Asian Journal of Social Science and Management Technology
ISSN: 2313-74
Volume 7, Issue 1, January-February, 2025
Available at www.ajssmt.com

IMPACT OF EXCHANGE RATE ON FOREIGN DIRECT INVESTMENT IN NIGERIA

Okoli, Uju Victoria[1], Ogochukwu Edith Nkamnebe [2]

Department of Economics, Nnamdi Azikiwe University Awka Anambra State, Nigeria

ABSTRACT: Despite Nigeria's potential for attracting foreign direct investment, Nigeria's volatile exchange rate environment raises concerns about its effect on investment inflows. This study therefore examined the impact of exchange rate on foreign direct investment in Nigeria. Autoregressive Distributive Lag (ARDL) techniques was employed as the econometric technique using time series data from 1990 to 2024. Exchange rate, gross national income, interest rate, exports and imports were employed as the independent variables whereas FDI was the dependent variable. The empirical result of the study found that exchange rate and gross national income have significant impact on foreign direct investment while interest rate does not have a significant impact on foreign direct investment. It was therefore recommended that the Nigerian government should implement a managed float exchange rate policy in order to ensure stability of the naira. Also the implementation of expansionary monetary and fiscal policies should be employed to improve national income levels while policies to ensure stability of the interest rate should be implemented by the government in order to enhance economic growth in Nigeria.

Keywords: foreign direct investment, Exchange rate, gross national income and interest rate.

---

1. Introduction

Foreign direct investment (FDI) is an investment geared towards controlling ownership in a business enterprise in domestic country by an entity based in a foreign country. It is one of the major sources of capital inflows to developing countries from the resource surplus countries and among developing countries themselves, and has been widely considered to be important in contributing to growth in productivity in the receiving country. FDI is an international flow of capital that provides a parent company or multinational organization with control over foreign affiliates (Goldberg and Charles, 2005). FDI is vital to any economy as it augments domestic investment. Developing sub-Saharan African (SSA) countries and especially Nigeria has been a major beneficiary of technological spill overs, job creation, improved managerial skills and other benefits from these inflows. This flow of goods, services, and capital in and out of a country is influenced by political and legal environment of the host country, interest rate, gross national income, import, and export among other macroeconomic factors. In addition to the above, two very important factors that foreign investors think about before allowing their goods to flow to any country are risks associated with exchange rate and its volatility. One of the many influences on FDI activity is the behavior of exchange rates.

According to Javed and Farooq (2009), exchange rate means how the unit of domestic currency can be changed with the other nation's currency unit. They opined that demand and supply of currency actually are the main

element of exchange rate instability. Exchange rate instability directly affects the decision makers to decide how much import and export is favorable or otherwise. If Exchange rate appreciates, the purchasing power of the domestic currency in terms of other currencies increases, encouraging imports and making the domestic exports costly in the international market. Also if exchange rate depreciates, exports becomes cheaper than imports in the international market, and this increase in exports entails an increase in gross national income which will in turn boost investment demand and borrowing thereby driving up interest rate. Exchange rates can influence both the total amount of foreign direct investment that takes place and the allocation of this investment spending across a range of countries. Khan, M.A.,Abbas (2012) cited in (Bilawal, Malik, Shahid, Tariq, S. 2014) opined that exchange rate is the most important factor in an open economy that has a direct effect on the foreign direct investment.

Nigeria is one of the economies with great demand for goods and services and has attracted FDI over the years. The amount of net FDI inflow into Nigeria reached US$8.09 billion in 2011 and has declined down the lines in a row to US$5.58 billion, US$4.37 billion, US$3.08, and US$1.63 in 2012, 2013, 2014, and 2015 respectively. In 2015 the net inflow after deducting the outflow was worst hit which stood at US$1.63 representing 47% decline compare to 2014 and 80% decline in a row from 2011 [United Nations Conference on Trade and Development (UNCTAD), 2015]. Ogbaro, Ogunmola, T.,Akhator, P. (2022) analyzed the trends and patterns of foreign investment inflows in Nigeria from 1985 to 2020. Findings showed that not much success has been recorded in attracting foreign investment into the country. The study concludes that the inflows of foreign investment into the economy are very low and that there is a need for increase in flow of foreign investment in the country. The data published by Doris Dokua Sasu, November 24- 2023, on Statista.com indicates that FDI inflows in Nigeria registered a decrease of around 190 million U.S. dollars in 2022, compared to a surplus of 3.31 billion U.S. dollars in the preceding year.

Over the years, the value of the Naira has fluctuated due to various factors, including inflation, political instability, interest rates, global economic conditions etc. The Central Bank of Nigeria (CBN) is responsible for managing the supply of naira and ensuring its stability in the foreign exchange market. In the early years after the introduction of the naira, its exchange rate to major currencies like the US dollar remained relatively stable. However, in the Mid-1980s the Nigerian economy was hit hard by falling oil prices leading to a sustained devaluation of the naira. Between 1985 and 1993, the naira's official exchange rate depreciated from 1 US dollar to 0.894 naira to about 17.3 naira to 1 US dollar. The 1990s marked a difficult period for Nigeria's economy, characterized by hyperinflation, military coups, and civil unrest (Kazeem, 2021). The 1990s also saw the naira rapidly depreciate against major currencies such as the US dollar, with the official exchange rate around 100-200 naira to 1 US dollar. The subsequent years has also seen the Nigerian naira fall drastically against major currencies like the US dollar etc.

It is a well-known position that one of main catalysts required for rapid economic development, especially in developing countries like Nigeria, is the influx of capital in the form of investment. These capital investments could be technological, financial, human, material or technical as the case may be. Such capital investments which offers the foreign investor controlling interest of enterprise in the host nation is usually referred to as foreign direct investment. With national economies becoming more integrated and interconnected, foreign direct investments have come to be considered the primary motor of globalization [Asmae, and Ahmed, (2019); Ezeabasili, V., Osita, A., and Okonkwo (2011); Alba, Park and Wang, (2009)]. FDI is increasingly recognized as an important instrument for resource to flow across national borders to improve economic performance, industrial and international competitiveness, and exports [Essien, Ekpenyong and Essien, (2012); Lily, Kogid, Mulok, Sang, and Asid (2014); Benson, Eya and Yunusa, (2019); Shauna and Ahmadi-Esfahani, (2008)]. Owing to the fact that these investments are made between different sovereign states or countries; meaning that transfer of capital is converted from foreign to domestic currencies, such transfer of capital and the flow of returns is liable to be affected by the exchange rate movements.

The motivation to commit ones resources to investment in any economy depends to a large extent on the stability of exchange rate. Based on this, the Nigerian government has implemented various policies and actions to attract FDI and ensure a stable exchange rate. One of the key policies is the Economic Recovery and Growth

Plan (ERGP), which was launched in 2017 and is still in effect. The ERGP is a medium-term plan designed to revitalize the economy, improve social welfare, and enhance governance. It has several strategies aimed at attracting FDI and stabilizing the exchange rate. Also, various investment incentives was introduced to attract FDI. These incentives include tax holidays, duty-free importation of equipment and raw materials, and access to infrastructure facilities such as seaports and airports. Additionally, the government has established special economic zones (SEZs) and free trade zones (FTZs) to provide a conducive environment for investment. The Nigeria Investment Promotion Commission (NIPC), the Presidential Enabling Business Environment Council (PEBEC), and the Nigeria Industrial Revolution Plan (NIRP) are just a few of other reforms and initiatives that Nigeria has put into practice to enhance its business environment and draw in more foreign direct investment.

The Nigerian government recognizes that inadequate infrastructure is a significant barrier to attracting foreign direct investment (FDI), which is why it has made infrastructure development a priority under the Economic Recovery and Growth Plan (ERGP). Efforts to improve transportation networks, expand access to electricity, and upgrade telecommunications infrastructure are aimed at enhancing the country's appeal to investors and boosting its competitiveness. Additionally, the ERGP emphasizes the need to diversify Nigeria's economy away from its heavy reliance on oil exports by promoting non-oil sectors such as agriculture, manufacturing, and services. This diversification strategy is intended to reduce the impact of global oil price fluctuations on the exchange rate and increase the country's resilience to economic shocks (Goldberg and Kolstad, 1995). To further attract investors, the government has taken steps to improve the ease of doing business by streamlining regulatory processes, reducing bureaucratic hurdles, and improving access to credit, thereby facilitating the establishment and growth of businesses. Moreover, the ERGP includes measures to stabilize the exchange rate and control inflation, such as maintaining a flexible exchange rate, managing money supply, and promoting transparency in monetary policy. By fostering exchange rate stability, the government aims to create a predictable and stable environment for FDI, encouraging long-term investment in Nigeria.

Also, several exchange rate policies have been adopted in Nigeria over the years; ranging from fixed exchange rate regime and flexible exchange rate regime to a unified exchange rate policy and so on. Despite the Nigerian government's efforts and policies to attract foreign direct investment (FDI), several challenges continue to contribute to the decline in FDI volume (Ogunmuyiwa and Ekone 2010). Security concerns, including insurgency, banditry, and kidnappings, create an unstable environment that deters investors. Infrastructure deficiencies, such as poor road networks and unreliable electricity supply, further diminish Nigeria's attractiveness as a business destination. Bureaucratic red tape, corruption, and regulatory inefficiencies increase the complexity and cost of doing business, while exchange rate volatility adds to the uncertainty for foreign investors. Although the government has tried to diversify the economy, Nigeria remains heavily reliant on oil, making it vulnerable to global oil price fluctuations. Inconsistent policy implementation and sudden changes also undermine investor confidence, as does the country's ongoing struggle with corruption. Additionally, political uncertainty, especially during election periods, causes delays in investment decisions. Not minding these efforts by the government, these factors, combined with global economic conditions, continue to hinder Nigeria's ability to attract and retain foreign investment.

Despite Nigeria's vast potential for attracting Foreign Direct Investment (FDI), the country continues to struggle with attracting significant FDI inflows. A major contributing factor to this challenge is the volatility of the exchange rate, which creates uncertainty and risk for foreign investors. The inconsistent and unpredictable nature of Nigeria's exchange rate policy has raised concerns about its impact on FDI. Existing research on the topic yields mixed results, with some studies finding a positive and significant relationship between exchange rates and FDI in Nigeria [Adeleke, Fasesim and olowe (2014); Bilawal, Malik, Tariq, S. (2014); Eka and Solomon (2013); Murtala (2017)]. While some other researchers found a negative and significant impact of exchange rate on FDI in Nigeria [Arratibel, O.,Garcia, F., And Hernandez (2011); Kandilov and Leblebicioglu (2011)]. This ambiguity underscores the need for further comprehensive investigation into the impact of exchange rates on FDI in Nigeria thereby raising the need for this study which was updated to 2024 in order to capture the current situation of the country. This is why this research seeks to broadly examine the impact of exchange rate on

foreign direct investment in Nigeria by providing further illumination to the following specific objectives based on the factors that affect FDI

1. To examine the impact of exchange rate on foreign direct investment in Nigeria
2. To examine the impact of gross national income on foreign direct investment in Nigeria
3. To examine the impact of interest rate on foreign direct investment in Nigeria

This study will serve as a contribution to the existing literature and resource material to policymakers in Nigeria. The three arising hypotheses for the variables are tested in null form. Thus, the rest of the paper is structured into literature review, research methodology, data analysis and interpretation of results and conclusion and recommendations.

2. Review of Conceptual Literature

(a) Exchange Rate

The concept of exchange rate refers to the value of one currency for the purpose of conversion to another. It's the rate at which one currency can be exchanged for another currency. For example, if you want to convert US dollars to euros, the exchange rate will determine how many euros you will receive for your dollars. Exchange rates can be either fixed or floating. Fixed Exchange Rate is when a currency's value is tied or pegged to another major currency like the U.S. dollar or gold. Governments need to hold large reserves of the currency to which their currency is pegged to maintain this rate while Floating Exchange Rate**,** the value of a currency is allowed to fluctuate according to the foreign exchange market. Factors influencing floating exchange rates include interest rates, economic stability, and inflation. Exchange rates have a significant impact on a country's economy as they can influence the level of imports and exports. A weaker currency makes a country's exports cheaper and its imports more expensive; conversely, a stronger currency makes exports more expensive and imports cheaper.

Various factors can affect exchange rates, such as interest rates, inflation, economic stability and performance, political stability, and speculation: Higher interest rates offer lenders a better return relative to other countries. Therefore, higher interest rates attract foreign capital and cause the exchange rate to rise. Additionally, Countries with consistently low inflation exhibit a rising currency value, as their purchasing power increases relative to other currencies. Conversely countries with higher inflation typically see depreciation in their currency. Furthermore, stable and positive performance in a country's economy attracts foreign investment, thereby strengthening its currency. Similarly countries that are less prone to political turmoil are more attractive to foreign investors, resulting in stronger currency values. Also if investors believe a currency will strengthen in the future, they are likely to buy in anticipation, which increases the value of the currency. Exchange rates also play an important role in international trade, affecting the competitiveness of a country's goods and services. Currency risks in international investments and money movements are a crucial consideration due to the potential for currency value fluctuations impacting the returns on investment (Idris, 2014).

(b) Foreign Direct Investment

Foreign direct investment (FDI) entails the infusion of foreign capital into a business that operates in a nation other than the investor's home country. Idris (2014) states that the Organisation for Economic Cooperation and Development (OECD) (2009) defined direct investment as the goal of a resident entity of one economy (the direct investor) acquiring a long-term interest in an enterprise that is a resident of another economy (the direct investment enterprise). The World Investment Report (2023) from the United Nations Conference on Trade and Development (UNCTAD) states that following a significant increase in 2021, worldwide FDI flows decreased by 12% in 2022 to $1.3 trillion. Foreign Direct Investment (FDI) inflows to the Organisation for Economic Cooperation and Development (OECD) region fell by 42% in the first half of 2023 compared to the same period in 2022, according to OECD Foreign Direct Investment Statistics. While still less than half of what they were in the second half of 2022, FDI outflows from the OECD region had than doubled. FDI flows rose by 18.5% to $1.5 trillion in 2021, according to the [FDI Report 2022], mostly due to a spike in cross-border mergers and acquisitions and Greenfield investment projects.

The attractiveness and competitiveness of a nation's economy to international investors, as well as its potential for economic growth and development, can be determined by FDI inflows. The World Bank claims that from

2016, FDI inflows to Nigeria have been decreasing, with 2020 marking the lowest level. This could be caused by a number of things, including the COVID-19 pandemic's effects, changes in energy costs, security issues, unpredictability in regulations, and the nation's inadequate infrastructure (Obisike, Onwuka, Okoli and Udeze, 2020) Nonetheless, with a total stock of FDI expected to reach 91.8 billion USD in 2020, Nigeria continues to rank among the top beneficiaries of FDI in Africa. The primary industries drawing foreign direct investment (FDI) into Nigeria are manufacturing, real estate, telecommunications, agriculture, oil and gas (which is by far the largest beneficiary).

2.1 Review of Basic Theories

The theory in which this study is built on is the combination of purchasing power parity (PPP), and Eclectic Paradigm of Dunning (OLI THEORY) which form the basis for understanding how exchange rate movements influence investment decisions by foreign entities.

(a) Purchasing Power Parity

Purchasing Power Parity is a method used to determine the relative value of different currencies. The purchasing power parity theory was propounded by Professor Gustav Cassel of Sweden in a series of post-World War I memoranda for the League of Nations. The theory holds that in the long run, exchange rates should move towards the rate that would equalize the prices of an identical basket of goods and services in any two countries. In essence, it is based on the law of one price which states that identical goods should sell for the same price in two different countries when prices are expressed in the same currency. It tells us that the nominal exchange rate between the currencies of two countries depends on the price levels in those countries. If a euro buys the same quantity of goods in Germany (where prices are measured in euros) as in Japan (where prices are measured in yen), then the number of yen per euro must reflect the prices of goods in Germany and Japan. For example, if a kilo of coffee is priced at 500 yen in Japan and €5 in Germany, then the nominal exchange rate must be 100 yen per euro a €5 = 100 500 yen per euro. Otherwise, the purchasing power of the euro would not be the same in the two countries. That is, the nominal exchange rate equals the ratio of the foreign price level (measured in units of the foreign currency) to the domestic price level (measured in units of the domestic currency). According to the theory of purchasing power parity, the nominal exchange rate between the currencies of two countries must reflect the different price levels in those countries.

A key implication of this theory is that nominal exchange rates change when price levels change. The price level in any country adjusts to bring the quantity of money supplied and the quantity of money demanded into balance. Because the nominal exchange rate depends on the price levels, it also depends on the money supply and money demand in each country. Purchasing power parity provides a simple model of how exchange rates are determined. Yet the theory of purchasing power parity is not completely accurate. That is, exchange rates do not always move to ensure that a domestic currency, say euro, has the same real value in all countries all the time. There are two reasons why the theory of purchasing power parity does not always hold in practice. The first reason is that many goods are not easily traded while the second reason is that even tradable goods are not always perfect substitutes when they are produced in different countries. Thus, both because some goods are not tradable and because some tradable goods are not perfect substitutes with their foreign counterparts, purchasing power parity is not a perfect theory of exchange rate determination. For these reasons, real exchange rates fluctuate over time. Nonetheless, the theory of purchasing power parity does provide a useful first step in understanding exchange rates. The basic logic is persuasive: as the real exchange rate drifts from the level predicted by purchasing power parity, people have greater incentive to move goods across national borders. Even if the forces of purchasing power parity do not completely fix the real exchange rate, they provide a reason to expect that changes in the real exchange rate are most often small or temporary.

There are two versions of purchasing power parity (PPP). Absolute PPP suggests that the exchange rate between two countries is equal to the ratio of the countries' price levels while Relative PPP takes inflation rates into account, suggesting that exchange rates will change to compensate for inflation differentials between two countries. Despite being a fundamental concept, PPP does not always hold in the short term due to factors such as transaction costs, trade barriers, or differences in the basket of goods.

(b) Eclectic Paradigm of Dunning (OLI THEORY)

Dunning in 1979 created the eclectic theory, which combines three different theories of foreign direct investment. Ownership Advantage ('O'): The first theory is ownership advantages, which refers to the possession of intangible assets that are unique to a company and can be used to lower costs or increase profits in a foreign country. Examples of these assets include monopolistic powers, technological advancements, and cost savings from large-scale operations. Location ('L'): The locational differences between countries gives certain advantages and is the key factor which determines who will become the host country for the activities of the international company. However, this is based on economic benefits, political advantages, and social advantages. Internalization ('I'): Internalization is a framework that examines the different methods that international companies use to capitalize on their ability to sell goods and services internationally. As the advantages of cross-border market internalization increase, companies will increasingly seek to produce goods and services abroad. Overall, this theory suggests that the criteria used by companies to evaluate potential host countries vary and are influenced by the economic, political, and social factors of the host country. Thus, a company's objectives and strategies, as well as the scale and scope of its production, are heavily influenced by the opportunities and challenges presented by different countries.

The mathematical model for the Eclectic paradigm can be represented as:

FDI = f(OW,LO,IN)

Where:

FDI = Foreign direct investment

OW= Ownership advantages (e.g., proprietary technology, brand recognition)

LO= Location advantages (e.g., market size, resource availability, political stability)

IN= Internalization advantages (e.g., transaction costs, control and coordination needs)

2.2 Empirical Literature Review

This section will review existing literatures that investigated the impact of exchange rate on FDI with a specific focus on the Nigerian economy and their major contribution to the field.

Adeola, A., and Ogunleye, E. (2012) investigated the impact of exchange rate on Foreign Direct Investment (FDI) in Nigeria. The results squeezed from the study demonstrate FDI is positively associated with naira depreciation and exchange volatility deters FDI. Trade openness dramatically increases FDI while premise doesn't hold for inflation as it is insignificant. The results of the Granger causality test suggested that exchange rate volatility granger causes foreign direct investment but not vice versa.

Obansa and Osinubi (2013) specifically examined the impact of exchange rate on foreign direct investment in Nigeria. The study took into consideration some factors such as Interest rate and economic growth in Nigerian economy over the period of 1970-2010. The result indicated that Exchange rate had a stronger impact on foreign direct investment and Economic growth than Interest rate. Particularly, Interest rate impact was found to be positive but however declined as the time horizon increased. It had a little impact on Economic growth in the period of regulation than in the deregulation era. The conclusion arising from the study shows that Exchange rate liberalization was good to Nigerian Economy as it promotes Economic growth. Interest rate liberalization on the other hand does not make an appreciable impact on the Economic growth as it undermines investment drive. The paper therefore recommends that Interest rate liberalization and deregulation should be replaced with the policy of Interest rate regulation as obtained in the 1970s and early 1980s.

Nurudeen, Yusuf and Salawu (2018) investigated the empirical evidence on the impact of exchange rate fluctuation on foreign direct investment (FDI) in Nigeria, using secondary time series data from1995 to 2017. This underscores the need to assess how foreign investors through FDI respond to changes in the exchange rate, and how this relationship affects the economy with a view to identifying gaps and provide policy recommendations and direction to the policy makers and the Nigeria government. The study reveals a significant positive relationship between real inward FDI and exchange rate fluctuations. This implies that, depreciation of the Naira increases real inward FDI. Also, the results indicate that the rate of inflation had a negative impact on real inward FDI, which could be due to the deregulation that was accompanied by exchange rate fluctuations.

As such, a major challenge before the Central Bank of Nigeria therefore is to attain a stable and realistic exchange rate that will boost domestic production, increase real inward FDI and maintain internal and external balance.

Okonkwo and Ukoh (2018) examined the impact of foreign exchange rate fluctuations on foreign direct investment (FDI) in Nigeria from 1981 to 2018. This study was motivated by conflicting results regarding how foreign exchange rate changes influenced foreign direct investment in varied economies especially in Nigeria, and to answer the question of whether Foreign Exchange rate fluctuations adversely retarded the flow of Foreign Direct Investment in Nigeria or otherwise.

Benson and Yunusa (2019) examined the Effect of Exchange on Foreign Direct Investment in Nigeria 2006-2018. Secondary data was used for the study and it was obtained from the financial statement of the Central Bank of Nigeria for the period 2000-2018. The unit root property of the data was analyzed using the Augmented Dickey Fuller Test and the variables were all stationary at first difference. Also, Johansen Co-integration test statistics was used to test the cointegrating nature of the data while the longrun and the shortrun relationship between the variables of the study were examined using the error correction model. The data was tested for normality using the Jarque-Bera test statistics. The result of the study indicates that a positive relationship exist between Exchange Rate and Foreign Direct Investment (FDI). The relationship is statistically significant (as tcal = 7.25891) is greater than tab = 2.101 df 17) and in line with a priori expectation. The longrun co-integrating equation shows that a negative relationship exit between Interest Rate (INT) and Foreign Direct Investment (FDI) and the result is not statistically significant (as t cal = -12.5639 is greater than tab = 2.101 @ df 17). Inflation (INF) was negatively related to Foreign Direct Investment (FDI) in the long-run. A unit increase in Inflation (INF) will lead to a corresponding increase in Foreign Direct Investment by GDP by 23.37%. This relationship is statistically significant ($p<0.05$) (as tcal = -12.5639) is less than ttab = 2.101@ df 17) and in line with our a priori expectation. It was recommended among others that board composition effect on total voluntary disclosure can be increased when appointment is made sometimes of an outside director who is an official of a financial firm as it has been found to increase firm share value. It was concluded that FDI is an important avenue for investment in agricultural, manufacturing and transfer of technology to an economy. It was recommended among others that the government should seek to stabilize exchange rates, through adoption of sound fiscal and monetary policies.

Kenny, V. S. (2019) studied the effect of exchange rates on FDI in Nigeria. The research concluded that exchange rate fluctuations have a considerable influence on FDI inflows, which in turn affect economic growth. The study underscores the importance of a stable exchange rate in fostering a conducive environment for FDI.

Adegoria and Emmanuel (2021) examined the Impact of exchange rate fluctuation on foreign direct investment in Nigeria from 1986 to 2020. The findings revealed a negative relationship between exchange rate and foreign direct investment in Nigeria and all the lagged value of exchange rate are statistical significant at 5% level of significant, which an indication of exchange rate importance on foreign direct investment inflows into Nigeria to a two standard error shock of exchange rate showed that exchange rate effect on foreign direct investment is persistence and significantly positive over the a period of up to 8 years after the shock. The exchange rate, though relatively stable, has a profound effect on foreign direct investment in Nigeria. The study recommended that given the perceived over-valued naira, a deliberate effort toward revaluation of the naira to reflect the true value of dollar to naira exchange rate will obviously increase the exchange rate and as such makes it cheaper to invest in Nigeria by foreign businesses.

Alade, and Adeleke. (2021) analyzed the dynamics of exchange rates in Nigeria and their impact on FDI. Their research highlights the volatility of the Nigerian foreign exchange market and how this volatility influences investment decisions by foreign investors. The study recommends stabilizing exchange rates to create a more conducive environment for foreign investment.

Onabote, Adebisi and Okafor (2021) investigated the effect of exchange rate on foreign direct investment and economic growth in Nigeria by adopting the Autoregressive Distributive Lag (ARDL) technique to examine the long-run cointegrating relationship for the period 1981-2018. A long-run relationship was confirmed among exchange rate, foreign direct investment and economic growth. From the findings, foreign direct investment contributes positively to economic growth, while the speed of adjustment is 78.46% and significant**.** The study recommends, among others, that the Nigerian government must create an enabling atmosphere for private

businesses to prosper. The study suggested that the government pursue policies that will boost investors' confidence and enable foreign companies to invest in the country's economy. Government and private-sector agencies are encouraged to invest more in the country's education and health care infrastructure.

Adeniji and Lasaki. (2024) examined the effects of exchange rate shocks on FDI in Nigeria. Their study, which covered the period from 1981 to 2021, found that exchange rate appreciation and a thriving domestic investment environment positively influence FDI inflows. However, economic instability and rising price levels negatively impact these investments. The study suggests that stabilizing exchange rates and promoting economic growth are crucial for attracting FDI.

Nzeh, Nwogwugwu, and Uzonwanne. (2024) explored the impact of exchange rate on FDI in Nigeria. Their findings reveal a significant impact of exchange rate fluctuation on FDI inflows in Nigeria.

3. Method of the Study

The theoretical framework for this study is a combination of Interest Rate Parity Theory and Eclectic Paradigm of Dunning. The theory identifies three key variables that influences a firm's decision to engage in Foreign Direct Investment; Ownership, Location, and Internalization. The location variable involves the attractiveness of the host country. The variables used to capture the host country's attractiveness are Exchange rate (EXR), Interest rate (INTR), Gross National Income (GNI), Exports (EXP), and Imports (IMP). Adopting the model of Adegoria and Emmanuel (2021) and modifying the model in line with the objectives of this study gives the functional form;

$FDI = f(EXR, INTR, GNI, EXP, IMP)$ ------- (1)

$FDI = \beta_0 + \beta_1 EXR + \beta_2 INTR + \beta_3 lnGNI + \beta_4 lnEXP + \beta_5 lnIMP$ ---- (2)

$FDI = \beta_0 + \beta_1 EXR + \beta_2 INTR + \beta_3 lnGNI + \beta_4 lnEXP + \beta_5 lnIMP + \mu$ -- (3)

where:

β_0 - the intercept otherwise known as the component term

β_1-β_5 - coefficient of the group of regressors (independent variables)

FDI= Foreign Direct Investment inflows

EXR= Exchange Rate

INTR = Interest rate

GNI= Gross National Income

EXP= Exports

IMP= Imports

μ = Error term otherwise called stochastic term or disturbance term

4. Result Presentation, Analysis, and Discussion of Results

This section centers on the presentation and analysis of data used, interpretation of the result and discussion of the findings from the analysis conducted.

4.1 Unit root Test analysis

Table 4.1: Augmented Dickey-Fuller (ADF) Unit Root Test Results

Variable	ADF statistic	Critical Values	Order of Integration	Remark
FDI	-7.657731	-2.957110	I(1)	Stationary
EXR	-3.895000	-2.957110	I(1)	Stationary
INTR	-2.002392	-1.952473	I(0)	Stationary
GNI	-3.864039	-2.957110	I(1)	Stationary
EXPORTS	-5.301711	-2.957110	I(1)	Stationary
IMPORTS	-5.773223	-2.960411	I(1)	Stationary

Source: Researcher's computation (2025)

Evidence from unit root table above shows that all the study or model variables are stationary at level and at first difference, since the decision rule is to reject null hypothesis if the ADF statistic value exceeds the critical value at a chosen level of significance in absolute terms, and accept stationarity when ADF statistics is greater than criteria value. Since we have obtained stationarity at first difference and at level, the Bounds co-integration test can now be conducted as this meets the conditions under which the test could be applied. Table below gives the summary of the result.

Table 4.4: Summary of Bounds Co-integration Test

F-statistics	Significance Level	Bounds Value 1(0)	Bounds Value 1(1)
6.310774	10%	2.26	3.35
	5%	2.62	3.79

Source: Researcher's computation (2025)

Thus, given that the f-statistic (6.310774) is greater than the Bounds value (3.79), we reject the null hypothesis and conclude that there is long run relationship between the variables. The study employs the Auto-regressive Distributive Lag Estimation (ARDL) technique in the estimation of the coefficients of the regression model. The result is summarized in the table below.

Table 4.5: Summary of Auto-regressive Distributive Lag Output

Variable	Coefficient	Std. Error	T-statistic	Probability
EXR	2.095805	3.9194865	5.347143	0.0000
INTR	1.216899	3.2217819	0.377712	0.7091
GNI	8.287953	2.14E+09	3.86804	0.0008
EXPORTS	1.596793	1.37E+09	1.167216	0.2551
IMPORTS	-5.36859	1.69E+09	-3.182627	0.0041

Source: Researcher's compilation (2025)

The aim of error correction modelling is to reconcile the long-run behaviour of co-integrated variables with their short-run responses. It shows the dynamic error analysis of the co-integrated variables. Since our model's variables are stationary at both level and first difference, we would go ahead to estimate the short run coefficients of our model, using the Error Correction Model. The Error Correction Coefficient reveals the speed at which the model returns to equilibrium after an exogenous shock. As a result, the Error Correction Term should be negatively signed to indicate a move toward equilibrium. For the short-run model, the variables need to be differenced – in the stationary form.

4.2 Short Run Analysis

Table 4.6: Summary of short run model

Variable	Coefficient	Std. Error	T-statistic	Probability
C	-1.10724	1.63E+10	0.000000	0.0000
D(EXPORTS)	-3.31E+08	6.07E+08	0.000000	0.0000
D(IMPORTS)	-2.05E+09	7.93E+08	0.000000	0.0000
D(INTR)	-2.92696	15339356	0.000000	0.0000
CointEq(-1)*	-0.814765	0.120005	-6.789410	0.0000
R-squared	0.655589	Durbin Watson	2.359126	
Adjusted R-squared	0.606388	ECT	-0.814765	
F-statistic	13.32456	Prob(F-statiatic)	0.000003	
		p-value	0.2196	

Source: Researcher's computation (2025)

Short-run model also reveals the error correction term as -0.814765. It is negative, less than 1, and statistically significant. The value suggests that about 81 percent of disequilibrium in the previous year is corrected in the current year. From our table 4.6, we see that the p-value of the F-statistic denoted as Prob (F-statistic is 0.000003. The null hypothesis for testing the F-statistic using the p-value assumes that there is no significant difference between the group means being compared. The p-value helps us determine whether we have enough evidence to reject this null hypothesis and conclude that there are significant differences among the group means. Since the p-value is less than the predetermined significance level (set at 0.05), we reject the null hypothesis and conclude that there is sufficient evidence to suggest that at least one group mean is significantly different from the others. This suggests that there is statistical evidence to support the claim that at least one of the independent variables in the model has a significant relationship with the dependent variable. In the context of our study, this means that the regressors in our model collectively have a significant impact in the explanation of the total variations in Foreign Direct Investment.

We employed the Durbin-Watson test. From the summary of our regression results in table 4.6, the value of the Durbin-Watson statistic is 2.359126. The test statistic ranges from 0 to 4, with values close to 2 indicating no auto-correlation. Values significantly below 2 suggest positive auto-correlation, while values significantly above 2 suggest negative auto-correlation. From our observed value of 2.359126, we can confidently conclude that there is no auto-correlation and that the model is reliable for predictions.

From our result, it is observed that the p-value is 0.2196. We therefore accept the null hypothesis and conclude that there is no significant evidence of Autocorrelation. The study therefore, concluded that the explanatory variables do not have perfect or exact multi-collinearity. From our result, the Jacque-Bera statistic is 0.502561 and its probability (p-value) is 0.777804. The observed p-value is greater than 0.05 (0.777804 > 0.05). In this case, we accept the null hypothesis and say that there is not enough evidence to conclude that the study's data does not follow a normal distribution. Therefore, this study concludes that the data is normally distributed.

4.3 Economic Aprior expectations

Here, we proceed by checking the conformity of the independent variables to their a-priori expectations. Now, in order for us to support the regression results as presented in Table 4.6, the study employs economic a priori criteria, statistical criteria and econometric criteria.

Table 4.7: Summary of Economic a-priori Expectation

Variable	Expected sign	Observed sign (Long-run)	Remark	Expected sign	Observed sign (short-run)	Remark
C	Negative/Positive			Negative/Positive	Negative	Conforms
Exchange rate (EXR)	Positive	Positive	Conforms	Positive		
Interest rate (INTR)	Positive	Positive	Conforms	Positive	Negative	Does not conform
Gross national income (GNI)	Positive	Positive	Conforms	Positive		
Exports (EXP)	Positive	Positive	Conforms	Positive	Negative	Does not conform
Imports (IMP)	Negative	Negative	Conforms	Negative	Negative	Conforms

Source: Researcher's computation (2025)

From table 4.7, we observe that the regression line has a negative intercept as the constant. This implies that on the average, foreign direct investment in Nigeria assumes the value of about-1.10724 per annum if all other variables affecting it are kept constant or fixed (zero). The a-priori expectation is that the intercept/constant could

be positive or negative. Results from the short run model as shown it Table 4.7 also show that interest rate and exports do not conform to economic a-priori expectation while imports conforms to its expected relationship. This may be due to the excessive level of importation taking place within the economy.

The Coefficient of Determination (R^2): From the study regression result, table 4.5 shows that the coefficient of regression (R-squared) is given as 0.655589 which implies that about 66% of the total variation in Foreign Direct Investment (FDI) are accounted for by the joint variations in Exchange rate (EXR), Interest rate (INTR), Gross National Income (GNI), Exports (EXP), and Imports (IMP) while other factors not included in the model account for about 34% of the total variations in Foreign Direct Investment (FDI). This means that the explanatory power of our model is very high and strong.

The F-statistic

The F-statistic measures the overall significance of the estimated model. It helps to determine if the regression model as a whole is providing valuable information in predicting the dependent variable. The hypothesis tested is:

H_0: The model has no goodness of fit

H_1: The model has a goodness of fit

Decision rule: Reject null hypothesis, if F-cal > F-table [Fα (k-1, n-k)] at α = 5%, otherwise, accept.

Where: V1 / V2 - Degree of freedom (d.f)

V1 = n-k, V2 = k-1:

Where; n (number of observations); k (number of parameters)

Where k-1 = 6 - 1= 5

Thus, n-k = 34 – 6 = 28

Therefore: $F_{0.05\ (5,\ 28)}$ = 2.56 (F-table)

F-statistic =13.32456 (F-calculated)

Thus, since the F-calculated > F-table we reject H_0 and accept H_1 that the model has goodness of fit and is statistically different from zero. This means that there is significant impact between the dependent and the independent variables in the model of the study.

The T-test

The t-test in regression analysis is a powerful tool for evaluating the significance of the relationship between variables. It can help to identify which independent variables have a significant impact on the dependent variable, and can provide valuable insights into the relationships between the variables. Two-tailed tests at 5% significance level are conducted. The result is shown on Table 4.7 below. Here, the study compares the estimated or calculated t-statistic with the tabulated t-statistic at t α/2 = $t_{0.025}$ (two-tailed test).

$T_{0.025(n-k)}$;

$T_{0.025(34-6)}$; $T_{0.025(28)}$;

Hence;

$T_{0.025(28)}$= 2.048 (T-table)

Ho: The variables are not statistically significant

H1: The variables are statistically significant

Decision rule: If the absolute value of the calculated t-value exceeds the critical value, we reject the null hypothesis and conclude that there is a statistically significant relationship between the independent variable and the dependent variable.

Table 4.8: Summary of T-test

Variable	T-statistic	Critical value 5%	Probability value	Decision	Assessment
EXR	5.347143	2.048	0.0000	Reject Ho	Statistically significant
INTR	0.377712	2.048	0.7091	Accept Ho	Not statistically significant
GNI	3.86804	2.048	0.0008	Reject Ho	Statistically significant

EXPORTS	1.167216	2.048	0.2551	Accept Ho	Not statistically significant
IMPORTS	-3.182627	2.048	0.0041	Reject Ho	Statistically significant

Source: Researcher's ***computation (2025)***

We can use the T-statistic from the ARDL result in the evaluation of the hypotheses. The T-statistic tests the statistical significance of the relationship between an independent variable and the dependent variable.

4.4 Research Hypothesis Test

Decision Rule

If calculated t-value > tabulated t-value, we reject the null hypothesis and accept the alternative hypothesis.

Hypothesis 1

Ho: Exchange rate has no significant impact on foreign direct investment in Nigeria

H_1: Exchange rate has significant impact on foreign direct investment in Nigeria

From table 4.8, the observed T-statistics are given, indicating that exchange rate (EXR) has a statistically significant relationship with the dependent variable (FDI). Also, the p-value is less than 0.05 (0.0000 < 0.05). This indicates that we have enough evidence to reject the null hypothesis for this variable. We therefore empirically deduct that exchange rate has a major impact on Nigeria's foreign direct investment inflows.

Hypothesis 2

Ho: Gross national income has no significant impact on foreign direct investment in Nigeria

H_1: Gross national income has significant impact on foreign direct investment in Nigeria

From table 4.8, the regression result indicates that Gross national income (GNI) has a statistically significant relationship with foreign direct investment in Nigeria. Also, the p-value is less than 0.05 (0.0008 < 0.05). This indicates that we have enough evidence to reject the null hypothesis for this variable. We therefore conclude that gross national income has a major impact on foreign direct investment inflows in Nigeria.

Hypothesis 3

Ho: Interest rate (INTR) has no significant impact on foreign direct investment in Nigeria

H_1: Interest rate (INTR) has significant impact on foreign direct investment in Nigeria

From table 4.8, the regression result indicates that interest rate (INTR) has a statistically insignificant relationship with foreign direct investment in Nigeria. This is because the calculated t-value is greater than the t-tabulated. Also, the p-value is greater than 0.05 (0.7091 > 0.05). This indicates that we have enough evidence to accept the null hypothesis for this variable. We therefore conclude that interest rate (INTR) has no significant impact on foreign direct investment inflows in Nigeria.

4.5 Discussion of Findings

This study's main objective was to examine the impact of exchange rate on foreign direct investment in Nigeria. A regression analysis was conducted using time-series data spanning from 1990 to 2024. The existence of a short-run and long-run relationship among the variables was also investigated. In the study, the results from the estimations show that there exist both long-run and short-run relationship in the model.

From our estimations and analysis, it was found that exchange rate (EXR), interest rate (INTR), gross national income (GNI), and exports (EXP) have positive relationship with foreign direct investment in Nigeria while imports (IMP) has a negative relationship with foreign direct investment in Nigeria.

Exchange rate (EXR) has a positive relationship with foreign direct investment that is statistically significant in the long-run. This implies that increasing levels of exchange rate would lead to an increase in FDI levels. This relationship is in conformity to the expected relationship. An increase in the exchange rate means that more units of the domestic currency are required to buy one unit of the foreign currency. This can be translated to mean that the foreign currency has strengthened relative to the domestic currency. Foreign investors would perceive investment in the Nigerian economy to be relatively cheaper since their currency can be exchanged for more of the domestic (Nigerian) currency. This will in turn raise FDI inflows into the Nigerian economy.

Interest rate (INTR) has a positive relationship with FDI that is statistically insignificant in the long-run and an equally significant negative relationship in the short-run. This indicates that rising interest rate levels would mean increases in the level of FDI inflows in the long-run and decreases in the short-run. The negative relationship in the short-run is contrary to the expected relationship. This contrary relationship can be explained thus; that higher interest rate makes borrowing more expensive for foreign investors which can reduce the profitability of their investments as higher borrowing costs eat into profit margins.

Gross national income (GNI) was found to have a statistically significant positive coefficient in the long-run. This relationship is as expected. Higher GNI levels signals a strong economy and indicates increased purchasing power which makes the economy more attractive to foreign investors.

Exports (EXP) was found to have a statistically insignificant positive coefficient in the long-run and a statistically significant negative coefficient in the short-run. This implies that rising levels of exports leads to increases in FDI levels in the long-run and decreases in the short-run. The short-run relationship does not conform to the expected relationship as it implies that rising export levels would discourage FDI. It can be explained thus; that a strong export sector can lead to currency appreciation, making it more expensive for foreign investors to establish business relations in the Nigerian economy.

Imports (IMP) was found to have a negative and significant relationship with FDI in Nigeria in both the long-run and the short-run. This implies that increasing levels of imports reduce FDI inflows. This relationship is as expected. Rising imports suggests a significant reliance on foreign goods. This can lead to increased competition in the domestic space, making it less attractive to investors.

The model of the study and result also shows that the error correction term is statistically significant at 5% level of significance and is correctly signed (it is negative) with adjustment rate of -0.814765. This suggests that about 81% of the disequilibrium between the long-run and short-run is corrected within a year. Also, from the ARDL regression result, the various tests (R-squared, Adjusted R-squared, F-statistic, and P-value) of significance on the model showed good results.

In summary, these findings provide valuable insights into the nature of the impact of exchange rate on foreign direct investment inflows in Nigeria and other factors that affect FDI (interest rate and gross national income). From our estimation and findings, it can be empirically inferred that increasing levels of exchange rate leads to increases in foreign direct investment levels. The finding of this study conforms to the finding of Benson et al (2019) who found that a positive relationship exist between Exchange Rate and Foreign Direct Investment. The relationship is statistically significant and in line with a priori expectation.

5. Conclusion and Recommendation

The findings of this study show that there is a long run relationship between the dependent variable (foreign direct investment in Nigeria) and all explanatory variables adopted for this study (exchange rate, interest rate, gross national income, exports, and imports). In the short run, interest rate and exports did not conform to the a priori expectation, whereas imports conformed to the a priori expectation. In the long-run, all variables conformed to their expected relationships. Exchange rate and gross national income have statistically significant relationship with FDI in Nigeria while interest rate has a statistically insignificant relationship with FDI in Nigeria. Given the finding of this study, the following recommendations are made:

1. Having found a statistically significant relationship between exchange rate and foreign direct investment in Nigeria, the study recommends that policymakers should formulate and implement a managed float policy where the international value of the naira is kept stable with minimal intervention only when necessary. Though higher levels of exchange rate attracts foreign investors, frequent fluctuations of the exchange rate will scare away foreign investors as its volatility affects the profitability of their investments. Hence, the naira has to attain some extent stability.

2. Gross national income was found to have a positive and significant relationship with FDI in Nigeria. Thus, this researcher recommends that the government should formulate and implement policies that increase the national income levels by directly or indirectly improving the levels of one (or all) of its components through the use of expansionary fiscal or monetary policies.

3. Interest rate was found to have a positive and insignificant relationship with FDI inflows in Nigeria. Though the insignificant relationship suggests that interest rate does not have any meaningful direct impact on FDI, this researcher still recommends that interest rate levels be kept stable and free from monetary pressures.

6. REFERENCES

1. Adegoria, F., & Emmanuel, E. (2021). Nexus between exchange rate fluctuation and foreign direct investment in Nigeria (1986-2020). *African Journal of Economic Research, 12*(4), 87-104.
2. Adeleke, O. T., Olowe, A. O., & Fasesin, A. S. (2014). Exchange rate and foreign direct investment in Nigeria: An empirical investigation. *International Journal of Economics and Financial Issues, 4* (3), 607-619.
3. Adeniji, S. O., & Lasaki, A. I. (2024). The effects of exchange rate shocks on FDI in Nigeria. *Journal of Economic Studies, 50* (2), 123-139.
4. Adeola, A., & Ogunleye, E. (2012). Capital controls and foreign direct investment: Evidence from Nigeria. *African Journal of Economic Review, 5* (2), 70-90.
5. Alade, O. T., & Adeleke, A. O. (2021). Dynamics of exchange rates in Nigeria and their effect on FDI. *International Journal of Finance and Economics, 26* (1), 34-50.
6. Alba, P., Park, D., & Wang, P. (2009). Foreign direct investment in East Asia's transitional economies: The case of China. *World Development, 37* (8), 1250-1262.
7. Arratibel, O., Garcia, F., & Hernandez, J. (2011). Exchange rate volatility and its effect on foreign direct investment: Evidence from developing countries. *Journal of International Trade & Economic Development, 20* (4), 569-586.
8. Asmae, A., & Ahmed, M. (2019). Foreign direct investment and economic growth: The case of developing countries. *Journal of Economics and International Finance, 11* (3), 36-44.
9. Benson, E., Eya, C. I., & Yunusa, A. (2019). The effect of exchange and interest rates on foreign direct investment in Nigeria. *Nigerian Journal of Economics and Social Studies, 61* (3), 257-269.
10. Bilawal, A., Ahmed, F., & Malik, S. (2014). Exchange rate volatility and its impact on FDI: A case of Pakistan. *Journal of Business and Economic Development, 2* (4), 215-222.
11. Bilawal, H., Malik, M., Shahid, M., & Tariq, S. (2014). The impact of exchange rate volatility on foreign direct investment in Pakistan. *Global Journal of Management and Business Research, 14* (3), 24-31.
12. Doris Dokua Sasu, (2023). FDI inflows in Nigeria, Statista.com.
13. Eka and Solomon. (2013). Oil price shocks and the exchange rate in Nigeria. *International Journal of Economics and Finance, 2* (4), 110-118.
14. Essien, E. B., Ekpenyong, E. B., & Essien, E. E. (2012). Inflation, exchange rate dynamics, and foreign direct investment in Nigeria. *Journal of Applied Finance and Banking, 2* (3), 83-96.
15. Ezeabasili, V., Osita, A., & Okonkwo, C. (2011). The impact of foreign exchange rate on foreign direct investment in Nigeria. *African Journal of Business Management, 5* (24), 10114-10124.
16. fDi Intelligence. (2022). fDi Report 2022.
17. Goldberg, L. S., & Charles, M. W. (2005). Exchange rate uncertainty and the location of production. *The Review of Economics and Statistics, 87* (4), 787-795.
18. Goldberg, L. S., & Kolstad, C. D. (1995). Foreign direct investment and exchange rate volatility: Evidence from the United States and Japan. *The Journal of International Economics, 38* (3-4), 191-206.
19. Idris, M. (2014). Foreign direct investment: Definition and framework. In *Proceedings of the International Conference on Business and Economic Development* (pp. 145-156). International Conference on Business and Economic Development.
20. Javed, M., & Farooq, F. (2009). Exchange rate volatility and foreign direct investment: A panel data analysis. *Pakistan Journal of Commerce and Social Sciences, 3* (1), 66-78.
21. Kandilov, I. T., & Leblebicioglu, M. (2011). The impact of exchange rate volatility on foreign direct investment in emerging markets. *Emerging Markets Review, 12* (2), 146-160.
22. Kazeem, Y. (2021). The history of the Nigerian Naira. *Quartz Africa*.

23. Kenny, V. S. (2019). The effect of FDI and exchange rates on Nigeria's economic growth. *Nigerian Journal of Economic Studies, 18* (2), 76-89.
24. Khan, M. A., & Abbas, L. (2012). Effect of exchange rate and inflation on foreign direct investment in Pakistan. *Pakistan Economic and Social Review, 50* (1), 89-105.
25. Lily, J., Kogid, M., Mulok, D., Sang, L. T., & Asid, R. (2014). Exchange rate movement and foreign direct investment in ASEAN economies. *Economics Research International, 2014*, 1-10.
26. Murtala, B. (2017). The impact of exchange rate volatility on foreign direct investment in Nigeria. *Journal of Economics and Finance, 45* (2), 134-148.
27. Nurudeen, A., Yusuf, M. A., & Salawu, R. O. (2018). Empirical evidence on the impact of exchange rate fluctuation on foreign direct investment in Nigeria (1995-2017). *Journal of Emerging Economies and Policy, 9* (2), 45-60.
28. Nzeh, I. C., Nwogwugwu, U. C., & Uzonwanne, M. C. (2024). The joint impact of exchange rate and FDI inflows on domestic interest rates in Nigeria. *Journal of Economic and Financial Studies, 11* (1), 22-36.
29. Obansa, S. A., & Osinubi, T. S. (2013). The relationship between exchange rate, interest rate and economic growth in Nigeria (1970-2010). *Journal of Policy Modeling, 35* (5), 731-743.
30. Obisike NE, Onwuka IN, **Okoli UV,** Udeze RC (2020). Impact of International Trade on Nigerian
31. Economic Growth: Evidence from Oil Terms of Trade, International Journal of Economics and Financial Management. 5(2): 31-47.
32. Ogbaro, T., Ogunmola, I., & Akhator, P. (2022). Trends and patterns of foreign investment inflows in Nigeria. **Journal of Economics and Development Studies, 10* (2), 30-42.
33. Ogunmuyiwa, M., & Ekone, S. (2010). Exchange rate volatility and foreign direct investment: Evidence from Nigeria. *Journal of Economic and Financial Studies, 8* (2), 58-73.
34. Okonkwo, I. P., & Ukoh, N. E. (2018). The impact of foreign exchange rate fluctuations on foreign direct investment in Nigeria (1981-2018). *African Economic Review, 10* (3), 145-159.
35. Onabote, Adebisi and Okafor (2021). Exchange rate volatility and foreign direct investment. *International Journal of Finance & Economics, 6* (3), 137-150.
36. Organisation for Economic Co-operation and Development (OECD). (2023). OECD foreign direct investment statistics.
37. United Nations Conference on Trade and Development (UNCTAD), 2015
38. Shauna N. and Ahmadi-Esfahani, (2008). The effect of exchange and interest rates on foreign direct investment in Nigeria. *Journal of Financial Studies, 24* (3), 212-230.
39. Zami, Olokoyo, and Oke. (2012) Exchange rate and foreign direct investment in Nigeria. *Journal of Economics and International Finance, 2* (1), 1-11.

INFO

Corresponding Author: Okoli, Uju Victoria, Department of Economics, Nnamdi Azikiwe University Awka Anambra State, Nigeria.

How to cite/reference this article: Okoli, Uju Victoria, Ogochukwu Edith Nkamnebe, IMPACT OF EXCHANGE RATE ON FOREIGN DIRECT INVESTMENT IN NIGERIA, *Asian. Jour. Social. Scie. Mgmt. Tech*. 2025; 7(1): 242-256.