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Impact of International Transaction Attributes on Economic Growth in Nigeria

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ABSTRACT

This study investigated the impact of international transaction attributes on economic growth in Nigeria. Specifically, the study sought to determine the impact of trade openness, exchange rate and foreign direct investment on economic growth in Nigeria. The study adopted *Ex-post-facto* research design while Multiple Regression Model was used to analyze annual time series data collected from Central Bank of Nigeria Statistical Bulletin for the period 1999 2017. The study found that foreign direct investment and exchange rate have positive and significant impact on economic growth while trade openness has negative and significant impact on economic growth in Nigeria. It was concluded that a unit increase in foreign direct investment will lead to about 6.11 percent increase in economic growth, a unit increase in trade openness will lead to about 1.60 percent decrease in economic growth and a unit increase in exchange rate will result in 64.20 percent increase in economic growth. It was recommended that export promotion and import substitution should be seriously pursued by the Nigerian government, which the deregulated exchange rate regime should be encouraged to improve the value of domestic currency relative to other currencies and that enabling infrastructure should be in place to attract more foreign direct investments into the country.

Keyword: Exchange rate, Trade openness, foreign direct investment, Economic growth.

INTRODUCTION

In the present world economy, the proportion of the goods and services consumed cannot be at par with the total output produced within a country and as such, no country can be said to be absolutely self-sufficient. However, the extent to which a country relies on others varies from one country to another. A country can produce surplus goods in which it specializes more than its requirements; with the excess being exported to other countries in exchange for the surplus products of those countries in order to generate revenue to finance imported goods and services which cannot be produced domestically. This practice promotes international trade which is the major component of international transaction.

International transaction involves the exchange of capital, goods and services between nations. It entails selling of goods and services between two or more countries across international borders through import and export [1]. Through international transaction, countries supply to the global economy, goods and services that they produce at relative low cost. The primary law of international transaction and comparative costs, implies that what a country exports and imports is determined by its trade relation to those of its trading partners and not by its character in isolation [2]. [3] decomposed the components of international transaction into capital flows and international trade. International transactions might speed up economic growth through foreign

exchange earned when countries engage in import and export of goods and services. Through international trade transaction, standard of living in a country could be enhanced by increasing per capita income, employment rate and production capacity.

Exchange rate which is the unit of a country's currency needed to purchase one unit of another country's currency facilitates international transaction. The importance of achieving a stable exchange rate for the Naira cannot be ruled out due to its significance in bringing economic growth. Hence the need for any growth-conscious country to manage its foreign exchange as it reflects the strength of a currency when measured against another country's currency. Nigerian economy has over the years witnessed series of international transactions and has been designing trade and exchange rate policies to promote trade [4]. [5] noted that despite various efforts by the government to maintain a stable exchange rate, the naira has depreciated throughout the 1980's to date. According to [6], a country's exchange rate is an important determinant of the growth of its international transaction and assesses its international competitiveness. [7] found that the appreciation of exchange rate exert positive impact on real economic growth in Nigeria. [8] found a significant long-run relationship between real output growth and the exchange rate regardless of the kind of regime. [9] stressed that exchange rate is influenced by exports, imports and structural influences. When exports exceed imports, the demand for a country's currency rises and thus, it has a positive impact on the exchange rate but if imports exceed exports, the desire for foreign currency rises and hence, exchange rate for such country move-up.

International transaction encourages trade openness which is known in this study as the value of import and export compared to the gross domestic products (GDP). It is trade devoid of barriers which helps to expands business opportunities for domestic companies by opening up new markets, eliminating unnecessary barriers and making it possible for them to export. The contribution of openness to growth depends on the pattern which a countries trade evolves. Experience in European Union countries show that a 1 % increase in the openness of the economy results in a 0.6 % rise in labour productivity the following year [10].

Capital inflows from foreign country can affect international transaction through their impact on domestic investment. Foreign capital flows in form of foreign direct investment (FDI), portfolio investment, bank lending from abroad and other external resource flows are the main source of finance to fill the gap between investment and domestic savings. National Income Accounting proves that a country unable to generate enough savings to finance its own investment must attract surplus foreign savings in the form of a capital inflow. Such a country is a net borrower from the external sources. On the contrary, a country invests abroad when it's domestic savings are more than adequate to finance domestic investment. It sends its surplus savings abroad in the form of foreign direct investment (FDI) or investment in foreign stocks, bonds or real estate. This stream of surplus savings is referred to as a capital outflow, making the country a net lender to the rest of the world. Apart from effect through domestic investment, FDI may lead to trade in intermediate goods by aiding international supply chains as well as influencing a country's comparative advantage by making easy the transfer of technology. There is no repudiation that foreign direct investment, exchange rate and trade openness contributes to economic growth.

Economic growth refers to an increase in the amount of goods and services produced by an economy over a period of time. It is conventionally measured as the percentage rate of increase in real gross domestic product, or real GDP. Economic growth can be measured as a percentage change in the Gross Domestic Product (GDP) [11]. Gross Domestic Product (GDP) is an economic indicator which measures the welfare and economic performance of

a country and serves as the measure of real economic activity.

Statement of the problem

The benefits of international transaction have not been felt in Nigeria and other developing countries because they are import dependent. The over dependency on import by these countries has greatly affected their rate of economic growth. Moreover, domestic products do not match up to the qualities of most imported goods thereby rendering local products inferior and being neglected [12]. The inferiority of our domestic products is responsible for the over dependence of Nigerian economy on imports which results in loss of economic competitiveness, adverse balance of payments, unfavorable balance of trade, volatile exchange rate and decreasing rate of economic growth.

There is no doubt that Nigeria is an import-dependent nation. Hence, the benefits which could accrue to nations as a result of having various sources of foreign exchange earnings have eluded the Nigerian economy as a result of heavy dependence on import. This could be attributed to several factors which could possibly deter international transactions. Such factors include; economic instability, weak industries, demography, difficulty in transportation, trade barriers, investment, technology, natural resources, lack of information and institutional frame work. Economic growth of the developed countries is explained by supply side models and availability of most of these factors and technological level [13].

Nigeria economy has always been on the edge of benefiting from international transaction because of price instability resulting from constant exchange rate volatility. This constitutes a major impediment to international transaction in Nigeria. Exchange rate stability is important in international transaction as more countries open their economies to global trade which is indispensable for economic growth. Exchange rate in Nigeria has witnessed a wide gyration over time, ranging from fixed, flexible to managed float whereby monetary authorities intervene periodically in the foreign exchange market. According to [14], a country's exchange rate is an important determinant of the growth of its international transaction and assesses its international competitiveness. This variation in rate and policies cause unstable nature of the currency and results in trade imbalance which negatively affect Nigerian economic growth.

Constant spurious recurrent expenditure of the federal government which constitutes a high percentage of her total expenditure tied up the much needed savings which if freed, could have been huge enough to attract foreign direct investment. In spite of the effort to attract foreign direct Investment (FDI), the growth of FDI in Nigeria remains an issue of concern to the nation. The level of insecurity in the country constitutes a major hindrance to multinational companies' influx. Foreign capital which could have accrued to the country in form of technical skills and investments were discouraged. The major FDI flow in Nigeria is focused towards oil sector, agricultural produce which has been the main export earner in Nigeria since 1970s has been grossly neglected.

Studies carried out by [15], [16], [17], [18], [19], [20] which concentrated on establishing the cause-effect relationship between international trade, export, import and economic growth did not offer satisfactory explanation on the implications of trade openness, exchange rate and foreign direct investment on economic growth. This study attempted to fill this gap by examining the impact of international transaction attributes on economic growth of Nigeria.

Objectives of the study

The broad objective of this study is to investigate the impact of international transaction attributes stimulates economic growth in Nigeria.

However, the specific objectives include;

1. To determine the impact of trade openness on economic growth in Nigeria

2. To ascertain the impact of exchange rate on economic growth in Nigeria
3. To examine the impact of foreign direct investment on economic growth in Nigeria.

Research Hypotheses

The hypotheses were formulated in null forms to guide the study:

HO_1: Trade openness does not significantly impact on economic growth in Nigeria.

HO_2: Exchange rate does not significantly impact on economic growth in Nigeria.

HO_3: Foreign Direct Investment does not significantly impact on economic growth in Nigeria.

Significance of the study

The intensified urge to achieve economic growth and improve standard of living has resulted in many researches on the impact of international transaction attributes on growth of Nigerian economy. This study however will add to existing literatures on this topic as well as a research material for future studies.

It is expected that this study will assist Nigerian government in knowing the measures and policies to undertake to achieve favorable balance of trade in order to boost her external reserve, having known that exploiting her natural and human resources with serious attention to agricultural produce, will increase export and improve economic growth.

REVIEW OF RELATED LITERATURE

Conceptual review

Concept of International Transaction Attributes: International transaction is the exchange of capital, goods and services between nations. It involves buying and selling of goods and services between two or more countries across international borders through import and export [21]. However, the attributes of international transaction are the features which facilitate the exchange of capital, goods and services across international territories. Such features include import, export, exchange rate and foreign direct investment among others,

Through international transaction attributes countries supply to the global economy, goods and services that they produce at relative low cost through export and demand from the world economy the goods that are made relatively cheaper elsewhere. International transactions speed up economic growth through foreign exchange earnings and enables countries to sell their domestically produced goods to other countries. A country that attempts to produce everything it needs deprives itself of the economic benefits of international specialization. Developing country like Nigeria which is dependent on exports of few goods like oil is at risk of economic downfall because of the possibility of abrupt adverse changes in demand from world markets which can significantly degenerate a country's terms of trade, balance of payment and exchange rate. Hence diversification of production and exports becomes important.

For all intents and purposes, trade is a global transformation of produce, inputs and technology which encourage welfare by extending the market of a country's production above national frontiers and may guarantee better prices through exports. Through imports, it makes accessible commodities, inputs and technology which are either not accessible or are obtainable only at higher prices, as a consequence consumers attain a higher level of satisfaction. The primary law of international transaction, law of comparative costs, implies that what a country exports and imports is determined by its trade relation to those of its trading partners and not by its character in isolation [22].

According to [23], foreign trade offers a consumption possibility frontier that can give us more variety of goods and services than our own domestic production possibility frontier. Specialization and exchange of endowed resources determines a countries economic prowess.

Concept of Trade openness: International transaction facilitates trade openness which is import and export divided by the gross domestic products

(import +export/gdp). It is trade devoid of barriers which helps to expands business opportunities for domestic companies by opening up new markets, eliminating unnecessary barriers and making it possible for them to export.

Import and export is a function of trade openness and a source of strength for trade among nations. [24] opined that one indicator of openness is the relative size of the export sector. Exports, more often than not reflect production in excess of what is required for domestic consumption in a circumstance where no deliberate policy for exports is pursued. Excess of export over import represents receipt to a country which means supply of foreign exchange in exchange to local currency which is expected to have an appreciating effect on domestic currency, whereas excess import over export represents payments and demand of foreign currency over domestic currency with depreciating effect [25]. Trade openness expands business opportunities for domestic companies by opening up new markets, eliminating unnecessary barriers and making it possible for them to export. The contribution of openness to growth depends on the pattern which a countries trade evolves. Experience in European Union countries show that a 1 % increase in the openness of the economy results in a 0.6 % rise in labour productivity the following year. Trade openness expands business opportunities for local companies by opening up new markets, removing unnecessary barriers and making it Easier for them to export [26].

Concept of Exchange rate: Exchange rate of a country means the unit of a country's currency needed to purchase one unit of another country's currency. The importance of achieving a stable exchange rate for the Naira cannot be ruled out due to its significance in bringing economic growth. Hence, the need for any growth-conscious country to manage its foreign exchange as it reflects the strength of a currency when measured against another country's currency. Nigerian economy has over the years witnessed series of international transactions and has been designing trade and exchange rate policies to promote trade [27]. [28] noted that despite various efforts by the government to maintain a stable exchange rate, the naira has depreciated throughout the 1980's to date. According to [29], a country's exchange rate is an important determinant of the growth of its international trade and assesses its international competitiveness. [29] found that the appreciation of exchange rate exert positive impact on real economic growth in Nigeria. [30] found a significant long-run relationship between real output growth and the exchange rate regardless of the kind of regime.

Instability in Exchange rate creates a big problem to import and export. [31] stressed that exchange rate is influenced by exports, imports and structural influences. When exports exceed imports, the demand for a country's currency rises and thus, it has a positive impact on the exchange rate but if imports exceed exports, the desire for foreign currency rises and hence, exchange rate for such country move-up. In confirmation [32] opined that excess of export over import signifies receipt to a country which means supply of foreign exchange in exchange to local currency which is expected to have an appreciating effect on domestic currency, whereas excess import over export represents payments and demand for foreign currency over domestic currency with depreciating effect.

Concept of Foreign Direct Investment (FDI): A range of reviews observed that open economies encourage more foreign investment. Capital inflows from foreign country can affect trade through their impact on domestic investment. Foreign capital flows in form of foreign direct investment (FDI), portfolio investment, bank lending from abroad and other external resource flows are the main source of finance to fill the gap between investment and domestic savings. National Income Accounting proves that a country unable to generate enough savings to finance its own investment must attract surplus foreign savings in the form of a capital inflow. Such a country is a net borrower from foreign

sources. On the contrary, a country invests abroad when it's domestic savings are more than adequate to finance domestic investment. It sends its surplus savings abroad in the form of foreign direct investment (FDI) or investment in foreign stocks, bonds or real estate. This stream of surplus savings is referred to as a capital outflow, making the country a net lender to the rest of the world. Apart from effect through domestic investment, FDI may lead to trade in intermediate goods by aiding international supply chains as well as influencing a country's comparative advantage by making easy the transfer of technology. Portfolio investment and bank lending relationships across countries can strengthen trade flows by reducing information asymmetries between exporters and importers. External resource flows, more generally, may influence a country's exports by affecting its exchange rate [33]

Foreign Direct Investment (FDI) and trade can be substitutes particularly for horizontal FDI, which consists of investment in production in goods and services abroad to produce the same goods and services invested in, which replaces exports from the home country to serve the host country market [34]. Conversely, FDI and trade are viewed by [35] as being complements. According to [36], this may be because associates or subsidiaries are used as export base for horizontal FDI where investment in production capacity results in exports from that country to other third-country markets in its proximity.

Empirical Review

[36] examined the relationship between international trade and economic growth in West Africa from 1991- 2011. Based on the panel data of 16 countries, the study found that a one percent rise in export variable will lead to growth of GDP by 5.11 percent. Import on the other hand has positive but insignificant impact on GDP growth. Foreign exchange has negative impact on GDP growth. Therefore, the study concluded that exports impact positively on economic growth of the West Africa. The gap in this study is the fact that it does not consider the impact of international transaction attributes on the growth of Nigerian economy using trade openness, exchange rate and foreign direct investment (FDI).

[37] examined the impact of international trade on economic growth in Nigeria for the period 1981 to 2012. Using degree of openness to proxy international trade, the ordinary least squares technique was employed to estimate the impact of international trade on Gross Domestic Product. The result of the analysis shows that all the variables except interest rate were statistically significant. Degree of openness has direct robust relationship with economic growth since the proxy variable is positive and statistically significant in the model. The study recommended that policy makers should adopt policies on trade liberalization such as reduction of non-tariff barriers, reducing tariffs, reducing or eliminating quotas that will enable the economy to grow at spectacular rates. The gap in this study is the fact that it does not consider the impact of international transaction attributes on the growth of Nigerian economy using trade openness, exchange rate and foreign direct investment (FDI).

[38] examined the impact of international transaction on economic growth in Nigeria, using net export and Balance of Payment as proxies for international trade while Gross Domestic Product was used as a dependent variable. The study employed regression analysis as the method of analysis using co-integration and error correction modeling techniques to find the long-run relationship between economic performance and international trade. Total Export remains positive and significant while others remain insignificant. This signifies that Nigeria is running a mono-cultural economy where only oil acts as the sole support of the economy. The gap in this study is the fact that it does not consider the impact of international transaction attributes on the growth of Nigerian economy using trade openness, exchange rate and foreign direct investment (FDI).

[39] examined the effect of international trade on the economic growth of Nigeria

in the 21st century. International trade proxy by imports, exports, and trade openness were used as independent variables while Economic Growth measured by gross domestic product as dependent variable. Annual time-series data from 2000-2012 was sourced and analyzed using Ordinary Least Square (OLS) estimation technique. It was evidenced that international trade has a significant positive impact on economic growth. Imports, Exports, and Trade Openness have significant effect on the economy. The gap in this study is the fact that it does not consider the impact of international transaction attributes on the growth of Nigerian economy using trade openness, exchange rate and foreign direct investment (FDI).

[40] examined the impact of foreign trade and economic growth in Nigeria using quarterly time-series data for 1981Q1 through 2010Q4 using vector autoregressive model. The Granger causality test examines the causal relationships between the logarithm of real gross domestic product, log of exports, log of foreign direct investment and log of exchange rate in Nigeria. The results show that there is a stable, long-run relationship between foreign trade and economic growth. The gap in this study is the fact that it does not consider the impact of international transaction attributes on the growth of Nigerian economy using trade openness, exchange rate and foreign direct investment (FDI).

[41] examined the impact of foreign trade on economic growth in South Africa. The study made use of the cointegrated vector autoregression approach. The cointegration model emphasizes the long run equilibrium relationship between GDP and independent variables comprising of exchange rate, inflation rate, Import and export. Results revealed the presence of a long term economic relationship among all the variables. Empirical investigation reveals that inflation rate, export and exchange rates are positively related to GDP whilst import is negatively related to GDP. The gap in this study is the fact that it does not consider the impact of international transaction attributes on the growth of Nigerian economy using trade openness, exchange rate and foreign direct investment (FDI).

[42] a tried to establish a long run relationship between international trade and economic growth. The study employed the Engle-Granger cointegration technique with data for the period 1975 to 2005. Ordinary Least Squares (OLS) procedure was used to estimate a growth equation with GDP as the dependent variable. Results found that trade and economic growth are cointegrated, but the relationship is strengthened by the stability of the macroeconomic policy since negative macroeconomic variable such as rising inflation can constrain economic growth. Openness to trade is also deemed to play a crucial role, where reduction and elimination of barriers to trade promote growth in trade and ultimately economic growth.

[34] examined the contributions of international trade to economic growth in Nigeria. International transaction was proxy with export and import values while economic growth measured by real gross domestic product (RGDP) using time series data obtained from CBN for a period of 27 years. Augmented Dickey-Fuller (ADF) test was used for the unit root test and Johansen's co-integration test was also conducted to establish short and long run relationships between the two variables. The result showed long run relationship among the variables. The results further show that positive relationship exists between the Real Gross Domestic Product (RGDP) and international trade. The study suggests that Nigeria needs to increase or diversify her export goods to enjoy more of the benefits of international trade. The gap in this study is the fact that it does not consider the impact of international transaction attributes on the growth of Nigerian economy using trade openness, exchange rate and foreign direct investment (FDI).

[12] examined the effect of exchange rate, inflation and final government consumption on Kenyan economic growth. . Data for the study was obtained from World Bank from year 1960 to year

2010. With the use of multiple linear regression model, findings show that exchange rate has no effect on GDP growth rate, while inflations had negative and significant effect on GDP growth rate. The gap in this study is the fact that it does not consider the impact of international transaction attributes on the growth of Nigerian economy using trade openness, exchange rate and foreign direct investment (FDI).

[26] used time series data from 1973-2010 and Ordinary Least Square technique to determine the relationship between exogenous variables and endogenous variable. Results showed that total exports to GDP ratio, imports to GDP, terms of trade, trade openness, investment to GDP ratio, and inflation have positive and significant impact on the economic growth of Pakistan. The study revealed that an increase in the import of raw materials, the production, employment and output of the country is boosted up. Similarly, Trade openness has also positive and significant influence on the economy of Pakistan. Hence, international trade may play an important role to enrich the country's economy. The gap in this study is the fact that it does not consider the impact of international transaction attributes on the growth of Nigerian economy using trade openness, exchange rate and foreign direct investment (FDI).

[11] examined the effects of international trade on China's economic growth applying both econometric and non-parametric approaches on a 6-year balanced panel data of 31 provinces of China from 2002 to 2007, and the result showed positive effect on growth. The study demonstrates that increasing participation in the global trade helps China reap the static and dynamic benefits, stimulating rapid national economic growth. Both international trade volume and trade structure towards high-tech exports result in positive effects on China's regional productivity. The gap in this study is the fact that it does not consider the impact of international transaction attributes on the growth of Nigerian economy using trade openness, exchange rate and foreign direct investment (FDI).

Theoretical Framework

Classical Trade Theory: Classical trade theory was first postulated by Smith in 1776. The theory states that the extent to which a country exports and imports relates to its trading pattern with other nations. That is, countries are able to gain if each devotes resources to the generation of goods and services in which they have an economic advantage. Therefore, classical trade theory effectively describes the scenario where a country generates goods and services in which it has an advantage, for consumption indigenously, and subsequently exports the surplus. Consequently, it is sensible for countries to import those goods and services in which they haven economic disadvantage. Economic advantages/disadvantages may arise from country differences in factors such as resource endowments, labour, capital, technology or entrepreneurship. Thus, classical trade theory contends that the basis for international trade can be sourced to differences in production characteristics and resources. His theory also held that suitable trade policies in particular circumstances can be used to fuel economic growth and development.

One of the fundamental assumptions of the classical trade theory is the labour cost theory of value. This theory states that the relative cost of production are determined by the labour cost alone. Thus, the assumption of the labour theory of value seems to be unrealistic in explaining the cause of trade. The theory further states that goods are exchanged against one another according to the relative amount of labour embodied in them. Goods which have equal prices embody equal amount of labour.

The classical trade theory is relevant to the study on the impact of international transaction attributes on economic growth because it is based on international trade which is the major component of international transactions. It emphasizes the relevance of imports and exports to international transaction attributes which promotes economic

growth. The theory further maintains that sound economic policies promote international transaction which brings about growth of the economy.

METHODOLOGY

Research Design: The research design of the study is *ex post facto*. Research design is a blue print that guides the research in collection, measurement and data analysis [6]. It involves the observations of past event. This type of research design is applicable to business and social sciences research**.**

Sources of data: Since the work examines past event, the study relied absolutely on secondary data. Data on Gross Domestic Product (GDP), trade openness (TOPN), exchange rate (EXR) and foreign direct investment (FDI) for the study were collected from Central Bank of Nigeria Statistical Bulletin covering 1999 - 2017.

Description of research variables: The study made use of two sets of variables; dependent and independent variables. The dependent variable for this study is the economic growth proxied as Gross Domestic Product (GDP). Gross Domestic Product is the totality of goods and services produced in Nigeria without regards to whether income generated during the period accrues to or are paid to nationals of foreign countries [7]. Gross Domestic Product (GDP) is an economic indicator which measures the welfare and economic performance of a country and serves as the measure of real economic activity.

In other to achieve the above specific objectives, independent variables used consist of trade openness (*Import +Export /GDP*), exchange rate and foreign direct investment (FDI). Trade openness in our study is export plus import divided by GDP *(import +export/gdp).*Exchange rate of a country means the unit of a country's currency needed to purchase one unit of another country's currency. Foreign Direct Investment (FDI) is the total value of foreign capital flows in Nigeria.

Model specification: The study adopted multiple regression models. The model specifies as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_{3} + \mu \qquad (1)$$

The above model was modified and written as;

$$GDP = f(TOPN, EXR, FDI) \qquad (2)$$

However, linear expression with inclusion of an error term is presented as follow:

$$GDP = \beta_0 + \beta_1 TOPN_t + \beta_2 EXR_t + \beta_3 FDI_t + \mu \qquad (3)$$

Where:

TOPN=Impact of trade openness (Import +Export /GDP)

EXR =Impact of exchange rate

FDI =Impact of foreign direct investment

μ = error term

β_0 = intercept

$\beta_1 - \beta_3$ are the coefficients

Method of Data Analysis: To analyze the data on the impact of international transaction attributes on economic growth proxied by Gross Domestic Product, ordinary Least Square (OLS) multiple regression technique was employed with the aid of E-view 9.0 as the statistical package for the regression analysis. Descriptive statistics was used to describe the individual characteristics of the variable. The t- value and p- value was used as the basis for acceptance or rejection of the statistical significance of the research hypotheses. Hence, accept alternate hypothesis if the p-value is less or equal to 0.05 and t-value equal or greater than 2.00. Accept null hypothesis and reject alternate hypothesis if the p-value > 0.05 and t-value <2.00.

RESULTS

Descriptive Results

Table: 1 Descriptive Statistics

	GDP	FDI	TOPN	EXR
Mean	11025.36	653.8421	14195.58	154.1400
Median	133.5004	678.2000	14087.00	133.5004
Maximum	105673.8	1360.300	26232.50	305.0000
Minimum	92.69340	92.80000	2051.500	92.69340
Std. Dev.	32623.93	389.4799	8640.004	58.21355
Skewness	2.574709	0.067518	-0.071293	1.834142
Kurtosis	7.633975	2.040226	1.487627	5.456483
Jarque-Bera	37.99226	0.743692	1.826853	15.43007
Probability	0.000000	0.689460	0.401147	0.000446
Sum	209481.9	12423.00	269716.1	2928.661
Sum Sq. Dev.	1.92E+10	2730503.	1.34E+09	60998.71
Observations	19	19	19	19

Source: Authors' Computation 2018, via E- View 9.0

Table 1 reveals descriptive statistics of the model variables. It showed that GDP averaged 11025.36 from 1999 – 2017. Highest GDP of 105673.8 was recorded in 2017 while the lowest value of 92.69340 was recorded in 1999. The probability value showed that GDP, FDI, TOPN and EXR were well distributed at 0.0000, 0.6895, 0.4011 and 0.0004 respectively. GDP and EXR had probability values less than 0.05 while FDI and TOPN had probability values greater than 0.05. FDI was maximum at 1360.30 and minimum at 92.80. TOPN was maximum at 26232.50and lowest at 2051.50 while EXR was highest at 305.00 and lowest at 92.70.

Ordinary Least Square Result

Table 2 OLS Regression Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-69245.17	7939.851	-8.721218	0.0000
FDI	6.110581	11.95582	3.511097	0.0000
TOPN	-1.599567	0.642573	-2.489315	0.0250
EXR	642.1562	57.89649	11.09145	0.0000
R-squared	0.914437	Mean dependent var		11025.36
Adjusted R-squared	0.897325	S.D. dependent var		32623.93
S.E. of regression	10453.69	Akaike info criterion		21.53196
Sum squared resid	1.64E+09	Schwarz criterion		21.73079
Log likelihood	-200.5536	Hannan-Quinn criter.		21.56561
F-statistic	53.43654	Durbin-Watson stat		1.848052
Prob(F-statistic)	0.000000			

Source: Authors' Computation 2018, via E-View 9.0

Results in table2 reveal that foreign direct investment (FDI) has positive and significant impact on Gross Domestic Product. This is evidenced in the coefficient value of 6.110581 which is positive and p-value 0.0000 which is less than 0.05 level of significance. Specifically, a unit increase in foreign direct investment function will lead to about 6.11 percent increases in economic growth.

Trade openness (TOPN) has negative and significant impact on GDP. This is confirmed by the coefficient (-1.599567) and p-value (0.0250). This indicates that a unit increase in trade openness function will lead to about 1.60 percent decrease in economic growth.

Exchange rate has significant and positive impact on GDP with coefficient value of 642.16 and p- value of 0.0000.This indicates that a unit increase in exchange rate will result in 64.20 percent increase in economic growth.

The coefficient of determination (R^2) is 0.91 which shows that 91% of variation in economic growth is caused by variations in independent variables (FDI, TOPN, EXR) in the model while the remaining 9% is captured by other variables not included in the model. The value of F- statistics is 53.44 and the value of the probability of F- statistics is 0.000. This implies that the overall regression is statistically significant at 1% level of significance given that the probability of F-stat is 0.000 which is less than 0.01.

Result of Hypotheses

The regression result above clearly indicates rejection of the three null hypotheses leading to the acceptance of alternative hypotheses. Trade openness (TOPN) was found to have negative and significant impact on economic growth in Nigeria and this means that, a unit increase in trade openness function will lead to about 1.60 percent decrease in economic growth. Similarly, exchange rate (EXR) was also found to have positive and significant impact on economic growth in Nigeria and this means that, a unit increase in exchange rate will lead to about 38.60 percent increase in economic growth. Finally, foreign direct investment (FDI) was found to be positive but with significant impact on economic growth in Nigeria and this means that, a unit increase in foreign direct investment function will lead to about 6.1 percent decreases in economic growth in Nigeria.

CONCLUSION

The study investigated the impact of international transaction attributes on economic growth in Nigeria and concluded that foreign direct investment (FDI) and exchange rate (EXR) have positive and significant impact on economic growth while trade openness has negative and significant impact on economic growth in Nigeria.

The study equally concluded that a unit increase in foreign direct investment will lead to about 6.11 percent increase in economic growth, a unit increase in trade openness will lead to about 1.60 percent decrease in economic growth and a unit increase in exchange rate will result in 64.20 percent increase in economic growth. The implication therefore is that international transaction attributes (foreign direct investment, exchange rate and trade openness) have significant impact on economic growth in Nigeria.

RECOMMENDATIONS

The study recommended as follows:

1 That export promotion and import substitution should be seriously pursued by the Nigerian government. Development of the country's trade should not be static on comparative advantage. Emphasis should be laid on the promotion of manufactured goods to diversify the export growth strategy.

2. That the deregulated exchange rate regime should be encouraged to improve the value of domestic currency relative to other currencies.

3. The enabling infrastructure should be in place to encourage foreign investors' influx into the country.

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APPENDIX 1

RAW DATA FOR GROSS DOMESTIC PRODUCT, FOREIGN DIRECT INVESTMENT, TRADE OPENNESS AND EXCHANGE RATE

Year	GDP(**N**)	FDI(**N**)	TOPN(**N**)	EXR**(N)**
1999	92.6934	92.8	2,051.5	92.6934
2000	102.1052	116.0	2,930.7	102.1052
2001	111.9433	132.4	3,226.1	111.9433
2002	120.9702	225.2	3,256.9	120.9702
2003	129.3565	258.4	5,168.1	129.3565
2004	133.5004	248.2	6,589.8	133.5004
2005	132.1470	654.2	10,047.4	132.1470
2006	128.6516	624.5	10,433.2	128.6516
2007	125.8331	759.4	12,221.7	125.8331
2008	118.5669	971.5	15,980.9	118.5669
2009	148.8802	1,273.8	14,087.0	148.8802
2010	150.2980	905.7	20,175.5	150.2980
2011	153.8616	1,360.3	26,232.5	153.8616
2012	157.4994	1,113.5	24,905.9	157.4994
2013	157.3112	875.1	24,701.4	157.3112
2014	158.5526	738.2	23,499.3	158.5526
2015	196.4900	602.1	19,921.2	196.4900
2016	101,489.50	678.2	21,897.2	305
2017	105,673.76	793.5	22,389.80	305

Source: CBN Statistical Bulletin 2017

APPENDIX 2

Descriptive statistics

	GDP	FDI	TOPN	EXR
Mean	35465.85	644.2011	13260.54	136.3916
Median	20657.32	654.1932	12221.71	132.1470
Maximum	94144.96	1360.308	26232.53	196.4865
Minimum	4679.212	92.79247	2051.485	92.69335
Std. Dev.	32122.24	411.4682	8668.800	25.15681
Skewness	0.723799	0.134619	0.155670	0.431581
Kurtosis	1.898527	1.863423	1.562839	3.214906
Jarque-Bera	2.343721	0.966377	1.531675	0.560458
Probability	0.309790	0.616813	0.464944	0.755611
Sum	602919.4	10951.42	225429.1	2318.657
Sum Sq. Dev.	1.65E+10	2708897.	1.20E+09	10125.84
Observations	17	17	17	17

OLS Regression Result

Dependent Variable: GDP
Method: Least Squares
Date: 29/6/18 Time: 08:04
Sample: 1999 2015
Included observations: 17

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-44780.54	11587.19	-3.864661	0.0020
FDI	-43.52590	7.147514	-6.089656	0.0000
TOPN	4.195660	0.451786	9.286838	0.0000
EXR	386.0144	103.9343	3.714024	0.0026

R-squared	0.969899	Mean dependent var	35465.85
Adjusted R-squared	0.962953	S.D. dependent var	32122.24
S.E. of regression	6182.746	Akaike info criterion	20.49924
Sum squared resid	4.97E+08	Schwarz criterion	20.69529
Log likelihood	-170.2435	Hannan-Quinn criter.	20.51872
F-statistic	139.6286	Durbin-Watson stat	1.023163
Prob(F-statistic)	0.000000		