

Empirical Analysis of the Impact of the Exit of Multinational Corporations on Economic Growth in Nigeria from 1990-2023.

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Abstract

The study analyzed the impact of the exit of multinational corporations on economic growth in Nigeria. The specific objectives of the study were to: Analyze the effect of the exit of foreign direct investment on Nigeria's economic growth. To identify factors responsible for the exit of multinational corporations in Nigeria. To examine ways multinational corporations can be managed to enhance economic growth in Nigeria. The study analyzes empirical data from 1990 - 2023 by applying time series analysis techniques, Using least square methods to ascertain the linear relation between the variables. Unit root test to determine whether the variables are stationary or nonstationary. Cointegration test to determine the long-run equilibrium between the variables, and a Vector Error Correction Model (VECM) which analyzes the relationship between multiple time series variables that are cointegrated in the long run and captures short-run deviations from the long-run equilibrium. Data were sourced from World Bank data base. Based on the findings, the study concludes that foreign direct investment and interest rates have a significant impact on Nigeria's Gross Domestic Product. Real exchange rate and inflation rate has significant impact on the exit of multinational corporations in Nigeria which also has negative impact on Nigeria's GDP. Therefore we conclude that the exit of multinational corporations have significant impact on economic growth in Nigeria. The study recommends that: It is important for government to genuinely tackle insecurity, provide infrastructure and formulate policies that will strengthen the value of Naira, protect both local and multinational corporations and then host communities as well, creating an enabling environment for the ease of doing business in Nigeria thereby minimizing the exit of multinational corporations and also utilized interest rate to enhance economic growth. Keywords; Economic Growth, multinational corporations, foreign direct investment, exchange rate, inflation and interest rate.

Introduction

The policies of imperialism and Colonialism in Africa birthed multinational corporations in developing countries. Multinational corporations are those powerful conglomerates that came into Nigeria after the abolition of slave trade, Aworom(2013). Since European countries needed a market for surplus products and place to access cheap raw materials and labor for their parent countries, Africa especially Nigeria became the obvious destination.

Nigeria being one of the largest producers of crude oil in the world which accounts for over 80% of her income and with high population indicating a potential market has played host to many multinational corporations, the number and activities of these corporations have grown over time as Nigeria struggles to develop socio-economically as a nation Onudogo (2013). Consequently, today, Multinational Corporations like the United African Company (UAC), Toyota Nigeria Limited, Coca-Cola,(USA), DHL(Germany), Ericsson(Sweden), Unilever(UK/Netherlands), ExxonMobil oil (USA); Shell BP(Netherlands), Nestle(Switzerland), Total Energies(France), Chevron(USA), Pfizer(USA), Microsoft(USA), IBM(USA), GlaxoSmithKline(USA), Procter & Gamble (USA), PepsiCo(USA), MTN etc. have dominated the landscape of Nigerian economy and have contributed to its economic growth via increase in gross domestic product and reduction in unemployment. These corporations are very rich in all ramifications because of the profit they make in Nigeria and have significant impact on the economy as they help boost economic growth via increasing production and income levels.

The concept of globalization has given impetus to multinational corporations/enterprises to operate more easily in other parts of the world other than their home countries. The term 'globalization' means integration of the world economies into one in a phenomenon aptly called "global village Onudugo(2013).

The relevance of the foreign private sector to the development of developing countries was recognized in the International Development Strategy for the Second Development Decade unanimously adopted by the United Nations General Assembly in 1970. Countries such as Singapore, Malaysia, and Thailand have encouraged foreign direct investment actively because of the tremendous positive impact which multinational corporations have created on their economies.

Nigeria, multinational corporations have been fingered on several occasions playing active roles in the under development of the country. These corporations are distinguished on the basis of their orientation into "ethnocentric" (home-country oriented), "polycentric" (host-country oriented) or "geocentric" (world-oriented), Bernadine (2003).

However, Nigeria and other developing countries are still plagued by underdevelopment. Several authors posit that multinationals aid in the fight against underdevelopment by contributing to improving living conditions, economic growth, and development of a nation, (Akerodolo, 2010). Osuagwu and Onyebuchi(2013).Ozoigbo and Chukuezi,(2011) argued that the idea of investing in foreign land is not to better the lot of the host nation but to exploit as much as possible in order to develop the home country. Although, Bulu and Ango (2012) reports that many MNCs are now attempting to manage these

complex set, hence, they are often accused of destructive activities such as damaging the environment, complicity in human rights abuses, and involvement in corruption and stifling of infant industries autonomy issues in the host countries by implementing corporate social responsibility (CSR) strategies; because such issues may risk the success of their operations. But it is not in the nature of the MNCs to solve social or economic problems of the host countries. This is owing to the fact that the interaction between multinational corporations and host country institutions is not well understood (Wiig and Kolstad, 2010)..

Multinational enterprises while they aim to maximize profit have made a positive impact on the country especially in the area of technology transfer, increase in foreign investment, etc. Over the years Multinational Corporations provide enormous benefits and support and this has attracted the attention of the government of host countries to lobby for more foreign direct investments, hence the drive to provide favorable environment and policies to meet the needs (investment and marketing needs) of multinational enterprises). Several factors affect the business operation of multinational enterprises in a country and these include, corruption, insecurity, infrastructure deficiencies, policy inconsistencies, political and economic instability, market conditions, social unrest, currency repatriation issues, trade agreements, regulatory challenges, foreign exchange scarcity, Naira decline etc. these factors lead to an increase in the cost of doing business and also discourages foreign direct investment, thus there is a need for the Nigerian government to provide a peaceful and secure environment that allows for foreign investment, (Awolusi, 2012; Oregwu, & Onuoha, 2013).

However, the Nigerian economy has experienced a severe business fluctuations plague by a sequence of exit of multinational corporations across various sectors. According to Marvis, Chibudike and Cynthia (2014) these multinationals have left Nigeria via diverse means which include full exit, strategic exit, Deinternationalization, Divestment, Reorientation, Liquidation, Downsizing, Withdrawal, outsourcing, Mergers and acquisitions, Retrenchment, transferring ownership or selling their stakes,. The most recent exit is Diageo's sale of its 58.02% stake in Guinness Nigeria to Tolaram for about N103 billion (\$70 million). Within the past years, in 2020, UAC restaurants Limited, the owner of Mr Biggs which employs over 10,000 people directly in Nigeria with annual revenue of over #200 billion has announced closure. Jumia employs over 1,000 people directly with annual revenue of over #40 billion the continent's leading online retailer exited their food delivery services Company, known as "JUMIA FOOD" which sent shockwaves through the African e-commerce spine. Heineken B. V. sold its majority stake in Champion Breweries PLC to EnjoyCorp Limited. Proctor & Gamble announced that it would close its manufacturing operations in Nigeria and focus solely on

imports. Unilever's Tea business exited in 2018 with 500 direct jobs lost and annual revenue of #5 billion and also ceased the production of its homecare and skin-cleansing products. PZ Cussons (2019) dairy business with 300 direct jobs and annual revenue of #3 billion exited the Nigerian market after 140 years of business. Nestle's Water Business(2020) with 200 direct jobs and annual revenue of #2 billion. Cadbury Nigeria (exited in 2019) 1,000 direct jobs lost and a GDP Contribution of #10 billion annually. ExxonMobil (2020) announced plans to sell its stake in Nigeria oil fields with estimates suggesting a potential withdrawal of around \$3 billion. Shell (2022) announced its intention to exit onshore oil production in Nigeria, with potential investment withdrawal estimated at around \$2 billion. However, Some economist believe that the exit of multinational corporations paves way for local industries to strife while others are of the view that their exit is detrimental to the economy because it creates a large pool of unemployment and damaged nations' reputation. Therefore, all these and more have raised eyebrows and concerns among many Nigerians as the exit of these multinationals does not only tell on our economy but also demonstrates the challenges of doing business in Nigeria. Thus, this study analyses the impact of the exit of Multinational Corporation on economic growth in Nigeria, identify factors responsible for their exit and examines ways multinational corporations can be managed to enhance economic growth in Nigeria.

Statement of the Problem

The exit of multinational corporations in Nigeria has greatly undermine the nation's economic growth as a result of job lost, creating a larger pool of unemployment leading to decrease in consumer and investment spending and a decline in gross domestic product (GDP). Thus, posed the challenge of doing business in Nigeria, reduction in foreign direct investment, frustrating economic diversification policy and inadequate resources utilization. Hence the need to bridge the gap by identifying ways to manage multinational corporations to enhance economic growth in Nigeria.

Objectives of the Study.

The broader objective is to determine the impact of the exit of multinational corporations on economic growth in Nigeria.

- i. To analyze the effect of the exit of foreign direct investment on Nigeria's economic growth.
- ii. To identify factors responsible for the exit of multinational corporations in Nigeria.

- iii. To examine ways multinational corporations can be managed to enhance economic growth in Nigeria.

Research Questions.

- i. What are the effects of the exit of foreign direct investment on Nigeria's economic Growth?
- ii. What are the factors responsible for the exit of multinational corporations in Nigeria?
- iii. In what ways can multinational corporations be managed to enhance economic growth in Nigeria?

Research hypothesis.

- i. The exit of foreign direct investment has effect on Nigeria's economic Growth.
- ii. There are factors responsible for the exit of multinational corporations in Nigeria.
- iii. Multinational corporations can be managed to enhance economic growth in Nigeria.

Significance of the study.

The study will be significant to policy makers, government, academia and the general public. From the findings, the exit of multinational corporations has significant impact on economic growth in Nigeria and the management of these corporations can as well enhance economic growth. The study will further serve as a guide and provides insight for future research on the topic and related field for academia's and policy makers who are eager to improve on it.

Literature Review

Introduction

The evolution of Multinational corporations has created global economies and foster economic growth among nations. Hence, there exit becomes detrimental to an economy. However, the researcher reviewed the view of other scholars with regard to the impact of the exit of multinational corporations on economic growth in Nigeria.

Conceptual Issues

Economic Growth.

According to *Leszek Balcerowicz*, *economic growth* is a process of quantitative, qualitative and structural changes, with a positive impact on economy and on the population's standard of life,

Economic growth refers to the increase in the production of goods and services in an economy over a period of time, typically measured by the percentage change in Gross Domestic Product (GDP) (Mankiw, 2020). Recent studies have highlighted the importance of economic growth in achieving sustainable development and reducing poverty (Sachs, 2020). Economic growth is not just about GDP growth, but also about improving human well-being and reducing inequality (Stiglitz, 2018). Sustainable economic growth requires a balance between economic, social, and environmental factors (World Bank, 2020). Economic growth should be inclusive and benefit all segments of society (IMF, 2019).

Determinants of Economic Growth

Technological Progress, Institutional Framework, Human Capital and Trade.

Types of Economic Growth

Short-term Growth: Fluctuations in economic activity due to business cycles.
Long-term Growth: Sustained increase in economic activity over an extended period.
Intensive Growth: Increase in productivity and efficiency, leading to economic growth.
Extensive Growth: Increase in economic activity due to increased labor, capital, or resources.

The followings are used in measuring Economic Growth;

Gross Domestic Product (GDP): Total value of goods and services produced within a country.
GDP Growth Rate: Percentage change in GDP over a period.
GDP Per Capita: GDP divided by population, indicating standard of living (World Bank),

Benefits of Economic Growth:

Improved Standard of living, Reduced Poverty, Increased Investment and Competitiveness.

Challenges to Economic Growth:

Inequality, Environmental Degradation, Unemployment and political Instability. Economic growth can be unstable, leading to fluctuations and crises (IMF, 2020). Economic growth is a complex and multifaceted concept, influenced by various factors and measured in different ways. Recent studies have highlighted the importance of economic growth in achieving sustainable development and reducing poverty.

Multinational Corporations.

According to Spero & Hart (2010), multinational corporations are business enterprises that maintain overseas direct investments in order to control or possess value-added assets in more than one country. Consequently, the enterprise that operates outside its national economy only as a contractor to foreign firms is not counted as a multinational corporation. Many other researchers (Markusen, 1995; Caves, 2007; Dunning & Lundan, 2008; Buckley & Casson, 2009) adopt a similar perspective and define MNCs as firms that acquire a substantial controlling power in establishments located in at least two countries, through outward foreign direct investment.

Also, UNCTAD (2009) defines both outward foreign direct investment (OFDI) and multinational corporations in quite a similar way, in a sense that both terms may be, to a certain degree, considered synonymous. OFDI refers to a type of investment that aims to build a long-term relationship between one company (direct investor) and another company existing abroad (invested enterprise). The direct investor must possess no less than 10 percent of the assets or the voting power of the invested enterprise.

Multinational Corporations Are Categorized Into;

Raw-Material Seekers: Raw-material seekers were the earliest multinationals and their aim was to exploit the raw materials that could be found overseas

Market Seekers: The market seeker is the archetype of the modern multinational firm that goes overseas to produce and sell in foreign markets. Examples include IBM, Toyota, Unilever, Coca-cola.

Cost Minimizers: Cost minimizers are a fairly recent category of firms doing business. Example, Hong Kong, Malaysia, Taiwan, and India) to remain cost competitive both at home and abroad.

Types of Multinational Corporations.

Horizontal multinational corporations; they produced goods and services that are homogenous and operates in the same industry across different economies.

Vertical multinational corporations; the production process from raw materials to finished goods across different countries are controlled by the corporation.

Conglomerate multinational corporations; Production of diversified goods and services across different countries.

Transnational corporations; they maintained universal operations while adapting to local markets and integration of local responsiveness.

Virtual corporations; outsourcing and partnership with decentralized network.

State-owned corporations; these are mostly in energy or defense which is partly or wholly own by the state.

Characteristics Of Multinational Corporations;

- i. Large size and scale: these are often large and have significant economic power.
- ii. Global presence: the ability to operate in multiple economies.
- iii. Advance technology: the use of advance technology and innovative practices.
- iv. Strategic decision-making: MNC Make decisions that will balance local and global considerations.
- v. Diversified operations: engaged in various business activities and industries.
- vi. Professional management: having skilled and professional workforce.

Models Of Multinational Corporations

Countries such as Singapore, Malaysia, and Thailand have encouraged foreign direct investment actively because of the tremendous positive impact which multinational corporations have created on their economies via low or tax breaks, strong intellectual property protection law, provision of highly educated skilled personnel and an access to foreign markets. However, the growth in China's coastal sector is indisputably linked to the massive Investments by multinational corporations. Historically, Japan and Korea have pursued more cautious policies regarding investments by multinational corporations. But in Nigeria, multinational corporations have been fingered on several occasions playing active roles in the under development of the country.

However, Bernadine (2003: 26) identifies four models of multinational corporations which are; polycentric, ethnocentric, regiocentrtric and geocentric. It is important to understand how these models are employed in economic,

strategic, structural, organizational, and socio-political operations that have impact on the global economies and the relationship between foreign subsidiaries and their country corporate headquarters, taking into consideration government interest, labor unions, customers and suppliers interest. Thus, maintaining corporate social responsibility. The followings are models as identify by Bernadine (2003:26).

Ethnocentric model: (Bird et al, 1998) opined that management and human resource practices are critical core competence to a firm's competitive advantage and as such should not be trifled with nor compromised. (Kogut & Zander 1993) assert that MNC can leverage home country expertise and knowledge to improve global operations. This model has been criticized by (Hofstede. 1980) as Cultural imperialism that is, imposing home country culture can lead to cultural homogenization and disregard for local values. Under this model, the foreign subsidiaries tend to have little autonomy. Thus, human resource are sourced using the parent company nationals and operations decisions are typically centralized at the parent headquarters. Most Japanese and American organizations are known to use this approach in recruiting and deploying their staff.

Polycentric Model: (Bartlett & Ghoshal, 1989) assert that, this model foster innovation, as local subsidiaries are encourage to develop new products and services tailored to local markets, developing local talents, leading to a more skilled and knowledgeable workforce. Under this model both the management and the supporting staff are usually selected competitively from the local labour market. This model may struggle to achieve global integration and consistency, potentially leading to inefficiencies (Porter, 1986). However, it is cheaper in addition to being more adaptable to local conditions.

Geocentric Model: Achieving global integration, leveraging resources and expertise across borders (Doz & Prahalad, 1984). This model tends to remove the boundaries and separating lines between the parent company and the subsidiaries scattered all over the globe. It strives to integrate its businesses with the relationships based on collaboration and mutual reciprocity Onodugo (2013). Under this model, the organization begin to see itself as having a global workforce that can be deployed and utilized in a variety of ways throughout the world. Key positions tend to be filled by the most qualified individuals regardless of nationality, race or colour. Staff remunerations in companies that are geocentric are generally based on global market rates and standards. Pay and work considerations are solely based on individual contributions to the organization rather than country of origin. It is important to note that within the contextual needs of developing countries any model chosen must strike a balance between maximizing its huge labour potential and providing opportunities for technology transfer.

Regiocentric model: This model enables multinational corporations to navigate Nigeria's complex regulatory environment and build strong relationship with local stakeholders Oseghale (2014). Multinational corporations can facilitate regional trade and investment, promoting economic growth and development in Nigeria and the broader ECOWAS region (Ilufeye, 2019). Rugman & Verbeke (2004) is of the view that this approach may lead to regional bias, prioritizing regional interest over over global or local considerations. However, the suitability of a regiocentric depends on various factors, including industry, market conditions and organizational goals.

Therefore, a critical look at the models enumerated above, one can suggest that, for multinational corporations to thrive in Nigeria, polycentric and geocentric Models or approaches to staff selection be adopted.

Regulations Or Policies Guiding The Activities Of Multinational Corporations In Nigeria.

Therefore, the activities of multinational corporations are guided by the following policies and regulations;

- i. Nigerian investment promotion commission (NIPC) Act: Regulate foreign investment and provides incentives for investors.
- ii. Company and Allied Matters Act (CAMA); Governs company registration, operations and management.
- iii. Foreign exchange (monitoring and Miscellaneous Provision) Act. Regulate foreign exchange transactions and capital flows.
- iv. Nigerian Content Development and Monitoring Board (NCDMB) Act: Promotes local content development in the oil and gas sector.
- v. National Office for Technology Acquisition and Promotion (NOTAP) Act: Regulates technology transfer and acquisition.
- vi. Standard organization of Nigeria (SON) Act: ensures compliance with quality and safety standards.
- vii. Consumer Protection Council (CPC) Act: Protects consumer rights and interests.
- viii. Environmental Impact Assessment (EIA) Act: Regulate environmental impact assessments for projects.
- ix. National Environmental Standards and Regulations Enforcement Agency (NESREA) Act: Enforces environmental regulations.
- x. Tax laws and regulations: Govern taxation of Multinational corporations including the Companies income Tax Act and Value Added Tax Act.
- xi. Labour laws regulations: Regulate employment and labor relations including the labour Act and Trade Disputes Act.
- xii. Nigerian National Petroleum Corporation (NNPC) Act: Regulates the oil and gas sector.

- xiii. Electric Power Sector Reform Act: Regulates the power sector.
- xiv. Nigeria Communications Commission (NCC) Act: Regulates the telecommunication sector.

However, (Ajayi, 2001; Oyedele, 2003) argue for more robust policies to prevent exploitation and ensure MNC contribute to Nigeria's development. The need for effective enforcement of existing regulations, citing weakness in implementation and monitoring (Amaeshi, 2006; Ogbechie, 2011). Thus, ensuring environmental sustainability, social responsibility and indigenous participation, while addressing enforcement challenges for effective regulation of MNC in Nigeria.

Benefits of Multinational Corporations in Nigeria:

Job creation and employment opportunities, Technology transfer and skills development, Increased government revenue, Improved infrastructure development. Access to global markets, Economic growth and GDP contribution, Innovation and competitiveness, Development of local businesses and industries, Improved standards of living, Social responsibility initiatives.

Benefits of the exit of Multinational Corporations in Nigeria:

Emergence of Local and Indigenous Companies: Aremu (2017) and Nwosu (2018) suggest that the exit of multinational corporations can create opportunities for local businesses to fill and also create new jobs. This is done by providing alternative products initially produced by the multinationals, which will help boost indigenous manufacturers' confidence in an attempt to succeed where the multinationals could not sustain.

The need for Diversification; Odia (2019) and Ogbonna (2015) emphasize the need for Nigeria to diversify its economy to reduce dependence on multinational corporations and minimize the impact of their exit on job displacement.

Negative impacts of Multinational corporations in Nigeria:

Exploitation of natural resources, Environmental degradation, Tax evasion and avoidance, Capital flight, Displacement of local businesses, Labor exploitation, Cultural imperialism, Inequality and poverty, Lack of transparency and accountability, Corruption

Ways to minimize the negative impacts of multinational corporations in Nigeria;

- i. Strengthen regulatory frameworks.
- ii. Increase transparency and accountability.
- iii. Promote local content development.
- iv. Enhance environmental protection.
- v. Protect workers' rights. Encourage corporate social responsibility.

- vi. Foster partnerships with local businesses. Develop indigenous industries.
- vii. Improve tax administration.
- viii. Encourage stakeholder engagement. (Iwuagwu, 2015): Foster dialogue between MNCs, government, and local communities.

Factors Responsible for the Exit of Multinational Corporations in Nigeria.

According to Marvis, Chibudike and Cynthia (2014) in *Divestment & Exit Of Multinational Companies In Nigeria: Implications And Recommendations* assert that the followings are factors responsible for the exit of multinationals in Nigeria.

Foreign Exchange Crisis: Between 2014 to 2023, the Central Bank of Nigeria employed the managed float rate which allowed exporters and foreign companies to access dollars from the CBN at an official rate lower than the market price of the dollars. This created room for significant profits for foreign exchange businesses (Bureau de Change) from arbitrage as the gap between the official rate and the market prices increased. In mid-2023, the Federal Government announced the unification of the foreign exchange rate and introduced the Willing-Buyer and Willing-Seller Exchange rate regime. While the unification was intended to reduce government spending and increase foreign exchange supply and transparency, it has had negative effects on multinationals in Nigeria who often import goods and raw materials into Nigeria as the cost of purchasing these materials went up to about 200%. Additionally, the volatility in the exchange and the depreciation of the Naira against major currencies like the US Dollar further create untold hardship for businesses. This makes it hard for them to repatriate profits in dollars or euros, impacting their global bottom line.

Naira Decline: As a result of the foreign exchange unification policy and the exponential increase in inflation in Nigeria, the Naira has witnessed a severe decline in its monetary value. The Naira has lost about 70% of its value since June 2023 when the foreign exchange unification policy was adopted. In May 2024, a Bloomberg Report ranked the Naira as the worst-performing currency in the world. The Naira fell from about 750/\$1 in June 2023 to about 1500/\$1 in June 2024. The devaluation of the Naira has negatively affected the bottom line of foreign businesses that price their goods sold in Nigeria in Naira. Upon converting the Naira profits to dollars for repatriation, the value of the investment in importing and manufacturing the products when compared to the Naira profit is often misaligned, resulting in losses to the multinational.

Poor Infrastructure: According to a report by the African Development Bank in 2023, poor transport infrastructure adds 25-30% to the cost of goods in Nigeria. Goods are largely transported across States by road. Unlike other countries in Europe and the Americas, Nigeria has not prioritised rail over road transport for the movement of goods. Multinationals have expressed their dissatisfaction with the lack of proper infrastructure, particularly as the roads are often neglected, and in poor condition. These among other factors has facilitate the exit of multinational corporations in Nigeria.

Power Supply Issues: Nigeria is not generating up to half of the power required by Nigerians and businesses in Nigeria, especially the power needs of manufacturing companies in Nigeria. As of 2020, Nigeria generated about 35.7 thousand gigawatt hours while the electricity demand for the same period was about 29 terawatt hours. Frequent power outages often result in lost materials and damaged products. Companies often rely on power backups such as diesel and fuel generators to complement the power supply. This results in increased production costs that culminate in increased product prices and negatively affects the competitiveness of businesses operating out of Nigeria.

Energy Costs: Flowing from the lack of adequate power supply to businesses in Nigeria and the need to rely on alternative sources of power such as diesel and fuel-powered generators, businesses often need to purchase fuel and diesel to power the generators. In May 2023, the fuel subsidy paid by the Government to maintain a stable fuel price was removed. As a result of this, fuel prices went up over 400% and diesel prices followed. This added an extra burden on the overhead costs of businesses in Nigeria. Likewise, in April 2024, the Nigerian Electricity Regulatory Commission (NERC) raised the tariff from 68 Naira/kWh to 225 Naira/kWh, representing a 240% increase in the price paid for electricity. The increased fuel and diesel prices and increased electricity tariff have eroded the profit of FMCG businesses that already have a low profit margin.

Unstable Government Policies: The Nigerian Government have introduced policies that are either helpful to businesses in Nigeria or harmful to them. Either way, most policies are often withdrawn or replaced with policies that are at odds with them. For instance, the Corporate Affairs Commission (CAC) increased the minimum required capital for foreign businesses from 10 Million Naira to 100 Million Naira and rescinded the policy when it was pointed out that it would undermine the ease of doing business in Nigeria. In like manner, the Expatriate Employment Levy was introduced in February and withdrawn in March. The Levy had mandated Nigerian entities employing expatriates to pay an annual fee for directors and other categories of foreign workers. Unstable Government policies hinder long-term planning for businesses.

Interest Rates: The interest rates in Nigeria increased from 16.5% in January 2023 to 26.25% in May 2024. The increase in interest rates, in addition to increasing the borrowing costs for businesses while discouraging businesses from taking loans to expand their business, affects the purchasing power of consumers thereby leading to a fall in business sales.

The Impacts of the Exit of Multinational corporations on Economic Growth in Nigeria

The after-effects of the departure of these multinationals either through absolute exit or divestment are multifaceted. They are as follows:

Displacement of Jobs: Akinlo (2011) and Ezirim (2015) argue that the exit of multinational corporations leads to significant job losses and unemployment.

Detrimental to the Nigerian Economy: According to an economist and former Director of Research and Advocacy at the Lagos Chamber of Commerce and Industry in Nigeria, Dr Vincent Nwani, the exodus of multinationals from the Nigerian economy has cost the country a 94 trillion Naira loss of output in five years.

Nation's Reputational Damage: The pattern of multinationals leaving the country sends a cautionary signal to foreign direct investors and prospective ones. Every businessperson or investor aims to make a profit, so when most of these multinationals exit or divest majorly for lack of profitability, it discourages others from coming to invest in Nigeria, and for the other existing 'Multinationals exit costs Nigeria N94tn in Five Years' foreign investors, it encourages them to take a similar step as they most likely are encountering similar problems. **Emergence of Local and Indigenous Companies:** Aremu (2017) and Nwosu (2018) suggest that the exit of multinational corporations can create opportunities for local businesses to fill and also create new jobs. This is done by providing alternative products initially produced by the multinationals, which will help boost indigenous manufacturers' confidence in an attempt to succeed where the multinationals could not sustain.

The need for Diversification; Odia (2019) and Ogbonna (2015) emphasize the need for Nigeria to diversify its economy to reduce dependence on multinational corporations and minimize the impact of their exit on job displacement.

Ways to manage Multinational corporations to enhance economic growth in Nigeria.

The economy of the Nation has been jeopardized by the incessant exit of multinationals. It has therefore become a matter of urgency which requires prompt implementation of the recommendations below to curb.

Provide a more Conducive Business Environment, Security and Stability, Anti-corruption and Transparency, Infrastructural Development

Impact of the exit of multinational corporations on different sectors of the Nigerian economy.

Manufacturing sector. The exit of Dunlop Nigeria Plc from the tire manufacturing industry in 2014 among others has led to job loss, disrupting supply chain for several local industries that depends on these corporations and a loss in expertise and technology.. **Financial services.** The exit of City bank from Nigeria's economy has also increased the difficulties faced by local business in accessing capital and also a loss of expertise in banking investment.

However, Small and medium scale enterprises becomes more vulnerable as a result of the exit of multinational corporations in Nigeria leading to decrease in its operations, disruption in investment as a result of lack of access to capital and the supply of raw materials.

Theoretical Review.

Economic Growth

Capital accumulation is not the driving force of economic growth as opined by Schumpeter. He assigned great importance to the concept of the entrepreneur-innovator, calling him a "*hero of development*". In his opinion, the innovation and creativity of entrepreneurs determined economic development. Schumpeter was convinced of the unbalanced nature of economic growth. and he attributed that process to the nature of the 'jump'. (Schumpeter 1934, p. 65). Following the introduction of an innovation an entrepreneur receives great profits, but in a long run profits begin to decline as a result of the invention being imitated by competitors.

Schumpeter's theory of economic growth is based on the assumptions of private property, a competitive market and efficiency of financial markets that could support the production of new inventions. However, in countries lacking a democratic system, these conditions frequently are not fulfilled. Thus, Schumpeter's theory is addressed to the democratic and economically developed countries.

Another theory of economic growth was developed by Arthur Lewis. In his work he dealt with the problem of poor countries, but with a rich labor force (Lewis 1954, p. 3). Lewis shared the overall vision of classical economists, but did not always agree with their diagnoses and methods. The model proposed by Lewis assumes maintaining a low level of life in the short run. The savings thus

obtained will increase the stock of capital, which in the long run will lead to the appearance of income growth. Thus, Lewis's model implies enlargement of the differences between countries in the short run as a condition for equalization of income levels in the long run (Lewis 1956, pp. 7-22).

Simon Kuznets developed a theoretical support for the Lewis's theory called "*Kuznets's curve*" (Kuznets 1955, pp. 1-28). Empirical studies confirmed the existence of economic disparities in the early stages of growth. Initially, when labor begin to abandon agriculture for industry, the differences were the greatest. However, as the concentration of factors of production took place in industrial centers, the differences tended to disappear. In addition, Kuznets noticed a positive association between the dynamics of economic growth and the increasing share of urban population in the total population (Kuznets 1976, p. 32).

Walt Rostow created another theory of economic growth. Rostow, like Lewis, made economic development dependent on the accumulation of capital, and distinguished five stages of development (Rostow 1960, pp. 4-16). According to Rostow, the biggest problem for poor countries is to achieve the third stage, called "*take off*". Poor countries have a problem with the interruption of the "*vicious circle*" established through the years. Rostow proposed to break it by accumulating capital. However he realized that in cases Review Of Theories And Models... where there was an absence of opportunities to increase internal accumulation, external support would be necessary. Also, according to Rostow, reconstruction of the economy from agricultural to industrial would allow for the diffusion of economic growth over the entire country. In 1971 Rostow added a sixth stage of economic development, called "*quality*" - characterized by the continuous improvement in the quality of goods and services (Rostow 1971).

Theories of Multinational Corporations

Eclectic Paradigm, a General Theory of Multinational Enterprises

Dunning (1979, 1980, 1988) brought the strands of different theories and developed an eclectic paradigm otherwise known as "OLI (Ownership, Location, Internalization) paradigm. The aim is to determine the "extent", "form" and "pattern" of international value-adding operations of firms. These advantages are ownership (firm specific), internalization and location advantages. Dunning assert that for multinational corporations to favorably compete with domestic firms in the host country, they must posses certain advantages specific to the nature and/or nationality of their ownership. Otherwise they would not be able to compete with domestic firms for they have to bear extra costs of setting up and operating foreign value-adding activities in addition to those faced by the domestic firms.

Ownership

Dunning defined ownership advantages as "any kind of income generating assets which make it possible for firms to engage in foreign production" (1991:123). He distinguished between the "asset power" and "transactional advantages". According to Dunning, the former stems from the proprietary ownership of specific assets *vis-à-vis* other enterprises, whereas the latter is the result of the capturing the transactional benefits or reducing transactional costs compared to external market. He also noted that the ownership advantages of firms would be different depending on the "characteristics of the firms, the products they produce and the markets in which they operate" (1988:2). The advantages of MNEs may be exclusive and privileged access to specific technological, managerial, financial or marketing assets or MNEs possess better organisational capabilities to successfully integrate separate value-adding activities which draw on such assets.

Location

Regarding the locational advantages, Dunning pointed out that firm will be involved in foreign production whenever they perceive it is in their best interests to combine spatially transferable intermediate products produced in the home country, with at least some immobile factor endowments or other intermediate products in another country" (1988:4). Once again, Dunning looks at transaction gains such as transfer price manipulation, reduction in costs, gains from leads and lags in payments in different locations as a result of the distinction between structural market imperfections (i.e. government distortions) and transactional imperfections.

Internalization

The third advantage, internalization, refers to controlling, coordinating ownership and location specific advantages within the MNEs rather than selling the right to use those advantages to domestic firms in the host country. The utilisation of these advantages depends primarily on the relative cost of equity and non-equity forms of managing interrelated economic activities. The benefits to the firm of better planning, coordination, and opportunities to increase profits must be weighed against communication and control difficulties (Buckley, 1987). That means that internalisation depends on whether or not transferring ownership specific advantages is in the best interests of enterprises within the firm. If internal market is perceived to provide more gains *vis-à-vis* external market, then internalization will take place. Although it is acknowledged that eclectic paradigm has wide applications to explain FDI and new forms of international investment (Either, 1986), Casson (1986) argued that internalization theory encompass ownership and locational advantages.

Empirical Review.

Amuakwa-Mensah et al. (2018) employed a dynamic panel data model to examine the effect of MNC exit on GDP growth in Nigeria. Their results showed that MNC exit leads to a decline in GDP growth rate.

Asiedu et al. (2018) used a survey of Nigerian firms to investigate the impact of MNC exit on employment. They found that MNC exit results in significant job losses in Nigeria.

Ujunwa et al. (2018) used a panel data model to investigate the impact of MNC exit on FDI inflows into Nigeria. They found that MNC exit leads to a decline in FDI inflows.

Nwosu et al. (2019) employed a VAR model to examine the effect of MNC exit on FDI stock in Nigeria. Their results showed that MNC exit results in a decrease in FDI stock.

Wang and Yu (2017) used panel data analysis to investigate the impact of FDI on economic growth in China. They found a positive and significant relationship between FDI and economic growth.

Oaikhenan et al. (2018) used regression analysis to examine the impact of economic diversification on the exit of MNCs in Nigeria. The study found that diversification can reduce the negative impacts of MNC exits. Akinlo (2019) employed VAR analysis to investigate the relationship between economic diversification and economic growth in Nigeria. The study found that diversification can enhance economic growth.

Saidu , Nnanna & Ngozi (20'18) ‘‘Influence of Real Exchange Rate and Volatility on FDI Inflow in Nigeria’’ examines the effect of real exchange rate fluctuation and its volatility on inward flow of FDI with Nigeria as a focal country, between 1970 to 2014. The research applied GARCH (1,1) to ascertain the level of volatility and ARDL model was used to determine the relevant results-these techniques were adopted for their robustness in estimation. It could be revealed that the effects of exchange rate and exchange rate volatility are more of a short-run phenomenon; while devaluation would increase inflow of FDI, volatility makes foreign investors more skeptical with increasing uncertainty. Increasing uncertainty could deter inflow of FDI into the country. Having captured the effect of political regime in the model, the work reveals that a democratic regime should be the mainstay since it attracts more foreign investment compared to the military

Methodology

Introduction

This section contains the research design, data source and method of data collection, Analysis tool and specification of the model and apriori expectations.

Research Design

The research design used in this study is the correlational design which is aimed at identifying and examining the relationships between the impact of the exit of multinational corporations on the economic growth of Nigeria and how multinational corporations can be managed to enhance economic growth using time series techniques for secondary data collection and analysis.

Data source and method of data collection

The method of data collection in this study are secondary and the data are obtained from world bank database, which include data on foreign direct investment in Nigeria, Real exchange rate, inflation rate, interest rate and Nigeria's Gross domestic product.

Analysis tool and specification of the model.

The tools used are Time series, to analyse the trend of data from 1990 to 2023. Using least square methods to ascertain the linear relation between the variables. Unit root test to determine whether the variables are stationary or non stationary. Cointegration test to determine the long-run equilibrium between the variables and Vector error correction model which analyzes the relationship between multiple time series variables that are cointegrated in a long-run and captures short-run deviations from the long-run equilibrium.

$$GDP_t = \beta_0 + \beta_1 FDI_t + \beta_2 INFL_t + \beta_3 EXCH.R_t + \beta_4 INTR.R_t + \mu_t.$$

Where

GDP = Gross Domestic Product

FDI = Foreign Direct Investment

INTR.R = Interest rate

INFL = Inflation

XCHR.R = Real Exchange Rate

$\beta_0, \beta_1, \beta_2$ = Parameter Estimates

μ = Error Term

t = Time series

And

$$\text{LGDP}_t = \beta_0 + \text{LFDI}_t + \text{LINFL}_t + \text{LXCH.R}_t + \text{LINTR.R}_t + \mu_t$$

Where

LGDP = LogGross Domestic Product

LFDI = LogForeign Direct Investment

LXCHR.R = LogReal Exchange Rate

LINFL = LogInflation

LINTR.R = LogInterest Rate

β_0 = Parameter Estimates

μ = Error Term

t = Time series

A priori expectations

The apriori expectation of the exit of multinational corporations is a decline in Nigeria's Gross domestic products, a decrease in FDI increases unemployment as a result of job losses, naira depreciation leads to decrease in demand for local currency and also a reduction in technological transfer.

Data Presentation and Analysis

Regression Analysis (Ordinary Least Square Model)

Dependent Variable: LGDP

Method: Least Squares

Date: 09/01/24 Time: 15:25

Sample (adjusted): 1 32

Included observations: 27 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
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LFDI	0.811945	0.297790	2.726574	0.0123
LINFL	0.033557	0.215855	0.155462	0.8779
LINTR_R	0.019293	0.680878	0.028335	0.9777
LXCHR_R	1.236382	0.711988	1.736521	0.0965
C	-4.441997	3.439735	-1.291377	0.2100
R-squared	0.264085	Mean dependent var	1.415216	
Adjusted R-squared	0.130283	S.D. dependent var	0.880062	
S.E. of regression	0.820734	Akaike info criterion	2.608340	
Sum squared resid	14.81929	Schwarz criterion	2.848310	
Log likelihood	-30.21259	Hannan-Quinn criter.	2.679696	
F-statistic	1.973692	Durbin-Watson stat	2.530380	
Prob(F-statistic)	0.133880			

$$\text{LGDP} = -4.441997 + 0.811945\text{LFDI} + 0.033557\text{LINFL} + 0.019293\text{INTR.R} + 1.236382\text{LEXCHR.R} + \text{ut}$$

A 1% increase in FDI leads to a 0.811945% increase in GDP, suggesting a strong positive relationship between foreign direct investment and economic growth. While a 1% increase in inflation and interest rate leads to 0.033557% and 0.019293% increase in GDP respectively indicating a weak positive relationship between inflation, interest rate and economic growth. A 1% increase in real exchange rate (LEXCH.R) leads to 1.236382% increase in GDP. This implies that there is a strong positive relationship between exchange rate and economic growth in Nigeria. However, the above result suggests that foreign direct investment and exchange rate has a strong positive impact on economic growth while interest rate and inflation has a weak positive impact on economic growth in Nigeria. Therefore, the need to conduct unit root test to determine whether the variables are stationary or not.

4.2 Result of Unit Root Tests

Series	ADF TEST					PP TEST					Order of integration
	1%	5%	10%	Prob.	t-statistics	1%	5%	10%	Prob.	t-statistics	
LGD P	- 3.72 4070	- 2.98 6225	- 2.63 2604	0.0 021	- 4.39 7494	- 3.72 4070	- 2.98 6225	- 2.63 2604	0.0 019	- 4.42 8986	1(0)
LFD I	- 4.35 6068	3.59 5026	3.23 3456	0.0 269	- 3.89 7734	- 4.29 6729	- 3.56 8379	- 3.21 8382	0.0 001	- 6.20 8854	1(1)
LXC H.R	- 4.27 3277	- 3.55 7759	- 3.21 2361	0.0 023	- 4.87 8602	- 4.27 3277	3.55 7759	- 3.21 2361	0.0 025	- 4.84 2494	1(1)
LIN FLT	- 4.27 3277	3.55 7759	3.21 2361	0.0 000	- 7.94 1877	- 4.27 3277	- 3.55 7759	- 3.21 2361	0.0 000	- 19.5 9948	1(1)
LIN TR.R	- 3.64 6342	- 2.95 4021	- 2.61 5817	0.0 043	- 3.98 1586	- 3.64 6342	- 2.95 4021	- 2.61 5817	0.0 039	- 4.01 4243	1(0)

The result above reveals that all three series are stationary at first difference which mean that they are integrated of order one, that is I(1) while two of the series are stationary at levels which means they are integrated of order zero, that is 1(0). Using both 1(1) and 1(0) variables in the same regression may give spurious regression, which may make the results not to be reliable. However, as suggested by Engle and Granger (1989), there could be a form of long run relationship amongst variables in the model, even though they are first difference-stationary. This possibility informs the need to conduct the co-integration test, which is presented below.

Results of Cointegration Tests.

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistics			Max.Eigen Statistics		
		Trace Statistic	0.05 Critical Value	Prob.	Max.Eigen Statistics	0.05 Critical value	Prob.
None *	0.939796	118.2984	69.81889	0.0000	56.20047	33.87687	0.0000
At most 1 *	0.765407	62.09788	47.85613	0.0013	28.99802	27.58434	0.0327
At most 2 *	0.593642	33.09986	29.79707	0.0201	18.01042	21.13162	0.1295
At most 3	0.357858	15.08944	15.49471	0.0575	8.858930	14.26460	0.2981
At most 4 *	0.267671	6.230508	3.841466	0.0126	6.230508	3.841466	0.0126

In the above cointegration result it shows a strong long-run relationship between the variables since the eigenvalue say 0.939796 is close to one and because the trace statistics and max eigen statistical values are greater than their critical values we reject the null hypothesis indicating a cointegration between the variables. Whereas at most 3 it shows no strong evidence of a long-run relationship between the variables and since the trace and max eigen values are less than the critical values we accept the null hypotheses implying there is no cointegration 'at most 3'. However, the above results shows the need for a vector error correction model test.

Unrestricted Adjustment Coefficients (alpha): (Shortrun)

D(LGDP)	-0.212968	0.462608	-0.056779	0.029735	0.056537
D(LFDI)	0.251330	-0.016666	-0.038677	-0.013851	-0.243867
D(LINFL)	-0.242193	-0.143024	-0.186448	0.022183	-0.271336
D(LINTR_R)	0.025663	-0.006790	-0.211704	0.017313	0.024861
D(LXCHR_)	-0.138196	0.075422	0.003288	-0.071535	0.109444

This shows the short run relationship between the variables, a 1% increase in (LXCHR.R) exchange rate discourages export leading to 0.14% decrease in (LGDP). 1% increase in inflation rate increases the cost structure of the MNCs thereby reducing their profit margin leading to 0.24% decrease in GDP as a result of either downsizing their operations or exit.

**Normalized cointegrating coefficients (standard error in parentheses)
(Long run)**

Cointegrating Equation(s): Log likelihood -11.18540

Normalized cointegrating coefficients (standard error in parentheses)

LGDP	LFDI	LINFL	LINTR_R	LXCHR_R
1.000000	-1.387848	-1.413417	4.581576	-7.336515
	(0.28601)	(0.26487)	(0.57537)	(0.70288)

Normalized coefficients show the longrun relationship between variables say, a 1% increase in exchange rate (LXCHR.R) leads to 7.34% decrease in (LGDP) economic growth and 1% increase in inflation rate leads to 1.41% decrease in GDP. Also a 1% increase in FDI leads to 1.39% decrease in GDP while a 1% increase in interest rate results to 4.58 increases in GDP. This implies that a high inflation rate and an appreciation in exchange rate increases MNCs cost structure and discourages export respectively thereby reducing foreign direct investment resulting to a decrease in gross domestic product (GDP). While an increased interest rate attract corporations to invest on assets and in turn positively affects Nigeria's economic growth.

Cointegrating Equation(s): Log likelihood 3.313607

Normalized cointegrating coefficients (standard error in parentheses)

LGDP	LFDI	LINFL	LINTR_R	LXCHR_R
1.000000	0.000000	0.138922	-1.736141	3.720493
		(0.30022)	(0.75952)	(0.51387)
0.000000	1.000000	1.118523	-4.552169	7.967019
		(0.31846)	(0.80567)	(0.54509)

This shows that, a 1% increase in (LXCHR.R) exchange rate leads to 3.72% and 7.96% increase in (LGDP) economic growth. The above result of the Johansen co-integration test examines the existence of long run relationship between the variables. The study used trace statistics and the maximum Eigen statistics. The null hypothesis is rejected when the statistics are greater than the critical value. However, the trace test indicates three cointegrating equations at the 0.05 level and Max-Eigenvalue test indicates two cointegrating equations at 5%

significant level. This implies that long run relationship exist among the variables. Therefore null hypothesis is rejected, which implies that there is co-integration among the variables and the possibility of using a Vector Error Correction Model (VECM) to capture the long-run relationship among the variable. But before the VECM test lets understand the direction of causality of the variables..

Granger Test

Pairwise Granger Causality Tests

Date: 09/01/24 Time: 16:50

Sample: 1 34

Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
LFDI does not Granger Cause LGDP	20	14.3519	0.0003
LGDP does not Granger Cause LFDI		0.07189	0.9310
LXCHR_R does not Granger Cause LGDP	21	16.3185	0.0001
LGDP does not Granger Cause LXCHR_R		0.58944	0.5662

The result of the granger causality test shows a unidirectional causality between FDI and GDP, and EXHR.R and GDP. The F-statistics of the two hypotheses (FDI does not Granger Cause GDP and GDP does not Granger Cause FDI) are 14.3519 and 0.07189 with P-values 0.0003 and 0.9310 respectively. This implies the acceptance of null hypothesis of the first test and the rejection of null hypothesis of the second test. Hence, foreign direct investment promotes economic growth but in turn economic growth (GDP) does not have impact on foreign direct investment. Also between exchange rate (XCHR.R) and GDP. The F-Statistics of the two hypothesis (LXCHR.R does not Granger Cause

LGDP and LGDP does not Granger Cause LFDI) are 16.3185 and 0.58944 with P-values 0.0001 and 0.5662 respectively. This implies the acceptance of null hypothesis of the first test and the rejection of null hypothesis of the second test. Therefore, exchange rate promotes economic growth but economic growth (GDP) does not have impact on exchange rate. Since there is unidirectional causality, the series are cointegrated, the use of Vector Error Correction Model (VECM) becomes imperative.

Result of Vector Error Correction Model Estimation

Long run relationship (Cointegrating equation)						
Variable s	LGDP(-1)	LFDI(-1)	LINFL(-1)	LINTR_R(-1)	LXCHR_R(-1)	C
Coefficient	1.000000	1.387848	1.413417	4.581576	-7.336515	26.53898
Standard error		(0.28601)	(0.26487)	(0.57537)	(0.70288)	
t-statistics		[-4.85244]	[-5.33624]	[7.96289]	[-10.4378]	

Short run dynamics (Error Correction)					
Variables	D(LGDP)	D(LFDI)	D(LINFL)	D(LINTR_R)	D(LXCHR_R)
Coefficient	0.151978	-0.179353	0.172833	-0.018314	0.098619
Standard error	(0.10883)	(0.09485)	(0.11965)	(0.05554)	(0.05151)
t-statistics	[1.39648]	[-1.89098]	[1.44447]	[-0.32973]	[1.91471]
R-Square	0.621142	0.491449	0.679366	0.108993	0.324220
Adj R-Square	0.446284	0.256733	0.531381	-0.302241	0.012322

The vector error correction model shows the long-run relationship between the variables and the short-run adjustment to the long-run equilibrium. In which the decrease of LFDI (-1.387848) in the long-run leads to a decrease in economic growth (GDP). .. Also inflation (-1.413417 INFLT) and exchange rate (-7.336515 LXCHR.R) have negative impact on LGDP where an increase in inflation and an appreciation in exchange rate decreases export and increase cost of operations I which most MNCs either exit the economy or down size their

activities which also decreases economic growth. While interest rate (LINTR.R) 4.581576 has a positive impact on LGDP in which an increase in interest rate leads to an increase in economic growth. However, the coefficients represent short-run adjustment to the long-run equilibrium in which the cointegration equation has a positive impact on D(LGDP) 0.151978, implying that deviation from the long-run equilibrium leads to adjustment in economic growth. Therefore the result signifies that the exit of multinational corporations has negative impact on economic growth through the reduction of foreign direct investment.

Result and Discussion

Vector error correction model was used to investigate the impact of the exit of multinational corporations on economic growth in Nigeria. The existence of long run relationship among the variables established by the cointegrating test enables us to find out the long run impact of the explanatory variables on the dependent variable with the use of VECM earlier specified. The result shows evidence of long run equilibrium impact. The long term variables that explain gross domestic product (GDP) are Foreign direct investment (FDI), Inflation (INFL), Interest rate (INTR.R) and Exchange rate (EXCH.R). All the variables are shown to be statistically significant. This implies that in the long-run, all the variables influence economic growth in Nigeria.

The result shows evidence of long run equilibrium impact. The long term variables that explain economic growth (GDP) are FDI, XCHR.R, INFL and INTR.R. All the variables are shown to be statistically significant. This implies that in the long-run, all the variables influence economic growth in Nigeria. The result indicates that a decrease in foreign direct investment (FDI) leads to a decrease in economic growth (GDP), supporting the view of Joseph Stiglitz (2020) who argues that the exit of FDI can lead to a decrease in economic growth, as foreign firms create jobs directly and indirectly through their supply chains. Also high inflation (INFL) increases the cost structure of MNCs as a result of high costs of inputs and other expenses, an appreciation in exchange rate (XCHR.R) discourages export which also affects MNCs profit margin, these are factors among others that fuels the exit of multinational corporations (MNCs) in Nigeria resulting to a decrease in economic growth (GDP). The regression analysis signifies a negative relationship between the variables and economic growth (GDP) which supports the view of Rodrik (2020) who argues that exchange rate appreciation leads to decrease in exports and economic growth, exacerbated by inflation.

However, a positive relationship ensured between interest rate (INTR.R) and GDP. In which an increase in interest rate leads to increase in economic growth, supporting the view of Esther George (2020) suggesting that higher interest rates can lead to increased economic growth by increasing the cost of capital

and encouraging firms to invest in more productive projects. Therefore, the result of the analysis signifies that the exit of multinational corporations has negative impact on economic growth through the reduction of foreign direct investment.

Summary of Findings, Conclusion and Recommendations

Summary of Findings

The study examined the impact of the exit of multinational corporations on economic growth in Nigeria

- i. Foreign Direct Investment has significant impact on Gross Domestic Product in Nigeria.
- ii. Real exchange rate and inflation has significant impact on the exit of multinational corporations in Nigeria.
- iii. Interest rate has significant positive impact on economic growth in Nigeria.

Conclusion

Multinational corporations are medium via which resources and technology are transferred between the economies of the world, promoting global trade among developed and under developed countries. This study analyzes the impact of the exit of multinational corporations on economic growth in Nigeria from 1990 - 2023 by applying time series analysis techniques, using ordinary least squares method, unit root test, cointegration and Vector error correction model to determine the relationship between the variables. From the findings the study concludes that Foreign Direct Investment have significant impact on the Gross Domestic Product in Nigeria, interest rate has significant positive impact on economic growth, Real exchange rate and inflation has significant impact on the exit of multinational corporations in Nigeria which also has negative impact on Nigeria's GDP. From the findings, we therefore conclude that the exit of multinational corporations have significant impact on economic growth in Nigeria and its management can enhance economic growth.

Recommendation

The following recommendations were made:

1. It is important that the government formulate policies that will control inflation, exchange rate and also protect both the multinational corporations and the host communities creating an enabling environment for ease of doing business in Nigeria.

2. Mitigate insecurity and provide infrastructural development to reduce the cost of doing business in Nigeria for both local and multinational corporations to strife. Thus, enhancing economic growth.
3. Use interest rate as a tool to stimulate economic growth.

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