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Role of Foreign Direct Investment in the Telecommunication Sector: A Developing Countries' Perspective

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ABSTRACT
The study investigates the role of FDI in the telecommunication sector in Nigeria. It looked at a body of literature, the idea of FDI, and telecommunications and made some recommendations after reaching specific results. FDI encourages economic growth, technological transfer, and the creation of new jobs. Foreign investment delivers a wealth of capital, cutting-edge technologies, and enormous economic gains, which can quickly solve developing nations' economic issues. Foreign investment into developing nations has demonstrated that greater foreign investment in the telecommunications markets has led to significant progress in satisfying the basic telecommunications needs of developing countries. Equally crucial are the effects of telecommunications on many industrial sectors, social stability, economic growth, and national security. This study demonstrates that FDI in telecom has significantly led to increased growth in the Nigerian economy. FDI influence has tremendously boosted the telecommunications sector, where foreign companies spent considerably to benefit from Nigeria's sizable communications market. The study suggests that the government should upgrade infrastructure standards, provide pertinent social amenities, and encourage more FDI to sustain the stay of these foreign investors and advance the nation's overall economic development as the sectors expand. The government should also create an atmosphere encouraging investment that will lead to the continuous inflow of FDI into the economy.

I. INTRODUCTION

Foreign direct investment (FDI) 's importance in transferring capital and technology across international borders has increased (Opaluwa, Abdullahi, Abdul, Okpanachi & Edogbanya, 2013). The developing nations are stepping up their attempts to draw FDI as they gain access to international finance through government development assistance. Most developing countries' economic reform plans reflect these efforts (Opaluwa et al., 2013). For instance, to increase the influence and contribution of the telecommunications sector on Nigeria's socio-economic development, the Nigerian Communications Commission (NCC) and the Nigeria Economic Summit Group (NESG) are exploring potential areas of further collaboration. This was the main topic of discussion during a courtesy visit by a group from the National Assembly Business Environment Round Table (NASSBER), which included Yemi Keri and Nnanna Ude from the NESG's policy unit. In a statement, the NCC's Director of Public Affairs, Dr. Ikechukwu Adinde, stated that the collaboration was motivated by the need for stakeholders to conduct an impact assessment and gap analysis of the 2003 Nigerian Communications Act (NCA). This will help the law improve and reflect contemporary trends, particularly in a post-pandemic world (Emmanuel, 2021).

Foreign direct investment (FDI) is the process by which individuals in one country take over a company's establishment, expansion, and other operations in another country (Moosa, 2002). Accordingly, Hannon and Reddy (2012) opined that the construction of new offices, the reinvestment of profits made from foreign operations, mergers and acquisitions (M&As), and intra-organization credits are all examples of FDI. For decades, foreign direct investment has been one of the main engines behind discovering new natural resources and developing economic circumstances in developing and emerging nations (Chun, 2008).

FDI has not only risen rapidly but has also affected various global businesses. The importance of foreign investment in the global economy has grown steadily. In general, foreign investment funds promote economic expansion and raise living standards in the nations where they operate. International investment benefits both the investing and the receiving countries from an economic perspective, but there is still no comprehensive international agreement or international investment framework that somewhat covers all parties. Although foreign investment delivers large sums of money and cutting-edge technology, many developing nations worry that allowing unrestricted competition will result in the loss of economic clout and control over key industries. However, the importance of FDI to a country can not be overlooked.

One of the most important sectors for national economic control in terms of FDI is the telecommunications or telecom sector. Information is transmitted by various telecommunication technologies using wire, radio, optical, or other electromagnetic systems (Chun, 2008).

The telecommunications sector has a dual function in economic activity; in addition to being a separate economic system circle, it also serves as a supply route for other sectors. Telecom transmits information across long distances using electromagnetic networks such as wire, radio, optical, or other electromagnetic systems. It started with the development of the analogue telegraph in 1837 and then the telephone in 1876. People can communicate more quickly than ever on a national or international level because analogue and digital communications are based on electrical impulses, enabling transmitted data to be received almost instantly, regardless of distance (Ajala & Adesanya, 2017). The development of the economy, social stability, national security, and several industrial sectors are all significantly and significantly influenced by telecommunications. Due to their unique nature, telecommunications businesses are frequently monopolised and run by many nations' governments (Chun, 2008).

By investing in industries like telecommunications and bringing other indirect positive effects like the transfer of technology, training, skills, and employment, to name a few, which all contribute to the long-term development of the recipient countries, foreign direct investment supports economic growth. Empirical research on the impact of foreign direct investment (FDI) in the telecommunications industry on economic development focuses on the overall effect on growth or specific parts of the sector's contribution to the Gross Domestic Product (Lim & Moolio, 2013). Therefore, a review of the available research is required to assess FDI in the telecommunications industries and how it has impacted Nigeria's economic growth. In order to examine the impact of FDI inflow on Nigeria's economy, this article reviewed the body of literature, came to certain conclusions and offered some suggestions.

II. LITERATURE REVIEW

1.2.1 Concept of Foreign Direct Investment (FDI)

Foreign Direct Investment (FDI) transfers capital across international borders in exchange for ownership of the acquired assets. Multinational Enterprises (MNEs) are companies that utilise FDI. Multinational Enterprises provide the majority of the funding for production in the host nation, and they profit from sales made by their foreign affiliates. FDI refers to a Long-term involvement by one country in another, which includes joint ventures, technology and expertise transfers. The preference for FDI is due to its recognised benefits (Sjoholm, 1999; Obwona, 2001, 2004). The aim to draw FDI is the driving force behind several African nations' initiatives to enhance their business environments.

Resources outside the country, including finance, managerial and marketing know-how, and technology, are used in foreign direct investments. All of these significantly impact the production capabilities of the host nation. FDI was variously defined by Kumar (2007). At the beginning and most likely scenario, he described it as a parent company injecting equity capital by buying shares in foreign affiliates. World Trade Organization New (WTON, 2001) defines foreign direct investment as the acquisition of an asset by an investor headquartered in their home country to manage it in the host country. Foreign direct investment is made to get a long-term stake and at least 10% of the equity in a company that operates outside of the investors' home country (Mwilima 2003). According to Ayanwale (2007), the prerequisite for a direct investment relationship is ownership of at least 10% of the voting stock or common shares. The United Nations defined FDI as Investments in businesses that are physically based in one nation but are controlled by citizens of another. This definition not only considers foreign direct investment from an investment point of view but also defines the status of corporate control.

1.2.2 Determinants of FDI

With the increasing entry of FDI into Nigeria and other emerging nations, it is essential to examine conceptual issues regarding the numerous reasons that draw FDI to a country (Obwona, 2002). Some host nation determinants of foreign direct investment are presented in UNCTAD's 1999 World Investment Report. These consist of the following:

Policy Framework for Foreign Direct Investment:

i. Economic, political and social stability.
ii. Rules regulating entry and operations (of foreign direct investments).
iii. Standard of treatment of foreign affiliates.
iv. Policies on the functioning and structure of the markets.
v. International agreement on foreign direct investment.
vi. Privatisation policy.
vii. Trade policy (tariffs and non-tariff barriers and coherence of foreign direct investment and trade policy.
viii. Tax policy.

Economic Determinants:

i. Business facilitation.
ii. Investment promotion (including image-building, investment-generating activities, and investment–facilitating services).
iii. Investment incentives.
iv. Hassle costs (related to corruption and administrative efficiency).
v. Social amenities (bilingual schools, quality of life).
vi. After-investment services.

Other determinants include:

1) Size of the market

Economic research involving a variety of nations shows a clear relationship between FDI and market size. While GDP was not a significant explanatory variable in some studies, the GDP growth rate indicated that growth performance as a measure of market potential might be more relevant to FDI decisions in countries with small national incomes. Although GDP growth was recognised by Bhattacharya, Montiel, and Sharma (1998) as a critical element in attracting FDI to sub-Saharan Africa, the size of the market need not be a barrier in the case of resource-rich, export-oriented nations like Nigeria. The experience of India, Pakistan, and, to a lesser extent, Bangladesh has demonstrated that FDI flows to these countries are proportionately low (below 1%), notwithstanding the size of their markets.

2) Openness

While gaining access to a particular market based on its size and growth is crucial, export-oriented international corporations inevitably pay considerably less attention to domestic market dynamics. Numerous studies suggest that "open" economies attract more foreign investment. The proportional size of the export industry serves as one measure of openness. According to Singh and Jun (1995), exports, particularly those of manufactured goods, are an essential influencer of FDI flows, and the results of their experiments provide compelling evidence that exports come before FDI flows.

3) Low cost of Productivity

Empirical research has discovered that relative labour costs are statistically significant, particularly for foreign investment in subsidiaries that are focused on exports and industries with high labour costs. However, the labour force's skills are anticipated to impact decisions concerning the location of FDI when labour costs are negligible. Sub-Saharan Africa's productivity levels are often lower than other low-income nations, accounting for the region's low FDI flow. Other elements that may affect the FDI influx to a specific nation include institutional and governance risk, political risk, infrastructure quality, incentives, and privatisation policy.

1.2.3 Factors Affecting the amount of Foreign Direct Investment

Nigeria's intrinsic features make her unique in Africa and the world. The nation has sufficient natural resources to support itself, yet development is still a struggle. Numerous obstacles to the country's healthy development may make it more challenging to survive in other areas, such as attracting international investors. Due to the enormous benefits that FDI brings to the economic development of developing nations, it is now officially the responsibility of every country to do all possible to attract foreign investment to their country. However, it is essential to talk about some intrinsic aspects of emerging nations that can interfere with the efficient entry of FDI into the continent.

(i) Political Instability

Continuously changing governments, which typically result from elections, military intervention in politics, ethnic unrest, and recurrent conflict are distinctive features of African countries. In their study, Rogoff and Reinhart (2003) looked at the area's susceptibility to violence between 1960 and 2001. Their conclusion was based on the fact that Africa has a regional sensitivity to conflict index of 26.3%, while Asia and the Western Hemisphere have indices of 19.4% and 9.9%, respectively. The study also found a statistically significant inverse relationship between foreign direct investment and wars in Africa. This emphasises that the intervention of foreign businesses in the continent has no relationship with the causes of war in the region. Undoubtedly, political unrest will impede FDI inflow into African nations.

(ii) Lack of Policy Transparency

Political instability is one of the characteristics of the continent, which explains why there will be constant changes in both the government and the implemented policies. Because of this, it isn't easy to forecast the general direction of government policies in African nations. Foreign investors would find it difficult to assess the policy of increased transaction costs, taxes, and rules and regulations, which made the continent risky for investment.

(iii) Unstable Macroeconomic Variable

The effective presence of macroeconomic variables is one of the primary determinants of FDI intervention in any country. Macroeconomic factors that have been destroyed or not implemented by any nation would impact FDI interest. Africa is less appealing to international investors because of factors including inflation, fiscal deficits, currency crises, etc. Recent data from Africa indicates that nations with high inflation tend to draw fewer FDI (Onyeiwu and Shrestha, 2004).

(iv) Environmental Problem

Investors from other countries must look for countries with better environmental conditions so that their investments can grow. The climate issue brought on by numerous environmental harms to Africa makes the continent extremely risky for foreign businesses. The results revealed that prior domestic investment policies, such as those on profit repatriation and entry into specific economic sectors, were ineffective at attracting FDI (Basu and Srinivasan, 2002).

(v) Market Size and GDP Growth Rate

The low yearly GDP rate of African countries compared to other regions is one of the main reasons the continent is considered a developing country. The region's inability to attract FDI is a result of the region's low GDP rate and small market size. Elbadawi and Mwega (1997) demonstrate that regional FDI flows are significantly influenced by economic growth.

(vi) Poor Infrastructure

Poor infrastructure has been a crucial current subject in studies where Nigeria's infrastructure facilities have been compared to the amount of interest from international investors while considering various authors' varied points of view. It has been shown that there is a conflict between infrastructure needs and foreign investors' interest in the nation. In order to encourage foreign investors' interest in the region, African governments typically lack proper and suitable infrastructure, such as telecommunications, transportation, power supply, professional labour, etc. Evidence supporting the favourable impact of strong infrastructure on FDI flows to Africa was provided by Asiedu (2002b) and Morrisset (2000). Additionally, Onyeiwu and Shrestha (2004) find no evidence that infrastructure impacts FDI flow to Africa.

(vii) Corruption and Maladministration

The Nigerian government, as well as the governments of other African countries, are ingrained with corruption. No laws are intended to prevent corruption since the people in power who should be enacting such laws are fundamental to the persistence of corruption in the area. The only thing the government was successful in was bad administration, which left security matters unattended. Therefore, investing in a location where their securities are uncertain is extremely unfavourable to international investors. According to Ogundele and Opeifa (2004), corruption is the conscious, deliberate action of a person or group of people to change the facts of a situation or transaction for their self-serving benefit. Other elements of corruption include deceit, trickery, cheating, intentional deception, dishonesty, and deceit. According to Bardhan (1997), corruption is the act of a government official requesting payments from a foreign company in exchange for permission to operate in a particular nation, sector, or area. Wei and Shleifer (2000) discovered that because corruption significantly lowers inward FDI, it has a detrimental impact on the volume and content of capital inflows into emerging nations.

1.2.4 Benefits of Foreign Direct Investment

One of the most critical engines behind the global economy's expansion during the past two decades has been FDI. A direct investment "implies that a person in one country has a lasting interest in and a certain amount of control over managing a business operation in another country". According to the US Commerce Department, FDI is "ownership or control by a foreign person of 10% or more of an enterprise's voting securities or the equivalent," which is considered sufficient to impact management decisions. According to a Global Investment Forum report that UNCTAD hosted, "there was a strong feeling among ministers from some developing countries that more research and analysis was needed about the critical issues at stake in a multilateral framework on investment. Many speakers stressed the complexity of economic policy liberalisation's effects on the quantity, quality, and distribution of investments," and "many speakers stressed the need for more research and analysis about the critical issues at stake in a multilateral framework on investment."

Foreign investment has higher risks and necessitates adequate economic knowledge and resources. Foreign investment entails such dangers but also has the potential for substantially higher profits. Foreign direct investment is typically linked to trade or an organisation promoting international development. As a result, most recent foreign investments have resulted from someone taking a significant risk or a global organisation, like the World Bank, assuming that risk. On the other hand, international development organisations frequently aim to assist nations in properly developing rather than maximising profit.

Promoting economic growth, technological transfer, and job creation in the local economies are all advantages of foreign direct investment. Since a sizable portion of exports consists of shipments from domestic corporations to their international affiliates, exports are expected to rise. The efficiency of local businesses will also increase thanks to technology transfer from foreign investment initiatives. These consequences are the main draws for developing and impoverished nations looking to attract foreign direct investment. Furthermore, FDI can integrate domestic markets into the global economic system more successfully than possible with solely traditional trade flows. An open investment environment with a democratic trade and investment system, active competition policies, macroeconomic stability, privatisation, and deregulation will increase the gains from FDI. Under these circumstances, FDI can significantly contribute to a country's ability to match up with future national development objectives and global economic integration.

In actuality, receiving countries will undergo more economic reforms and stand to gain more from FDI when there is greater openness and freedom toward it. Even though FDI implicitly generates substantial economic advantages and may attract a wide range of business prospects, many nations only partially accept foreign investment or forbid doing business with foreign companies. These nations fear that by allowing foreign investment, they will lose control over the domestic economy.

To regulate the types and amounts of FDI, they frequently use performance criteria, such as exporting requirements or technology transfer agreements. In order to ensure that the operations of foreign capital were in line with local governments' developmental plans, performance criteria on foreign investment were seen as desirable and required in many countries (Thompson, 1999). The efficiency of policies intended to maximise the potential advantages of inbound investment is also declining. However, although it has been recognised that FDI can promote economic growth and national development, there is still a vast disparity in how countries approach their FDI laws. Additionally, nations can filter incoming investment and control foreign involvement in specific industries. These steps are intended to guarantee that local governments may continue to make the ultimate decisions on economic policies and that foreign investment won't negatively impact the country's advancement.

1.2.5 Meaning of FDI on Telecommunications

The ability to establish a commercial presence in another country, the purchase of telephone companies by foreign investors, or joint ventures between domestic and foreign partners to create new telecommunication service providers are all examples of foreign direct investment in the telecommunications industry. The majority of nations historically had state-owned monopoly telecommunication carriers, which severely constrained the chances for foreign investment in the communications services sector. Foreign investment has undoubtedly become increasingly important in the domestic or global communications sector, supporting the functioning of old Public Telecommunication Operators (PTOs). Foreign investors now have more chances than ever to create foreign subsidiaries or join joint ventures due to the privatisation of the telecommunications industries.

Foreign investment in telecommunications is a significant driver of market competitiveness and transformation in most emerging and established countries, in addition to providing funding for improving domestic telecommunications infrastructure. A substantial percentage of the globe seeks to attract foreign investment to pursue projects to enhance the fundamental telecommunications infrastructure because it recognises the enormous benefits of foreign investment in the sector.

The beginning of the 1990s witnessed developing nations privatising their national telecommunications providers to spur greater foreign investment and increase market competition. Deregulating domestic telecommunication regimes is anticipated to make local telecommunication markets more effective and attractive to overseas companies. Countries must increase access to high-speed data networks, cellular radio, mobile satellite services, Internet access, and facsimile for international businesses to attract foreign investment and move toward a globally linked economy. Some nations anticipate that by liberalising domestic telecommunications regulations and raising the calibre of telecommunication technologies, FDI will be more inclined to select them as the foundation for upcoming international telecoms competition.

Developed nations have focused more on identifying telecommunications trends and trying to meet the complex demands of multinational corporations. The need to modernise and diversify the telecommunications industry is shared by both developed and developing nations. Nonetheless, developing countries often lack the financial, technological, and operational means to do so, especially in light of a lacklustre foundational infrastructure. Upgrading the technical capabilities of the labour force and privatising public telecommunication systems will be the greatest ways to address this problem and draw foreign investment for commercial and fundamental communications infrastructure.

1.2.6 Structure of the Nigerian Telecommunications Sector

The telecoms industry is experiencing exponential expansion and very rapid change. Telephone waiting lists have vanished, and local, interstate and international call rates are steadily falling to some of the lowest in Africa. Subscriptions are reaping significant benefits from the sector's liberalisation and competition from private providers, including significantly lower prices and more options. From a foundation of 0.73% teledensity in 2001, the arrival of the mobile telephone in Nigeria drastically changed the country's communications environment. The teledensity of a given geographic area is the number of phone connections per 100 residents. As of 2008, the country had reached 45.93% teledensity, calculated based on active subscribers. In 2009 it came to 53.23%, 63.11% in 2010, 68.49 in 2011, 80.85 in 2012, 91.15 in 2013, 99.39 in 2014, 107.87 in 2015, 110.38 in 2016, 103.61 in 2017, 123.48 in 2018, 96.76 in 2019, 107.18 in 2020, 102.40 in 2021. From January to December 2022, the country's teledensity rose by 12.8 per cent. It moved from 102.40 per cent in January to 116.6 per cent in December 2022 (NCC, 2023).

This phenomenal growth was driven by mobile telephony; in August 2008, Nigeria had 64,296,117 active mobile subscriptions compared to just 1,152,517 active fixed-line subscriptions. In 2007, the country passed out South Africa as the continent's largest mobile phone market. In 2009, it grew to 65,533,875, 81,195,684 in 2010, 90,566,238 in 2011, 109,829,223 in 2012, 124,841,315 in 2013, 136,772,475 in 2014, 148,681,362 in 2015, 154,124,602 in 2016, 144,631,678 in 2017, 2017 witnessed a reduction compared to 2016. There was an increase in 2018 to 172,485,805, 184,426,187 in 2019, and 204,228,678 in 2020. There was a reduction in 2021 to 195,128,265; this could result from the outbreak of COVID-19, which affected almost all sectors in the country. There was a rise in 2022 to 222,225,300 (NCC, 2023).

Despite this massive growth, there is still a need for more lines in Nigeria, while operators still need to provide high-quality services in addition to lines. Proceedings from the 7th International Conference on Innovation and Management 1892 are primarily responsible for this significant growth (Cronin, 1991). Despite the extraordinary growth in the subsector, the quality of services and telecommunications operations has remained unimpressive, owing to poor interconnectivity between the different networks. Despite numerous complaints from the general public, the issue of persistent call droppings, message and call failures, and overloaded billings has not been adequately addressed. The sector is still plagued with problems, including poor public power supply, poor security, vandalisation of infrastructure, and high operational costs.

1.2.7 Impact of Foreign Direct Investment in the Telecommunications Sector of the Nigerian Economy

With the much-touted awarding of a license to GSM service providers, the Olusegun Obasanjo government sprang into action upon taking office in May 1999 to bring about the complete deregulation of the telecoms sector.

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Moreover, the government started the process of privatising NITEL. More than 87 million Nigerians now own GSM phones because of the government's and the industry's proactive approach (CBN, 2010).

Since the telecommunications business was liberalised in 2001, capital investments in mobile networks and operations have made up 80% of all investments into the sector, totalling more than $12 billion by the middle of 2008. Since 1999, there have been notable gains in foreign direct investment in Nigeria's telecom sector.

Since 1999, Nigeria has shown the highest potential for ICT investment in Africa; as of January 2009, the NCC reported 64 million active SIM cards, with 23 million new customers joining in 2008. This growth of 55% in 2008 alone has encouraged an outbreak of local and multinational investors in the industry. The telecommunications sector drew the largest private investor investment, 86 per cent in Africa, in 2007. South Africa came in second with 11% ($1.045 billion), followed by Nigeria with 28% ($2.66 billion) of the $9.5 billion (reportedly the largest since 1990). Following the deregulation of the Nigerian telecom sector in 2001, both domestic and international corporations became significant players in the market. Some examples are MTN, Zain, Etisalat, Globacom, Mtel, Multilinks, Reltel, and Visaphone. These companies provide fixed wireless access, voice-over satellite (VSAT), GSM (Global System of Mobile Communication Services), and telephony services (Ezeanyeji & Ifebi, 2016).

Nigeria's telecoms industry generated $3.9 billion in international investments between 2015 and 2020. According to the Agusto & Co. 2021 Telecommunications Industry report, this accounted for an average of 7% of Nigeria's total capital imports during the same time. In the first quarter of 2022, Nigeria's telecoms industry attracted N23.982 ($57.79 million) billion in foreign direct investment, and in the second quarter of 2022, it imported capital totalling $ 153.5 million. The expansion and development of the Nigerian economy have been significantly aided by the country's telecommunications sector, which has exploded thanks to international investment. The nation's online banking and funds transfer services are now supported by VSAT businesses that offer satellite-based services. Around $70 billion has already been invested in the country due to telecoms liberalisation. This is anticipated to increase as more operators come onstream (Economic Confidential, 2021).

Also, foreign investments in the telecommunications sector have helped to boost job growth. More than 8,000 new employees are expected to be created in the nation due to the liberalisation of the telecom industry. The reality is that the sector is driven by technology and that there won't be a lot of employment openings because of that. The GSM Service Providers have drastically altered the pace of the Nigerian business landscape, opening up a plethora of opportunities for small and medium-sized enterprises in the franchise, dealership, and retailer ship, street re-charge/refill card hawkers, to people selling used handsets, accessories, and value-added services within the GSM market. Both directly and indirectly, it has a massive increase in employment. Nigerians numbering over 87 million, now have easy access to communication. The business climate has been positively impacted by this development significantly. For example, MTN appointed more than 350 dealers nationally. Time management is a habit that Nigerians have developed thanks to GSM (Ezeanyeji & Ifebi, 2016).

Due to the removal of lengthy trips for pleasure and business, GSM helped lower the number of traffic accidents on important Nigerian highways. Nowadays, calling business partners is more convenient than travelling on occasionally unnecessary journeys. Also, it has increased public awareness of the internet and information technology thanks to WAP (Wireless Application Protocol) Services and E-commerce via M-Payments, among other things (Ezeanyeji & Ifebi, 2016).

III. EMPIRICAL REVIEW

Ezeanyeji and Ifebi (2016) looked into how foreign direct investment affected the performance of several sectors in the Nigerian economy, particularly the telecommunications industry. It focuses on the contribution of foreign direct investment (FDI) to the growth of Nigeria's telecommunications industry. The results of the empirical research demonstrated that foreign direct investment had considerably contributed to the sector's performance in terms of the sector's contribution to Nigeria's Gross Domestic Product. Ajala and Adesanya (2016) examined the effect of FDI in the telecommunications sector on economic growth. According to the report, investment in telecommunications positively impacts the Nigerian economy. According to the study, the government should create an environment favourable to investors to maintain the trend of FDI input into the economy.

In an article titled “The Effect of Foreign Direct Investment (FDI) on the Growth of the Telecommunications Sector in Nigeria,” Opaluwa, Abdullahi, Abdul, Okpanachi and Edogbanya (2013) concluded that FDI has a positive impact on the productivity of the telecommunications sector and that it is statistically significant. Since FDI has the highest potential to spur growth, it is advised that it be adequately channelled, integrated into the economy, and thoughtfully provided with the required infrastructure, which would reduce the cost of doing business in Nigeria.

Adesanya and Ajala (2019) investigated the effect of FDI inflow on economic growth in the telecom sector. According to the findings, the contribution of foreign direct investment (FDI) in the telecommunications sector to economic development had significantly improved since the introduction of GSM compared to the period before GSM, when the sector could not fulfil its statutory function in Nigeria fully. The study finds that FDI in telecommunications and economic growth are significantly and positively correlated. Chun (2008) looked at the current rules for foreign investment and how they relate to telecommunications as a factor in developing nations. The article identifies a new place for telecoms in a formally integrated international economy.

II. CONCLUSION AND RECOMMENDATION

Foreign investment has swiftly increased among nations over the past few decades, boosting global economic expansion. Past studies demonstrate that there was a connection between telecommunications investment and economic growth. This study explores the role of FDI in the telecommunication sector in Nigeria. It examined a body of literature (Ezeanyeji and Ifebi (2016), Opaluwa, Abdullahi, Abdul, Okpanachi and Edogbanya (2013), Adesanya and Ajala, 2019), the idea of FDI and telecommunication before drawing some conclusions and making some recommendations. FDI encourages economic growth, technological transfer, and the creation of new jobs. Even though FDI has significant economic advantages, many nations only allow limited foreign investment. By exposing markets to competition and unrestricted foreign investment, developing countries worry they will lose control of their strategic industries.

As pointed out in past studies, a more welcoming environment for international investment does not necessarily infringe on national economic sovereignty. Developing nations frequently lack the resources and technological know-how required to meet their industrialisation objectives, despite these nations wanting stronger control to drive their developmental directions and industrial strategies. Foreign investment delivers a wealth of capital, cutting-edge technologies, and enormous economic gains, which can quickly solve developing nations’ economic issues.

The introduction of FDI into developing nations like Nigeria has demonstrated that greater foreign investment in the telecommunications markets has led to significant progress in satisfying the basic telecommunications needs of developing countries. Equally crucial are the effects of telecommunications on many industrial sectors, social stability, economic growth, and national security. This study demonstrates that FDI in telecom has significantly led to increased growth in the Nigerian economy. FDI influence has tremendously boosted the telecommunications sector, where foreign companies spent considerably to benefit from Nigeria’s sizable communications market.

Recommendation

To sustain the stay of these foreign investors, the government should improve infrastructure standards, offer necessary social amenities, and encourage more FDI to sustain the presence of these foreign investors and advance the nation’s overall economic development as the sectors expand. The government should create an environment that encourages the flow of investment into the economy.

The government should use its best efforts to ensure the environment is favourable for investors. Also, the problem of currency fluctuation needs to be appropriately handled to prevent losing the majority of these multinational corporations, which have made significant contributions to the economy. By doing this, the upward FDI inflow trend will be maintained. Stable economic policies are necessary to draw foreign investment, whether directly or indirectly.

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