IJAAR PUBLISHING®

Scholarly Journal of Advanced Legal Research | ISSN: 2782-8220
Vol. 6, Issue 1 (2026) | www.ijaar.org

MULTINATIONAL CORPORATIONS AND ECONOMIC GROWTH IN NIGERIA (1970-2021)

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Abstract

The research was undertaken to assess the impact of multinational corporations on economic growth in Nigeria between 1970 and 2021. The research used annual time series data in an OLS multiple regression models complimented with other supporting tests like stability test, normality test, autocorrelation and hetereskedasticity. The result from the OLS model shows a negative relationship between exchange rate and economic growth in Nigeria during the period of analysis. Some of the variables in the model had a positive relationship with economic growth in Nigeria. In the end however, the two null hypotheses for the study were all rejected. Thus, a comprehensive reform programme is required in the operations of multinational corporations in Nigeria to ensure sustained productive activities and improved export in the country for sustainable exchange rate for the needed economic growth and development and the government should properly diversify the Nigerian economy given priority attention to manufacturing activities. This would boost employment, revenue, GDP and export growth for a more sustainable development of the country.

Keywords: Multinational Corporations (MNCs), Economic Growth, Nigeria, Foreign Direct Investment (FDI), Gross Domestic Product (GDP)

https://doi.org/10.46654/15zryv77

INTRODUCTION

The history of Multinational Corporations (MNSc) in developing countries is marked by its origins in policies of imperialism. Nigeria as a developing country has played host to MNCs prior independence till date. The operation and number of these multinational corporations have grown over time and yet Nigeria struggles for socio-economic development (Kalu, 2021 and Onudogo, 2013). Thus, multinational corporations are those great companies that came into being in Nigeria after the abolition of slave trade (Aworom, 2013). As a result, the industrialized countries of the world needed a market for their surplus products and places to access low-cost raw materials and labour force. Thus, Nigeria became one of the apparent targets. Consequently, today, Multinational Corporations like Leventis, the United African Company (UAC), Coca-Cola, Lever brothers, Mobil oil; Shell BP amongst others dominate the Nigerian economy (Nwonu, Onodugo, Agbaeze, and Nwoba, 2019)

During the first three decades of the 20th century, the development of the Nigerian economy was shaped primarily by Nigerian Farmers and Trader's response to changing conditions in national markets (Ewubare and Udofia, 2018). Agriculture and trading were the major economic activities. Apart from mining and handcraft, there was practically no industrial production in Nigeria. The government played a conservative and essentially passive role in the economy; except for a few major budgets and trying not to interfere with the market system.

The 1950's witnessed the beginning of industrial development and the increasing government participation in nearly all sectors of the economy (Nwonu, Onodugo, Agbaeze, and Nwoba, 2019 and Onudogo, 2013). Available information unfortunately does not permit one to measure changes in the total level or the sectoral composition of economic activity in Nigeria with much precision, although data on external trade and on the budgets of different levels of government and of various public corporations do reveal absolute changes on these particular activities.

Since this sector of the economy is effectively controlled by multinational corporations who make enormous profit from the industry, one expects that they should spearhead the developmental process of Nigeria but unfortunately the reverse is the case. Most of these corporations have been fingered on several occasions playing active roles in the under development of Nigeria. International business is the spur for multinationals and both are currently boosted by the wave of globalization. The concept of globalization has given impetus to multinational corporations/enterprises to operate more easily in other parts of world other their home countries. The term globalization means integration of the world economies into one in a phenomenon aptly called global village (Ashime, 2021 and Onudugo, 2013). No one can deny the importance of MNCs in the current global business environment-there is usually huge capital investment in major economic activities; the country can enjoy varieties of products, services and facilities, brought to their doorsteps; there is creation of more jobs for the populace; the nation's pool of skills are best utilized and put to use effectively and efficiently; there is advancement in technology as these companies bring in state-of-the-art technology for their businesses.

Most of the products we use are supplied by multinational corporations. Their presence and significance in our lives are undeniable facts. They have developed distinct advantages which can be put to the service of world development. Their ability to tap financial, physical and human resources around the world and to combine them in economically feasible and commercially profitable activities, their capacity to develop new technology and skills and

their productive and managerial ability to translate resources into specific outputs have proven to be outstanding (Abubarkar, 2021).

At the same time, the power concentrated in their hands and their actual or potential use of it, their ability to shape demand patterns and values and to influence the lives of people and policies of governments, as well as their impact on the international division of labour, have raised concern about their role in world affairs. This concern is probably heightened by the fact that there is no systematic process of monitoring their activities and discussing them in an appropriate forum (Asimem, 2021).

Most economists believe that the MNCs are exploitative as natural resources found in developing countries such as Nigeria meant for its developmental goals are not productively utilized due to de-capitalization of the economy in form of profit repatriation (Nwonu, Onodugo, Agbaeze, and Nwoba, 2019), (Osuagwu and The influence of the big businesses is so pervasive that even if you don't want them, you may find that sooner than later their products would find you. This is influenced by the convergence of ideologies, tastes, technologies, free and easy movement of people and capital, and international political cooperation. It is under the auspices of the foregoing that this study sets out to critically examine the negative effects of multinational corporations on the economic growth of Nigeria. This paper also suggests ways of minimizing these negative effects and how these corporations can be managed.

1.2 Statement of the Problem

The role of multinational companies in the economic development of their host countries have been subject of so much heated debate, sometimes because of the large passion that is brought to bear on any assessment of this role (Ewubare and Udofia, 2018). To most former colonial countries like Nigeria, multinationals have been viewed simply as agents of colonialism or neo colonialism. In the United States of America, strong current of public disaffection with the operations of multinational corporation originating from that country, multinational apart from working to advance their individual corporate interests, are also vehicles for the advancement and consolidation of their political interest in places where they operate. Appropriate corporate behavior by multinational companies serves as contributors to economic growth to host countries.

Odigwe (2019) averred that MNCs in Nigeria has had very positive and outstanding contributions to the country like technology transfer, increased investment, and higher income levels of the host communities to mention a few. The Nigerian economy has also seen a lot of benefits from MNCs especially the Oil and Gas industries. However, because of their vast resource base, MNCs have been able to displace indigenous industrialist through creation of monopoly.

Likewise, Nigeria has the oil sector as the mainstay of the economy, with a huge presence of MNCs, these companies, however, perpetrate heinous activities such as involvement in local politics by promotion divide and rule policies, violation of human rights, pollution of the environment, inadequate technology transfer, poor discharge of adequate corporate social responsibilities, air, land, and sea environmental degradation especially in the Niger-Delta region without paying compensation adequately (Edem, 2004).

If left unabated, this situation has the potential to plunge the country into serious crisis as the presence and activities of these MNCs have resulted in an increase in anti-social activities like prostitution, drug abuses, fraud, kidnapping, murder and armed robbery amongst others,

and it will only get worse. Ashime (2021) and Eluka, Ndubuisi and Anekwe (2016) stated that Nigeria lost N2.46 trillion in 2006, N2.69 trillion in 2018 and N2.97 trillion in 2020 through attacks on oil installations resulting in disruption and shutdowns and spillages in the activities of these Oil companies. Nigeria has also lost billions of dollars to foreign countries through act perpetrated by MNCs such as tax evasion, bribery, under-declaration of profit, over-invoicing, smuggling, and racketeering (Kalu, 2021).

Looking at some empirical works such as Abubarkar (2021) and Ashime (2021), one would see the immense impact of these MNCs in their operations across national boundaries and will also see their negative impacts as well. The problem now is these multinational companies are they our endless enemies or are they actually helping in Nigeria economic growth and development since their entry in Nigeria. It is on this note that this research is out to examine the impact of MNCs on economic growth in Nigeria between 1970 and 2021.

1.4 Research Questions

From the role of multinational companies developing their host countries, the following research questions were put forward:

i. Is there any relationship between multinational companies on economic growth in Nigeria?

ii. What is the direction of causality between multinational companies and economic growth in Nigeria?

iii. What is the transmission effect of economic growth on multinational companies in Nigeria?

5. Research Hypotheses

In a bid to assess the role of multinational companies in the economic growth of Nigeria, the researcher formulated the following hypothesis for testing and verification.

i. H_0: there is no significant relationship between multinational companies and economic growth in Nigeria
ii. H_0: there is no causality between multinational companies and economic growth in Nigeria
iii. H_0: There is no the transmission effect of economic growth on multinational companies in Nigeria

6. Significance of Study

The essence of this study is that an in-depth study on the role of the multinational companies in economic development of Nigeria will be of immense value to Nigerians particularly to the government in

i. Formulating policies and strict ethical standards regarding the operations of the multinational companies in the country.

ii. In establishing procedures for a systematic screening of direct foreign investment to know which ones that should be encouraged.

iii. The broad overview of this product on development impact of the multinational companies on the nation generally will help to highlight to the best minds in Nigeria, the

extent the multinational companies are fulfilling their own part of the contract of technology transfer.

iv. This study will also help the government to determine which area of the economy preventive policies or restraints should be given to these multinational companies in their operation. The findings from the research will also help to open other areas for further studies. Based on the findings from this research, suggestions will be made accordingly.

REVIEW LITERATURE

2. Conceptual Framework

Multinational Corporations

The concept of multinational corporation' is a business phenomenon worth discussing. Yet very few have ever clearly defined it. Consequent upon this is that discussions that have taken place about the organization; operation and staffing of multinational companies have been vague and general. Some authorities describe a multinational company as any company having investment in foreign manufacturing.

Multinational corporation is a term that describes companies with a strong national identification. It consists of the parent company usually with the head office based in their home countries and subsidiaries, associates, and operational bases in other countries. According to Wilczynski, (2016), the parent company typically owns enough percentage of the company's share capital so as to exercise control; what this connotes is that overseas activities were an extension of its domestic functions while the home headquarters remains the decision-making center.

Rugman and Collinson (2019) prefer to use the term multinational enterprises, states that the difference the difference between Domestic Corporation and the MNC is that the former operates strictly within the geographical confines of a country while the later operates across country boundaries. According to the United Nations, multinational corporation are those with activities of the companies transcend more than one nation. They assert that there are certain minimum qualifying criteria that define MNCs, such as the type of activity or the importance and level of the foreign component as a percentage of the total activity of an MNC. Such activities may refer to assets sales, production, employment, or profits of foreign branches and affiliates (UNCTAD, 2000).

Jones (2016), describes MNCs as firms that own and control its actives in more than one country. Production and distribution goods and services take place across national boundaries; this result in a spread of technology, ideas, tastes, and goods/services throughout the world; and they conduct their operations on a global scale. Strategically these MNCs maintain offices, factories and other operational facilities in different countries but maintain a centralized head office from where coordination of global activities takes place. A large majority of MNCs are from a few countries, namely America, Japan, and Western Europe.

Some writers, such as Akerodolo (2010), Ikelegbe (2005), and Ogbagbo (2005) have described MNCs as critical weapons that can help fight the challenge of underdevelopment, they also are of the opinion that MNCAS are engines of development that contribute greatly to the growth and development of a several nations. Despite some negative and destructive practices such as over pricing of technology and under invoicing of exports, there are still

some very useful and beneficial roles that improve the living conditions of the local and host communities and the improvement of the national economy.

Andabai (2010) stated that, MNCs have been seen as companies that own and manage business in more than one country. According to Omotola, (2006), an MNC can also be described as a business conglomerate that have its headquarters located in a developed country and one or more operational bases in other countries. Several MNCs exist in Nigeria operating in several sectors of the economy such as manufacturing, banking, automobile, hospitality, extractive industry etc. (Ake, 2018).

Ewubare and Odofia (2018) give four definitions to MNCs. First, it defines MNC as a corporation that has its facilities and other assets in at least one country other than its home country, or that, which has offices and/or factories in different countries and usually has a centralized head office where they coordinate global management. Second, it defines MNCs as a business enterprise with manufacturing, sales, or service subsidiaries in one or more foreign countries, also known as Transitional or International Corporation (TNC or INC). The third definition sees MNC as a company or enterprise operating in several countries, usually defined as one that has 25% or more of its output capacity located outside its country of origin. The last definition as given sees MNC as a corporation or enterprise that manages production establishment located in at least two countries.

The first definition point out to a crucial point that MNCs also acquire assets in these foreign countries where they operate and possibly own offices/factories to ease achievement of objectives. This means that they do prefer to make use of the available resources of the host country. Likewise, it added that MNCs do have a place; usually the global headquarters are also put in place. This means that reports on finances, sales, purchases, marketing, etc are properly coordinated and accounted for at the headquarters. The second definition points to another vital point about MNC stating that their services is not limited to manufacturing alone but also includes selling and reminding services through sales and service subsidiaries. Furthermore, the third definition goes further to allocate percentage to MNCs output. It stated that for a corporation to be termed multinational, it should have gotten its output of 25% exported to other countries. What could be deduced from this is that a corporate may be operating outside its country of origin but cannot be referred to as MNC except it has disposed 25% or more of its output to outside countries (Olise, Anigbogu, Okoli, and Anyanwu, 2013).

The Encyclopedia of Management (2018) put multinational companies as businesses concern with operation in more than one country. These operations outside the company's home country may be linked to the parent by merger, operated as subsidiaries or have considerate autonomy. The multinational company grew from the emergence of a genuine world market demand transcending national, cultural and ideological boundaries, due to the information explosion. A multinational company can therefore be said to be a company with its headquarters or parent company located in one country but carries out subsidiary operations in a number of other countries.

The number of countries where such enterprises should be operating before it is referred to be a multinational company is still a subject of controversy but the larger the number of subsidiaries the more multinational the enterprise. A Multinational company could be of many kinds depending on one’s definition. It ranges from a corporation widely owned by the public throughout the world in the form of its own controlled subsidiaries to a company

which merely has extensive worldwide licensing agreement and is based in and owned by people from one country to another.

The parent company acts more as a holding company with foreign as well as domestic investments. Each unit in a foreign country has a separate board of directors and its own president or Managing Director while each unit functions under a high degree of decentralization and autonomy, some planning and control is normally exercised by the parent company. The multinational company's operation is such that each unit establishes its own product line, determines its own channel of distribution, carries on separate advertising campaigns, follows its own pricing policies and mobilizes its resources to meet its own objectives in the context of competitive forces on total environment peculiar to that country.

The parent company now seeks eventual repatriation of profit to its own country which is basically oriented to its own currency and loyalty to its own stock holders who are mostly citizens of the parent country. Direct foreign investment for production abroad is the long range and maximum level of commitment in multinational business. Those companies that wishes to become multinational companies get into the act through exporting, licensing, franchising, beginning a foreign branch, having joint ventures which can develop into wholly owned subsidiaries. The most significant thing to note about multinational corporations is that they have the world as their market, the restrictions from entry into a few markets notwithstanding.

Todaro (1999) cited in Ileoma (2010) see multinational corporations as enterprises that conduct and control productive activities in more than one country. UNCTAD (2000) maintains that foreign direct investment contributes to economic growth through technology transfer with the multinational firms transferring technology either directly to their foreign owned enterprises or indirectly to domestically owned and controlled firms in the host country. Following Lucas (1988) argument, foreign direct investment spurs long-run growth through such variables as research and development (R&D) and human capital. It is suggested that through technology transfer to their affiliates and technological spill-over to unaffiliated firms in the host economy, foreign companies can speed up the development of new intermediate product varieties, raise product quality, facilitate international collaboration on research and development (R&D), and introduce new forms of human capital (Subair and Salihu, 2011).

Furthermore, most multinational corporations are set up to maximize profit at the lowest possible cost. So the idea of investing in a foreign land is not to better the lot of the host nation but to exploit as much as is possible in order to develop the home country (Ozoigbo and Chukuezi, 2011). In addition, the perceived inadequacies in human capital will undoubtedly hinder and inhibit the investible interest of foreign investors. This may not be unconnected with the fact that multinational companies (MNCs) most times require the competence of highly skilled and specialized workers to start off (Olise, Anigbogu, Okoli, and Anyanwu, 2013).

2.2. Economic Growth

Economic growth refers to an increase in a country’s physical output over a long period of time (Adams, 2004). A nation’s total economic output, known as Gross Domestic Product (GDP) is a ratio between a nations’ output in goods and services and the rate of growth of her population (Fola, 2003). A country is therefore said to have economic growth when the real output of goods and services increase at a faster rate than the growth of her population (Adams, 2004) Economic growth is a process by production, distribution and the use of

economic wealth. The term economic growth means the increase in the overall productivity that is measured by the gross domestic product (GDP). Productivity means the tendency of a state to produce goods and services from its own resources. Any rise in the productivity marks the increase in the economic growth (Jhingan, 2003).

Real economic growth is when the rate of change of overall productivity is rising. For example, if a State is becoming more capable of producing goods and services with each passing year because of an increase in natural and human resources or any other factors then it's said to have risen in its real economic growth. Contrary to the real economic growth, the nominal economic growth is when the GDP of a State is rising merely because there's an increase in the prices of commodities or if the pay rates are rising. This is just the growth in numbers where there's no growth in real sense because the State is not showing any extraordinary progress in real sense. So this kind of economic growth is determined by the rate of inflation which is exactly not what a State should aim for (Todaro, 2000).

2.2.1 Measurement of Economic Growth in Nigeria

Economic growth is not exactly measured in terms of increased production of goods and services. Yes that's what the productivity is but some goods and services are more valuable than the rest. It means that the quantity doesn't matter, what matters is the quality and the value of the goods and services. That's what is meant by the real productivity. Hence, economic growth is measured in U.S. dollars. The factors that impair the economic growth are unemployment, inflation, brain drain, poverty, lack of natural resources, lack of human resources, dearth of foreign investments, education setbacks, social evils, terrorism, disturbed law and order situation, poor healthcare facilities, bad living standard etc (Todaro, 2000).

In order to generate economic growth, the best way is to aim at strengthening power resources. For example, in a country which is not land-locked, and has natural resources in abundance, its strategic importance is the biggest strength for it on the global map. But, when these resources are not fully exploited or utilized then the state is said to have deprived itself of making the most of its resources. There can be a possibility that the Country is not rich enough to invest in those resources but it can invite foreign investments in that case. Secondly, manpower and human resource is the biggest indicator of the economic growth.

Then comes, the technological advancement without which no economy can grow in this age of drastic development. All these factors in turn solve the problems of poverty and poor living standard. Also there won't be any brain drain. Brain drain is a situation when the human resource of a state keeps draining to other countries because they have better opportunities offered by the latter. This is the worst misfortune for any state to face and the biggest impediment to economic growth. An examination of the pattern of direct foreign investment in Nigeria shows a preference for investment in areas which yield quick and high level of profit thereby promoting economic growth.

2.3 Theoretical Framework

The New Trade Theory

The new trade theory was propounded by Tejvannne in 2013. It proposes that a critical factor in determining international patterns of trade is the very substantial economies of scale and network effect that can occur in key industries. These economies of scale and network of effects can be so significant that they outweigh the more traditional theory of comparative advantage. Economies of scale were the main drivers of corporate gigantism in the 20th

century. They were fundamental to Henry Ford's assembly line and they will continue to be the spur to many mergers and acquisitions today.

New Trade theory is a factor that explains the growth of globalization which multinational corporations serve as main agents. The theory suggests that government might have a role to play in promoting new industries and supporting the growth of key industries. If the industries get support for few years, it will be able to exploit economies of scale and then be competitive without government support.

New Trade Theory is not primarily about advocating government intervention in industry. It is more a recognition that economies of scale are a key factor in influencing the development of trade. It also suggests that free trade and laissez fair government intervention may be much less desirable for developing economies who find themselves unable to compete with established multinationals.

2.3 Empirical Review

Abubarkar (2021) examined of the relationship between empirical analysis of the activities of multinational corporations and economic growth in Nigeria. The National bureau of statistics and CBN statistical bulletin were the sources of Secondary data used for the research. Appropriate Hypotheses were formulated and tested. The econometric tools of analysis employed were the unit root test and granger causality techniques. The Augmented Dickey Fuller (ADF) unit root test results show that all the variables were stationary. The granger causality test results indicated that a relationship exists between multinational corporations and economic growth. The study therefore recommends that Multinational corporations should ensure they uphold a green culture in the environment of their host country. It also recommends that Federal government should ensure that MNCs should empower host communities by providing scholarships to enable indigenes attain qualifications and skills that will enable them to be employed in the organization, while lower-level unskilled labor employment should also be provided.

Kalu (2021) assessed the effect of multinational corporations on economic growth in Nigeria between 1986 and 2019. The research used annual time series data in an OLS multiple regression models complimented with other supporting tests like stability test, normality test, autocorrelation and hetereskedasticity. The result from the OLS model shows a negative relationship between exchange rate and economic growth in Nigeria during the period of analysis. Some of the variables like TECH and EMP had a positive relationship with economic growth in Nigeria. In the end however, the two null hypotheses for the study were all rejected. Thus, a comprehensive reform programme is required in the operations of multinational corporations in Nigeria to ensure sustained productive activities and improved export in the country for sustainable exchange rate for the needed economic growth and development and the government should properly diversify the Nigerian economy given priority attention to manufacturing activities. This would boost employment, revenue, GDP and export growth for a more sustainable development of the country.

Ashime (2021) investigated the effect of multinational corporations on the economic growth of Less Economically Developed Countries, using Cameroon as a case study. With the use of time-series data spanning from 1990 to 2020, the researcher conducted two-unit root test to check the stationarity of the data. The researcher used the Augmented Dickey-Fuller test and the Phillips Peron to check for stationarity. With the use of the Autoregressive Distributed Lag model (ARDL), the researcher was able to show the effect and relation between multinational corporations and economic growth. Based on the findings, it is concluded that

the undertakings of multinational corporations contribute to the economic growth of Cameroon during the long and short run period. This work recommends that economic growth policies that aim at increasing GDP per capita during the short run as well as long run be pursued to heighten MNCs in Cameroon. Also, effort should be directed at deepening the activities of companies to increase their corporate social responsibility activities to drive the economy.

Ezeoha, Akinyoade, Amobi. Ekumankama, Kamau, Kazimierczuk, Mukoko, Okoye and Uche (2021) employed a blend of multiple and historical case study design, and a mix of institutional, behavioral, resource-based, and multinational theories, to examine the nature of multinational companies' (MNC) engagements in local economic development and capital export practices in an African context. Evidence from our Nigerian case analysis (FrieslandCampina, Nigerian Breweries Plc. and Dangote Cement) confirms the proposition that, faced with a similar degree of uncertainty and constrained institutional environment and laying claims to differing sources of competitive advantage, both local and foreign MNCs would repatriate profits and limit exposures to local value chains (LVCs) mainly as a strategy for mitigating country risks and preserving corporate value. Such limited exposures detach MNCs, especially the foreign ones, from the LVCs, and by doing so push them to deeper reliance on the global value chains (GVCs). Linking local businesses to the GVCs is central in the inclusive development (ID) debate essentially because it allows for the redistribution of economic benefits, helps in building a complementary (rather than competitive) relationship between MNCs and local businesses, and facilitates local businesses' access to international markets. We, therefore, recommend that in pursuit of the inclusive and sustainable development projects in Africa, industrial policies need to be tailored toward stabilizing the policy environment, protecting investments from risk of expropriation, and incentivizing MNCs' participation in the LVCs.

Nwonu, Onodugo, Agbaeze, and Nwoba (2019) examined the activities of multinational oil companies in Nigeria which have remained a source of controversy over the years. The study examined the impact of multinational oil companies in the economic growth of Nigeria (1960-2010). Hence, the specific objective is to ascertain the extent of economic growth impacted by the multinational oil companies in Nigeria. The study adopted a survey design. Data were obtained through secondary sources. The findings revealed that the extent of economic growth impacted by the multinational oil companies in Nigeria was significant based on the Ordinary Least Square (OLS) regression analysis result where the calculated F-statistics of 212.1293 is greater than the tabulated F-statistics of (5.35147). The study found that extent of oil contribution to economic growth in Nigeria was significant.

Dinh, et al, (2019) researched "the effects of Foreign Direct Investment and Economic Growth in the Short Run and Long Run: with Empirical Evidence from Developing Countries". This study covers a timeframe of 15 years. With the use of "panel-based unit root test, Johansen cointegration test, Vector Error Correction Model (VECM) and Fully Modified OLS (FMOLS)" to make certain that the data becomes stationary. The research works show that foreign direct investment, in the long run, helps in stimulating economic growth. This is the exact opposite during the momentary period due to the unemployment created in the short run.

Olawole et al (2019) carried out a study on "Multinational and Transnational activities in the global economy: implications for socio-economic development in Nigeria". Using secondary data and descriptive statistics, the paper found that the benefits these multinational corporations apply on these economies is relatively low compared to the business personal

gains. The data shows a constructive and definite relationship as they move in one direction towards development. The research work differs from the work of the researcher in that, it duels more in Indi and rather used data from 1990 to 2011. The recommend that in pursuit of the inclusive and sustainable development projects in Africa, industrial policies need to be tailored toward stabilizing the policy environment, protecting investments from risk of expropriation, and incentivizing MNCs' participation in the LVCs.

Ewubare and Udofia (2018) examined the impact of Multinational Corporation and economic growth in Nigeria. The objectives of the study were to; examine the impact of Multinational Corporation in oil sector and economic growth, examine the impact of Multinational Corporation in agricultural sector and economic growth as well as examine the impact of Multinational Corporation in service sector and economic growth in Nigeria. The study utilizes secondary data obtained from the CBN statistical bulletin and National Office for Technology Acquisition and Promotion (NOTAP). It employs the unit root test and granger causality techniques as the econometric tools of analysis. The Augumented Dickey Fuller (ADF) unit root test results show that all the variables were stationary. The granger causality test results shows that Multinational Corporation in oil and agricultural sectors impact on economic growth, while Multinational Corporation in service sector does not impact on economic growth. The findings from the study showed that Multinational Corporation in both oil and agricultural sectors are key determinants of economic growth in Nigeria. Based on these findings, the study recommends amongst others that there is the need for government to woo more of multinational firms in both oil and agricultural sectors in order to gain the advantage of technology transfer to Nigeria. This will in turn boost the growth process of the economy. Also, the need to adapt and indigenize the technology cannot be over emphasized.

Eluka, Ndubuisi-Okolo and Anekwe (2018) examined the negative impacts of these corporations on our economy which have hampered economic growth. A Theoretical Research Design was adopted. The paper utilized content analysis of library materials, journal publications, internet materials and other documented materials relevant to the subject matter. Three theories such as New Trade Theory, Dependency Theory and Unequal exchange theory were reviewed to lend credence to the ills of these multinational corporations in Nigeria. Objectives were formulated to critically explore the negative effects of multinational corporations on our economy with a view to suggesting ways of minimizing these effects. The findings revealed that Multinational corporations had done more harm than good on Nigerian economy in terms of profit repatriation, environmental degradation, human rights violation, nontechnology transfer, bribery and corruption etc. That most of these corporations are imperialist and parasitic in nature. It was concluded that since these businesses are component of the society, they must subject themselves to the fair requirements of the society since they raise huge capital from their operations in the society. It was also recommended that representative of all stakeholders-employees, customers, society, government should be appointed as members of the Board of Directors of various corporations, for direct representation and participation in the decision making process.

Masawa and Njenga (2017) on the role of multinational corporations on economic empowerment of women and job creation for women in Twangiza, with a sample population of 150 respondents, and using both primary and secondary data, the findings show that "Multinational Corporation plays a significant function looking at the economic growth for developing economies" also contributing in women empowerment by opening workshops for women to gain skills and reduce the level of illiteracy. It was also recommended that representative of all stakeholders-employees, customers, society, government should be

appointed as members of the Board of Directors of various corporations, for direct representation and participation in the decision making process.

Similarly, Eluka, Ndubuisi-Okolo, and Anekwe, (2016) carried out research regarding "Multinational Corporations and Their Effects on the Economy of Nigeria". Using secondary data, the researchers got data from reading published articles regarding the activities of multinational corporations in Nigeria. From the research findings for this study, it reveals that transnational enterprises have brought about a net negative impact in Nigeria, especially in the repatriation of funds, environmental degradation, and human right violation. It was also recommended that representative of all stakeholders-employees, customers, society, government should be appointed as members of the Board of Directors of various corporations, for direct representation and participation in the decision making process.

Abimbola and Dele (2016) examined the extent to which multinational firms have spurred up economic development in Nigeria. Multinational Corporations (MNCs) are those having operations in more than one country. They are subjects to changes in international exchange rates, tariffs, duties, and restrictions on trade. The most successful ones have established production points where labour is cheap, and secures affordable transportation to deliver to their markets. The study used scholarly journals, articles, and textbooks to review the activities of multinational firms in relation to Nigeria's economic development, in relation to growth and development, technology transfers and policy issues. From the exploratory literature, the study discovered that multinational corporations have contributed to the economic development of Nigeria, though varies, the extent of technology internalization and transfers still remains a mirage, while some of the MNCs still engage in unethical business practices that soils their image and the image of Nigeria. Consequently, there is urgent need to upgrade learning and capabilities of the local firms in the country, through the formulation of strategic FDI and technology transfer policies to safeguard the possible negative impact of the declining FDI inflow from MNCs. However, to further attract foreign investors, Nigeria should strengthen and broaden policies to facilitate cost effectiveness by reducing tariffs on imported inputs,

The work of Eluka, Ndubuisi and Anekwe (2016) is anchored on multinational corporations and their effects on Nigerian economy. The study was necessitated by the negative impacts of these corporations on our economy which have hampered economic growth. A Theoretical Research Design was adopted. The paper utilized content analysis of library materials, journal publications, internet materials and other documented materials relevant to the subject matter. Three theories such as New Trade Theory, Dependency Theory and Unequal exchange theory were reviewed to lend credence to the ills of these multinational corporations in Nigeria. Objectives were formulated to critically explore the negative effects of multinational corporations on our economy with a view to suggesting ways of minimizing these effects. The findings revealed that Multinational corporations had done more harm than good on Nigerian economy in terms of profit repatriation, environmental degradation, human rights violation, nontechnology transfer, bribery and corruption etc. That most of these corporations are imperialist and parasitic in nature. It was concluded that since these businesses are component of the society, they must subject themselves to the fair requirements of the society since they raise huge capital from their operations in the society. It was also recommended that representative of all stakeholders-employees, customers, society, government should be appointed as members of the Board of Directors of various corporations, for direct representation and participation in the decision making process.

Method of Data Analysis

To achieve the research objectives for the study, an econometric analysis would be done for the period of 1970 and 2021. The Augmented Dickey Fuller (ADF) unit root test is conducted first to determine the stationarity of the variables over a long period of time. Thereafter, the Autoregressive Distributed Lags (ARDL) bound testing procedure would be used to test the long run equilibrium relationship between multinational corporations and economic growth in Nigeria to capture very succinctly the long run information that may get lost through the ADF unit root test.

To examine the causal links between multinational corporations and economic growth in Nigeria, the Pairwise Granger Causality tests is applied. This is to enable the author distinguishes clearly bi-directional causation, uni-directional causation and zero causation between the dependent and independent variables and amongst the explanatory variables.

To account for the transmission response of the long term effect of multinational corporations on economic growth in Nigeria, the impulse response and variance decomposition would be used as a better way of analyzing the contribution of policy variables to target variables in an event of innovation or shocks in the agricultural output model. Other residual and diagnostic tests are also carried out such as the serial independence test for autocorrelation, normality test, functional mis-specification, cross sectional dependence and the Durbin-Watson test to further examine robustness of the model. Data would be neatly presented in tables and charts.

3.5 Specification of the Model

The study would use secondary data that will be generated from the publications of the CBN for various years. The primary model showing the technical relationship between multinational corporations and economic growth following the empirical works of Ashime (2021) and Abubarkar (2021) is specified thus:

GDP = F (MNCs) ---------- (3.1)

Equation (3.1) can be expanded to cover other variables of multinational corporations affecting economic growth in Nigeria following from the empirical works of Eluka, Ndubuisi-Okolo and Anekwe (2018) and Ewubare and Udofia (2018) as follows:

GDP = F (TAR + EMR + TEA + REX ---------- (3.2)

Equation (3.2) was explicitly specified to cover a control variable and stochastic element as follows;

$GDP = b_0 + b_1TAR + b_2EMR + b_3TEA + b_4REX + b_5EXR + U$---------- (3.3)

Where

b_o = Intercept;
b_1-b_4 = Regression coefficients to be estimated;
GDP = Real Gross Domestic Product;
TAR = Tax Revenue from Multinational Corporations;
EMR = Employment rate from Multinational Corporations;

TEA	=	Technological Applications Multinational Corporations;
REX	=	Foreign Exchange Multinational Corporations;
EXR	=	Exchange rate
U	=	Stochastic error term

To ensure uniformity, all the variables would be measured in their log form while a singular lag length would be adopted.

4.1 Descriptive Statistical Analysis

Table 4.1: Descriptive Statistics for Nigeria

	GDP	TAR	EMR	TEA	REX	EXR
Mean	127301.3	101.7498	19.10192	52.42212	20.13327	2454016.
Median	21294.50	21.80000	13.25000	56.75000	22.00000	33473.40
Maximum	485244.0	450.0000	72.90000	61.30000	31.90000	78236002
Minimum	203.2000	0.600000	1.600000	30.70000	7.850000	5.343330
Std. Dev.	177366.2	133.8157	15.85431	8.760303	5.955644	10894439
Skewness	1.000649	1.415353	1.688311	-1.725094	-0.446191	6.661664
Kurtosis	2.241029	3.915948	5.251613	4.281056	2.513001	46.81104
Jarque-Bera	9.925997	19.17902	35.68789	29.34729	2.239279	4543.324
Probability	0.006992	0.000068	0.000000	0.000000	0.006398	0.000000
Sum	6619669.	5290.990	993.3000	2725.950	1046.930	1.28E+08
Sum Sq. Dev.	1.60E+12	913239.2	12819.31	3913.888	1808.954	6.05E+15
observations	51	51	51	51	51	51

Source: Author's computation using Eviews 10.0

This chapter examines the relationship and effects of multinational corporations and economic growth in Nigeria between 1970 and 2021. It is therefore, primarily designed to present and analyze data used for the long-run relationship. The chapter also discusses the various econometric tests to discern specifically the contribution made to the dependent variable by each of the independent variables in the model. It is also designed to analyze the pattern of response to shock by the variables.

Table 4.1 above displayed the summary statistics for the dataset used for econometric analysis. Skewness in the table is predominantly positive with most of the variables having positive signs showing that the distribution was skewed to the right except for TEA and REX representing technological applications and foreign exchange in the multinational corporation in Nigeria. This simply implies that even when plotted in a frequency distribution form or standard normal curve, the data set analyzed was dominated by positive values

The Kurtosis on the other hand revealed that only TAR almost satisfied its symmetrical condition of the expected value of three (3). GDP and REX all had values less than three. This implies that the distribution of these variables was flat or platykurtic in technical statistical language. On the other hand, EMR, TEA and EXR had values greater than three. This indicates that these distribution were peaky or leptokurtic in technical sense. However, the probability of all the variables was shown to be positive and relatively low with all the variables in the model being statistically insignificant at 5% level of significance. This gives way for the acceptance of the in-built null hypothesis that the data set is approximately normal.

Furthermore, an interesting relationship exists between the mean and median for all the variables in the model. The mean to median ratio for all the data set is within the unit proximity. This implies that when plotted on the standard normal curve, the median will not be significantly different from the mean value of the distribution. The more the median and the mode are closer to the mean value, the more the distribution satisfies the symmetrical bell-shape property of the normal distribution. The range of the distribution (difference between minimum and maximum values) is positive for all the variables in the model, given credence to the positive nature of the distribution as already indicated by the skewness. Again, the standard deviations were quite low even with this large sample of summing up data set for 52 years.

Table 4.2 ADF Unit Root Test

Variable	**ADF t-statistics**	**5% critical values**	**P-value**	**Order of Integration**
At Level				***Decision***
GDP	0.225395	-2.919952	0.9717	*Non-stationary*
TAR	1.342563	-2.919952	0.9986	*Non-stationary*
EMR	-3.846757	-2.919952	0.0046	*Stationary*
TEA	-1.453440	-2.919952	0.5489	*Non-Stationary*
REX	-2.866293	-2.919952	0.0564	*Non-Stationary*
EXR	1.923129	-2.935001	0.9998	*Non-Stationary*
1st Diff				***Decision***
D(GDP)	-8.044212	-2.921175	0.0000	*Stationary*
D(TAR)	-6.764731	-2.921175	0.0000	*Stationary*
D(EMR)	-7.239791	-2.922449	0.0000	*Stationary at Levels*
D(TEA)	-5.032681	-2.921175	0.0001	*Stationary*
D(REX)	-9.368580	-2.921175	0.0000	*Stationary*
D(EXR)	8.934669	-2.933158	0.0000	*Stationary*

Source: Author's computation using Eviews 10.0

The results of the ADF test shows that the following variables – GDP, TAR, TEA, REX and EXR were not stationary at levels while EMR was stationary at levels. The series after first difference became stationary at 5% level of significance but with a mix order of integration. That is, there is co-integration of Order (O) and (I). Thus, with all the variables not integrated of the same order but have revealed a mix combination of I (0) and I (1) as shown in the result of ADF unit root test, the use of Johasen co-integration test has collapsed. The most appropriate choice left now is the ARDL bound co-integration to examine the existence of long run relationship amongst the variables in the model.

4.2 Analysis of Co-integration Test

Given the relatively small sample size (51 data points) and a mixed order of integration of the variables [I(0) and I(1)] form the ADF unit root test, a lag length of 2 for the model selected on basis of Final prediction error, Akaike information criterion, Schwarz information criterion and Hannan-Quinn information criterion. Lag length selected on the basis of Schwarz Bayesian Criterion was used in the bounds test as suggested by Pesaran and Shin (1999). The results of the bound tests are given in Table 4.4. The critical values used in this study are extracted from the ARDL results using Eviews 10.0 software.

Table 4.3 Estimated Long Run Coefficients using the ARDL Approach
ARDL 1,2,0,0,0,2 selected based on Akaike info criterion

Dependent variable is GDP 51 observations used for estimation from 1970 to 2021				
Regressors	Coefficient	Standard Error	T-Ratio	Prob
TAR	2.709360	330.6592	0.819381	0.0075
EMR	-1.278734	273.4537	-0.467624	0.0027
TEA	2.360083	720.5806	0.327525	0.0050
REX	14.15188	986.2295	1.434948	0.1593
EXR	0.100181	0.000950	0.190631	0.0008

Source: Author's computation using Eviews 10.0

Table 4.3 contains the long run ARDL coefficients for the model. The result of the long-run estimates of the ARDL for Nigeria revealed TAR, TEA, REX and EXR to be positively related with the GDP while EMR is positively related with GDP in the long-run. TAR being a target variable and in line with the new trade theory and the theory of return on investment. This result suggests clearly that a unit (one percent) increase in TAR in Nigeria will lead to a 2.7% increase in the growth rate of GDP in Nigeria. This corraborate with the earlier findings of the study by Abubarkar (2021) and Kalu (2021) who all found a positive relationship between multinational companies and economic growth in Nigeria in their separate research findings. The result is not just positive but statistically significant at 5% level.

In the model too, the EMR representing the effect of employment generation rate on economic growth in Nigeria was negative. Precisely, a unit increase in the general level on penetration of multinational corporations in Nigeria would result to -1.7% reductions in employment level in Nigeria. This again collaborates with the findings of Ashime when he found a negative relationship amongst these variables. The result is not just negative but statistically significant at 5% level.

However, only the coefficients of TEA, REX and EXR are positively related to economic growth in Nigeria during the period of study. TEA represents technological application skills acquired by Nigerians when working in these foreign companies producing in Nigeria. The positive relationship indicates that Nigerians benefit significantly when working with these industries despite the perceived challenges. This result has also aligned with previous studies of Nwonu, Onodugo, Agbaeze, and Nwoba (2019) and Ewubare and Udofia (2018) and is in line with a priori expectation set before the study.

In a related development, foreign exchange and exchange rate are positively related to economic growth in Nigeria. The positive relationship between REX and GDP clearly confirms a priori expectation while that of EXR and GDP contradict the a priori expectation set out for the study. It is however in line with the prior findings of Eluka, Ndubuisi-Okolo and Anekwe (2018) and Masawa and Njenga (2017). However, only TEA and EXR are statistically significant at 5% level, while the REX is no significant at any level of confidence.

Table 4.4 Pairwise Granger Causality Test

Null Hypothesis:	Obs	F-Statistic	Prob.
TAR does not Granger Cause GDP	50	1.29531	0.0038
GDP does not Granger Cause TAR		2.78196	0.0226
EMR does not Granger Cause GDP	50	0.25636	0.7750
GDP does not Granger Cause EMR		0.35521	0.7030
TEA does not Granger Cause GDP	50	0.21475	0.0076
GDP does not Granger Cause TEA		4.13017	0.0226
REX does not Granger Cause GDP	50	2.57043	0.0877
GDP does not Granger Cause REX		0.69204	0.5058
EXR does not Granger Cause GDP	50	8.20672	0.0009
GDP does not Granger Cause EXR		3.00043	0.0598

Source: Author's computation using Eviews 10.0

Table 4.4 above shows the result of causality as presented in the above table**.** The result shows a bi-directional causality between the TAR and GDP during the period of analysis. This is exactly our major concern in this research, to examine if at all causality exist between the two variables. The result is significant at 5% level. This implies that the TAR has been partly responsible for the GDP fluctuation in Nigeria during the period of analysis. There is also a bi-directional causation running from TEA and GDP while a uni-directional causality runs EXR to GDP and is significant at 5% level.

Summary

The study was undertaken to examine the effects of multinational companies and economic growth in Nigeria between 1970 and 2021 employing Autoregressive Distributed Lag (ARDL) model, supplemented by other econometric apparatus such as unit root test, bound testing, pairwise granger causality test, variance decomposition and impulse response functions. The ADF unit root test shows mixed order of integration which prompted the bound testing procedure. Following the fact that the bound test result shows long run relationship among the variables, the ARDL was applied and the result shows a positive relationship between TAR and GDP for both the long run and short run within the time period selected for study. In particular, the long run result shows that a unit increase in TAR leads to a 2.7% increase in GDP growth rate in Nigeria, in the long run and 2.7% in the short run. To investigate the direction of causality between these variables, the Pairwise Granger causality test was used. The result shows a bi-directional causation running between multinational companies and economic growth in Nigeria. The result specifically indicates the TAR has granger caused GDP at 5% level of significance. The impulse response result which show the transmission effect of TAR as a prime variable to GDP in an event of policy shock in the short term (third year) to be -6808.1%. This effect increased to 2498.7% in the medium term (seventh year) and thereafter fluctuated to 7597.1% in the long term (tenth

year). This implies that the transmission effect of TAR to GDP will positively fluctuate over the 10-year period, with an increasing positive effect to GDP in the long run.

Conclusion

It can be concluded on the basis of this result that there is a positive relationship between TAR and GDP for both the long run and short run within the time period selected for study. In particular, the long run result shows that a unit increase in TAR leads to a 2.7% increase in GDP growth rate in Nigeria, in the long run and 2.7% in the short run. Other variables such as TEA, EXR and REX also influenced GDP positively within the study period.

Recommendations

The following recommendations are made for consideration and implementation by the government and other critical stakeholders in Nigeria.

i. Multinational companies especially those that are engaged in legally binding economic activities should be encouraged to operate in Nigeria so as to help increase revenue flows, employment rate, foreign exchange and improvement in technical knowledge of Nigerians.
ii. Proper check mechanisms should be put in place to curtail the negative effects of multinational companies on the Nigerian environment especially environmental degradation, tax evasion and political interference.
iii. Contractionary monetary and fiscal policies are required to stabilize the escalating exchange rate of the naira against other currencies of the world especially the dollar to enhance sectoral performance of the domestic economy in producing local produce for export.
iv. Multinational companies should be given employment quota for Nigerians in sensitive sectors that are capable of transferring technology to the domestic economy, while encouraging local companies to be prepared to substitute their foreign counterparts at the appropriate times.
v. Aggressive export promotion activities should be encouraged to enhance the value of local products in Nigeria in the international market. This is one of the few avenues to encourage the balance of payment performance in Nigeria and reduce the dependency of the Nigerian economy on foreign companies.

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