gathered. Sampling technique is not required during the study because no human subjects were involved in the collection of the data. However, the study only uses secondary data; hence the selection of study participants with a sampling method is not appropriate. In addition, the sampling method is inappropriate for the current research because the appropriate data is based on the characteristics of the secondary data used including year of publication, and the databases used. The third section, on the other hand, discusses operational definitions of variables used in the study.

In the fourth section, the study procedures and ethical assurances were covered. The researcher obtained approval from the Unicaf Research Ethics Committee (UREC) before proceeding with data collection. The study does not involve human subjects hence ethical

considerations such as informed consent, voluntary participation and free withdrawal, are not applicable. In secondary research like this study, the researcher needs to ensure that there is no identifying data or that the information used is completely devoid so that other people may not find access to it. As such, the researcher uses anonymity as a way to ensure the confidentiality and privacy of data (Tripathy, 2013). Tripathy (2013) explained that in secondary research, original or primary data are not gathered to respond to the research questions. Instead, data that have already been collected by other researchers are used. As such, the data is evaluated based on the methodology used in data collection, the period of collecting data, and the purposes for which the data are collected.

Section five focuses on the detailed description of the data collected and the processes and steps used in gathering the data, how the data is analysed, and the software used. The research questions guiding the study are addressed by the use of secondary data. Secondary sources were used as tools to obtain data. According to Sutton and Austin (2015), secondary sources are among the most useful data collection instruments used in research to collect relevant information to address research questions. In this quantitative relational study, secondary data was obtained from the Nigerian Statistical Bulletin of the National Bureau of Statistics (NBS), Central Bank of Nigeria Statistical Bulletin, and World Bank Development databases because they include the necessary information. The correlation analysis is used to evaluate measures of relationship and associated test statistics for the variables of the study for research questions one to six. However, Unit root test is employed to examine whether or not a time series variables are non-stationary and has a unit root or trending for the purpose of handling the hypotheses set out in the study. A unit root test is used to determine if a time series variable is stationary and has a unit root (Kim and Choi, 2017). In choosing the right statistical package to use for the analysis,

several packages were considered, that is, Statistical Package for the Social Sciences (SPSS)26, Econometric Views (EViews) 10, Statistical Analysis System (SAS), MINITAB, STATA and MATLAB. SPSS undertakes both comparison and correlational statistical tests in the context of analyses using parametric and non-parametric statistical approaches, including univariate, bivariate, and multivariate analyses. E-Views 10, conversely, is used mainly for time-series oriented econometrics analysis (Matthew & Sunday, 2014). According to Matthew & Sunday, (2014), E-views software is suitable for general statistical analysis and econometrics analysis, such as cross-section and panel data analysis and time series estimation and forecasting. Regression Analysis such as Ordinary Least Square method, Logistics Regression, General Linear model, Multi-level, step-wise regression mode is better done using E-views than SPSS (Matthew & Sunday, 2014). Given the analysis meant to be made, coupled with the nature of the data which is multivariate time series, E-views 10 statistical packages is best and is used for the analysis of the study that is beyond correlational analysis.

3.1 RESEARCH APPROACH AND DESIGN

3.1.1 Research Approach

The section presents a detailed discussion of the appropriate research approach and design used in the study. This study examines the impact of Corporate Taxation on Foreign investment (FI) in Nigeria from 1990-2019. Relevant statistical data for assessing the impact of corporate taxation on FI in Nigeria are collected from the historical data contained in the Nigerian Statistical Bulletin (National Bureau of Statistics), Central Bank of Nigeria (CBN) Statistical Bulletin, Federal Inland Revenue Service (FIRS) and World Bank Development databases for relevant years. However, the researcher needs to find answers to the questions posed in this research. Creswell (2014) suggests that there are basically three types of research

approaches commonly adopted by researchers in their study – Quantitative, Qualitative and Mixed method. The study employed a quantitative research approach. According to Aliaga and Gunderson (2002) & (Creswell, 2003), a quantitative research design is a research approach that explains a phenomenon by gathering numerical data and analyzing it statistically. It is a method in which the investigator uses inquiry tactics such as experiments and surveys to collect data on preset instruments that provide statistical data. Given (2008) described quantitative research as the systematic empirical investigation of observable phenomena via statistical, mathematical, or computational techniques. The objective of quantitative research is to formulate and utilize mathematical models, theories, and hypotheses pertaining to phenomena. Aliaga & Gunderson (2002) described quantitative research as "explaining phenomena by collecting numerical data that are analysed using mathematically based methods (in particular statistics). Quantitative research is a systematic approach used to quantify variables (Wayne, 2010).

3.1.2 Research Design

A basic part of an empirically-based, credible, and usable study is the selection of a research design. Research design is concerned with logical rather than logistical issues, and it necessitates consistency across research objectives, operational measurements, empirical findings, and theoretical categories and arguments (De Vaus, 2001). Hakim (2000), in defining what a research design is, noted that a research design is fundamentally concerned with the goals, uses, purposes, intentions, and plans within the practical constraints of location, time, money, and the availability of the researcher. According to him, a researcher's ideas are reflected in the research design. It helps to avoid dissatisfaction by connecting the research through a structural plan that shows how all of the primary aspects of the research work together to try to answer the research questions. It is a method for collecting, analyzing, interpreting and reporting

research data. It is a general plan for connecting conceptual research problems with meaningful (and feasible) empirical research (Creswell & Plano-Clark, 2007). Durrheim (2004) defines research design as a strategic framework for action that serves as a link between research questions and research strategy execution.

According to Hussain (n.d), a research design is a comprehensive formulation of a research problem. It is the general method adopted to integrate the many components of the study consistently and logically. It serves as a foundation or template for carrying out the research. Simply put, it is the overall strategy for conducting a study. Defined further, he stated that a research design is a methodical approach to studying a scientific subject. A research design is an organization of conditions for data collecting and analysis that tries to balance relevance to the study purpose with efficiency in procedure (Gray, 2014). To Ansari et al (2022), a research design is a broad framework that defines the overall approach for conducting research. It specifies the objectives, data collection and analysis method, work hours, price, duty, conclusion, and actions. Asenahabi (2019) asserted that for a study to be considered research, the study must be systematic and methodical in its approach and techniques, as well as meet relevant norms and standards for validity and reliability. The structure of research can be thought of as the "Glue" that ties all of the pieces in a research project together; in brief, it is a plan for the proposed study endeavor (Akhtar, 2016).

The research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. As such the design includes an outline of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data. A research design is the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance to the research

purpose with economy in procedure. Research design is needed because it facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible yielding maximal information with minimal expenditure of effort, time and money. Just as for better, economical and attractive construction of a house, we need a blueprint (or what is commonly called the map of the house) well thought out and prepared by an expert architect, similarly, we need a research design or a plan in advance of data collection and analysis for our research project. Research design stands for advance planning of the methods to be adopted for collecting the relevant data and the techniques to be used in their analysis, keeping in view the objective of the research and the availability of staff, time and money. Preparation of the research design should be done with great care as any error in it may upset the entire project. Research design, in fact, has a great bearing on the reliability of the results arrived at and as such constitutes the firm foundation of the entire edifice of the research work.

A quantitative research approach entails the researcher's choice of a research design among diverse options such as case study, correlational, and experimental. The goal of case study research is to provide information by capturing a variety of variables in order to classify the complexity of a set of conditions that come together to produce a particular phenomenon, situation or event. Experimental Design is a plan of procedures that enables the researcher to test hypotheses by reaching valid conclusions about relationships between independent and dependent variables. Correlational research is a type of research method that involves observing two or more variables in order to establish a statistically corresponding relationship between them. A correlational research approach mainly focuses on examining the research phenomenon by establishing the relationships between variables (Walter & Andersen, 2016). The aim of correlational research is to identify variables that have some sort of relationship to the extent that

a change in one creates some change in the other. The research approach is used to collect tabulated data that can be used to compare and describe the phenomenon being studied (Stangor, 2011). Thus, a correlational research design best suits this study because it is more accurate in describing the research problem of the study. The approach is suitable because of its flexibility which will allow the researcher to determine the relationship between corporate taxation and FI flow. In addition, a correlational research method applies to the study in examining how corporate taxation influences FI in Nigeria.

This thesis also employs ex-post-facto research design. Ex-post facto study architecture includes evaluating the effect of historical influences on the present incident or case. Agburu (2001) defined ex-post facto research design as an inquiry to discover whether and to what extent a variable or event that occurred in the past has influenced the occurrence of the present event. The ex-post facto research design is concerned with the existence of two variables: independent and dependent variables. The independent variable occurs prior to the dependent variable in space and time. The ex-post facto design is adopted because of its strength, that is considered the most suitable design to be used when it is difficult to select, regulate and monitor all or any of the independent variables or when the laboratory monitor is impracticable, expensive or morally dubious (Akpa & Angahar, 1999). It is used because it is structured to find, describe and interpret a social phenomenon that this study is aimed at that is designed for this research. For this present study, our research process combines the analysis and choice of variables, the research frame, and instrument, sources of data, authenticity and consistency test of the data, data analysis, and presentation.

According to Lammers & Badia (2005), an ex post facto study design is research design that compares groups with pre-existing characteristics on a dependent variable. Ex post facto

research, sometimes known as an "after the fact" study, is considered semi-experimental since the individuals are not randomized at random but are grouped based on a specific attribute or trait. It is an aspect of research design that seeks information to characterize an object, situation, or population methodically. It answers questions concerning what, when, where, and how a research problem helps, rather than why. This strategy includes the use of various research methods to study the variables in question. In this strategy, the researcher does not control any variables; instead, he just takes into account what has been observed or is happening (Kumar, 2008). This method of research might entail the employment of a wide range of research tools to study the variables under consideration. It mostly uses quantitative data, while qualitative data is occasionally employed for descriptive purposes. It is vital to stress that, unlike experimental research; the researcher does not regulate or apply any adjustments in the descriptive technique of research. The variables are instead merely seen, observed, and measured (Ansari, 2022).

Sohil (2019) defined an ex post facto study design as an experiment in which researchers study the effects of a naturally occurring treatment after it has occurred rather than designing the treatment itself. The experimenter tries to link this after-the-fact therapy to an outcome or dependent measure. He goes further to explain that Ex post facto refers to a situation in which the independent variable is not altered after it has already occurred. It is a quasi-experimental study that investigates how an independent variable, which was present in the participants prior to the study, influences a dependent variable.

3.1.3 Justification for Choice of Research Designs

The study combined two research designs, correlational research design and ex-post factor research design. Correlational design is more precise and accurate and it entails a carefully organized description of events (Stangor and Walinga, 2019). Correlational research is a type of

study that looks into the relationship between two or more variables.

A correlational research design focuses on process rather than causation, and it follows the path of interactions and correlational factors as they lead to a specific outcome through time. As a result, it prefers evolutionary change notions to deterministic or life-cycle concepts. It is based on a spatial perspective, which functions as a geographical lens through which research issues are framed and the economic course is traced across spaces and scales. It is also non-idiosyncratic in the sense that it attempts to produce impartial and transferable results.

Correlational research methodology is suitable over other research methods like qualitative research approaches which mainly focus on exploring lived experiences and perceptions of people concerning the topic in question (Salvador, 2016). Correlational research is non-experimental as it does not involve manipulating variables using a scientific methodology in order to agree or disagree with a hypothesis. In correlational research, the researcher simply observes and measures the natural relationship between 2 or more variables; without subjecting any of the variables to external conditioning. We can better comprehend the intricate connections between many different factors by using correlational research. We can learn more about how the world actually functions if we test these variables in situations that are realistic. With the help of this kind of research, we can anticipate the future and determine whether two factors are unrelated; in which case looking for a cause-and-effect connection would be a complete waste of time. Correlational research evaluates and determines the historical association that exists between 2 or more variables. In this wise, the statistical pattern resulting from correlational research is backward-looking and may cease to exist at any point, in future. Correlational research observes and measures historical patterns between 2 variables such as the relationship between Taxation and FI.

In addition to the correlational research design that was adopted to answer the research questions which largely requires the movement of one variable in relationship to another variable, the research hypothesis was tested using the ex-post-facto design. This design requires the assessment of the influence of past variables on the current occurrence or event. Agburu (2001) describes ex-post facto research design as an enquiry to determine whether, and to what degree the occurrence of the current event has been affected by a variable or event that occurred in the past. The ex-post-facto research design discusses the nature of two variables: independent and dependent variables. The independent variable exists in space and time before the dependent variable. Ex-post-facto research design also known as after-the-fact design, is a type of design in which the examination begins after the event has occurred, without the intervention or manipulation of the researcher. E-post-facto research designs are used in the majority of social research studies where manipulating the features of human participants is not possible or appropriate. It is also frequently used as a stand-in for actual experiment research to test hypotheses about the cause0and-effect relationship or instances when following the complete protocol of a true experiment design is either impractical or unethical

Due to its strength, the ex-post facto design is also adopted. It is considered the most acceptable design to be used when all or any of the independent variables are difficult to select, regulate and monitor or when control in the laboratory is impracticable, expensive or morally doubtful (Akpa & Angahar, 1999). An ex post facto research design was used for the study; this design was chosen over quasi-experimental, experimental, action research, and survey designs because the data were collected from a previous occurrence. It is used because it is designed to explain and analyze a social phenomenon that is aimed at in this report. The research method incorporates the analysis and choice of variables, the research structure and instrument, data

sources, authenticity and accuracy checking of the data, data analysis, and presentation for this current report. The quantitative research design used in the study was an ex post facto design that utilized public archival data. The quantitative, ex post facto design aims to collect numerical quantitative data on phenomena that happened in the past (Onyia, 2012). About the ex post facto design, McMillan (2011) stated, "In 10 ex post facto research the investigators decide whether one or more different preexisting conditions have caused subsequent differences when subjects who experienced one type of condition are compared to subjects who experienced a different condition" (p. 194).

A qualitative research approach emphasizes the exploration of people's beliefs, perceptions, thoughts, and feelings regarding the problem being studied (McKim, 2017). Thus, a qualitative method is not suitable for this study because the research does not aim to address the research problem through the perceptions or thoughts of people. Also, correlational approach is chosen over triangulation or mixed method of research which entails using a qualitative approach as part of the process to describe the problem in the question. Triangulation is a general technique in which convergence, dissonance, and complementarity of study findings, with respect to research questions, theories, sources, and different approaches of the methodology used, are explored (Mertens & Hesse-Biber, 2012). The validity of research conclusions is improved when different methodological approaches provide convergent results (Mertens & Hesse-Biber, 2012).

Methodological triangulation involves using more than one methodological approach to gather information (Heale & Forbes, 2013). It entails employing different methodological approaches like in a mixed research approach where both qualitative and quantitative methods are used to collect data. For instance, in methodological triangulation, the researchers may

choose to use multiple methods of data collection like observations, interviews, surveys, and focus groups (Heale & Forbes, 2013). Fisch et al. (2018) discussed that combining these types of data collection methods helps in overcoming the weakness of another method. Using these types of triangulations provides the basis to describe the relationship between study findings obtained from the combined qualitative and quantitative components of a research program (Weyers et al., 2008). Understanding the interaction and consistency of results assists in drawing a meaningful conclusion, which reflects the benefits or advantages of triangulation in research. Heale & Forbes (2013) pointed out that combining quantitative and qualitative components helps in verifying the finding to increase validity and enhances better explanations of the problem being investigated. The triangulation process allows the methodological limitations to be transcended by making comparisons between the study results obtained from different perspectives.

The advantages of triangulation in research practice are linked to the use of a mixed research method, which seeks to provide more accurate answers to the research questions and hypotheses. In a mixed method of research, research questions are addressed well because the information is obtained from multiple sources and different angles, which supports the relevance of triangulation (Fusch et al., 2018). Triangulation is a powerful tool that facilitates data validation, which is achieved by cross-verification from more than two sources. It adds depth and richness to the research inquiry, enhances a more comprehensive understanding of the problem in question, and promotes the rigor of the study (Heale & Forbes, 2013).

The consensus regarding the utilisation of different methodological approaches and their acceptability in any research has afforded proper evaluation and renewal of methodological tools (Greene & McClintock, 1985). The application of different sources of data, theories, or observers when investigating similar phenomena provides the basis to determine the overall strength and

validity of findings through complementarity and congruence of the results based on each method that was used. Congruence involves convergence, similarities, or consistency of the findings (Greene & McClintock, 1985). On the other hand, complementarity entails how results from one study enrich, expand upon, and elucidate the findings of another study despite different methodological approaches used. As such, triangulation is useful in offsetting issues of research bias and measurement errors in a study (Greene & McClintock, 1985). The main goal of triangulation in research is not to replace the use of a single research method, but to improve their strengths.

Johnson & Onwuegbuzie (2004) pointed out that triangulation or mixed research methodology is useful in research studies because it does not focus on eliminating the use of one methodology, but rather assists in drawing the strengths and weaknesses of both approaches across different studies. Johnson & Onwuegbuzie (2004) discussed that determining the strengths and weaknesses in research studies provides a great promise towards eliminating bias while allowing the researcher to select the net methodologies and come up with and use appropriate techniques. Through triangulation, the data obtained qualitatively in terms of charts, lists, rubrics, or networks are used to validate the quantitative data by converting the qualitative data into numerical codes and represented statistically. This assists in correlating the qualitative and quantitative data to verify the strengths and validity of the findings obtained from any of the research methods. Additionally, combining qualitative and quantitative research methods is helpful in producing knowledge about the topic, which is necessary to inform theory and practice (Johnson & Onwuegbuzie, 2004). Also, using mixed method in a study provides stronger evidence about the research topic, which assists in drawing meaningful conclusions using the convergence and corroboration of study results. Triangulation allows the use of numbers to

support the information in words, pictures, and narratives, which enhances the accuracy and increases the generalizability of study findings. It facilitates the use of numbers and narrative data to address broader and complex research questions because the researcher is not confined to use one method, but two approaches that facilitate the connection of data from multiple sources (Johnson & Onwuegbuzie, 2004).

According to Olsen (2004), combining two or more methods such as survey methods with interviews is a profound practice of triangulation, which provides the basis to justify a research study. Combining these quantitative and qualitative methods is thus a suitable approach for research students to improve the quality of their data and the validity of their studies. The use of combined methods is a pragmatic approach that provides innovative ways to understand the problem. Triangulation enhances confidence in research data and provides a better understanding of the topic or problem in question. Such benefits largely occur because of the diversity and quantity of information that is analysed to reveal new and unique findings of a problem. Thurmond (2001) pointed out that using triangulation adds depth to the findings that would not have been achieved with the use of a single strategy, hence increasing the utility and validity of the results. This triangulation facilitates the collection of meaningful data to understand the phenomenon either in an objective way or by exploring the perspective of people or lived experiences to understand the phenomenon. Through triangulation, the researcher uses one method to address the question that could not be achieved with other methods; hence helps in overcoming weaknesses of another approach, which enhances the validity and reliability of the study (Johnson & Onwuegbuzie, 2004).

A mixed-method approach is used when collecting both quantitative and qualitative data; however, it is not appropriate for the study because it also explores the experiences and

perceptions of participants which is not applicable in the current study. This study used both a correlational research design and an ex-post facto research design. For a swift and straightforward description of the direction and intensity of the relationship between the variables, correlation analysis was carried out while in an attempt to anticipate, optimize, or explain a numerical response between the variables, both in the short and long run, econometrical analysis of Autoregressive Distributed Lag (ARDL) and Fully Modified Ordinary Least Square (FMOLS) are employed.

3.2 POPULATION AND SAMPLE OF THE RESEARCH STUDY

According to Taherdoost (2016), sampling methods allow the researcher to deduce data about a given problem based on the results obtained from a subset of the targeted population. The sampling methods allow for the selection of a specific sample or a group of people from a given population. The selected sample assists in providing relevant and adequate information to use in answering the research questions or the research problem identified in the study. Lim and Ting (2013) asserted that sampling methods in academic research assist in choosing the best sample that would provide relevant information about a given problem and using the information to draw a significant conclusion. The sampling process facilitates the gathering of in-depth data from people or other significant sources, which can be used to address specific and specialised research questions. The sampling methods are applicable when identifying and choosing appropriate information-rich cases associated with the phenomenon in the study. Using the sampling techniques in selecting the best data helps in maximising the validity and efficiency of the study's findings (Palinkas et al., 2016). The researcher chooses characteristics that would aid in selecting the best sources of data that provide adequate and relevant information in an articulate and reflective way (Etikan, Musa, & Alkassim, 2016). However, this study does not

require sampling because primary data is not necessary and none was gathered. Sampling technique was not required during the study because no human subjects were involved in the collection of the data. The study only uses secondary data; hence the selection of study participants with a sampling method is not appropriate. In addition, the sampling method is inappropriate for the current research because the appropriate data is based on the characteristics of the secondary data to use including year of publication, and the databases used. The variables of the study are discussed based on the extant body of literature of data or reports from the selected databases, Nigerian Statistical Bulletin (National Bureau of Statistics), Central Bank of Nigeria Statistical Bulletin, World Bank Development and Federal Inland Revenue Service used in the study. The decision made in selecting information-rich cases is based on the assumption that secondary sources focus on exploring secondary data to address the research problem. The selection of the secondary data is based on the year the data was gathered or reports were published, the databases to use, and the language used in the article. Only data gathered and reports published within the period between 1990 and 2019 will be eligible for the study. Also, the researcher selects reports written and published in the English language and those that focus on corporate taxation and FI in Nigeria.

3.3 MATERIALS/INSTRUMENTATION OF RESEARCH TOOLS

This study is desktop research requiring the collection of only secondary data. Historical data on an annual basis of FDI, FPI, Foreign Exchange rate, GDP, Inflation rate and Corporate Taxation was collected from the websites of the Nigerian Statistical Bulletin (National Bureau of Statistics), Central Bank of Nigeria Statistical Bulletin, World Bank Development and Federal Inland Revenue Service for the relevant period (1990-2019).

3.4 OPERATIONAL DEFINITION OF VARIABLES

The proposed research will test the following hypotheses:

H_{01}: Corporate taxation has no significant effect on Quoted Foreign Investment flow in Nigeria

H_{A1}: Corporate taxation has a significant effect on Quoted Foreign Investment flow in Nigeria.

H_{02}: Corporate taxation has no significant effect on Unquoted Quoted Foreign Investment in Nigeria

H_{A2}: Corporate taxation has a significant impact on Unquoted Quoted Foreign Investment in Nigeria

$H_{03:}$ Quoted Foreign Investment flow has no significant impact on economic growth in Nigeria

$H_{A3:}$ Quoted Foreign Investment flow has a significant impact on economic growth in Nigeria

$H_{04:}$ Unquoted Foreign Investment flow has no significant impact on economic growth in Nigeria

$H_{A4:}$ Unquoted Foreign Investment inflow has a significant impact on economic growth in Nigeria

$H_{05:}$ Corporation taxation has no significant impact on economic growth in Nigeria.

$H_{A5:}$ Corporation taxation has a significant impact on economic growth in Nigeria

The study variables are corporate taxation, Foreign Investment flow (from both quoted and unquoted companies and economic growth (proxy by GDP).

3.4.1 Corporate Taxation

Corporate taxation is an independent variable in this study. The corporate taxation rate in Nigeria is 30% of net income. However, several taxation systems for enterprises exist which replace or supplement the corporate taxation rate. Corporate tax paid by companies in Nigeria is mainly classified as company income tax (CIT), petroleum profit tax (PPT), Value Added Tax

(VAT), Tertiary Education Tax (EDT), National Information Technology Development Levy (NITDL) and other sundry taxes payable by companies such as withholding tax, Stamp duty and Capital gain tax (FIRS, 2022).

Withholding tax, Stamp duty and Capital gain tax are other taxes payable by companies in Nigeria. Withholding Tax (WHT) is a method used to collect Income Tax in advance in Nigeria and is deducted at varying rates ranging from 5% to 10% depending on the transaction carried out by companies. On the other hand, Stamp Duty (SD) is administered on written documents only and governed by the Stamp Duties Act, CAP S8, LFN. 2004 (as amended). It is administered by FIRS, FCT and the respective State's Internal Revenue. SD for companies is managed by FIRS. Capital Gains Tax (CGT) is governed by the Capital Gains Tax Act, Cap C1 LFN 2004 (as amended) and is charged at a flat rate of 10% of chargeable gains. Chargeable assets include all forms of property whether or not situated in Nigeria.

CIT is calculated at a 30% rate for companies reporting more than 100 million Naira turnover and 20% for companies with a turnover between N25 Million and N100 Million. Nigerian companies that earn less than N25 Million in turnover are not liable to pay CIT. PPT is paid by companies that are engaged in petroleum operations instead of CIT. PPT rates also vary but are based on operations and the extent of government cooperation. For example, companies that share production contracts with the Nigerian National Petroleum Corporation pay PPT at 50%, while those that don’t pay 65.75% for the first five years and 85% from the sixth year onwards. In addition to CIT and PPT, Nigerian companies are liable to pay tertiary education tax at the rate of 2% of the assessable profit for each year of assessment. Also payable by companies in Nigeria is, Value Added Tax (VAT). VAT is a consumption tax paid when goods are bought or services enjoyed and are finally borne by the ultimate consumer. All goods and services

(produced within or imported into the country) are chargeable apart from those explicitly exempted by the VAT Act and are taxed at a rate of 7.5%. Under the Nigerian VAT regime, three categories of taxpayers must withhold VAT at the source and send their payments straight to the relevant tax authority. They are:

i. Nigerian businesses engaging in transactions with foreign entities that are subject to VAT;
ii. Statutory entities, government ministries, and other government organisations; and
iii. Businesses in the oil and gas industry.

In the same vein, the National Information Technology Development Agency Act, CAP N156 LFN 2004 (as amended) introduced the payment of the National Information Technology Development Levy (NITDL) by companies. The levies are charged at a rate of 1% of profit before tax and are chargeable to specified companies with turnovers of N100 million and above.

Companies liable to pay the Levy are:

a) GSM Service Providers and all Telecommunication Companies
b) Cyber Companies and Internet Providers
c) Pension Managers and Pension Related Companies
d) Banks and other Financial Institutions and
e) Insurance Companies

In the study, corporate taxation data was obtained from the Research and Technical Department of the FIRS as published on the website of FIRS. Data on corporate taxation are presented based on the actual tax revenue paid to the Federal Inland Revenue Service (FIRS)

classified as follows:

CIT & OTHERS	Federation Account - Company Income Tax, Withholding Tax, Capital Gain Tax, Stamp Duty
PPT	Petroleum Profit Tax
VAT	Value Added Tax
EDT	Education Tax
CONSOLIDATED A/C	Consolidated Revenue- Personal Income Tax, Pay As You Earn
NITDEF	Nigerian Information Technology Development Fund

3.4.2 Foreign Investments (FI)

The dependent variable represents the total amount of cash flow to Nigeria representing investments made by foreign nationals or entities. Foreign direct investment refers to direct investment equity flows in the reporting economy. Generally, FI refers to the sum of equity capital, reinvestment of earnings, and other capital made by individuals or business entities that are not native to the country of investment (referred to as unquoted foreign investment in this study) plus the investment in the capital market of the nation by the foreigners, known as the Foreign Portfolio Investment (referred to as quoted foreign investment in this study). The FDI contributor usually holds significant influence in the management of the enterprise they are investing in, normally at least a 10% ownership of the business by shares. When a foreign investment enterprise, financial institution, or an individual invests in another country by buying stocks of companies trading in the foreign stock exchange, it is known as foreign indirect investment. Buying financial assets from overseas, including stocks or bonds that are traded on a registered exchange, is known as foreign portfolio investment (FPI). This is captured as a quoted investment in this study.

Portfolio foreign investment is defined as participation in foreign investment investments without the investor having the right to manage assets. The investee company, and without having the right to control and control the management of the business of that project, is an investment of funds in securities in shares, bonds, or loans to foreign companies and institutions. This study refers to the Foreign Direct Investment as unquoted foreign investment, while it adopted the unquoted foreign investment for the Foreign Portfolio Investment. The study also adopted the foreign investment flow as it takes cognizance of the total flow (inflow less outflow for the two investments). The values for these are extracted from the balance of payments of the country for the period of the study.

In the hypotheses and the analysis for the study, the two components of foreign investment are used as the dependent variables. The dependent variable is also referred to as the outcome variable or the response variable, target variable and output variable. The independent variables are also called predictors and input variables. For the study, FI data was retrieved from the World Bank Indicators and is measured in current U.S. dollars. The data is reported using the balance of payments data approach reported by the International Monetary Fund (IMF). In addition, FI data was also obtained from the Central Bank of Nigeria Annual Statistical Bulletin and is measured both in US dollars and Nigeria Naira. The data is reported using the balance of payments data approach reported by the Central Bank of Nigeria.

3.4.3 Company Status

The variable will represent the quoted and unquoted companies in Nigeria and be a dependent variable too. The focus of the study is on FI; hence, the impact of corporate taxation on FI flows to quoted versus unquoted Nigerian companies was examined. FI flows for quoted versus unquoted enterprises can be distinguished by comparing the total FDI cash flows made

each year against the entire Nigerian Foreign Portfolio Investments (FPI) for the year. The FPI flow represents the investment in quoted companies and the FDI flow represents the investment in unquoted companies. The addition of both foreign portfolio investments (FPI) and FDI flows is the total FI of the country for the relevant years.

3.5 STUDY PROCEDURES AND ETHICAL ASSURANCES

Prior to the commencement of data collection for this study, the researcher obtained approval from the Unicaf Research Ethics Committee (UREC).

Research ethics form an essential part of modern research, where the researcher and human subjects are the key stakeholders. Research ethics are defined as ethical values or principles used by researchers in various fields where human participants and animals are used in research. They are basic research principles utilized to ensure welfare and rights of human subjects in research are protected (Yip, Han, & Sng, 2016). These ethics play a crucial role in research by ensuring that human subjects are protected (Yip et al., 2016). These ethics are considered legal, and allow the researcher to systematically gather and analyze data to provide evidence that supports the problem in question (Yip et al., 2016). In any study that involves human subjects or animals, the researcher maintains an ethical approach as a way to reduce human risks. The researchers maintain an ethical approach to protect human participants from any possible risks and harm, to respect participants' dignity, and to ensure that respect for the autonomy and rights of participants during a study are protected (Sanjari, Bahramnezhad, Fomani, Shoghi, & Cheraghi, 2014).

3.6 ACTIONS UNDERTAKEN BY RESEARCHERS TO MAINTAIN CONFIDENTIALITY AND INTEGRITY

Human participants play a crucial role in research where they serve as the primary sources of data. As such, researchers have the responsibility to safeguard the dignity, integrity, health, privacy, and confidentiality of the personal data of each human participant (Yip et al., 2016). As such, the researchers are required to undertake the necessary actions to maintain the confidentiality and integrity of research participants. The researchers should keep the shared information of participants in the strictest confidence (Yip et al., 2016). To maintain the integrity of the research participants, the researchers respect participants' dignity by using informed consent during their research study. Benatar (2002) pointed out that using informed consent is an ethical practice of maintaining the integrity of research participants. The researchers use anonymity to maintain the confidentiality and integrity of human subjects. The consent form requires that the research participants have better insight into the nature and purpose of a study, allow their questions to be answered and make voluntary decisions to take part. An example of maintaining confidentiality and integrity by researchers is where pseudonyms, numbers, or anonymity are used to replace names and any information that may disclose the identity of participants. Haggerty (2004) asserted that researchers use anonymity to protect the integrity of the participants, which aims to maintain confidentiality throughout the study. When collecting data like through interviews, the researchers allow the participants to remain anonymous throughout the study unless they give their explicit permission to be identified by their respective names. Also, any information obtained from the research participants, such as through interviews, focus groups, or questionnaires, is kept confidential by ensuring no information element may disclose their identity. The researchers label the documents used in collecting data

and store them in password-protected systems or lockable cabinets for the physical integrity and confidentiality of participants' responses (Kaiser, 2009).

3.7 ACTIONS TO ENSURE THE ETHICAL APPROACH TO RESEARCH PARTICIPANTS AND TO MEET ETHICAL PRINCIPLES

Benatar (2002) explained that any research must be regulated to prevent indiscretions and errors, victimization, and discrimination that research participants face. Performing studies on humans requires that the researchers must take into consideration ethical merits for the safety and protection of human participants. These ethical merits are crucial to minimizing possible research risks and balancing between the risks and benefits to ensure participants are well protected. The fundamental ethical principles that researchers consider in their research studies are beneficence, non-maleficence, respect for persons, and justice.

The ethical principle of beneficence entails how researchers act in a way that benefits the participants while promoting their safety and welfare. The principle mainly focuses on the participant's right to freedom from discomfort and harm and the right to protection from any exploitation. To ensure an ethical approach to research participants and to achieve beneficence, the researchers analyze the possible risks and benefits the study may pose to the participants. The researchers take actions to determine physical harm, emotional distress, physical discomfort, and loss of privacy that the participants may encounter during the study. Also, potential benefits such as the contributions of the study to the participants, levels of understanding, access to potentially useful interventions, and satisfaction are balanced with the risks. The researchers provide the possible risks and benefits in the informed consent form. Further, the ethical principle of beneficence is met by ensuring that participants are protected from exploitation. The researchers must ensure that the information given by the participants is protected and does not use the

shared information with others against the participants' consent. The researchers must not use the participants' shared information in their research to minimize risks that can affect the reputation, relationships, or can offend and cause traumatizing experiences to the participants (Haggerty, 2004). To manage such risks, the researchers balance the benefits and risks of conducting the research. The researchers should ensure that the benefits of the study outweigh the risks. Providing minimal risks while increasing the benefits in informed consent forms allows the participants to make un-coerced decisions to take part in the study (Benatar, 2002). An example of protecting the participants from possible risks is in medical research. For instance, when conducting a clinical trial that involves the use of placebos, the researchers should ensure careful consideration of the harms and benefits that may result from using a specific drug or intervention. The researchers can use the best-proven drugs in their clinical trials to reduce harm to the participants. On the other hand, using the best-proven drugs or intervention benefits the participants like patients because of the standard care they would receive, as discussed by Benatar and Singer (2000).

The ethical principle of non-maleficence entails causing no harm to the participants. According to the principle, the researchers should not cause suffering, pain, and offence to the participants (Ajuwon, 2020). As such, research participants should be protected from any harm. The researchers undertake appropriate actions like implementing protective measures to reduce all forms of harm and discomfort. Under the ethical principle of non-maleficence, the researchers must ensure that the possible benefits of the study to the human participants or subjects outweigh potential harms in the short and long term (Benatar, 2002).

Further, researchers may take appropriate actions to reduce potential risks that can cause harm to the participants. The researchers must have a more in-depth insight into the context in

which the study is conducted and take into account the economic, social, and political milieu of the research (Benatar & Singer,2000). Also, within the principle, the researchers seek approval from the Institutional Review Board (IRB), where a final determination is made whether the study warrants concealed collection of data in light of study protections. This minimizes the risks of exposing participants to third parties, which can cause suffering or offensive acts based on shared information (Haggerty, 2004).

Relating to the ethical principle of respect for persons, the researchers ensure that the autonomy of all the research participants is respected. When conducting a study, the researchers maintain the human dignity of their participants throughout the research (Benatar & Singer, 2000). Under the guiding principle of respect for the person, the researchers protect the autonomy of the participants while providing full disclosure of specific issues surrounding the research. Within this principle, the researchers offer adequate information about the study, including the purpose of the research (Benatar, 2002). This allows the participants to make their own decisions and ask researchers any questions. Within this principle, the researchers inform the participants that their participation is voluntary and that they are allowed to stop or withdraw from participating in the study at any given time, and there would be no penalty posed after their withdrawal. Also, the researchers ensure that the participants are not coerced to take part in the study. Instead, they should allow potential participants to make informed decisions (Ajuwon, 2020)

Besides, maintaining justice throughout the study is an essential component of research. Under the principle of justice, the researchers should select the potential participants based on the research requirements so that any group or individuals with the necessary characteristics are not excluded in the study. Based on this principle, the action the researchers can take is to

scrutinize the selection criteria of participants to ensure that all potential groups are selected without bias. Also, potential participants should be treated fairly or equally throughout the research. Benatar and Singer (1990) posited that the researchers should ensure equal respect for the human dignity of all the participants during the study. Despite economic inequalities, the human subjects in any study should be treated fairly and equally. The critical step the researchers undertake to meet the principle of justice is to ensure that the potential benefits and any risks are equal for all participants. Benatar (2002) explained that the researchers treat the participants with formal equality, whereby resources and other benefits are distributed alike to achieve greater fairness in the research.

3.8 ETHICAL MEASURES

Ethical concerns are the main aspects of the current research and are useful in ensuring transparency while conducting the study. The ethical measures ensure transparency in the research through the protection of data privacy and confidentiality (Friesen, Kearns, Redman, & Caplan, 2017). Additionally, ethical measures in any research are essential to ensure the study participants, data, files, or any other sensitive information are kept safe and protected from unauthorised access. These measures form a crucial component in the research and help in protecting confidentiality and prevent professional misconduct while conducting research (Yip, Han, & Sng, 2016). In this study, ethical measures will be the focus in protecting the privacy and confidentiality of the data used throughout the study. The study does not involve human subjects hence ethical considerations such as informed consent voluntary participation and free withdrawal are not applicable.

In secondary research like this study, the researcher needs to ensure that there is no identifying data or that the information used is completely devoid so that other people may not

find access to it. As such, the researcher uses anonymity as a way to ensure the confidentiality and privacy of data (Tripathy, 2013). In the present study, anonymity will be the primary concern where pseudonyms will be used for the security purpose of any identifying information in the secondary data used. Anonymity is the first ethical measure to consider while conducting a study. Identifying information like persons who presented the data obtained will not be mentioned in the study. Any data that indicates the identity of individuals, the research site, and any other identifying information that may pose privacy and security risks during the study will be kept anonymous, or pseudonyms will be used. Besides, permission is the second ethical measure in the study. Since the data will be obtained from the Nigerian Statistical Bulletin database, which is a public forum, approval, or permission to use the data from the database will be obtained. The researcher will seek permission from the legitimate authorities to use the database.

Tripathy (2013) explained that in secondary research, original or primary data are not gathered to respond to the research questions. Instead, data that have already been collected by other researchers are used. As such, the data is evaluated based on the methodology used in data collection, the period of collecting data, and the purposes for which the data are collected. Thus, the third ethical measure for the study is the period of data storage. The data considered should not be collected before the period given (1990-2019) and after achieving the research purpose. This helps in preventing unauthorised access or destruction and loss of sensitive data. Therefore, the data obtained from the two databases (Nigerian Statistical Bulletin and World Bank Development Database) is kept safely to prevent unauthorised access, unintentional loss of data, and any destruction. Data stored in hard copies is stored in safe and lockable systems such as cabinets or drawers. On the other hand, data in softcopies is kept in password-protected or

encrypted computer files where the researcher is the only person authorised to access and uses them. Both soft and hard copies are kept in appropriate systems that will guarantee the security of data. The files used in storing the data are labelled using numbers instead of identifying information to maintain privacy and confidentiality. In this study, the data is kept only for research purposes, and the data will be kept and destroyed after three years after completion. The collected data will be kept for three years for any clarification that may arise on the completed study. After three years, the data gathered will be permanently deleted or destroyed to avoid maintaining confidentiality or access by unauthorised persons. Data kept in soft copies will be permanently deleted from the folders in the computer by the researcher. Besides, data in hard copies will be destroyed by shredding. This will also be done by the researcher to avoid unauthorised access or to prevent them from being stolen and used by unauthorised users for other activities other than which the data was collected.

3.9 DATA COLLECTION AND ANALYSIS

3.9.1 Data Collection

The research questions guiding the study are addressed by the use of secondary data. Secondary sources are used as tools to obtain data. According to Sutton and Austin (2015), secondary sources are among the most useful data collection instruments used in research to collect relevant information to address research questions. These data collection instruments assist in gathering large datasets whereby the existing materials or documents are reviewed to obtain the most relevant information that best describes the topic or the problem in question (Smith, 2008). Tripathy (2013) explained that in secondary research, original or primary data are not gathered to respond to the research questions. Instead, data that have already been collected by other researchers are used. As such, the data is evaluated based on the methodology used in

data collection, the period of collecting data, and the purposes for which the data are collected. In this quantitative relational study, secondary data was obtained from the Nigerian Statistical Bulletin (National Bureau of Statistics), Central Bank of Nigeria Statistical Bulletin, World Bank Development and Federal Inland Revenue Service databases because they include the necessary information within the specified period 1990 to 2019. Quantitative data collection consists of gathering numeric or objective data (Creswell, 2003). For this quantitative, ex post facto study, data were collected by gathering existing numerical archival data through non-probability sampling. The most current and accurate data was obtained that would be suitable for answering the research questions of the study. The data was collected in a numerical format. The data from the databases was compared to ensure the accuracy of the data used. Data from the Nigerian Statistical Bulletin was given priority if any differences between the data set were observed. A screening process is essential to determine the eligibility and accuracy of the information. The data was transferred to Excel spreadsheets to facilitate cleaning and identification of any missing data or outliers.

3.9.2 Data Analysis

Data analysis is a very crucial part of any empirical study. Succinctly put, data analysis represents putting facts and figures together to answer the research questions. It is vital to solving the research problem. Data analysis encapsulates data captured by the researcher. It involves the explanation of data collected using logical, rational, systematic and analytical insight to establish patterns, associations, interactions or trends. Raw data do not communicate for themselves to send the necessary information desired for decision-making; they must be explored, illuminated and interpreted to provide solutions to research problems and questions (Obikeze, 1990). Wilson, Esiri & Onwubere (2008) citing Williams (1968) explained that data analysis 'involves the

process of treating data with statistical tools so that a mass of data can be summarized, simplified and interpretable'. Data analysis is the process of gathering, converting, and organizing data to identify suitable information for rational decision-making. It allows the researchers to make conclusions founded on facts instead of intuitions (Ray, 2019).

3.9.2.1 Model Specification for Analysis

The description and measurement of variables in the study are depicted in Table 3.1

Table 3.1: Description and Measurement of Variables

S/N	VARIABLE	PROXY	SYMBOL	MEASUREMENT
1	Corporation Tax	Company Income Tax	CIT	Value (Billions of Naira)
2		Value-added Tax	VAT	Value (Billions of Naira)
3		Petroleum Profit Tax	PPT	Value (Billions of Naira)
4	Foreign Investment	Quoted Foreign Investment	QFIV	Value (Billions of Naira)
5		Unquoted Foreign Investment	UFIV	Value (Billions of Naira)
6	Economic growth	Gross domestic Product	GDP	Value (Billions of Naira)

Source: Author's Compilation (2024)

In carrying out the analysis of the data based on the analytical tool earlier mentioned, each of the hypotheses of the study has a model that is specified for it both in the functional and econometric form.

Model One

Functional form

QFIV = f (lnCIT, lnVAT, lnPPT, INFL EXCR) ……. ……. (1)

Econometric form

$$\Delta QFIV_t = \alpha_0 \sum_{i=1}^{a} \alpha_{1i} \Delta QFIV_{t-i} + \sum_{i=0}^{b} \alpha_{2i} \Delta \ln CIT_{t-i} + \sum_{i=0}^{c} \alpha_{3i} \ln VAT_{t-i} + \sum_{i=0}^{d} \alpha_{4i} \Delta \ln PPT_{t-i} +$$

$$\sum_{i=0}^{e} \alpha_{5i} \Delta INFL_{t-i} + \sum_{i=0}^{f} \alpha_{6i} \Delta EXCR + \beta_1 (QFIV)_{t-1} + \beta_2 (\ln CIT)_{t-1} + \beta_3 (\ln VAT)_{t-1} + \beta_4 (\ln PPT)_{t-1} + \beta_5 (INFL)_{t-1}$$

$$\beta_6 (EXCR)_{t-1} + \varepsilon_t \text{.....(2)}$$

Where:

QFIV = Quoted Foreign Investment

lnCIT = natural log of Company Income Tax

lnVAT = natural log of Value Added Tax

lnPPT =natural log of Petroleum Profit Tax

INFL = Inflation Rate

EXCR = Exchange Rate

α_0 = constant

α_1 – α_6 = Coefficient of the short-run dynamics of the variables

β_1 – β_6 = coefficient long-run dynamics of the variables

Model Two

Functional form

UFIV =*f* (lnCIT, lnVAT, lnPPT, INFL, EXCR) …….. (3)

Econometric form

$UFIV = \beta_0 + \beta_1 lnCIT + \beta_2 lnVAT + \beta_3 lnPPT + \beta_4 INFL + \beta_5 EXCR + \mu$ …… (4)

Where:

UFIV = Unquoted Foreign Investment

lnCIT = natural log of Company Income Tax

lnVAT = natural log of Value Added Tax

lnPPT =natural log of Petroleum Profit Tax

INFL = Inflation Rate

EXCR = Exchange Rate

β_0 = constant

$\beta_1 - \beta_6$ = coefficient of the independent variables

INFL = Inflation Rate

EXCR = Exchange Rate

α_0 = constant

$\alpha_1 - \alpha_6$ = Coefficient of the short-run dynamics of the variables

$\beta_1 - \beta_6$ = coefficient long-run dynamics of the variables

Model Three

Functional form

lnGDP = f (QFIV, lnCIT lnVAT, lnPPT, INFL, EXCR) …….(5)

Econometric form

$$\Delta \ln GDP_t = \alpha_0 + \sum_{i=1}^{a} \alpha_{1i} \Delta \ln GDP_{t-i} + \sum_{i=0}^{b} \alpha_{2i} \Delta QFIV_{t-i} + \sum_{i=0}^{c} \alpha_{3i} \Delta \ln CIT_{t-i} + \sum_{i=0}^{d} \alpha_{4i} \Delta \ln VAT_{t-i} +$$

$$\sum_{i=0}^{e} \alpha_{5i} \Delta \ln PPT_{t-i} + \sum_{i=0}^{f} \alpha_{6i} \Delta INFL_{t-i} + \sum_{i=0}^{g} \alpha_{7i} \Delta EXCR_{t-i} + \beta_1 (\ln GDP)_{t-1} + \beta_2 (QFIV)_{t-1} + \beta_3 (\ln CIT)_{t-1}$$

$$+ \beta_4 (\ln VAT)_{t-1} + \beta_5 (\ln PPT)_{t-1} + \beta_6 (INFL)_{t-1} + \beta_7 (EXCR)_{t-1} + \varepsilon_t \text{.....(6)}$$

Where:

lnGDP = natural log of gross domestic product

QFIV = Quoted Foreign Investment

lnCIT = natural log of Company Income Tax

lnVAT = natural log of Value Added Tax

lnPPT =natural log of Petroleum Profit Tax

INFL = Inflation Rate

EXCR = Exchange Rate

α_0 = constant

$\alpha_1 - \alpha_7$ = Coefficient of the short-run dynamics of the variables

$\beta_1 - \beta_7$ = coefficient long-run dynamics of the variables

Model Four

Functional form

$lnGDP = f(UFIV, lnCIT, lnVAT, lnPPT, INFL, EXCR)$ …… (7)

Econometric form

$lnGDP = \beta_0 + \beta_1 UFIV + \beta_2 lnCIT + \beta_3 lnVAT + \beta_4 lnPPT + \beta_5 INFL + \beta_6 EXCR + \mu$ …… (8)

Where:

lnGDP = natural log of gross domestic product

UFIV = Unquoted Foreign Investment

lnCIT = natural log of Company Income Tax

lnVAT = natural log of Value Added Tax

lnPPT =natural log of Petroleum Profit Tax

INFL = Inflation Rate

EXCR = Exchange Rate

β_0 = constant

$\beta_1 - \beta_7$ = coefficient of the independent variables

Model Five

Functional form

$lnGDP = f(lnCIT, lnVAT, lnPPT, INFL, EXCR)$ …… (9)

Econometric form

$lnGDP = \beta_0 + \beta_1 lnCIT + \beta_2 lnVAT + \beta_3 lnPPT + \beta_4 INFL + \beta_5 EXCR + \mu$…… (10)

Where:

lnGDP = natural log of gross domestic product

lnCIT = natural log of Company Income Tax

lnVAT = natural log of Value Added Tax

lnPPT =natural log of Petroleum Profit Tax

INFL = Inflation Rate

EXCR = Exchange Rate

β_0 = constant

β_1 – β_5 = coefficient of the independent variables

In this study, six major data analysis procedures are carried out namely: Correlation analysis (Pearson Correlation Method), Unit root test (test of stationarity), Johansen Co-integration Rank test, Fully Modified Ordinary Least Square (FMOLS), Autoregressive Distributed Lag (ARDL) and Granger Causality Test.

Correlation analysis as defined by Senthilnathan (2019) is a statistical approach or technique that evaluates the degree of the association between two or more variables/ datasets and how strong that relationship may be. This approach is basically predicated on the premise that the quantitative variables have a straight-line [linear] relationship. It assesses the "strength" or "extent" of an association between the variables, as well as its direction, in the same way that measures of association for binary variables do (Gogtay & Thatte, 2017). The Pearson Correlation analysis was used to evaluate the measures of relationship (correlations). Pearson's Correlation analysis is used to assess whether or not there is a relationship between two variables and to quantify the degree and direction of that relationship. Pearson's correlation coefficient (r) is employed to assess how strongly two variables are related to one another (Hwee & Yew, 2018). Pearson correlation coefficient, also known as the coefficient of product, can explain the degree and direction of connection between two variables in a linear relationship (Yongjun et al.,

2015). Hauke & Kossowski (2011) refers to Pearson's Product Moment Correlation Coefficient (R or r) as a scale for determining the degree of linear relationship between variables, and since it assesses the degree of linear correlation of variables, interval or ratio variables should be examined, with the provision that the variables under evaluation have a normal distribution. Put differently Pearson's correlation coefficient is one approach for determining the statistical link or strength of association between two variables (Ahlgren, Jarneving, & Rousseau, 2003). It is represented by the value "r." It can range from -1.00 to +1.00. When the correlation coefficient reaches +1.00, this indicates a positive relationship (or perfect positive) or a high level of association between the two variables. It means that the higher or lower a member's score on one variable, the higher or lower the score on the other variable (Kumar & Gautam, 2020).

However, Unit root test was employed to examine whether or not a time series variable is non-stationary and has a unit root or trending. A unit root test is employed to determine if a time series variable is stationary and has a unit root (Kim and Choi, 2017). The null hypothesis is described usually as the manifestation of a unit root and the alternative hypothesis is stationarity, trend stationarity or explosive root subject to the test adopted. Augmented Dickey–Fuller test, which is valid in large samples and Phillips–Perron test was adopted in this research. Co-integration will scrutinize non-stationary time series— processes that have variances and means that vary in the long run. In essence, the method allows the estimation of long-term parameters or equilibrium in data with unit root variables (Rao, 2007). A co-integration test is conducted to examine whether or not there exists a long-run relationship between the variables. Co-integration tests identify scenarios where two or more non-stationary time series are integrated together in a way that they cannot deviate from equilibrium in the long term. The tests are used to identify the degree of sensitivity of two variables to the same average price over a specified period of time.

The test finds long-term, stable correlations between groups of variables (Yussuf, 2021). The most popular co-integration tests include the Engle-Granger, the Johansen Test, and the Phillips-Ouliaris test. However, the Johansen Test and bound testing were employed in this study to test for any long-run association between the adopted variables. The Johansen co-integration rank test is a statistical test that is used to identify the presence and number of co-integrating correlations between a set of time series variables. The long-term equilibrium relationship between non-stationary variables is referred to as co-integration. Søren Johansen invented the Johansen test, which is frequently used in econometrics and time series research (Lütkepohl, 2005).

Finally, the Autoregressive Distributed Lag (ARDL), a Fully Modified Ordinary Least Square (FMOLS) model, was conducted to test the hypotheses of the study. This was also supported by the Granger causality test and diagnostics and stability tests that are necessary. Nkoro & Uko (2016), explain the ARDL model as a type of econometric model that is used to examine long-run correlations between variables. To represent the dynamics of the relationship, it combines both autoregressive and distributed lag components. Pesaran and Pesaran (1997) developed the ARDL model as an alternative to the classic Engle-Granger approach for evaluating cointegrating relationships. The ARDL model provides for the investigation of both stationary and non-stationary variables. The dependent variable is regressed on its own lagged values, the lagged values of the explanatory variables, and their first-difference terms in the ARDL model. The lag structure reflects the short-term dynamics, whereas the distributed lag component accounts for the variables' long-run relationship. The ARDL model is very effective when dealing with time series data with variable orders of integration that differ (i.e., some are stationary and others are non-stationary). It offers a versatile framework for estimating long-run

correlations and evaluating hypotheses (Nkoro & Uko, 2016).

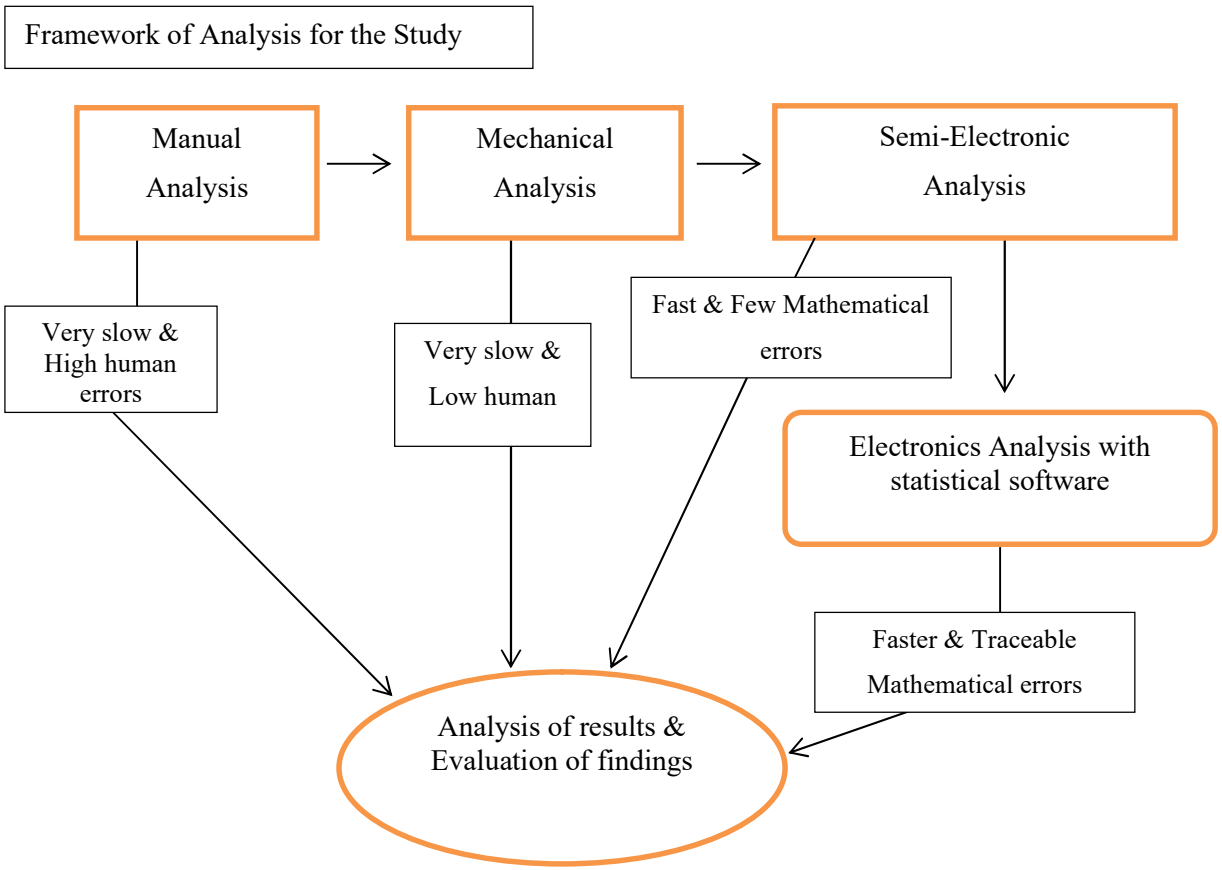
Fully Modified Ordinary Least Square was created first by Philips and Hansen in 1990, and Philips and Moon in 1999 to produce optimal estimates of Co-integration regressions. This method makes use of kernel estimators of the Nuisance parameters, which influence the asymptotic distribution of the OLS estimator. As stated by Pedroni (2001), the FMOLS is an econometric technique for estimating long-run connections between variables when cointegration exists. It is an adaptation of the Ordinary Least Squares (OLS) approach that accounts for variable endogeneity and non-stationarity. FMOLS works by applying a set of modifications to the OLS estimator to account for the presence of cointegration. These adjustments entail supplementing the model with lagged changes in the variables and using appropriate weight matrices to account for any serial correlation and heteroscedasticity that may occur (Ericsson & MacKinnon, 2002). This method tests for endogeneity in regressors due to the presence of Co-integrating Relationships and adjusts least squares to account for serial correlation effects in order to achieve asymptotic efficiency(Aljebrin, 2012).

The Granger causality test is a statistical test that determines if a one-time series variable may be used to predict another. It is founded on the premise that if variable X "Granger-causes" variable Y, then previous values of X should be useful in predicting the current and future values of Y. The Granger causality test is useful for determining the causal relationship between variables, especially when evaluating dynamic relationships and predicting (White and Lu, 2010). The Granger causality test is based on constructing two regression models: one with only lagged values of the possible causal variable (X) and one with both lagged values of X and lagged values of the dependent variable (Y). The null hypothesis is that X does not Granger-cause Y, implying that the lagged values of X provide no additional explanatory power beyond

what the lagged values of Y capture. The importance of the enhanced explanatory power provided by lagged X values in the second regression model relative to the first is assessed. If the p-value associated with the test's F-statistic is less than a predetermined significance level (e.g., 0.05), it indicates that there is evidence of Granger causality from X to Y (Markova, 2016).

The emergence of statistical software has undoubtedly contributed enormously to the development of research studies in this 21st century. The high premium placed on ICT by human beings, researchers and organizations has undoubtedly made it a major drive of every nation (Akindutire 2013). Statistical Software (SS) is a vital tool for research analysis, data validation and findings. Different forms of data analysis methods have been in existence. Initially, it was paper and pen and later the advent of which computer helped the invention of punching machines and later upgraded to simple calculator and complex scientific calculator. Scholars have revealed that statistical software is a software program that makes the calculation and presentation of statistics relatively easy (Chris McGann, 2014). Statistical software allows researchers to avoid routine mathematical mistakes and produce accurate figures in their research if they input all data correctly. The development of statistical software allows academic researchers to conduct more quantitative studies easily (Chris McGann, 2014). Many researchers, professionals, scientists and business managers also can clearly present accurate predictions of the future using statistical software. Many proprietary and freeware statistical software packages are available that are suitable for different statistical analyses, depending on the user's needs. Most renowned researchers in adopting, this software in their data analysis have been able to identify the immense contribution to research findings (Adetola, 2013). Quantitative research cannot be likely done effectively without statistical software.

Figure 3.1: ***Framework of Analysis for the Study***



Source: Adapted from the Role of Statistical Software in Data Analysis (Mathew & Sunday, 2014)

In choosing the right statistical package to use for the analysis of this study, many packages were considered, i.e SPSS, Econometric Views (EViews) 10, Statistical Analysis System (SAS), MINITAB, STATA and MATLAB. SPSS undertakes both comparison and correlational statistical tests in the framework for both parametric and non-parametric statistical approaches in univariate, bivariate, and multivariate analysis. When the data were collected, the quantitative data underwent computer-generated analysis through the SPSS software to find the descriptive statistical data. The SPSS software is widely used by social scientists to conduct quantitative investigations. SPSS is a powerful and user-friendly software package for all

sorts of statistical analysis of data (Levesque, 2007). According to Matthew, & Sunday, (2014), SPSS assists the user in describing data, testing hypotheses and looking for a correlation between one or more variables. SPSS is very suitable for most regression analysis and different kinds of ANOVA (regression, logistic regression, survival analysis, analysis of variance, factor analysis, multivariate analysis) but not suitable for time series analysis and multilevel regression analysis (Matthew, & Sunday, 2014). SPSS software was used to find the descriptive statistical data and to answer the research questions in this study.

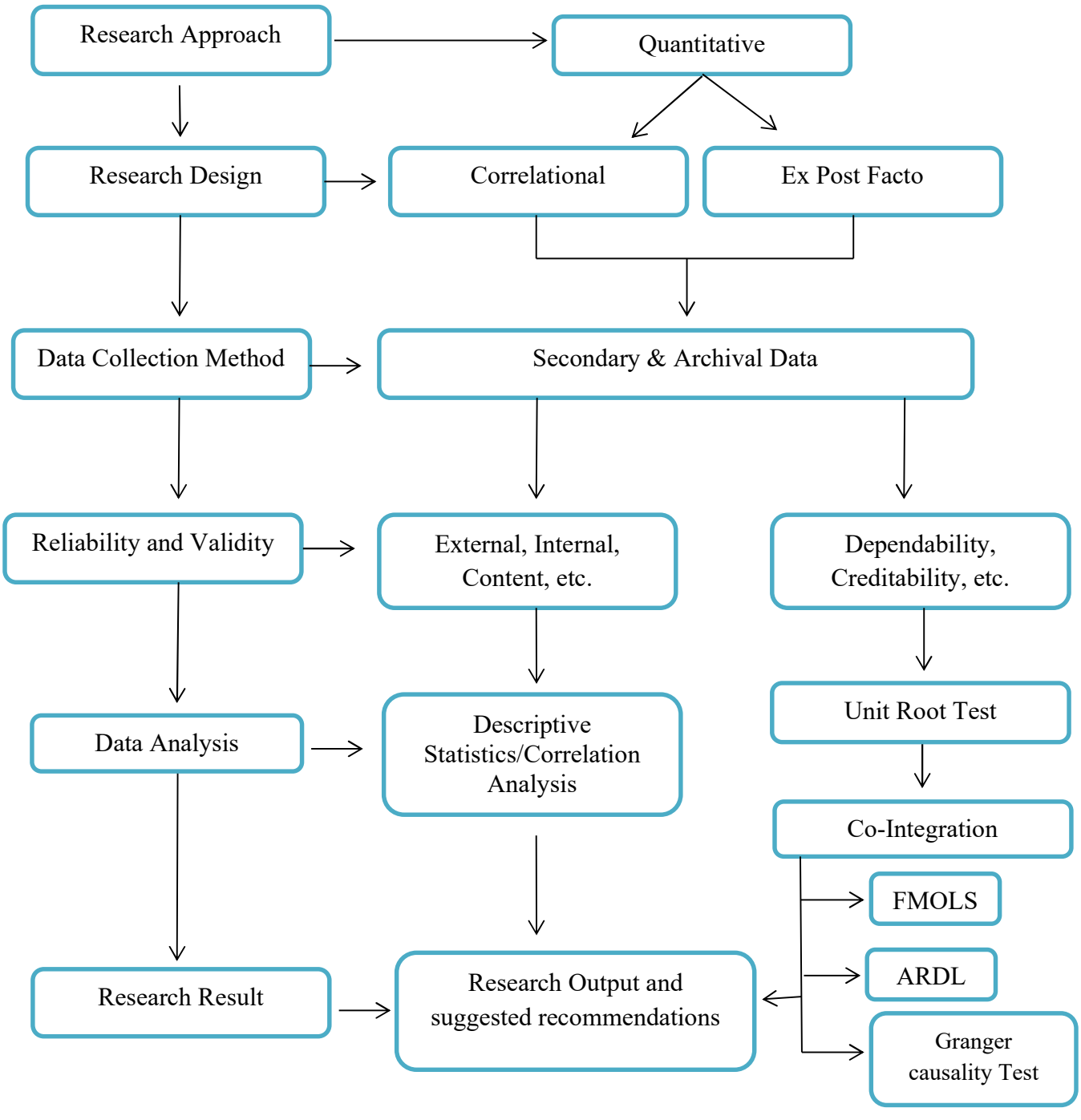
E-Views, conversely, is used mainly for time-series-oriented econometrics analysis (Matthew & Sunday, 2014). According to Matthew & Sunday, (2014), EViews is suitable for general statistical analysis and econometrics analysis, such as cross-section and panel data analysis and time series estimation and forecasting. Regression Analysis such as the Ordinary Least Square method, Logistics Regression, General Linear model, Multi-level, step-wise regression mode is better done using Eviews than SPSS (Matthew & Sunday, 2014). Regarding Time Series Analysis such as autoregressive–moving-average (*ARMA*), Unit Root test, Test of Co-integration, VAR, Multivariate Generalized Auto-Regressive Conditional Heteroskedasticity, SPSS is less efficient than Eviews (Matthew & Sunday, 2014). According to Matthew & Sunday, 2014, SAS performs most general statistical analyses (regression, logistic regression, survival analysis, analysis of variance, factor analysis, multivariate analysis). The greatest strengths of SAS are probably in its ANOVA, mixed model analysis and multivariate analysis, while it is probably weakest in ordinal and multinomial logistic regression (because these commands are especially difficult), and robust methods (it is difficult to perform robust regression or other kinds of robust methods).

MINITAB has drop-down menus and dialogue boxes describing how and what to do next. It continues to be an academic choice for teaching and learning statistics and data analysis. It performs most general statistical analyses (regression, logistic regression, survival analysis, analysis of variance, factor analysis, but has its weaknesses in the general linear model (GLM) and Multilevel regression)(Matthew & Sunday, 2014). Stanford (2013) identified MATLAB as the richest statistical system by far. It contains an impressive number of libraries, which is growing each day. Even if a much-desired specific model is not part of the standard functionality, it can be implemented, because MATLAB is really a programming language with relatively simple syntaxes. As "languages" it allows expression of any idea. The question is whether one can write or not in a programming language. MATLAB has much better graphics, which you will not be ashamed to put in a paper or a presentation. MATLAB performs most general statistical analyses (regression, logistic regression, survival analysis, analysis of variance, factor analysis, multivariate analysis). The greatest strengths of MATLAB are probably in its ANOVA, mixed model analysis and users' creative freedom in the analysis.

STATA is most commonly used for cross-sectional and panel data, but it is not as suitable for time-series data as the Eviews.

Given the major data analysis procedures carried out, coupled with the nature of the data which is a multivariate time series, Eviews 10 statistical package is the best and was used for the analysis of the hypotheses of the study.

Figure 3.2: *The Research Approach & Design of the Study*



Source: Author's Design, 2024

Table 3.2: Description of Variables

S/N	Variables	Code	Variable type	Description	Sources
1	Corporate Taxation		Independent	Corporate tax paid by companies in Nigeria as used in the study include company income tax (CIT), petroleum profit tax (PPT) and Value Added Tax (VAT)	Esteller-Moré, et al. (2020); Uchime and Anichebe (2019); Andersen et al. (2017); Ohrn (2018);
a.	Company income tax (CIT)	CIT	Independent	CIT is calculated at a 30% rate for companies reporting more than 100 million Naira turnover and 20% for companies with a turnover between N25 Million and N100 Million. Nigerian companies that earn less than N25 Million in turnover are not liable to pay CIT.	Ojo and Oladipo (2017)
b.	Value added tax	VAT	Independent	PPT is paid by companies that are engaged in petroleum operations instead of CIT. PPT rates also vary but are based on operations and the extent of government cooperation.	Sanni (2012); Oyedokun (2016)
c.	Petroleum profit tax	PPT	Independent	VAT is a consumption tax paid when goods are bought or services enjoyed and are finally borne by the ultimate consumer. All goods and services (produced within or imported into the country) are chargeable apart from those explicitly exempted by the VAT Act and are taxed at a rate of 7.5%.	Ogbonna and Appah (2012
2	Inflation rate	INFL	Control	Inflation is the rate of increase in prices over a given period of time.	Uwubanmwen and Ogiemudia (2016)
3	Exchange rate	EXCR	Control	The exchange rate is the amount at which currencies can be swapped across countries or economic zones. It is used to determine the value of various currencies in relation to each other and is important in determining trade and capital flow dynamics.	Uwubanmwen and Ogiemudia (2016)
4	Foreign Investment		Dependent	Foreign Investment represents the total amount of cash flow to Nigeria representing investments made by foreign nationals or entities. Foreign direct investment refers to direct investment equity flows in the reporting economy.	Ogedengbe et al. (2020); Danmola et al. (2017); Cho, et al. (2017); Nwanji et al. (2020);

a.	Quoted Foreign Investment	QFIV	Dependent	Quoted foreign investments are Foreign Portfolio Investment (FPI) made by foreigners in the capital market. Buying financial assets from overseas, including stocks or bonds that are traded on a registered exchange, is known as foreign portfolio investment (FPI).	Cho, et al. (2017); Nwanji et al. (2020); Ha et al. (2019); Acha and Udoh (2017); Edeh, et al., (2020); Hoang (2020); Idehen and Iguisi (2020)
b.	Unquoted Foreign Investment	UFIV	Dependent	Unquoted foreign investments are foreign direct investments which are referred to as the sum of equity capital, reinvestment of earnings, and other capital made by individuals or business entities that are not native to the country of investment.	Acha and Udoh (2017); Edeh, et al., (2020); Hoang (2020); Idehen and Iguisi (2020); Sanjo and Ibrahim (2017)
5	Economic Growth		Dependent		Ajayi, et al. (2019); Dinh, et al. (2019)
a.	Gross Domestic Product	GDP	Dependent	The GDP is a key indicator of national output, for it determines the healthiness and the standard of living in a nation (Momodu, 2015). Researchers define GDP as the actual market value of all legally recognized products and services produced by a nation in a specified period (Momodu, 2015). GDP is vital in any nation for it determines the rate of economic growth. It is also used to compare the size of economies worldwide and the relative growth rates of economies worldwide (Onuoha et al., 2015).	Bisiriyu and Osinusi (2020); Dinh, et al. (2019) Edame and Okoi (2014); Yusuff, et al. (2016)

Source: Author's compilation, 2024

3.10 SUMMARY

The objective of this chapter was to provide framework for the research method employed to address the purpose of the study and answer the research questions. A discussion of the research approach and design adopted, based on positivist theory, and justifications for selecting them were addressed. Selected sampling method, study procedures and ethical assurance as well as data collection and analysis procedures explored were discussed.

CHAPTER FOUR: RESULTS AND DISCUSSION OF FINDINGS

4.0 OVERVIEW

The purpose which the research seeks to explore is how corporate taxation or incentives are impactful on Foreign Investment in Nigeria. The study aims to determine the impacts of corporate taxation on Foreign Investment in Nigeria between 1990 and 2019. It studies corporate tax policy and its effects in influencing Foreign Investment in Nigeria, particularly focusing on quoted and unquoted companies.

This chapter presents the results of the statistical and econometric analysis of the study. Basically, it is divided into five sections. In all these sections, the time series properties of the data series are examined. In particular, unit root test is embarked upon to ascertain whether the various data series are stationary at level or first difference so as to be guided in the estimation of the models specified for this study. The section also depicts the test for co-integration among variables. Section 4.1 considers the trustworthiness of the data, section 4.2 looks at the reliability and validity of the data, section 4.3 gives the results of findings, section 4.4 evaluates the findings, and section 4.5 gives the summary of the sections.

4.1 TRUSTWORTHINESS OF DATA

Dr. A.L. Bowley, (1928) appropriately states that it is unreliable to accept reported data (secondary data) as they are presented without a better understanding of their import and definition of their constraints and it is continuously essential to critically evaluate standpoint that can be grounded on them. Data are very important in any research work. They are the raw materials that are needed to be processed to give information necessary for decision-making. Their trustworthiness cannot be over-emphasized or glossed over. Trustworthiness is a function

of the organization to which such data emanates from which will also rub on their continued usage and integrity. The integrity of any data goes a long way in giving the general acceptability of results.

The data used in this study are derived from government agencies saddled with the sole responsibility of collecting federal collectible tax, which is the Federal Inland Revenue Services and The Central Bank of Nigeria, the institution responsible for the monetary policy formulation and implementation in the country. The data are sourced directly from their authentic websites and some in hard copy in their published statistical bulletin. The data are trustworthy and are vouched to be authentic for this study. As a means of robust check, the values for these variables are also confirmed from the World Development Indicators published by the World Bank.

Identifying the data used in this study entails giving consideration to the variables that can represent the corporation taxation in Nigeria as the independent variables and the foreign investment net flows (broken into quoted and unquoted foreign investment net flows), Gross Domestic Products (GDP) as the dependent variables. However, Foreign Exchange and Inflation rates were classified as control variables.

The bulk of the data used in this study is derived from the Central Bank of Nigeria Bulletins/database downloaded from the bank's original website (https://www.cbn.gov.ng). Getting data from this website entails migrating from the home page to the statistics sub-lever having different handles at a click. Under the statistics lever are handles that include the Central Bank Database. The needed data can be generated in dual means: Through Sectorial Data in addition to Building Data Interrogations. At that juncture click one of the four available sectorial options, namely: External Sector, Financial Sector, Government Finance and Real Sector. Specific reports, based on chosen data sets consisting of, category, sub-category and key

indicators, can be displayed on request. Data tables represent the basic structure blocks of a data grouping/classification.

Generation of Sectorial Data

i. Selection of choice sector from the drop-down list out of the available options of four sectors.

ii. Once a desired sector is chosen, a list of data selectors of the sector will be shown.

iii. At this point, click on a data selector of choice so that the list of available data sets for the selector can be displayed.

iv. Next, the data selector links to data set variables from where a combination of variables can be carefully chosen. Click Next to generate data based on choices

v. Selection of relevant data year range. That is the beginning and the ende-year point of the required data.

NOTE: To improve data generation, the available year range was limited to a maximum of 10 years per display.

Query Builder

i. From the left sidebar, click on Start Query Builder

ii. A list of all data areas is loaded into a tree control with data sets loaded within.

iii. Next, to generate relevant data select a data area.

iv. Data area links to data variables from where a combination of variables can be selected

v. Relevant data year range is selected. That is the start and the end year of data.

NOTE: To improve data generation, the available year range was limited to a maximum of 10 years per display.

vi. Click Next to generate data based on choices

Section A: Financial Statistics

Financial data typically consists of balance sheets and financial statements prepared to satisfy a variety of legal and administrative requirements and the specific needs of economic analysis. Compiling financial data involves consolidating accounts in the financial system to the point where general macroeconomic trends can be observed.

Section B: Government Finance Statistics

Fiscal sector indicators are the revenues, expenditures, and public debt (domestic and foreign) of federal, state, and local governments. Revenue represents the inflow of resources or money into the public sector from other economic units/sectors. It consists of tax and tax-free income, and income from non-financial assets over a period of time. This also includes all non-repayable income and grants. Grants are non-binding, non-repayable grants from other governments, international organizations and corporations.

Section C: Real Sector Statistics

National Account

The System of National Accounts (SNA) is a coherent, coordinated and integrated set of macroeconomic reports. Balance sheets and tables are based on an internationally agreed set of concepts, definitions, rules, classifications and accounting rules. It provides a comprehensive accounting system that can collect and present economic data in a format suitable for economic analysis, decision making and policy-making. The composition of national accounts statistics presented in this opinion is also based on the same principle.

Section D: External Sector Statistics

International Trade

International trade is between residents of a country and the rest of the world (ROW).

International trade statistics (ITS) thus measure the quantity and value of goods entering or leaving a country. In other words, ITS means imports and exports not adjusted for balance of payments (BOP). These are usually compiled from letters of import written by importers and exporters and show the quantity and value of goods imported or exported in the compiler's economy. ITS can also be obtained from foreign exchange transaction records without customs data. For analysis purposes, Nigeria's ITS is presented in the Standard International Trade Classification (SITC) format.

Section D.2.1: Balance of Payments (BOP)

The BOP is defined as the systematic recording of economic and financial transactions between residents and non-residents of an economy over a period of time. These transactions relate to the provision and receipt of real funds, changes in receivables and payables from public corporations. In particular, it records changes in the ownership and other holdings of financial instruments, including claims and liabilities against currencies, Special Drawing Rights (SDRs), ROW, as well as transactions in goods, services and income. The BOP also records pending transfers (giving or receiving economic value without accepting or rejecting the same value or consideration). In general, transactions in which payments are made by non-residents to economic residents are classified as "credit" items, and transactions in which economic residents pay non-residents are classified as "debit" items.

Basically, according to BPM5, the BOP table is usually divided into two main sections;

1. Current Accounts
2. Capital and Financial Accounts; as well as the Net errors and omissions which is the balancing figure of the difference between the debit and credit of the current and capital and financial accounts

The current account is divided into two main sections; Visible (tangible) and Invisible (intangible). A tangible account movement consists of commodity accounts (exports and imports) which are tangible physical goods that constitute a commodity transaction. Exports are "credit" items because non-residents must pay the exporting country if they purchase the goods. Imports are "debit items" because the importer must use a foreign currency reserve to pay for the imported goods. The balance of payments table displays the import/export "free-on-board" (FOB) value to reflect the actual value of the goods without insurance and freight included in the service section of the current account. The services include transportation, freight, travel, insurance and other business services. The items are credits or debits depending on whether the charges are received or paid in the reporting economy. The invisible part of the investment refers to the income from the existing offshore financial assets. This income may include profits, interest, dividends and royalties received or paid by direct and portfolio investors. It may also include interest on the loan and commitment fees (other investment income). The “Current Transfer" is the fourth sub-account of the current account. This is a one-way transfer with no reporting savings returned to ROW or vice versa. They are generally classified as private (other sectors) or government officials (public). Private transfers include remittances to migrant workers' homes or private sector subsidies to educational institutions. Official transfers include grants, subscriptions, technical support, etc. to governments and other official bodies. Transfers received are in the form of credits to the economy and payments are debited from the country. The balances of these sub-accounts, i.e. the sum of projected goods, services, income and transfers constitute accounts payable.

Capital and financial accounts record changes in a country's foreign assets and liabilities, capital movements, and changes in international investment positions. Capital can be long or

short, private or public (state). Investments, which are also an important part of the financial statements, are "immediate" if they create or establish permanent control over the company. And the investors have at least 10% of the shares. "Portfolio investments" include the purchase and issuance of equity and debt securities (commodities) that are not classified as direct investments, i.e. less than 10%. Internal capital movements between the reporting economy and the ROW may occur through the introduction of new loans and investments by foreigners in the reporting economy. This move could take the form of an increase in foreign deposits in domestic (reporting) banks. The latter can decide to return loans and investments as well as offshore bank deposits. This is an example of a credit note. Capital movements through new loans and increases in foreign bank deposits in the target economy constitute the "debit elements". The capital transfer component of non-reciprocal transfers is included in the capital account of the balance of payments. Generally, double-entry bookkeeping systems require that all debit and credit entries be identical. If you do this for all current account and capital account items, you can easily determine the net change in assets and liabilities in the target economy by determining the current account and capital account balances. In practice, however, this equality does not always hold, as debits or credits are generally undervalued. Therefore, "Errors and Defects" are provided.

Net Errors and Omissions, the difference between the debit and credit of the current and capital and financial accounts is compensated by the error and balance components of the BOP. Inconsistencies occur because data on both sides of the same transaction comes from independent sources. You can also give different values to the same item at each rating point and exclude items from a rating entirely.

Section D.2.2: International Investment Position (IIP)

The IIP is a statistical report that shows the value and composition of financial assets, which are gold bars held by economic residents as reserves and claims against non-residents at a given point in time, and the liabilities of economic residents against other countries' citizens. Net IIP is positive when external assets exceed liabilities and negative when liabilities exceed assets. A positive net IIP indicates that the country is a "creditor country" or "net lender" to the rest of the world (ROW). A negative net IIP indicates that the country is a "debtor" or "net borrower" at the ROW. Essentially, Nigeria's IIP is created by accumulating net flows in the financial accounts of the BOP with foreign reserves reported in the non-banking sector of banks for international settlements. Reserves for exchange rate and price changes and other volume changes have not yet been made.

Section D.2.3: Foreign Investment Statistics

Each represents the distribution of capital income across different categories in the economy. These categories include:

1. Capital importation by type of investment: Investments in this group include foreign direct investment (FDI) - equity, FDI - other capital, portfolio investment (PI) - shares, PI - bonds, PI - short-term financial instruments, other investments (OI)) trade credits, OI - Loans, OI - Currency and Deposits and OI – other claims.
2. Capital importation by country of origin: Displays a list of countries where investments originate.
3. Capital importation by nature of business: This table shows the breakdown of investments by type of activity covered i.e. stocks, agriculture, finance, trading, manufacturing/production, IT services, banking, telecommunications, electricity, oil and

gas and construction;

4. Capital Importation by location: This table shows states in Nigeria, including Abuja, Federal Capital Territory (FTC), where capital planning firms are located.

Other data used in the study, especially corporate tax data (corporate tax, oil revenue tax, and value-added tax) were retrieved from Federal Internal Revenue Service (FIRS) data downloaded from https://www.firs.gov.ng/. The data was retrieved from the website by going to the Tax Sources icon on the main page, with a drop-down list of other sources, including tax reports and statistics. The different types of taxes have data for quarterly and annual values on an annual basis, starting with the current year. Types are grouped by category, from Category A to Category F. Petroleum Income Tax in Category A, VAT Fund in Category B, Educational Development Levy in D, Consolidated Accounts in Category E and NITDEF in Category F. It is also cumulative in the case of petroleum and non-petroleum taxes. The values for each year are derived based on the removal values required for the study.

4.2 RELIABILITY AND VALIDITY OF DATA

The reliability and validity of research results depend on creating a strong research design, choosing appropriate methods and samples, and conducting the research carefully and consistently. Reliability can be estimated by comparing different versions of the same measurement. Validity is harder to assess, but it can be estimated by comparing the results to other relevant data or theories. Reliability relates to the consistency of measures, and validity addresses whether the measurements are quantifying the correct attribute. Reliability refers to the consistency of the measure. High reliability indicates that the measurement system produces similar results under the same conditions. If you measure the same item or person multiple times, you want to obtain comparable values. They are reproducible. Validity refers to whether the

measurements reflect what they're supposed to measure. This concept is a broader issue than reliability.

According to L.R. Connor, "Statistics, especially other people's statistics are full of pitfalls for the user." Data, especially secondary data are risky for the user without being cautious when using it. Therefore, secondary data should not be used without subjecting it to a systematic and cautious examination

The source of data used in research work generally influences their reliability and validity. The reliability of data can be tested by evaluating such things about the said data:

(a) Who captured the data?

(b) From which sources are the data collected? Is the source of the data trustworthy in regard to correctness, appropriateness, sufficiency and reliability?

(c) Were proper methods used in the data collection? Are the methods of data collection appropriate and reliable?

(d) At what time were they collected?

(e) What was the bias level of the compilers? Was the compiler reliable with respect to honesty, truthfulness, knowledge and training? Was there any likelihood of bias, presumptions and preconceptions crawling into the thoughts of the compilers?

(f) What level of precision was set? Was it accomplished?

(g) For what purpose were the data collected?

(h) What period is covered by the data and how relevant it is for the current research?

The sources of the data should be dependable sources which is also a means of detecting reliability. The data should have both internal and external validity. The external validity of research data is their generalizability to populations, settings, treatment variables and

measurement variables. The internal validity of a research design is its ability to measure what it aims to measure. In Addition, according to Simon Kuznets, 'the degree of reliability of the secondary source is to be evaluated based on the source, the compiler, and his capacity to produce correct data and the users also, for the most part, tends to accept a series, particularly, one issued by a government agency, as its face value, without requiring its reliability'.

The issuing authorities of the data used in this study are the apex authorities both at monetary policy formulation, the Central Bank of Nigeria collected from both online and published bulletins for the period of the study and Federal Inland Revenue Services, the agency saddled with the collecting of the Federal collectible taxes (company income tax, value added tax and Petroleum profit tax). The validity of these data is also checked from the World Bank database through the World Development Indicators. The data required for the consummation of the study was sourced from the institutions saddled with the responsibilities of collecting taxes and conducting monetary policy. In this age of technology, each institution has a hoisted website with its unique address. The address is hoisted under Hypertext Transfer Protocol. The Hypertext Transfer Protocol is an application protocol for distributed, collaborative, hypermedia information systems that allows users to communicate data on the World Wide Web. The decision made in selecting information-rich cases is based on the assumption that secondary sources focus on exploring secondary data to address the research problem. The selection of the secondary data was based on the year the data gathered or reports were published, the databases to use, and the language used in the article. Only data gathered and reports published for the period between 1990 and 2019 were captured for the study. Also, the researcher selected reports written and published in the English language and those that focus only on the relevant variable required for the study.

Section 33 of the Central Bank of Nigeria Act 2007 (Central Bank of Nigeria [CBN], 2007) provides a legal framework for the CBN to share or request information from individuals and institutions that influence the Nigerian economy. The CBN is primarily responsible for foreign exchange research, the compilation of foreign exchange statistics such as interest rates and financial stability indicators, and external sector statistics such as balance of payments, international investment positions, international reserves and exchange rates. Although not a primary function, banks collect and compile public finance statistics in relation to three levels of government, the local, state, and national governments, in relation to their income, expenditure, and fiscal balances and the financing of fiscal balances.

In general, the CBN uses global concepts and definitions, classifications and methods in the compilation and publication of official statistics as set out in the CBN Statistics Policy2 (2010). This promotes international consistency and comparability of industry statistics. For this purpose, banks use the relevant International Monetary Fund (IMF) guidelines and savings guidelines, which include accounting principles, economic and statistical reporting, sector analysis and presentation. Therefore, these IMF tools support the planning and monitoring of statistical programs and ultimately guide the formulation of quality policies. The manuals and guidelines include: Monetary and Financial Sector - Monetary and Financial Statistics Manual (MFSM 2000); Monetary and Financial Statistics: Compilation Guide (MFSCG 2008); Financial Stability Indicators: Compilation guide; External Sector - Balance of Payments and International Investment Position Handbook, Fifth and Sixth Editions (BPM5 and BPM6); BPM5 and BPM6 Build Guide; and for government finance statistics – Government Finance Statistics Handbook 2014. Compiled sectorial statistics are disseminated in the CBN Statistical Database, on the bank's website in the form of aggregated and separate tables and printed copies of the Annual

and Quarterly Statistical Bulletins.

It should be noted that the CBN Statistics Database is a simple web-based data repository with no analytics support. The Statistics Department (SD) was established in 2008 with a clear mandate to collect, analyse and manage all economic data and provide statistical support to all categories of stakeholders. In particular, it is the authority for monetary policy. However, statistical support must be of good quality to attract a premium guarantee for user-provided data. The quality of statistical information can be conceptualized from the point of view of producers, on the one hand, and users, on the other. The latter evaluates based on the utility and value derived from the use of data, while the former expertly measures the quality of statistical information in a multidimensional approach, following best practices, along the entire chain of the statistical production cycle – from the initiation stage, through implementation and evaluation phases with appropriate feedback. This specialized approach by manufacturers is called statistical quality control. Statistical quality control in the department is achieved through special workshops, committee reviews and stakeholder feedback meetings. However, there must have been an integrated and sustainable statistical quality management structure that adheres to global best practices in all seven phases of the statistical cycle (planning, development, collection, processing, transformation, dissemination and evaluation) as has been identified by the National Statistics Office (n.d.).

A body integrated within SD procedurally implements statistical policy using standard resources. For compliance purposes, there must be monitoring of the performance of our statistical activities. It should also promote regular updates of statistical policies to address obsolescence, changes in methodology and the incorporation of new concepts.

Therefore, authorities must continue to make statistical systems more efficient and effective, facilitating the production and dissemination of high-quality data, together with additional metadata to support users. According to Jerven (2016), the need for a framework can be seen as a long-term measure to address many of the data deficiencies that characterize the quality of macroeconomic statistics in low-income countries, with special reference to African countries. The data quality deficiencies range from missing data, statistical inconsistencies, reliability issues, and worrisome reviews to failure to meet distribution and metadata standards.

The IMF's Data Quality Assessment Framework (DQAF) is an internationally recognized standard tool for assessing the quality of official statistics generated by the statistical systems of relevant government agencies. This tool is used in this study to investigate the state of the CBN's statistical system in relation to the essential sectorial statistics that the CBN produces. In particular, the IMF's DQAF is used for foreign exchange statistics, balance of payments statistics, and international investment position statistics. Following a previous proposal to create an institution integrated into the SD statistical system to implement statistical quality management, audit and control activities would be appropriate as a means of ensuring that an institution's statistical services comply with bank policy statistics.

Statistical systems can be at the institutional level, called the National Statistical System (NSS), at the national level, or at the international level, called the International Statistical System. The latter refers to international organizations such as the United Nations Statistical Commission and the IMF's Bureau of Statistics. The Statistical System is part of a government agency designed to plan, produce and publish official statistics on behalf of the government. These government agencies typically include the National Statistics Office (NSO), central banks and other government ministries, departments and agencies responsible for generating and

disseminating statistics in their fields. The NSS comprises the country's institutional arrangements established by government agencies to produce and publish comprehensive official country statistics. According to Organisation for Economic Cooperation and Development (2002), “a national statistical system is a set of organizations and statistical units within a country that collectively collect process and distribute official statistics on behalf of national governments”. A centralized NSS is a centre where all or most official statistics are produced and distributed by a single central organization. This is the Chief Statistical Office and usually the Office for National Statistics. However, decentralized national statistical systems commonly used in many countries include national statistical offices and a few other government agencies responsible for specialized official statistics based on their domain (Edmunds, 2005). Therefore, the primary function of any statistical system, even at the level of a single government agency, is to provide official statistics. Official statistics are a strategic set of qualitative or quantitative information about citizens. This extends to statistics on various aspects of life, such as the economy, education, environment, health and social development, according to Official Statistics (n.d.).

A comprehensive understanding of the dimensions of official statistics is provided in the Basic Principles of Official Statistics adopted by the United Nations Economic and Social Council (2013) and endorsed by the United Nations General Assembly (2014) after the review of its preamble. Hu and Feng (2006) present an information theory perspective based on the S-B-R framework and some previous academic contributions to clarify misconceptions about data and information to distinguish between data quality and information quality. Hu and Feng define data as "a set of values recorded in an information system" with defined attributes. The information must be true as "a set of circumstances that are part of the real world and independent of the

perceiver." The S-B-R structure involves a progressive link from an information source (S) to an information carrier (B) and then to an information receiver (R). In the model, B represents S, but we prefer R because of how well it represents S. Therefore, when evaluating data quality, quality B must be clearly defined. When evaluating information quality, we consider fully incremental link quality in the SBR model. However, they consider information quality as "the degree to which information is presented and the degree to which information is received and accessed" according to the semantic and practical quality criteria proposed by Price & Shanks (2005); Practical Characteristics of Information Quality by English (1999); Wang and Strong's (1996) data quality categories of representativeness and availability.

From the point of view of Fan and Geert (2012) and Fan (2015), five attributes of data quality in relational data have been identified, namely: data consistency, data replication, data accuracy, data freshness, and information completeness. They rationalize that these data functions and the interactions between them must be managed. Fan and Geert provide a unified logical framework based on data quality principles and define an approach for each problem. Malaki, Bertossi, and Rizzolo (2012) develop a context layer in data quality assessment based on an approach that unifies how data quality is created and used from a context-dependent perspective. It is a hybrid approach to data quality assessment in a multi-dimensional context. From the users' point of view, Shankar & Watts (2003) say that "even the highest quality data must be used to be useful". It provides metadata using Information Product Mapping (IPMAP) based on objective and contextual data quality attributes to strengthen the theoretical framework of data reliability and use. It also develops a data quality assessment framework that specifically and simultaneously assesses the data attributes of accuracy, completeness, relevance, and timeliness.

4.3: ESTIMATION TECHNIQUES, RESULTS OF FINDINGS INCLUDING GRAPHICAL ILLUSTRATIONS

4.3.1 Descriptive Statistics

Descriptive statistics are short descriptive coefficients that summarize a particular set of data, which may represent either the entire population or a sample of the population. The existence of these descriptions gives complete meaning to the data. Having such a description affords a feel of the data in its entirety. Descriptive statistics are divided into measures of central tendency and measures of variability (variance).

Table 4.1: Descriptive Statistics of the Variables

	CIT	EXCR	QFIV	UFIV	GDP	INFL	PPT	VAT
Mean	453819.30	136.50	293300.8	401897.7	40110919	18.37	1033448.00	357593.4
Median	150547.70	131.21	24172.35	253306.60	20622970.00	12.72	909019.00	177977.10
Maximum	1528947.00	395.42	2602118.00	1234639.00	1.42E+08	72.84	3201320.00	1127534.00
Minimum	2992.30	8.04	-698514.20	4686.00	489766.50	5.39	24600.00	4567.43
Std. Dev.	525148.80	113.49	721433.70	359290.00	43763617.00	16.86	1020606.00	375517.70
Skewness	0.8450460	1.0048550	2.0857100	0.5758280	0.9164670	2.0716310	0.6764190	0.7094880
Kurtosis	2.183584	3.321018	6.797521	2.116746	2.547238	6.154133	2.227647	2.055671
Jarque-Bera	4.403685	5.177479	39.77738	2.633061	4.455797	33.89396	3.033372	3.631561
Probability	0.110599	0.075115	0.00000	0.268064	0.107755	0.00000	0.219438	0.162711
Sum	13614578	4095.03	8799024	12056931	1.20E+09	551.01	31003446	10727801
Sum Sq. Dev.	8.00E+12	373549.1	1.51E+13	3.74E+12	5.55E+16	8242.959	3.02E+13	4.09E+12
Observations	30	30	30	30	30	30	30	30

Table 4.1 reports the results of the descriptive statistics. This reveals the nature of the data distribution. The standard deviation measures the spread or extent of dispersion of the data from

the mean. It also determines how close the data is to the mean. A low standard deviation indicates that most values/numbers are very close to the mean, while a high standard deviation gives a hint of high volatility and it suggests that the values/ numbers soared out from the average. CIT has an average of ₦453.8B, a median of ₦150.1B, a maximum value of ₦1.53tr and a minimum value of N29.93b. The Jarque-Bera statistic indicates that apart from TFIV, QFIV and INFL, all other variables are normally distributed based on the p-values of their respective Jarque-Bera statistics. The mean values of all the variables are greater than the median values of the variables. It implies that the data distributions of all these variables are skewed to the right. The comparison of the standard deviation and mean values of all the variables suggests that the average values represent the data somewhat. The coefficients of all the other variables are positively skewed. These suggest that the majority of the variables portray an element of asymmetries in their data distributions either by skewing to the right or the left, none is symmetrical in data distribution.

4.3.2 Unit Root Test

It is commonly believed that the simple time series around a determinist pattern is stationary or at least stable. This assertion, unfortunately, is not always accurate. However, for unit root testing (stationarity test), the technique of ARDL co-integration does not require pre-testing. Nonetheless, in order to prevent ARDL crash in the presence of an embedded stochastic pattern of I (2) that could lead to effort in futility, the study performed unit root testing to know the number of unit roots in the sequence. To test the time series properties of the variables, the analysis used Augmented Dickey-Fuller (ADF) and Phillips-Peron Tests.

4.3.3 Auto Regressive Distributed Lag (ARDL)

ARDL (Auto Regressive Distributed Lag) is a bound testing technique originally introduced by Pesaran & Shin (1998) and expanded by Pesaran et al. (2001) using Monte Carlo simulation experiments, to investigate whether the variables are cointegrated or have long-run relationship. Compared with other cointegration methods, this model has certain econometric benefits. It conforms regardless of the order of integration of variables i.e. if pure I (0), I (1) or a combination of both underlying variables.

4.3.4 Fully Modified Ordinary Least Squares

Fully modified least squares (FM-OLS) regression was originally developed by Phillips and Hansen (1990) to provide an estimate of cointegration regression. This method performs a least-squares adjustment to account for serial correlation effects, as well as regressor endogeneity caused by the presence of a co-integrating relationship. The FM-OLS method has a benefit over Engle Granger techniques in that it incorporates sufficient corrections to address the inference issue that plagues the Engle Granger method, and therefore the t-test for long-run estimates is accurate (Amarawickrama & Hunt, 2008).

4.3.5 Johansen Cointegration test

This is a statistical approach in a situation where all the variables are integrated of order one, that is, I (1). The test is often used to test for long-run relationships among variables.

4.3.6 Granger Causality Test

The Granger causality test is a statistical hypothesis test designed to determine whether one-time series is useful in predicting another time series. This method uses a set of empirical data to find patterns of correlation between two variables. Granger causality is a bottom-up procedure that assumes that the process generating the data in each time series is the independent

variable (Koutsoyiannis, 2003).

4.3.7 Correlation Analysis

Measuring the relationship between two or more variables often entails the use of correlation analysis. The essence is to measure how a variable relates with another statistically. For bivariate populations: Correlations can be studied using (a) a contingency table. (b) Charles Spearman's correlation coefficient; (c) Karl Pearson's correlation coefficient. Karl Pearson's correlation coefficient is also called the differential moment correlation coefficient. The value of "r" is between ±1. A positive value of r indicates a positive correlation between the two variables (i.e., changes in the two variables are in the direction of the statement), while a negative value of "r" indicates a negative correlation, i.e., changes in the two variables are in the direction opposite. An "r" value of 0 indicates no relationship between the two variables. r = (+) 1 for perfect positive correlation and (-) 1 for perfect negative correlation, so the variance of the independent variable (X) changes by 100% of the dependent variable (Y).

4.3.8 Diagnostics and Stability Tests

Diagnostics and stability tests were conducted to confirm the reliability of the models. The models were explicitly verified for residuals serial correlation, heteroskedasticity, normality and F-statistics for the reliability of the model.

4.3.9 Justification of Models and Variables

Fully modified Ordinary least square (FMOLS) is an econometric model that captures and deals with the problem of endogeneity in analysis. There is endogeneity when the lag one of the dependent variable co-varies with the error term leading often to simultaneity bias. Several studies have confirmed the appropriateness of FMOLS to deal with the problem of endogeneity

(Phillip & Hansen, 1990; Shahbaz, 2009; Adusei, 2012). This technique allows the estimation of long-run parameters under the condition that a cointegration relation exists among a set of I (1) variables (Adusei, 2012; Phillip & Hansen, 1990). Since FMOLS only considers long-run parameters, the short-run parameters are better captured by the Granger causality test, which depicts the direction of causality among variables. Often in test of statistical relationship, correlation analysis captures that very well. The ARDL on the other hand handles variables of different orders very well in addition to its dealing with endogeneity problems in analysis. The variables selected are based on the research questions and research hypotheses propounded for the study. To proxy for corporation taxation, company income tax, petroleum profit tax and value-added tax were selected. This is based on the fact that the three formed a larger percentage of the corporation taxation that is collected in Nigeria.

As a means of reducing heteroskedasticity in the residuals of the variables and making the variables to be at par in measurement, some of the variables were transformed in natural logarithm (company income tax, value added tax, petroleum profit tax and gross domestic product). The unquoted foreign investment, quoted foreign investment and total foreign investment net flows cannot be converted to natural logarithms since they have some negative figures within them. These cannot be converted as they violate the technicality of natural logarithm within the E-views software environment.

4.3.10 Graphical representation of the trend of the variables

This sub-section focuses on the trend analyses of the nine variables used in the study. They are quoted foreign investment, unquoted foreign investment, total foreign investment, company income tax; value added tax, petroleum profit tax, gross domestic product, exchange rate and inflation rate.

Figure 4.1: ***Quoted Foreign Investment***

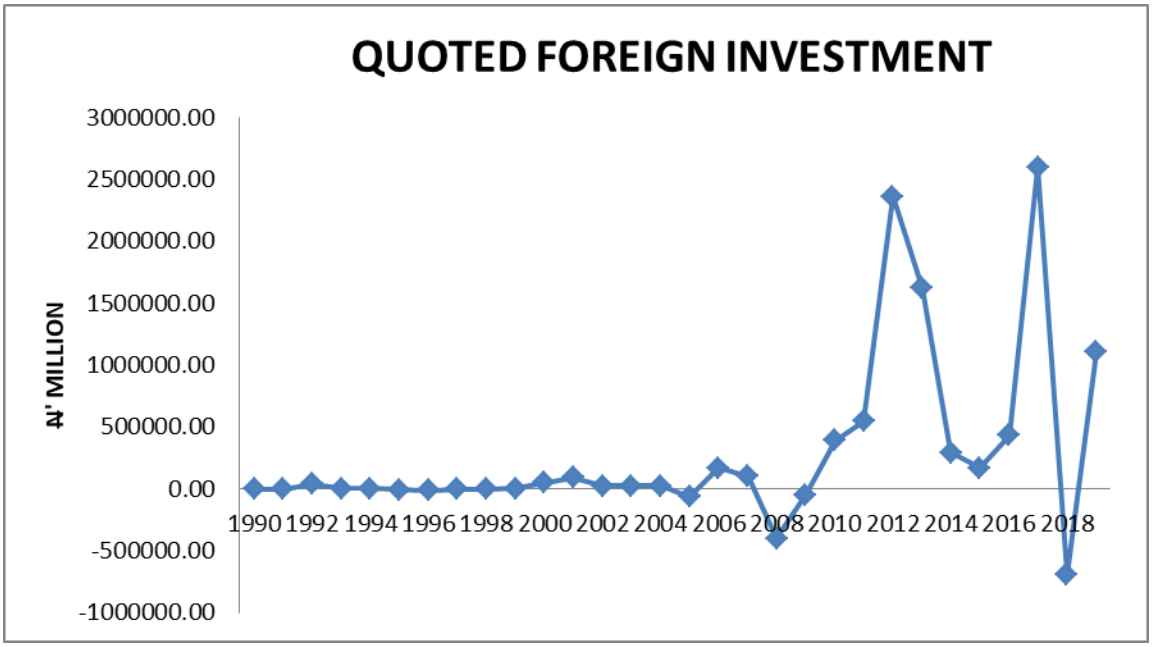


Figure 4.1 above shows the trend of quoted foreign investment net flow for the period under review of the study. The period between 1990 and 2004 did not show a substantial increase in net flow. By 2005 it fell into negative of N64.5B but a slight increase occurred in 2007 before it swung into deficit of N403.4b in 2008. It eventually picked up in 2010 rising up to N2.16tr in 2012. By 2018, it fell to N698.15b net outflow and peaked at N1.123tr in 2019.

Figure 4.2: ***Unquoted Foreign Investment***

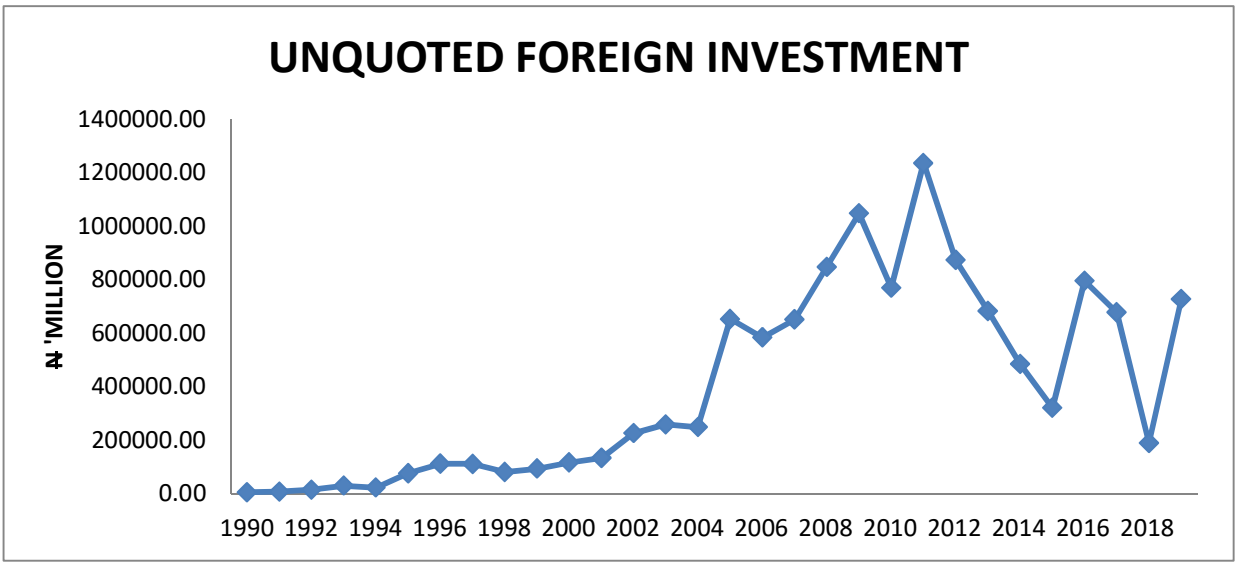


Figure 4.2 presents the trend path of unquoted foreign investment within the study period. The years between 1990 and 1994 showed a sluggish increase, but it picked up in 1995. From then it increased till 2005, fell slightly in 2006 and moved up till 2009. It got to its peak in 2011 at N1.265tr, but fell abysmally from 2012 to 2015, consequently moving up and down till 2019 when it reached N726.17b.

Figure 4.3: ***Company Income Tax***

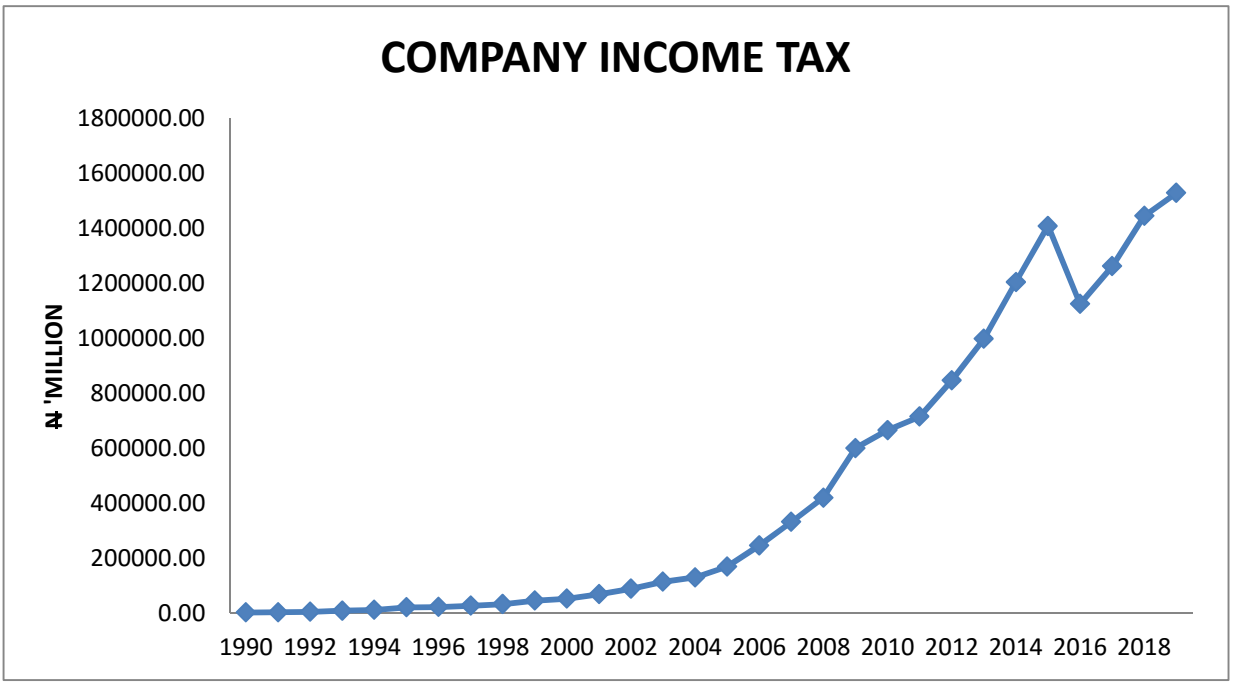
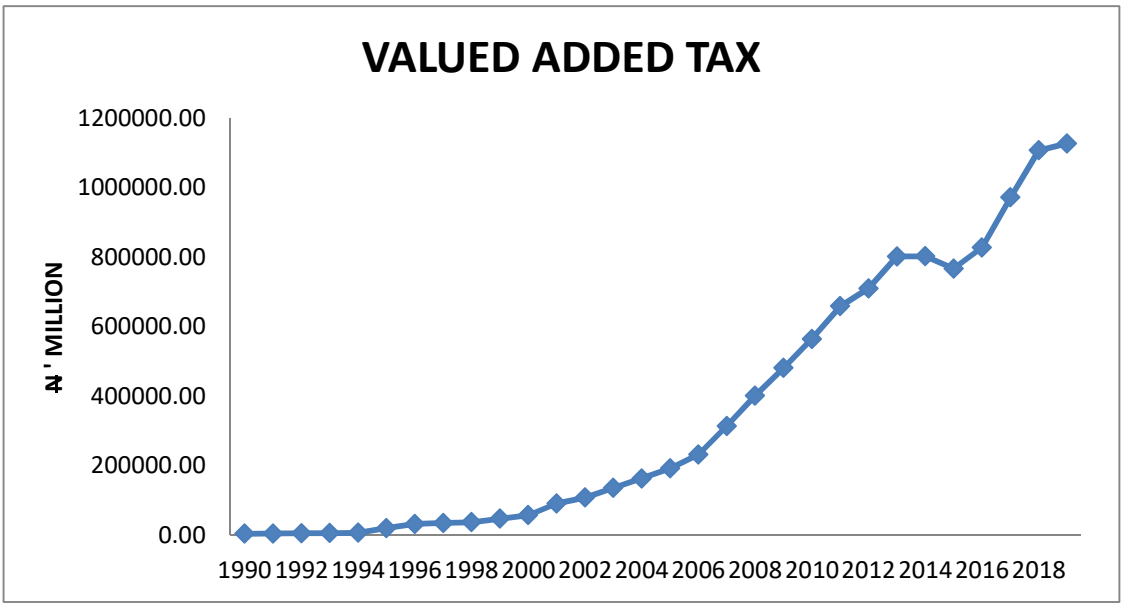


Figure 4.3 represents the graphical representation of company income tax. It shows a gradual increase from 1990 till 2015 where it reached its peak of N1.4tr, falling in 2016 and reaching its ultimate amount of N1.526tr in 2019.

Figure 4.4: ***Value Added Tax***



The value-added tax graphical illustration is presented in Figure 4.4. A gradual movement is noticed from 1990 which penultimately reached its upward trend in 2014, with a fall in 2015 and reaching its peak in 2019 with a value of N1.127tr.

Figure 4.5: ***Petroleum Profit Tax***

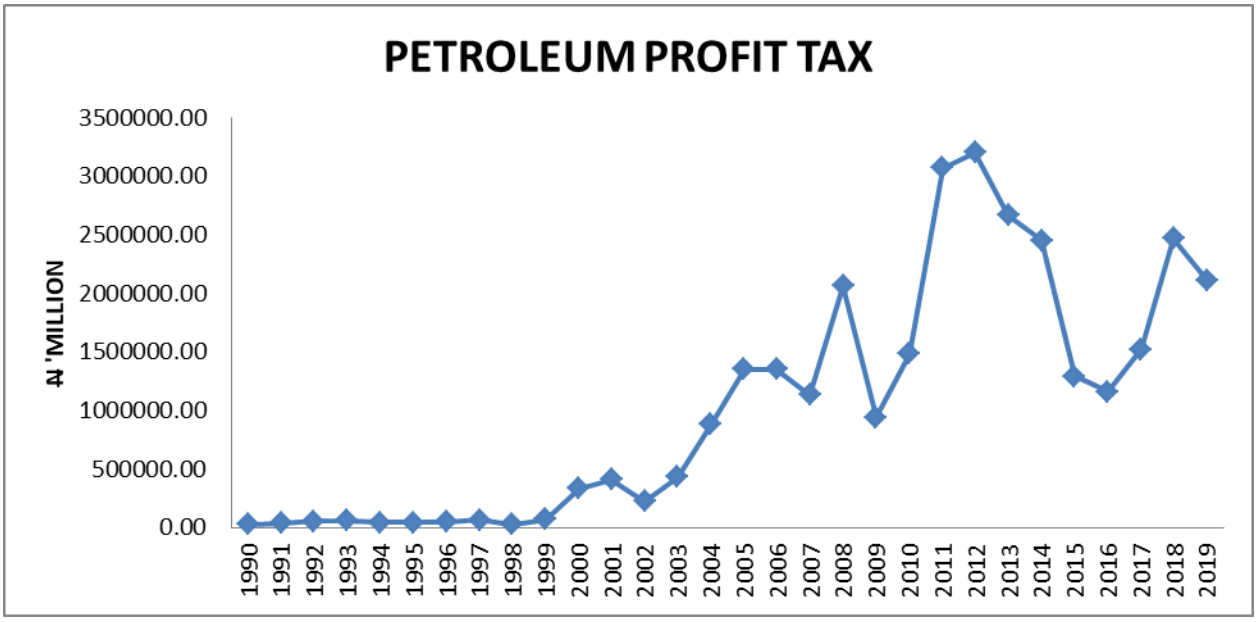


Figure 4.5 reveals the graphical illustration of petroleum profit tax for the study period. The 1990 to 2019 petroleum profit tax depicts a rising profile from 1999 after remaining low previously. Subsequently from 2000 to 2019, it appears not to follow a definite pattern. It was N334.56b in 2000, falling to N224.67b in 2002. It peaked at N2.317tr in 2012. But fell thereafter to N2.11tr in 2019.

Figure 4.6: ***Total Corporate Taxation***

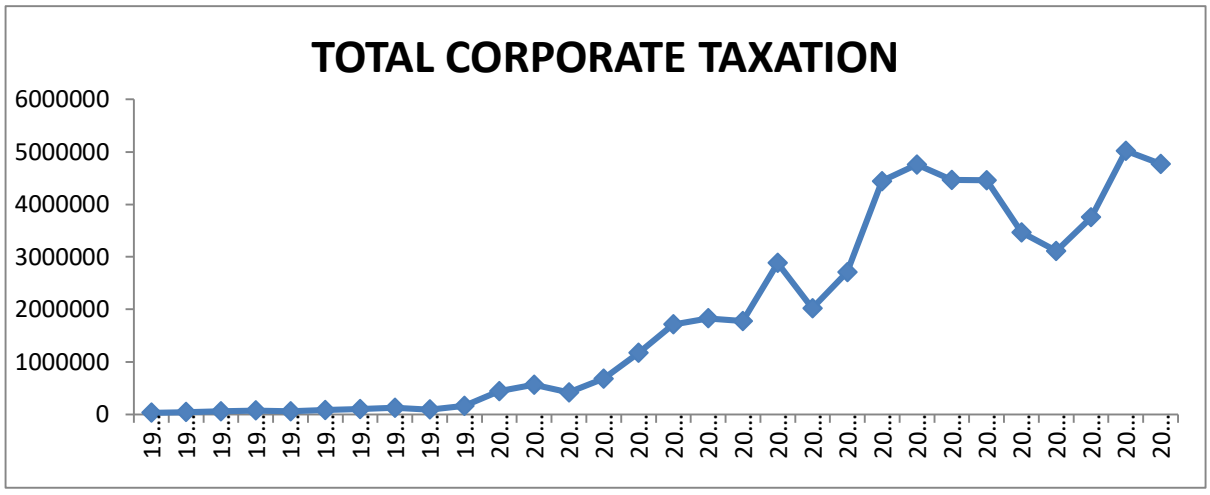
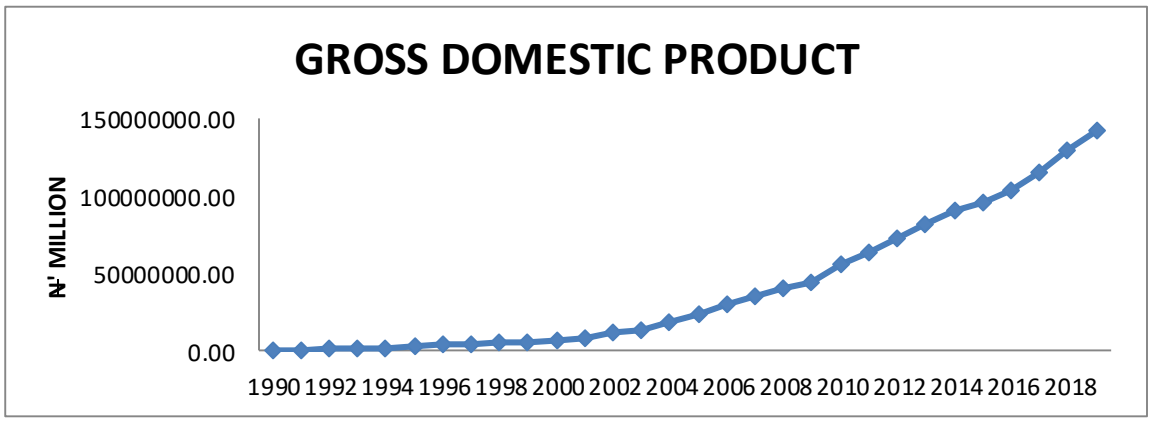


Figure 4.6 shows the graphical illustration of the total corporate taxation adopted in the study. The period from 1990 to 1999 showed a sluggish movement in the total corporate taxation, but from 2000 to 2008 it rose and to its peak in 2018 to reach N5.02 trn.

Figure 4.7: ***Gross Domestic Product***



The gross domestic product profile is depicted in Figure 4.7. It shows a rising profile from 1990, trending upward till 2019 where it peaked at N142.364tr**.**

Figure 4.8: ***Exchange Rate***

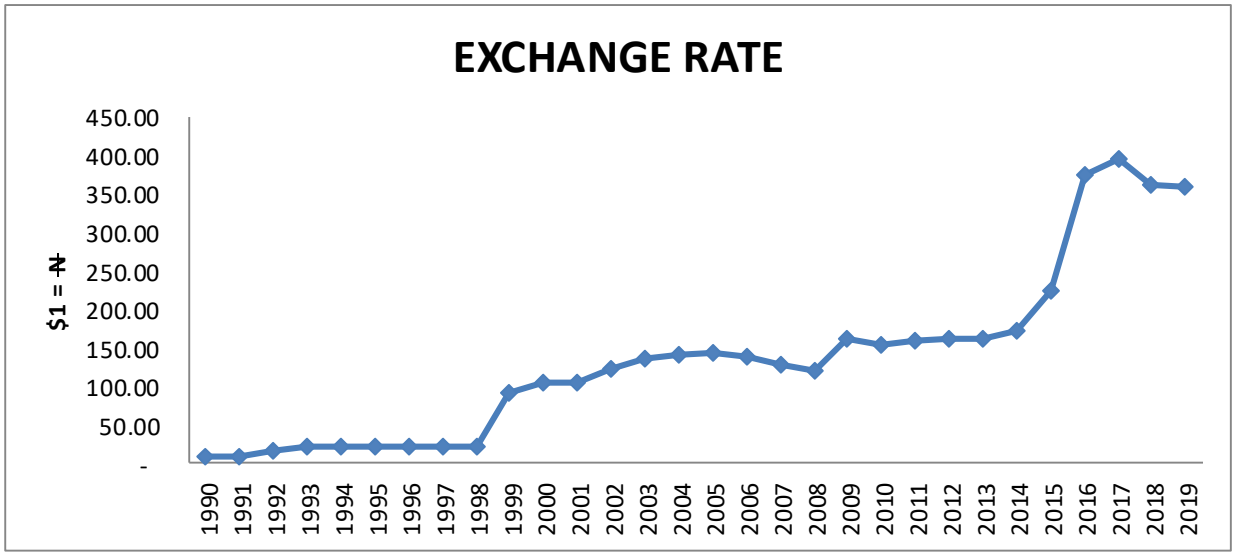


Figure 4.8 depicts the trend of the exchange rate within the study period. It started with a rate of N0.86 to one United States Dollar in 1990, rising cautiously till 1998 where it eventually took a leap from 1998 through to 2009 and reaching its peak in 2017 before slightly slowing down till 2019.

Figure 4.9: ***Inflation Rate***

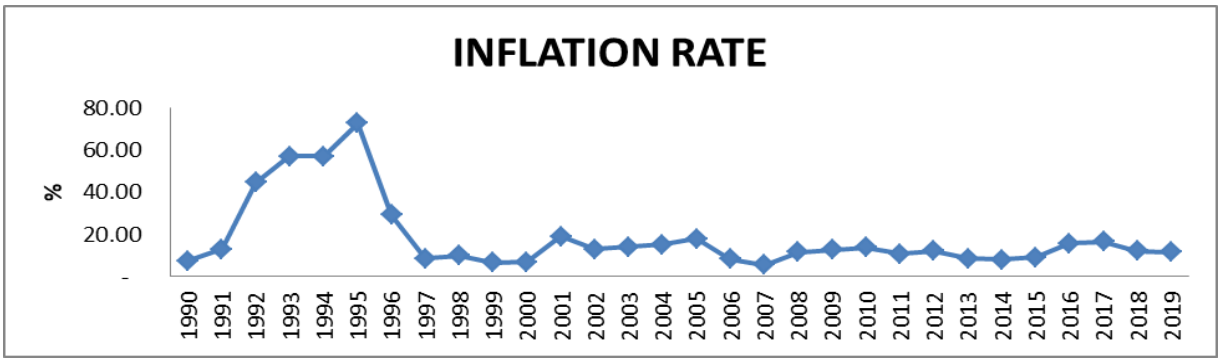


Figure 4.9 presents the trend of the inflation rate within the study period. The highest rate of 72.84 was in 1995, while the minimum of 5.39 was in 2007. From 1990, the upward trend terminated in 1995, as the downward trend stopped in 1997 which eventually stabilized from then till 2019.

4.3.11 Research Questions

Seven research questions were raised in this study. Correlation analysis was used to answer these research questions because this aspect of the study looks at the relationship between corporation taxation, quoted and unquoted foreign investment and total foreign investment as well as economic growth.

(i) Research Question One.

The relationship between corporate taxation and Quoted Foreign Investment

Table 4.2: ***Correlation Result of Research Question One***

(a)		**TCT**	**FQIV**
TCT	Pearson Correlation	1	0.520**
	Sig. (2-tailed)		0.003
	N	30	30
FQIV	Pearson Correlation	0.520**	1
	Sig. (2-tailed)	0.003	
	N	30	30

**Correlation is significant at the 0.01 level (2-tailed)

	(b)	**VAT**	**PPT**	**CIT**	**QFIV**
	Pearson Correlation	1			
VAT	Sig. (2-tailed)				
	N	30			
	Pearson Correlation	0.829**	1		
PPT	Sig. (2-tailed)	0.000			
	N	30	30		
	Pearson Correlation	0.984**	0.765**	1	
CIT	Sig. (2-tailed)	0.000	0	30	32
	N	30	30		
	Pearson Correlation	0.513**	0.493**	.473**	
QFIV	Sig. (2-tailed)	0.004	0.006	0.008	1
	N	30	30		30

**Correlation is significant at 0.01 level (2-tailed)

*Correlation is significant at 0.05 level (2-tailed)

Source: Research Output, 2022

Table 4.2 (a) reveals the correlational relationship between the total corporation taxation and quoted foreign investment of Nigeria within the study period. The total corporation taxation had a mildly strong positive relationship with the quoted foreign investment (r=0.520). The Pearson correlation coefficient result is depicted within 1 percent significance level (2- 2-tailed). This signifies that an increase in total corporation taxation leads to an increase in quoted foreign investment

Table 4.2(b) reveals the correlational relationship between the corporate taxation proxies and quoted foreign investment of Nigeria within the study period. All the corporate taxation proxy (company income tax, petroleum profit tax and value-added tax) (r=0.473, r= 0.493, r=0.513 respectively) have a mildly strong positive relationship with the quoted foreign investment. The Pearson correlation coefficient results are depicted within 1 percent significance level (2-tailed). These signify that as the corporate taxation goes up, the quoted foreign direct investment goes up too.

(ii) Research Question Two

The relationship between corporate taxation and unquoted Foreign Investment

Table 4.3: Correlation result of Research Question Two

		VAT	**PPT**	**CIT**	**UFIV**
	Pearson Correlation	1			
VAT	Sig. (2-tailed)				
	N	30			
	Pearson Correlation	0.829**	1		
PPT	Sig. (2-tailed)	0.000			
	N	30	30		
	Pearson Correlation	0.984**	0.765**	1	
CIT	Sig. (2-tailed)	0.000	0	30	
	N	30	30		
	Pearson Correlation	0.646**	0.777**	0.562**	
UFIV	Sig. (2-tailed)	0.000	0.000	0.001	1
	N	30	30		30

**Correlation is significant at 0.01 level (2-tailed)

*Correlation is significant at 0.05 level (2-tailed)

Source: Researcher output, 2022

Table 4.3 (a) reveals the correlational relationship between the total corporation taxation and unquoted foreign investment of Nigeria within the study period. The total corporation taxation had a strong positive relationship with the quoted foreign investment (r=0.733). The Pearson correlation coefficient result is depicted within 1 percent significance level (2- 2-tailed). This signifies that an increase in total corporation taxation leads to an increase in unquoted foreign investment

Table 4.3 (b) reveals the correlational relationship between the corporate taxation proxies and unquoted foreign investment in Nigeria within the study period. All the corporate taxation proxy (company income tax, petroleum profit tax and value-added tax) (r= 0.562, r= 0.777 and r=0.646 respectively) have a strong positive relationship with the unquoted foreign investment. The Pearson correlation coefficient result is depicted within 1 percent significance level (2-tailed). These signify that as corporate taxation goes up, the unquoted foreign investment goes up.

(iii) Research Question Three

The relationship between quoted foreign investment and economic growth

Table 4.4: Correlation result of Research Question Three

		QFIV	**GDP**
QFIV	Pearson Correlation	1	0.492**
	Sig. (2-tailed)		0.000
	N		30
GDP	Pearson Correlation	0.492**	1
	Sig. (2-tailed)	0.000	
	N	30	30

** Correlation is significant at the 0.01 level (2- Tailed)

* Correlation is significant at the 0.05 level (2-tailed)

Source: Researcher output, 2022

Table 4.4 result exhibits a positive relationship between quoted foreign investment net flow and economic growth. As quoted foreign investment net flow increases, gross domestic product increases. In other words, there is a direct/ positive relationship between the two variables. The level of significance is 1 percent, depicting 99 percent confidence level.

(iv) Research Questions four

The relationship between unquoted foreign investment and economic growth proxy by gross domestic product

Table 4.5: Correlation result of Research Question Four

		UFIV	**GDP**
	Pearson Correlation	*1*	0.585**
UFIV	*Sig. (2-tailed)*		0.001
	N		30
	Pearson Correlation	*0.585**	1
GDP	*Sig. (2-tailed)*	*0.001*	
	N	*30*	30

*** Correlation is significant at the 0.01 level (2- Tailed)*

** Correlation is significant at the 0.05 level (2-tailed)*

***Source**: Researcher output, 2022*

Table 4.5 result indicates a mildly strong positive relationship between unquoted foreign investment net flow and economic growth proxy by gross domestic product. As unquoted foreign investment net flow increases, gross domestic product increases. In other words, there is a direct/ mildly strong positive relationship existed between the two variables. The level of significance is 1 percent, depicting 99 percent confidence level.

(vii) Research Question Five

The relationship between corporation tax and economic growth

Table 4.6: ***Correlation result of Research Question Five***

(a)

		TC	**GDP**
TCT	Pearson Correlation	1	0.927**
	Sig. (2-tailed)		0.000
	N	30	30
GDP	Pearson Correlation	0.927**	1
	Sig. (2-tailed)	0.000	
	N	30	30

**Correlation is significant at the 0.01 level (2-tailed)

(b)		VAT	PPT	CIT	GDP
	Pearson Correlation	1			
VAT	Sig. (2-tailed)				
	N	30			
	Pearson Correlation	0.829**	1		
PPT	Sig. (2-tailed)	0.000			
	N	30	30		
	Pearson Correlation	0.984**	0.765**	1	
CIT	Sig. (2-tailed)	0.000	0	30	
	N	30	30		
	Pearson Correlation	0.992**	0.776**	0.988**	
GDP	Sig. (2-tailed)	0.000	0.000	0.000	1
	N	30	30		30

**Correlation is significant at 0.01 level (2-tailed)

Table 4.6 (a) reveals the correlational relationship between the total corporation taxation and economic growth (gross domestic product) of Nigeria within the study period. The total corporation taxation had a very strong positive relationship with the quoted foreign investment (r=0.927). The Pearson correlation coefficient result is depicted within 1 percent significance level (2- 2-tailed). This signifies that an increase in total corporation taxation leads to an increase in unquoted foreign investment

Table 4.6(b) result indicates a very strong positive relationship between corporation taxation proxies (VAT, CIT and PPT) and economic growth (proxy by gross domestic product). As corporation tax (VAT, CIT and PPT) increases, gross domestic product increases. In other

words, there is a direct and very strong positive relationship existed between the variables. The Pearson correlation coefficients of the three taxes that proxy for corporate taxation (VAT, PPT and CIT) are: r= 0.992, r=0.776 and r = 0.988 respectively. The level of significance is 1 percent, depicting 99 percent confidence level.

4.3.12 Research Hypotheses

(i) Hypotheses One

The Impact of Corporation Taxation on Quoted Foreign Investment in Nigeria

(a) Unit Root testing

Table 4.7: ***Unit Roots Test for Stationarity (Augmented Dickey-Fuller), Sample Period 1990 – 2019***

Variables	**Level**		**First Differences**		
	Intercept	**Intercept & Trend**	**Intercept**	**Intercept & Trend**	**Integration order**
QFIV	-3.2225**	-4.9215***	-	-	I (0)
EXCR	0.3300	-2.7983	-3.8022***	-4.2389**	I (1)
INFL	-2.4544	-2.6389	-4.2623***	-4.1924**	I (1)
LNCIT	-3.3918**	-0.7423	-4.1587***	-5.7974***	I (1)
LNPPT	-1.2271	-1.9667	-5.0301***	-4.9951***	I (1)
LNVAT	-1.9041	-0.7413	-3.9790***	-2.6740**	I (1)

***, **, * denote levels of significance at 1%, 5% and 10% respectively

Source: Prepared by the Author

Table 4.8: ***Unit Roots Test for Stationarity (Phillips Perron), Sample Period 1990 - 2019***					
Variables	**Level**		**First Differences**		
	Intercept	**Intercept & Trend**	**Intercept**	**Intercept & Trend**	**Integration order**
QFIV	-4.4320***	-5.436***	-	-	I (0)
EXCR	0.6923	-1.6973	-3.5911**	-3.3956*	I (1)
INFL	-2.2601	-2.8385	-4.2226***	-4.1826**	I (1)
LNCIT	-3.8203***	-0.6321	-4.2100***	-5.8279***	I (1)
LNPPT	-1.1509	-1.9900	-5.2870***	-5.4499***	I (1)
LNVAT	-3.3529*	0.0217	-3.9223***	-6.9100***	I (1)

***, **, * denote levels of significance at 1%, 5% and 10% respectively

Source: Prepared by the Author

Following the descriptive statistics, the time series properties of the variables are examined to ensure the right methodology and estimation technique is adopted. Hence two unit root tests, Augmented Dickey-Fuller and Phillips-Peron, are used to have robust and reliable results. Both tests indicate that only Quoted Foreign investment (QFIV) is stationary at level, that is, it is integrated of order zero [1(0)]. Other variables such as exchange rate (EXCR), inflation (INFL), natural log of company income tax (LNCIT), natural log of petroleum profit tax (LNPPT) and natural log of value added tax (LNVAT) only attain stationary at first difference. They are integrated of order one [I (1)]. None of the variables exceeds integration of order one. Since all variables follow mixed orders of integration that is I (0) and I (1); hence ARDL bounds testing procedures suggested by Pesaran & Shin (1998) and Pesaran et al., (2001) are appropriate

to test for the presence of cointegration (long-run relationship) among the variables and the optimal lag length is automatically selected via Akaike Information Criterion (AIC)

(b) Bound Testing

Table 4.9: ***Bound Test Cointegration Methodology Result for Hypothesis One***

Significance Level $(\alpha\%)$	**Critical value**		**Computed F-statistics**
	Lower Critical bound I(0)	**Upper Critical bound I(1)**	
10	2.26	3.35	**6.186401**
5	**2.62**	**3.79**	
2.5	2.96	4.18	
1	3.41	4.68	

Source: Prepared by the Author

The results of ARDL bounds testing which explain the long-run relationship among QFIV, EXCR, INFL LNCIT, LNPPT and LNVAT are reported in Table 4.9. It is obvious that F-statistics (6.186401) is greater than upper bounds critical value (3.79) at 5 percent level of significance. This invalidates the null hypothesis of no cointegration and supports the presence of long-run relationship among the quoted foreign investment (QFIV), exchange rate (EXCR), inflation rate (INFL), natural log of company income tax (LCIT), natural log of petroleum profit tax (LNPPT) and natural log of value added tax (LNVAT). The non-integration of variables indicates a high likelihood for variables to diverge due to economic shocks and distortions in the short-run while the presence of cointegration confirms that the variables tend to converge to a long-run steady state after drifting away in the short-run.

(c) Autoregressive Distributed Lag estimation

Table 4.10: ***Long Run Dynamics of Estimated Results for the Selected ARDL Model (1, 2, 0, 2, 0, 0)***

Panel A: Regressand: QFIV				
Variable	**Coefficient**	**Std. Error**	**t-Statistics**	**Prob.**
LNCIT	646379.86262	551702.639	1.1716	0.2575
EXCR	-3533.64675	2346.172	-1.5061	0.1504
INFL	10890.612761	11114.804	0.9798	0.3409
LNPPT	108998.05309	200350.798	0.5440	0.5935
LNVAT	-570855.30443	660128.464	-0.8648	0.3992
C	-611059.79106	1786118.344	-0.3421	0.7365
Panel B: Goodness-of-fit Measures				
R^2		0.534763		
Adjusted R^2		0.261094		
F-statistic		11.954050		
Prob(F-statistic)		0.00000		
Durbin-Watson stat		2.355795		
Panel C: Diagnostic Statistical Checking				
		Test Statistics	**Probability**	
Serial correlation LM test (Breusch- Godfrey)		5.733375	0.0569	
Heteroskedasticity test (Breusch-Pagan-Godfrey)		16.99524	0.0745	
Normality test (Jacque-Bera)		1.071819	0.5851	

RESET specification test)		4.200781		0.0572
Panel D: Short Run Dynamics of Estimated Results for the Selected ARDL Model (1, 2, 0, 2, 0, 0)				
D(LNCIT)	-1150291.153	1308023.775	-3.3240	0.0000
D(LNCIT(-1))	-4390031.048	1299867.615	-3.6450	0.0000
D(EXCR)	-4206.797	2802.573	-1.5010	0.1517
D(INFL)	-903.818	16883.062	-0.0535	0.9579
D(INFL(-1))	19036.164	14083.577	1.3517	0.1942
D(LNPPT)	129761.905	240442.574	0.5397	0.5964
D(LNVAT)	-679601.786	799597.569	-0.8499	0.4072
ECT(-1)	-1.190497	0.193469	-6.1534	0.0000
Cointeq = QFIV - (646379.8626*LNCIT -3533.6467*EXCR + 10890.6128 *INFL + 108998.0531*LNPPT -570855.3044*LNVAT -611059.7911)				

Source: Prepared by the Author

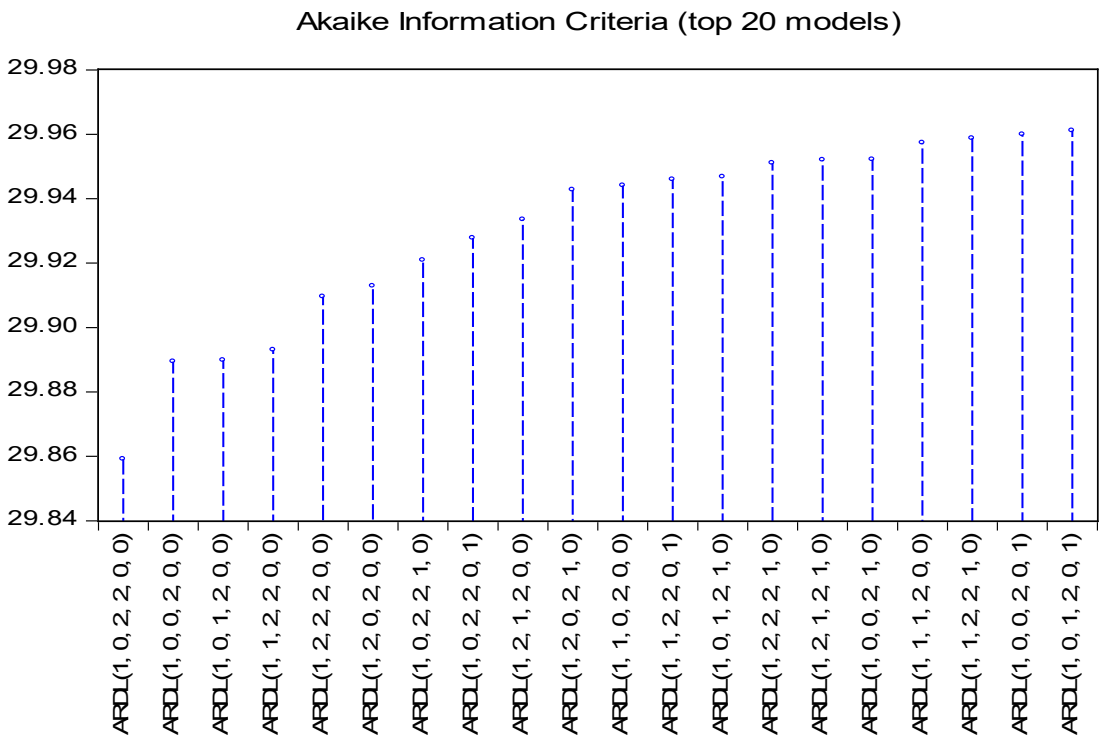
Sequel to the confirmation of cointegration, short-run and long-run coefficient results for the error-corrected versions (1, 2, 0, 2, 0, and 0) of the ARDL model are shown in Table 4.10. The coefficient (-1.19) of the error correction term [ECT (-)] is negative and statistically significant at the 1% significance level. This confirms evidence of a stable long-term relationship between variables previously identified by ARDL boundary tests (Ntembe et al., 2017; Banerjee et al., 1998). This coefficient measures the rate of adjustment for stable and dynamic equilibrium after a short-term shock. The results show that the rate of adjustment or convergence to a stable and dynamic equilibrium after the impact is 119% within one year. This means that the 119%

deviation from long-run equilibrium in the previous period has been substantially corrected in the current period. The short-run elasticity coefficient of the natural log of the company income tax (both lags 0 and 1) is negative and statistically significant at the 1% significance level. These coefficients are 1% overall, as suggested by the F-statistic (11.954050) and associated p-value (0.0000). However, the long-term coefficient of the variable is not significant.

Panel B of Table 4.10 shows the R^2, the adjusted R^2 and the Dubin-Watson statistics for the selected model. The explanatory capacity, as observed from the results provided in Table 4.10 shows R^2 to be 53.47. In essence, it shows that all exogenous variables cause 53.47 percent changes in the endogenous variable quoted foreign investment. After adjusting for degree of freedom, the adjusted R^2 becomes 26.10 percent, to show that all variables now explain 26.10 percent changes in quoted foreign investment, while holding other factors that can impact it constant. The Dubin-Watson result shows a value of 2.35 which is above 2; this shows the absence of autocorrelation in the model.

In an attempt to authenticate the robustness of the estimates, Mohanty (2018) and Ntembe et al., (2017) are followed and the results of residual diagnostic test for normality, serial correlation, and heteroskedasticity and reset specification for the ARDL are reported at the Panel C of Table 4.12. The p-value (0.5851) of the Jarque-Bera statistic for the normality test indicates that the error (residual) is normally distributed. Thus, the model passes the test of non-normality. In the same vein, the Breusch-Godfrey serial correlation LM test shows that the ARDL model adopted is free from the problem of serial correlation in the residuals. Also, the p-value (0.0745) of the Breusc-Pagan-Godfrey test shows that heteroskedasticity does not pose any threat to the estimates. The Ramsey rest test suggests that the estimates are completely free from specification error. These tests prove the reliability of the estimates and the model

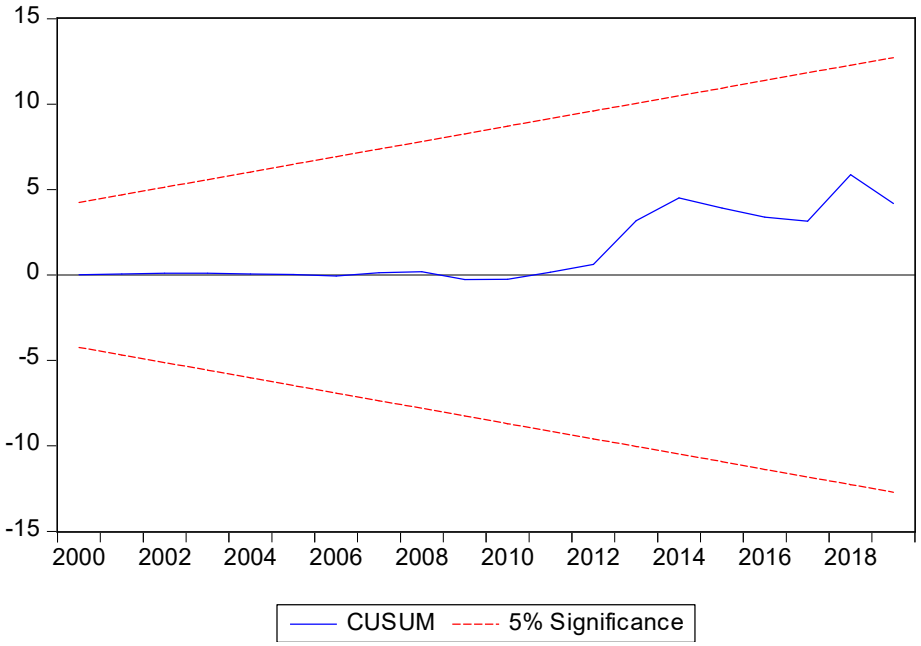
Figure 4.10: ***AIC Criteria for Hypothesis One***



Source: Author's Computation

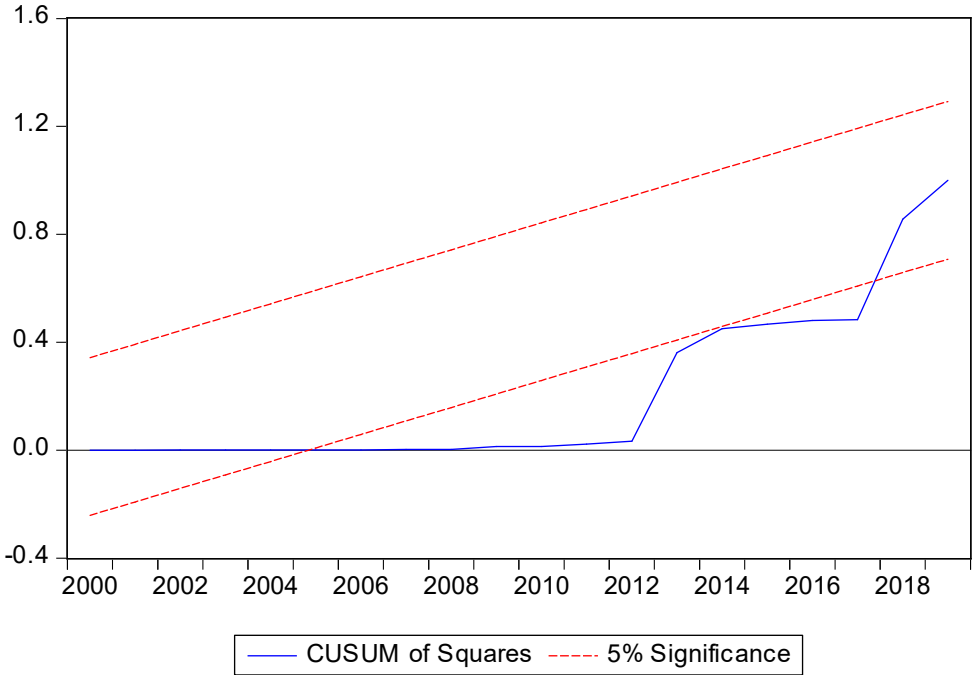
Figure 4.10 shows the Akaike Information Criterion graph of the automatic lag length selected model for hypothesis one. The graph further confirms the appropriateness of the lag length for the model.

Figure 4.11: ***CUSUM (Stability Test) Plot – Hypothesis one***



Source: Author's Computation

Figure 4.12: ***CUSUMSQ (Stability Test) Plot- Hypothesis one***



Source: Author's Computation

Similarly, the stability of parameters is fundamental to a well-performed ARDL model (Pesaran et al., 2001). Following the suggestion of Brown et al., (1975), cumulative sum (CUSUM) and cumulative sum of squares (CUSUMSQ) to the recursive residuals are employed to examine the stability of parameters. The results of CUSUM (figure 4.11) indicate that the line is within the 5 percent critical boundary, while CUSUMSQ line (figure 4.13) is outside the 5 percent critical line.

(d) Causality Test

Table 4.11: ***Granger Causality Tests for Hypothesis One***

Null Hypothesis	Obs.	F-Statistics	Prob.	Causality	Causality Direction
EXCR does not Granger Cause QFIV	28	3.93451	0.0339	YES	Uni-directional
QFIV does not Granger Cause EXCR		1.72180	0.2010	NO	
INFL does not Granger Cause QIV		0.25027	0.7807	NO	None
QFIV does not Granger Cause INFL		0.35817	0.7028	NO	
INFL does not Granger Cause QFIV	28	4.97536	0.0160	YES	Uni-directional
QFIV does not Granger Cause INFL		0.15275	0.8592	NO	
LNCIT does not Granger Cause QFIV	28	1.55888	0.2318	NO	None
QFIV does not Granger Cause LNCIT		0.63254	0.5402	NO	
LNPPT does not Granger Cause QFIV	28	1.96362	0.1632	NO	None
QFIV does not Granger Cause LNPPT		0.48726	0.6205	NO	
LNVAT does not Granger Cause QFIV	28	0.79552	0.4634	NO	None
QFIV does not Granger Cause LNVAT		0.73729	0.4894	NO	

INFL does not Granger Cause EXCR		1.71625	0.2020	NO	None
EXCR does not Granger Cause INFL	28	1.02209	0.3756	NO	
LNCIT does not Granger Cause EXCR		1.88827	0.1741	NO	None
EXCR does not Granger Cause LNCIT	28	1.55164	0.2333	NO	
LNPPT does not Granger Cause EXCR		2.11529	0.1435	NO	None
EXCR does not Granger Cause LNPPT	28	0.10596	0.8999	NO	
LNVAT does not Granger Cause EXCR		2.11529	0.1435	NO	None
EXCR does not Granger Cause LNVAT	28	0.10596	0.8999	NO	
LNCIT does not Granger Cause INFL		4.39112	0.0243	YES	Uni-
INFL does not Granger Cause LNCIT	28	0.88743	0.4253	NO	directional
LNPPT does not Granger Cause INFL		1.53927	0.2358	NO	None
INFL does not Granger Cause LNPPT	28	1.32100	0.2864	NO	
LNVAT does not Granger Cause INFL		23.6099	3.E-06	YES	Uni-
INFL does not Granger Cause LNVAT	28	0.89662	0.4217	NO	directional
LNPPT does not Granger Cause LNCIT		6.45527	0.0060	YES	Uni-
LNCIT does not Granger Cause LNPPT	28	1.94538	0.1657	NO	directional
LNVAT does not Granger Cause LNCIT		1.10883	0.3469	NO	NONE
LNCIT does not Granger Cause LNVAT	28	2.98199	0.0706	NO	
LNVAT does not Granger Cause LNPPT		2.68898	0.0892	YES	None
LNPPT does not Granger Cause LNVAT	28	0.31560	0.7325	NO	

Source: Author's Computation

Although the estimates of the effect of corporation tax on quoted foreign investment is estimated within the ARDL model, the study further considers the causality of the variables within the period. The Granger causality test is adopted for testing the causality between the variables. The result indicates unidirectional causality running from exchange rate to quoted foreign investment, unidirectional causality running from inflation to quoted foreign investment, unidirectional causality running from natural log of company income tax to inflation, unidirectional causality running from natural log of value added tax to inflation, unidirectional causality running from natural log of petroleum profit tax to natural log of company income tax.. No other causality existed in the model.

(ii) Hypothesis two

The impact of corporate taxation on unquoted foreign investment in Nigeria

(a) Unit root testing

Table 4.12: ***Unit Roots Test for Stationarity (Augmented Dickey-Fuller) for Hypothesis Two***

Variables	**Level**		**First Differences**		
	Intercept	**Intercept & Trend**	**Intercept**	**Intercept & Trend**	**Integration Order**
UFIV	-1.8619	-2.7143	-7.1235***	-7.0049***	I (1)
EXCR	0.3300	-2.7983	-3.8022***	-4.2389**	I (1)
INFL	-2.4544	-2.6389	-4.2623***	-4.1924**	I (1)
LNCIT	-3.3918**	-0.7423	-4.1587***	-5.7974***	I (1)
LNPPT	-1.2271	-1.9667	-5.0301***	-4.9951***	I (1)
LNVAT	-1.9041	-0.7413	-3.9790***	-2.6740**	I (1)

***, **, * denote levels of significance at 1%, 5% and 10% respectively

Source: Prepared by the Author

Table 4.13: ***Unit Roots Test for Stationarity (Phillips Perron), Hypothesis Two***					
Variables	**Level**		**First Differences**		
	Intercept	**Intercept & Trend**	**Intercept**	**Intercept & Trend**	**Integration Order**
UFIV	-1.6711	-2.7531	-7.3934***	-7.2850***	I (1)
EXCR	0.6923	-1.6973	-3.5911**	-3.3956*	I (1)
INFL	-2.2601	-2.8385	-4.2226***	-4.1826**	I (1)
LNCIT	-3.8203***	-0.6321	-4.2100***	-5.8279***	I (1)
LNPPT	-1.1509	-1.9900	-5.2870***	-5.4499***	I (1)
LNVAT	-3.3529*	0.0217	-3.9223***	-6.9100***	I (1)

***, **, * denote levels of significance at 1%, 5% and 10% respectively

Source: Prepared by the Author

Descriptive statistics are followed by the time series properties of the variables to ensure that the correct methodology and estimation techniques are used. Therefore, two unit root tests are used to obtain reliable and robust results: Augmented Dickey-Fuller and Phillips-Peron. The results of these tests are presented in Tables 4.14 and 4.15. The ADF and PP tests confirm the normality of all variables (UFIV, Unlisted Foreign Investments, EXCR, Exchange Rate, INFL, Inflation Rate, LNCIT, Natural Income Tax, LNPPT, Natural Oil Income Tax, LNVAT, Natural Log VAT) as the first difference. This shows that they are all integrated to first order [I (1)]. Based on the 5% significance level, all variables are fixed at first difference only. This invalidates the autoregressive distributed lag (ARDL) model. The ARDL bound testing procedure for testing cointegration between variables proposed by Pesaran & Shin and Pesaran et al., (2001) is inappropriate because the model is designed for variables with mixed orders of

integration. Therefore, an alternative version is considered. Therefore, the Johansen cointegration test is used to examine the long-run relationship among the variables

(b) Johansen cointegration test

Table 4.14: ***Unrestricted Cointegration Rank Test (Trace) - (Hypothesis 2)***

Hypothesized No of CE(s)	Eigenvalue	Trace Statistics	0.05 Critical value	Prob.**
None *	0.824283	122.1794	95.75366	0.0002
At most 1 *	0.700254	73.49072	69.81889	0.0247
At most 2	0.485204	39.75580	47.85613	0.2314
At most 3	0.373364	21.16424	29.79707	0.3475
At most 4	0.227148	8.077351	15.49471	0.4572
At most 5	0.030340	0.862668	3.841466	0.3530
Trace test indicates 2 cointegrating eqn(s) at the 0.05 level				
* denotes rejection of the hypothesis at the 0.05 level				
Unrestricted Cointegration Rank Test (Maximum Eigenvalue)				
Hypothesized No of CE(s)	Eigenvalue	Trace Statistics	0.05 Critical value	Prob.**
None *	0.824283	48.68869	40.07757	0.0043
At most 1	0.700254	33.73492	33.87687	0.0520
At most 2	0.485204	18.59156	27.58434	0.4467
At most 3	0.373364	13.08689	21.13162	0.4443
At most 4	0.227148	7.214684	14.26460	0.4641
At most 5	0.030340	0.862668	3.841466	0.3530
Max-eigenvalue test indicates 2 cointegrating eqn(s) at the 0.05 level				
* denotes rejection of the hypothesis at the 0.05 level				

Source: Author's Computation

Following the results of unit root tests which indicate that all variables are integrated of order one, the results of Johansen cointegration tests are presented in Table 4.14. The test shows evidence of two cointegration equations. This means that there is a long-term relationship. Non-stationarity of the level variables indicates that the variables deviate from each other in the short run (indicating both disequilibrium and divergence properties), and the evidence of cointegration indicates that in the long-term, variables tend to converge towards the steady-state equilibrium.

(c) Fully Modified Ordinary Least Square

Table 4.15: ***Results of FM-OLS for Hypothesis Two***

Panel A: Dependent Variable: UFIV				
Independent Variables	Coefficient	Std. Error	t-statistics	Prob.
EXCR	-1350.687	768.5049	-1.757551	0.0921
INFL	1763.826	4167.763	0.423207	0.6761
LNCIT	56646.59	244701.9	0.231492	0.8190
LNPPT	144845.1	76481.20	1.893866	0.0709
LNVAT	59403.38	274199.0	0.216643	0.8304
C	-2678638.	690375.8	-3.879971	0.0008
Panel B: Goodness-of-fit measures				
R^2			0.666144	
Adjusted R^2			0.593567	
F-statistics			45.58963	
P-value			0.0000	
Panel C: Diagnostic Statistical Checking				
			Test Statistics	**Probability**
Normality test (Jarque-Bera)			0.032154	0.984052
Serial correlation LM test (Breusch- Godfrey			1.042218	0.5939
Heteroskedasticity test (Breusch-Pagan-Godfrey)			10.05163	0.1225

Source: Author's Computation

Due to the possibility of the existence of endogeneity, a situation in which the lag of the dependent variable co-varies with the error term leading to possible simultaneity bias in the estimates, the study adopted a fully modified least square for hypothesis two. Several studies have confirmed the suitability of FMOLS to solve endogeneity problems (Phillip & Hansen, 1990; Shahbaz, 2009; Adusei, 2012). Using this method, long-run parameters can be estimated if I (1) is a cointegration relationship between a set of variables (Adusei, 2012; Phillip & Hansen, 1990). All these conditions are met in both unit root tests and cointegration tests presented in the earlier section. Hence, FMOLS is justified for Hypothesis Two.

On the premises of the argument made above, the results of fully modified least square (FMOLS) which explore the impact of corporation taxation on unquoted foreign investment is presented in Table 4.15. The coefficient of exchange rate (EXCR) is negative and statistically significant at 10 percent. This shows that exchange rate exerts a negative influence on unquoted foreign investment in Nigeria over the period. Likewise, the coefficient of natural log of petroleum profit tax is positive showing that the petroleum profit tax exerts a positive influence on unquoted foreign investment at 10 percent level of significance**.** Other corporate taxation does not show a significant impact on unquoted investment.

Sequel to the result of empirical findings that examine the role of corporation taxation on unquoted foreign investment, a reliability check is performed to determine the reliability of the FMOLS estimate. Panel B shows the F-statistic (45.58963) with a p-value at the 1% significance level. This confirms the overall reliability of the model. In addition, the adjusted R-square (0.593567) indicates the goodness of fit of the calculated model, as 59.35% of the variation in the dependent variable (UFIV) is captured and explained by the independent variable. Similarly, other diagnostic measures are shown in Table 4.15, Panel C. The Jarque-Bera statistic indicates

that the error term is normally distributed. The lack of serial correlation in the model is confirmed by the Breusch-Godfrey LM test of serial correlation. In addition, the absence of heteroscedasticity was confirmed by the Brush-Pagan-Godfrey heteroscedasticity test. In conclusion, these series of tests demonstrate the validity and reliability of the estimated parameters.

Causality Test

Table 4.16: ***Granger Causality Tests for Hypothesis Two***

Null Hypothesis	Obs.	F-Statistics	Prob.	Causality	Causality Direction
EXCR does not Granger Cause UFIV		0.25368	0.7781	NO	None
UFIV does not Granger Cause EXCR	28	1.21224	0.3158	NO	
INFL does not Granger Cause UFIV		0.30785	0.7380	NO	None
UFIV does not Granger Cause INFL	28	1.40233	0.2663	NO	
LNCIT does not Granger Cause UFIV		0.96767	0.3949	NO	None
UFIV does not Granger Cause LNCIT	28	2.18404	0.1354	NO.	
LNPPT does not Granger Cause UFIV		1.77106	0.1926	NO.	None
UFIV does not Granger Cause LNPPT	28	0.57414	0.5711	NO	
LNVAT does not Granger Cause UFIV		1.04807	0.3668	NO	None
UFIV does not Granger Cause LNVAT	28	0.11748	0.8897	NO.	
INFL does not Granger Cause EXCR		0.79552	0.4634	NO	None
EXCR does not Granger Cause INFL	28	0.73729	0.4894	NO	
LNCIT does not Granger Cause EXCR		1.71625	0.2020	NO	None
EXCR does not Granger Cause LNCIT	28	1.02209	0.3756	NO	

LNPPT does not Granger Cause EXCR		1.88827	0.1741	NO	None
EXCR does not Granger Cause LNPPT	28	1.55164	0.2333	NO	
LNVAT does not Granger Cause EXCR		2.11529	0.1435	NO	None
EXCR does not Granger Cause LNVAT	28	0.10596	0.8999	NO	
LNCIT does not Granger Cause INFL		4.39112	0.0243	YES	Uni-
INFL does not Granger Cause LNCIT	28	0.88743	0.4253	NO	directional
LNPPT does not Granger Cause INFL		1.53927	0.2358	NO	None
INFL does not Granger Cause LNPPT	28	1.32100	0.2864	NO	
LNVAT does not Granger Cause INFL		23.6099	0.0000	YES	Uni-
INFL does not Granger Cause LNVAT	28	0.89662	0.4217	NO	directional
LNPPT does not Granger Cause LNCIT		6.45527	0.0060	YES	Uni-
LNCIT does not Granger Cause LNPPT	28	1.94538	0.1657	NO	directional
LNVAT does not Granger Cause LNCIT		1.10883	0.3469	NO	NONE
LNCIT does not Granger Cause LNVAT	28	2.98199	0.0706	NO	
LNVAT does not Granger Cause LNPPT		2.68898	0.0892	NO	NONE
LNPPT does not Granger Cause LNVAT	28	0.31560	0.7325	NO	

Source: Author's Computation

Although the estimate of the effect of corporation tax on unquoted foreign investment is estimated within the FMOLS model which is a long-run model, the study further considers the short-run causality of the variables within the period. The Granger causality test is adopted for testing the causality between the variables. The result shows a unidirectional causality running from natural log of company income tax to inflation, unidirectional causality running from natural log of value-added tax to inflation, unidirectional causality running from natural log of

petroleum profit tax to natural log of company income tax. No other causality at 5% significant level existed in the model.

(iii). Hypothesis Three

The impact of quoted foreign investment on economic growth in Nigeria

(a) Unit root testing

Table 4.17: ***Unit Roots Test for Stationarity (Augmented Dickey-Fuller), Hypothesis Three***

Variables	**Level**		**First Differences**		
	Intercept	**Intercept & Trend**	**Intercept**	**Intercept & Trend**	**Integration order**
QFIV	-3.2225**	-4.9215***	-	-	I (0)
LNGDP	-4.0203*	-1.0666	-3.2398**	-4.2262**	I (1)
EXCR	0.3300	-2.7983	-3.8022***	-4.2389**	I (1)
INFL	-2.4544	-2.6389	-4.2623***	-4.1924**	I (1)
LNCIT	-3.3918**	-0.7423	-4.1587***	-5.7974***	I (1)
LNPPT	-1.2271	-1.9667	-5.0301***	-4.9951***	I (1)
LNVAT	-1.9041	-0.7413	-3.9790***	-2.6740**	I (1)

***, **, * denote levels of significance at 1%, 5% and 10% respectively

Source: Prepared by the Author

Table 4.18: ***Unit Roots Test for Stationarity (Phillips Perron), Sample Period Hypothesis Three***					
Variables	**Level**		**First Differences**		
	Intercept	**Intercept & Trend**	**Intercept**	**Intercept & Trend**	**Integration order**
QFIV	-4.4320***	-5.436***	-	-	I (0)
LNGDP	-4.4139***	-1.0905	-2.8957*	-4.5559***	I (1)
EXCR	0.6923	-1.6973	-3.5911**	-3.3956*	I (1)
INFL	-2.2601	-2.8385	-4.2226***	-4.1826**	I (1)
LNCIT	-3.8203***	-0.6321	-4.2100***	-5.8279***	I (1)
LNPPT	-1.1509	-1.9900	-5.2870***	-5.4499***	I (1)
LNVAT	-3.3529*	0.0217	-3.9223***	-6.9100***	I (1)

***, **, * denote levels of significance at 1%, 5% and 10% respectively

Source: Prepared by the Author

Following the descriptive statistics, the time series properties of the variables are examined to ensure the right methodology and estimation technique is adopted. Hence two unit root tests, Augmented Dickey-Fuller and Phillips-Peron, are used to have robust and reliable results. Both tests indicate that only Quoted Foreign investment (QFIV) is stationary at level. It is integrated of order zero [1(0)]. Other variables such as the natural log of gross domestic product (LNGDP), exchange rate (EXCR), inflation (INFL), natural log of company income tax (LNCIT), natural log of petroleum profit tax (LNPPT) and natural log of value added tax (LNVAT) only attain stationary at first difference. They are integrated of order one [I (1)]. None of the variables exceeds integration of order one. Since all variables follow mixed orders of

integration that is I (0) and I (1); hence ARDL bounds testing procedures suggested by Pesaran & Shin (1998) and Pesaran et al., (2001) are appropriate to test for the presence of cointegration (long-run relationship) among the variables and the optimal lag length is automatically selected via Akaike Information Criterion (AIC)

(b) Bound Testing

Table 4.19: ***Bound Test Cointegration Methodology Result for Hypothesis Three***

Significance Level $(\alpha\%)$	**Critical value**		**Computed F-statistics**
	Lower Critical bound I(0)	**Upper Critical bound I(1)**	
10	2.26	3.35	**5.911376**
5	**2.62**	**3.79**	
2.5	2.96	4.18	
1	3.41	4.68	

Source: Prepared by the Author

The results of ARDL bounds testing which explain the long-run relationship among QFIV, LNGDP, EXCR, INFL LNCIT, LNPPT and LNVAT are reported in Table 4.19. It is obvious that F-statistic (5.911376) is greater than upper bounds critical value (3.79) at 5 percent level of significance. This invalidates the null hypothesis of no cointegration and supports the presence of long-run relationship among the total foreign investment (TFIV), natural log of gross domestic product (LNGDP), exchange rate (EXCR), inflation rate (INFL), natural log of company income tax (LCIT), natural log of petroleum profit tax (LNPPT) and natural log of value added tax (LNVAT). The non-integration of variables indicates a high likelihood for variables to diverge due to economic shocks and distortions in the short-run while the presence

of cointegration confirms that the variables tend to converge to a long-run steady state after drifting away in the short-run

(c) Autoregressive Distributed Lag estimation

Table 4.20: ***Long Run Dynamics of Estimated Results for the Selected ARDL Model (1, 0, 0, 1, 0, 0, 0)***

Panel A: Regressand: LNGDP				
Variable	**Coefficient**	**Std. Error**	**t-Statistics**	**Prob.**
QFIV	-0.000000	0.000000	-0.500593	0.6221
EXCR	0.000536	0.000690	0.777538	0.4459
INFL	0.018232	0.010883	1.675283	0.1094
LNCIT	0.065346	0.351677	0.185811	0.8545
LNPPT	0.121019	0.094117	1.285840	0.2132
LNVAT	0.731833	0.344741	2.122846	0.0464
C	5.666442	0.633191	8.949027	0.0000
Panel B: Goodness-of-fit Measures				
R^2		0.798963		
Adjusted R^2		0.678548		
F-statistic		2408.592		
Prob(F-statistic)		0.000000		
Durbin-Watson stat		2.722881		
Panel C: Diagnostic Statistical Checking				
		Test Statistics	**Probability**	

Serial correlation LM test (Breusch- Godfrey)	5.468335	0.0649
Heteroskedasticity test (Breusch-Pagan-Godfrey)	9.666763	0.2892
Normality test (Jacque-Bera)	0.046945	0.9768
RESET specification test)	2.121321	0.1616

Panel B: Short Run Dynamics of Estimated Results for the Selected ARDL Model (1, 0, 0, 1, 0, 0,0)				
D(QFIV)	-0.000000	0.000000	-0.522006	0.6074
D(EXCR)	0.000159	0.000233	0.680533	0.5040
D(INFL)	0.004025	0.001789	2.250238	0.0358
D(LNCIT)	0.019310	0.111498	0.173184	0.8642
D(LNPPT)	0.035761	0.020790	1.720166	0.1008
D(LNVAT)	0.216258	0.076801	2.815822	0.0107
CointEq (-1)	-0.295501	0.141379	-2.090133	0.0096
Cointeq = LNGDP - (-0.0000*QFIV + 0.0005*EXCR + 0.0182*INFL + 0.0653 *LNCIT + 0.1210*LNPPT + 0.7318*LNVAT + 5.6664)				

Source: Prepared by the Author

Sequel to the confirmation of cointegration, the results of short and long-run coefficients of error correction version of ARDL model (1, 0, 0, 1, 0, 0, and 0) are presented in Table 4.20. The coefficient (-0.2995501) of the error correction term [ECT (-)] is negative and statistically significant at 1 percent level of significance. This reaffirms the evidence of a stable long-run relationship among the variables as confirmed earlier by ARDL bounds testing (Ntembe et al., 2017; Banerjee et al., 1998). This coefficient measures the speed of adjustment to stable and

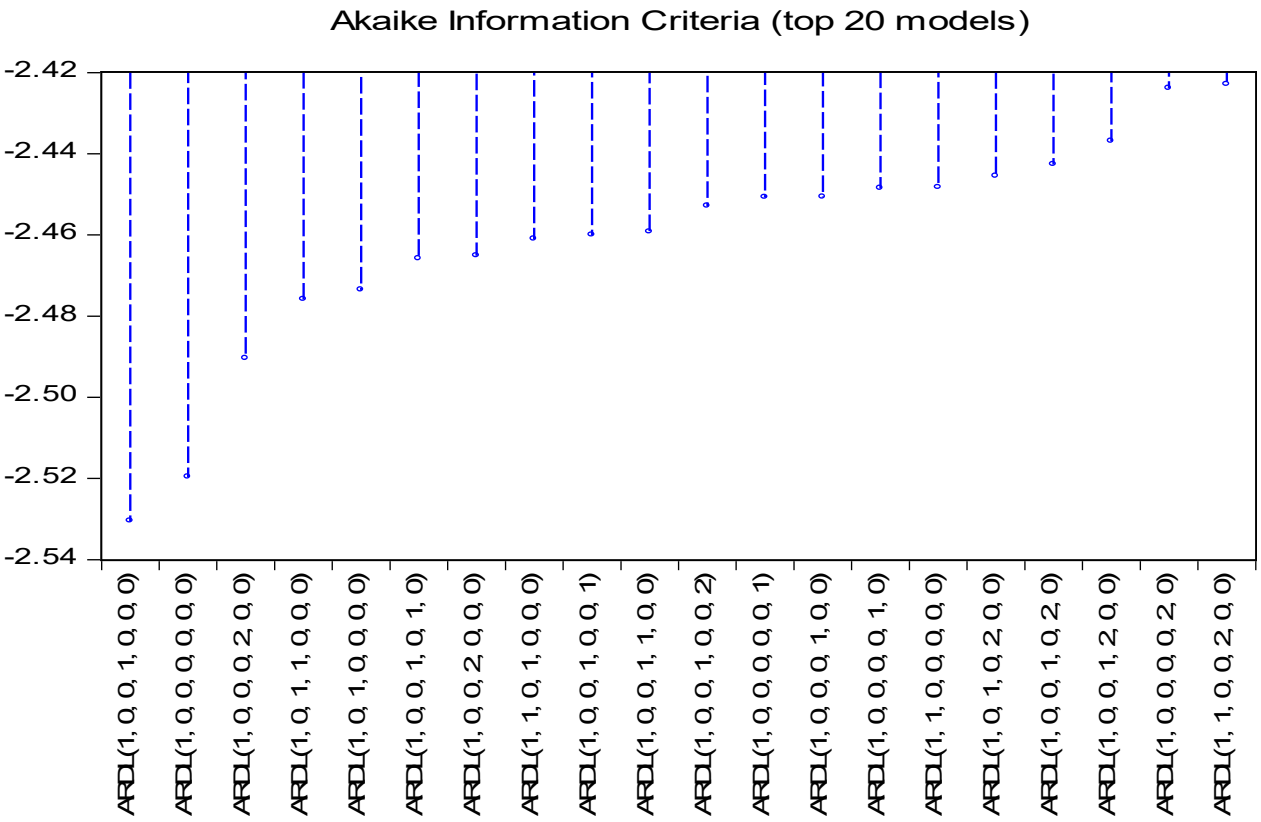
dynamic equilibrium after a series of shocks in the short run. The result suggests that the speed of adjustment or convergence to the stable and dynamic equilibrium after a shock within a year is 29.95 percent. It means that a 29.95 percent deviation from long-run equilibrium in the previous period is significantly corrected in the current period. The natural log of value added (LNVAT) has a positive and significant influence on economic growth (LNGDP) both in the long and short runs at 5 percent significance level. Inflation impacted economic growth in the short-run at 5 percent significant level. Collectively, these coefficients are significant at 1 percent, as suggested by F-statistics (2408.592) and its corresponding p-value (0.0000). However, the long-run coefficients of the variables are not significant.

Panel B of Table 4.20 shows the R^2, the adjusted R^2 and the Dubin-Watson statistics for the selected model. The explanatory capacity, as observed from the results provided in Table 4.20 shows R^2 to be (0.798963). In essence, it shows that all exogenous variables cause 79.89 percent changes in the endogenous variable economic growth. After adjusting for degree of freedom, the adjusted R^2 becomes 67.85 percent, to show that all variables now explain 67.85 percent changes in quoted foreign exchange, while holding other factors that can impact it constant. The Dubin-Watson result shows a value of 2.72 which is above 2; this shows the absence of autocorrelation in the model.

In an attempt to authenticate the robustness of the estimates, Mohanty (2018) and Ntembe et al., (2017) are followed and the results of residual diagnostic test for normality, serial correlation heteroskedasticity and reset specification for the ARDL are reported at the Panel C of Table 4.20. The p-value (0.6785) of the Jarque-Bera statistic for the normality test indicates that the error (residual) is normally distributed. Thus, the model passes the test of non-normality. In the same vein, the Breusch-Godfrey serial correlation LM test shows that the ARDL model

adopted is free from the problem of serial correlation in the residuals. Also, the p-value (0.2892) of the Breusc-Pagan-Godfrey test shows that heteroskedasticity does not pose any threat to the estimates. The Ramsey rest test suggests that the estimates are completely free from specification errors. These tests prove the reliability of the estimates and the model.

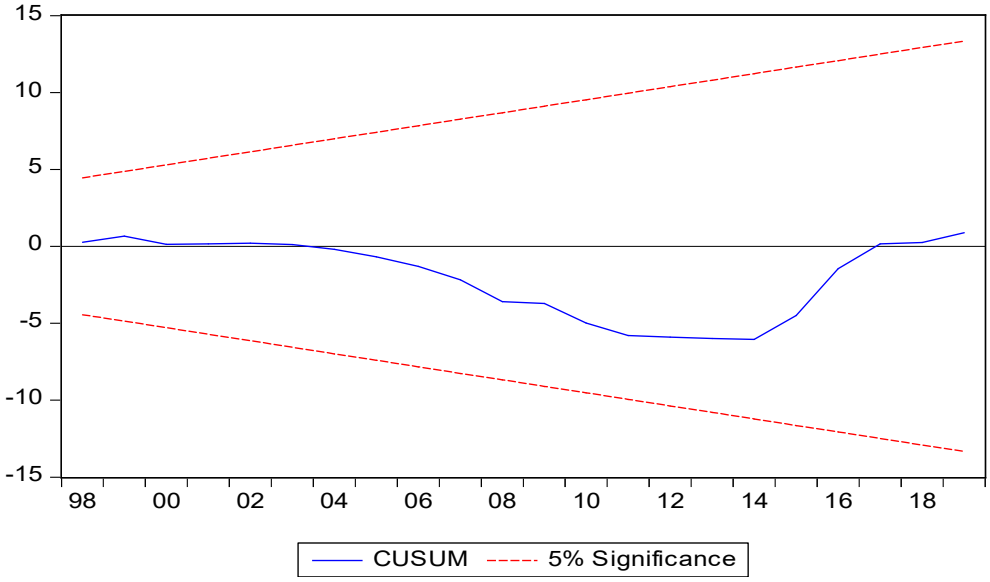
Figure 4.13: ***AIC Criteria for Hypothesis Three***



Source: Author's Computation

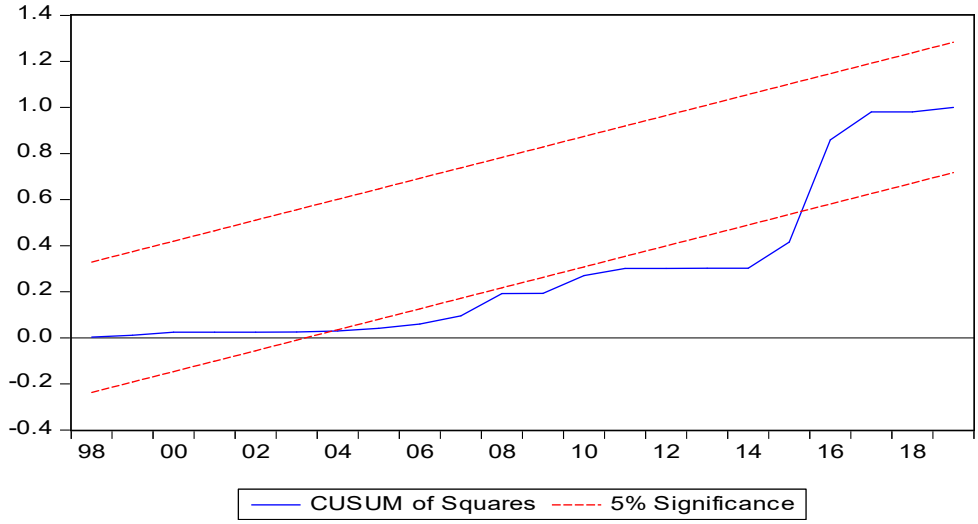
Figure 4.13 shows the Akaike Information Criterion graph of the automatically selected model for hypothesis one. The graph further confirms the appropriateness of the model.

Figure 4.14: ***CUSUM (Stability Test) Plot – Hypothesis Three***



Source: Author's Computation

Figure 4.15: ***CUSUMQ (Stability Test) Plot- Hypothesis Three***



Source: Author's Computation

Similarly, the stability of parameters is fundamental to a well-performed ARDL model (Pesaran et al., 2001). Following the suggestion of Brown et al., (1975), cumulative sum (CUSUM) and cumulative sum of squares (CUSUMSQ) to the recursive residuals are employed

to examine the stability of parameters. The results of CUSUM (figure 4.14) indicate that the line is within the 5 percent critical boundary, while CUSUMSQ (figure line 4.15) is outside the 5 percent critical line.

(d) Causality Test

Table 4.21: ***Granger Causality Tests for Hypothesis Three***

Null Hypothesis	Obs.	F-Statistics	Prob.	Causality	Causality Direction
QFIV does not Granger Cause LNGDP		0.04559	0.9555	NO	NONE
LNGDP does not Granger Cause QFIV	28	1.85373	0.1793	NO	
EXCR does not Granger Cause LNGDP		0.96253	0.3968	NO	NONE
LNGDP does not Granger Cause EXCR	28	2.18301	0.1355	NO	
INFL does not Granger Cause LNGDP		3.62876	0.0427	YES	Bi-
LNGDP does not Granger Cause INFL	28	4.60257	0.0208	YES	directional
LNCIT does not Granger Cause LNGDP		1.64406	0.2151	NO	NONE
LNGDP does not Granger Cause LNCIT	28	0.72558	0.4948	NO	
LNPPT does not Granger Cause LNGDP		2.14744	0.1396	NO	NONE
LNGDP does not Granger Cause LNPPT	28	1.97543	0.1615	NO	
LNVAT does not Granger Cause LNGDP		0.35449	0.7053	NO	Uni-directional
LNGDP does not Granger Cause LNVAT	28	4.07831	0.0305	YES	
EXCR does not Granger Cause QFIV		3.93451	0.0339	YES	Uni-directional
QFIV does not Granger Cause EXCR	28	1.72180	0.2010	NO	
INFL does not Granger Cause QFIV		0.25027	0.7807	NO	NONE
QFIV does not Granger Cause INFL	28	0.35817	0.7028	NO	
LNCIT does not Granger Cause QFIV	28	4.97536	0.0160	YES	Uni-

QFIV does not Granger Cause LNCIT		0.15275	0.8592	NO	directional
LNPPT does not Granger Cause QFIV		1.55888	0.2318	NO	NONE
QFIV does not Granger Cause LNPPT	28	0.63254	0.5402	NO	
LNVAT does not Granger Cause QFIV		1.96362	0.1632	NO	NONE
QFIV does not Granger Cause LNVAT	28	0.48726	0.6205	NO	
INFL does not Granger Cause EXCR		0.79552	0.4634	NO	NONE
EXCR does not Granger Cause INFL	28	0.73729	0.4894	NO	
LNCIT does not Granger Cause EXCR		1.71625	0.2020	NO	NONE
EXCR does not Granger Cause LNCIT	28	1.02209	0.3756	NO	
LNPPT does not Granger Cause EXCR		1.88827	0.1741	NO	NONE
EXCR does not Granger Cause LNPPT	28	1.55164	0.2333	NO	
LNVAT does not Granger Cause EXCR		2.11529	0.1435	NO	NONE
EXCR does not Granger Cause LNVAT	28	0.10596	0.8999	NO	
LNCIT does not Granger Cause INFL		4.39112	0.0243	YES	Uni-directional
INFL does not Granger Cause LNCIT	28	0.88743	0.4253	NO	

Source: Author's Computation

Although the estimates of the effect of quoted foreign investment on economic growth are estimated within the ARDL model, the study further considers the causality of the variables within the period. The Granger causality test is adopted for testing the causality between the variables. The result indicates bidirectional causality running from inflation to natural log of gross domestic product and vice-versa, unidirectional causality running from natural log of value-added tax to natural log of gross domestic product, unidirectional causality running from exchange rate to quoted foreign investment, natural log of company income tax to quoted foreign

investment and unidirectional causality running from natural log of company income tax to inflation.

(v) **Hypothesis four**

The impact of unquoted foreign investment on economic growth in Nigeria

(a) Unit root testing

Table 4.22: ***Unit Roots Test for Stationarity (Augmented Dickey-Fuller), Hypothesis Four***

Variables	**Level**		**First Differences**		
	Intercept	**Intercept & Trend**	**Intercept**	**Intercept & Trend**	**Integration order**
UFIV	-1.8619	-2.7143	-7.1235***	-7.0049***	I (1)
LNGDP	-4.0203*	-1.0666	-3.2398**	-4.2262**	I (1)
EXCR	0.3300	-2.7983	-3.8022***	-4.2389**	I (1)
INFL	-2.4544	-2.6389	-4.2623***	-4.1924**	I (1)
LNCIT	-3.3918**	-0.7423	-4.1587***	-5.7974***	I (1)
LNPPT	-1.2271	-1.9667	-5.0301***	-4.9951***	I (1)
LNVAT	-1.9041	-0.7413	-3.9790***	-2.6740**	I (1)

***, **, * denote levels of significance at 1%, 5% and 10% respectively

Source: Prepared by the Author

Table 4.23: ***Unit Roots Test for Stationarity (Phillips Perron), Hypothesis Four***					
Variables	**Level**		**First Differences**		
	Intercept	**Intercept & Trend**	**Intercept**	**Intercept & Trend**	**Integration order**
UFIV	-1.6711	-2.7531	-7.3934***	-7.2850***	I (1)
LNGDP	-4.4139***	-1.0905	-2.8957*	-4.5559***	I (1)
EXCR	0.6923	-1.6973	-3.5911**	-3.3956*	I (1)
INFL	-2.2601	-2.8385	-4.2226***	-4.1826**	I (1)
LNCIT	-3.8203***	-0.6321	-4.2100***	-5.8279***	I (1)
LNPPT	-1.1509	-1.9900	-5.2870***	-5.4499***	I (1)
LNVAT	-3.3529*	0.0217	-3.9223***	-6.9100***	I (1)

***, **, * denote levels of significance at 1%, 5% and 10% respectively

Source: Prepared by the Author

Following the descriptive statistics, the time series properties of the variables are examined to ensure the right methodology and estimation technique is adopted. Hence two unit root tests, Augmented Dickey-Fuller and Phillips-Peron, are used to have robust and reliable results. The results of these tests are presented in Tables 4.22 and 4.23. Both ADF and PP tests confirm the stationarity of all the variables (UFIV, unquoted foreign investment; natural log of gross domestic product, LNGDP; EXCR, exchange rate; INFL, inflation rate; LNCIT, natural log of company income tax; LNPPT, natural log of petroleum profit tax and LNVAT, natural log of value added tax.) at first differences. This shows that they are all integrated of order one [I (1)]. Based on 5 percent level of significance, all the variables are only stationary at first differences.

This invalidates the appropriateness of the auto-regressive distributed lag (ARDL) model. The ARDL bounds testing procedures for testing cointegration among variables, as suggested by Pesaran &Shin and Pesaran et al., (2001) is inappropriate in that the model is meant for variables with mixed orders of integration. Thus, an alternative is considered. Therefore, the Johansen cointegration test is used to examine the long-run relationship among the variables

(b) Johansen cointegration Test

Table 4.24: ***Unrestricted Cointegration Rank Test (Trace) - (Hypothesis 4)***

Hypothesized No of CE(s)	Eigenvalue	Trace Statistics	0.05 Critical value	Prob.**
None *	0.899329	189.4825	125.6154	0.0000
At most 1 *	0.803108	125.1974	95.75366	0.0001
At most 2 *	0.703481	79.69466	69.81889	0.0066
At most 3	0.497637	45.65667	47.85613	0.0793
At most 4	0.484477	26.38059	29.79707	0.1177
At most 5	0.210203	7.828513	15.49471	0.4839
At most 6	0.042674	1.221105	3.841466	0.2691
Trace test indicates 3 cointegrating eqn(s) at the 0.05 level				
* denotes rejection of the hypothesis at the 0.05 level				
Unrestricted Cointegration Rank Test (Maximum Eigenvalue)				
Hypothesized No of CE(s)	Eigenvalue	Trace Statistics	0.05 Critical value	Prob.**
None *	0.899329	64.28511	46.23142	0.0003
At most 1 *	0.803108	45.50273	40.07757	0.0111

At most 2 *	0.703481	34.03799	33.87687	0.0479
At most 3	0.497637	19.27608	27.58434	0.3935
At most 4	0.484477	18.55208	21.13162	0.1106
At most 5	0.210203	6.607407	14.26460	0.5366
At most 6	0.042674	1.221105	3.841466	0.2691
Max-eigenvalue test indicates 3 cointegrating eqn(s) at the 0.05 level				
* denotes rejection of the hypothesis at the 0.05 level				

Source: Author's Computation

Following the results of the unit root test showing that all primary variables are integrated, the results of the Johansen cointegration test are shown in Table 4.24. The test shows the proof of the three cointegration equations. This means that the relationship is long-term. Non-stationarity of the level variables indicates that the variables deviate from each other in the short run (indicating disequilibrium and divergence properties), and the evidence of cointegration indicates that in the long-term, variables tend to converge towards the steady-state equilibrium.

(c) Fully Modified Ordinary Least Square estimation

Table 4.25: ***Results of FM-OLS for Hypothesis Four***

Panel A: Dependent Variable: LNGDP				
Independent Variables	Coefficient	Std. Error	t-statistics	Prob.
UFIV	-1.30E-07	7.98E-08	-1.631650	0.1170
EXCR	0.000486	0.000276	1.762546	0.0919
INFL	0.003609	0.001445	2.497143	0.0205
LNCIT	0.453051	0.084020	5.392155	0.0000
LNPPT	0.001083	0.027712	0.039078	0.9692
LNVAT	0.464749	0.094632	4.911136	0.0001
C	5.620851	0.306773	18.32252	0.0000

Panel B: Goodness-of-fit measures	
R^2	0.96759
Adjusted R^2	0.95876
F-statistics	1698.776
P-value	0.0000

Panel C: Diagnostic Statistical Checking		
	Test Statistics	**Probability**
Normality test (Jarque-Bera)	0.032154	0.368969
Serial correlation LM test (Breusch- Godfrey	1.042218	0.831533
Heteroskedasticity test (Breusch-Pagan-Godfrey)	2.588386	0.8584

Source: Author's Computation

Due to the possibility of the existence of endogeneity, a situation in which the lag of dependent variable co-varies with the error term leading to possible simultaneity bias in the estimates, the study adopted fully modified least square for hypothesis two. Several studies have confirmed the suitability of FMOLS to solve endogeneity problems (Phillip & Hansen, 1990; Shahbaz, 2009; Adusei, 2012). This method allows long-run parameter estimation if there is a cointegration relationship between a set of I (1) variables (Adusei, 2012; Phillip & Hansen, 1990). All these conditions are met in both unit root tests and cointegration tests presented in the earlier section. Hence, FMOLS is justified for Hypothesis Four.

On the premises of the argument made above, the results of fully modified least square (FMOLS) which explore the impact of corporation taxation on unquoted foreign investment are presented in Table 4.25. The coefficient of exchange rate (EXCR) is positive and statistically significant at 10 percent significant level, coefficient of inflation is positive and statistically significant at 5 percent significant level, coefficient of natural log of company income tax and natural log value added tax both at 5 percent significant level. These show that exchange rate, inflation, natural log of company income tax and natural log of value-added tax exerts positive influences on economic growth in Nigeria over the period. Sequel to the result of empirical findings that examine the role of unquoted foreign investment on economic growth, the robustness checks are done in order to ascertain the reliability of the FMOLS estimates. Panel B depicts the F-statistic (1698.776) with its p-value at significant level of 1 percent. This confirms the overall reliability of the model. Also, the Adjusted R- square (0.95876) indicates the goodness of fit of the model estimated, as 95.88 percent variations in the dependent variable (LNGDP) are encapsulated and described by the independent variables. In a similar vein, further diagnostic techniques are presented in Panel C of Table 4.25. The Jarque-Bera statistic depicts

that the error term is normally distributed. The lack of serial correlation in the model is confirmed by the Breusch-Godfrey LM test of serial correlation. In addition, the absence of heteroscedasticity was confirmed by the Breusch-Pagan-Godfrey heteroscedasticity test. In conclusion, this series of tests demonstrates the validity and reliability of the estimated parameters.

(d) Causality Test

Table 4.26: ***Granger Causality Tests for Hypothesis Four***

Null Hypothesis	Obs.	F-Statistics	Prob.	Causality	Causality Direction
UFIV does not Granger Cause LNGDP	28	0.31145	0.7354	NO	NONE
LNGDP does not Granger Cause UFIV		1.42774	0.2603	NO	
EXCR does not Granger Cause LNGDP	28	0.96253	0.3968	NO	NONE
LNGDP does not Granger Cause EXCR		2.18301	0.1355	NO	
INFL does not Granger Cause LNGDP	28	3.62876	0.0427	NO	Bi-directional
LNGDP does not Granger Cause INFL		4.60257	0.0208	YES	
LNCIT does not Granger Cause LNGDP	28	1.64406	0.2151	NO	NONE
LNGDP does not Granger Cause LNCIT		0.72558	0.4948	NO	
LNPPT does not Granger Cause LNGDP	28	2.14744	0.1396	NO	NONE
LNGDP does not Granger Cause LNPPT		1.97543	0.1615	NO	
LNVAT does not Granger Cause LNGDP	28	0.35449	0.7053	NO	Uni-directional
LNGDP does not Granger Cause LNVAT		4.07831	0.0305	YES	
EXCR does not Granger Cause UFIV	28	0.25368	0.7781	NO	NONE
UFIV does not Granger Cause EXCR		1.21224	0.3158	NO	

INFL does not Granger Cause UFIV		0.30785	0.7380	NO	NONE
UFIV does not Granger Cause INFL	28	1.40233	0.2663	NO	
LNCIT does not Granger Cause UFIV		0.96767	0.3949	NO	NONE
UFIV does not Granger Cause LNCIT	28	2.18404	0.1354	NO	
LNPPT does not Granger Cause UFIV		1.77106	0.1926	NO	NONE
UFIV does not Granger Cause LNPPT	28	0.57414	0.5711	NO	
LNVAT does not Granger Cause UFIV		1.04807	0.3668	NO	NONE
UFIV does not Granger Cause LNVAT	28	0.11748	0.8897	NO	
INFL does not Granger Cause EXCR		0.79552	0.4634	NO	NONE
EXCR does not Granger Cause INFL	28	0.73729	0.4894	NO	
LNCIT does not Granger Cause EXCR		1.71625	0.2020	NO	NONE
EXCR does not Granger Cause LNCIT	28	1.02209	0.3756	NO	
LNPPT does not Granger Cause EXCR		1.88827	0.1741	NO	NONE
EXCR does not Granger Cause LNPPT	28	1.55164	0.2333	NO	
LNVAT does not Granger Cause EXCR		2.11529	0.1435	NO	NONE
EXCR does not Granger Cause LNVAT	28	0.10596	0.8999	NO	
LNCIT does not Granger Cause INFL		4.39112	0.0243	YES	Uni-
INFL does not Granger Cause LNCIT	28	0.88743	0.4253	NO	directional
LNPPT does not Granger Cause INFL		1.53927	0.2358	NO	NONE
INFL does not Granger Cause LNPPT	28	1.32100	0.2864	NO	

Source: Author's Computation

Although the estimate of the effect of corporation tax on unquoted foreign investment is estimated within the FMOLS model which is a long-run model, the study further considers the short-run causality of the variables within the period. The Granger causality test is adopted for testing the causality between the variables. The results show a bidirectional causality running from inflation to natural log of gross domestic product, and vice-versa, unidirectional causality running from natural log of gross domestic product to natural log of value added and unidirectional causality running from natural log of company income tax to inflation. No other causality existed in the model.

(v) Hypothesis Five

The impact of corporate taxation on economic growth

(a) Unit root testing

Table 4.27: ***Unit Roots Test for Stationarity (Augmented Dickey-Fuller), Hypothesis Five***

Variables	**Level**		**First Differences**		
	Intercept	**Intercept & Trend**	**Intercept**	**Intercept & Trend**	**Integration order**
LNGDP	-4.0203*	-1.0666	-3.2398**	-4.2262**	I (1)
EXCR	0.3300	-2.7983	-3.8022***	-4.2389**	I (1)
INFL	-2.4544	-2.6389	-4.2623***	-4.1924**	I (1)
LNCIT	-3.3918**	-0.7423	-4.1587***	-5.7974***	I (1)
LNPPT	-1.2271	-1.9667	-5.0301***	-4.9951***	I (1)
LNVAT	-1.9041	-0.7413	-3.9790***	-2.6740**	I (1)

***, **, * denote levels of significance at 1%, 5% and 10% respectively

Source: Prepared by the Author

Table 4.28: *Unit Roots Test for Stationarity (Phillips Perron), Sample Period 1990 - 2019*					
Variables	**Level**		**First Differences**		
	Intercept	**Intercept & Trend**	**Intercept**	**Intercept & Trend**	**Integration order**
LNGDP	-4.4139***	-1.0905	-2.8957*	-4.5559***	I (1)
EXCR	0.6923	-1.6973	-3.5911**	-3.3956*	I (1)
INFL	-2.2601	-2.8385	-4.2226***	-4.1826**	I (1)
LNCIT	-3.8203***	-0.6321	-4.2100***	-5.8279***	I (1)
LNPPT	-1.1509	-1.9900	-5.2870***	-5.4499***	I (1)
LNVAT	-3.3529*	0.0217	-3.9223***	-6.9100***	I (1)

***, **, * denote levels of significance at 1%, 5% and 10% respectively

Source: Prepared by the Author

Following the descriptive statistics, the time series properties of the variables are examined to ensure the right methodology and estimation technique is adopted. Hence two unit root tests, Augmented Dickey-Fuller and Phillips-Peron, are used to have robust and reliable results. The results of these tests are presented in Tables 4.27 and 4.28. Both ADF and PP tests confirm the stationarity of all the variables (natural log of gross domestic product, LNGDP; EXCR, exchange rate; INFL, inflation rate; LNCIT, natural log of company income tax; LNPPT, natural log of petroleum profit tax and LNVAT, natural log of value added tax.) at first differences. This demonstrates their integration of order one [I (1)]. All the variables are only stationary at first differences at 5 percent significance level. This invalidates the appropriateness of the ARDL model. The ARDL bounds testing procedures for testing cointegration among variables, as suggested by Pesaran &Shin and Pesaran et al., (2001) is inappropriate in that the model is meant for variables with mixed orders of integration. Thus, an alternative is considered.

Therefore, to investigate the long-term relationship between the variables, the Johansen cointegration test is employed.

Table 4.29: ***Unrestricted Cointegration Rank Test (Trace) - (Hypothesis 5)***

Hypothesized No of CE(s)	Eigenvalue	Trace Statistics	0.05 Critical value	Prob.**
None *	0.879515	156.4166	95.75366	0.0000
At most 1 *	0.772700	97.16216	69.81889	0.0001
At most 2 *	0.615840	55.68059	47.85613	0.0078
At most 3	0.516970	28.89311	29.79707	0.0633
At most 4	0.212337	8.518167	15.49471	0.4118
At most 5	0.063434	1.834988	3.841466	0.1755
Trace test indicates 3 cointegrating eqn(s) at the 0.05 level				
* denotes rejection of the hypothesis at the 0.05 level				
Unrestricted Cointegration Rank Test (Maximum Eigenvalue)				
Hypothesized No of CE(s)	Eigenvalue	Trace Statistics	0.05 Critical value	Prob.**
None *	0.879515	59.25448	40.07757	0.0001
At most 1 *	0.772700	41.48157	33.87687	0.0051
At most 2	0.615840	26.78748	27.58434	0.0630
At most 3	0.516970	20.37494	21.13162	0.0635
At most 4	0.212337	6.683179	14.26460	0.5273
At most 5	0.063434	1.834988	3.841466	0.1755
Max-eigenvalue test indicates 3 cointegrating eqn(s) at the 0.05 level				
* denotes rejection of the hypothesis at the 0.05 level				

Source: Author's Computation

Following the results of the unit root test showing that all primary variables are integrated, the results of the Johansen cointegration test are shown in Table 4.29. The test shows the proof of at least two cointegration equations. This means that there is a long-run relationship. Non-

stationarity of the level variables indicates that the variables deviate from each other in the short run (indicating disequilibrium and divergence properties), and the evidence of cointegration indicates that in the long-term, variables tend to converge towards the steady-state equilibrium.

Fully Modified Ordinary Least Square estimation

Table 4.30: ***Results of FM-OLS for Hypothesis Five***

Panel A: Dependent Variable: LNGDP				
Independent Variables	Coefficient	Std. Error	t-statistics	Prob.
LNCIT	0.426344	0.098222	4.340591	0.0002
LNPPT	-0.010696	0.030699	-0.348398	0.7307
INFL	0.003531	0.001673	2.110840	0.0459
LNVAT	0.471950	0.110062	4.288016	0.0003
EXCR	0.000704	0.000308	2.281828	0.0321
C	5.923050	0.277114	21.37403	0.0000
Panel B: Goodness-of-fit measures				
R^2		0.996731		
Adjusted R^2		0.996020		
F-statistics		163.3456		
P-value		0.0000		
Panel C: Diagnostic Statistical Checking				
		Test Statistics	**Probability**	
Normality test (Jarque-Bera)		0.0888446	0.956549	
Serial correlation LM test (Breusch- Godfrey		3.325543	0.1896	
Heteroskedasticity test (Breusch-Pagan-Godfrey)		2.297006	0.8067	

Source: Author's Computation

Due to the possibility of the existence of endogeneity, a situation in which the lag of dependent variable co-varies with the error term leading to possible simultaneity bias in the estimates, the study adopted fully modified least square for hypothesis two. Several studies have

confirmed the suitability of FMOLS to solve endogeneity problems (Phillip & Hansen, 1990; Shahbaz, 2009; Adusei, 2012). This method allows long-run parameter estimation if there is a cointegration relationship between a set of I (1) variables (Adusei, 2012; Phillip & Hansen, 1990). All these conditions are met in both unit root tests and cointegration tests presented in the earlier section. Hence, FMOLS is justified for Hypothesis five.

On the premises of the argument made above, the results of FMOLS which explore the impact of corporation taxation on unquoted foreign investment are presented in Table 4.30. The coefficient of the exchange rate (EXCR) is positive and statistically significant at 5 percent significant level, the coefficient of inflation is positive and statistically significant at 5 percent significant level, the coefficient of the natural log of company income tax and natural log of value added tax both significant impacted gross domestic product at 1 percent significant level. These show that exchange rate, inflation, natural log of company income tax and natural log of value-added tax exert positive influences on economic growth in Nigeria over the period. However, the natural log of petroleum profit tax does not impact economic growth. Sequel to the result of empirical findings that examine the impact of corporation tax on economic growth, and to evaluate the dependability and reliability of the FMOLS estimates, robustness checks are conducted. Panel B depicts the F-statistic (163.3456) with its p-value at significant level of 1 percent. This confirms the overall reliability of the model. Also, the Adjusted R- square (0.99676) indicates the goodness of fit of the model estimated, as 99.67 percent variations in the dependent variable (LNGDP) are encapsulated and described by the independent variables. Similarly, other diagnostic measures are presented in Panel C of Table 4.30. The Jarque-Bera statistic depicts that the error term is normally distributed. The lack of serial correlation in the model is confirmed by the Breusch-Godfrey LM test of serial correlation. In addition, the

absence of heteroscedasticity was confirmed by the Breusch-Pagan-Godfrey heteroscedasticity test. In conclusion, these series of tests demonstrate the validity and reliability of the estimated parameters

Table 4.31: ***Granger Causality Tests for Hypothesis Five***

Null Hypothesis	Obs.	F-Statistics	Prob.	Causality	Causality Direction
LNCIT does not Granger Cause LNGDP		1.64406	0.2151	NO	None
LNGDP does not Granger Cause LNCIT	28	0.72558	0.4948	NO	
LNPPT does not Granger Cause LNGDP		2.14744	0.1396	NO	NONE
LNGDP does not Granger Cause LNPPT	28	1.97543	0.1615	NO	
LNVAT does not Granger Cause LNGDP		0.35449	0.7053	NO	Uni-
LNGDP does not Granger Cause LNVAT	28	4.07831	0.0305	YES	directional
INFL does not Granger Cause LNGDP		3.62876	0.0427	YES	Bi-
LNGDP does not Granger Cause INFL	28	4.60257	0.0208	YES	directional
EXCR does not Granger Cause LNGDP		0.96253	0.3968	NO	NONE
LNGDP does not Granger Cause EXCR	28	2.18301	0.1355	NO	
LNPPT does not Granger Cause LNCIT		6.45527	0.0060	YES	Uni-
LNCIT does not Granger Cause LNPPT	28	1.94538	0.1657	NO	directional
LNVAT does not Granger Cause LNCIT		1.10883	0.3469	NO	NONE
LNCIT does not Granger Cause LNVAT	28	2.98199	0.0706	NO	
INFL does not Granger Cause LNCIT		0.88743	0.4253	NO	Uni-
LCIT does not Granger Cause INFL	28	4.39112	0.0243	YES	directional
EXCR does not Granger Cause LNCIT	28	1.02209	0.3756	NO	NONE

TFIV does not Granger Cause LNCIT		1.71625	0.2020	NO	
LNVAT does not Granger Cause LNPPT		2.68898	0.0892	NO	NONE
LNPPT does not Granger Cause LNVAT	28	0.31560	0.7325	NO	
INFL does not Granger Cause LNPPT		1.32100	0.2864	NO	NONE
LNPPT does not Granger Cause INFL	28	1.53927	0.2358	NO	
EXCR does not Granger Cause LNPPT		1.55164	0.2333	NO	NONE
LNPPT does not Granger Cause EXCR	28	1.88827	0.1741	NO	
INFL does not Granger Cause LNVAT		0.89662	0.4217	NO	Uni-
LNVAT does not Granger Cause INFL	28	23.6099	3.E-06	YES	directional
EXCR does not Granger Cause LNVAT		0.10596	0.8999	NO	NONE
LNVAT does not Granger Cause EXCR	28	2.11529	0.1435	NO	
EXCR does not Granger Cause INFL		0.73729	0.4894	NO	NONE
INFL does not Granger Cause EXCR	28	0.79552	0.4634	NO	

Source: Author's Computation

Although the estimate of the effect of corporation tax on economic growth is estimated within the FMOLS model which is a long-run model, the study further considers the short-run causality of the variables within the period. The Granger causality test is adopted for testing the causality between the variables. The results show a bidirectional causality running from inflation to natural log of gross domestic product, and vice-versa, unidirectional causality running from natural log of value added to gross domestic product at 5% significant level. No other causality existed in the model.

4.4 EVALUATION OF FINDINGS

Research evaluation is the process in which the purpose of research, the methodology used and methods, such as data collection and analysis, are rated to ascertain their relevance, value and their ability to achieve research objectives, and to ascertain the significance of a research. Evaluation of research findings involves understanding, recognizing and knowing the importance of consistency in data collection coupled with the ability to read critically, identifying the key points and arguments. The information landscape of the research context together with the issues of quality, relevance, accuracy, bias, reputation and credibility of the sources of the data and information are quite relevant in the realm of evaluation of findings.

The fulcrum of every good research is often based on achieving what the research is set out to do from the identification of the problem statement, later set out as questions to be answered if built solidly on the availability of good and credible data. Data are information raw materials, which often are in the unprocessed stage. Data are often collected over several years and periods. The source of the collection is very important as much as the person or organization collecting them. Data collected are as good as the collector and its source. Data for research purposes can either be from primary sources or secondary sources. Primary data are fresh or first-hand data that the investigator in which multiple methods like questionnaire, interview, observation, and so on may gather information. Some of its advantages are: Its authenticity, specific existence, and up-to-date data are some common benefits of primary data, whereas secondary data is very cheap and not time-consuming. Second, is accuracy, as most are objective and clearly derived from original sources. Compared to supplementary material, it also provides up-to-date data on a research topic. The disadvantage of primary data is the cost and effort involved in data collection, while secondary data may be unreliable or irrelevant. Primary data is

expensive and time-consuming due to the specific steps involved in conducting primary research. Data that have already been collected for other purposes, but are more relevant to current research needs are referred to as secondary data. That is, it has already been collected by someone other than you. The data is now available. Previously owned information is called secondary data. It was previously captured by someone or an organisation. That is why it is called the secondary data. Secondary data can usually be found in reports, libraries, or online resources. The most common types of secondary data include web information, business reports, media, encyclopedias, and government statistics. Secondary data also has its own advantages and disadvantages. Some of the advantages are: Easy access, low or free cost, saving time and generating new insights from previous analyses, support for longitudinal analysis (research can be conducted over long periods), data can be collected by anyone, and the availability of large amounts of data from various sources. Some limitations include, generally not limited per user, lack of data quality control can bias the data in favor of the person who collected it, and the data can be outdated.

Data reliability was discussed in Section 4.1 earlier in this chapter. As a summary of these limitations, which are limited to secondary data but are the primary form of data used in this study, the researcher confirms that the data was collected from a reliable government agency and that the data is fit for purpose. The validity of Secondary data is determined by the nature, purpose and timing of the study collection, etc., use appropriate data to avoid biases and biases that lead to erroneous conclusions and to determine the methods used to collect the data. The most important topics in science and society can be answered by analyzing secondary data sources (e.g. cohort studies, survey results, and administrative data). However, investigator bias can lead to questionable research methods when examining secondary data, which can bias the

body of evidence. Pre-registration helps prevent researcher bias, but complicates further data processing. Researchers who perform secondary data analysis throughout their careers often analyze data from the same data set. However, prior knowledge of the data increases the potential for bias, as outcome expectations may influence a particular analysis or research question. At worst, the researcher can do preliminary analyses and proceed only with those that produce good results (perhaps by pre-registering these analyses, even if they are indeed post-analyses). In short, a researcher may be persuaded (consciously or unconsciously) to perform a particular analysis after testing similar hypotheses with the same variables or by reading previous research on a data set.

Another way to correct these biases is to use multivariate analysis. The multivariate analysis involves identifying all possible analysis options that can be done correctly to solve a particular research problem (eg, different ways of coding variables, combinations of covariates, and types of analysis models), implementing them all, and reporting the results. This study was adopted by combining correlational and econometric data analysis. Another important aspect of a good actionable data research component is proper study design. A well-designed research design ensures that the research methods are appropriate for the research objectives, that high-quality data are required, and that the right type of analysis is used to answer the research question using reliable sources. This allows researchers to reach reliable and accurate conclusions. An important component of good study design: making the right choices at each stage of the study is facilitated by study design. It helps identify primary and secondary research objectives. The purpose of study design is to keep the researcher on track without deviating from the task. This is a detailed general strategy for the research process. The plan or framework for conducting a study is called the study design. It consists of a set of strategies and practices used

to generate accurate and legitimate data. The research questions to be asked and the types of data to be collected must be compatible with the study design. It should be noted that these characteristics were taken into account in formulating an appropriate study design for this study

The evaluation of the findings of this study is based on assessing what the study set out to do and how the findings have helped in achieving such. The study was out to assess the relationship and the impact of corporation taxation on foreign investment. The foreign investment was classified into quoted and unquoted foreign investment. The corporation taxation is proxy by company income tax; value added tax and petroleum profit tax. Having evaluated other corporation taxation, these were settled with. In econometric estimation, determining the stationarity properties of variables is very essential. It is the result of the stationarity test (unit root test) that will determine which estimation technique is most appropriate for the hypotheses. Applying the wrong estimating techniques might make the estimation inappropriate with its attendant result and interpretation spurious. In this study, each variable pertaining to each hypothesis was subjected to unit root testing. Their results are used to determine the appropriate estimation technique that is appropriate. In the literature, variables that are of integration one I (1) all together are estimated with FM-OLS which is a model that takes care of endogeneity among the variables. Variables that are of mixed order of I (0) and I (1) are estimated with ARDL model. This model also takes care of endogeneity among variables which often lead to simultaneity bias.

Each of the models adopted for each of the research questions and hypotheses followed the necessary steps necessary for estimation. The research findings are evaluated in line with the research questions and hypotheses as follows:

Research Questions

Research question one section (a) assesses the relationship between the total corporation tax and quoted foreign investment. The analysis revealed a mildly strong positive relationship with the quoted investment (r=0.520). Research Question One section (b) evaluated the relationship between corporate taxation proxies and quoted Foreign Investment. The analysis revealed that all the corporate taxation proxies (company income tax, petroleum profit tax and value-added tax) (r=0.473, r= 0.493, r=0.513 respectively) have a mildly strong positive relationship with the quoted foreign investment. The Pearson correlation coefficient results are depicted within 1 percent significance level (2-tailed). These signify that as the corporate taxation goes up, the quoted foreign direct investment goes up too.

Research question two section (a) evaluated the relationship between total corporation taxation and unquoted foreign investment. The analysis revealed a strong positive relationship with unquoted investment (r=0.733). Research Question two section (b) conversely considered the relationship between corporate taxation proxies and unquoted foreign Investment. Result of the study showed that all the corporate taxation proxies (company income tax, petroleum profit tax and value added tax) (r= 0.562, r= 0.777 and 0.646 respectively) have a strong positive relationship with the foreign unquoted investment. The Pearson correlation coefficient result is depicted within 1 percent significance level (2-tailed). These signify that as the corporate taxation goes up, the unquoted foreign investment hinges up.

Research Question Three considered the relationship between quoted foreign investment and economic growth. Results of the study revealed that there exists a positive relationship between quoted foreign investment and economic growth. These signify that as quoted foreign investment increases, economic growth also goes in the same direction.

Research Question Four scrutinized the relationship between unquoted foreign investment and economic growth. The result established that there exists a positive relationship between unquoted foreign investment and economic growth. The Pearson Coefficient of correlation, r= 0.585 depicts a mildly strong relationship. These signify that as unquoted foreign investment grows, economic growth also moves in the same direction.

Research question five section (a) considered the relationship between the total corporation taxation and economic growth. The result revealed a positive and very strong relationship with economic growth (r=0.927). Research Question Five section (b) evaluates the relationship between corporation taxation and economic growth. The three proxies for corporation (company income tax; value added tax and petroleum profit tax), Pearson coefficient of correlation for the three are: r= 0.988, r=0.992 and 0.776 respectively. This showed a very strong positive relationship between them and the economic growth proxy by gross domestic product.

Research Hypotheses

Hypothesis one of the study evaluated the impact of company income tax on the quoted foreign investment in Nigeria**.** Following the descriptive statistics, time series properties of the variables are examined to ensure the right methodology and estimations technique is adopted. Hence two unit root tests, Augmented Dickey-Fuller and Phillips-Peron, are used to have robust and reliable results. Both tests indicate that only Quoted Foreign investment (QFIV) is stationary at level. It is integrated of other zero [1(0)]. Other variables such as exchange rate (EXCR), inflation (INFL), natural log of company income tax (LNCIT), natural log of petroleum profit tax (LNPPT) and natural log of value added tax (LNVAT) only attain stationary at first difference. They are integrated of order one [I (1)]. None of the variables exceeds integration of order one.

Since all variables follow mixed orders of integration that is I (0) and I (1); hence ARDL bounds testing procedures suggested by Pesaran & Shin (1998) and Pesaran et al., (2001) are adopted to test for presence of cointegration (long-run relationship) among the variables and the optimal lag length is automatically selected via Akaike Information Criterion (AIC). Bound testing result confirms the existence of long run relationship, as the F-statistics value in greater than both the upper and the lower bound critical values. The ARDL analysis result showed that corporation tax has a significant effect on quoted foreign investment only in the short run and not in the long run. Although the estimates of the effect of corporation tax on quoted foreign investment is estimated within the ARDL model, the study further considers the causality of the variables within the period. The granger causality test is adopted for testing the causality between the variables. The result indicates unidirectional causality running from exchange rate to quoted foreign investment, unidirectional causality running from inflation to quoted foreign investment and unidirectional causality running from natural log of company income tax to inflation.

Hypothesis two of the study evaluated the effect of company income tax on the unquoted foreign investment in Nigeria. Following the descriptive statistics, time series properties of the variables are examined to ensure the right methodology and estimations technique is adopted. Hence two unit root tests, Augmented Dickey-Fuller and Phillips-Peron, are used to have robust and reliable results. Both ADF and PP tests confirm the stationarity of all the variables (UFIV, unquoted foreign investment; EXCR, exchange rate; INFL, inflation rate; LNCIT, natural log of company income tax; LNPPT, natural log of petroleum profit tax and LNVAT, natural log of value added tax.) at first differences. This demonstrates their integration of order one [I (1)]. All the variables are only stationary at first differences, at 5 percent level of significance. This invalidates the appropriateness of ARDL model. The ARDL bounds testing procedures for testing cointegration

among variables, as suggested by Pesaran &Shin and Pesaran et al., (2001) is inappropriate that the model is meant for variables with mixed orders of integration. Thus, an alternative is considered. Therefore, to look at the long-term relationship between the variables, the Johansen cointegration test is employed. The Johansen cointegration test showed two cointegration equation depicting long run relationships among the variables.

Due to the possibility of the existence of endogeneity, a situation in which the lag of the dependent variable co-varies with the error term leading to possible simultaneity bias in the estimates, the study adopted fully modified least square for hypothesis two. Several studies have confirmed the appropriateness of FMOLS to deal with the problem of endogeneity (Phillip & Hansen, 1990; Shahbaz, 2009; Adusei, 2012). This technique allows the estimation of long-run parameters under the condition that a cointegration relation exists among a set of I (1) variables (Adusei, 2012; Phillip & Hansen, 1990). On the premises of the argument made above, the results of FMOLS explore the impact of corporation taxation on unquoted foreign investment**.** The corporate taxation proxies do not show a significant impact on unquoted investment. Although the estimate of the effect of corporation tax on unquoted foreign investment is estimated within the FMOLS model which is a long-run model, the study further considers the short-run causality of the variables within the period. The Granger causality test is adopted for testing the causality between the variables. The result shows a unidirectional causality running from the natural log of value-added tax to inflation, unidirectional causality running from natural log of company income tax to natural log of value-added tax and unidirectional causality from natural log of value-added tax to natural log of petroleum profit tax. No other causality existed in the model. All the diagnostics and stability tests showed expected results confirming the adequacy of the model

Hypothesis three examined the effect of Foreign quoted investment on economic growth in Nigeria. Following the descriptive statistics, time series properties of the variables are examined to ensure the right methodology and estimation technique is adopted. Hence two unit root tests, Augmented Dickey-Fuller and Phillips-Peron, are used to have robust and reliable results. Both tests indicate that only Quoted Foreign investment (QFIV) is stationary at level. It is integrated of other zero [1(0)]. Other variables such as natural log of gross domestic product (LNGDP), exchange rate (EXCR), inflation (INFL), natural log of company income tax (LNCIT), natural log of petroleum profit tax (LNPPT) and natural log of value added tax (LNVAT) only attain stationary at first difference. They are integrated of order one [I (1)]. None of the variables exceeds integration of order one. Since all variables follow mixed orders of integration that is I (0) and I (1); hence ARDL bounds testing procedures suggested by Pesaran & Shin (1998) and Pesaran et al., (2001) are appropriate to test for presence of cointegration (long-run relationship) among the variables and the optimal lag length is automatically selected via Akaike Information Criterion (AIC). Bound testing result confirm the existence of long-run relationship, as the F-statistics in greater than both the upper and the lower bound of critical values. The ARDL analysis result showed the natural log of valued added (LNVAT) has a positive and significant influence on economic growth (LNGDP) both in the long and short runs at 5 percent significance level. Inflation impacted economic growth in the short run at 5 percent significant level. Although the estimates of the effect of quoted foreign investment on economic growth is estimated within the ARDL model, the study further considers the causality of the variables within the period. The granger causality test is adopted for testing the causality between the variables. The result indicates bidirectional causality running from inflation to natural log of gross domestic product and vice-versa, unidirectional causality running from

natural log of value added tax to natural log of gross domestic product, unidirectional causality running from exchange rate to quoted foreign investment, natural log of company income tax to quoted foreign investment and unidirectional causality running from natural log of company income tax to inflation. All the diagnostics and stability tests showed expected results confirming the adequacy of the model.

Hypothesis Four estimated the effect of the effect of foreign unquoted investment of economic growth in Nigeria. Following the descriptive statistics, time series properties of the variables are examined to ensure the right methodology and estimation technique is adopted. Hence two unit root tests, Augmented Dickey-Fuller and Phillips-Peron, are used to have robust and reliable results. The results of these tests are presented in Tables 4.28 and 4.29. Both ADF and PP tests confirm the stationarity of all the variables (UFIV, unquoted foreign investment; natural log of gross domestic product, LNGDP; EXCR, exchange rate; INFL, inflation rate; LNCIT, natural log of company income tax; LNPPT, natural log of petroleum profit tax and LNVAT, natural log of value added tax.) at first differences. This demonstrates their integration of order one [I (1)]. All the variables are only stationary at first differences, at 5 percent level of significance. This invalidates the appropriateness of the ARDL model. The ARDL bounds testing procedures for testing cointegration among variables, as suggested by Pesaran & Shin and Pesaran et al., (2001) is inappropriate in that the model is meant for variables with mixed orders of integration. Thus, an alternative is considered. Therefore, to look at the long-term relationship between the variables, the Johansen cointegration test is employed.

Following the results of unit root tests which indicate that all variables are integrated of order one, the results of Johansen cointegration tests are presented in Table 4.16. The test shows evidence of three cointegration equations. It implies that the relationship is long-term. The

variables' non-stationarity status at levels indicates that they have a tendency to drift apart in the short term (by displaying characteristics of disequilibrium and divergence), while the cointegration evidence indicates that in the long term, the variables will inevitably converge to the steady state equilibrium. Due to the possibility of the existence of endogeneity, a situation in which the lag of dependent variable co-varies with the error term leading to possible simultaneity bias in the estimates, the study adopted fully modified least square for hypothesis four. Several studies have confirmed the appropriateness of FMOLS to deal with the problem of endogeneity (Phillip & Hansen, 1990; Shahbaz, 2009; Adusei, 2012). With this method, long-term parameters can be estimated provided that a collection of I (1) variables has a cointegration relationship (Adusei, 2012; Phillip & Hansen, 1990.

On the premises of the argument made above, the result of fully modified least square (FMOLS) explores the impact of corporation taxation on unquoted foreign investment. The coefficient of inflation is positive and statistically significant at 5 percent significant level, coefficient of natural log of company income tax and natural log value added tax both at 5 percent significant level. These show that inflation, natural log of company income tax and natural log of value-added tax exerts positive influences on economic growth in Nigeria over the period. Although the estimate of the effect of corporation tax on unquoted foreign investment is estimated within the FMOLS model which is a long-run model, the study further considers the short-run causality of the variables within the period. The Granger causality test is adopted for testing the causality between the variables. The results show a bidirectional causality running from inflation to natural log of gross domestic product, and vice-versa, unidirectional causality running from natural log of gross domestic product to natural log of value added and unidirectional causality running from natural log of company income tax to inflation. No other

causality existed in the model. All the diagnostics and stability tests showed expected results confirming the adequacy of the model.

Hypothesis Five considered the effect of corporation taxation on economic growth between 1990 and 2019 in Nigeria. For this hypothesis, FMOLS was adopted as it takes into consideration the endogeneity problem inherent in time-series data. The corporation tax in the analysis is proxy by company income tax; value added tax and petroleum profit tax, while economic growth is proxy by gross domestic product. The value added tax (LNVAT) has a significant effect on economic growth within the period as the t stat showed a value of 4.288016 and a corresponding p-value of 0.0003. This depicts a positive significant effect value at 1% level. The LNCIT has a t-stat value of 4.340591 and a corresponding p-value of 0.0002 signifying a positive effect of within 1% significant level. Both the EXCR AND INFL has t-stats of 2.110840 and 2.281828 respectively with corresponding p-values of 0.0459 and 0.0321 all at 5% level of significance. These depicts that EXCR and INFL positively impact economic growth significantly. The necessary diagnostic tests were done to confirm the appropriateness of the model.

Having conducted the estimations with the appropriate estimations techniques, the findings follow both the economic theories and the literature. The adoption of appropriate econometric method is a sine-qua-non to good results and findings. This study followed this assertion and the results are justified to be consistent with extant literature.

4.5 TAX INCENTIVES MOST EFFECTIVE IN ATTRACTING FOREIGN INVESTMENT IN NIGERIA

Based on a recent survey carried out by the United Nations Department for International Development (DFID, 2023), the following are considered effective tax incentives capable of attracting foreign investment into Nigeria:

4.5.1 Pioneer Status Incentive (PSI)

The Pioneer Status Incentive provides a tax holiday for qualifying industries and products for an initial period of three years, which can be extended for an additional two years. During the tax holiday, companies are exempt from paying corporate income tax. This incentive significantly reduces the initial tax burden on new investments, making Nigeria an attractive destination for businesses in sectors such as manufacturing, agriculture, and information technology.

4.5.2 Free Trade Zones (FTZs) Incentives

Companies operating in Nigeria's Free Trade Zones enjoy various tax benefits. These include exemption from all federal, state, and local government taxes, levies, and rates. Additionally, they benefit from duty-free importation of capital goods, machinery, components, and raw materials. FTZs offer a highly competitive environment for foreign investors, particularly in manufacturing and export-oriented industries, due to the comprehensive tax exemptions.

4.5.3 Investment Allowances

Investment allowances provide additional tax deductions based on the amount invested in qualifying capital expenditures. Companies can claim a deduction of up to 10% on the cost of

qualifying capital expenditure in the year of assessment. This incentive encourages foreign investors to make significant capital investments, thereby enhancing the productive capacity of the Nigerian economy.

4.5.4 Capital Allowances

Capital allowances are deductions from taxable income for capital expenditures on assets such as plants, machinery, and industrial buildings. These allowances include an initial allowance and annual allowances, which can significantly reduce taxable profits over several years. By reducing taxable income, capital allowances lower the effective tax rate on investments, making long-term capital projects more financially viable.

4.5.5 Double Taxation Agreements (DTAs)

Nigeria has entered into DTAs with several countries to prevent the double taxation of income and to encourage cross-border investments. These agreements provide relief from double taxation through tax credits, exemptions, or reduced tax rates on certain income types. DTAs enhance the attractiveness of Nigeria as an investment destination by ensuring that foreign investors do not face double taxation, thereby increasing the net returns on their investments.

4.5.6 Tax Relief for Research and Development (R&D)

Companies investing in R&D activities can benefit from tax deductions on qualifying R&D expenditures. These include enhanced capital allowances and deductions for expenses incurred in the course of research and development. This incentive promotes innovation and technological

4.5.7 Export Expansion Grant (EEG)

The EEG scheme is designed to encourage the export of Nigerian products. Companies receive grants based on the value of their exports, which can be used to offset corporate tax liabilities. This incentive supports export-oriented foreign investments by reducing the overall tax burden and increasing the profitability of exporting firms.

4.5.8 Tax Rates for Small and Medium Enterprises (SMEs)

Nigeria offers reduced rates of corporate taxation on small and medium-sized enterprises (SMEs) with annual turnover below a specified threshold benefit from lower corporate tax rates. This incentive supports the growth of smaller foreign-owned businesses, fostering entrepreneurship and job creation.

Nigeria's tax incentives are strategically designed to attract foreign investment by reducing the tax burden on new and existing businesses. The effectiveness of these incentives lies in their ability to enhance profitability, encourage capital investment, support export activities, and prevent double taxation. By leveraging these incentives, Nigeria aims to create a more competitive and attractive climate for international investors, thereby driving economic growth and development.

4.6 IMPACT OF TAX HOLIDAYS AND OTHER TAX INCENTIVES ON FOREIGN INVESTMENT IN NIGERIA

According to the DFID (2023) report, tax incentives, including tax holidays, have been instrumental in influencing foreign direct investment (FDI) to Nigeria. These incentives aim to reduce the initial financial burden on foreign investors and create a more favourable investment

climate. The impact of these incentives on the volume and quality of foreign investment in Nigeria can be understood through various dimensions:

4.6.1 Increased Volume of Foreign Investment

4.6.1.1 Attraction of New Investments

4.6.1.1.1 Tax Holidays

Tax holidays provide significant relief from corporate income tax for a specific period, often three to five years. Because of this, Nigeria has become a desirable location for foreign businesses trying to lessen initial outlays and improve their investment returns. For instance, the Pioneer Status Incentive (PSI) has led to increased investment in sectors like manufacturing, agriculture, and information technology.

4.6.1.1.2 Capital Allowances

By allowing deductions on qualifying capital expenditures, capital allowances have encouraged substantial capital investments, particularly in infrastructure and industrial projects.

4.6.1.2 Enhanced Competitive Position

4.6.1.2.1 Free Trade Zones (FTZs)

The establishment of FTZs with comprehensive tax exemptions has made Nigeria competitive relative to other countries in attracting export-oriented FDI. The absence of taxes and duties within these zones has led to a surge in manufacturing and logistics investments.

4.6.1.2.2 Investment Allowances

These allowances reduce the effective tax rate on investments, making Nigeria an attractive location for new and expanding businesses.

4.6.1.3 Sector-Specific Growth

4.6.1.3.1 Agriculture and Agro-Allied Industries

Tax incentives have been particularly effective in promoting investment in agriculture and agro-allied industries, crucial for Nigeria's economic diversification efforts. This sector has seen significant foreign investment aimed at improving food security and adding value to raw agricultural products.

4.6.2 Improved Quality of Foreign Investment

4.6.2.1 Long-Term Investments

4.6.2.1.1 Tax Holidays

These incentives encourage long-term investments rather than short-term profit-seeking ventures. Foreign firms are more likely to make serious commitments to enduring initiatives that foster sustained economic growth and job creation.

4.6.2.1.2 R&D Incentives

Tax relief for research and development activities has attracted high-quality investments in technology and innovation sectors. This not only boosts local technological capabilities but also positions Nigeria as a hub for advanced industries.

4.6.2.2 Technological and Skills Transfer

4.6.2.2.1 Incentives for High-Tech Sectors

By attracting multinational corporations engaged in high-tech and innovative sectors, tax incentives facilitate the transfer of technology and skills to the local workforce. This enhances the overall productivity and competitiveness of the Nigerian economy.

4.6.2.2.2 Training and Development

Many foreign firms invest in training and development programs for local employees as part of their long-term commitment, leading to skill enhancement and capacity building.

4.6.2.2.3 Enhanced Infrastructure Development

Infrastructure Projects: Tax incentives have been pivotal in attracting investments in critical infrastructure projects, including power, transportation, and telecommunications. These projects are essential for creating an enabling environment for other businesses to thrive.

4.6.3 Economic Diversification and Industrial Growth

4.6.3.1 Diversification Initiatives

4.6.3.1.1 Pioneer Status Incentive: The PSI has been crucial in promoting investments in non-oil sectors, thereby aiding Nigeria’s efforts to diversify its economy away from heavy reliance on oil and gas.

4.6.3.1.2 Export Expansion Grant (EEG): This grant has supported the growth of non-oil exports, increased Nigeria's foreign exchange earnings and reducing economic vulnerability to oil price fluctuations.

4.6.3.2 Development of Value Chains

4.6.3.2.1 Agro-Allied Industries: Incentives for agro-allied industries have led to the development of complete value chains, from raw material production to processing and export, fostering backward and forward linkages within the economy.

Tax holidays and other tax incentives have had a substantial positive impact on both the volume and quality of foreign investment in Nigeria. These incentives have attracted significant capital inflows, fostered economic diversification, and led to the development of critical infrastructure and value chains. However, to sustain these benefits, it is crucial for Nigeria to maintain a balanced approach, ensuring that the incentives are fiscally sustainable and tailored to the evolving needs of the economy.

4.7 IMPACT OF CORPORATION TAX REGIME ON FOREIGN INVESTMENT IN NIGERIA'S OIL AND GAS SECTOR VERSUS TECHNOLOGICAL SECTOR.

Nigeria's corporation tax regime significantly influences foreign direct investment (FDI) in various sectors, including oil and gas and the burgeoning technology sector. The distinct nature of these sectors means that the impact of tax policies can vary considerably. Here’s an analysis of how the corporation tax regime affects foreign investment in Nigeria's oil and gas industry compared to its technology sector:

4.7.1 Oil and Gas Industry

4.7.1.1a High Corporate Tax Rates and Royalties

4.7.1.1a.1 Petroleum Profits Tax (PPT)

Companies engaged in upstream oil and gas operations are subject to the Petroleum Profits Tax, which can be as high as 85% for joint venture operations and 50% for production sharing contracts.

4.7.1.1b.2 Royalties

In addition to the PPT, oil companies must pay royalties based on the volume of production. The rates vary depending on the location and depth of the operations, ranging from 5% to 20%.

4.7.1.1b Impact

4.7.1.1b.1 High Fiscal Burden

The high tax and royalty rates create a significant fiscal burden for foreign investors. While this regime ensures substantial revenue for the government, it can deter new investments, particularly in marginal fields or new exploratory ventures.

4.7.1.1b.2 Stable Revenue Stream

The oil and gas sector's profitability often justifies the high tax rates, ensuring a stable revenue stream for both investors and the government. However, this stability is susceptible to global oil price fluctuations, impacting investment decisions.

4.7.1.2a Incentives and Exemptions

4.7.1.2a.1 Investment Tax Allowances

To attract investment, the government offers various tax allowances, such as capital allowances and incentives for investments in gas utilization projects.

4.7.1.2a.2 Tax Holidays and Deductions

Certain projects, especially those in gas flaring reduction and deepwater operations, may benefit from tax holidays and significant deductions.

4.7.1.2b. Impact

4.7.1.2b.1 Encouragement of Capital-Intensive Projects: These incentives help mitigate the high initial costs associated with oil and gas projects, encouraging foreign investment in capital-intensive and technologically complex ventures.

4.7.1.2b.2 Focused Investment: The incentives are tailored to specific activities (e.g., deepwater exploration, gas utilization), leading to focused investment in these areas, though broader upstream activities might still be constrained by the high fiscal burden.

4.7.2 Technological Sector

4.7.2.1a Corporate Tax Rates and Tax Relief

4.7.2.1a.1 Standard Corporate Income Tax (CIT):

Technology companies, like other non-oil businesses, are subject to the standard corporate income tax rate of 30%. For small and medium-sized enterprises (SMEs) with a turnover of less than NGN 100 million, the rate is reduced to 20%.

4.7.2.1a.2 Pioneer Status Incentive (PSI): Tech firms can benefit from the Pioneer Status Incentive, granting a tax holiday of up to five years

4.7.2.1b Impact

4.7.2.1b.1 Competitive Tax Rates: The standard CIT rate is relatively competitive, especially with the reduced rate for SMEs, making the technology sector attractive for startups and scaling businesses**.**

4.7.2.1b.2 Growth Stimulation: The PSI significantly reduces the tax burden during the critical growth phase of technology firms, encouraging both domestic and foreign investments in the sector.

4.7.2.2a Sector-Specific Incentives

4.7.2.2a.1 R&D Tax Relief: Technology companies can benefit from tax relief on research and development expenditures, fostering innovation and development within the sector.

4.7.2.2a.2 Accelerated Capital Allowances: Allowances for investments in technological infrastructure help reduce taxable income, promoting reinvestment into the business.

4.7.2.2b Impact

4.7.2.2b.1 Innovation and Expansion: These incentives are crucial for fostering innovation and technological advancement. They help foreign firms reduce operational costs and reinvest savings into further development.

4.7.2.2b.2 Attracting Venture Capital: A favorable tax regime, combined with incentives for innovation, attracts venture capital, and foreign investors looking for high-growth opportunities

4.8 COMPARATIVE ANALYSIS BETWEEN OIL AND GAS VS TECHNOLOGY SECTOR

4.8.1 Fiscal Burden and Incentives

4.8.1.1 Oil and Gas: The sector faces a higher fiscal burden due to PPT and royalties, but incentives for specific projects and investment allowances help mitigate initial costs. Despite high taxes, the sector remains attractive due to the high returns on investment.

4.8.1.2 Technology: The sector benefits from lower corporate tax rates and numerous incentives aimed at reducing operational costs and fostering innovation. The overall tax regime is more conducive to startups and growth-oriented investments.

4.8.2 Investment Focus

4.8.2.1 Oil and Gas: Investment is primarily focused on high-capital, high-return projects such as deepwater exploration and gas utilization, driven by targeted incentives.

4.8.2.2 Technology: Investments are broader and more diversified, encompassing startups, SMEs, and large tech firms, all benefiting from tax holidays, R&D reliefs, and competitive tax rates.

4.8.3 Stability and Predictability

4.8.3.1 Oil and Gas: The high tax regime is offset by the predictability of returns in a historically profitable sector, though volatile oil prices can impact investment stability.

4.8.3.2 Technology: A stable and supportive tax regime encourages continuous growth and innovation, attracting sustained foreign investment across various stages of business development.

4.9 SENSITIVITY OF SECTORS TO CORPORATION TAX RATES IN NIGERIA

In Nigeria, several sectors are particularly sensitive to changes in corporation tax rates when it comes to attracting foreign investment. These sectors are generally capital-intensive, have significant potential for growth, and often require substantial foreign capital and expertise. Key sectors include:

4.9.1 Oil and Gas Sector

4.9.1.1 Sensitivity: High

4.9.1.2 Reason: The oil and gas sector is Nigeria's most critical industry, contributing a significant portion of the country's GDP and government revenue. Changes in corporation tax rates directly impact the profitability of foreign investments in exploration, production, and refining activities. Tax incentives, stability in tax regimes, and favorable profit-sharing agreements are crucial for attracting and retaining foreign investors.

4.9.1.3 Impact: Higher corporation tax rates could deter foreign investment due to reduced profitability, while lower rates or tax incentives could attract more investment and boost production activities.

4.9.2 Mining Sector

4.9.2.1 Sensitivity: High

4.9.2.2 Reason: Nigeria is rich in various minerals, including gold, coal, and iron ore. The mining sector requires substantial foreign investment for exploration and development. Tax policies significantly influence investment decisions in this high-risk sector.

4.9.2.3 Impact: Favorable tax rates and incentives can encourage foreign mining companies to invest in exploration and extraction activities, leading to sector growth and development.

4.9.3 Manufacturing Sector

4.9.3.1 Sensitivity: Medium to High

4.9.3.2 Reason: The manufacturing sector is vital for Nigeria's economic diversification. Attracting foreign investment in manufacturing requires a competitive tax environment to offset the higher costs associated with infrastructure deficiencies and other operational challenges.

4.9.3.3 Impact: Lower corporation tax rates can enhance the sector's attractiveness by improving profit margins for foreign investors, encouraging investment in industries such as consumer goods, automotive, and textiles.

4.9.4 Telecommunications Sector

4.9.4.1 Sensitivity: Medium

4.9.4.2 Reason: The telecommunications sector has seen significant foreign investment due to the rapid growth in mobile and internet usage. This sector is less sensitive to tax rates compared to capital-intensive industries but still benefits from a favorable tax regime that can enhance profitability and encourage further expansion.

4.9.4.3 Impact: Competitive tax rates can attract more foreign capital for infrastructure development and technological advancements, leading to improved services and coverage.

4.9.5 Agricultural Sector

4.9.5.1 Sensitivity: Medium

4.9.5.2 Reason: Agriculture is a key sector for Nigeria's economy, with significant potential for growth and export. While not as capital-intensive as oil and gas, favorable tax rates and incentives are crucial for attracting foreign investment in large-scale farming, agro-processing, and related activities.

4.9.5.3 Impact: Lower tax rates can make agricultural projects more viable and attractive to foreign investors, promoting technological transfer and boosting production.

4.9.6 Financial Services Sector

4.9.6.1 Sensitivity: Medium

4.9.6.2 Reason: The financial services sector, including banking and insurance, plays a critical role in economic development. A competitive tax regime can attract foreign banks and financial institutions, fostering innovation and increasing the availability of financial products.

4.9.6.3 Impact: Lower corporation tax rates can enhance the profitability of financial institutions, attracting more foreign investment and strengthening the sector.

4.9.7 Infrastructure Development

4.9.7.1 Sensitivity: High

4.9.7.2 Reason: Infrastructure projects, including roads, bridges, and power plants, requires significant capital investment and is crucial for economic growth. Tax incentives and favorable rates are important to attract foreign investment in these long-term, high-cost projects.

4.9.7.3 Impact: Competitive tax policies can make infrastructure projects more attractive to foreign investors, leading to improved infrastructure and economic development.

4.10 SUMMARY OF THE SECTION

In this section, the results of the estimations performed regarding the research questions and the research hypotheses set out in chapter one of the thesis. It initially enumerated the necessary estimation techniques, their justifications for use in the study and the steps followed in each of the estimations. Interpretations of each of the econometric analysis were also discussed couple with postulated economic theories along with their assumptions. The relationship between the variables as set out in the research questions indicates positive relationship between the quoted foreign investment, the total corporation and the three selected corporation taxation. Each of the corporate taxation and the total corporation taxation positively correlates with the quoted foreign investment at different levels of strength, but all at 1 percent significant level. The relationship of the unquoted foreign investment, total corporation tax and the selected corporate taxation also show positive correlation at different strength of correlation, at 1 percent significant level. Measuring the effect of the modeled variables on quoted foreign investment net flow, net flow unquoted foreign investment revealed diverse results. Company income tax impacted quoted investment negatively in the short-run at 1% significant level, company income tax impacted total foreign investment inflow in the short-run at 5 percent level, inflation impacted economic growth (gross domestic product) positively in the short-run at 5 percent significant level, while value-added tax impacted economic growth positively in the long-run at 5 percent level. All other variables do not show any evidence of significant impact.

CHAPTER FIVE: IMPLICATIONS, RECOMMENDATIONS, AND CONCLUSIONS

5.0 INTRODUCTION

This section of the study considers the implications, recommendations and conclusions to the thesis. The study emanated from identifying the problem statement which comes from the gap in the previous studies. A problem statement is a research statement that describes the problem being studied. What problem is the study trying to solve? A problem statement helps readers quickly understand the purpose and objectives of the study. It is considered short and concise and should not contain detailed findings or information. Apart from the fact that empirical research in this area of study is limited, one of the gaps identified in the extant literature is that many of them focused largely on the unquoted investment without much attention to the quoted investment. This study aims to determine the impact of corporate tax on Foreign Investment (FI) in Nigeria between 1990 and 2019.

The study employs both a quantitative correlational research approach and econometric research analysis. A quantitative correlational research approach primarily aims to investigate research phenomena by establishing relationships between variables (Walter & Andersen, 2016). The Research approach is used to collect tabular data that can be used to compare and explain the phenomenon being studied (Stangor, 2011).

Since the study intends to consider both the inter-relationship that the variables have with one another and the impacts of the incentives on foreign investment net flow, both correlational research approach and regression research best suit this study. In statistical and econometrical analysis, correlational analysis is suited for relationship determination, while in measuring

impact of one variable or the other requires a more robust instrument within the purview of econometrics especially when time series data are involved. The research questions and hypotheses guiding the study are addressed using secondary data. As a means of obtaining the necessary data, secondary sources of data such as bulletins and databases are used. According to Sutton and Austin (2015), secondary sources are one of the most useful data collection tools used in research to gather relevant information to answer research questions. These data collection tools help collect large data sets by reviewing existing sources or documents to obtain the most relevant information that best describes a topic or problem (Groebner, Shannon, Fry, & Smith, 2008). In this quantitative correlation study, the secondary data are obtained from the Central Bank of Nigeria Statistical Bulletin (2021) and the World Bank Development Indicators Database (2021), which contains the required data for the period 1990-2019.

Ethical considerations protect data privacy and confidentiality to ensure research transparency (Friesen, Kearns, Redman, & Caplan, 2017). In this study, ethical measures were taken to protect the privacy and confidentiality of the data used in the study. This study does not involve human subjects and is not subject to ethical considerations such as informed consent, voluntary participation and free exit.

For good empirical research, data are very important, especially current and comprehensive ones. There is a dearth of data for current years for the variables used in this study. Although this is prevalent in developing countries, non-adoption of advanced technology has made it worse. Nigeria has its share of this paucity. Examining the impact of corporate taxation on foreign investment in Nigeria between 1990 and 2019 is interesting as it provides an excellent basis for future research in this area and complements the existing literature on tax incentives and FI in developing countries. This study also identifies the most effective corporate

tax incentives and proposes optimal measures that can be implemented to attract FI from listed and unlisted Nigerian companies.

Following the analysis and the presentation of the results is the summary, implications of the results and the recommendations for implications. A recommendation is a proposition or suggestion for an action that should be taken in light of the findings. Recommendations may consist of: changes to a study's technique or strategy, Policy recommendations, worthwhile recommendations for additional research. The implications of a research paper are the conclusions drawn from the research findings. The meaning can be theoretical or practical. A theoretical influence adds something new to an existing theory or forms the basis of a new theory. The practical implications are what this study can have in practice. Simply put, conclusions are clues to research findings, and recommendations are suggestions based on those findings. In a research paper, implications are discussing how important the results of your research are or how your research affects the field or topic of research. A recommendation is also a specific action or next step you think you should take because your findings support it.

5.1 IMPLICATIONS OF RESEARCH STUDY

Research implications indicate how research findings can relate to policy, practice, theory and further research. Research implications are basically conclusions drawn from research findings and describe how research findings can relate to policy, practice or theory. Research implications basically mean the impact of the research on future research or policy decisions or on areas related to the study. "How will the research affect the target community or field?" is the major focus that research implications will address. In research papers, implications are conclusions that can be drawn from the data. It has theoretical and practical implications. Theoretical implications can complement existing ideas or form the basis for new theories. The

potential implications of this study for practice are practical implications.

Having presented the results of the analysis in finding the relationship that existed between the corporate taxation selected variables and the foreign investment outlets (quoted and unquoted companies) and the effect of this corporation taxation on these foreign investments in Nigeria between 1990 and 2019, this section considers the implications of the results emanating from the statistical and the econometrical analysis carried out.

The findings were set out in the form of testing tentative hypotheses set out at the beginning of the thesis. The first hypothesis is to find out whether the selected corporate taxation has impact on the quoted foreign investment net flow into Nigeria between the study periods. The result indicates a negative short-run impact of company taxes on quoted foreign investment. The implication of this result is that the quoted foreign investment reacted positively (as expected) to the effect in the policy of using this tax to encourage foreign net flow into the country. Theoretically, a negative effect (as shown in the coefficient of the variable) is expected, which means as the company tax reduces, the quoted foreign investment increases in unison with Olaleye, Riro, and Memba, (2016); Uwuigbe et al. (2019); Edo, Okafor, and Justice, (2020). This indicates a positive reaction of this tax policy on the quoted investment. All other corporate tax incentives do not react positively to the quoted foreign investment net flow movement.

The second hypothesis considers the effect of the selected corporate taxation on the unquoted foreign investment with the focus of finding out whether the policy impacted on this form of investment. The result shows a positive impact of petroleum profit tax on unquoted foreign investment net flow at 10% level of significance but the positive impact is not significant at the benchmark of 5% significatnt level. Petroleum profit tax is derived from the royalty on crude oil extraction by Oil Investment Companies (OIC) within the period of the study. Apart

from the fact that crude oil is the major source of revenue for the company, Nigeria belongs to the Organization of Petroleum Exporting Countries (OPEC), a cartel that makes sure that the member countries derive more from their natural wealth as much as possible. This result also shows that a significant chunk of revenue is coming from the unquoted foreign companies in Nigeria. The policy of the government of Nigeria in getting more from this is appreciated in the significant impact of this form of corporation taxation coming from the unquoted companies' foreign investment outlet. The policy implication here confirms the advantage that the government is exploiting from this form of tax. The theoretical understanding with the result is that the higher the money that is coming for unquoted investment in the oil sector, the higher the income the government is making from the tax, the higher the foreign net flow coming into the country. In essence, the investment is not sensitive to whatever rate the government tax could be. This could be further justified due to the fact of the potential the foreign investors found out to be in Nigeria in this area. The implication is whatever the tax rate is, it does not discourage investment in the oil and gas sector in Nigeria. This position is supported by Olaniyi et al., (2019) but against the finding in Eiya & Okaiwele, (2019).

The third hypothesis considers the impact of quoted foreign investment net flow on the economic growth of Nigeria between 1990 and 2019. The intention here is to see if the investment net flow into the quoted companies in Nigeria actually accelerates economic growth represented by gross domestic product. The ultimate aim of foreign inflow is to assist in engender growth in the economy. Such growth that could not be generated internally by citizens' investment in the productive sector is often looked out for from outside the shores of the country. The result asserts that value added tax significantly impacted economic growth both in the short and long runs, whereas the quoted foreign investment net flow does not impact economic

growth. The result asserts that value added tax significantly impacted economic growth both in the short and long runs as confirmed in Edame & Okoi, (2014), whereas the quoted foreign investment net flow does not impact economic growth which is at variance with Oyero, (2019). In essence the quoted foreign investment net flows do not contribute to the nation's economic growth. The policy implication depicted the fact that although the target variable of quoted foreign investment falls short of enhancing economic growth, value added tax policy of the government encourages more fund as revenue for the nation which ultimately enhances economic growth.

The fourth hypothesis looked at the impact unquoted foreign investment inflow will have on the economic growth within the study period. Having looked at the quoted foreign investment net flow impact on the economic growth, there is the need to consider the unquoted foreign investment effect on economic growth. The result here also suggested that unquoted foreign investment is not contributing to the economic growth which is at variance with Halizam et al., (2021) but in line with Akinlo and Akinlo, (2015) as well as Jacob & Jiji, (2021). But the value added tax as seen previously is contributing to economic growth positively and significantly too. In addition, the company income tax contribution to economic growth is positive and significant too.

Hypothesis five explored the impact of corporation taxation on economic growth. The result shows that exchange rate, inflation, natural log of company income tax and natural log of value added tax exerts positive influences on economic growth in Nigeria over the period. However, natural log of petroleum profit tax does not impact economic growth contrary to Okoh, Onyekwelu and Iyidiobi (2016) which revealed positive and a significant impact of Petroleum Profit Tax on Economic growth.

5.2 RECOMMENDATIONS FOR APPLICATION

Considering the results of this investigation and their subsequent impact on public policy efforts to encourage foreign investment through corporate tax incentives, the following applications are recommended;

I. The federal government of Nigeria should consider gradually lowering corporate tax rates to make Nigeria more attractive relative to other countries with lower tax burdens. This can help draw more foreign investment by increasing the net returns for businesses operating in Nigeria. A competitive tax rate can attract businesses looking for favorable conditions, thereby boosting foreign direct investment (FDI). For instance, countries like Ireland have successfully used low corporate tax rates to attract multinational companies.

2. Offering of tax incentives such as reduced rates, tax holidays, and capital allowances can make Nigeria more attractive. Tax holidays can allow new investors to operate tax-free for a specified period, encouraging initial investment. Sector-specific incentives can drive investment into strategic areas like renewable energy, technology, and manufacturing, which are crucial for diversifying the economy. Different sectors have varying needs and potential contributions to the economy. Tailored incentives can attract investment to high-growth or strategic sectors, fostering innovation and development in areas that align with national priorities.

3. Negotiation of more Double taxation agreements (DTAs). Double taxation agreements prevent the same income from being taxed in both Nigeria and the investor's home country. This makes investing in Nigeria more attractive by reducing the overall tax burden on foreign companies. Expanding the network of DTAs can encourage more multinational corporations to consider Nigeria as a viable investment destination.

4. Streamlining of tax procedures: Simplifying tax procedures can reduce compliance costs and administrative burdens for businesses. Implementing digital tax filing systems, reducing paperwork, and providing clear guidelines can help businesses comply with tax regulations more efficiently, making Nigeria a more attractive place to invest. Transparent tax administration builds investor confidence by reducing uncertainties related to tax obligations. Clear and accessible information on tax policies, regulations, and procedures helps businesses make informed decisions and reduces the risk of unexpected tax liabilities.
5. Strengthen Legal and Regulatory Framework: Consistent and stable tax laws allow investors to plan long-term investments with greater certainty. Frequent changes in tax laws can create uncertainty and deter investment. Ensuring stability in tax policies reassures investors that they can predict their tax liabilities over the lifespan of their investments. Corruption in tax administration can lead to arbitrary and unfair tax assessments, increasing the cost of doing business. Implementing anti-corruption measures, such as strict enforcement of rules and transparent processes, can create a fairer and more predictable tax environment, thereby attracting more foreign investors.
6. Simplifying the rules for profit repatriation allows foreign investors to transfer their earnings back to their home countries with minimal hassle and tax penalties. This can make Nigeria a more attractive destination by ensuring that investors can efficiently realize their returns.
7. Using tax revenues to improve public services and infrastructure, such as roads, power supply, and healthcare, can create a more conducive environment for business operations. Improved infrastructure reduces operational costs and increases efficiency, making

Nigeria a more attractive investment destination. The low state infrastructure (electricity creation and distribution, transport and communication) should be a matter of urgent attention. The situation where a significant portion of investment income is provided by the participants themselves may discourage further investment, even when the return on investment in Nigeria is better than what can be obtained in other countries in the sub-region. This requires rebuilding and upgrading basic infrastructure, including transport, electricity and telecommunications. This, in turn, will help improve the competitiveness of Nigerian businesses and enhance their ability to exploit market opportunities.

8. Training tax officials to understand the needs of foreign investors and providing efficient services can reduce misunderstandings and delays in tax processing. A professional and well-informed tax authority can enhance the investor experience, making Nigeria a more attractive place to do business.

9. Establishment of mechanisms to regularly assess the impact of tax policies on foreign investment. This allows the government to make data-driven adjustments. Continuous monitoring and evaluation can help identify what works and what needs improvement, ensuring that tax policies remain effective in attracting and retaining foreign investment.

10. The government must adopt uniform fiscal policies in accordance with international standards. Excise duties or high sales taxes or tariffs discourage foreign direct investment. Normal tax policies should be maintained so that foreign investors feel at ease.

11. Government must accelerate reforms to maintain the flow of foreign investment. Governments, especially state governments, must accelerate the necessary reforms to ensure an attractive business environment. These reforms include fees, costs and time

required to obtain licences/permits etc. in terms of ease of doing business and making Nigeria attractive to foreign investment.

12. The government should review the powers of the National Technology Procurement Promotion Agency (NOTAP). NOTAP currently regulates the entry of foreign technology into Nigeria and international experience in this area has evolved from regulation to facilitation. NOTAP's mandate should therefore focus on providing training to Nigerian businesses, especially small and medium enterprises (SMEs), to gain access to foreign technologies, including effective negotiation of terms and conditions.

13. Establish coordinated relationships between the federal government and states to promote investment. Although interactions are currently friendly, the relationship between the various actors involved in promoting and facilitating investment at the state and federal levels is not systematic. Every country wants to surpass the others.

14. It is necessary to develop skills in a variety of investment issues, especially foreign investment. The Nigerian government can develop a joint monitoring program to support the implementation of recommendations selected through the expertise of the UNCTAD.

15. The Nigerian market should be progressively liberalized by the government. Multinational Companies (TNCs) are now leading the process of globalization and localization of production networks due to the global trend of liberalization. As a result, country-level operations in global/regional supply chains have become an important part of business strategy. As a result, parts of the supply chain are located in countries where they can operate most efficiently. Based on this and other research, we compete locally, regionally and internationally in the domestic value-added industry. As competition intensifies, it may be more important to prioritize purchasing cheaper products and

supporting local suppliers. To this end, free zones can be transformed into economic development zones where businesses can access first-class facilities and services. Development of regional industrial capabilities and entry into global value chains can be achieved as an incubator in the region.

16. Accelerating and deepening tax reform. Several aspects of the tax system must be considered for review and modification. For example, VAT rules work as part of sales tax, penalizing exporters. The tax system is also characterized by high corporate tax rates combined with overly generous incentives. Therefore, a zero export VAT rate should go hand in hand with VAT restructuring. More radical reforms should be considered, in particular the introduction of lower corporate tax rates, which are offset by the elimination of excessively permissive and selective regimes for industrial pioneers.

18. Foreign direct investment by members of the diaspora is encouraged. They also build relationships with national companies and contribute to the internationalization of host countries.

19. Build Special Export Processing Zones (EPZs) to boost the domestic economy. Avoid EPZ regulations that discriminate against local supplier relationships. Create secondary industrial zones for local suppliers to help select suppliers, whether they are geographically adjacent to official export processing zones or have legal status with easy access to databases and "marriage counselors".

20. Leverage regional consolidation and change external tariffs to unlock the full potential of local markets. Nigeria should aspire to be the cornerstone of Pan-Africanism. In this context, countries should play a greater role in promoting the ECOWAS agenda for accelerating regional integration. At the same time, governments need to address the

existing tariff structure, including, among others, import protection policies. Similarly, Nigeria must commit to the implementation of the African Continental Free Trade Area (AfCFTA). A new agreement to create Africa's first continental free trade area could bring greater economic benefits than previously anticipated, according to a World Bank report. When the AfCFTA is fully implemented, Africa will be able to witness:

i. An increase in FDI from 111% to 159% under the AfCFTA.

ii. Inflows from FDI attracted by the AfCFTA will create jobs and expertise, build regional capacity and build linkages to help African businesses join regional and global value chains

iii. Increasing people's incomes by 9% and lifting 50 million people out of extreme poverty by 2035; to realize its potential benefits, the agreement needs to achieve its most ambitious goals, including the harmonization of e-commerce, investment and intellectual property policies.

5.3 RECOMMENDATIONS FOR FUTURE RESEARCH

This study examines the impact of corporate incentives on net Foreign Investment that flowed into Nigeria between 1990 and 2019. It also examines how these investment channels affect the country's economic growth and development. Over the years, various regulations on Foreign Investment in Nigeria have been enacted. The policy of consolidation began with the Nigerian Business Promotion Act of 1972 (NEPA). The Act enforced some limitations on Foreign Investment. Consequently, 22 business undertakings are exclusive to nationals of Nigeria, including advertising, gaming, electronics manufacturing, primary manufacturing, road transport, bus and taxi services, media, retail and personal services. Foreign Investment was allowed as high as 60% interest and subject to the prospective company had, based on 1972 data,

equity capital of N200,000 ($300,000) or revenue of N500,000 ($760,000).

The next Indigenization Act, also known as the Nigerian Enterprises Promotion Act of 1977, tightened up limits on FI entrance through three means namely:

1. Using extending investment activities controlled by Nigerians (for example, bus services, travel agencies, home products, movies, newspapers, radio and habits);
2. The reduction of foreign participation for FDI restriction services to 40% from 60% and the addition of new activities constrained to 40 percent foreign holding like fish-trawling and processing, plastic and chemicals, banks and insurance. and
3. The allowed Foreign Investment was slashed to 60% from 100%, which includes a list of some medicines, some metals, glasses, hotels and oil enterprises.

The easing of these constraints originated in 1989 (UNCTAD, 2007). The NEPA was revised to leave a set of 40 corporate undertakings completely barred from foreign involvement if the value of the company does not exceed N20 million ($2.7 million in 1989). Furthermore, foreign shareholders were only allowed to invest not more than 40% stakes in insurance, banking, oil production and mining. Ultimately, the Nigeria Investment Promotion Commission Act 1995 unconfined all sectors to foreign involvement except the short negative list (including medicine and arms) and the petroleum sector (joint ventures or joint ventures with FDI or product allocation) (NIPC, 2006). A careful look at the Foreign Investment landscape shows that several factors are taken into account before achieving the desired result. Future research in this area could examine how past and current investment regulations impact the flow of Foreign Investment into a country.

This study assessed the impact of corporate taxation on both listed and unlisted Foreign Investment. The results provide evidence that various corporate tax incentives have direct and

inverse effects on FI. The variables for this research were limited to Company Income Tax, Value Added Tax, and Petroleum Profit Tax. Further research can be extended in detail to other types of taxes like Tertiary Education Tax (EDT), National Information Technology Development Levy (NITDL) and other levies paid by companies such as Withholding Tax, Stamp Duty and Capital Gain Tax, which can attract FI in quoted and unquoted companies.

Other factors such as availability of natural resources, macro-economic stability, market size, liberalisation to trade, wage levels, labor skills, transport and infrastructure, and availability and proximity of raw materials are important in attracting Foreign Investment. Empirical studies in previous studies show that the impact of corporate tax on FI for both listed and unlisted Foreign Investment is poorly defined. The findings of this study contribute to the existing knowledge in the literature on these gaps and the impact of corporate tax on listed and unlisted Foreign Investment. Therefore, further research is recommended on the effects of other incentives on listed and unlisted Foreign Investment, which were not considered in this research. Similarly, the impact of these other influences on a country's economic growth should also be considered for further examination.

Further research could also scrutinize the impact of the African Continental Free Trade Area (AfCFTA) on Foreign Investment flowing into Nigeria. The AfCFTA is a free trade area covering most parts of Africa. Initiated in 2018 via the African Continental Free Trade Agreement, with the participation of 43 parties and 11 additional signatories, it is the second best in terms of number of member states, demographic and geographical size after the World Trade Organization (WTO and the largest in population and geographic size, covering over 1.3 billion people on the world's second biggest continent. The agreement establishing the AfCFTA was midwifed by the African Union (AU) and signed on 21 March 2018 by 44 of its 55 member

states in Kigali, Rwanda. The agreement was scheduled to become effective 30 days after the ratification by the 22 signatories. On 29 April 2019, the Republic of Sahara deposited its instrument of ratification, the 22nd depositary making the agreement become effective from 30 May, 2019. After the summit on July 7, 2019, it entered the operational phase and was officially launched on January 1, 2021.

AfCFTA talks, negotiations and execution are superintended by the Permanent Secretariat in Accra, Ghana. Through this agreement, AfCFTA member states undertake to eliminate tariffs on most goods and services over a period of 5, 10 or 13 years, depending on the country's level of development or the nature of the product. Common long-term goals include the creation of a single, liberalized market. Reduce barriers to capital and labor to promote investment, development of local infrastructure; and the establishment of the Continental Customs Union. The overall aim of the AfCFTA is to promote social and economic expansion and growth, lessen poverty and increase Africa's competitiveness in the universal economy.

The idea of ESG has received a lot of attention in recent years, with investors realizing the value of matching their investments with sustainable and ethical activities (Chipalkatti, 2021). As more investors see the value of considering environmental, social, and governance (ESG) factors when making investment decisions, the importance of sustainable investing has increased. The 2020 pandemic, according to Morgan (2020), is the most recent "wake-up call" for economic policymakers and investment decision-makers to pursue a more sustainable strategy for investing. Consequently, future study in this area should include how FI is impacted by ESG in Nigeria

5.4 CONTRIBUTIONS TO KNOWLEDGE

The primary purpose of scientific research is to contribute to existing knowledge in a way that provides solutions to business problems. The first step in contributing knowledge is developing a thesis statement. The thesis can be written after much thought. To write a thesis statement, you must find possible connections between known facts related to your research topic. To do this, you need to look for striking contrasts or similarities. And think about the significance of these relationships. An empirical study of the state of this work is expected to enhance the literature in addition to existing knowledge. This thesis has contributed to education in four ways. First, while the existing literature in this area mainly focuses on the impact of tax incentives on unquoted investments, there is few research on the impact of such incentives on listed investments. Therefore, this study extends existing knowledge by considering listed companies in Nigeria. This has broadened the horizons of this industry. Secondly, the study contributed to the knowledge of the methodology used to carry out the study. This study combined FMOLS (Fully Corrected Ordinary Least Squares) and ARDL (Autoregressive Distributed Lags) for data analysis. These methods are robust in that they address the endogeneity problem often inherent in time series data. Endogenous analysis occurs when the lag of the independent variable varies with the error term. Another reason for endogeneity is the distortion of a period caused by taking into account the influence of other variables without considering the possibility of feedback effects. Several studies in the literature have confirmed the suitability of these estimation methods (FMOLS and ARDL) to address endogeneity issues (Phillips & Hansen, 1990; Adusei, 2012; Pesaran & Smith, 1998). Finally, both methods are characterized by diagnostics and reliability tests performed to determine the reliability of estimates and results. Jarke Bera (normality test) Diagnostic tests such as the Breisch-Godfrey

series correlation LM test, the heteroscedasticity test, and the Wald F-statistic test. All these tests strengthen the results and policy implications. The reliability of the assessment method often has a positive effect on the reliability of the results. In addition, the study adopted a flow method in deriving the foreign investment, rather than the stock method. The flow is better as it measures the actual quicker and faster and more current than the stock. The stock measures the total accumulated level of investment at the end of a given period (usually quarter or year) while flows are the records of transactions made during the reference period (usually quarterly or yearly).

The beneficiaries of this study include among others: all current and future tiers of government (Local, State and Federal), foreign investors, regulatory authorities (CBN and FIRS etc.), academicians, investment analysts and students etc. Each of these has much to gain from the current study.

5.5 CONCLUSIONS

The study examined the link between corporation taxes (company income tax, value-added tax and petroleum profit tax) and the total foreign investment net flow (categorized as quoted and unquoted foreign investment) between 1990 and 2019. The study started up by setting up the background for the study by reiterating the introduction to elucidate the basics of the study and the foundation necessary for it. Following the introductory part is the statement of the problem which spelt out the crux of what the study intends to look into and the purpose of the study. An area of concern, a knowledge gap, or a departure from the norm or standard that suggests a need for additional explanation and inquiry may be described as a research problem. According to Robinson et al. (2011), a research gap occurs when a systematic reviewer's capacity for conclusion-making is restricted. However, a research gap can also serve as a point of

departure for further investigation. study gaps are an output (of literature reviews), as Robinson et al. (2011) point out, they can also be seen as an input because they can spur additional study. The area that has not yet been examined or has not received enough attention is known as the gap, also known as the missing piece or parts in the study literature.

In research thesis, a statement of the problem is used as a claim to describe the issue addressed by the study. A problem statement, according to Jacobs (2011), is "a gap in sets of information that, when carefully examined, results in a call for action or resolution.". Research, on the other hand, aims to reconcile these disparate sets of information by introducing theory and producing new knowledge. The statement of the problem concisely addresses the problem: What is the problem that the research will attempt to solve? The eventual objective of a description of the problem is to transmute a generalized problem (something that the researcher complains about or feels is lacking) to a specific, well-defined issue that can be remedied through targeted investigation and thoughtful decision-making. The goal of the research study proposed can be clearly identified by writing a statement of the problem. The problem statement frequently serves as the foundation for the introduction of the final proposal, drawing the reader's attention to the problems that the project will solve and giving the reader a clear description of the project itself (Kush, 2015).

The study aims and objectives followed the statement of research problem. This area explained the main and specific objectives of the study. The aims were numbered to enumerate them and have tracking for them in the body of the work. The nature and the significance of the study considered the research method and design, data collection, data analysis together with the significant beneficiaries of the study. This area of the study is so important as any study requires data for its accomplishment. It is sufficient to say that data is a sine qua non for any meaningful

research.

The study made use of secondary data. These are data previously collected from primary sources and readily available to researchers for use in their research. This is a category of previously collected data. This data may be collected by a researcher for a particular study and then made available for use by other researchers. Similar to the census, data may be collected for general and non-specific purposes. Data classified as secondary in one study may be primary in another study. When data are reused, they become primary data for primary research and secondary data for further research (Mankiw & Taylor, 2020). It further went ahead to consider the impact of these foreign investment net flow on the economic growth on Nigeria within the same period. The study espoused gross domestic product (GDP) as proxy for economic growth including other control variables such as inflation and exchange rates.

Time series secondary data for the variables was gathered from World Development Indicators published by the World Bank and annual reports of the Central Bank of Nigeria (CBN) statistical bulletins. The Statistical Package for Social Sciences (SPSS) version 26 was used for the correlational analysis that was used for the study. Additionally, the study used Granger causality, Fully Modified Ordinary Least Square (FM-OLS), Autoregressive Distributed Lag (ARDL), and other econometric techniques utilizing E-views version 10.0 software.

Following the introductory chapter is the review of extant literature in this area of research. A comprehensive summary of previous research on a topic is called a literature review. A literature review analyzes scientific books, journals, and other sources relevant to a particular research topic. This existing research should be highlighted, summarized, objectively evaluated and clarified in the review. It should provide a rationale for the study and allow the authors to define the parameters. A literature review assures the reader that the current work has been

carefully considered while acknowledging the contributions of previous researchers. All previous works on the topics mentioned in this paper are considered to be read, evaluated and mastered by the authors. By providing the reader with a "landscape," the literature search allows the reader to fully understand changes in the field. As the reader may note from this landscape, the author has previously incorporated all (or most) of the important works in this field into his work A literature review aims to convey the reader's understanding of the latest research and discourse on a particular topic or field through a written report. Literature review is the search and evaluation of the amount of knowledge about a selected topic or problem. It provides an up-to-date information on an issue or topic. A literature review demonstrates to readers that the researcher fits into and contributes to the body of current knowledge. The literature review is usually classified into conceptual, theoretical and empirical.

The initial concept and execution of a new product or feature are what a concept review is. A conceptual review is a procedure for assessing many, occasionally conflicting concepts to determine which ones an organization should fund and develop to completion. Classifying, describing, and summarizing concepts related to a topic or problem, including related theoretical and empirical studies, is the goal of a conceptual literature review. The theoretical review helps to find out what theories already exist in a research. To what extent have these theories been investigated to develop new hypotheses? The section considers different theories that have been propounded in the area of the study or on each topic discussed in the study. The theories often served as the tripod upon which the current study is drawing power from. Having reviewed various theories, the theoretical framework is the pillar upon which the existing study is anchored. The theoretical framework underpinning this study is Dunning's eclectic paradigm theory. Dunning's eclectic paradigm theory was developed by Dunning (1980). The theory

integrated the theories of international trade and internalization theories to explain Foreign Direct Investment (FDI). According to this, for a firm to undertake FDI, it should simultaneously meet three conditions (Dunning, 1982; Rahman et al., 2018). These requirements encompass ownership advantages, location advantages, and internalization advantages (OLI). The interplay between these three advantages influences a company's international business strategy.

Firms evaluate their ownership strengths, the benefits of a particular location, and the feasibility of internalization to determine the optimal approach for entering and operating in foreign markets. The reasons for this assertion are: Firstly, the eclectic paradigm, also known as the OLI model (Ownership, Location, Internalization), provides a comprehensive framework for understanding the complex nature of FDI. It integrates elements from various theories, including industrial organization, international trade, and transaction cost economics, to explain why firms engage in FDI. In addition, the theory acknowledges the dynamic nature of international business. It takes into account changes in the global economy, technological advancements, and evolving business strategies, making it relevant in different contexts and time periods. Furthermore, the eclectic paradigm is adaptable to different industries, regions, and types of firms. It can explain various forms of FDI, including Greenfield investments, mergers and acquisitions, and joint ventures.

Following this is the empirical literature. The empirical looked at various extant literature in the area of the study and the contributions of the various authors in the field of study. The empirical gives honour to those that have featured in the area in their past studies. The authors are acknowledged as their works are stated at different dates. The empirical review section appraised the contributions of past authors. Each author is credited with their works, the methods they used, the period the study covers, their findings and possibly their recommendations and

contributions enumerated.

The methodology section of the study enunciated the procedures used in the study, starting with research design. How you answer the research question is called the research design. It sets the overall strategy and decides how to collect and analyze the data. A well-planned study design helps ensure that the methodology and data analysis match the research objectives (Akpa & Angahar, 1999). Research design refers to the framework of methods and processes chosen by researchers to conduct the research. The design allows researchers to design research methods that are appropriate for their topic and focus on the success of their research.

The empirical results showed that company income tax, petroleum profit tax and value added tax impacted both the quoted and the unquoted foreign investments in different proportion. The company income tax was rightly signed and statistically significant at impacting unquoted foreign investment. The value added tax as expected, being an indirect taxation, substantially has a high coefficient value against all other taxes. It is worthy to mention that of all the corporation taxation; only value-added tax, positively impacted economic growth significantly. It is sufficed to write that the objectives that the study set out to achieve were robustly achieved within the purview of the years stated.

It is therefore recommended that the Federal Government of Nigeria should consider offering tax incentives such as reduced rates, tax holidays, and capital allowances can make Nigeria more attractive. Tax holidays can allow new investors to operate tax-free for a specified period, encouraging initial investment. Sector-specific incentives can drive investment into strategic areas like renewable energy, technology, and manufacturing, which are crucial for diversifying the economy. Different sectors have varying needs and potential contributions to the economy. Tailored incentives can attract investment to high-growth or strategic sectors, fostering

innovation and development in areas that align with national priorities.

In addition, the government should look into the negotiation of more double taxation agreements (DTAs). Double taxation agreements prevent the same income from being taxed in both Nigeria and the investor's home country. This makes investing in Nigeria more attractive by reducing the overall tax burden on foreign companies. Expanding the network of DTAs can encourage more multinational corporations to consider Nigeria as a viable investment destination.

Lastly, the government should deepen the nation’s tax reform. Several aspects of the tax system must be considered for review and modification. For example, VAT rules work as part of sales tax, penalizing exporters. The tax system is also characterized by high corporate tax rates combined with overly generous incentives. Therefore, a zero export VAT rate should go hand in hand with VAT restructuring.

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APPENDICES

Appendix A:

Research Ethics Application Form

REAF_DS - Version 3.1 AP ☐

UNICAF UNIVERSITY
RESEARCH ETHICS APPLICATION FORM
DOCTORAL STUDIES

UREC USE ONLY:
Application No:

Date Received:

Student's Name: Josiah Dimeji Akerewusi

Student's E-mail Address: dimaker2@yahoo.com

Student's ID #: R1807D5729359

Supervisor's Name: Dr. Nissar Ahmad Yatoo

University Campus: Unicaf University Zambia (UUZ)

Program of Study: UUM: DBA - Doctorate of Business Administration

Research Project Title: The Impact of Corporate Taxation on Foreign Direct Investment in Nigeria

1. **Please state the timelines involved in the proposed research project:**

Estimated Start Date: 29-Jun-2020 Estimated End Date: 30-Sep-2022

2. **External Research Funding (if applicable):**

2.a. Do you have any external funding for your research?

☐ YES ☑ NO

If YES, please answer questions **2b** and **2c**.

2.b. List any external (third party) sources of funding you plan to utilise for your project. You need to include full details on the source of funds (e.g. state, private or individual sponsor), any prior / existing or future relationships between the funding body / sponsor and any of the principal investigator(s) or co-investigator(s) or student researcher(s), status and timeline of the application and any conditions attached.

2.c. If there are any perceived ethical issues or potential conflicts of interest arising from applying or and receiving external funding for the proposed research then these need to be fully disclosed below and also further elaborated on, in the relevant sections on ethical considerations later on in this form.

3. The research project

3.a. Project Summary:

In this section fully describe the purpose and underlying rationale for the proposed research project. Ensure that you pose the research questions to be examined, state the hypotheses, and discuss the expected results of your research and their potential.

It is important in your description to use plain language so it can be understood by all members of the UREC, especially those who are not necessarily experts in the particular discipline. To that effect ensure that you fully explain / define any technical terms or discipline-specific terminology (use the space provided in the box).

The purpose that the study aims to achieve is to examine the impact of corporate taxation on Foreign Direct Investment in Nigeria within 2000 to 2019. This study focuses on determining whether the use of corporate taxation policy has significant effects in encouraging more Foreign Direct Investment in Nigeria. As such, carrying out this study will establish whether corporate taxation attracts Foreign Direct Investment in quoted and unquoted companies in Nigeria. The primary research question for the study is; what are the effects of corporate taxation on Foreign Direct Investment in Nigeria within 2000-2019. The research question is sub-divided into two questions whicl seek to inform how corporate taxation influence Foreign Direct Investment in Nigeria, and what are the implications of corporate taxation on Nigeria's economic climate within the period of 2000 and 2019? The formulated hypotheses are:

H1o: Corporate taxation has no significant effect on FDI in Nigeria
H1i: Corporate taxation has significant effects on FDI in Nigeria.
H2o: Corporate taxation does not help in attracting FDI in unquoted companies in Nigeria
H2i: Corporate taxation helps in attracting FDI in unquoted companies in Nigeria
H3o: Corporate taxation does not help in attracting FDI in quoted companies in Nigeria
H3i: Corporate taxation helps in attracting FDI in quoted companies in Nigeria.

The research findings are expected to confirm if it follows that corporate taxation has a substantial impact on Foreign Direct Investment in Nigeria between 2000 and 2019. It is also expected to show if there is a positive correlation between the study variables and reveal how corporate taxation influences the participation of Foreign Direct Investment in quoted and unquoted companies in Nigeria. A quantitative methodological approach will be used in correspondence with correlational data analysi using Statistical Package for the Social Sciences. Secondary data from The Nigerian Statistical Bulletin and World Bank Development databases will be used for the study.

3.b. Significance of the Proposed Research Study and Potential Benefits:

Outline the potential significance and/or benefits of the research (use the space provided in the box).

Foreign direct investments enhance a country's growth through financial investments as it provides a cheap source of getting external finance through domestic savings (Park & Kim, 2017). The results from other studies concerning the effects of tax incentives on Foreign Direct Investment inform the need to examine Nigeria's corporate taxation which is the focus of this study. Therefore, the current research is crucial as it will provide substantial insights on the impact of tax incentives on Foreign Direct Investment, which encourage the Nigeria corporate taxation to attract Foreign Direct Investment in quoted and unquoted companies. The research will identify the trend of tax incentives for the period, which will elaborate on the importance of tax incentives on Foreign Direct Investment based on the nation's economic growth. Examining the impact of corporate taxation on foreign direct investment in Nigeria between 2000 and 2019 is of importance as it provides a great basis for future scientific research in the field, and adds to the existing literature on tax incentives and Foreign Direct Investment in developing countries. The research will also identify the most effective corporate tax incentives and recommend the optimal measures that can be implemented to attract Foreign Direct Investment in quoted and unquoted companies in Nigeria.

4. Project execution:

4.a. The following study is an:

- ☐ experimental study (primary research)
- ☑ desktop study (secondary research)
- ☐ desktop study using existing databases involving information of human/animal subjects
- ☐ Other

If you have chosen 'Other' please Explain:

4.b. Methods. The following study will involve the use of:

Method	Materials / Tools
Qualitative:	☐ Face to Face Interviews
	☐ Phone Interviews
	☐ Face to Face Focus Groups
	☐ Online Focus Groups
	☐ Other *
Quantitative:	☐ Face to Face Questionnaires
	☐ Online Questionnaires
	☐ Experiments
	☐ Tests
	☑ Other *

*If you have chosen 'Other' please Explain:

The study will adopt archival data collection. Archival data involves making use of already gathered information about the variables in the study by other researchers. This is a desktop research, involving the use of secondary data. Data will therefore be collected on annual basis of the variables for the relevant years from the following websites:
- GDP: https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=NG
- FDI net inflows (BOP, N): https://www.cbn.gov.ng/out/2021/std/2020 Statistical Bulletin_External Sector_Final.xlsx
- FPI net inflows (BOP, N): https://www.cbn.gov.ng/out/2021/std/2020 Statistical Bulletin_External Sector_Final.xlsx
- Taxes (Petroleum Profit Tax and non-oil taxes): https://www.firs.gov.ng/tax-statistics-report/ and Tax Statistics Report by Research Department of FIRS
- Exchange and inflation rates

5. Participants:

5 a. Does the Project involve the recruitment and participation of additional persons other than the researcher(s) themselves?

☐ YES **If YES, please complete all following sections.**

☑ NO **If NO, please directly proceed to Question 7.**

5 b. Relevant Details of the Participants of the Proposed Research

State the number of participants you plan to recruit, and explain in the box below how the total number was calculated.

Number of participants ☐

☐

Describe important characteristics such as: demographics (e.g. age, gender, location, affiliation, level of fitness, intellectual ability etc). It is also important that you specify any inclusion and exclusion criteria that will be applied (e.g. eligibility criteria for participants).

Age range From ☐ To ☐

Gender ☐ Female
☐ Male

Eligibility Criteria:

- Inclusion criteria ☐
- Exclusion criteria ☐

Disabilities ☐

Other relevant information (use the space provided in the box):

☐

5 c. Participation & Research setting:

Clearly describe which group of participants is completing/participating in the material(s)/ tool(s) described in 5b above (use the space provided in the box).

5 d. Recruitment Process for Human Research Participants:

Clearly describe how the potential participants will be identified, approached and recruited (use the space provided in the box).

5 e. Research Participants Informed Consent.

Select below which categories of participants will participate in the study. Complete the relevant Informed Consent form and submit it along with the REAF form.

Yes	No	Categories of participants	Form to be completed
☐	☐	Typically Developing population(s) above the maturity age *	Informed Consent Form
☐	☐	Typically Developing population(s) under the maturity age *	Guardian Informed Consent Form

* Maturity age is defined by national regulations in laws of the country in which the research is being conducted.

5 f. Relationship between the principal investigator and participants.

Is there any relationship between the principal investigator (student), co-investigators(s), (supervisor) and participant(s)? For example, if you are conducting research in a school environment on students in your classroom (e.g. instructor-student).

☐ YES ☐ NO

If YES, specify (use the space provided in the box).

6. <u>Potential Risks of the Proposed Research Study.</u>

6 a. i. Are there any potential risks, psychological harm and/or ethical issues associated with the proposed research study, other than risks pertaining to everyday life events (such as the risk of an accident when travelling to a remote location for data collection)?

☐ YES ☐ NO

If YES, specify below and answer the question 6 a.ii.

6 a.ii Provide information on what measures will be taken in order to exclude or minimise risks described in 6.a.i.

6 b. Choose the appropriate option

		Yes	No
i.	Will you obtain written informed consent form from all participants?	☐	☐
ii.	Does the research involve as participants, people whose ability to give free and informed consent is in question?	☐	☐
iii.	Does this research involve participants who are children under maturity age? **If you answered YES to question iii, complete all following questions.** **If you answered NO to question iii, do not answer Questions iv, v, vi and proceed to Questions vii, viii, ix and x.**	☐	☐
iv.	Will the research tools be implemented in a professional educational setting in the presence of other adults (i.e. classroom in the presence of a teacher)?	☐	☐
v.	Will informed consent be obtained from the legal guardians (i.e. parents) of children?	☐	☐
vi.	Will verbal assent be obtained from children?	☐	☐
vii.	Will all data be treated as confidential? If NO, explain why confidentiality of the collected data is not appropriate for this proposed research project, providing details of how all participants will be informed of the fact that any data which they will provide will not be confidential.	☐	☐
viii.	Will all participants /data collected be anonymous? If NO, explain why and describe the procedures to be used to ensure the anonymity of participants and/or confidentiality of the collected data both during the conduct of the research and in the subsequent release of its findings.	☐	☐

		Yes	No
ix.	Have you ensured that personal data and research data collected from participants will be securely stored for five years?	☐	☐
x.	Does this research involve the deception of participants? If YES, describe the nature and extent of the deception involved. Explain how and when the deception will be revealed, and who will administer this debrief to the participants:	☐	☐

6 c. i. Are there any other ethical issues associated with the proposed research study that are not already adequately covered in the preceding sections?

☐ Yes ☐ No

If YES, specify (maximum 150 words).

6.c.ii Provide information on what measures will be taken in order to exclude or minimise ethical issues described in 6.c.i.

6 d. Indicate the Risk Rating.

☐ High ☐ Low

7. Further Approvals

Are there any other approvals required (in addition to ethics clearance from UREC) in order to carry out the proposed research study?

☐ YES ☑ NO

If YES, specify (maximum 100 words).

8. Application Checklist

Mark √ if the study involves any of the following:

☐ Children and young people under 18 years of age, vulnerable population such as children with special educational needs (SEN), racial or ethnic minorities, socioeconomically disadvantaged, pregnant women, elderly, malnourished people, and ill people.

☐ Research that foresees risks and disadvantages that would affect any participant of the study such as anxiety, stress, pain or physical discomfort, harm risk (which is more than is expected from everyday life) or any other act that participants might believe is detrimental to their wellbeing and / or has the potential to / will infringe on their human rights / fundamental rights.

☐ Risk to the well-being and personal safety of the researcher.

☐ Administration of any substance (food / drink / chemicals / pharmaceuticals / supplements / chemical agent or vaccines or other substances (including vitamins or food substances) to human participants.

☐ Results that may have an adverse impact on the natural or built environment.

9. Further documents

Check that the following documents are attached to your application:

		ATTACHED	NOT APPLICABLE
1	Recruitment advertisement (if any)	☐	☑
2	Informed Consent Form / Guardian Informed Consent Form	☐	☑
3	Research Tool(s)	☐	☑
4	Gatekeeper Letter	☐	☑
5	Any other approvals required in order to carry out the proposed research study, e.g., institutional permission (e.g. school principal or company director) or approval from a local ethics or professional regulatory body.	☐	☑

Appendix **B:**

Approved UREC application (UREC Decision)

UNICAF UNIVERSITY

UREC Desision, Version 2.0

Unicaf University Research Ethics Committee Decision

Student's Name: Josiah DImeji Akerewusi

Student's ID #: R1807D5729359

Supervisor's Name: Dr. Nissar Ahmad Yatoo

Program of Study: UUM: DBA - Doctorate of Business Administration

Offer ID /Group ID: O29341G30815

Dissertation Stage: 3

Research Project Title: The Impact of Corporate Taxation on Foreign Direct Investment in Nigeria

Comments: This is a desktop study but there is no reference to the databases from which the relevant information will be gothered. Is the access to the specific databases given through a specific organisation? If so the relevant gatekeeper letter should be provided and the specific information should be added at point 4b.Other. Further to this the consent form should not be provided either at this point as there are no participants.

Decision*: B. Approved with comments for minor revision

Date: 19-Apr-2022

*Provisional approval provided at the Dissertation Stage 1, whereas the final approval is provided at the Dissertation stage 3. The student is allowed to proceed to data collection following the final approval.

Appendix C:

Informed Consent Form (UU-IC)

UNICAF UNIVERSITY

UU_IC - Version 2.1

Informed Consent Form

Part 1: Debriefing of Participants

Student's Name: Josiah Dimeji Akerewusi

Student's E-mail Address: dimaker2@yahoo.com

Student ID #: R1807D5729359

Supervisor's Name: Dr Nissar Yatoo

University Campus: Unicaf University Zambia (UUZ)

Program of Study: Doctorate of Bussiness Administration

Research Project Title: The Impact of Corporate Taxation on Foreign Direct Investment in Nigeria

Date: March 1, 2022

Provide a short description (purpose, aim and significance) of the research project, and explain why and how you have chosen this person to participate in this research (maximum 150 words).

The purpose that the study aims to achieve is to examine the impact of corporate taxation on Foreign Direct Investment in Nigeria within 2000 to 2019. This study focuses on determining whether the use of corporate taxation policy has significant effects in encouraging more Foreign Direct Investment in Nigeria. As such, carrying out this study will establish whether corporate taxation attracts Foreign Direct Investment in quoted and unquoted companies in Nigeria. The primary research question for the study is; what are the effects of corporate taxation on Foreign Direct Investment in Nigeria within 2000-2019. The research question is sub-divided into two questions which seek to inform how corporate taxation influence Foreign Direct Investment in Nigeria, and what are the implications of corporate taxation on Nigeria's economic climate within the period of 2000 and 2019? The formulated hypotheses are:

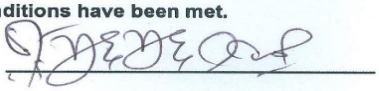
H1o: Corporate taxation has no significant effect on FDI in Nigeria
H1i: Corporate taxation has significant effects on FDI in Nigeria.
H2o: Corporate taxation does not help in attracting FDI in unquoted companies in Nigeria
H2i: Corporate taxation helps in attracting FDI in unquoted companies in Nigeria
H3o: Corporate taxation does not help in attracting FDI in quoted companies in

The above named Student is committed in ensuring participant's voluntarily participation in the research project and guaranteeing there are no potential risks and/or harms to the participants.

Participants have the right to withdraw at any stage (prior or post the completion) of the research without any consequences and without providing any explanation. In these cases, data collected will be deleted.

All data and information collected will be coded and will not be accessible to anyone outside this research. Data described and included in dissemination activities will only refer to coded information ensuring beyond the bounds of possibility participant identification.

I, Josiah Dimeji Akerewusi , **ensure that all information stated above is true and that all conditions have been met.**

Student's Signature: 

1

UNICAF UNIVERSITY

Informed Consent Form

Part 2: Certificate of Consent

This section is mandatory and should to be signed by the participant(s)

Student's Name: Josiah Dimeji Akerewusi

Student's E-mail Address: dimaker2@yahoo.com

Student ID #: R1807D5729359

Supervisor's Name: Dr Nissar Yatoo

University Campus: Unicaf University Zambia (UUZ)

Program of Study: Doctorate of Bussiness Administration

Research Project Title: The Impact of Corporate Taxation on Foreign Direct Investment in Nigeria

I have read the foregoing information about this study, or it has been read to me. I have had the opportunity to ask questions and discuss about it. I have received satisfactory answers to all my questions and I have received enough information about this study. I understand that I am free to withdraw from this study at any time without giving a reason for withdrawing and without negative consequences. I consent to the use of multimedia (e.g. audio recordings, video recordings) for the purposes of my participation to this study. I understand that my data will remain anonymous and confidential, unless stated otherwise. I consent voluntarily to be a participant in this study.

Participant's Print name: Not Applicable in secondary data collection

Participant's Signature: _____

Date:

If the Participant is illiterate:

I have witnessed the accurate reading of the consent form to the potential participant, and the individual has had an opportunity to ask questions. I confirm that the aforementioned individual has given consent freely.

Witness's Print name: Not Applicable in secondary data collection

Witness's Signature: _____

Date:

Appendix D:

Gatekeeper Letter (UU_GL)

The study adopted secondary data collection; hence the use of Gatekeeper letter was not adopted as it was not required.

The secondary data being available online was downloaded.

Appendix E:

Research Tools

The study adopted secondary data collection methodology, no research tools were required other than gathering secondary data from the Nigerian Statistical Bulletin of the Nigerian Bureau of Statistics, Central Bank of Nigeria, Federal Internal Revenue Service, and World Bank Development databases.

The researcher used public archival data which were gathered from the following website sources:

- ✓ GDP: https://www.cbn.gov.ng/documents/statbulletin.asp
- ✓ FDI net inflows (BOP, N): https://www.cbn.gov.ng/out/2021/std/2020 Statistical Bulletin External Sector_Final.xlsx
- ✓ FPI net inflows (BOP, N): https://www.cbn.gov.ng/out/2021/std/2020 Statistical Bulletin External Sector_Final.xlsx
- ✓ Corporate Taxes (Petroleum Profit Tax and non-oil taxes): https://www.firs.gov.ng/tax-statistics-report/ and Tax Statistics Report by Research Department of FIRS
- ✓ Exchange and inflation rates: https://www.cbn.gov.ng/documents/statbulletin.asp?beginrec=21&endrec=40&keyword=&from=&tod=

Appendix F:

SUMMARY OF DATA COLLECTED

YEAR	QUOTED INV (N'M)	UNQUOTED INV. (N'M)	TOTAL INV. (N'M)	CIT (N'M)	VAT (N'M)	PPT (N'M)	TCIT (N'M)	GDP (N'M)	EXCR	INFL
1990	-435.20	4686.00	4250.80	2992.30	4567.43	26909.00	34468.73	489766.48	8.04	7.36
1991	-594.90	6916.10	6321.20	3827.90	4998.32	38615.90	47442.12	584249.84	9.91	13.01
1992	36851.80	14463.10	51314.90	5417.20	5808.31	51476.70	62702.21	897117.31	17.30	44.59
1993	-396.40	29675.20	29278.80	9554.10	6523.53	59207.60	75285.23	1244798.93	22.07	57.17
1994	-203.50	22229.20	22025.70	12274.80	7260.80	42802.70	62338.30	1751279.92	22.00	57.03
1995	-5785.00	75940.60	70155.60	21878.30	20761.00	42857.90	85497.20	3069431.76	21.90	72.84
1996	-12055.20	111290.90	99235.70	23100.00	32500.00	47500.00	103100.00	4045321.62	21.88	29.27
1997	-4785.80	110452.70	105666.90	27800.00	35300.00	64300.00	127400.00	4374496.47	21.89	8.53
1998	-637.52	80749.00	80111.48	33300.00	37600.00	24600.00	95500.00	4756705.70	21.89	10.00
1999	1015.74	92792.47	93808.21	46224.04	47679.90	71110.09	165014.04	5426470.65	92.34	6.62
2000	51079.13	115952.16	167031.29	53296.05	58008.42	334461.14	445765.61	6990619.16	105.00	6.93
2001	92518.92	132433.65	224952.57	69385.99	91741.08	407116.43	568243.50	8150016.06	104.89	18.87
2002	24789.19	225224.76	250013.95	89103.88	108595.73	224377.68	422077.29	11383658.56	122.33	12.88
2003	23555.51	258388.61	281944.12	114773.55	136411.20	432604.08	683788.83	13418012.90	135.00	14.03
2004	23541.00	248224.55	271765.55	130791.88	163297.64	878625.82	1172715.34	18124060.02	140.85	15.00
2005	-64055.29	652271.94	588216.65	170303.60	192656.50	1352240.33	1715200.43	23121879.00	142.56	17.86

2006	165705.73	583401.24	749106.97	246671.75	232697.20	1349522.48	1828891.43	30375178.72	137.10	8.23
2007	100605.34	650219.18	750824.52	332443.89	314545.46	1132039.17	1779028.52	34675943.74	127.41	5.39
2008	-403341.36	846898.78	443557.41	420582.99	401736.69	2060883.88	2883203.56	39954211.89	120.71	11.58
2009	-51409.01	1046722.51	995313.50	600590.10	481407.35	939412.24	2021409.69	43461458.62	161.64	12.56
2010	388737.39	768701.55	1157438.94	666132.50	564892.03	1480363.90	2711388.43	55469350.31	153.06	13.72
2011	544722.23	1234639.20	1779361.42	715441.98	659153.58	3070591.16	4445186.71	63713359.39	159.31	10.84
2012	2361304.55	872516.09	3233820.64	846591.94	710555.19	3201319.57	4758466.70	72599629.97	160.86	12.22
2013	1623602.84	682012.74	2305615.59	998436.12	802683.46	2666366.90	4467486.49	81009964.62	162.45	8.48
2014	289946.05	484317.52	774263.56	1204833.78	802964.77	2454064.28	4461862.83	90136984.65	171.45	8.06
2015	168723.09	320069.68	488792.77	1408432.86	767333.43	1289960.88	3465727.17	95177735.68	222.72	9.01
2016	432166.53	794379.38	1226545.91	1124721.67	828199.39	1157808.09	3110729.16	102575418.03	372.86	15.68
2017	2602118.15	676765.24	3278883.39	1262009.22	972348.41	1520481.81	3754839.44	114899249.90	395.42	16.52
2018	-698514.18	188425.44	-510088.74	1444718.57	1108040.02	2467557.43	5020316.02	129086907.45	361.52	12.09
2019	1111254.39	726171.85	1837426.24	1528946.72	1127533.89	2114268.35	4770748.96	142364289.64	378.67	14.64