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EXTERNAL FINANCING AND INVESTMENT IN FIRMS IN NIGERIA

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ABSTRACT

The study examined the relationship between external financing and investment in firms in Nigeria for the duration of 1990-2019. In order to achieve the main objective of the study, investment in firms which is the dependent variable was proxy with Industrial Growth (INDG) while the external financing as the independent variable was measure with External Debt Stock (EDS), Foreign Direct Investment (FDI), Official Development Assistance (ODA) and Foreign Portfolio Investment (FPI). This study made use of Ex-post facto research design and secondary source of data (time series data), from the CBN statistical bulletin and Annual Report for the period 1990-2019. The study adopted a number of techniques of data analysis such as descriptive statistics, correlation and multiple regression tool of analysis with the aid of E-VIEW 9.0 statistical package was used to analyze the data because this technique was used in order to establish the kind of relationship that exists between the independent variables and the dependent variable used in the study. The findings revealed that EDS, FDI, ODA has significant effect on INDG in Nigeria while FPI does not have significant effect on INDG in Nigeria. Thus, the study concluded that external financing significant influence on investment in firms in Nigeria. The study therefore recommends that, the channels of full implementation of external financing needs to be pursued vigorously

through government institutions to ensure that funds meant for investment in infrastructures and firms are not diverted to other uses.

Keywords: External Financing, Industrial Growth, External Debt Stock and Foreign Direct Investment, Official Development Assistance and Foreign Portfolio Investment.

INTRODUCTION

The significance of external finance in driving interest in firms and invigorating economic development has been recognized in financial writing by various economic analysts. Thusly, in economies where domestic money is insufficient, inclination exist for low degree of interest in firms in the modern area along these lines economic development is destined to be influenced. External finance influx can increase domestic venture assets when investment funds are scarce, making it possible to raise speculation levels (Sule, 2017).

Since 2001, foreign direct investment, loans, and other concessional economic investment to non-industrial nations in Africa has doubled (NORMA, 2017). Throughout the long term, external financing explicitly unfamiliar direct speculation has become the biggest wellspring of unfamiliar assets streaming to non-industrial nations, of which Nigeria is probably the most elevated beneficiary in sub-Saharan Africa nations (UNCTAD, 2015). Due to limited usefulness, low investment funds, and high utilisation design, most emerging nations have insufficient cash in their depository to meet their financial development needs. Governments then borrow to fill the asset gap. Developing economies must rely on foreign aid and financing to close the saving-venture gap and achieve economic growth and poverty reduction. ODA, Foreign Direct Investment, Foreign Portfolio, Remittances, and External Debt are external finance routes. Foreign aid, or ODA, is public sector grants and loans at concessional conditions to poor countries (Ekwunife & Ikeora, 2019).

External Debt Stock as factor in this examination can be characterized as the aggregate of public, openly ensured and private unguaranteed long haul obligations, the utilization of IMF credit and other momentary obligations. Foreign Direct Investment (FDI) is the net inflows of venture to gain an enduring economic premium in an endeavor working in an economy other than that of the financial backers; while Foreign Portfolio Investment-in any case regularly called portfolio value involves net inflows from value protections other than those recorded as FDI, which incorporates e shares, stock, store receipts and direct acquisition of offers in nearby securities exchanges by foreign financial backers (Ekwunife and Ikeora, 2019).

Emerging nations' governments have sought external cash to close the reserve funds venture hole and balance budget deficits for years. Nigeria, like most deeply compelled helpless nations, has poor economic development and low per capita pay, with domestic reserve funds insufficient to achieve formative and other public purposes. Her fares are essential commodities with send out income too low to even consider funding imports, which are capital-intensive products that are more expensive but essential for large productive activities (Siddique, Selvanathan and Selvanathan, 2015). Oil's discovery exacerbated Nigeria's weak fare income. Oil generates about 75% of government revenue and 96% of the nation's fare. Since autonomy, progressive Nigerian governments have been unable to increase her financial sources, forcing her to constantly seek external funds for its formative activities (Udoka and Ogege, 2012).

Importantly, industrialising and emerging economies have proved that maintainable improvement isn't conceivable on a brittle industrial base, and that industrialization, economic development, and advancement are linked. Industrialization helps nations increase venture, differentiate their economies to grow fast, and reduce external shocks, as seen in Japan, China, Malaysia, Singapore, and others. Besides polytechnics and colleges of innovation, supporting entities such research institutes like Federal Institute of Industrial Research (FIIR) and Raw Materials Research Development Center (RMRDC) with offices in each state have been established (Ekwunife and Ikeora, 2019). This hasn't affected Nigeria's industrial base. Wickramarachi and Savard (2018) suggested assessing nations seeking to improve their business environments and attract global investors. This assessment placed Nigeria at 104 out of 136 nations on the six mainlands, indicating that foreign presence to drive industrial growth is still limited and heavily skewed towards raw petroleum exploration. Unfortunately, given Nigeria's development perspective, the available industrial outlet is still functioning over the established limit, even for financial supporters seeking to enhance the area's activities. Even with concessions, waivers, and assessment periods for international and domestic financial backers, Nigeria's modern/exchange zones have yet to attract foreign investment and boost manufacturing. Industrial area's GDP share dropped from 50.4% in 1985 to 43.2% in 1999 when Nigeria adopted a fourth justice system. It fell to 24% in 2015 and 23.18% in 2018. Given the steady rise in non-oil imports from N7.0bn in 1985 to N650.9bn in 1999, N9,350.8bn in 2015, and N9,758.9bn in 2018, this falling industrial development isn't surprising. It was N0.5bn, N19.5bn, N660.7bn, and N1,434.2bn in the comparing time frame (Ekwunife and Ikeora, 2019). This shows Nigeria's conventional economy's heavy import dependence. The study on external finance on business investments in industrial growth in Nigeria is intended to demonstrate how researchers have contributed to this important study.

Adekunle and Sulaimon (2018), Oburota and Ifere (2017), and Ugwuegbe et al. (2016) focused on positive economic growth, while Sule (2017) focused on negative industrial growth. Okonkwo (2016); Ehiedu, Odita, Anthony and Kifordu, (2020); Ehiedu and Odita (2014); Ehiedu, Onuorah, and Owonye, (2022) and Ehiedu, (2022), concentrated on industrial expansion and neglected significant proxies of external funding choices like foreign direct investment. No study in Nigeria or elsewhere has examined the relationship between external funding and investment in firms in Nigeria. Instead, all previous studies have focused on economic growth and industrial growth, hence this study will match firm investments with industrial expansion in Nigeria. This paper examines how external financing could improve industrial growth in Nigeria from 1992 to 2022.

This study proceeds as follows. Section 2 present the literature review, section 3 describes the methodology. Section 4 discusses the results and checks for the robustness of our analysis, while section 5 concludes with recommendations and contribution to knowledge.

REVIEW OF RELATED LITERATURE

This section is concerned with review of related literature. This was done under the following sub-heading, namely; conceptual, theoretical and empirical review on the relationship between external financing and investment in firms (proxy with industrial growth) in Nigeria.

Conceptual Review

Concept of External Financing

The investigation conceptualizes external financing as the flow of assets and other capital merchandise in type of administrative expertise and current innovation from developed to emerging nations to support their useful limit. Comparable, it is a flow of specialized aptitude into emerging economies from foreign partners to back economic activities for the general development of the economy (Ekwunife and Ikeora, 2019; Meteke, Ehiedu, Ndah, and Onuorah, (2022); Obaro, Onuorah, Evesi and Ehiedu (2022); Omojefe, and Ehiedu, (2017) and Onuorah, Ehiedu and Okoh, (2021).

This external financing could be in type of foreign direct investment, external credits and settlements and now and again, this external financing could be in concessionary terms. This definition is in authentication with International Monetary Fund (IMF) (2016), affirmation with accentuation on external money to expand for domestic venture inside the emerging economies. Most emerging economies have their venture root followed to cutting edge economies, global foundations and other worldwide organizations because of restricted asset ability to set out for enormous scope infrastructural advancement for creation of labor and products. Joined Nations and its sub-bodies have kept on accentuating on the requirement for high and stable capital streams from developed to non-industrial nations, with a new shift from multilateral and reciprocal authority streams to private streams ((IMF, 2016).

The external financing prerequisite of a firm relies upon its development openings, and regardless of whether they can be subsidized from inner assets. This may, thus, rely upon the phase of improvement, which is firmly connected with the age of the undertaking. The main wellspring of money in the beginning phases are close to home assets of the firm proprietor, loved ones, which normally establish the best piece of capital design at start up (Mac anBhaird and Lucey, 2011). These assets are usually enhanced by momentary obligation, however may likewise incorporate long haul credits which are regularly gotten on the individual resources of the firm proprietor (Mac anBhaird and Lucey, 2010). More youthful firms experience issues getting to obligation, nonetheless, as a result of an absence of financial record (Sánchez-Vidal and Martín-Ugedo, 2012). Also, more modest firms have moderately more prominent office costs, and therefore more noteworthy expenses of mitigating data deviations because of economies of scale (Daskalakis and Psillaki, 2008; Ehiedu and Brume-Ezewu, (2022); Ehiedu and Okorie, (2022) and Ehiedu, (2022)

Moreover, obligation money may not be suitable, adequate or accessible for different classifications of firms (for example quick development cutting edge endeavors), and these organizations ordinarily look for finance in value markets. This is especially valid for quick development firms lacking security as fixed resources with a necessity for a lot of value (Bartholdy and Mateus, 2008).

Industrial Growth

This examination sees industrial growth to be the absolute worth expansion from the mix of normal assets, human limit and industrial strategy to create semi-completed and completed products. The degree of industrialization is both exogenous and endogenously determined in view of the different variables of factors of production needed for its factors of production measures. Nigeria being emerging economy is as yet settled in with inadequacy in both the administrative and present day innovation to develop new items, accordingly the requirement for external financing through external credits, foreign direct investments and settlements which improves production limit consequently boosting industrial activities. There are three

(3) fragments of the industrial area in Nigeria specifically—raw oil and petroleum gas, solid minerals and manufacturing (Ekwunife and Ikeora, 2019).

The above definition supports with that of Todaro and Smith (2011) who insinuated that for a country to be industrialized, it requires primary change and underlying change is the way toward changing an economy so that the commitment to public pay by the manufacturing area in the end outperforms the commitment by the agricultural area. To Adejugbe (2004) industrialization is the way toward bridling human and material assets, with expanding use of science and innovation to the creation of labor and products. The degree of industrialization of a nation can be evaluated by the manufacturing area's ability usage, the rate portion of the manufacturing area to the nation's GDP, commitment of solid minerals to GDP and just as the yield of completed merchandise from manufacturing area.

In light of the observational survey, it displayed there is no investigation in Nigeria and past that has inspected the connection between external financing and investments in firms in Nigeria, rather every one of the past examinations are intended for economic growth and industrial growth, along these lines, in this investigation, the investment in firm will be proxy with industrial growth in Nigeria. Likewise, examines directed relating external financing and investments in firms in Nigeria, has blended discoveries, with some setting up certain result and others adverse result. It is in this premises that this investigation looks to inspect the capability of external financing in boosting investments in firms (proxy with industrial growth) in Nigeria for the duration of 1990-2020.

Theoretical Review

Great Big Push Theory

Great Big Push hypothesis is propounded by Rosenstein-Rodan (1961), who attested that "coordinated investment", is the premise of the idea of the great push. That is an enormous far reaching program is required as a high least measure of investment to defeat the snags to improvement in an immature economy and to dispatch it on the way of progress. Emerging nations for the most part come up short on the capital needed to give this great push in ventures. Consequently, the great push theory turned into the defense for foreign guide and other external financing channels. For significant improvement to set in, explicit measure of assets should be accessible for comprehensive projects. Along these lines, Rosenstein-Rodan's contentions turned into a significant almost advancement financial analysts pondered improvement issues during the 1950s and 1960s, and this has being educated being developed course (Todaro and Smith, 2011).

Significantly, Big Push thought has gotten back to the focal point of improvement strategy as of late. Particularly the coming up of Commission for Africa and the Millennium Development Goals in accordance with the United Nations MDGs, and most as of late the Sustainable Development Goals which launched in January first 2016. Transforming improvement prospects of Africans has been related with reestablished accentuation on the positive case for a Big Push. This has been connected to the situation for a significant development as a team with other foreign nations and financial backers.

Kaldor First Law

Then again, Kaldor (1966) as referred to by Ekwunife and Ikeora (2019) placed that the development direction of developed economies in the post conflict time frame showed the connection between industrial development and the performance of the economy all in all.

This perception is the beginning of Kaldor's first law, which expresses that there is a cozy connection between the growth of manufacturing output and gross domestic product (GDP). The dynamic quality of manufacturing and other subsectors of industry in emerging nations requires external financing due to their backwardness in capital merchandise and economic ability, as such this investigation takes a gander at how this external financing can spike the development of industrial sector as proposed by great push hypothesis among others.

Likewise, investments performance of external financing to non-industrial nations, have not fiddled on the chance of fusing quality establishments in development and advancement hypothesis consequently delivering the materialness of those investments to non-industrial nations a test. In the mission to resolve these issues, supporting contentions from remarkable researchers drove by Stiglitz (2001) as referred to by Ekwunife and Ikeora (2019) in modified Washington Consensus got noticeable. To receive the full rewards of globalization adequately, the economy requires quality organizations that can implement agreement and property rights. As indicated by Clague et al. (1999) as referred to by Ekwunife and Ikeora (2019) implementation of agreement and property rights through the proportion of agreement concentrated cash can achieve a bigger portion of industrial output to GDP and gains from economies of scale and specialization prompting higher capital stock, usefulness and per capita pay. Furthermore, the more prominent the capacity of financial backers to source subsidizes the higher pace of venture and quicker pace of industrial growth.

Empirical Review & Gap

Sule (2019) examined the role of external funding on Nigeria's industrial growth from 1985 to 2018 using the Great Big Push Theory and Kaldor's First Law and the Autoregressive Distributive Lagged (ARDL) bound approach estimate technique. Industrial Output (INDO), External Loans (EXL), Foreign Direct Investment (FDI), Remittances (RIMT), Gross Fixed Capital Formation (GFCF), Industrial Energy Consumption (IEC), and Contract Intensive Money (CIM) were utilised to estimate the link. EXL and INDO boost industrial growth, but FDI and RIMT hurt it. Control variables demonstrated that GFCF, IEC, and CIM boost industrial growth. The study shows that external financing—FDI and RIMT—has not promoted industrial expansion in Nigeria since only EXL positively affects INDO.

Ekwunife & Ikeora (2019); Bayem, Ehiedu, Agbogun, and Onuorah, (2022) and Ehiedu, Onuorah, and Owonye, (2022), examined the impact of external finance on Nigerian economic growth from 1986 to 2017 using Global Development Index data using Autoregressive Distributive Lag (ARDL). External financing was proxied using external debt stock (EDS), foreign direct investment (FDI), official development aid (ODA), remittance (RMT), and foreign portfolio investment (FPI), and economic growth was proxied with GDP growth. In the long run, EDS and FDI had negative and positive, significant effects on growth, respectively, while others had no effect. In the short term, all external financing variables (EDS, FDI, FPI, ODA, and RMT) had no significant effect on economic growth in Nigeria. FDI can help Nigeria sustain its economy, according to the report.

Adekunle and Sulaimon (2018) examined Nigeria's foreign capital flows and economic growth using ARDL on 1986–2015 yearly time series data. Foreign capital flows (foreign direct and portfolio investment, external loans, and foreign aids) affect Nigerian economic growth both linearly and non-linearly.

Using data from CBN Statistical Bulletin and World Development Indicators on External Loans, Foreign Direct Investment, Foreign Portfolio Investment, Remittance, Official Development Assistance, and Exchange Rate and analysed with Dual Gap Model (1966) and Johansen Cointegration Test & Error Correction Model, Sule (2017) examined the impact of external financing on industrialization in Nigeria for a period of External loans, foreign portfolio investment, remittance, and official development assistance are negative, whereas foreign direct investment increases industrial output in Nigeria.

Okonkwo (2016) used OLS to examine the link between foreign portfolio investment and industrial growth in Nigeria from 1986 to 2013. Foreign portfolio investment, gross fixed capital creation, market capitalization, and industrial growth are positively correlated.

According to the empirical assessment, Nigeria's economic and industrial progress is inconclusive due to external financing. No study in Nigeria or elsewhere has examined the relationship between external funding and investment in firms in Nigeria. Instead, all previous studies have focused on economic growth and industrial growth, hence this study will match firm investments with industrial expansion in Nigeria. This paper examines how external financing could improve industrial growth in Nigeria from 1992 to 2022.

METHODOLOGY

Research Design

This study used ex-post facto research design because the data was from past occurrences that the researcher could not change.

Source of Data

This analysis utilises time series data from the 1992-2022 CBN statistical bulletin and Annual Report. Secondary data was chosen because it is speedier, decreases data gathering time, is non-reactive, often available for re-analysis, gives a broad background, and enhances learning curves. Secondary data is different, not better or worse. Quality and relevancy matter more than data source.

Techniques of Data Analysis

Since the study uses annual time series data, stationary and normality checks will ensure correct regression results. The study used descriptive statistics, correlation, and multiple regression with E-VIEW 9.0 statistical package to determine the link between independent factors and dependent variables.

Model Specification

The model for the study was an adaptation and modification of the work of James and Ikechukwu (2015) who examined external financing and economic growth in Nigeria. Their model is stated thus:

$$GDPR=f(EDS, FDI, ODA)$$

$$GDPR = b_0+b_1EDS+b_2 FDI+b_3 ODA + U_t..... (1)$$

Where:

GDPR= Annual Growth Rate of Gross Domestic Product

EDS= External Debt Stock

FDI= Foreign Direct Investment

ODA= Official Development Assistance

b₀ = the constant

b₁- b₃ = the coefficients of the explanatory variables

Ut = Error term

The present model added two more external financing variables (of foreign portfolio investment) to capture additional external financing channels in Nigeria in one model and investments in firms which is the dependent variable, was proxy with industrial growth. The modified model is therefore shown as follows:

$$INDG=f(EDS, FDI, ODA, FPI)$$

$$INDG =b_0 + b_1 EDS + b_2FDI+ b_3 ODA + b_4FPI+Ut..... (2)$$

Where:

INDG = Industrial Growth

EDS= External Debt Stock

FDI= Foreign Direct Investment

ODA= Official Development Assistance

FPI= Foreign Portfolio Investment

b₀ = the constant

b₁- b₄ = the coefficients of the explanatory variables

Ut = Error term

Justification of Variables

It is generally expected that developing countries experiencing inadequate capital will acquire external debt to supplement domestic savings and investment. Invariably, investment in form of FDI raises productivity through technology transfers leading to profit thereby raising government revenue through taxation. Foreign Portfolio investment is in the acquisition of asset or equity of domestic firms, which enable access to credit in foreign countries where they have significant investments and makes the home markets competitive. Official Development Assistance is an important diplomatic tool in helping the developing countries upgrading their physical infrastructure (like telecommunication), which subsequently plays an important role in the process of economic development.

Apriori Expectation

Based on the few existing empirical analysis and theoretical stipulations we expect that EDS, FDI, ODA and FPI to have positive relationships with industrial growth in Nigeria, symbolically; b₁, b₂, b₃, b₄ > 0.

RESULTS DISCUSSION

Table 1
Descriptive Statistics

	INDG	EDS	FDI	ODA	FPI
Mean	10332.19	2145.343	423.5297	66.98640	178.7820
Median	5557.075	806.8600	263.2300	2.800000	107.4350
Maximum	39879.69	9022.420	1360.400	680.3500	848.3500
Minimum	131.3300	298.6100	4.730000	0.892000	0.200000
Std. Dev.	10884.68	2358.336	409.6943	182.5835	242.9918
Skewness	1.091721	1.524179	0.830872	2.863544	1.746842
Kurtosis	3.231997	4.473668	2.471746	9.546116	4.977217
Jarque-Bera	6.026549	13.37488	3.800554	94.56397	20.14402
Probability	0.049131	0.001246	0.049527	0.000000	0.000042
Sum	309965.8	60069.59	12705.89	2009.592	5363.460
Sum Sq. Dev.	3.44E+09	1.50E+08	4867633.	966765.5	1712306.
Observations	30	30	30	30	30

Source: Computed from E-Views 9.0 (2022)

The descriptive characteristics of the variables are presented in Table 1. The average values of the INDG, EDS, FDI, ODA and FPI are 10332.19, 2145.343, 423.5297, 66.98640 and 178.7820 respectively, while their standard deviation are 10884.68, 2358.336, 409.6943, 182.5835 and 242.9918 respectively. All the variables are positively skewed towards normality. The kurtosis that measures the peakness of the distribution reveals that ODA is leptokurtic indicating that the distributions are peaked relative to normal distribution, while INDG, EDS, FDI and FPI are platykurtic, which implies that the distribution of the variables are flat relative to normal distribution. Lastly, the Jarque-Bera statistics revealed that the variables normally distributed at 5% significant level, since the Jarque-Bera Probability for the variables are lesser than 5%.

Table 2
Correlation Matrix

	INDG	EDS	FDI	ODA	FPI
INDG	1.000000				
EDS	0.641700	1.000000			
FDI	0.410878	-0.189450	1.000000		
ODA	0.582921	0.772253	-0.076628	1.000000	0.872079
FPI	0.557620	0.644457	0.247934	0.872079	1.000000

Source: Computed from E-Views 9.0 (2022)

The Pearson correlation test is presented in Table 2 and it shows the absence of multi-collinearity among the variables since the correlation values are less than 0.7. Furthermore, the result shows the explanatory variables namely EDS, FDI, ODA and FPI have positive correlation with INDG.

Table 3
Result of Stationarity Using ADF Test

Test Variables	ADF Test Statistic Value	Mackinnon Critical Value @ 5%	Order of Integration	P-Value	Decision
INDG	-0.737703	-3.012363	1(1)	0.0003	Stationary
EDS	-3.152701	-2.991878	1(1)	0.0359	Stationary
FDI	-2.757549	-2.098064	1(1)	0.0001	Stationary
ODA	-8.349996	-2.971853	1(1)	0.0000	Stationary
FPI	-6.919663	-2.971853	1(1)	0.0000	Stationary

Source: Computed from E-Views 9.0 (2022)

The summary of the ADF unit root test output in table 3 above revealed that all the variables under investigation i.e. INDG, EDS, FDI, ODA and FPI contain unit root test at their first difference 1(1). Evidence of this could be seen from the value of their respective ADF statistics which is more than the critical value at 5%. Moreover, additional evidence of stationary series could also be seen from the p-value for all variables which is less than 5% level of significance greater than 95% confidence level. Based on this result, the null hypothesis of non-stationarity is rejected while the alternative hypothesis specifying the presence of stationarity is accepted instead.

Table 4
Summary of Johansen Cointegration Test Output

Hypothesized		0.05			0.05		
No. of CE(s)	Eigenvalue	Trace Statistic	Critical Value	Prob.**	Max-Eigen Statistic	Critical Value	Prob.**
None *	0.957372	128.5681	69.81889	0.0000	75.72608	33.87687	0.0000
At most 1 *	0.711114	52.84199	47.85613	0.0158	29.80138	27.58434	0.0255
At most 2	0.460644	33.04062	29.79707	0.0441	34.81710	21.13162	0.0019
At most 3	0.227018	28.223519	15.49471	0.0418	16.179979	14.26460	0.002

At most 4	0.081623	6.043540	3.841466	0.0429	6.043540	3.841466	0.0029
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Researcher's computation Based E-views 9.0. Output (2022)

Table 4 above revealed that the result of the multivariate cointegration test by Johansen and Juselius cointegration technique reveal that both the trace statistic and the Maximum Eigenvalue statistic shows evidence of two cointegration relationship (at None and at most 1), where the values of the trace statistic and the Maximum Eigen value statistic is greater than their respective critical values at 5% level of significance level.

Table 5
Multiple Regression Result

Dependent Variable: INDG				
Method: Least Squares				
Date: 07/11/21 Time: 18:52				
Sample: 1992 2022				
Included observations: 28				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-902.3819	1552.136	-0.581381	0.5666
EDS	1.130661	0.557288	2.028862	0.0542
FDI	11.45299	2.579247	4.440440	0.0002
ODA	27.21369	12.19063	2.232345	0.0356
FPI	6.873901	8.689887	0.791023	0.4370
R-squared	0.864918	Mean dependent var		9388.659
Adjusted R-squared	0.841426	S.D. dependent var		10647.65
S.E. of regression	4240.040	Akaike info criterion		19.70297
Sum squared resid	4.13E+08	Schwarz criterion		19.94086
Log likelihood	-270.8415	Hannan-Quinn criter.		19.77569
F-statistic	36.81684	Durbin-Watson stat		0.822736
Prob(F-statistic)	0.000000			

Researcher's computation Based E-views 9.0 Output (2022)

From Table 5, EDS's p-value is 0.0542, equivalent to the significant value of 0.05, and its t-ratio is 2.028862, larger than 2, indicating the extent to which EDS impacts INDG in Nigeria. EDS positively affects INDG in Nigeria with a coefficient of 1.130661. EDS increases by 1% increase INDG by 113%. Adekunle and Sulaimon (2018) agree, however Ekwunife & Ikeora (2019) and Sule (2019) disagree (2017).

FDI influences INDG in Nigeria because its p-value is 0.0002, which is less than 0.05, and its t-ratio is 4.440440, which is more than 2. With a value of 11.45299, FDI positively affects INDG in Nigeria. FDI increases by 1% boost INDG by 1,145%. Adekunle and Sulaimon (2018) agree, however Ekwunife & Ikeora (2019) and Sule (2019) disagree (2017).

ODA influences INDG in Nigeria because its p-value is 0.0356, which is less than 0.05, and its t-ratio is 2.232345, which is more than 2. ODA positively affects INDG in Nigeria with a coefficient of 27.21369. ODA increases by 1% boost INDG by 27,214%. Adekunle and Sulaimon (2018) agree, however Ekwunife & Ikeora (2019) and Sule (2019) disagree (2017).

FPI's p-value of 0.4370 is greater than 0.05, and its t-ratio of 0.791023 is less than 2, indicating its insignificance to INDG in Nigeria. Nigeria's INDG benefits from FPI's coefficient of 6.873901. FPI increases by 1% decrease INDG by 687%. This finding

contradicts Adekunle and Sulaimon (2018) and Sule (2019) but agrees with Ekwunife & Ikeora (2019). (2017).

CONCLUSION

The study analysed Nigerian corporate investment and foreign financing, INDG proxied investment in enterprises, while EDS, FDI, ODA and FPI measured external finance, the study's major purpose. This study used ex-post facto research design because the data was from past occurrences that the researcher could not change. This analysis utilises time series data from the 1992-2022 CBN statistical bulletin and Annual Report. Since the study uses annual time series data, stationary and normality checks will ensure correct regression results. E-VIEW was used for descriptive statistics, correlation, and multiple regression data analysis. The data was analysed using 9.0 statistical programme to determine the association between the independent variables and the dependant variable. EDS, FDI, and ODA significantly affect INDG in Nigeria, but FPI does not. The study found that external financing significantly affects Nigerian corporate investment.

Recommendations

The study therefore recommends that, the channels of full implementation of external financing needs to be pursued vigorously through government institutions to ensure that funds meant for investment in infrastructures and firms are not diverted to other uses. Given the huge capital intensity in industrial setup, government needs to seek for capable investors to collaborate in various industrial activities in line with institutional framework. There is need for government to create awareness and educate Nigerians in the Diaspora on the need to invest in industries in Nigeria instead of consumption needs for households.

Contribution to Knowledge

This study will address a literature vacuum by examining the relationship between foreign funding and investment in Nigerian enterprises. Previous studies have focused on economic and industrial growth.

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