



DETERMINANTS OF ECONOMIC GROWTH IN NIGERIA: AN EMPIRICAL REVIEW

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Received: 03/02/2024 ;

Accepted: 29/03/2024 ;

Published: 30/06/2024

Abstract: The purpose of the empirical study was to investigate the factors that influence Nigeria's economic growth. Between 2010 and 2020, a systematic literature review was conducted using articles from Research Gate and Google in the relevant field. After reviewing 20 relevant works, it was determined that the two main factors influencing Nigeria's economic growth were the country's inflation rate and foreign direct investment. The majority of the analysed studies demonstrated a statistically significant positive association between economic growth and foreign direct investment, but a statistically significant negative relationship between inflation and growth in the economy. Although only 10% of the assessed publications used government expenditure and gross domestic product, both variables demonstrated a statistically significant positive link with Nigeria's economic growth. Therefore, we draw the conclusion that while foreign direct investment, government spending, and gross capital would all contribute to an increase in Nigeria's economic growth, the country's inflation rate has an inverse relationship with it. It is our recommendation that the government endeavour to lower the country's inflation rate while simultaneously boosting spending and drawing in foreign direct investment.

Keywords: Economic Growth; Foreign Direct Investment; Gross Capital Formation; Government Expenditure; Inflation Rate

JEL Classification Codes: F43; F3; D2; H5; P24

الملخص: كان الغرض من الدراسة التجريبية هو دراسة العوامل التي تؤثر على النمو الاقتصادي في نيجيريا. بين عامي 2010 و2020، تم إجراء مراجعة منهجية للأدبيات باستخدام مقالات من Research Gate وGoogle في المجال ذي الصلة، وبعد مراجعة 20 عملاً ذا صلة تقرر أن العاملين الرئيسيين المؤثرين على النمو الاقتصادي في نيجيريا هما معدل التضخم في البلاد والاستثمار الأجنبي المباشر. وأظهرت غالبية الدراسات التي تم تحليلها وجود علاقة إيجابية ذات دلالة إحصائية بين النمو الاقتصادي والاستثمار الأجنبي المباشر، ولكن هناك علاقة سلبية ذات دلالة إحصائية بين التضخم والنمو في الاقتصاد. وعلى الرغم من أن 10% فقط من المنشورات التي تم تقييمها استخدمت الإنفاق الحكومي والناتج المحلي الإجمالي، إلا أن كلا المتغيرين أظهر وجود علاقة إيجابية ذات دلالة إحصائية مع النمو الاقتصادي في نيجيريا. ولذلك، فإننا نستنتج أنه في حين أن الاستثمار الأجنبي المباشر، والإنفاق الحكومي، وإجمالي رأس المال من شأنه أن يساهم جميعها في زيادة النمو الاقتصادي في نيجيريا، فإن معدل التضخم في البلاد له علاقة عكسية معه. بأن تسعى الحكومة إلى خفض معدل التضخم في البلاد وفي نفس الوقت زيادة الإنفاق وجذب الاستثمار الأجنبي المباشر.

الكلمات المفتاحية: النمو الاقتصادي؛ الاستثمار الأجنبي المباشر؛ إجمالي تكوين رأس المال؛ الإنفاق الحكومي؛ معدل التضخم.

تصنيف JEL: F43; F3; D2; H5; P24

Introduction

The macroeconomic environment, and the behaviour of the elements in this environment, interest citizens, policymakers and researchers in economics. These elements' behavioural pattern affects the dynamic changes in the Nigerian macro-economy. The macro-economy is the aggregate of all economic activities in a country. Changes in the macro-economy will either enhance the growth of the economy or create obstacles and negative outcomes that will lead to growth retardation. Growth is very important to all facets of human life, especially economic activities in a country. An increase in GDP, GNP, and NI (national income) over time is economic growth. Everyone in the economy benefits from economic growth, since it leads to an increase in economic activity. This is the cause that drives attention, concern, and action in any economy—especially a growing one like Nigeria.

There are various interests in understanding what are the elements responsible for economic growth in Nigeria have resulted in various research and studies (Haller, 2012). The studies usually focus on the measurement of economic growth and the changes in the indicators that explain the measure of economic growth. First, there have been a series of thoughts and arguments on the measurement of economic growth. In Literature, despite the Gross Domestic Product's inability to capture the informal sector, there is a consensus that it is a measure of economic growth (Obayori, Robinson and Omekwe, 2018, Oyedokun and Ajose, 2018). Therefore, economic growth can be seen as the changes in the Gross Domestic Product (Nyoni and Bonga, 2018; Doguwa, 2012). The variables that impact the fluctuations in the Gross Domestic Product—a key indicator of economic expansion—are considered being the driving forces behind economic expansion in Nigeria. These variables include a wide range of macroeconomic indicators discussed in the literature, including population, government spending, interest rates, exchange rates, and inflation. An increasing number of viewpoints support a specific factor or set of indicators, while other viewpoints cast doubt on the potency and consistency of several variables. The key is to determine which indicators are most widely used by academics and how strong they are in influencing changes in the gross domestic product. As a result, empirical data can provide a wider range of macroeconomic indicators and their impact on an economy's Gross Domestic Product.

An economy experiences economic growth when it produces more goods and services in a year (Chappelow, 2019). Economic growth is measured by the gross domestic product (GDP) (Chappelow, 2019, Oyedokun and Ajose, 2018, Haller, 2012). Nigeria's GDP has increased in value since the 1980s. As seen in Figure 1, it increased steadily from 499.68 billion in 1990 to 144,210.49 billion. The GDP growth rate in Figure 2 is quite dynamic, displaying a range of variations over the same period. Figure 2's graph, which displays the growth rate of GDP expansion and contraction, demonstrates how the GDP fluctuates within an economy and the factors that influence these fluctuations. Therefore, the primary goal of this essay is to review the literature in search of justifications and contributing variables for GDP growth and decline. A valuable indicator of how quickly an economy is expanding is the GDP growth rate, which also provides insight into the rate at which the economy is producing and consuming goods and services.

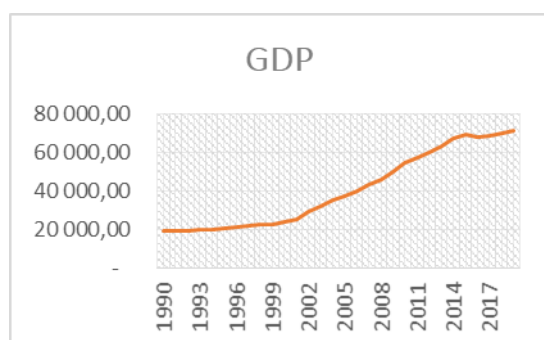


Figure 1: GDP growth in Nigeria

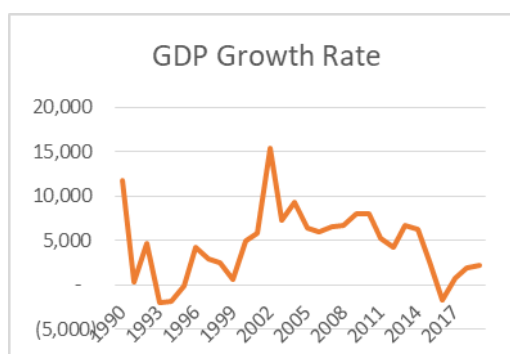


Figure 2: GDP Growth Rate in Nigeria

1.2 Statement of the Problem

The need to identify and understand the behaviour of the key variables is fueled by the desire of economists and policymakers to make decisions that would increase the output of goods and services and foster economic growth. Studies conducted in Nigeria have found indicators that are regarded to be predictors of the country's economic progress. The greater the case for a factor's significance in influencing the country's economic growth and the more confidence it gives, the more research that supports that role.

The GDP growth rate shows the rate of economic growth in an economy. This is so because GDP growth is the main measure of economic growth. The same factors that influence GDP expansion and contraction also influence an economy's economic growth rate. Several factors have been identified in the literature as determinants that affect economic growth. These factors include government spending, inflation, money supply, exchange rate, interest rate, imports, and exports, among other considerations in the various studies. It is imperative to identify these components in the literature and determine the percentage of studies that reinforce their significance in influencing Nigeria's economic expansion. The goal of this research is to determine the factors that influence Nigeria's economic growth.

1.3 Objectives of the Study

The main objective of the study is to identify the empirical drivers of Nigeria's economic expansion. Specifically, the goals of the study were to:

1. determine the variables influencing Nigeria's economic expansion; and
2. ascertain the proportion of research that highlight the factors that have been recognised as drivers of Nigeria's economic growth.

1.4 Research Questions

The following research questions were used in the study:

1. What characteristics of Nigeria's economic growth have been found to be predictive in the research?
2. How many studies support the variables designated as economic drivers in Nigeria?

2.0 Review of Literature

2.1 Concept of Factors Affecting Economic Growth

The steady rise in economic activity within a country or economy over a specified period is the general concept of economic growth. An increase in these activities will lead to a rise in resource employment in the economy. The rise in economic activity could be attributed to an increase in the output or production capacity of individuals, companies, and industries in the economy. (Ngutsav

and Ijirshar, 2018; Haller, 2018). The underlying premise is that increased productivity is the primary driver of economic expansion and activity. A broad spectrum of factors influences the productivity of the economy such as the quality and quantity of labour supply (Ngutsav and Ijirshar, 2018, Haller, 2012). The quality of labour is influenced by the government expenditure on education, the quality of education in the economy (formal and informal) and the willingness of the population to get the needed knowledge and skills. Population demographics play a vital role in the quantity of needed human resources. Productivity, therefore is the separating factor between stagnant, declining and increasing economic activity in an economy. Marshall (1982) argued that productivity is the major index for individual and national growth.

Productivity is also influenced by the ability of the economic agents in an economy to produce a lot with a small amount of resources within a small space of time, the natural resources available in the economy, and technology that drives the optimal utilization of resources. This idea is affected by the behaviour of the individual, firms, and the government in an economy. Government policies and actions reevaluate the behaviour of individuals and firms in the economy. It influences their behaviour towards savings, investment, and expenditure patterns and even shapes the supply and demand of goods and services. Governments' spending will influence the availability of goods and services, as such spending can stir an increase in the aggregate demand in the economy. Most especially, the government policies on tax, interest rate, exchange rate, inflation, imports and exports will affect the productivity of firms and individuals in the economy.

Onakoya and Afinitinni (2016) argued that tax policy has a long-term effect on economic growth in Nigeria. Inam and Etim (2020) in their study found how different interest rate policy affects economic growth in Nigeria. Inflation, foreign direct investment, interest rates, exports, and investment growth are all impacted by government policies (Nyoni and Bonga, 2018). Another claim made by Shuaibu and Babatunde (2011) was that the money supply and inflation policies of the government have a major impact on Nigeria's productivity and economic growth. The basic thesis is that enterprises' and individuals' activities towards productivity and production are influenced by government expenditure patterns, conduct, and policies. The pace of growth of a country or economy is determined by innovativeness or economic activities inside it.

2.2 Theories of Economic Growth Determinants

Schumpeter (1934) presented a view that supports economic growth from then till date despite the various classical views that wealth accumulation is the element of economic growth. He argued in favour of the entrepreneur-innovator capabilities of individuals as the driving force for rapid economic development. Schumpeter believes creativity and innovation of the agents of entrepreneurship in the economy or country. He said that this explains why economies encounter variations in growth and why growth fluctuations occur. He explained that an economy experiencing innovation experiences rapid growth until a point at which competition supplants inventive entrepreneurship. These cycles cause variations and oscillations in economic growth. The existence of private property ownership, competition, and an effective financial system that may foster innovative ideas from both individuals and businesses are the main tenets of Schumpeter's theory. Schumpeter's theories, however, depend on democracy and decent governance existing.

Keynesian Theory of economic growth extended the framework of Schumpeter (1934). Keynesians agreed with Schumpeter that capitalism creates imbalances in the economic system. He refuted the classical school of thought that in the long run market laws (or forces) will act to resolve the economic situation back to equilibrium, stating that such assumptions are unrealistic, especially in the situation of the great depression of his time. He argued that, in such a situation, government plays a key role in improving aggregate demand; and suggested that government intervention is a necessary tool for economic development. In assessing Keynesian Theory, Commendore and Pinto (2003) said it is possible to look at Keynesian traditional theory from the perspective of identifying several lines of growth rather than assuming the full employment of resources in an economy and to

look at growth from the various factors affecting the components of demand. They thought that looking at these components would enhance the knowledge of what affects growth. Apart from the fact that the business units or firms are the engine room for economic development, Keynesian Theory brought forth the theory of interest rates and also argued against the classical thought that market forces will regulate the interest rates in the economy. Keynes argues that the government should play a role in regulating the interest rates in the economy from economic growth (Pietal, 2014).

These two theories give the impetus for discussing the roles of individuals, firms, and government in economic development in Nigeria. They showed how businesses and individuals should energise growth in the economy and how the government should stir such development by creating a conducive environment for businesses to innovate and grow.

2.3 Empirical Review: Determinants of Economic Growth in Nigeria

The empirical review for this study is presented in Table 2.1 showing authors, year of publication, country, title, variables used and major findings.

Table 2.1 Studies Selected for Review

Authors	Year	Location	Title	Variables Used	Major Findings
1. Inam, Uduak Etim, Ekong	2020	Nigeria	An Examination of Nigeria's Economic Growth in Relation to Controlled and Derelict Interest Rates	Real GDP and Interest Rate	Significantly negative correlation between Nigeria's economic growth and deregulated interest rates
2. Anwana, Affia	2018	Nigeria	Nigerian Economy: Does Infrastructure Affect Economic Growth and Development?	GDP, Government Index, Law Index, Human Capital, Political Rights Index, and Corruption Index	Nigerian economic growth and development are positively correlated with governance institutions, as demonstrated by the results of the ADF tests, which also indicated that the variables were stationary.
3. Nyoni, Bonga	2018	Zimbabwe	What Factors Influence Nigeria's Economic Growth?	Inflation, FDI, interest rates, exports, investments, and population growth	The following factors are the main drivers of Nigeria's economic growth: exports, investments, FDI, inflation, and population growth.
4. Obayori, Robinson,	2018	Nigeria	Nigeria's economic growth and the impact	Inflation, GDP, and	There is a strong and positive

Omekwe			of private domestic investment	Money Supply	correlation between capital stock, growth, and money supply. Growth and inflation had a negative association.
5. Oyedokun, Ajose	2018	Nigeria	An Empirical Study of Nigeria's Domestic Investment and Economic Growth.	Real GDP and Domestic Investment	Real GDP-economic growth and domestic investment have a positive correlation.

Authors	Year	Country	Title	Variables Used	Major Findings
6. Mubarak, Owolabi, Ogunleye	2018	Nigeria	An Assessment of Nigeria's Population and Economic Growth	The crude death rate, GDP, exchange rate, population growth rate, and fertility rate	In Nigeria, population increase has a major positive impact on economic growth.
7. Aidi, Emecheta, Ngwudiobu	2017	Nigeria	Does Nigeria's population growth and economic expansion provide empirical support for a causal relationship?	Population and GDP	In Nigeria, population increase and economic expansion are causally related.
8. Egbulonu, Ajudua	2017	Nigeria	Macro-Econometric Approach to the Determinants of Economic Growth in Nigeria.	Government Expenditure, Employed Labour Force, GDP, FDI, Openness, Gross Capital Formation, Money Supply, Interest Rate,	Economic growth has a positive and direct association with FDI, Openness, GCF, MS, GE, and Labour Force. The interest rate revealed a bad correlation. GCF did not exhibit statistical significance.
9. Akinkummi	2017	Nigeria	Nigeria's Economic Development: History, Current Situation, and Factors	Political stability, freedom of expression, and investment	Political stability, freedom of the press, and investment all have a major impact on economic growth.

10. Esu, Udonwa	2016	Nigeria	Nigeria's Economic Growth Factors: A Population-Based View	Exchange rate, investment, population, and real GDP	Nigeria's population helps the country's economy grow.
11. Jelilov	2016	Nigeria	The Effect of Interest Rates on Economic Growth: Nigeria as an Example	Interest Rate, and GDP	Economic growth is somewhat impacted by interest rates, however growth can be enhanced by lower interest rates.

Authors	Year	Country	Title	Variables Used	Major Findings
12. Uwakaeme	2015	Nigeria	Nigerian Economic Growth: An Empirical Study of Causal Relationships and Determinants (1980–2012)	Stock Market Capitalization, FDI, GDP, and Productivity Index	Long-term benefits to economic growth from the Productivity Index, Stock Market Capitalization, and Foreign Direct Investment.
13. Ismaila, Imoughele	2015	Nigeria	Nigeria's Economic Growth's Macroeconomic Drivers: An Analysis Using Co-integration	The combined amount of government spending and gross fixed capital formation (FDI).	Three main factors that affect Nigeria's economic growth are total government spending, foreign direct investment, and gross fixed capital formation.
14. Udejaja, Onyebuchi	2015	Nigeria	The factors influencing economic growth in Nigeria: Data from the Error Correction Model (ECM) Method	Savings at home, Health and Education Spending, Trade, Foreign Direct Investment, Infrastructure, GDP	Positive factors that influence economic growth include financial depth, trade openness, and education spending. Infrastructure and FDI alone cannot propel economic expansion. Spending on health care has a detrimental impact.
15. Ajide	2014	Nigeria	What Drives	GDP, Trade	Factors influencing

			Nigeria's Growth?	Economic	Freedom, and Government Size	Nigeria's economic growth include the country's degree of openness and economic freedom.
16.Inam	2014	Nigeria	Nigerian Growth Supply: Econometric Examination (1985–2011)	Economic and Money An	Money Supply, Real GDP	robust and noteworthy correlation between the money supply and economic expansion

Authors	Year	Country	Title	Variables Used	Major Findings
17. Doguwa	2012	Nigeria	Finding the Threshold Level in Nigerian Inflation and Economic Growth	GDP and Inflation	negative, substantial association between inflation and economic growth
18. Shuaibu, Babatunde	2011	Nigeria	Money Supply, Inflation and Economic Growth in Nigeria,	GDP, Inflation, and Money Supply	The money supply has a favourable impact and inflation has a substantial negative association.
19. Chimobi	2010	Nigeria	Nigeria's and Economic Growth	CPI, Inflation, and GDP	In Nigeria, there is no correlation between inflation and economic growth.

Source: Selected Literature, 2021

3.0 Methodology

3.1 Research Method

In this study, evidence for the investigation was gathered using a qualitative research design, drawing on the conclusions of earlier research on the factors influencing economic growth in Nigeria.

3.2 Time Horizon and Article Selection

Journal papers on the topic of the factors influencing economic growth in Nigeria that were published between 2010 and 2020 comprised the body of material that was used for this investigation. Research without well-defined variables and findings was disregarded. Most of the papers were empirical investigations that were published in Nigerian or international publications. As long as the study's goal was to identify the determinants influencing Nigeria's economic growth, there was no distinction made between the journals, variables used, or the study site.

3.3 Variables Selection and Evidence

All of the variables in the empirical literature that was reviewed were incorporated in the analysis, with the exception of variables that had been used in several studies. Finding the proportion of papers or research that have used the variables was the goal.

4.1 Findings

For this study, an empirical review of nineteen (19) studies was conducted. Table 4.1, which shows the proportion of the literature that utilised the variables taken from the reviewed research, was created using the variables that were used in the studies in the literature that were extracted.

Table 4.1 Tally of Variables on Determinants of Economic Growth in Nigeria

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	%
IR	*							*			*									15.79
PC		*																		5.25
HC		*																		5.25
GI		*																		5.25
RLI		*																		5.25
PRI		*																		5.25
CI		*																		5.25
PGR			*			*	*			*										21.05
Inf			*	*													*	*	*	26.31
FDI			*					*				*	*	*						26.31
EX			*																	5.25
Inv			*						*	*										15.79
MS				*				*								*		*		21.05
DI					*															5.25
ER					*	*				*										15.79
FR						*														5.25
CDR						*														5.25
OP								*						*	*					15.79
GCF								*					*							10.53
GE								*					*							10.53
ELF								*												5.25
PS									*											5.25
PF									*											5.25
PI												*								5.25
SMG												*								5.25
DS														*						5.25
EOE														*						5.25
EOH														*						5.25
GS															*					5.26
CPI																		*		5.25
Infr														*						5.25

Source: Computed from Selected Literature, 2021.

4.2 Discussion of Findings

Nigeria, one of the biggest economies in Africa, has spent decades attempting to achieve steady economic growth. A wide range of elements, from institutional frameworks to natural resources, have impacted the nation's economic trajectory. It is imperative that economists, investors, and policymakers alike comprehend the factors driving Nigeria's economic growth. The main objective of this paper was to examine and summarise the main forces behind Nigeria's economic expansion while also examining the opportunities and obstacles that affect the country's growth path. A stable macroeconomic environment is essential for long-term economic expansion. In Nigeria, important variables include inflation, stable exchange rates, and budgetary restraint. Monetary policies are put into action by the Central Bank of Nigeria (CBN) to keep inflation under control and the currency stable. Nigeria's export earnings and foreign exchange reserves are significantly impacted by the fluctuating oil prices, which have made it difficult for the country to maintain price stability (Inam and Etim, 2020; Onakoya and Afinitinni, 2016).

26.31 studies reviewed showed that there is statistically significant effect of Foreign Direct Investment (FDI) and Inflation on economic (GDP). This implies FDI and inflation has the greatest impact on economic growth. High inflation rate lead to a reduction in the productive performance of the economy (Obayori *et al.*, 2018; Nyoni and Bonga, 2018; Doguwa, 2020). FDI and favourable trade conditions will lead to increase in economic growth (Nyoni and Bonga, 2018; Oyedokun, 2018; Egbulonu, 2017; Uwakaeme, 2015). According to Nyoni and Bonga (2018), Obayori, Robinson, and Omekwe (2018), Doguwa (2012), Shuaibu and Babatunde (2011), and Chimobi (2010), the first is inflation. The majority of the examined studies claimed that there was an inverse association between Nigeria's economic growth and inflation (Obayori, Robinson and Omekwe, 2018; Doguwa, 2012; Shuaibu and Babatunde, 2011). This suggests that real GDP, which was utilised as a measure for economic growth in Nigeria, will decline in response to an increase in the inflation rate. Nigeria's economic growth was positively impacted by foreign direct investment in a statistically meaningful way, indicating that higher levels of FDI will raise the country's economic growth. This economic growth trajectory is significantly shaped by trade and investment policy. Investment incentives, export promotion, and trade liberalisation can all boost economic activity, improve competitiveness, and draw in foreign direct investment (FDI). However, a less articulated trade and investment policy will cause a downturn in the listed elements and GDP. To optimise the advantages of trade and investment, issues like insufficient infrastructure, trade obstacles, and inconsistent policies must be resolved.

The money supply, population, and domestic investment are the three also variables that have a impact on economic growth and expansion. Knowledge of their interaction can help in the understanding of the dynamics of economic growth and expansion within a country. Population, domestic investment, and money supply (representing 21.05 percent of the research) have been identified as key drivers of economic development and expansion in a number of studies. It is thought that in Nigeria, population increase and economic growth have statistically significant and favourable relationships (Nyoni and Bonga, 2018; Mubarak *et al.*, 2018; Aidi *et al.*, 2017; Ewa and Udonwa, 2016). According to Mubarak *et al.* (2018), there is a noteworthy and affirmative correlation between the population and economic growth in Nigeria. This demonstrates how Nigeria's economy is growing in tandem with its population expansion. According to some other academics, an increase in the population will raise aggregate demand because there will be more people in need of a particular good. Investment has a significant role in Nigeria's economic expansion (Nyoni and Bonga, 2018). In a number of the examined research, it showed a strong positive correlation with economic growth (Akinkunmi, 2017, Ewa and Udonwa, 2016). According to Obayori *et al.* (2018), even domestic investment demonstrated a strong positive correlation with economic growth. Additionally, studies found a statistically significant association between the money supply and inflation at the same rate of 21.05 percent (Obayori *et al.*, 2018; Aidi *et al.*, 2017). Inam (2014) was adamant that there is a substantial and robust correlation with the money supply.

The positive correlation indicates that an increase in the money supply will boost Nigeria's economic growth.

The analysed research revealed certain determinants that have an intermediate impact on Nigeria's economic growth. Interest rates, exchange rates, and trade openness (or degree of openness) were the determinants. Three out of the 19 papers that were reviewed employed each of these variables, making up their 15.79 percent contribution to the literature. Economic activity and interest rates were significantly inversely correlated (Inam and Etim, 2020; Egbulonu and Ajudua, 2017; Jeilov, 2016). Further investigation by Inam and Etim into the relationship between regulated and deregulated interest rate regimes between 1970 and 2016 revealed a strong negative correlation between deregulated interest rates and economic growth. Additionally, a statistically significant and inverse link between the exchange rate and economic growth was observed (Oyedokun and Ajose, 2018; Mubarak et al, 2018; Esu and Udonwa, 2016). This suggests that the Nigerian economy will grow less rapidly in response to an increase in the exchange rate. Economic growth and trade openness, or the degree of openness, are positively correlated (Egbulonu and Ajudua, 2017; Udejaja and Onyebuchi, 2015; Ajide, 2011). This suggests that a rise in trade openness will result in a rise in the nation's economic growth.

There were just two authors that employed government expenditure and gross capital formation: Ismaila and Imoghele (2015) and Egbulonu and Ajudua (2017). Positive relationships between government spending and gross capital formation were claimed by both writers. In their 2017 study, Egbulonu and Ajudua contended that there was no statistically significant correlation between gross capital formation and economic growth in Nigeria. Only one of the thirty-one variables in the evaluated studies—twenty-one (21)—was used more than once, accounting for 5.25 percent of the chosen study.

There are many different and related factors that influence Nigeria's economic growth. In addition to utilising opportunities like natural resources, human capital, and diversification potential, resolving issues like macroeconomic instability, oil reliance, infrastructure gaps, and institutional flaws is necessary to achieve sustained and inclusive economic progress. To overcome challenges and realise Nigeria's full economic potential, institutional reforms, strategic investments, and clarity in policy are necessary. Nigeria may create the foundation for a future economy that is more resilient and wealthy by tackling these factors in their entirety.

5.0 Conclusion

Nigeria offers tremendous potential for economic growth and development due to its abundance of natural resources, sizable population, and advantageous geographic location within Africa. However, a number of difficulties and complications have made it difficult to realise this potential. We explored the various factors that influence Nigeria's economic growth trajectory and expansion in this paper. We covered assertion in literature on institutional quality and governance, infrastructure investment, domestic investment, government expenditure, innovation, human capital development, and macroeconomic stability.

The problem of governance and institutional quality is central to Nigeria's economic development narrative. The level of governance, which is defined by accountability, openness, and the rule of law, has a significant impact on economic performance. Ineffective governance frameworks have weakened investor trust, impeded capital accumulation, and reduced economic output when combined with widespread corruption and political unpredictability. It is critical to address these governance issues to promote an atmosphere that supports sustained Foreign direct investment and economic growth. The reduction in FDI will lead to a reduction in the growth of Nigeria's since FDI showed statistically significant positive relationship in 26.31 per cent of the works reviewed (Nyoni and Bonga, 2018; Oyedokun, 2018; Egbulonu, 2017). Thus, increasing FDI

will ensure the growth the Nigerian economy. The Central Bank of Nigeria (CBN) being a government must show high quality in controlling the inflation rate in the country by promoting quality monetary policies than keep the inflation rate and stabilize exchange rates. The failure of the CBN ensure that will cause a reduction in the growth and sometimes lead to recession. Also, 26.31 per cent the works reviewed asserted that inflation rate has inverse relationship with economic growth in Nigeria (relationship with GDP). This implies that increase in inflation rate will reduce economic growth in the country (Olayori et al, 2018; Diguwa, 2012).

The productivity and innovativeness of an economy is determined by the quality of persons in the economy. This drives entrepreneurial innovation and technological development. Hence, human capital development is another important factor that influences Nigeria's economic growth. Nigeria has a sizable and young population, but it also has serious problems with healthcare and education. Inadequate training of skills, low rates of literacy, and unfavourable health outcomes impede productivity and restrict the economy's potential for innovation and technological progress. It is essential to invest in healthcare, education, and skill development if Nigeria is to realise its demographic dividend and sustain long-term economic growth (Anwana, 2018). Although only 5 per cent of the reviewed works used human capital development as a variable, there interrelationship between quality of human capital and other determinants of economic growth in Nigeria. Human capital quality drive digital development, domestic and foreign investment, education, skills and productive workforce in an economy (Saimaly, 2023). Sulisnangrum *et al.* (2022) was also in agreement that there is causality relationship between human capital, technological development and economic growth in developing countries. Nigeria's economic growth is significantly impacted over the long term by human capital. Nigeria's economic growth is significantly impacted over the long term by human capital.

Investment in infrastructure is necessary to promote regional integration, increase productivity, and ease economic activity (Enya and Ezeali, 2021). Nigeria has significant deficiencies in its infrastructure in a number of areas, such as energy, telecommunications, and transportation. Inadequate infrastructure makes Nigeria less competitive in the global economy in addition to increasing manufacturing costs and impeding market access. Thus, establishing strong investment frameworks and giving infrastructure development top priority are essential steps in promoting sustainable development and quickening economic growth. Government expenditure on infrastructure have significant effect on economic growth (Ikubor et al, 2021) Productivity increases, industrialization, and economic diversification are all greatly aided by technological innovation. Nigeria's technology sector is growing, as seen by the country's growing startup culture and rising digital penetration. Significant obstacles to innovation do, however, still exist. These include difficulties with intellectual property rights, poor infrastructure for research and development, and restricted access to funding. To fully realise the transformative potential of technology and propel economic growth in Nigeria, it is imperative to provide an environment that is conducive to innovation, encourage digital literacy, and provide support for entrepreneurship. Macroeconomic stability is essential in fostering price stability, guarantee sustained economic growth, and foster an atmosphere that is favourable for investment,. Exchange rate, interest rate swings, budgetary mismanagement, and foreign shocks have all contributed to Nigeria's macroeconomic volatility (Esu, 2016). Stability in these element promote economic growth, however a improper management of these element will result in a reduction of GDP and economic growth in Nigeria (Inam and Ekong 2020; Egbolonu, 2017; Jelilov, 2016). Money supply play a key role in macroeconomic stability. An increase in money supply will result in inflation spike and cause a negative impact on the growth of the GDP (Inam, 2014).

Nigeria's economic growth is determined by a variety of intricately linked factors, which reflects the complexity of the nation's development issues. Unlocking Nigeria's economic potential and attaining sustainable development goals requires addressing governance shortcomings, making investments in infrastructure and human capital, encouraging technological innovation, preserving and macroeconomic stability. Nigeria can effectively navigate the complex economic landscape,

overcome development obstacles, and pursue resilient growth for the benefit of its citizens and the country's advancement by giving priority to these determinants and enacting targeted policy reforms. These policy reforms must take into consideration the interconnectedness of the elements in the macroeconomic system.

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