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Effect of ease of doing business dimensions on foreign direct investment in Nigeria

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Abstract

In Sub-Saharan Africa countries, there is growing interest regarding attraction of foreign direct investments in order to sustainably grow economy. Despite the fact that Nigeria is the economic hotspot in Sub-Saharan Africa, recent declining foreign direct investment statistics is increasingly becoming a serious concern to government. Regrettably, constraining factors have been under-researched leading to little understanding among policy-makers. This paper examines dimensions of ease of doing business on foreign direct investment in Nigerian economy. Survey research was adopted as the design of the study. The population of the study comprises registered small and medium enterprises in Southeastern Nigeria. A sample of 300 respondents where statistically determined. The study used primary data which were generated through the administration of structured questionnaire on the representative sample of the population. Descriptive statistics such as percentages was used to describe the demographic characteristics of respondents while hypotheses of the study were tested using regression analysis. The study finds that power supply, security, transportation as dimension of ease of doing business has significant impact on foreign direct investment in Nigeria. The paper concludes that Nigeria, a leading economic hotspot in Sub-Saharan Africa needs to re-examine prevailing business constraints and redefine its business model in order to attract more foreign investors into the economy. The policy and managerial implications of the findings are highlighted.

Keywords: Foreign Direct Investment, Ease of Doing Business, Nigeria

1. Introduction

Low income countries in their developmental process are becoming increasingly conscious of the fact that Foreign Direct Investment (FDI) is a major stimulus to economic growth given the inadequacy of financial resources, technology and skills. Admittedly, the last few decades, have been characterized by intensive research on the growth-enhancing effects of FDI to developing economies (Mahuni & Bonga, 2017; World Bank, 2016). Doing-business measures aspect of business regulations for domestic firms; it presents quantitative indicators on the regulations that apply to firms at different stages of their life cycle. Doing business index is an annual ranking that objectively assesses prevailing business climate conditions across 190 countries. Doing business is based on ten ease-of-doing-business indicators such as starting business, registering property, getting credit, paying taxes, enforcing contracts, getting electricity, trading across borders, construction permits, protecting minority shareholders and resolving insolvency (World Bank, 2020; Okri, 2020; Singh, 2015).

It should be noted that Nigeria accounts for approximately one-fourth of sub-Saharan Africa's population by being the seventh most populous country in the world. However, as of April 2014, the country is recognized as the continent's largest economy. Recently, Nigeria is however ranked as the 13th in the world in terms of its oil production. Hence, it is believed to be one of African largest oil producers and holds the second highest oil reserves on African continent after Libya (Olagunju & Ikeolumba, 2019). In spite of its large reserves of human and natural resources, a large domestic market, and strong economic fundamentals, Nigeria is not yet positioned to join the group of large emerging markets and be the continents economic and political strong hold (Djankov, 2002). The business climate in Nigeria is unfriendly; a burdensome investment climate creates unnecessary business hurdles and affects the foreign direct investment (World Bank Group, 2018)

As part of the Nigeria government efforts to improve its performance in the World Bank's ease of doing business index as well as easing the process of doing business in Nigeria particularly for foreign investors, the Nigeria government set up a committee known as Presidential Enabling Business Environment Council that has been saddled with the responsibility of devising means of simplifying the process of establishing and sustaining businesses in Nigeria. The World Bank's 2020 Doing Business Index (DBI) ranked Nigeria 131st out of 190 countries, up 15 places from 146th position last year, up from 170th since 2014 is an indication of progress in Nigeria. This was achieved as a result of the establishment of the Presidential Enabling Business Environment Council (PEBEC) in Nigeria. PEBEC has the aim of minimizing the constraints that come with running business in the country, works towards the fulfillment of the projections of the Economic Recovery and Growth Plan (ERGP2017 - 2020), which strives to deliver sustainable economic growth in Nigeria by building a competitive economy. Although, the committee has been able to proffer a few changes such as single form for incorporation, decentralized registration, and automation/online search, a lot still needs to be done (Durojaye, 2018)

Nigeria is blessed with abundance of natural and human resources. It is estimated that the country has about 61 mineral resources, each of which has the capacity to sustain the economy (CBN, 2013). Unfortunately, these resources are largely lying latent and the economy is mono-culturally dependent on petroleum for its survival. Over 90 per cent of Nigeria's foreign receipts are accounted for by oil and because of volatility of oil prices, the economy suffers when there is a glut in the international oil market (Onu, 2012). Besides, because there is a nexus between the oil sector and the rest of the local economy, unemployment is high, poverty is prevalence and security is a current challenge (Uwubanmwen & Ogiemudia, 2016). A key reason for this situation is inadequate capital and technical knowhow necessary to tap from the abundant unemployed resources (Jerome & Ogunkola, 2004). The need for technological advancement is imperative in Nigeria. The country is in dire need to expand its output, improve its resource use, enhance social welfare and limit its overdependence on oil exports (Nwankwo, Ademola, & Kehinde, 2013). This has informed the search for strategies that will generate economic growth. One such strategy is the foreign investment and ease of doing business. Foreign investment and ease of doing business are believed to be key source of productivity expansion because they have capacity for technology transfer. Foreign investment and ease of doing business can also increase access to foreign markets and in concert with local resources can increase competitiveness of products because of cheap labour in host countries (Solomon & Eka, 2013; Igbinadolor, 2019).

It is however regrettable that over 50 years after independence, Nigeria is still finding it difficult to attract both domestic and foreign direct investment due to the complexity of doing business. According to UNCTAD (2019) World Investment Report, FDI flows to Nigeria was USD 1.9 Billion in 2018, and showed a decrease compared to the previous year, USD 3.5 billion in 2017 (UNCTAD, 2019). This situation needs to be urgently addressed by government. In view of the current state of Nigeria's economy, which is faced with dwindling oil revenue, devaluation of the Naira and a slowing gross domestic product (GDP) growth rate, it has become imperative to redefine Nigeria's investment climate (Redefining The Ease of Doing Business, 2016). Since 2008, the ease of doing in Nigeria has been receiving much effort to make it easier for entrepreneurs to start and operate a business across Nigeria and attract foreign direct investment but a lot still needs to be done (Daily Post, 2017).

Ease of doing business is an index created jointly by Simeon Djankov and Gerhard Pohl at the Central and Eastern Europe sector of the World Bank Group. The academic research for the report was jointly done with Professors Oliver Hart and Andrel Shleifer. It looks at the ten indicators and assigns values to them to show the complexity or simplicity of regulations and how they enable or disenable business performance (World Bank Group, 2011). However, these indicators are more suitable to developed economies' business environments. Yusuf (2019) called for indicators that reflect the Nigerian condition in the globe ease of doing business rankings. Some of the indicators in the ease of doing business composition do not properly capture the critical variables in Nigeria environment. Issues of security, transportation and Nigeria regulatory environment are not captured while power is not adequately captured. There is need to address these other variables that are not on the list of ease of doing business parameters. In many of the developed countries, indicators such as transport, power and security are taken for granted, whereas in Nigeria, these are big issues. It is against this back drop that this paper succinctly seeks to evaluate the paradoxes that have beclouded the ease of doing business in low income countries especially Nigeria.

2. Empirical Review and Hypotheses Development

2.1 Global Ease of Doing Business Indicators

The global application of ease of doing business commenced in 2011, with 10 sub-indices for ranking nations as follows: starting business, registering property, getting credit, paying taxes, enforcing contracts, getting electricity, trading across borders, construction permits, protecting minority shareholders and resolving insolvency (World Bank, 2020). With the growing number of small-and-medium enterprises, ease of doing business plays a crucial role in the region's economic growth. While ease of doing business has implications for foreign direct investments, local businesses too are impacted by the processes that can help promote a business-friendly environment or hold local businesses sustain their entrepreneurial ambitions (Friedrich Naumann Foundation, 2017)

Domestics and foreign tax policies affect the incentives to engage in foreign direct investment (Fahmi, 2012). Tax regimes in Afghanistan, Bangladesh, India, Iran, Pakistan and Sri Lanka have shown evidence of high FDI inflow (Shahadan, Sarmidi, & Faizi, 2014). According to Moosa (2002), one of the approaches in which tax policies affect multinational company's decision making is the impact tax has on income earned from abroad operations on net return of foreign investment. The fact that compared to countries with lower income tax rate, countries with high income tax rate would attract companies to invest abroad; hence, taxes play a role in the preliminary decision to invest abroad (Fahmi, 2012). Therefore, tax rate differences will significantly impact on investment decisions and ease of doing business. In multiple researches, this statement was found to be true for most of the countries (Singh, 2015; MogesEbero & Begum, 2016; Akame et al, 2016).

Hassan and Basit (2018), used panel data to investigate the impact of ease of doing business on inward FDI over the period from 2011 to 2015 across the globe (177 countries) respectively, they used 5 indicators (areas) of doing business such as: starting a business, getting credit, registering property, paying taxes and enforcing contracts. They emphasize that enforcing contracts was found to have a positive impact on inward FDI, while getting and registering property were found to have a negative significant impact on inward FDI among others. Mahuni and Bonga (2017), analyzed the impact of ease of doing business indicators on FDI inflows in Zimbabwe employing a Time Series Analysis for the period from 2009 – 2016 using the OLS regression model. They pointed that paying taxes, enforcing contracts and getting electricity had negative significant impact on FDI inflows. The study suggest that there is a greater need to improve efficiency in the enforcement of contracts, fair distribution of electricity and energy, improving taxes procedure and correctly dealing with construction permits. Also, Shahadan et al (2014), by using panel data for six Asian countries for the period 2004 – 2013, investigated 9 indicators of doing business in attracting FDI net inflows through pooled OLS, fixed effect and random effect models estimations. Olival (2012) used the panel data to investigate 9 global business indicators in 144 developing countries and 33 developed countries for the period 2004 – 2009. It tried to find a link between 9 indicators of ease of doing business and FDI. The major implication is that in general, a better-rated business environment is more likely to attract greater amount of FDI, especially in the case of developing countries. Further institutional areas that are more likely to influence inward FDI are: starting a business, registering a property and trading across borders. On the basis of this narration, we hypothesize that:

H1: Global ease of doing business indicators has no significant impact on foreign direct investment.

2.2 Security

Godly and Wilfred (2012) posit that national security and advancement are positively related to security and economic progress while insecurity is crippling to the monetary advancement of many less developed economies. Nwanegbo and Odigbo (2013) report that terrorism and insecurity thwart the development improvement, ease of doing business and foreign direct investment. Insecurity obstructs business exercises and debilitates local and international financial patronages (Ewetan & Urhie, 2014)

Gylych, Kemal and Sotonye (2018) carried out empirical research on the effect of insecurity on investment in Nigeria from 2007 to 2017, using three variables as input: Nigeria Terrorism Index, Foreign Direct Investment (Inflow), and Oil Prices. The study employed the use of correlation and regression techniques to analyse the collected data; using Nigeria Terrorism Index as a proxy for insecurity and foreign direct investment (inflows) as a proxy for investment. It recommends that government must be pre-emptive in dealing with security issues and threats, in view of managing security challenges. Udeh and Ihezie (2013) report that insecurity challenges impact on national economic improvement and FDI inflows and their commitments to monetary improvement and ease of doing business in Nigeria. Achumba, Ighomereho and Akpor-Rebaro (2013) report that the effects of insecurity in Nigeria are colossal and complex and will continue to negatively affect the ease of doing business in Nigeria if the circumstance stays unabated. Thus we pose the following hypothesis:

H2: Security has no significant impact on foreign direct investment in Nigeria

2.3 Power Supply

The business and industrial sector in Nigeria is experiencing sluggish growth. The survey by Manufacturers Association of Nigeria painted a gloomy picture of the Nigerian industrial sector crisis. For instance, the survey showed that only 10 percent of manufacturing concerns in Nigeria operate at 48.8 percent of installed capacity. The survey also notes that about 60 percent of the companies operating were barely able to cover their average variable costs, while 30 percent had completely closed down. According to that report, most of the industrial areas around the country suffered an average of 14.5 hours of power outage per day against 9.5 hours of supply, and the cost of generating power supply by firms for production constitutes about 36 percent of total cost of production (Okafor, 2008). The supply of electricity in Nigeria is facing crisis as exemplified by such indicators as electricity blackouts and persistence on self-generating electricity. Ekpo (2009) argues that Nigeria is operating a generator-dependent economy which potentially affects production cost including ease-of-doing business. The country's electricity market is dominated on supply side by a state owned monopoly – Nigeria Electricity Distribution Company (NEDC) - private and current owner of defunct Power Holding Company of Nigeria (PHCN); it has been adjudged incapable of providing minimum acceptable international standard of electricity. Driving economic development through industrialization and FDI requires dramatic improvement electricity supply (Ologundudu, 2015). Oke (2006) attributed non-competitiveness of Nigeria's export goods to poor infrastructure especially electricity supply which drives the running cost of firms. Power supply is the major problem facing even established companies and organizations in Nigeria. However, government has not been able to discover an enduring remedy to the power supply situation in Nigeria which affects the big organizations including the multinationals down to the one man businesses who depends on power to run their businesses (Olagunju & Ikeolumba, 2019). On the basis of this discussion, we hypothesize that:

H3: Power supply has no significant impact on foreign direct investment in Nigeria

2.4 Transport System

Agbigbe (2016) reported that the United Nations Development Programme (UNDP) described Nigeria's road networks as one of the poorest and deadliest transportation infrastructural systems in the world. Corruption in awarding road contracts, lack of contract monitoring affects the quality of roads and ease of doing business in Nigeria. Gulyani (2001) posited that poor transportation system adversely affect industrial competiveness by raising the unit cost of freight and affects the ease of doing business. The physical infrastructure such as ports, airports, roads and rail networks are capacity constrained and poorly maintained. The freight services provided by private and public sector operations tend to be limited in range, poor in quality, and often technologically obsolete in many developing countries. Bad roads had effects on transportation system as it brought about frequent break down of vehicles and increased maintenance cost, thus affecting ease of doing business. Poor road condition and transport system hinder movement of goods and people in the urban areas. Lack of adequate infrastructure could be a disincentive to both local and foreign investors and effects ease of doing business. World Economy Forum (2017) reported that Nigeria does not have a good transportation network, most roads are not in good shape and the railways and waterways have not been fully established. Most organizations and companies locate their businesses near their source of materials or market to help save cost and time. But in cases where this is not possible, the problem of transportation will come up. The Nigeria business environment lacks basic amenities and infrastructure that aids and helps business development and survival (Djankov, 2002). This in the long run leads to more money being spent and difficulty in doing business. Consequently, we hypothesize that:

H4: Transport system has no significant impact on foreign direct investment in Nigeria

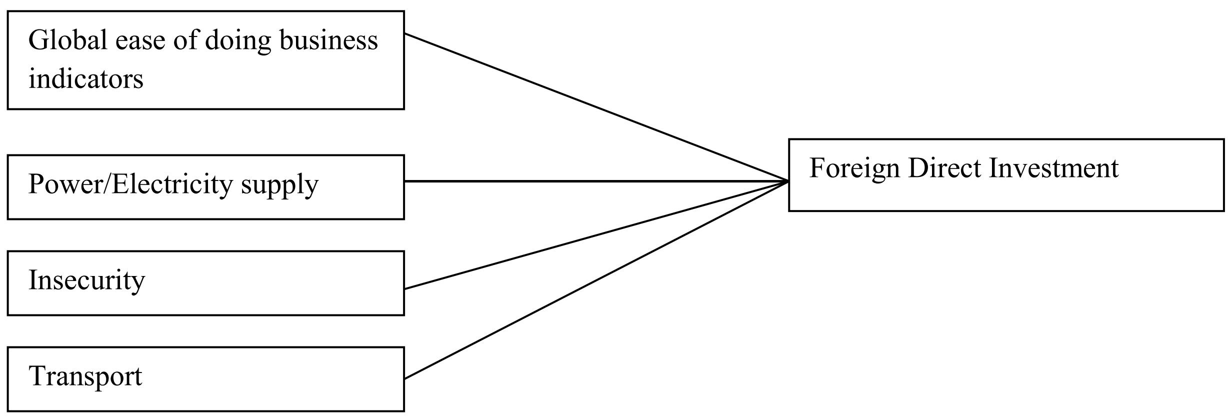

Figure 1: Proposed theoretical model for the study

3. Methodology

The study adopted descriptive survey research design; the population of the study comprises registered small and medium scale enterprises in Southeastern Nigeria. A sample of three hundred (300) respondents was determined statistically for the purpose of the study. Copies of structured questionnaire were administered to respondents on drop-and-collect basis by the researchers. Instructions were provided on the survey instrument on how to complete the questionnaire. Upon completion, the questionnaires were retrieved from the respondents on the spot. The data collected were analyzed using Statistical Package of Social Sciences Version 25. Descriptive statistics of frequencies and percentages were used to describe the demographic characteristics of the respondents; mean and standard deviation were employed to resolve the research questions, while the hypotheses were tested using regression statistics

4. Data Analysis and results

4.1 Socio - Demographics

Table 1: Descriptive Statistics Researcher's Conceptualization, 2020

Descriptive Statistics			
Items	Mean	Std Deviation	Correlation Index
Global Business Indicators (IV)	12.056	1.4423	0.984**
Foreign Direct Investment (DV)	84.803	10.082	
Power Supply (IV)	17.143	2.435	- 0.871**
Foreign Direct Investment (DV)	84.803	10.082	
Security (IV)	10.303	2.014	-0.683**
Foreign Direct Investment (DV)	84.803	10.082	
Transport System (IV)	9.6500	1.1821	-0.960**
Foreign Direct Investment (DV)	84.803	10.82	

Source: Researchers' Conceptualization, 2020

The survey recorded a response rate of 300 (100%), because copies of questionnaire were administered to respondents on a face-to-face basis by the researchers and respondents were instructed on how to fill-in the questionnaire. Based on the samples, the ratio of male to female is 61-39%. The age distribution of respondents within the age brackets of 18-25 constitute 4%, while those of 26-33 age bracket constitute 7% of sampled respondents; 34-41 age bracket constitute 35%; however, those within 42-49 age bracket constitute 42% of respondents; and respondents of 50 years and above is 12%. The age distribution reveals the dominance of middle and advanced generation as 89% of the respondents. With regard to marital status; 61% of the respondents are married; 33% are single; 2% are separated; 2% are widows; 1% is widower; and 1% is divorced. Furthermore, the descriptive statistics is somewhat suggestive that more of the respondents are married individuals.

Table 2: Regression Analysis

Assessment of the measurement Model: Regression Analysis					
Model	Sum of Squares	Df	Mean Square	F	Sig
Global Business Indicators					
Regression	29440.032	1	29440.032	183.016	.012
Residual	955.365	298	3.206		
Total	30395.397	299			
Poor Power Supply					
Regression	23035.363	1	23035.363	932.678	.000[t]
Residual	7360.034	298	24.698		
Total	30395.397	299			
Insecurity					
Regression	14179.243	1	14179.243	260.568	.000[t]
Residual	16216.154	298	54.417		
Total	30395.397	299			
Poor Transport System					
Regression	28019.905	1	28019.905	3515.033	.002
Residual	2375.492	298	7.971		
Total	30395.397	299			

Table 3: Model Summary

Model of Estimate	R	R square	Adjusted R Square	Std Error the	Change Statistics				
					R Sqr Chg	F Chg	dF 1	df 2	Sig F Chg
GBI	.984[2]	.968	.968	1.79051	.969	9183.016	1	298	.000
PS	.871[2]	.758	.757	4.96972	.758	932.678	1	298	.000
SEC.	.683[2]	.466	.465	7.37676	.466	260.568	1	298	.000
TS	.960[2]	,922	.922	2.82338	.922	3515.033	1	298	.000

Table 4: Regression Coefficients

Model	Un-standardized Coefficients		Standardized Coefficients	t	Sig
	B	Std Error	Beta		
(Constant)	1.859	.872		2.132	.034
Global Business Indicator	6.880	.072	.984	95.828	.000
(Constant)	23.008	2.044		2.132	.034
Power Supply	3.605	.118	.871	30.540	.000
(Constant)	49.582	2.223		22.303	.000
security	3.418	.212	.683	16.142	.000
(Constant)	5.819	1.342		4.335	.000
Transport System	8.185	.138	.960	59.288	.000

5. Discussion of Findings

Global business indicators have positive and direct impacts on foreign direct investment. The higher the global business indicators indicate the ease of doing business; also the likelihood of foreign direct investors. As shown in Table 3, the positive Correlation index is 0.984. Power supply has negative and inverse impact on ease of doing business. The higher the poor power supply the lower the ease of doing business and foreign direct investment in Nigeria; the negative Correlation index of -0.871 is evident in Table 1. Security has negative and inverse impact on foreign direct investment in Nigeria. Higher the insecurity is associated with lower foreign direct investment in Nigeria. The negative Correlation index of -0.683 is shown in Table 1. Also, transport system has negative and inverse impact on ease of doing business by foreign direct investment in Nigeria. The higher the poor transport system the lower the attraction of foreign direct investment. This is shown in the negative Correlation index of -0.960 in Table 1.

Regression statistics in Table 2 show that Global business indicators have significant impacts on foreign direct investment; reasons being that in the Regression ANOVA statistics the calculated p value of 0.012 is lower than the 0.05 alpha level of significance and the computed 183.016 F value is greater than the 3.00 F critical value, while the mean square is 29440.032. The findings in table 2 showed that power supply has significant impact on foreign direct investment; reason is that in the regression ANOVA statistics the calculated p-value of 0.000 is < 0.05 alpha level of significance and the computed 932.678 F value is greater than the 3.00 F critical value, while the mean square is 23035.363. Also, the regression analysis in table 2 demonstrates that security has significant impact on direct foreign investment. This is because in the Regression ANOVA statistics the calculated p-value of 0.000 is < 0.05 alpha level of significance and the computed 260.568 F value is greater than the 3.00 F critical value, while the mean square is 14179.243. Furthermore, regression statistics in table 2 showed that transport system has significant impact on foreign direct investment. The reasons is that, in the regression ANOVA statistics the calculated p value of 0.002 is lower than the 0.05 alpha level of significance and the computed 3515.033F value is greater than the 3.00 F critical value, while mean square is 28019.905.

The Model summary in table 3 showed that the values if R, R square and Adjusted R square values of 0.984, 0.969 and 0.968 is each higher than the standard Regression value of 0.4000; a computed 9183.016 F change and 1.79051 standard error estimate, this shows that Global business indicators have significant impact foreign direct investment and null hypothesis hereby rejected. Also, Table 3 shows that the values if R, R square and Adjusted R square values of 0.871, 0.758 and 0.757 is each higher than the standard Regression value of 0.4000, a computed 932.678 F change and 4.96972 standard error estimate, shows null hypothesis which says that power supply has no significant impact on foreign direct investment, is hereby rejected. Furthermore, Table 3 shows that the values of R, R square and Adjusted R square values of 0.683, 0.466 and 0.465 is each higher than the standard regression value of 0.4000; a computed F change of 260.568 and 7.37676 standard error, therefore, the null hypothesis which states that security has no significant impact on FDI is hereby rejected.

Finally, the values if R, R square and Adjusted R square values of 0.960, 0.922 and 0.922 is each higher than the standard regression value of 0.4000; a computed 3515.033 F change and 2.82338 standard error, showed null hypothesis which says that transport system has no significant impact on FDIis hereby rejected, see Table 3.

Regression coefficient in table 4 showed .984 Beta standard coefficient higher than the standard Regression value of 0.4000; computed 6.880 Beta un-standardized coefficient and t-value of 95.828. Therefore the null hypothesis which states that Global business indicators have no significant impact on foreign direct investment is hereby rejected. Global business indicators have significant impact on foreign direct investment in Nigeria; the higher the global business indicators, the better the foreign direct investment. This finding is supported by previous research (Fahmi, 2012; Olival, 2012; Shahadan, Samidi & Faizi, 2014; Singh, 2015; Hassan & Basit, 2018).

Also table 4 showed .871 Beta standard coefficients higher than the standard regression value of 0.4000; computed 3.605 Beta un-standardized coefficients and t-value of 30.540**.** Therefore the null hypothesis which states that power supply has no significant impact on foreign direct investment, is hereby rejected. Power supply has inverse proportional relationship on foreign direct investment in Nigeria. This finding is in alignment with earlier studies (Oke, 2006; Okafor, 2008; Ekpo, 2009; Ologundudu, 2015; Olajunji, 2019)

Furthermore, table 4 showed .683 Beta standard coefficients higher than the standard Regression value of 0.4000; computed 3.418 Beta un-standardized coefficients and t-value of 16.142. Therefore the null hypothesis which states that security has no significant impact on foreign direct investment is hereby rejected. Security status of the studied country (Nigeria) has negative impact on ease of doing business in Nigeria, that is, the higher the insecurity, the lower the ease of doing business and the possibility of foreign direct investment. Earlier investigations such Godly and Wilfred (2012), Nwanegbo and Odigbo (2013), Ewetan and Urhie (2014), Udeh and Ihezie (2013), and Gylych, Kemal and Sotonye (2018) support this finding. Again, the Regression coefficient statistics in Table 4 shows .960 Beta standard coefficients higher than the standard Regression value of 0.4000; computed 8.185 Beta un-standardized coefficient and t-value of 59.288. Therefore the null hypothesis which states that transport system has no significant impact on foreign direct investment is hereby rejected. Transport system has negative impact on foreign direct investment in Nigeria that is the higher the poor transport system, the lower the foreign direct investment. Gulayani (2001), Djankov (2002), Agbigbe (2016) and World Economy Forum (2017) affirm this finding.

5.1 Managerial and Model Implications

There should be vigorous power development in Nigeria such as uninterrupted power generation, distribution and electricity supply, as deficiency power supply negatively impact on foreign direct investment in Nigeria. The government should live up to its main responsibility of providing security for the country to stem the growing high level insecurity in the Nigeria as insecurity has negative impact on foreign direct investment. Nigeria should improve good friendly relationships with other countries through improved global business indicators which are directly proportional determinants on foreign direct investment. The poor transport system in Nigeria should be drastically reduced as this scare away potential investors and has negative impact on foreign direct investment

The study finally posits a model of dimensions of ease of doing business in Nigeria and perhaps other developing economies in order to attract foreign direct investment.

5.2 Limitations and Direction for Further Research

The major limitation of this study is the restriction of the research to respondents in Southeastern Nigeria which challenges the representativeness of the response across the country. Therefore, conclusions are cautionary. Future researches might be conducted in the six geo-political Zone of the country in order to enhance generalization of findings. Future research should be conducted in other Sub-Saharan African economies in order to test the applicability of the model in other low income countries of Sub-Saharan Africa

5.3 Conclusion

It can therefore be generally concluded that Nigeria still finds it difficult in terms of attracting FDI due to the complex nature of the business environment. The study specifically concluded that security, power supply and status of transport system all have significant but negative impact on foreign direct investment while global business indicators have significant but direct impact on ease of doing business to foreign direct investment in Nigeria.

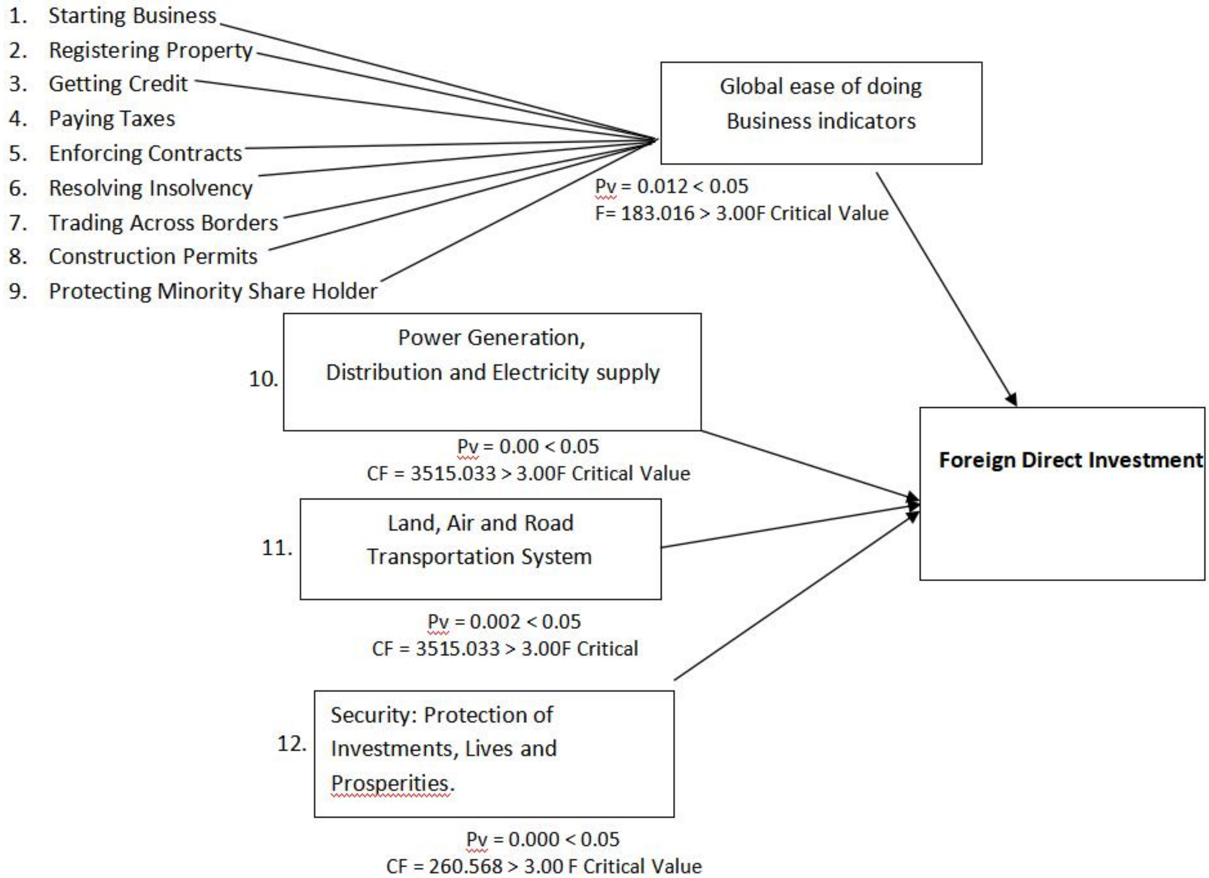

Figure 2: Dimensions of ease of doing business in Nigeria

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