

ORIGINAL RESEARCH

Foreign Direct Investment and Economic Development in Nigeria: A Correlation Analysis

[Molokwu, Ifeoma Mirian^{1*}, Chimezie Ada Ibezim¹, Ufoaroh, Ebele Theresa²]

¹ Department of Accountancy, Anambra State Polytechnic, Mgbakwu, Nigeria

² Department of Cooperative, Economics and Management, Anambra State Polytechnic, Mgbakwu, Nigeria

Volume	Issue	Year	Pages
7	1	2026	25-32
Page Range	Type	Published	DOI
25-32	Original Research	2026-05-31	10.5281/zenodo.20584926
Journal			
IJAESD			

Abstract

This study examines the relationship between exchange rate, inflation rate, and Human Development Index (HDI) in Nigeria using annual time-series data from 2005–2024. Human Development Index (HDI) was employed as a proxy for economic development. The study utilizes econometric techniques in E-Views, including Augmented Dickey-Fuller (ADF) unit root tests, Johansen co-integration analysis, and Ordinary Least Squares (OLS) estimation. The findings reveal that exchange rate has a positive impact on the economy which implies that the developmental goal of Foreign Direct Investment in developing countries is evident in Nigeria. It also shows that inflation rate invariably has negative and non-significant relationship with HDI. The study recommends that Nigerian government should emphasize in enacting policies that strengthen exchange rate stabilization that will help in efficient and effective development of infrastructure in order to increase the standard of living of her citizens. Secondly, the government should also ensure the implementation of inflation-targeting monetary policy to enable the masses have high purchasing power.

Keywords: Exchange Rate, Inflation Rate, Human Development Index, Foreign Direct Investment

Introduction

In a developing country like Nigeria, FDI is regarded as a way of transferring technology and capital from other developed and even other developing countries to the domestic economy. According to Adewale et al (2024), FDI is considered to be one of the major channels through which technology can be transferred. When FDI comes to a domestic country, the recipient firm gets a competitive advantage due to the application of new knowledge, experience, ways of production and management. It is believed that current successful economic growth of developing countries is explained by “catch up effect” in technological development with developed countries (Abd-El, Salah & Rashid 2021). The recent growth of Foreign Direct Investment (FDI) interest arising from the perceived opportunities derivable from utilizing different forms of foreign capital injection into the economy, to complement domestic savings and also promote economic development in many emerging economies. Okonkwo et al (2020) opined that FDI in Nigeria dates back to the era of colonial masters who came with the intention of exploiting our mineral resources. They invested heavily in Nigeria with the aim of making huge profits, later oil was discovered because the inflow of FDI. World Bank (1996) regarded Nigeria as the 2nd largest FDI recipient in Africa due to the nation’s mass endowment in oil and gas. Overvaluation of the naira during the oil boom also accounted for magnitude of FDI in the country. The exchange rate then was \$1.49 to ₦1 and therefore the FDI activities amounted to \$2,414.8m (Ekanayake & Dissanayake 2022). Foreign Exchange Rate remains one of the indices that shapes economic development especially for developing nations,

therefore its management is of immense importance to every government. FDI viability depends on the exchange rate of local currency against other dominating currencies in the world. In Nigeria, the depreciation of Naira has increased our debt burden, depleted foreign reserves and depressed local production. This invariably have choked numerous government attempts for industrial sector growth and necessitated high cost of living currently witnessed in our country. It is obvious that Nigeria is struggling to come out of recession due to continuous depreciation in exchange rate accompanied by massive depletion of Nigeria's external reserves and other macroeconomic fundamentals leading to inflation pressure. Inflation is defined as the gradual increase in the prices of goods and services across an economy over a period of time, which reduces the purchasing power of money. When inflation occurs, each unit of currency buys fewer items than before, meaning the cost of living has risen. It is commonly measured by annual percentage change in price index, such as Consumer Price Index (CPI). Inflationary periods bring about a continuous decline in the purchasing power of money. In Nigeria, inflation is a major concern that has significant implications for economic growth, stability, and development. The Fast-Moving Consumer Goods (FMCG) industry is a critical part of the Nigerian economy, contributing significantly to GDP, employment, and investment. The reasons for inflation in Nigeria are diverse, including corruption, excessive government spending, rising import costs, and supply-side constraints (Oyegoke & Aras, 2021).

Statement of the Problem

In developing nations like Nigeria, the issue of exchange rate fluctuation has been a persistent issue negatively affecting Foreign Direct Investment (FDI) inflow. Exchange rate stability is very necessary for FDI, as fluctuations can create uncertainty and anxiety, posing a challenge for investors to accurately forecast and evaluate the profitability of their investments. When the host country's currency depreciates against the investor's home currency, the value and returns on the investment decrease in the home currency, invariably discouraging FDI inflows (Asamoah & Alagidede, 2022).

The role of FDI on economic development has been a subject of discourse in Nigeria for some decades. Alade and Adeleke (2021) suggested that the importance of FDI in any economy cannot be overemphasized because it is expected to contribute to economic development of every nation through capital accumulation of new productive activities into the economy of host countries. However, accumulation of new capital is dependent upon certain level of macroeconomic and institutional development. However, regardless of the fact that Nigeria has attracted substantial FDI inflows in recent years, the country's economic development has been inconsistent, raising questions about the effectiveness of FDI in driving sustainable economic development (Oseni & Nwachukwu, 2021). While some studies suggest a positive relationship between FDI and economic development (Iwayemi & Fowowe, 2019), others highlight challenges such as inadequate infrastructure, policy uncertainty, and regulatory constraints that may hinder the translation of FDI inflows into tangible economic benefits (Adeolu & Alege, 2018). Moreover, one cannot discuss FDI without mentioning the issue of Foreign Exchange Rate and inflation rate. The devaluation of naira invariably affected the level of FDI inflow in Nigeria. Some researchers are of the opinion that foreign exchange rate and inflation rate have significant relationship with economic development in Nigeria whereas others are of the view that there is no significant relationship between them. Furthermore, most researchers investigated the relationship between FDI and economic growth but this work focuses on the relationship between FDI and economic development using Human Development Index (HDI) as a proxy.

Objectives of the Study

The broad objective of this study is to examine the relationship between Foreign Direct Investment (FDI) and economic development in Nigeria. The paper is guided by the following specific objectives:

1. To determine the relationship between Foreign Exchange rate and economic development in Nigeria.
2. To investigate the relationship between inflation rate and economic development in Nigeria.

Review of Related Literature

Conceptual Review

Foreign Direct Investment

Foreign Direct Investment (FDI), as defined by the World Bank and UNCTAD, entails a lasting interest in a foreign enterprise, fostering a mutually beneficial and enduring relationship (World Bank, 2015; UNCTAD, 2020). FDI involves a direct presence and active participation in the operations of the invested enterprise, contributing to internationalization and globalization. International Monetary Fund (IMF, 2013) defines FDI enterprise as an incorporated or unincorporated enterprise in which a foreign investor owns 10 percent or more of the ordinary shares or voting power of an incorporated enterprise or the equivalent of an unincorporated enterprise. Ownership of 10 percent of ordinary shares or voting stock determines the existence of a direct investment relationship. It does not require absolute control by the foreign investor before it could be seen as FDI-

led enterprise. FDI enterprise is an enterprise (institutional unit) in the financial or non-financial corporate sectors of the economy in which a non-resident investor owns 10 percent or more of the voting power of an incorporated enterprise or has the equivalent ownership in an enterprise operating under another legal structure. The investor could be a foreign company, group or individual person. Usually, the intent of the investor is to control or run the enterprise with ultimate goal of making profit. FDI can be viewed as an investment made to acquire lasting interest in enterprises operating outside of the economy of the investor (Alfaro, Chari & Kanczuk, 2020). A direct investment enterprise is an incorporated or unincorporated enterprise in which a single foreign investor either owns 10 percent or more of the ordinary shares or voting power of an enterprise (unless it can be proven that the 10 percent ownership does not allow the investor an ineffective voice in the management) or owns less than 10 percent of the ordinary shares or voting power of an enterprise, yet maintains an effective voice in management (Alabi 2019). Furthermore, Asmae and Ahmed (2019) define FDI as oversea investment by private multinational corporations. From the afore-mentioned, FDI could be defined as cross-border investment by individuals, group, company or government in another country with the intent to get control of the firm and make profit. In some cases, there may be international joint venture investments. In any case, there are at least two nations involved, the investing nation and the recipient nation. Using the direction of flow, the popular classification of FDI into FDI inflow and FDI outflow emerges. FDI inflow occurs when foreign capital is invested in a nation while FDI outflows results from investment of local capital in another country.

Exchange Rate

Exchange rates serve as critical indicators of a currency's external value, acting as a linkage between domestic and international prices of goods and services. Exchange rate is the price at which a unit currency of a country exchanges for another country's currency at any point in time. The price at which the Nigerian Naira is exchanged for the US dollar is the exchange rate of the Naira with respect to the dollar. Adewale et al (2024) define exchange rate as the domestic price of a unit of foreign currency and it can be seen as conversion factor that determines the rate of exchange of currencies. Exchange rate can also be viewed as the price of one country's currency in relation to another country or the required amount of units of a currency that can buy an amount of units of another currency. The management of exchange rate system has been on the agenda of every government in power due to its great influence on the external sector performance. A favorable exchange rate is expected to lower cost of living, especially for developing countries that depend heavily on importation for consumption. For instance the exchange rate of the Nigerian Naira against the US dollar affects the production activities in Nigeria. Any fluctuations in the value of the US dollar would transfer such shock to Nigeria economy because of our heavy reliance on the dollar for importation. Dabwor et al (2019) posit that depreciation of Nigerian Naira against US dollar made some financial experts to advise the government to form an alliance with China to ease over dependence on US dollar. Having considered the effect of exchange rate on domestic and foreign economic activities, most business executives believe that its fluctuations have real effects especially on our country's oil price.

Inflation Rate

According to Jain (2021), inflation is seen as the continuous increase in the general level of prices of goods and services over time or more simply, as too much money chasing too few goods. Inflationary periods bring about a continuous decline in the purchasing power of money. In Nigeria, inflation is a major concern that has significant implications for economic growth, stability, and development. The fast-moving consumer goods (FMCG) industry is a critical part of the Nigerian economy, contributing significantly to GDP, employment, and investment. The reasons for inflation in Nigeria are diverse, including excessive government spending, rising import costs, and supply-side constraints. Input costs increase due to global commodity price surges, leading to cost-push inflation, while demand-pull inflation arises when aggregate demand outstrips aggregate supply, resulting from expansionary monetary policy or government spending. During inflation the purchasing power of money decreases, meaning that you need more money to buy the same amount of goods or services as before. Inflation is typically measured by the Consumer Price Index (CPI) or the Producer Price Index (PPI), which track the average change in prices over time for a basket of goods and services.

Secondly, major obstacles are posed by inflation-driven price increases for both domestic and imported commodities, which are impacted by foreign exchange swings brought by the Central Bank of Nigeria's unified exchange rate windows. The official currency rate quickly changed from N463.54 naira to \$1 in June 2023 to more than N1,800 to \$1, which resulted in an increase in the price of imported raw materials and completed goods. Companies that manufacture consumer goods are immediately impacted by this, as they are forced to either absorb greater expenses which could reduce their profitability or pass those costs along to customers in the form of higher product pricing. Inflation can also change how consumers behave i.e Consumers frequently become more price-sensitive in high-inflation settings, prioritizing necessities above non-essentials and exercising greater caution when making purchases. The demand for consumer goods is directly impacted by this shift in consumer behavior, which may lead to a drop in sales or a shift in product preferences.

Human Development Index (HDI)

The variable for measuring economic development in this study is human development index (HDI). Many of the direct physical symptoms of underdevelopment are easily observable and independently measurable. Under nutrition, disease, and illiteracy—these are among the stark and fundamental ills that a nation would like to remove through its development effort. For quite some time now, international agencies (such as World Bank and United Nations) and national statistical surveys have been collecting data on the incidence of malnutrition, life expectancy at birth, infant mortality rates, literacy rates among men and women and various other direct indicators of the health, educational and nutritional status of different populations (Oyegoke & Aras, 2021). The human development index (HDI) is a statistical composite index of life expectancy, educational and per capita income indicators, which are used to rank countries into four tiers of human development. A country scores a higher HDI when the lifespan is higher, the education level is higher and the GDP per capita is higher.

In its 2010 human development report, the UNDP began using a new method of calculating the HDI. The following three indices are used;

1. Life Expectancy Index (LEI) =

LEI is 1 when life expectancy at birth is 85 and 0 when expectancy at birth is 20.

2. Education Index (EI) =

2.1 mean years of schooling index (MYSI) =

Fifteen is the projected maximum of this indicator for 2025.

2.2 Expected years of Schooling Index (EYSI) =

Eighteen is equivalent to achieving a master's degree in most countries

Income Index (II) =

II is 1 when GNI per capita is \$75,000 and 0 when GNI per capita is \$100.

Finally, the HDI is the geometric mean of the previous three normalized indices;

HDI =

LE: Life expectancy at birth

MYS: mean years of schooling (i.e. years that a person aged 25 or older has spent in formal education).

EYS: Expected years of Schooling (i.e. total expected years of schooling for children under 18 years of age).

GN/pc: Gross national income at purchasing power parity per capita.

Source: UNDP 2010

Human Development Index (HDI) data carried out recently for 193 countries and territories worldwide revealed that Nigeria's HDI value was 0.560 as at 2022 (UNDP 2022).

Theoretical Framework

Exogenous Growth Theory states that economic growth arises due to influences outside the economy or company of interest. Exogenous growth assumes that economic prosperity is primarily determined by factors which exist outside of the given company or economy as opposed to internal factors. External factors include items such as the rate of technological advancement or the savings rate.

The research was anchored on the exogenous growth theory, which sees growth as a function of technological progress through information transfer, diffusion and spillover effect.

Empirical Review

Adewale et al (2024) investigated the relationship between exchange rates and Foreign Direct Investment (FDI) in Nigeria from 1981 to 2021. Employing a Fully Modified Ordinary Least Squares (FMOLS) regression analysis, the study reveals a significant positive correlation between exchange rates and FDI. Conversely, the study finds a positive but statistically insignificant association between trade openness and FDI. Finding on interest rates (INTR coefficient: -0.104) indicates a negative relationship with FDI, lacking statistical significance. Similarly, inflation rates (INFR coefficient: 0.012) exhibit a positive yet statistically insignificant link with FDI. Notably, the study highlights a substantial and statistically significant negative relationship between human capital (HC coefficient: -77.787) and FDI, signifying the importance of human capital development in attracting foreign investment. In summary, the research findings indicate a substantial impact of exchange rates on FDI in Nigeria. It recommends

that policymakers should proceed with caution to avert possible depreciation of the exchange rate, which could deter foreign investors.

Abu (2024) reviewed the influence of FDI on economic growth in Nigeria from 1989 to 2019. The study employed Ordinary Least Square (OLS) method of estimation using multiple regression analysis. The result shows that FDI has positive and significant influence on real economic growth. Exchange rate has positive and significant impact on economic growth in Nigeria. Results also reveal that overall regression is significant at 5% level of significance given the F-Statistics is 0.0000 which is less than 0.05.

Ekanayake & Dissanayake (2022) analyzed the effects of Real Exchange Rate Volatility on Trade: Empirical Analysis of the United States Exports to BRICS. Autoregressive Distributed Lag (ARDL) model was used in the analysis. The outcome revealed that while foreign economic activity positively influenced exports, real exchange rate fluctuations had a negative impact, particularly over the long term, with complex short-term effects. This study unravels the intricate relationships between exchange rates and FDI dynamics, contributing valuable insights to the global economic tapestry.

Alabi (2019) investigated the impact of FDI on economic growth in Nigeria from 1986 to 2017. Descriptive and regression analysis were used as the estimation techniques. The findings of the study reveal that the coefficient value of LFDI is 0.633506 and its P-Value is 0.0002 implying that a unit increase in LFDI will increase the LGPD with the value of 0.633506. The coefficient value of Exchange rate is 0.835206 with the P-Value of 0.0000 signifying that exchange rate positive and significant to economic growth in Nigeria while domestic investment is also positive but not significant.

Okoro and Charles (2019) examined the effect of exchange rate on Nigeria economy. OLS method was used as data analysis technique. It used co-integration, unit root, granger causality test and error correction estimate to study the dynamic effects of commodity currencies on financial market. The outcome of the study reveals that naira exchange rate variation with the currencies can explain 65% variation on Nigerian real Gross Domestic Products while the remaining 35% estimation can be traced to external variables not included in the model. The granger causality test found unidirectional causality from real GDP to Chinese yen and from French Franc to real GDP. It also reveals that in the long-run Japanese and Chinese Yen, French Franc have negative long-run effect on Nigeria real GDP while US dollar and British pound sterling have positive long-run effect on Nigeria GDP.

Ufoeze, Okume, Nwakoby and Alajekwu (2018) analyzed the effect of foreign exchange rate fluctuations on Nigerian economy from 1970 to 2012. The study employed OLS multiple regression technique for the analysis. The results reveal that about 85% of the changes in macroeconomic indicators are explained in the fixed exchange era. In the floating exchange era, 99% was explained while the whole periods has 73% explanatory power hence the floating exchange era (1986 to date) is more effective in explaining economic trend in Nigeria. Furthermore, exchange rate has significant and positive effect on GDP during the fixed exchange rate era and negative effect in the eras floating. Inflation has insignificant and negative effect on GDP during the fixed exchange era and significant negative effect in all the period.

Anyanwu, Ananwude and Okoye (2017) studied the exchange rate policy and Nigeria's Economic growth from 1986-2015. Ordinary least square estimation technique was applied in estimating the models developed. A long run relationship between EXR policy and economic growth was revealed by Johansen co-integration analysis focusing on impact assessment, the pairwise granger causality reveals that real EXR has significant impact on real gross domestic product. It also shows that real exchange rate significant impacts manufacturing capacity utilization within the period studied.

Ismaila (2016) reviewed that the relationship between exchanges rate depreciation and Nigeria economic performance after structural adjustment programmes from 1986-2012. The study employed the Johansen co-integration test and error correction model in the analysis. The findings showed that broad money supply, net export and total government expenditure have significant impact on real output performance in the long run while the exchange rate has direct and insignificant effects on Nigeria economic growth in both short and long run implying that exchange rate depreciation during the SAP period has no robust effect on Nigerian economic performance.

Etale and Etale (2016) conducted a study on the relationship between exports, FDI and economic growth in Malaysia from 1980-2013. Dependent variable was GDP while exports and FDI were the independent variables. Data were subjected to OLS analysis, ADF unit root test, Johansen-Juselius co-integration test and VECM test using E-Views 7 computers software. Results suggested a negative relationship between GDP and exports. GDP per capita had positive relationship with FDI. In short-run, there is a significant causal effect from export and FDI on GDP signifying immediate impact of any economic shock on GDP and FDI inflows. At long-run, there is causal relationship from export and FDI to GDP and a unidirectional relationship from exports to FDI.

Methodology

This study aims to examine the relationship between FDI and economic development in Nigeria. FDI was proxied by inflation rate and exchange rate while economic development was represented with Human Development Index. The variables under

consideration are the inflation rate, exchange rate and HDI for the period 2005-2024 which will be collected from the World Bank indicators (2024 version) and analyzed using the ordinary least square (OLS) method.

In a linear form, the model is given as:

$HDI_t = \beta_0 + \beta_1 EXR_t + \beta_2 INF_t + \mu_t$ Where: HDI = Human Development Index
EXR = Exchange Rate
INF = Inflation Rate
 μ_t = Error term
The model passes through the unit root stationarity test given that annual time series data reacts to time structure. The result shows all variables are stationary at the first difference I(1). Therefore, the only acceptable regression technique usually is a simple OLS regression or ARDL. For this model, the OLS is preferred because it is unbiased in its analysis, and also because it is a single (2 variable) model. The augmented dickey-fuller (ADF) unit root test checks for stationarity of the variables.== Empirical Analysis

Augmented Dickey-Fuller unit root test result is presented in table 1 below:== Test Value t-statistics Probability Stationarity

HDI 1\% level -5.528650 0.0000 I (1)EXR 1\% level -11.32745 0.0000 I (1)INR 1\% level -7.956152 0.0000 I (1)Table 1: ADF- UNIT ROOT TEST

Source: Authors’ computation using Eviews 11SVTable 2 shows the OLS results:Dependent Variable: HDIMethod: Least SquaresVariableCoefficientStd. Error t-StatisticProbC11.882131.9016326.2483860.0000EXR0.7067670.1210625.8380690.0000INR-0.0671230.040123-1.672530.1000

2: OLS Regression Result

R-squared 0.608296. Durbin-Watson stat. 0.671245
Adjusted R-squared 0.585255 F-statistics 26.40012
Prob(F-statistics) 0.000000

Source: Authors’ computation using Eviews 11The R2 is 0.608, implying that about 61 per cent of the variations in HDI is caused by the independent variables, hence a good fit. The intersect is positive and statistically significant at 1% level of significance, implying that the economy is positive. The coefficient of Exchange rate is 0.70, suggesting a positive relationship between the HDI and EXR. One per cent change in the EXR causes 0.70% change in the HDI. Conversely, the INR shows a negative effect on HDI. The coefficient of the INR is (-0.067), but not significant. The Durbin-Watson statistics is 0.67 which is less than one, suggesting a probable positive autocorrelation in the model. To correct this, the Breucsh-Godfrey serial correlation LM test is used to verify that the error term has the same variance and that there is no serial correlation.The result is presented in Table 3 below:F-statistics12.34124Prob. F(2,32)0.0001Obs*R-squared16.11171Prob. Chi-Square0.0003Table 3: Breucsh Godfrey Serial Correlation LM Test

No serial correlation up to 2 lags

Discussion of Results

This study investigates the relationship between FDI and economic development with evidence from Nigeria for the period 2005 to 2024. The OLS single regression result shows EXR has a positive impact on the economy which implies that the developmental goal of foreign investment in developing countries is evident in Nigeria. In other words, as EXR increases in the country, positive economic changes are also recorded. INR invariably shows negative and non-significant relationship with HDI.

Conclusion and Recommendation

Investments play a major important role in economic development, be it an investment in assets, cash flow, capital and other forms, it is expected to exert a positive relationship on the economy. The magnitude of the effect however does not entirely depend on the direct investment alone, other economic, social, political, and institutional structure affects the performance of FDI in the host country. It is pertinent to also note that FDI is an integral part of trade, hence policies that promote

foreign investment and at the same time protect, supplement domestic production and investment, as well as complements the development goals of the host countries should be encouraged.

The study therefore recommends that Nigerian government should emphasize in enacting policies that strengthen exchange rate stabilization that will help in efficient and effective development of infrastructure in order to increase the standard of living of her citizens. Secondly, the government should also ensure the implementation of inflation-targeting monetary policy to enable the masses have high purchasing power.

References

- Abd-El, A. N., Salah, A. & Rashid, N. (2021). The impact of relative exchange rate volatility and other multidimensional determinants on FDI in Egypt. *American Journal of Industrial and Business Management*, 11(12), 1078-1098.
- Abu, N. I. (2024). Effect of inflation on stock market performance within Nigeria's Fast-Moving Consumer Goods sector in Nigeria. *Nigeria Journal of Management Studies*, 26 (1), 20-37.
- Adeolu, A., & Alege, P. O. (2018). Foreign Direct Investment and Economic Growth Nexus in Nigeria: Assessment of the Effect of Fiscal Policy Reforms. *African Development Review*, 30(2), 158-172.
- Adewale, A. M., Olopade, B. C. & Ogbaro, E. O. (2024). Effect of Exchange Rate on Foreign Direct Investment in Nigeria, *ABUAD Journal of Social and Management Sciences (AJSMS)*, 5(2), 302-318.
- Alabi, K. O. (2019). The impact of foreign direct investment on economic growth: Nigeria experience. *Open Journal of Applied Sciences*, 9(5), 372-385.
- Alade, O. T., & Adeleke, A. O. (2021). Exchange rate dynamics in Nigeria: Evidence from the foreign exchange market. *International Journal of Economics, Commerce, and Management*, 9(5), 1-17.
- Alfaro, L., Chari, A., & Kanczuk, F. (2020). The real effects of capital controls: Firm-level evidence from a policy experiment. *American Economic Journal: Economic Policy*, 10(1), 77-108.
- Anayo, F. C., & Emmanuel, E. (2021). Inflation and Economic Growth in Nigeria: An Empirical Analysis. *The Journal of Developing Areas*, 55(1), 119-133.
- Anyanwu, F. A., Ananwude, A. C. & Adigwe, P. A. (2017). Real Gross Domestic Growth Determinants in oil Revenue Dependent Country: An Assessment of Nigeria's Exchange rate and interest rate, *Science Journal of Energy Engineering*, 5(4), 78-86.
- Asamoah, M. E., Alagidede, I. P., & Adu, F. (2022). Exchange rate uncertainty and foreign direct investment in Africa: Does financial development matter? *Review of Development Economics*, 26(2), 878-898.
- Asmae, A., & Ahmed, B. (2019). Impact of the exchange rate and price volatility on FDI inflows: Case of Morocco and Turkey. *Applied Economics and Finance*, 6(3), 5-6.
- Dabwor, T. D., Ezie O., Tukur, D. M. (2019). Effect of Nominal Exchange Rates on Nigeria's Balance of Payments: 1986-2016. *Benue Journal of Social Sciences*, 6(10), 35-52.
- Ekanayake, E. M., & Dissanayake, A. (2022). Effects of Real Exchange Rate Volatility on Trade: Empirical Analysis of the United States Exports to BRICS. *JRFM*, 15(2), 11-28.
- Etale, E. and Etale, M. (2016). The relationship between exports, foreign direct investment and economic growth in Malaysia. *International Journal of Business and Economic Research*, 7(2), 572-578.
- Iwayemi, A., & Fowowe, B. (2019). Foreign Direct Investment and Economic Growth in Africa: Evidence from Panel Data Analysis. *Journal of African Business*, 20(4), 535-556.
- Ismaila, M. (2016). Exchange rate depreciation and Nigeria's economic performance after structural adjustment programs (SAPs). *Journal of Social Development*, 5(2), 122-132.
- Jain, P. (2021). Inflation and its impact on stock market: A review. *International Journal of Applied Business and Economic Research*, 20(6), 6791-6800.
- Okonkwo, J. J., Osakwe, C. I., & Nwadike, E. C. (2020). Exchange rate and foreign direct investment in Nigeria 1981-2018. *International Journal of Academic Research in Business and Social Sciences*, 11(1), 213-232.
- Okoro, C. U. & Charles, F. E. (2019). Naira Exchange Rate Variation and Nigeria Economic growth: A Time Series study, *American Economic and Social Review* 5(2), 21-31.
- Oseni, I. O., & Nwachukwu, M. I. (2021). The Effect of Foreign Direct Investment on Economic Growth in Nigeria. *Nigerian Journal of Management Sciences*, 10(1), 66-83.

- Oyegoke, O. E. & Aras, O. N. (2021). Impact of Foreign Direct Investment on Economic Growth in Nigeria, *Journal of Management, Economics, and Industrial Organization*, 5 (1),31-38.
- Ufeze, L. O., Okuma, C. N., Nwokoby, C. & Alajekwu, U. B. (2018). Effect of Foreign Exchange Rate Fluctuation in Nigerian Economy, *Economic Series Issues*, 1(1), 105-122.
- UNCTAD. (2020). World Investment Report 2020. United Nations Conference on Trade and Development.
- World Bank. (2015). World Development Indicators 2015. The World Bank Group. Retrieved from <https://elibrary.worldbank.org/doi/abs/10.1596/978-1-4648-0440-3>

How to Cite: Molokwu, Ifeoma Mirian, Chimezie Ada Ibezim, Ufoaroh, Ebele Theresa (2026). Foreign Direct Investment and Economic Development in Nigeria: A Correlation Analysis. **International Journal of Advanced Economics and Sustainable Development**, 7(1), 25-32. <https://doi.org/10.5281/zenodo.20584926>

Open Access. Published under CC BY 4.0 (<https://creativecommons.org/licenses/by/4.0/>).

Article URL: <https://airjournal.org/article/foreign-direct-investment-and-economic-development-in-nigeria-a-correlation-analysis>