Insecurity and Major Determinants of Foreign Direct Investment in Nigeria

Ayoola Adebukola Olubunmi*

Department of History and International Studies, Faculty of Humanities, Bowen University, Iwo, Osun State, Nigeria

Abstract: This paper investigated the major determinants of foreign direct investment (FDI) in Nigeria from 1999 to 2014 about the high rate of insecurity in the country within the period. The paper used both primary and secondary data which were analysed by qualitative and descriptive method while internalisation theory and Dunning eclectic paradigm provided bases for analysis. Findings revealed that insecurity has not significantly affected in-flow of FDI due to the country's unique characteristics that strengthen the lure of profits in investors over the risk of attacks. However, the prevalence of insecurity provided leeway for foreign investors to engage in sharp practices at the expense of the government and the people of Nigeria.

Keywords: Insecurity, FDI, Location, and Determinant Factors.

1. INTRODUCTION

The increase in the spate of insecurity in Nigeria is a major concern for both the government and the governed while it has succeeded in drawing international attention to the country. Counting the cost of various security challenges like, insurgency, terrorism, Fulani herdsmen attacks, militancy, and the likes featuring in the country, from the massive number of lives that have been lost to those injured and wanton destructions of property and infrastructural facility. The statistics could be discouraging for any would-be investor to consider it as an investment location, as they portend danger. These would translate to a high cost of risk management, increased spending on security in terms of diversion of scarce capital for the procurement of hi-tech equipment to combat insecurity. The primary objective of every investor is to maximise profit, and this may not be achievable if so much capital invested in ensuring the security of lives and property. Besides, bearing in mind that spending so much will not guarantee safety, a would-be investor may reconsider other places of choice that are more conducive and peaceful in spite of other positive factors. More complicating was the fact that most foreign missions advised their citizens to be wary of doing business in Nigeria as a result of security risk. In 2012, Britain alerted its citizens to shun travelling to Nigeria describing the country as a danger zone (*The Guardian*, 2012).

Similarly, the United States of America, through its officials, at various times expressed concern as it considered the country as a haven of terrorists. Speaking to Integrated Regional Information Network (IRIN), Human Rights Watch from its headquarters in the USA expressed displeasure about Nigerian authority's failure to break the cycle of violence in the country, especially in the North-East (*Saturday Tribune*, December 21, 2013). All these expressions coming from the international community are negative publicity for the country's image and prospect to attract foreign investment which has been described as crucial to economic development in an era where foreign loans and aids are no longer attractive. Nigeria is therefore interested in attracting FDI as a better alternative for achieving economic growth and development (Akinlo 2004; *Business Day*, November 2011).

There are those who hold the view that in spite of the security challenges in the country there has not been a significant decrease in FDI because of other factors such as natural resource, human resources, large market due to the large population, lure of profit and desire to establish trade partnership, which was also the case in India (Bandyopadhyah, 2011). Hence this study investigated the major determinants of foreign direct investment in Nigeria between 1999 and 2014, a period characterised with a high rate of insecurity. Although many works have looked into factors that determined Nigeria as an investment destination, none has considered these factors concerning issues of insecurity which has become incessant occurrence in the country since the return to civil rule in 1999. Therefore, this study brought to the fore the challenges of vulnerability concerning this significant determinant of FDI in Nigeria.

*Address correspondence to this author at the Department of History and International Studies, Faculty of Humanities, Bowen University, Iwo, Osun State, Nigeria; E-mail: bukyayoola@yahoo.com, alabiayoolaaca@yahoo.com

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2. LITERATURE REVIEW

2.1. Theoretical Framework and Literature Review

In discussing factors that determine the choice of FDI location and inflow to a country with a high rate of insecurity, the internalisation theory and Dunning eclectic paradigm provided bases for analysis in this work.

The internalisation theory explains the growth of transnational companies and their motivations for FDI. Buckley and Casson developed this theory in 1976 and updated in 1982 by Hennart, and Casson in 1983. Buckley and Casson demonstrate that transnational companies organise their internal activities to develop specifics advantages. The theory took its root in Coase (1937) and Hymer (1976) where two significant determinants of FDI were identified. One was the removal of competition, and the other was the advantages which some firms possess in a particular activity (Hymer, 1976). Hennart (1982) develops the idea of internalisation by developing models between the two types of integration; vertical and horizontal. Hymer, on the other hand, came up with the concept of firm-specific advantages. He demonstrates that FDI takes place only if the benefits of exploiting firm-specific advantages outweigh the relative cost of operations abroad. Dunning Eclectic Paradigm or OLI: The OLI or eclectic approach to the study of FDI was developed by John Dunning (Dunning, 1977). This approach has provided a fruitful way of thinking about multinationals enterprises (MNEs) thereby inspiring a great deal of applied work in social sciences. In his path-breaking work, Dunning (1977 and 1979) amalgamated the two major imperfect market-based theories – the oligopolistic and internalisation theories and added a third dimension in the form of location theory to explain why a firm opens a foreign subsidiary. Location theory addresses the essential questions of who produces what goods and services in which locations and why? Location theory has become useful in understanding the factors that influence the locations of Multinational Corporations (MNCs) units. Among other factors enumerated are host country policies, economic fundamentals, firm strategy and agglomeration economies.

On the basis of the above, Dunning (1993) put forward his theory which came to be known as the eclectic paradigm or OLI paradigm. He suggested that a firm would engage in FDI if three conditions were fulfilled, (i) It should have ownership advantages vis-a-vis other firms (O). (ii) It is beneficial to internalise these advantages rather than to use the market to transfer them to foreign firms. (iii) There are some location's advantages in using a firm's ownership advantages in a foreign locale (L). "OLI" stands for Ownership, Location and Internalisation which are the three potential sources of advantage that may underlie a firm's decision to become a multinational. Ownership advantages address the question of why some firms but not others go abroad and suggest that a successful MNE has some firm-specific advantages which allow it to overcome the costs of operating in a foreign country. Location advantages focus on the question of where an MNE chooses to operate. And the internalisation advantages influence how a firm decides to run in a foreign country, trading off savings in transactions, hold-up and monitoring costs of a wholly-owned subsidiary, against the advantages of other entry modes such as exports, licensing or joint venture. Of great concern here is the issue of location advantages put forward by the OLI theory.

According to Dunning (1988), the country-specifics that determine the choice of FDI location are, The geographical environment, The political environment, The government's regulatory framework, Taxation and fiscal policy, Production and transportation costs, Cultural environment and Research and development. All these variables in addition to ownership and managerial variables determine the maximisation of profit which is a critical factor to any investor in spite of security challenges. With particular reference to Nigeria, five out of the seven country-specifics are favourable to any would-be investor to want to consider the country as a location. These include geographical environment, government regulatory framework, taxation and fiscal policy, cultural environment and research and development. The remaining two factors are political environment and production and transportation cost. The political environment though stable within the period of study was characterised with ethnic and religious challenges like the power struggle between the northern and southern parts of the country. The power shift struggle further degenerated to religious extremism and fundamentalism leading to terrorism, insurgency, kidnapping and other acts of insecurity capable of scaring investors away from the country. Production and transportation cost are partially unfavourable due to irregular electricity supply and lousy road networks which are familiar to all inhabitants and business organisations operating in the land.

Several people have said a whole lot about the factors that determine the choice or attract FDI to a potential host country. Prominent among these major factors that attract FDI to any given country are natural resources, market size, and trade and investment policies in the country. Others include raw materials, political stability, security, infrastructural facilities, the list is endless depending on the nature of the business being projected by the purveyor of the FDI.

Talking about natural resources as a determinant to attract FDI, a lot of literature with empirical analyses agrees that countries that are endowed with natural resources or have large markets will attract more FDI. Morisset (2000), Schoeman *et al.* (2002), Asiedu (2002, 2006), Bende-Nabende (2002), Lemi and Asefa (2003), Bennett (2005); Nwankwo (2006), Sichei and Kinyondo (2012), Mohamed and Sidiropoulos (2010) and Ngouhono (2013) all point to the facts that countries with natural resources like crude oil attract more FDI than others. Asiedu (2002, 2006), Nwankwo (2006), Mohamed and Sidiropoulos (2010), Sichei and Kinyondo (2012) and Ngonhono (2013) in different analysis at different times discovered that natural resources had remained a dominant driving force of FDI to potential host countries especially in Africa.

Asiedu (2006), Nwankwo (2006) Sichei and Kinyondo (2012) and Ngouhono (2013) in their analyses point out that oil-producing countries like Nigeria, Angola, South Africa, Equatorial Guinea and Egypt absorbed 65 per cent of FDI flows to Africa. They also point to the fact that Nigeria and South Africa attract more FDI as a result of significant market size as a complement of their possession of natural resources. Besides, the emphasis was placed on other factors earlier mentioned as key in FDI determining the choice of potential host country. All those who have pointed to natural resources and market size as factors in determining choice of FDI also identify government policies, institutions, political stability, educated labour force, infrastructural facilities, efficient legal system, less corruption and openness to FDI, as very important, Asiedu, 2002 and 2006, Nwankwo 2006, Mohamed and Sidiropoulos 2010, Sichei and Kinyondo 2012 and Ngouhono 2013).

Morriset (2000) emphasises the need for policy coordination in attracting FDI and argues that the most critical factor in attracting a significant level of foreign investment is a stable macroeconomic and political environment. While macroeconomic has to do with a country maintaining a sound fiscal and monetary policy in the day to day running of its economy, the political environment has to do with the system of government, stability, respect for the rule of law and human rights in the polity. In the same vein, Mohamed and Sidiropoulos (2010) confirm that poor macroeconomic policies and political factors are responsible for low attraction to FDI. They point out that these factors were also responsible for the failure or poor economic performances in some countries in the Middle East and North Africa (MENA) when compared to other regions of the world. Because of the identified factors as key determinants of FDI, many countries have taken steps by putting these factors into consideration in other to make themselves attractive to investible capital which is essential to drive economic growth and development (Borensztein *et al*., 1998).

According to Sichei and Kinyondo (2012), most countries in Africa have adopted FDI-Specific regulatory framework to support their investment-related objectives. The United Nations Conference on Trade and Development (UNCTAD) (2, 5) confirms that by 1998, 45 out of 53 countries in Africa had established FDI-specific regulatory framework. These include the setting up of investment promotion agencies and facilities, and the establishment of specific schemes to attract investment. Mohamed and Sidiropoulos (2010) also confirm that since the mid-1980s, an increasing number of MENA countries have been implementing reforms that are capable of improving the fundamental determinants of return on investment. These reforms, according to them, include reducing political risks, improving investment laws, establishing a reliable legal and regulatory environment. Others are opening up to international trade and freeing repatriation of funds and capital. Besides, investment promotion agencies in the region have been active in providing information about different investment opportunities, they conclude.

Nigeria has maintained investor-friendly policies since independence in 1960 (Aluko, 1961). These are evident in the record of FDI-inflow into the country as presented in the analysis and discussion part of this study. While the regulatory frameworks pose no political risk to the investor, there were occasional problems associated with nationalisation under the military rule and issues of kidnapping and attack on foreigners by militant groups and terrorists since the return to civil government in 1999. In spite of the occasional risk, the potential of the country's attraction of FDI-inflow is high considering its market size based on the vast population put at about 200million. All these are discussed in detail with relevant data in the analysis section of this paper.

3. METHODOLOGY

This study employed primary and secondary sources of data. Primary data were sourced through an in-depth interview conducted on respondents from some selected foreign business organisations operating in Nigeria. Secondary data was sourced from books, journals, newspapers and magazines, official government publications and the internet.

The population for this study comprised of a senior official from six foreign business organisations in Nigeria. They were Chevron Nigeria Limited, Julius Berger Construction Company, Nestle Nigeria Plc, Shoprite Nigeria Plc, Peugeot Automobile Nigeria (PAN) and Mobile Telecommunication Network (MTN) Nigeria Plc. The population sample represents sector areas of investment in the country. We have oil sector, construction, commodities, retail, automobile and telecommunication sectors. The sample is limited to these to save time and give room to deep coverage and in-depth investigation which may not be possible with broader sample

The design was based primarily on one-on-one discussion with each of the 6 purposively chosen interview respondents. The interviews were carried out based on the already prepared interview guide drawn from the research questions and objective of the study. Each of the selected respondents was engaged and interviewed separately based on a booked appointment at various times and the dates that were convenient for them. This method ensured the availability of time and ample opportunity for detailed and in-depth discussion that generated qualitative data for this study. Data collected were analysed using simple qualitative and descriptive methods.

4. ANALYSIS AND DISCUSSION

Table **1** showed that FDI net in-flow in Nigeria was unstable under the military rule from the chosen period of 1985 to 1998. The in-flow revealed a fluctuation from 1985 to 1992. There was an increase from 1993 to 1998. The growth continued into 1999 as shown in Table **2**. However, the increase became steady with a continuous increase in investment volume which began to double in every two years from 2003 to 2005, 2007, 2009 and 2011. By 2012, the in-flow began to record decrease which has continued till date.

Some of the factors responsible for the continuous increase from 1999 as earlier explained include stability in government with the conducts of four consecutive election and successful handovers of power from 1999 to 2015, improvement in trade and investment policies and other favourable incentives for would-be investors in the country. The decrease recorded was as a result of insecurity in the country generally, militancy in the oil-rich Niger-Delta and insurgency in the North-East in particular.

Table 1: FDI Inflow in Nigeria from 1985 to 1998

Year	FDI Net In-flow Denominated in US$
1985	485,581,300.00
1986	193,214,900.00
1987	610,552,100.00
1988	378,667,100.00
1989	1,884,250,000.00
1990	587,882,900.00
1991	712,373,400.00
1992	896,641,300.00
1993	1,345,369,000.00
1994	1,959,220,000.00
1995	1,079,272,000.00
1996	1,593,459,000.00
1997	1,539,446,000.00
1998	1,051,326,000.00

Source: International Monetary Fund, International Financial Statistics and Balance of Payment Databases (2014).

Table 2: FDI Inflow in Nigeria from 1999 to 2013

Year	FDI Net Inflow Denominated in US$
1999	1,004,917,000.00
2000	1,140,138,000.00
2001	1,190,632,000.00
2002	1,874,042,000.00
2003	2,005,390,000.00
2004	1,874,033,000.00
2005	4,982,534,000.00
2006	4,854,417,000.00
2007	6,034,971,000.00
2008	8,196,606,000.00
2009	8,554,841,000.00
2010	6,048,560,000.00
2011	8,841,953,000.00
2012	7,101,032,000.00
2013	5,609,000,000.00

Sources: International Monetary Fund, International Financial Statistics and Balance of Payments Databases (2014).

Major Determinants of Foreign Direct Investment in Nigeria

The analysis of data revealed that different factors attract investor while considering the choice of location of investment. Although, there are some factors common to virtually all investors ranging from natural resources to human resources, stable government, security, large market, infrastructural facility among others. All these are of significant consideration in a bid to maximise profit. Talking about foreign direct investment in Nigeria, some key factors have always made the country attractive to investors. As mentioned by the respondents these include, availability of raw materials ranging from crude oil to gas, tin, iron ore, bitumen, precious stones like gold, rubber, cocoa and other produce. Others are human resources, large market, favourable government policies and conducive business environment. All these factors are essential most especially stable government and favourable investment policies as emphasised by the liberal transnationalism theory. The theory states in clear terms that the state must maintain a stable political, social and economic environment within which individuals can interact and pursue their chosen ends. This has been made possible in Nigeria especially with the return to civil rule in 1999 and four subsequent elections in the fourth republic. The conduct of elections and power handovers from one civilian government to another guaranteed that there are no arbitrary changes in policies that can affect investments and investors negatively. This, according to the respondents is responsible for the increase in FDI inflow in the country unlike during the military as shown in Tables **1** and **2** above.

Table **3** shows the determinant factors of each of the six selected foreign companies for choosing Nigeria as their investment location in spite of the insecurity in the country. These factors are presented in the order of importance to the individual company and analysed one after the other showing areas of agreement with other respondents and otherwise.

Access to Raw Materials

In Table **3**, access to raw material is a strong factor mentioned by all the six respondents from the foreign companies which have made Nigeria their investment destination in spite of the insecurity in the country. Raw materials are natural resources which are in quantum in Nigeria. These include crude oil, gas, bitumen, limestones, iron ore, tin, timber, rubber, cocoa, hides and skins among others. These available raw materials are also accessible to these foreign companies that make use of them in their production activities. The raw material was mentioned by 4 out of the 6 companies between number one to three as a determinant factor and reason for their continued stay in Nigeria.

In the view of the respondent from Chevron, many of the oil companies like Shell, Texaco, Total, Mobil including Chevron have continued to remain and increase their investment in the country due to expansion in the market. As he said, new investors from the Arab world are already coming in to give them stiff competition in spite of the high level of insecurity in the region. He went further that should they leave because of insecurity, the new entrants would have taken over the sector by the time issues of insecurity must have been dealt with. This he explained would put them at a disadvantaged position.

Apart from crude oil, Nigeria is said to be the second largest reserve of gas in the world; the same goes for bitumen which is yet to explore to the

Table 3: Determinant Factors of the Six Selected Foreign Companies in Nigeria in Order of Importance

Chevron	PAN	Nestle	Shoprite	MTN	Julius Berger
Natural Resources	Population Large Mkt.	Population Large Mkt.	Population Large Mkt.	Population Large Mkt.	Stable Govt. & Policies
Stable Govt. & Policies	Stable Govt. & Policies	Access to Raw Material	Indigenous Partners	Stable Govt. & Policies	Population & Large Mkt.
Market Expansion & Competitors	Raw material	Stable Govt. & Policies	Stable Govt. & Policies	Human Resource	Raw Material
Human Resources	Indigenous Partner	Security	Security	Indigenous Partners	Human Resource
	Human resource	Human Resource	Infrastructure	Security	Security
	Security	Infrastructure	Human resource	Infrastructure	Mkt. Expansion & Competitors

Source: Field Work (2015).

maximum benefit of the country. Timber, rubber, palm oil and palm kernel, cocoa, coffee, groundnut, soya, maize and other produce are in almost every part of the country. There are also investors in the mining sector for solid minerals, tin, ore, coal, limestones and other precious stones like gold which the country has in sizeable portions. All these have always put Nigeria at an advantaged position for foreign investors in their choice of investment location. This confirms the views of some authors like Morriset (2000), Schoeman *et al*. (2002), Asiedu (2002, 2006), Nwankwo (2006) among others have identified in the literature that raw materials are significant attractions for FDI's choice of location.

Expressing different views from those in the business organisation are the respondents from the academia who have worked extensively on FDI in Nigeria and other less-developed and developing countries. In their explanations, they pointed out that apart from access to raw materials as claimed by these investors, many of them find it more convenient to engage in productions in the third world countries than in their home country. The reason according to these experts is that there is room for them to get away with so many things in their production activities in Nigeria and other developing and less-developed countries that they would be penalised for in their own countries. They went further that, these foreign investors engage in sharp practices without being punished due to lack of strict adherence to rule and regulatory frameworks. They pointed out that policies are loosely implemented in Nigeria like many of the third world countries and as such provide conveniences and conducive environment for their vices to thrive in a bid to maximise profit. Some of these sharp practices include environmental degradation, gas flaring, air and water pollution, tax evasion, shortfalls in payment of royalties among others.

Availability of Human Resource

Very close to raw materials is the available human resource which comes in various forms. Even though it was mentioned at the lower side of the table, all the respondents agreed that it is a factor that attracts them to Nigeria. According to them, the availability of human resource makes it easy for investors to draw from, in their demand for both skilled and unskilled labour. Although, about 80% of the respondents expressed the view that, there is a disparity in the investors' payment of wages and salaries between their nationals and local workers, this they argued as one reason for choosing a country like Nigeria which has a large percentage of the labour force. In the explanation of the respondents, it is cost-effective to employ local nationals from the host community knowing that there is a reservoir of human resource to draw from. This is a major factor that is also attracting foreign investment to Nigeria. In the views of the respondents from selected business organisations, recruiting so many expatriates will attract more cost on the investment; instead, they make do with few expatriates as experts and more of local indigenes to reduce the cost of production and maximise profit. This was confirmed by literature and evident in all the six investment organisations chosen for this study. The local nationals occupied over 80% of their workforce out of which about 50% are casual workers. For the selected academia on FDI, this practice cuts across other less-developed and developing countries with the high labour force. They went further that, some FDI host countries may not even possess raw materials to attract FDI if there is abundant cheap labour. In such cases, as they pointed out, the state will serve as host to production site while the raw materials come from another country. In the case of Nigeria, this is very common.

Large Population

Analyses of responses as shown in Table **3** showed that a vast population was mentioned as the number one factor by the various respondents selected for this work as a determinant of investors' choice of Nigeria. They pointed out that, with approximately 170 million people, it is only natural for an investor to be attracted to Nigeria, taking into account the multiplier effect of such a large population on any investment. According to all the respondents, as shown in the table, Nigeria is a ready market for any investment ranging from retailing to consumables, production, service providers, constructions and automobile firms. In the various responses, the large population is a rallying factor. They posited that it translates to a large market, cheap labour, availability of indigenous trade partners and other intangibles. Irrespective of the speciality, classification, or particular segment of the society the service or product seeks to address, they emphasised that there will always be target audience/public in abundance, be it the women folk, men, children, old, youth, learned or illiterates. The responses of the interviewees from business organisations were emphatic on this point that, Nigeria's population is a stronger factor in their choice of the country. As rightly put by Shoprite operations manager, the company desired to expand to Nigeria even before 2005 when it moved in because of its unique and outstanding population which is the largest in West Africa and among the largest in the continent. Other selected organisations also share a similar view on the choice of Nigeria because of its large population. The significant population factor corroborates the views of Asiedu (2006), Sichei and Kiyondo (2012) and Ngouhono (2013) that Nigeria and South Africa attract more FDI in Africa because of huge market size as the complement of their possession of natural resources. In the same vein, market expansion as emphasised by the liberal transnationalism theory will remain practically impossible if there are no markets for goods and services across borders in a globalised world.

Stable Political Environment and Favourable Trade and Investment Policies

This is an essential factor that investors consider in their choice of investment location as expressed by all the respondents selected for this study. In the table, all the six respondents mentioned it between number one and three. According to them, the absence of a stable government will translate to an unstable business environment and unexpected changes in policies, thereby increasing the risk over an investment. Also, they pointed out that no investor will want to come in if the host country's trade /investment policies are hostile. These they said, may spell for the investment as it can lead to the unexpected closure of business, decreased profitability and attacks on lives and property resulting from the absence of policy framework support for both investor and investment in such a country. Explaining further on this factor, the respondents from Nigeria Investment Promotion Commission (NIPC) and Federal Ministry of Industry, Trade and Investment (FMITI) both maintained that there had been a considerable increase in FDI in-flow since Nigeria's return to civil rule in 1999 and attendant democratic stability in the country. They added that there are also a series of policies and frameworks in Nigeria within which investors are allowed to operate favourably. They posited that the stability in government and stable policies are some forms of protection for both the investors and their investments. They went further that, there are rules and regulations guiding oil exploration and production, manufacturing, mining, and even trade and retail financing. Service providers are not left out in the process too. There are rules of engagements for every sector of the Nigerian economy in which any foreign investor wants to operate. The general views expressed by all the respondents is that the Nigerian Trade/Investment policies are favourable enough which is responsible for the country's continuous attraction to FDI in spite of the high level of insecurity in the country. Ministry of Industry, Trade and Investment and Nigeria Investment Promotion Commission are government agencies put in place to ensure the smooth running of FDI in the country. According to these agencies, some of these policies include the following;

Bilateral investment treaties with some countries like China, France, Germany, United Kingdom, Italy, Turkey, United States of America to mention a few. These treaties according to the citizens of the contracting states, rights against expropriation accord them national or most favoured nation treatment, and repatriation of investment and returns thereon. There is compensation for losses occasioned by war, riot and related causes to the same extent that the contracting states would compensate their citizen.

Double tax treaties and income tax relief on foreign loan.

Expropriation and nationalisation law under the Nigeria constitution safeguards the FDI from being subjected to arbitrary expropriation and nationalisation. NIPC Acts and other bilateral investment treaties by Nigeria guarantee against the expropriation of assets.

Waivers of immunity are effective and enforceable in Nigeria.

More than 20 free trade zones in Nigeria with the following incentives for investors

(i) 1. Exemption from taxes

(ii) 2. Waiver of all import and export licences

(iii) 3. Rent-free land for the first six months of construction; and

(iv) 4. 100% repatriation of capitals, profits and dividends, duty and tax-free import and more.

There is also a tax holiday of up to five years to pioneer-status companies under Income Tax Relief Act of 1970.

All these policies and other incentives as stated by respondents from NIPC and Ministry of Industry, Trade and Investment are considered as favourable enough to attract FDI to Nigeria. All these were emphasised by liberal transnationalism theory as an essential duty of the government to ensure a conducive business environment for the free movement of goods and services across borders in the present globalised economy. Also, an increase in FDI in-flow credited to a stable democratic government since 1999 confirmed what obtained in literature as a necessary factor in investors' consideration for FDI location.

Peaceful, Safe and Secured Business Environment

Another critical factor for consideration for any investor as confirmed by literature is a secure and safe environment, where there is a reduced security risk on investment. In the views of 80% of respondents that generated data for this study, Nigeria as an investment location from inception has always provided a haven for FDIs operating in the country. They also claimed that the issues of the safe and secure business environment coupled with other factors that make investors and even would-be investors in Africa consider Nigeria as the first choice above other countries. They opined that, though there have been instances of violence in some parts of the country at one time or the other, the situations were always within the control of security agents. According to a professor of peace and security studies who is an expert in this area, the case began to change or turn otherwise with the birth of the fourth republic.

Having a stable democratic government in place after 29 years of military dictatorship, provided a platform for aggrieved groups, individuals, ethnic nationalities, and religious organisations to express themselves and their primordial sentiments. These expressions, he reiterated manifest in various forms like economic deprivation, tribal/ethnic political marginalisation, religious fundamentalism and more. The aggravations which he said have continued to grow in demands and expand from one region to another have all contributed negatively to the risk involved in doing business in Nigeria.

The above view was corroborated by the selected security agents interviewed for this study. They all agreed that the insecurity of the country increased drastically between 1999 and 2014. This they emphasised was due to all the aggravations within the state in the form of militancy in Niger Delta, the Boko Haram insurgency in the North, the Fulani herdsmen encroachment everywhere in the country and many other fractions of agitators in Nigeria. The remaining 20% of the respondents were from the selected business organisations. While they did not entirely disagree that Nigeria is a relatively peaceful and safe investment location, they differed on whether issues of insecurity are factors in their choice of location. To some of them, uncertainty has not deterred them from coming to Nigeria while others agreed that it had confined their operations to less risky zones of the country. To others, insecurity has never been an issue where the lure of profit is stronger than the fear of possible attacks. To these set of people, the higher the risk, the higher the benefit. Both views were confirmed in the literature under different circumstances in some countries in the Middle East and North Africa.

Overall, as globalisation gives way to market expansion and free market enterprise as prescribed by liberal transnationalism theory, it also promotes terrorism across the globe. Globalisation makes it possible for terror groups across borders to network, exchange views and strategies in carrying out their activities. This was evident in Boko Haram insurgents getting supports from other terrorist groups in Mali, Niger, Chad and Cameroun across West Africa. At a time in the heat of the Boko Haram insurgency, group also pledged allegiance to Al-Qaeda international. All these links and coalitions were made possible by globalisation.

Availability of Indigenous Trade Partners and Developers

For some of the FDIs in Nigeria like Shoprite, Mobile Telecommunication Network (MTN), and PAN automobile, one primary consideration in their choice of Nigeria as investment location as shown in the table is the availability of people of like minds who are willing to partner with them by also buying into the business. Besides, for Shoprite in particular, the presence of developers and builders in choice areas within the country is an essential factor to consider. According to its Operation Manager in Nigeria, the company's investment in any country does not include property or building stores. Instead, it takes advantage of available property owned by any interested would-be indigenous partners in any chosen area within the country. The indigenous partners provide the buildings while the company store-up the retail outlets. The whole idea behind this is to ensure security and safety for their investment.

According to the respondents, the fact that local indigenes partner with them provide some sense of belonging on their part to continue to seek the progress of the company. They also prevent any possible violent attack on the investment as they engage the services of local nationals as workers in the company. This they say translates to less security risk and increased profitability. Although this factor is not so noticeable in literature, it is a factor that all the respondents from the selected business organisations considered very important in their choice of location. However, the expression of the degree of importance differs from one organisation to the other. The free market enterprise under the liberal transnationalism theory encourages the government to liberalise state profit-oriented establishments. This is also known as privatisation which allows individual ownership of government business enterprises as a whole or on Public/Private Partnership arrangement. These arrangements at times also necessitate for foreign investors to partner with indigenous private business individuals or groups.

Infrastructural Facilities

Infrastructure is also an important factor being considered by foreign investors in the choice of investment location. All the respondents agreed that infrastructural facilities are necessary for the smooth operation or running of the business. The absence of such facilities according to them could lead to poor performance and possible collapse or fold up of such an investment. These infrastructural facilities include good roads, rail network, airport, and seaport that are functioning at optimum capacity for easy accessibility in transporting goods and services. Others are constant electricity generation and supply, standard and accessible health institutions and effective security services. While the respondents from the MDA rated the country as average in infrastructural performances, those from the business organisations rated the state as below. They, however, agreed that the absence of or poor performances of some of these infrastructures in the country had not deterred investors from coming to Nigeria. Instead, they build the running cost into the charges for goods and services.

5. CONCLUSION

As against the general belief, findings revealed that Nigeria remains an investment destination in spite of the high level of insecurity due to some of its unique combination of the determinant factors as listed above. These are mentioned according to the respondents' ratings of an element that determined Nigeria as FDI location in order of importance. Although the findings appeared favourable to the country at the surface, the investors benefit more at the long run while both the country and the people, directly and indirectly, suffer the effect of the sharp practices by the foreign companies.

Therefore, for the country and the citizens to benefit from FDI in-flow, there must be a re-evaluation of the regulatory guidelines and policy frameworks for Foreign operations in Nigeria. There must be a more patriotic approach from the regulatory agencies and personnel in the discharge of their duties to the country. Sharp practices must be stopped.

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