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REVIEW OF DOCTORAL DISSERTATION
Bamituni Etomi Abamu
„Impact of FDI on the Nigerian economy: negative, positive or mixed effects?”
(supervisor: dr hab. Joanna Pietrzak)

This review contains the following content:

1. Selection of research issues and dissertation topic
2. Objectives of the dissertation and research hypotheses
3. Research methods
4. Layout and content of the dissertation
5. The formal side of the dissertation
6. Conclusion

1. Selection of research issues and dissertation topic

This dissertation addresses the issue of the impact of the influx of foreign direct investment on the Nigerian economy. The choice of the problem and the subject of research is beyond doubt. Foreign direct investment flows have been an attractive research area for decades, both in terms of the impact on the host and home economies of multinational corporations, implications for the economy as a whole, selected industries or specific enterprises, the local labor market, knowledge and technology transfer, productivity, and consequently competitiveness. FDI flows to developing countries are usually accompanied by cost incentives resulting from the desire to take advantage of the local advantages offered by the resource-based development model of the host economy.

In particular, African countries are rich in natural resources, i.e., metal ores, oil, gold, and diamonds. There are primarily low- or medium-low-income economies, with a minimal level of diversification of the economic structure and the dominance of low-processed, labor-intensive industries in exports. Undoubtedly, decades of foreign direct investment by international businesses in African countries have provided abundant empirical material for both supporters and opponents of globalization and neoliberalism. Capital following profit, a

higher rate of return, and investment opportunities in developing regions did not contribute to the real convergence of African countries concerning the developed markets of Western Europe or the United States, as well as the emerging economies of Eastern Asia or Central and Eastern Europe - the opening of the region's economies to FDI did not change the trajectory of path-dependent development in most cases.

In the context of Africa's experiences related to the influx of FDI, the choice of Nigeria as the subject of research does not raise any doubts - it is the largest nominally, the most populous economy of the continent, also having the second largest proven oil reserves in this part of the world (after Libya), amounting to over 37 billion barrels and deposits of natural gas exceeding over 300 times the domestic demand. Nigeria's GDP per capita - one of the primary measures of the country's well-being - in 2021 amounted to just over 2,000 USD, slightly less than forty years ago. Still, at the same time, the country's population has tripled. Out of nearly 216 million inhabitants of the country, over 90 million currently live in extreme poverty, which - bearing in mind the above-mentioned abundant deposits of oil and gas - evokes associations with the resource curse, characteristic of many countries of the continent.

Nigeria is undoubtedly a country of great opportunities and potential, plagued by decades of problems of poverty, corruption, political instability, macroeconomic policy misguides, ethnic tensions, infrastructure bottlenecks, and terrorism. In retrospect, it seems correct to state that FDI inflows are not a remedy for the country's development problems - it seems understandable, therefore, that in the topic of the dissertation, the author mentions first the adverse effects, then the positive ones, and finally the mixed ones, making it clear at the start that he does not expect optimistic results of the quantitative study on effects for the economy of Nigeria.

In my opinion, the topic of the dissertation is characterized by high topicality and importance.

Adopting a perspective of local enterprises in the host economy provides added value to the author's studies on the impacts of FDI inflows, enabling him to complement an analysis of quantitative effects with a qualitative perspective and obtain a more holistic picture of the studied phenomena. The mixed research approach has become increasingly popular recently due to the possibility of conducting more extensive research, where quantitative results are verified by qualitative research. I disregard here the problem of the representativeness of the sample studied by the author, followed by the need to be careful in interpreting the results obtained - the author conducted a qualitative study on a group of representatives of 15 "local" enterprises from the agricultural sector. This may raise doubts, however, not only in the context

of the objective significance of such a limited empirical observation but also because the agricultural sector currently accounts for just over 23% of Nigeria's GDP (not “the single largest contributor”, as the author argues on page 20; by the way, on page 133 author duplicates this statement, providing an indicator of 24.4% from ... 2016), while industry - 31%, and services - almost 44% (World Bank data for 2021). It is true that agriculture still has the most significant number of jobs, but there is a dynamic outflow of employees to other sectors of the economy.

What's more, although crude oil accounts for nearly $\frac{3}{4}$ of the country's exports for apparent reasons, agricultural products account for less than 2.5% of sales abroad, almost three times less than manufactured goods. Among the fastest-growing sectors of the Nigerian economy, raising the interest of foreign investors, there are transport and storage, finance and insurance, information and communication, and recreation. The key FDI takers among Nigerian sectors are extractive industries and manufacturing, followed by transport, storage, and communication, whereas agriculture attracts the least. Therefore, one should be cautious about the effects of qualitative research in a small group of enterprises representing a sector that, compared to the manufacturing or service industry, does not have such a productivity growth dividend (mainly concerning labor), which in turn may translate into spillover effects in the local business sector.

In the context of the previous comments and observations, it should be emphasized that the title of the dissertation was formulated correctly.

2. Objectives of the dissertation and research hypotheses

The main objective of this dissertation is „to investigate the impact of FDI on the Nigerian economy, including the relationship between local and foreign firms” (p. 123). In the Introduction, however, four specific research objectives were added (p. 18), which are skipped in subchapter 4.1:

1. To understand the impact of FDI on Nigeria’s GDP.
2. To examine the effect of FDI and its relationship with Nigeria’s export performance.
3. To develop an understanding of the linkage process between FDI and local firms in Nigeria.
4. To identify the spillover effects from FDI on local firms in Nigeria.

Additionally, the author has raised five research questions in the Introduction (p. 18):

1. What is the relationship between FDI and Nigerian GDP?
2. What is the impact of FDI on Nigerian export?

3. How does FDI affect the performance of local firms?
4. What type of spillovers occurs between MNCs and local firms?
5. In what ways do local firms benefit from FDI spillovers?

In the subchapter 4.1, the author presents research questions again; however, this time, with the distinction between those to be answered using quantitative and qualitative methods.

Finally, the author also formulated four research hypotheses, which he does not mention in the Introduction but only in subchapter 4.1 (p. 123):

1. There is a correlation between FDI and GDP growth in Nigeria.
2. The inflow of FDI has a positive effect on exports.
3. FDI-linked local firms in Nigeria act as input suppliers to multinationals.
4. Spillovers transferred to local firms in Nigeria through FDI linkages are vertical.

At this stage of reading, it seems quite unclear what the author's intention was when formulating - following the standards - the main objective and research questions in the Introduction to the dissertation and then in the chapter entitled "Research objectives and methodology" to recall them again, however, omitting specific research objectives, while adding hypotheses which are not mentioned in the Introduction at all.

The proposed structure: main research objective - specific research objectives - research questions – research hypotheses are admittedly acceptable, but it raises some doubts and complicates the attempt to understand the course of research. Firstly, since the author refers to spillover effects, it would be worth mentioning them in the dissertation's main objective. Secondly, the wording of the third specific objective is not entirely clear: "To develop an understanding on the linkage process (...)" - is it about the nature and effects of the links created between local and foreign companies, or the process of creating these links? Studying the research questions formulated in the Introduction, the answers to which - as I assume - should pursue specific research objectives and the main objective - it seems that it is simply about the impact of FDI on local companies, not exploring the mechanisms of linking with foreign entities. Thirdly, the author intends to answer three of the five research questions formulated by qualitative research, which, given the issues mentioned above related to the selection of the research sample, calls into question the value of the results obtained. Fourthly, the first hypothesis in its current form is imprecise - the statement that there is a correlation between FDI and GDP can be accepted as accurate without verification in the study. It was necessary to specify the direction and strength of this correlation to prove it in a quantitative study. The

second hypothesis explicitly mentions the positive impact of FDI on Nigerian exports. However, I would be personally interested in establishing to what extent this impact applies only to the industry where FDI is located and to what extent it translates, for example, into related industries. Considering that the lion's share of FDI is attracted by the exploitative sector, which at the same time dominates Nigerian exports in terms of value, the research is interesting as long as it also takes into account the dynamics of other sectors of the economy, including industry and services. Fifthly, while the fourth research question seems to be related to the fourth research hypothesis (vertical nature of spillover effects), it is unclear how the question about the impact of FDI on the functioning of local companies is translated into the hypothesis about their role in the value chain (input suppliers). Sixthly, it isn't easy at first glance to see the connection between the fifth research question and a set of specific research objectives and hypotheses. Instead, it is an extension of the fourth question. Seventhly, there is no clear demarcation line between the study of the impact of FDI on local firms on the one hand and the spillover effects of FDI on local firms on the other hand.

The author characterizes the research methodology in the Introduction, *de facto* limited to emphasizing the attributes of mixed methods research concerning the subject matter taken up in the dissertation and pointing to the quantitative and qualitative dimensions of the conducted studies (pp. 18-19). Whereas justification of the selection of the research topic and the author's motives to study it sound convincing (although I do not know if it was necessary to formulate it in separate paragraphs), it is not entirely clear what a separate paragraph entitled "Research scope" is for, where once again, the reader is acquainted with the area and the main objective of the research. In this part of the Introduction, the author makes statements regarding the vital role of agriculture in Nigeria's GDP and the priority given by the government to this sector of the economy in the context of the export revenue diversification strategy (pp. 19-20). There is no reference to any documents, declarations, or legal acts in this place. I have the impression that the author characterizes agriculture a bit exaggeratedly as the industry of the future for Nigeria due to his professional experience and the ability to conduct qualitative research among representatives of this industry of the economy. Qualitative research on the effects of FDI in Nigeria at the level of a selected industry is undoubtedly an argument for research originality, as the author himself declares on page 21.

In the last part of the Introduction, the author briefly characterized the content of individual chapters. What I missed in the Introduction was capturing the context of the role of FDI in the economic development of Nigeria in historical terms to justify the issues raised while indicating the role of the agricultural sector in creating GDP, employment, exports, and

productivity of the country, which the author would justify qualitative research in this industry. There was no indication of the specific research methods used by the author, limiting himself to several times emphasizing the diverse nature of the tools used (quantitative and qualitative) and justifying his choice. In addition, it was necessary to indicate the more important sources of information or inspiration used in work, such as databases, selected books, or studies of public institutions and international organizations (pp. 21-23).

3. Research methods

The research methodology, as already mentioned, has been characterized in chapter 4, with an appropriate theoretical justification of the adopted research approach (pp. 124-125) and an explanation of mixed methods research. Doubts are raised by the fact that in one short paragraph, the author tries to explain what type of variables he uses (research design) - although without indicating a specific quantitative method, informing at the same time that he will finally integrate the results of quantitative and qualitative research, recognizing them as equivalent for the outcome of the research procedure. The author devotes more space here to re-justifying the combination of quantitative and qualitative methods - here are quotes from page 126 only: "more complete perspective", "broader insight on FDI", "expand insights into the impact of FDI", "more comprehensive analysis on the impact of FDI" – one gets the impression that the author is "going in circles".

There is no reason for separating subsections 4.1, 4.2, and 4.3 or subsections 4.5.1, 4.5.2, and 4.5.3, each time containing several sentences. The research methodology could constitute one subchapter of chapter 4 (outlining the research sequence and explaining the methods along with formulas/formulas and selected variables (GDP, FDI inflows, exports, etc.) concerning other authors using such methodological solutions in a similar research area) to present the results of the quantitative and qualitative research in subsections 4.2 and 4.3 - thus, I would integrate the current chapter four with the chapter five, leaving the objectives, questions, and hypotheses in the Introduction (removing subsections 4.1-4.3, I would combine subsections 4.4, 4.5, 4.7 and 4.8, remove the table data from 4.6.2 on page 129, interview questions from page 135, as at this point it is enough to identify the variables used in the quantitative and qualitative analyses). In my opinion, purely conceptual considerations on the study of qualitative data in 4.7 could be shortened - currently, it is as many as six pages (pp. 138-143).

The methodological side of the dissertation is based on the quantitative component of the empirical research on the analysis of regression, correlation, and the set of descriptive statistics. The qualitative component of the survey questionnaire does not raise any objections.

The author uses a broader spectrum of research methods tailored to the needs of the issues addressed in individual chapters. In chapters 1-3, the analytical, descriptive, and comparative methods were used, even though the author does not mention them.

4. Layout and content of the dissertation

The dissertation has 241 pages, six chapters, an Introduction, a Conclusion, a Bibliography, a List of tables and figures, and Appendices. Each substantive chapter begins with a short introduction covering the purpose of the considerations, the essence of the research issue undertaken, and a discussion of the content of the chapter (chapter 5 has an introduction for this purpose, in chapter 6, there is both an introduction paragraph in italics plus a separate introduction, in other chapters, there is simply an introduction paragraph in italics without introduction as subtitle), chapters 1-3 have an additional chapter summary with the most important conclusions. It is a pity that the author lacked consistency in applying this solution in all chapters of the dissertation because it undoubtedly increases the clarity of the argument, speaks for the maturity of the author's scientific workshop, the ability to conduct a reliable analysis, which is an essential feature of a researcher.

An attractive methodological solution consists in placing selected qualitative research questionnaires with answers in the annex of the dissertation, as well as an example of applied thematic analysis in the form of a tabular summary. The author has also included a list of abbreviations in the dissertation, which makes it easier to read individual chapters and understand the content. The work layout is correct, the order and subject matter of the chapters do not raise serious objections, and their logical sequence and substantive relationships are visible. However, chapter 4, in its current form, raises doubts. As has already been suggested, part of it could be included in the Introduction, while the rest could be combined with chapter 5.

Chapter 1. Theoretical background

In chapter 1, the author introduces theories of international trade (e.g., mercantilism, classical and contemporary theories), theories of foreign direct investment (e.g., internalization theory, eclectic paradigm, oligopoly theory, product life cycle theory), the concept of globalization (phases of, the role of multinational corporations, World Trade Organization). The part of the considerations devoted to globalization is a bit disappointing; for instance, the role of multinational corporations - *de facto* responsible for FDI - is dedicated to less than half a page, and the role of the World Trade Organization is less than a page (pp. 53-53),

although these threads seem to be of more importance for further considerations than, say, detailed explanations of the Krugman scale economics equation (p. 32). The chapter forms the basis for the substantive parts of the work, and the selection of sources does not raise any doubts.

Chapter 2. Literature review

In chapter 2, the author introduces the definitions of FDI, the motives for undertaking FDI, the history and patterns of FDI, presents the typology of FDI, systems of financial, fiscal, and regulatory incentives for foreign investors, the impact of FDI on the host economy (including productivity, wages, employment, GDP), distinguishes horizontal and vertical spillover effects generated by FDI concerning local companies. The title of the chapter, when compared to the title of the first chapter, causes consternation - both chapters focus on a review of literature in the field of international trade and foreign direct investment - the latter are presented from the perspective of trade theory in the first chapter, in the second however, it is defined and described in a broader context of typologies and impacts on the host economy - both chapters, therefore, contain theoretical frameworks and review literature. It should have been titled appropriately, for example, Chapter 1. International trade and capital flows – conceptual frameworks, Chapter 2. Theoretical and historical perspectives on FDI. In general, however, this part of the dissertation is characterized by a high substantive level and a skillful selection of sources.

Chapter 3. FDI environment in Nigeria

In chapter 3, the author characterizes the FDI environment in Nigeria, presenting the historical context of the development of the country's economy, sectoral breakdown, attributes of the country as an investment location, challenges resulting from the relatively low attractiveness for foreign capital, key sources of FDI flowing into the country. For obvious reasons, the point of reference is the discovery of oil deposits in the mid-1950s, recessionary episodes related to the downturn in the global energy market, and attempts at structural reforms in response to economic difficulties to break free from the path-dependent, resource-based growth model. In the sectoral analysis, the author argues that the service sector is the most significant contributor to the GDP of Nigeria – 55%, with an annual growth close to 6% (p. 107). Figure 9, the first data graphic after more than ten pages of continuous text, illustrates FDI inflows to Nigeria in the years 1985-2017 (by the way, the title of the figure should be precise, including the name of the country-recipient and measurement unit).

The shortcoming of the analysis in subchapter 3.1 is the author's reference to data from different periods - for example, the author gives data on the share of the manufacturing sector in GDP for 2015-16, data on the growth dynamics of the service sector for 2010-15, data on FDI inflows to Nigeria for the years 1985-2017, population data from 2017.

Subchapter 3.2 presents the attributes of Nigeria as an investment location, pointing to the natural resource base, population size, and geographical location (in the latter case, the author limited himself to two sentences). The statement that the country's rapidly growing population is a "catalyst for market-seeking investments" is debatable, as the identified competitive attributes of the country come down to the abundance of natural and human resources, which seems to support resource-seeking investments.

It would be helpful to list the most important legal acts and legislative initiatives with a brief description in a table instead of a continuous description. Still, undoubtedly this part of the work should be considered valuable.

In the following subchapter, the author presents the most important, in his opinion, challenges related to the Nigerian investment environment, i.e., terrorism and insecurity, inadequate infrastructure, and corruption. The chapter undoubtedly has cognitive values; however, the fragmentation of the data and facts provided makes it difficult to form an opinion on the issues discussed.

Chapter 4. Research objectives and methodology

Chapter 4 has already been covered in previous sections of this review. How the whole methodological approach has been argued and conceptualized can be exhaustive and excessive.

Chapter 5. Results and findings

The author presents here the critical results of quantitative and qualitative research used to achieve the specific goals and the main goal of the dissertation, as well as to verify the hypotheses formulated in Chapter 4. Subchapter 5.1.1 presents data on FDI new inflows, GDP, export, labor force, exchange rate, and oil price for the years 1990-2019 (unfortunately, the period has not been justified in any way). Table 11 (p. 147) contains numbers that are sometimes even difficult to interpret, e.g., column export (\$): mean 42 949, 895 985; minimum 2,808,064 126. In the interpretation, the author rewrites the total amounts instead of aggregating; for example, "GDP was at its highest value in 2014 at 546,676,374,567.72 and (...)" (p. 147). It is also incomprehensible that the author under the data table does not refer to the source but limits himself to the notation "author's contribution." The problem is that we cannot see exact data for

individual years here; probably, we'd have to go back to pages 129-130 for more details. Figures 13 and 14, presenting combo charts of FDI and GDP and FDI and export, respectively, lack any single sentence of the author's comment. Correlation analysis and regression results concerning the FDI-GDP and FDI-export variables are further presented and commented on by the author. After the presentation of the quantitative study and the correlation and regression testing, the author interprets in detail the results of a survey conducted among entrepreneurs, proving the vertical nature of network spillover effects, which is summarized in Table 16 on pages 178-179. The summary of the chapter refers only to the last of the threads; however, the author's intention was - following the adopted structure - to synthesize the conclusions in chapter 6.

Chapter 6. Discussion and findings

The author summarizes the results of the research obtained in chapter 5. He indicates the negative impact of FDI on GDP, referring to the results of a study by other authors, i.e., Levine and Carkovic (2002), who proved the lack of long-term impact of FDI on the economic growth of the country, Alfaro (2003), who argued that FDI harms the development of the primary sector but positive on the manufacturing sector, Mustapha et al. (2008), who argued that there is no significant effect of FDI on growth in MENA countries (pp. 181-182). The author concludes that "the positive contribution of FDI depends on the sector" (p. 182). Concerning the relationship between FDI and exports, the author concludes - which is not surprising in the context that foreign capital focuses on the exploitation of Nigerian oil and gas deposits - that the correlation of both variables is positive. The dominance of energy resources in FDI inflows and the country's exports was repeated here. There is no reference to empirical research by other authors, except for Kojima's general thesis on the complementarity or substitutability of FDI and exports of the country (pp. 182-183).

The interpretation of the qualitative study, results and presentation is incomparably more extensive - the author refers to other authors (e.g., Reganati and Sica; Kumar and Podhan; Dunning and Lundan; Newman) explaining the mechanisms, categories, and determinants of spillover effects. Subchapter 6.3 was intended by the author to answer the research questions and achieve research goals (the sense of such a procedure in the structure of the work remains highly doubtful); however, the author refers to five research questions from the Introduction, arguing that the answers to them he has already given, but he omits specific research goals, not to mention hypotheses.

In the Conclusion part, the author argues that "the impact of FDI on GDP was found not to be significant" (p. 200). He also proved the significant impact of FDI on exports. In the context of oil and gas, the author again cites data on the share of energy resources in exports and GDP without specifying the year or data source. The author also writes that qualitative research among companies has proven the positive impact of FDI on their productivity (p. 200). This claim is questionable for at least several reasons. Firstly, the author does not prove that the surveyed local companies were investment recipients. Secondly, the author does not prove that foreign companies cooperating with local companies were donors of investments. Thirdly, in the interview questionnaire, the author does not address the issue of productivity, limiting himself to vague phrases such as "contribution" or "benefits" due to involvement in cooperation with a foreign company. From the responses of a small group of respondents representing the agricultural industry, it can be concluded that multinational corporations were a source of valuable experience, recommendations, and tips. Still, the conclusion that the productivity of the Nigerian economy could increase thanks to FDI is not justified. The author further argues that the research results presented in Chapter 5 may be a guideline for policymakers in shaping the FDI policy, as the positive impact of FDI on the Nigerian economy has been proven (p. 201). The author demonstrates his contribution to theory, practice, and methodology in the following pages. In the last words, the author recalls the problematic experiences of the covid-19 pandemic period. Undoubtedly, the health crisis' impact on FDI flows or value chains would be exciting as a research field.

5. The formal side of the dissertation

While writing the doctoral dissertation, over 160 literature items were used, although the author did not classify the sources into books, journal articles, reports, legal acts, or websites. The eleven tables included in the work were not without the shortcomings, i.e., imprecise titles, lack of primary data source, incorrect numerical data, and size exceeding the text and page margins. There are also 35 figures included in the text.


The author did not avoid a few minor editorial errors, however, without affecting the unambiguously positive assessment of the formal aspects of the dissertation.

6. Conclusion

Summing up, I assess the submitted doctoral dissertation positively. The work deals with cognitively and practically essential issues, and the author managed, in my opinion, to raise the rank of the topic. The author did not avoid shortcomings of technical and methodological

nature, insufficiency in interpreting the results of empirical research, and linking them with the literature review and the results of the study by other authors. Nevertheless, as a young researcher, the author showed the ability to select literature, methodology, and data, use the tools of quantitative and qualitative analysis and draw conclusions (although not always revealing or innovative). The formal aspects of the submitted dissertation should be positively assessed.

In conclusion, I state that Bamituni Etomi Abamu's dissertation entitled "*Impact of FDI on the Nigerian economy: negative, positive or mixed effects?*" meet the substantive and formal requirements for doctoral theses in the Act on Academic Degrees and Academic Titles and on Academic Degrees and Titles in the Field of Art of 14 March 2003 (Article 13.1.), (Dz.U. z 2017, poz.1789). In connection with the above, I submit a motion to accept Bamituni Etomi Abamu's doctoral dissertation and to admit it to the further stages of the proceedings. This dissertation is classified in the discipline of *Economics and Finance*.



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