

Determinants of Sectoral Capital Inflows in Nigeria

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Certification

This thesis titled “Determinants of Sectoral Capital Inflows in Nigeria” was carried out by Bamanosi Praise Okunola with matric No. LCU/PG/000557 in the Department of Economics and Development Studies, Faculty of Management and Social Sciences, Lead City University Ibadan, Nigeria under my supervision.

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Dedication

This research is dedicated to my late Uncle Gabriel Odama, my grandmothers, Princess Lydia Okunola and Christiana Odama.

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Even though the above mentioned institutions and persons have assisted in the process of this research work, I alone stand responsible for the error, if any, found in the work.

Abstract

Capital flows is a well debated issue in international economic. From the monumental paper of Lucas on “why does capital not flow into poor countries”. These endogenous and exogenous factors that affect capital flows are summarily referred to as push and pull factors. Earlier literature have investigated the type of capital flow and its dynamics, while others have investigated country specific variables that affect capital flows. With newer trend in research, certain sectors such as the manufacturing, banking and mining sectors have been investigated upon to determine what factors really affect capital flows. However, the results have shown that push and pull factors alike affect capital flows. Nevertheless, in the course for this study it was found that a critical endogenous variable, that is, the sectoral performances have not been considered during analysis of existing literature. The main objective of the study is to assess the pattern and determinants of capital inflows to Nigeria based on sectoral analysis. While the specific objectives are to analyze the pattern of capital inflows across sectors in Nigeria, explain how sectoral performance led to capital inflows to the sectors, and to examine the pull and push factors that determine capital inflow across sectors in Nigeria. The technique of estimation employed was the ARDL model and relevant preliminary tests. The finding suggests that sectoral performance is critical in attracting capital flows into sectors of the economy. However, this result does not hold for all sectors. More research needs to be done to augment findings; the researcher recommends a panel study of countries within economic blocs and also suggests that the various capital flows type is investigated to solidify the viability of sectoral performance as a variable that should be added into the analysis as regards capital inflows.

Keywords: Capital flows, capital inflows, and sectoral performance

JEL: B22, C32, C53, F33, G28

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