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FOREIGN DIRECT INVESTMENT (FDI) AND FINANCIAL PERFORMANCE OF FIRMS IN NIGERIA

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Abstract:
This research examines how Foreign Direct Investment (FDI) influences the financial performance of firms in Nigeria, with particular emphasis on indicators such as Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM). Using a descriptive survey approach, data were gathered from firms operating in major sectors including oil and gas, telecommunications, manufacturing, and banking. Quantitative methods were employed to analyse the link between FDI inflows and firm-level financial outcomes, considering mediating factors such as absorptive capacity, infrastructure quality, and macroeconomic stability. The findings indicate that FDI positively affects asset use, equity returns, and overall profitability, although the scale of impact varies across industries and is shaped by institutional and economic contexts. The study concludes that the full benefits of FDI can be achieved through strong institutional support, enhanced infrastructure, and initiatives that build firms' absorptive capabilities. It recommends that policymakers in Nigeria introduce sector-specific incentives, reinforce regulatory frameworks, and invest in workforce development to better harness FDI for sustainable growth and improved corporate performance.

Keywords: Foreign Direct Investment, Return on Assets, Return on Equity, Net Profit Margin, Financial Performance; Financial Indicators.

Introduction

Foreign Direct Investment (FDI) is widely acknowledged as a catalyst for economic development and firm-level advancement across both developed and developing nations. It typically reflects a long-term commitment and substantial influence by a foreign investor in the operations of a domestic enterprise (UNCTAD, 2023). In the Nigerian context, FDI is regarded as a key mechanism for closing the gap between domestic savings and investment, facilitating capital accumulation, transferring technology, and enhancing productivity and profitability at the firm level (Adeleke et al., 2022).

Over the past decade, Nigeria has adopted several initiatives to attract and sustain FDI inflows as a means of spurring economic growth and boosting firm performance. These include liberalising trade policies, privatising state-owned entities, and offering targeted investment incentives (CBN, 2023). Nonetheless, the true impact of foreign investment on firms' financial outcomes remains contentious. While some Nigerian companies have reported stronger profitability, improved asset utilisation, and market expansion following foreign capital inflows, others have shown only marginal gains or even adverse results (Olawale & Ezenwa, 2022).

Financial performance serves as a central measure of organisational success, often assessed using indicators such as return on assets (ROA), return on equity (ROE), and net profit margin (Owolabi & Ajayi, 2023). In theory, FDI inflows should provide firms with additional resources, management expertise, and technological advantages—factors expected to enhance operational efficiency, strengthen competitiveness, and ultimately improve financial outcomes (Agbo & Nwankwo, 2022). Yet, persistent obstacles such as inconsistent infrastructure, insecurity, and regulatory uncertainty can hinder firms' capacity to harness these potential benefits fully (World Bank, 2023).

Globally, FDI has emerged as a central pathway for international economic integration, particularly in developing and emerging markets. The International Monetary Fund (IMF, 2023) notes that foreign investment not only augments domestic capital but also introduces advanced technology, management know-how, and increased trade opportunities. In a country like Nigeria where capital and technical expertise remain scarce FDI represents a strategic instrument for both firm-level development and broader macroeconomic progress.

Despite Nigeria's position as one of the leading recipients of FDI in sub-Saharan Africa, instability in oil prices, currency fluctuations, policy inconsistencies, and security challenges have contributed to fluctuating inflows (OECD, 2023). Nonetheless, many firms have benefitted from stronger governance structures, expanded access to global markets, and improved operational capabilities as a direct result of foreign investment (Ameh & Ilesanmi, 2022).

In evaluating the effectiveness of FDI, financial metrics such as earnings per share (EPS), market valuation, and liquidity ratios provide valuable insights into the financial health and value creation within recipient firms (Ibrahim & Nwachukwu, 2023). By supplying much-needed capital for innovation, product diversification, and operational efficiency, FDI can significantly enhance firm profitability and sustainability.

Furthermore, the landscape of FDI is evolving as global investors increasingly incorporate environmental, social, and governance (ESG) considerations into their investment decisions. This shift has implications for Nigerian firms' reporting practices and operational standards, particularly in relation to global sustainable development objectives (United Nations, 2023). Consequently, the relationship between FDI and firm performance must be assessed not only through financial metrics but also in terms of long-term sustainability and competitive advantage.

1.2 Objectives of the Study

The main objective of this study is to examine the relationship between Foreign Direct Investment (FDI) and the financial performance of firms in Nigeria. The specific objectives are to:

1. Determine the effect of FDI on return on assets (ROA) of firms in Nigeria.
2. Assess the impact of FDI on return on equity (ROE) of firms in Nigeria.
3. Evaluate the relationship between FDI and net profit margin (NPM) of Nigerian firms.

1.3 Research Questions

The study seeks to provide answers to the following research questions:

1. What is the effect of FDI on the return on assets (ROA) of firms in Nigeria?
2. How does FDI influence the return on equity (ROE) of firms in Nigeria?

Literature Review

2.1 Conceptual Review

2.1.1 Concept of Foreign Direct Investment (FDI)

Foreign Direct Investment (FDI) refers to an investment made by a firm or individual in one country into business interests located in another country, typically by acquiring foreign business assets or establishing business operations (UNCTAD, 2023). In Nigeria, FDI is often viewed as a catalyst for economic growth, contributing to employment generation, technology transfer, and firm-level productivity enhancement (Adeleke, Ojo, & Bello, 2022). FDI can be classified into horizontal, vertical, and conglomerate investments, depending on the nature of the investor's involvement in the domestic economy.

The Central Bank of Nigeria (CBN, 2023) identifies key sectors that attract FDI in Nigeria to include oil and gas, telecommunications, manufacturing, and financial services. However, the inflows are often affected by global economic conditions, exchange rate volatility, infrastructure deficits, and institutional weaknesses (World Bank, 2023).

2.1.2 Concept of Financial Performance

Financial performance refers to how well a firm uses its assets to generate revenues and profits. It is a vital indicator of a firm's financial health and sustainability. Common financial performance indicators include Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), Earnings Per Share (EPS), and Liquidity Ratios (Owolabi & Ajayi, 2023). These metrics provide a basis for assessing operational efficiency, profitability, and investor confidence.

Strong financial performance reflects effective management and resource utilization, while poor performance may indicate inefficiencies or unfavorable market conditions. In the context of FDI, financial performance is often used to assess whether the inflow of foreign capital translates into tangible improvements in firm operations (Agbo & Nwankwo, 2022).

2.3.1 Foreign Direct Investment (FDI) and Return on Assets (ROA)

Return on Assets (ROA) is a key measure of how efficiently a firm utilizes its assets to generate profit. It is a critical indicator of financial performance, especially in asset-intensive industries. The relationship between FDI and ROA has garnered considerable attention in recent literature, as foreign investments are expected to enhance asset productivity through technology transfer, improved managerial skills, and better corporate governance.

Empirical studies in Nigeria and other emerging economies generally report a positive correlation between FDI and ROA. For instance, Olowe and Alao (2023) analyzed listed firms in Nigeria between 2015 and 2022 and found that foreign equity participation significantly increased ROA due to better resource management and capital injection. Similarly, Okonkwo and Uche (2022) discovered that firms with higher foreign ownership demonstrated more efficient asset utilization, particularly in the manufacturing and telecommunications sectors.

Moreover, FDI often comes with advanced technologies and modern operational processes that reduce production costs and enhance productivity. According to UNCTAD (2023), multinational enterprises tend to introduce capital-efficient systems and performancebased management practices in host country firms, which directly impact ROA. The ability of a firm to absorb and internalize these benefits determines the extent of ROA improvement.

However, the impact of FDI on ROA is not universally positive. Some studies indicate that without adequate absorptive capacity, such as skilled labor and infrastructure, the benefits of FDI may not translate into higher ROA. Ibrahim and Nwachukwu (2023) noted that firms in sectors with weak institutional support and high regulatory burdens experienced marginal improvements or even declines in ROA post-FDI inflow. Similarly, World Bank (2023) emphasized that macroeconomic instability and exchange rate volatility in Nigeria can erode the positive effects of FDI on asset performance.

In conclusion, while FDI has the potential to significantly improve ROA through better capital utilization, the magnitude of its effect is conditional on firm-specific capabilities and the broader investment climate. Policies aimed at strengthening institutional frameworks, enhancing infrastructure, and fostering managerial competence are essential for maximizing the asset productivity benefits of FDI.

2.3.2 Foreign Direct Investment (FDI) and Return on Equity (ROE)

Return on Equity (ROE) measures a firm’s profitability in relation to shareholders’ equity. It reflects how effectively management is using a company’s equity base to generate earnings. In the context of FDI, ROE serves as a useful indicator for evaluating the financial impact of foreign capital and ownership on firm-level performance.

FDI is generally expected to improve ROE by providing access to superior financial resources, international markets, and operational best practices. Foreign investors often bring with them not only capital but also strategic expertise, global linkages, and robust governance structures that can lead to more efficient equity utilization. According to Agbo and Nwankwo (2022), firms in Nigeria with significant foreign ownership recorded higher ROE due to improved financial discipline and performance monitoring.

Research has supported the positive influence of FDI on ROE in several sectors. Ezeaku et al. (2023) observed that Nigerian firms in banking, telecommunications, and manufacturing sectors experienced an average 15–20% increase in ROE following significant foreign capital inflows. This improvement was attributed to better financial planning, enhanced competitiveness, and restructuring strategies introduced by foreign stakeholders.

However, the relationship is not always linear. In some cases, especially where foreign control is dominant, local firms may face limitations in strategic autonomy, which could reduce the long-term benefits to equity holders. Ameh and Ilesanmi (2022) argued that the dilution of local ownership and decision-making power could lead to conflicts of interest, especially when profits are repatriated or reinvestment in the host country is limited. Furthermore, OECD (2023) highlights that high foreign debt-to-equity ratios can inflate short-term ROE figures, masking underlying inefficiencies.

In Nigeria's dynamic economic landscape, other mediating factors—such as exchange rate volatility, inflation, policy inconsistency, and regulatory risks—can also influence the effect of FDI on ROE. CBN (2023) notes that firms with better corporate governance frameworks are more likely to translate FDI inflows into sustainable equity returns.

In summary, FDI can be a catalyst for improved ROE through enhanced financial efficiency, innovation, and corporate restructuring. However, the ultimate impact depends on how well the firm integrates foreign capital within its strategic and operational framework, and the broader macroeconomic environment in which it operates. 2.3.3 Foreign Direct Investment (FDI) and Net Profit Margin (NPM)

Net Profit Margin (NPM) is a key financial ratio that measures how much of a firm's revenue remains as profit after accounting for all expenses. It is a vital indicator of cost efficiency and profitability, especially in competitive and capital-intensive industries. The influx of FDI can significantly influence NPM by introducing operational efficiencies, cost-reduction strategies, and access to better technologies and supply chains.

Several empirical studies highlight a positive relationship between FDI and NPM. Owolabi and Ajayi (2023) observed that Nigerian firms with foreign participation, particularly in the consumer goods and telecommunications sectors, exhibited higher NPM due to enhanced production processes and lower input costs. Foreign investors often restructure operations to minimize waste and improve pricing strategies, leading to improved profit margins.

In addition, FDI can help reduce financing costs by providing alternative sources of capital, thereby lowering the overall cost burden on firms. UNCTAD (2023) emphasizes that multinational enterprises frequently improve the financial health of local subsidiaries through better budgeting systems, supply chain integration, and economies of scale—all of which positively affect net profitability.

However, the benefits to NPM are not automatic. Ibrahim and Nwachukwu (2023) caution that in the absence of strong financial management and absorptive capacity, FDI may lead to increased operating costs, especially when firms depend heavily on foreign consultants or imported raw materials. Moreover, World Bank (2023) points out that external shocks—such as exchange rate fluctuations or high inflation—can erode profit margins, even in FDI-backed firms.

2.3.4 Sectoral Impact of FDI on Financial Performance

The impact of Foreign Direct Investment (FDI) on financial performance often varies significantly across different sectors due to structural differences, capital intensity, regulatory frameworks, and market dynamics. In Nigeria, key sectors such as oil and gas, telecommunications, manufacturing, and banking have attracted substantial FDI inflows, each experiencing varying degrees of financial performance improvements.

In the oil and gas sector, FDI has enhanced technological capacity, capital formation, and export revenues, leading to improved profitability and return ratios. According to OECD (2023), foreign investors in this sector have introduced cost-efficient technologies and better governance, boosting financial metrics such as ROA and NPM. However, the sector remains vulnerable to global oil price volatility and environmental concerns.

The telecommunications sector has seen one of the most notable transformations. The entry of multinational firms has driven competition, service innovation, and capital investments. Agbo and Nwankwo (2022) report that telecom firms with foreign ownership posted higher ROE and NPM due to operational scale, digital infrastructure, and customer acquisition strategies.

In manufacturing, FDI has had a mixed impact. While some firms have benefited from access to modern production techniques and international markets, others continue to struggle due to infrastructural deficits and high input costs. Ibrahim and Nwachukwu (2023) note that only firms able to absorb foreign technology and adapt management practices achieved significant financial performance gains.

The banking and financial services sector has also witnessed increased foreign participation, especially after banking reforms. FDI in this sector has led to improved capital adequacy, profitability, and risk management. CBN (2023) highlights that banks with foreign equity participation generally outperform local counterparts in terms of ROE and asset quality.

Nonetheless, challenges such as regulatory inconsistencies, policy uncertainty, and insecurity affect the uniform distribution of FDI benefits across sectors. World Bank (2023) emphasizes that without sector-specific investment-friendly policies, the positive impacts of FDI may remain concentrated in a few industries, limiting broader economic transformation.

2.3.5 Role of Mediating Factors

The relationship between Foreign Direct Investment (FDI) and the financial performance of firms is not always direct; it is often influenced by several mediating factors. These include internal firm characteristics, macroeconomic conditions, institutional quality, regulatory environment, and technological readiness. These mediators can either enhance or weaken the extent to which FDI contributes to improved firm-level financial indicators such as ROA, ROE, and NPM.

One critical mediating factor is the absorptive capacity of firms, which refers to their ability to internalize and utilize the knowledge, technology, and managerial practices brought by foreign investors. Olawale and Ezenwa (2022) found that Nigerian firms with welltrained human capital and adaptive organizational structures were more likely to translate FDI into better financial outcomes.

The quality of infrastructure also plays a key mediating role. Poor transport systems, unreliable electricity, and limited digital infrastructure can erode the potential gains from foreign investment. According to World Bank (2023), FDI's positive effect on firm profitability and efficiency is strongest in environments with strong physical and digital infrastructure.

Institutional and regulatory frameworks are equally vital. Transparent legal systems, effective contract enforcement, and stable policy environments attract long-term foreign investment and enable firms to plan and operate efficiently. UNCTAD (2023) notes that in countries with high regulatory uncertainty, the benefits of FDI tend to be diluted due to increased transaction costs and operational risks.

Moreover, macroeconomic stability—including low inflation, stable exchange rates, and favorable interest rates—enhances the ability of firms to absorb and benefit from FDI. CBN (2023) highlights that firms operating under stable economic conditions are more likely to achieve higher returns on equity and assets when supported by foreign capital.

Another important mediator is the sectoral alignment of investment with national priorities. For instance, FDI directed toward highgrowth and strategic sectors (like telecommunications or green energy) tends to yield more substantial financial performance improvements than in saturated or underperforming industries (OECD, 2023).

Research Methodology

This study adopts a descriptive survey research design to assess the relationship between FDI and the financial performance of firms in Nigeria. This design is suitable for capturing quantitative data that reflect existing patterns and relationships among the study variables such as ROA, ROE, and NPM. The population consists of all publicly listed non-financial firms in Nigeria that have received FDI within the past ten years. This focus ensures relevance to financial performance indicators and the impact of foreign capital inflows. A purposive sampling technique was used to select 30 firms across sectors such as manufacturing, telecommunications, and oil and gas—industries that typically attract significant FDI. These firms were selected based on availability of financial data and evidence of foreign investment. Data for this study were obtained from secondary sources. These included annual financial reports of the selected firms, filings from the Nigerian Stock Exchange (NSE), statistical bulletins published by the Central Bank of Nigeria (CBN), as well as Foreign Direct Investment reports from UNCTAD and the World Bank.A structured data extraction sheet was used to collect quantitative data on FDI inflows, Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) for the sampled firms over a ten-year period (2013–2023). Descriptive statistics (mean, standard deviation) were used to summarize the data. Inferential statistics, specifically multiple regression analysis, was employed to examine the relationship between FDI and the financial performance indicators (ROA, ROE, and NPM). The analysis was carried out using Statistical Package for the Social Sciences (SPSS) version 25. The model for this study is specified as follows: $FP = \beta_0 + \beta_1 FDI + \varepsilon$, where FP represents financial performance measured by return on assets (ROA), return on equity (ROE), and net profit margin (NPM). FDI denotes the foreign direct investment inflow, β_0 is the intercept, β_1 is the regression coefficient, and ε represents the error term.Data validity was ensured by relying on audited financial statements and reputable institutional databases. Reliability was tested through consistency checks across multiple data sources.

Data Analysis and Interpretation

4.2 Descriptive Statistics

The descriptive statistics provide a summary of the variables under investigation: FDI inflows, Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM).

Table 4.1: Descriptive Statistics of Variables (2013–2023)

Variable	Mean	Std. Dev.	Minimum	Maximum
FDI (₦ Million)	3,200.5	1,100.8	800	6,500
Return on Assets (%)	8.75	3.45	1.5	15.2
Return on Equity (%)	12.30	5.10	3.2	25.8
Net Profit Margin (%)	10.50	4.20	2.1	22.5

The table reveals that, on average, firms recorded substantial FDI inflows and moderate performance in ROA, ROE, and NPM over the ten-year period.

4.3 Test of Hypotheses Using Regression Analysis

To examine the effect of FDI on financial performance, multiple regression analyses were conducted separately for ROA, ROE, and NPM. The model used is:

$$\mathbf{FP = \beta_0 + \beta_1 FDI + \varepsilon}$$

Where:

FP = Financial performance (ROA, ROE, NPM); FDI = Foreign Direct Investment; β_0 = Intercept; β_1 = Coefficient of FDI; ε = Error term

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4.3.1 Hypothesis One: FDI and Return on Assets (ROA)

H_{01}: FDI has no significant effect on the return on assets (ROA) of firms in Nigeria.

Table 4.2: Regression Results for ROA

Model Summary	**R**	**R^2**	**Adj. R^2**	**Std. Error**
	0.62	0.38	0.36	2.74
Coefficients	**B**	**Std. Error**	**T**	**Sig. (p)**
Constant	3.12	0.89	3.50	0.001
FDI	0.0015	0.0003	5.12	0.000

Interpretation: The regression result indicates that FDI has a significant positive effect on ROA ($p < 0.01$). Thus, **H_{01} is rejected**, confirming that FDI improves firms' asset efficiency.

4.3.2 Hypothesis Two: FDI and Return on Equity (ROE)

H_{02}: FDI has no significant effect on the return on equity (ROE) of firms in Nigeria.

Table 4.3: Regression Results for ROE

Model Summary	**R**	**R^2**	**Adj. R^2**	**Std. Error**
	0.58	0.34	0.32	4.10
Coefficients	**B**	**Std. Error**	**T**	**Sig. (p)**
Constant	4.85	1.20	4.04	0.000
FDI	0.0021	0.0005	4.20	0.000

Interpretation: FDI significantly and positively affects ROE ($p < 0.01$). Hence, **H_{02} is rejected**, indicating that increased FDI leads to improved shareholder returns.

4.3.3 Hypothesis Three: FDI and Net Profit Margin (NPM)

H_{03}: FDI has no significant relationship with the net profit margin (NPM) of firms in Nigeria.

Table 4.4: Regression Results for NPM

Model Summary	**R**	**R^2**	**Adj. R^2**	**Std. Error**
	0.54	0.29	0.27	3.55
Coefficients	**B**	**Std. Error**	**T**	**Sig. (p)**
Constant	3.45	1.05	3.29	0.002
FDI	0.0013	0.0004	3.25	0.003

Interpretation: The analysis shows that FDI significantly influences NPM ($p < 0.01$). Thus, H_{03} is rejected, indicating a positive relationship between FDI and profit margins.

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Table 4.5: Analysis of Research Questions

Research Question	Statistical Tool	Key Findings	Conclusion
1. What is the effect of FDI on the return on assets (ROA) of firms in Nigeria?	Regression Analysis	FDI has a positive and significant effect on ROA ($\beta = 0.0015$, $p = 0.000$, $R^2 = 0.38$)	FDI significantly improves firms' asset efficiency (ROA).
2. How does FDI influence the return on equity (ROE) of firms in Nigeria?	Regression Analysis	FDI has a positive and significant effect on ROE ($\beta = 0.0021$, $p = 0.000$, $R^2 = 0.34$)	FDI enhances shareholder returns (ROE).
3. What is the relationship between FDI and the net profit margin (NPM) of firms?	Regression Analysis	FDI has a positive and significant relationship with NPM ($\beta = 0.0013$, $p = 0.003$, $R^2 = 0.29$)	FDI contributes to profitability as measured by NPM.

These results directly address each of the research questions and confirm the hypothesized positive impact of FDI on all three financial performance metrics: ROA, ROE, and NPM.

4.4 Discussion of Findings

The regression analysis revealed a positive and statistically significant relationship between FDI and ROA ($\beta = 0.0015$, $p < 0.01$, $R^2 = 0.38$). This implies that an increase in FDI inflows is associated with enhanced efficiency in asset utilization among Nigerian firms. The R^2 value of 0.38 indicates that 38% of the variation in ROA can be explained by changes in FDI. This finding supports earlier research by Olayiwola and Okodua (2021), who found that foreign investments tend to bring advanced technologies, better managerial skills, and operational discipline, thereby enhancing firm productivity and efficiency. It also aligns with the theoretical perspective of the resource-based view, which posits that firms can gain performance advantages through valuable external resources such as foreign capital.

FDI was also found to have a significant positive effect on ROE ($\beta = 0.0021$, $p < 0.01$, $R^2 = 0.34$). This suggests that foreign capital injections contribute to higher returns for shareholders. The 34% explanatory power of FDI on ROE implies that foreign investments not only boost operational capacity but also improve the financial leverage and profitability available to equity holders. This finding corroborates the work of Ayanwale (2020), who established that FDI enhances shareholder value by fostering innovation, increasing productivity, and improving capital structure. The result also validates the signaling theory, which suggests that foreign investment serves as a positive signal to markets and stakeholders, reinforcing investor confidence and boosting stockholder returns.

The relationship between FDI and NPM was likewise positive and statistically significant ($\beta = 0.0013$, $p < 0.01$, $R^2 = 0.29$), indicating that FDI contributes positively to firms' profitability margins. Though the explanatory power (29%) is slightly lower than for ROA and ROE, the relationship remains robust. This suggests that firms benefiting from foreign capital are better positioned to manage costs, optimize revenue streams, and achieve greater profitability. This result aligns with findings by Nwakoby and Bernard (2022), who emphasized that FDI often leads to process optimization and market expansion, enhancing firms' bottom lines. The evidence also supports the internalization theory, which posits that firms integrate global best practices through FDI to improve performance.

The cumulative results from all three performance metrics show that FDI has a consistently positive and significant influence on the financial performance of Nigerian firms. ROA, ROE, and NPM all improved in relation to foreign capital inflows. These findings validate the original hypotheses that FDI contributes to superior firm performance and contradict the null hypotheses that there is no significant effect or relationship. They also answer the research questions affirmatively, confirming that FDI enhances asset efficiency, shareholder returns, and profitability. These findings have practical implications. For policymakers, the evidence suggests that encouraging FDI through investor-friendly policies and a stable macroeconomic environment can be a key driver of corporate growth. For firm managers, the results underscore the importance of leveraging foreign capital not just for funding but also for capacity development, efficiency, and competitive advantage.

Conclusion.

The findings of this study conclusively demonstrate that Foreign Direct Investment (FDI) plays a vital role in enhancing the financial performance of non-financial firms in Nigeria. Specifically, FDI significantly improves Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM), all of which are critical indicators of firm efficiency, profitability, and shareholder value. These results suggest that foreign investments bring not only capital but also technology transfer, managerial expertise, and international business practices, which collectively contribute to better resource utilization and competitive advantage.

Furthermore, the study reinforces the relevance of FDI as a strategic tool for national economic development. In the context of Nigeria’s emerging economy, where capital scarcity often limits business expansion, FDI serves as an essential supplement to domestic financing. It also facilitates firm-level innovation and market expansion, thereby strengthening corporate sustainability.

5.3 Recommendations

a. Policy Makers should develop consistent, transparent, and investor-friendly policies to attract and sustain FDI, particularly in high-impact sectors.

b. Firm Managers should strategically engage foreign investors not only for capital but also for technical expertise, innovation, and global market access.

c. Regulatory Bodies such as the Central Bank of Nigeria and the Nigerian Investment Promotion Commission should strengthen monitoring mechanisms to ensure FDI is channeled into productive ventures.

d. Future Researchers should explore the role of mediating factors such as governance quality and exchange rate stability in the FDI–performance relationship.

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