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IMPACT OF PRIVATIZED SECTORAL INVESTMENT ON ECONOMIC GROWTH IN NIGERIA

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Abstract

This study explored the impact of privatized sectoral investment on economic growth in Nigeria. It employed ex-post facto research design, utilizing existing data. Descriptive statistics were used for data analysis, and multiple regression analysis was applied to estimate the relationships in the model. The Central Bank of Nigeria (CBN) Statistical Bulletin and the National Bureau of Statistics (NBS) covering the period from 2000 to 2023 serve as the sources of data for this study. The results of this study show the mixed impact of various economic factors on Nigeria's GDP. Capital expenditure is statistically insignificant and positively related to economic growth, suggesting that it has little impact on GDP, but internal revenues (IGRs) have negative and insignificant effects, implying that increasing IGRs does not necessarily contribute to economic growth. Conversely, investment (INV) has had a significant positive impact on GDP and highlights its crucial role in driving economic expansion. These results agree with some existing studies, but are contrary to others. it is recommended that further research and policy adjustments be made to improve the efficiency of capital expenditure and income generation in the promotion of sustainable economic growth in Nigeria.

Keyword*: Privatized sectoral investment, Economic growth, Gross domestic product, Internally government revenue,*

1.0 Introduction

The private industrial sector is a major player in the urban setting and in the development of its economy, significantly contributing to the income of a national and acting as the primary generator of jobs. It provides approximately 90% of employment opportunities in developing nations, encompassing both formal and informal roles, while also delivering essential goods and services, boosting tax revenues, and ensuring smooth capital flow. Moreover, it is expected that the private enterprise industry should drive future urban development (Oladiran, 2019). Its involvement is increasingly promoted to harness the benefits and address the challenges posed by rapid urbanization. As an active participant in urban governance, the private sector influences whether urban growth is inclusive and sustainable, while also impacting poverty alleviation and addressing unemployment, exclusion, and instability (Oyediran, 2017). In Nigeria, substantial investment in private-sector-driven economic activities is critical for enhancing citizens' living standards. Development economists continue to debate the relationship between investment and growth to enable developing economies to catch up with developed ones (Olajumoke (2023),). Economic growth, defined by annual increases in GDP, is a key metric of development, fostering stability, reducing underdevelopment, and alleviating poverty to improve overall quality of life. Governments can support private investments by providing financial incentives or mitigating project risks. This can include cash subsidies, payment guarantees, or agreements like Power or Water Purchase Agreements. Nigeria's Public-Private Partnership (PPP) policy aims to empower the private sector in

infrastructure development while ensuring public authorities focus on planning and oversight. This strategy is expected to revitalize efficiency, widen access, and advance public service quality. Regulatory frameworks ensure private investments are directed towards addressing infrastructure deficits sustainably while adhering to global best practices (Foundation for Public Private Partnership Nigeria, 2013). PPP-enabling laws, critical for political and regulatory stability, provide a framework for private infrastructure investments by clarifying contractual obligations and risk allocations. While these laws have facilitated private investments, particularly in infrastructure, their impact remains underexplored. Properly structured PPP laws reduce uncertainty and transaction costs, promoting private participation in projects, especially in the U.S., where enabling legislation is crucial (World Economic Forum, 2015). The private sector's role in fostering economic growth is well-documented. Lessons from Asia demonstrate that growth is a powerful tool in combating poverty, creating jobs, and improving labor market efficiency. Economic progress also fosters better resource allocation, enhances human capital development, and drives equitable growth strategies, thereby reducing poverty and improving living conditions (Oladiran, 2019).
Rapid and sustained economic growth is a cornerstone of poverty reduction and improved living standards. Strong growth incentivizes investments in education, nurtures entrepreneurial activities, and promotes governance improvements. However, the extent of growth's impact on poverty and human development varies depending on inclusivity and participation of the poor (Jackson 2024). Efficient resource utilization and private investment are critical for economic growth. The private sector drives job creation, infrastructure development, and service delivery, making it indispensable for achieving sustainable development. Recognizing this, international organizations advocate for private sector involvement in addressing development challenges, emphasizing its potential to promote inclusive growth, tackle poverty, and foster environmental sustainability (Olajumoke (2023). In Nigeria, policies prioritizing private sector investment, such as those under NEPAD, reflect global trends. While the relationship between private sector investment and growth is well-studied, challenges like currency risks and economic instability persist, impacting foreign investments. A conducive environment with reduced costs and stable economic conditions is essential for fostering private investment (Oyedokun & Ajose, 2018)). The evolving role of private investment underscores its importance in macroeconomic and development strategies, requiring governments to support rather than hinder private-sector-led growth (Jackson 2024).

Over the past few decades, the Nigerian economy has developed and implemented several reform initiatives to drive economic growth, with privatization of key sectors being a prominent strategy. The policy is prefaced on the postulation that ownership and management transfer from the public to the private sector increases efficiency, boosts productivity, attracts investment, and stimulates economic development. However, the impact of privatized sectoral investments on Nigeria’s economic growth is far-fetched and under-researched, raising critical concerns for policymakers and stakeholders. Some sectors have experienced significant progress as a result of privatization examples of such sectors are telecommunications energy, manufacturing, and transportation yet they are still underperforming. These discrepancies is indicative that privatization unaided does not assure sectoral success. Myriads of drawbacks ranging from institutional weakness, regulatory ineptitudes, lack of transparency, and corruption often times bedeviled expected gains of privatization. These systemic queries call into question the efficacy of current privatization practices in fostering broad-based economic growth.

Additionally, the social implications of privatization have glimmered significant debate. There are lingering fears about job dislocation, rising service costs, and worsening income inequality, especially where privatized services are monopolized or poorly regulated. Furthermore, the dearth of investment in very important public service sectors such as education, healthcare, and agriculture raises doubts about

the inclusiveness and sustainability of privatization-led growth. A significant gap in the existing literature lies in the limited empirical evidence on how privatized investments contribute to economic growth at the sectoral level in Nigeria. Most studies focus on general macroeconomic indicators without disaggregating the effects across sectors, thereby leaving a void in understanding the specific dynamics at play. This lack of sector-specific data and analysis limits policymakers' ability to craft targeted reforms and assess the long-term outcomes of privatization initiatives. Therefore, this study intends to connect this gap by unsympathetically examining the impact of privatized sectoral investments on Nigeria's economic growth. It aims to investigate if privatization has been able to fulfill its outlined objectives, such as gross domestic product growth, reduction in government expenditures and financial management, improved internal government revenue generation, revealed the sector-specific challenges and discrepancies, and provided data-driven recommendations to inform policy, strengthen regulatory frameworks, and promote inclusive and sustainable economic development. The study equally aim to answer the questions relating to: a) how significant does capital expenditure impact the nation's growth in economy, b) how significant does internal government revenue affect the nation's economic growth, c) the extent to which investment influences the nation's economic growth.

2.0 Literature Review

2.1.1 Concept of Private sector investment

The private sector serves as a key driver of development in any economy, particularly in Africa. This is largely because governments in developing countries lack the resources to provide the comprehensive infrastructure necessary for growth and development. The private sector plays a crucial role in accessing bank credit to enhance productivity, making it a significant contributor to the profitability of banks. Economic growth and development in developing nations rely heavily on an effective financial sector capable of mobilizing domestic savings and attracting foreign capital for productive investments. To meet the demands of globalization, the private sector in developing economies requires increased funding to expand their investments.

Private sector investment has positively impacted economic conditions by fostering financial market competitive competence that benefits non-financial sectors indirectly (Abumere, 2016). Nwanna and Chinwudu (2016) highlight that private sector investment has also expanded the provision and variety of financial services through improved financial infrastructure. Similarly, Oyedokun and Ajose (2018) emphasize the financial sector's ability to effectively mobilize savings for investment purposes. By tapping into savings and idle funds, private sector credit channels these resources to entrepreneurs, businesses, households, and governments for investment projects, thus driving economic growth and development.

Nigeria's financial sector has undergone numerous types of reforms in the past few years, led by the Nigerian Apex Bank (CBN), which has worked to maintain the sector's liquidity and solvency to compete globally. These reforms are responses to challenges such as systemic crises, globalization, technological advancements, and financial instability. Globally, researchers have extensively studied the relationship between financial/capital markets and economic growth, given that a significant portion of funds mobilized by the financial sector is directed toward economic growth. However, much of the research has focused on banking systems and capital markets, with limited attention given to private sector investment, despite its vital role in fostering economic growth.

2.1.2 Concept of Economic growth

Economic growth refers to the process of generating economic and social changes, both quantitative and qualitative, that lead to a sustained and cumulative increase in a nation's real national product. It is

characterized by a rise in national income per capita and involves quantitative analyses of the functional relationships between endogenous variables. Broadly, economic growth encompasses increases in GDP, GNP, and national income (NI), reflecting the nation's wealth and production capacity in absolute and per capita terms. This process also includes structural transformations within the economy (Okafor et al,.2021).

Economic growth can be seen as the expansion of national economies and macroeconomic indicators, particularly GDP per capita, progressing in a generally upward direction, though not always in a linear pattern, with positive implications for the economic and social sectors. Growth can be classified into three types: positive, zero, and negative. Positive growth occurs when the average annual increase in macroeconomic indicators surpasses population growth. Zero growth is observed when the growth rate of these indicators matches the population growth rate, while negative growth occurs when population growth outpaces macroeconomic indicators. Economic growth is influenced by various constraints, such as rapid population growth, limited resources, inadequate infrastructure, inefficient resource utilization, excessive government intervention, and institutional or cultural barriers that hinder progress (Jackson 2024).

It is driven by the efficient use of resources and an increase in production capacity. Economic growth results from an increase in potential output, driven by either an expansion in factor supply or improvements in factor productivity. High growth rates lead to increased production of goods and services, reduced unemployment, more job opportunities, and improved living standards for the population (Okafor et al, 2021).

2.1.3 Private Sector and Economic Growth

Economic growth is defined as an increase in a nation's real gross domestic product (GDP), reflecting the rise in the production of goods and services or the overall expansion of the economy (Nwanna & Chinwudu, 2016)). It is a positive and sustained increase in the output of manufactured goods and services within a specific time frame (Jackson (2024). Looking at what the above scholars inferred, financial deepening can be seen as the growth in the availability of financial assets within the economy. The total volume of these assets—such as broad money supply, stock market value, and money market funds—provides an indicator of the degree of financial deepening. When the growth in financial assets is minimal, it suggests shallow financial deepening, whereas a significant increase indicates a deeper financial system. Mugabe et al, (2022); Aromi et al., (2022), highlighted further that developed economies typically exhibit higher levels of financial deepening, driven by robust growth and development in their financial sectors, which, in turn, contribute to the broader economic expansion. The financial sector serves as the mechanism through which financial deepening occurs. Fisher (2001) emphasized that financial deepening entails enhanced mobilization of financial resources within the formal financial sector, easing liquidity constraints for banks and increasing the availability of funds for project financing.

The Department for International Development (DFID, 2004) defines the financial sector as encompassing both formal and informal institutions that provide financial services to individuals, businesses, and other financial entities. This includes a wide array of institutions, such as banks, stock markets, insurers, credit unions, microfinance organizations, and money lenders.

DFID further outlined indicators of a developed or deepened financial sector, including increased efficiency and competitiveness, a broader range of financial services, and improved allocation of capital by private financial institutions responding to market demands rather than state directives. Additionally, advancements in financial sector regulation, stability, and accessibility for a larger portion of the population are crucial signs of financial deepening. Financial institutions can stimulate savings and redirect resources to sectors with financial deficits through credit extension, necessitating effective

financial intermediation. Such interaction between surplus and deficit units is instrumental in fostering a deeper financial system (Nwanna & Chinwudu, 2016)).

2.1.4 Economic Growth importance

Oyediran et al., (2017) described economic growth as a fundamental increase in a country's real Gross Domestic Product (GDP), which directly reflects the nation's output and provides insights into its economic performance. This gives nations the room to benchmark their progress against others. The stressed that while growth is not the sole factor for a nation's success, it is fundamental for the advancement of other essential economic factors. Economic growth plays a crucial role in raising living standards. Aromi et al., (2022) emphasized that growth benefits all societal groups, including the underprivileged, making it a key strategy for poverty reduction.

According to Nwanna and Chinwudu (2016) economic growth enhances individual choices, improves societal conditions, and reduces poverty levels. Stable and consistent growth helps achieve greater equality and distributes wealth among citizens, offering an improved quality of life They identified specific benefits of economic growth as follows:

a) *Higher Income*: Greater income enables individuals to access a wider range of goods and services.
b) *Lower Unemployment*: Increased production encourages firms to hire more workers, reducing joblessness.
c) *Reduced Government Borrowing*: Economic growth boosts tax revenues while lowering expenditure on welfare programs like unemployment benefits. This helps lower the debt-to-GDP ratio.
d) *Enhanced Public Services:* Higher tax revenue allows governments to invest more in sectors such as healthcare and education.

Mugabe et al, (2022) defined economic growth as a rise in a nation's net national product over a specific period. Olajumoke (2023), described it as a continuous increase in the economy's productive capacity, leading to higher national output and income. Similarly, Jhingan (2016) regarded economic growth as a sustained increase in per capita income or output, accompanied by the expansion of labor, consumption, capital, and trade volumes.

Aromi et al., (2022),) highlighted the key attributes of economic growth, including higher per capita income, improved productivity, structural transformation, and increased international flows of labor, goods, and capital. Economic growth is traditionally measured through GDP and the Human Development Index (HDI), which evaluates national growth based on life expectancy, educational attainment, literacy rates, and adjusted per capita income. Based on these definitions, economic growth in this study is considered a steady increase in the production of goods and services, represented by GDP.

2.2. Empirical Review

Jackson (2024) analyzed the influence of domestic investment on Nigeria's economic growth over the period from 1990 to 2022. The study employed proxies for the independent variable, including domestic investment, total exports, interest rate, and inflation, while real gross domestic product (GDP) served as the dependent variable, representing economic growth. Secondary data were sourced from the World Bank Development Indicators and the Central Bank of Nigeria's annual statistical bulletin. The least squares method was used for data analysis employing the autoregressive Distributed Lag (ARDL) model. It was revealed from the ARDL estimates that both domestic investment and total exports had a positive and statistically significant impact on real GDP in both the long run and the short run. It was recommended that implementing trade policies that favor export expansion and urged the Nigerian federal government

to promote export-oriented policies, to support domestic investors and increase production, and that the government should reduce interest rates and tax burdens.

Adeyemo (2023) conducted an empirical investigation into the impact of entrepreneurship and international trade on Nigeria's economic growth and development from 1990 to 2022. The study utilized domestic credit to the private sector (DCPS), exchange rate (EXR), self-employment (SEEM), total exports (TEX), total imports (TIM), and inflation rate (INFR) as indicators of the independent variables, while real gross domestic product (RGDP) was the dependent variable. Annual time-series data were collected from secondary sources such as the Central Bank of Nigeria's annual statistical bulletins and World Bank development indicators. Data analysis was performed using the Autoregressive Distributed Lag (ARDL) model. The ARDL results revealed that, in the long run, self-employment and total exports positively and significantly influenced RGDP, indicating that an increase in these variables would enhance economic growth. Conversely, total imports exhibited a negative and significant impact on economic growth in the long run. It was recommended that the government prioritize entrepreneurship by providing financial support, such as credit and grants, to promote self-employment. Additionally, policies should encourage import substitution and the export of locally produced goods, as these measures positively impact Nigeria's economic growth and development.

Anachedo and Osakwe (2023), investigates the effects of financial deepening on Nigeria's economic growth from 1985 to 2021. It employs time-series data, including GDP growth, credit to the private sector as a percentage of GDP, money supply as a percentage of GDP, market capitalization as a percentage of GDP, and insurance premiums, sourced from the Central Bank of Nigeria's statistical bulletin. Data collected was analyzed by utilizing the Ordinary Least Squares (OLS) regression method. The results indicate that an increase in credit to the private sector aligns with higher economic growth rates. Additionally, market capitalization as a percentage of GDP shows a positive relationship with economic growth. However, both money supply as a percentage of GDP and insurance industry premiums demonstrates negative and significant effects on economic growth. It is recommended that monetary authorities encourage more companies to participate in the Nigerian stock market to enhance economic growth, better regulation of the monetary supply, aligning it with the current level of economic activity, more effort to minimize discrepancies between the demand and supply of money, to avoid the adverse effect of imbalances in the economy.

Olajumoke (2023), examined the role of economic integration, with a focus on the influence of international trade and small and medium-sized enterprises (SMEs) on Nigeria's economic growth. Key variables included real gross domestic product (GDP), bank credit, total exports, total imports, exchange rate, interest rate, and inflation rate, using data spanning the period 1981 to 2021, obtained from the Central Bank of Nigeria's statistical bulletin. Data were analyzed using the autoregressive distributed lag (ARDL) model, The findings revealed that an increase in total exports resulting from international trade positively impacts GDP growth. Similarly, greater bank credit access for SMEs significantly boosts Nigeria's economic growth. It was recommended that the Nigerian government foster free trade to encourage SMEs to export, to drive GDP growth. Policies to ensure affordable interest rates for bank credit to SMEs, the government should provide incentives, subsidies, and improvements in technology and infrastructure to support SMEs to enhance the sector's contribution to GDP, promote exports of manufactured goods, and generate employment opportunities across the country.

Aromi et al. (2022) examined the impact of uncertainty on economic growth in Latin America from 1960 to 2016. The findings reveal a positive correlation between uncertainty, inflation, and the volatility of three key macroeconomic variables: the inflation rate, GDP, and the real exchange rate. Empirical evidence suggests that uncertainty hampers economic growth, particularly when it reaches higher levels. Consistent with the prevailing consensus in the literature, the results indicate that macroeconomic

instability has been a significant factor contributing to the region's poor economic performance. To address this, the study recommends implementing stricter countercyclical policies to stabilize prices and reduce output fluctuations.

Mugabe et al. (2022) examined the impact of Information and Communication Technologies (ICT) investment and diffusion on Rwanda's economic growth. They highlighted that ICT imports significantly enhance the contribution of intermediate inputs to capital goods, thereby fostering economic growth. Using quarterly data from 2005 to 2020, the study employed regression analysis and found that while ICT development generally has a minimal effect on Rwanda's economic growth, in contrast, ICT goods exports showed no measurable impact on economic performance. These findings underscore the importance of prioritizing ICT goods imports as a driver of economic growth. The study recommended that policymakers focus on supporting ICT investment to maximize its potential to enhance Rwanda's economic growth.

Okafor et al. (2021) assessed the effect of financial deepening and economic growth in Nigeria. This study aimed to provide deeper insights into this relationship by analyzing time-series data from the post-Structural Adjustment Programme (SAP) period, following the significant financial reforms initiated with SAP in Nigeria. Utilizing the Johansen Cointegration technique, error correction models, and Granger causality tests, the research examined the connection between financial deepening and economic growth. Key variables in the model included the ratio of credit to the private sector relative to gross domestic product (CPS) as a measure of bank-based financial deepening and the ratio of market capitalization to gross domestic product (MCAP) as an indicator of stock market development. The findings revealed a positive and significant impact of financial deepening on Nigeria's economic growth, with bank-based financial depth emerging as particularly influential. It is recommended that SMEs be supported and favourable operational environment be created and easy access to less costly loan can serve as a catalyst for economic growth,

Oladiran (2019) conducted a study to assess how privatization influenced the financial performance of selected Deposit Money Banks (DMBs) in Nigeria. Using an ex-post facto research design, the study focused on three banks—FBN Plc, UBA Plc, and UBN Plc—selected from a population of nine privatized deposit money banks. The analysis was based on secondary data, with pre- and post-privatization diagnostic tests, descriptive statistics, and panel regression analysis applied. The findings shows that privatization positively influenced the financial performance of the selected banks. It was recommended that corruption levels in the country should be reduced to enhance the effectiveness and success of privatization programs.

Oyedokun and Ajose (2018) observed that Nigeria's domestic investment has experienced minimal growth over time, prompting their study to examine the impact of domestic investment on economic growth in Nigeria. To assess the long-term relationship between domestic investment and economic growth for the period 1980–2016, the study employed a co-integration test. Additionally, the Granger causality test was used to analyze the causal relationship between the two variables over the same period. The findings revealed a significant long-term relationship between domestic investment and economic growth, with domestic investment demonstrating a positive influence on real gross domestic product (GDP). Furthermore, the study showed that domestic investment Granger-causes economic growth within the period under review. Based on these results, it was recommended that the government should create an enabling environment to foster domestic investment. This can be achieved through the implementation of macroeconomic policies designed to enhance investment opportunities in Nigeria.

Oyediran et al., (2017) explored the effect of privatization on economic growth of Nigeria. The specific objectives are to: (i) explore the nature of privatization in Nigeria; (ii) compare economic conditions before and after privatization; and (iii) assess how factors like capital expenditure, investment, and inflation rate influence Gross Domestic Product (GDP). Using an ex-post facto research design, the study

examines data spanning 1980 to 2014, sourced from the Central Bank of Nigeria and the National Bureau of Statistics. Employing multiple regression analysis, the findings reveal that capital expenditure (CAPEXP), investment (INV), and inflation rate (INF) reported positive significant influence on GDP. Based on these results, the study recommends the establishment of robust regulatory frameworks, adherence to transparency and accountability, and the prudent use of privatization proceeds to maximize the program's benefits for economic growth.

2.3 Theoretical framework

2.3.1 Endogenous Growth Theory

The endogenous growth theory emphasizes the role of investments in human capital, innovation, and knowledge in driving economic growth. In the context of privatized sectoral investment, this theory is highly relevant as privatization often leads to increased efficiency, innovation, and resource optimization within previously state-owned enterprises. Studies like Boubakri et al. (2009) utilize dynamic panel data to demonstrate that privatization, especially through stock markets, fosters economic growth by improving productivity and reducing inefficiencies. This finding aligns with the endogenous growth model's assertion that long-term growth is influenced by policy measures and investment decisions parameters.

2.3.2 Privatization and Economic Performance Theory

This theory posits that privatization enhances economic performance by reducing government inefficiencies, encouraging competition, and fostering market-based resource allocation. Empirical studies on Nigeria, such as those by Abdullahi et al. (2012), reveal that privatized enterprises often show mixed results initially but generally contribute to improvements in profitability, output, and efficiency over time. For example, privatization in Nigeria has been linked to positive growth outcomes, with significant contributions from private sector investments in sectors like telecommunications and manufacturing. These theories underscore the transformative potential of privatization when supported by robust policies and institutional frameworks.

3.0 Methodology

3.1 Model Specification

Building on the theoretical and empirical discussions, this study identified a relationship between privatization and economic growth. Accordingly, it adopted a modified version of the theoretical model proposed by Udoka and Anyingang (2012), and adopted by Oyediran (2017), which establishes this relationship. The model is specified as follows:

$GDP = f(CEX, INV, IGR).$

$GDP = \beta_0 + \beta_1 CEX + \beta_2 INV + \beta_3 IGR + \mu.$

Where:

- *GDP*: Gross Domestic Product (proxy for economic growth)
- *CEX*: Capital Expenditure
- *INV:* Investment
- *IGR*: Internal Government Revenue
- $\beta_0, \beta_1, \beta_2, \beta_3$: Regression coefficients
- μ: Error term accounting for other factors influencing GDP not captured in the model

The expected impact of the independent variables (CEX, INV, and IGR) on the dependent variable (GDP) are:

- $\beta_1 > 0$: Capital expenditure is expected to positively influence GDP.
- $B_2 > 0$: Internal Government Revenue is expected to positively affect GDP.

- $B_3 > 0$: Investment is anticipated to have a positive effect on GDP.

This study employed an ex-post facto research design, utilizing existing data. Descriptive statistics were used for data analysis, and multiple regression analysis was applied to estimate the relationships in the model.

The Central Bank of Nigeria (CBN) Statistical Bulletin and the National Bureau of Statistics (NBS) covering the period from 2000 to 2023 serves as the sources of data for this study. This timeframe has been chosen to assess the effects of privatization on Nigeria's economy post implementation.

Table 1. Descriptive Statistics

Summarize: GDP, CEX, INV, IGR

Variable	Obs	Mean	Std. Dev	Min	Max
GDP	24	30147.88	148485.1	-268923	364873
CEX	24	349332.2	507320.2	8694.2	2117760
INV	24	-0.00113	13.28095	-43.437	32.37
IGR	24	2800688	3325846	-110990	9260900

Source: Authors' calculation from EViews 10

From table 1, the mean value of capital expenditures is ₦30,147.08m with a standard deviation of ₦148,405.1m which is far from the mean, showing a high-spending on-capital expenditure a low-risk value; with a minimum value of -₦268,923m and a maximum of ₦364,073m meaning a high capital expenditure with no commensurate benefit to show. The table also revealed that the average amount of investment is ₦349,332.2m, with a standard deviation of ₦507,320.2m showing also a dispersion from the mean representing low risk factor for investment, a minimum value of ₦8,694.2m and a maximum of ₦2,117,760m, this suggests that the investment potential and partnership is being considered in a positive light by different stakeholders. IGR also revealed from the table a mean value of -₦0.0011125, a standard deviation of ₦13.28095m, meaning that the SD is close to the mean, which has a high risk, with a minimum value of -₦43.437m and a maximum value of ₦32.57m, this suggests that the culture of internally generated revenue is low and for a country as large as Nigeria cannot rely on its IGR. The table also report the GDP value with the mean having ₦2,800,688m, a standard deviation of ₦3,325,846m, which is not too far apart from the mean, and moderate risk attached, a minimum value of -₦110,990m and a maximum of ₦5,260,900m, meaning that the GDP has growth potentials to improve the economy if the fundamental negatives are taken care of.

Table 2. Correlation Matrix

Correlate GDP, CEX, INV, IGR (Obs = 24)

Var	GDP	CEX	INV	IGR
GDP	1			
CEX	-0.274	1		
INV	0.7251	-0.3775	1	
IGR	-0.0599	0.0317	-0.0406	1

Source: Authors' calculation from EViews 10

From table 2 above, GDP showed a co-relation of negative -0.274 with CEX, but a positive association of 0.7231 with INV, and a negative correlation of -0.0999 with IGR. The Table also showed a negative correlation of -0.3775, but positively correlated with IGR with a value of 0.0317, and lastly INV showed

a negative correlation with IGR of -0.0406. The information above revealed that there is no multi-collinear association among the variables since all the association are less than 80% acceptable benchmark.

Table 3. Multicollinearity Test

Variance Inflation Factors
Date: 02/07/25 Time: 14:09
Sample: 2000 2023
Included observations: 24

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	4.41E+11	1.756141	NA
CEX	13.86554	1.216835	1.166600
IGR	1.49E+09	1.001965	1.001965
INV	1.187273	1.744915	1.167353

Source: Authors' calculation from EViews 10

Table 3 above revealed that the variance inflation factor (VIF) shows a tolerance value that is consistently lower than 10, which indicates the absence of multicollinearity among the independent variables, it can therefore, be used for the estimate.

Table 4. Normality Test

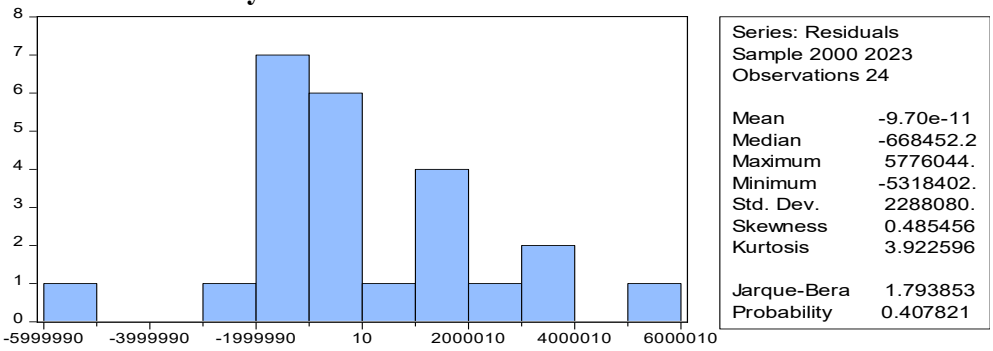

Figure 1. ***Source: Authors' calculation from EViews 10***

Figure 1 on table 4 represents the normality of residuals test from the regression line, which is a combination of the standardized total observations of the study. The report revealed a Jarque-Bera statistical value of 1.793853, with an equivalent probability value of 0.407821 or (40.78%). The normality null hypothesis is accepted as the value of the probability at 40.78% exceed the critical value at 5%. The interpretation is that the residual of the population is normally distributed, this shows that the good regression line assumption has been fulfilled.

Table 5. Regression Analysis

Dependent Variable: GDP
Method: Least Squares
Date: 02/07/25 Time: 14:15
Sample: 2000 2023
Included observations: 24

Variable	Coefficient	Std. Error	t-Statistic	Prob.

C	1142478.	663734.3	1.721287	0.1006
CEX	0.006961	3.723646	0.001869	0.9985
IGR	-7647.108	38561.44	-0.198310	0.8448
INV	4.746177	1.089620	4.355808	0.0003

R-squared	0.526698	Mean dependent var	2800688.
Adjusted R-squared	0.455703	S.D. dependent var	3325846.
S.E. of regression	2453693.	Akaike info criterion	32.41510
Sum squared resid	1.20E+14	Schwarz criterion	32.61144
Log likelihood	-384.9812	Hannan-Quinn criter.	32.46719
F-statistic	7.418778	Durbin-Watson stat	1.525674
Prob(F-statistic)	0.001575		

Source: Authors' calculation from EViews 10

Table 5 is the regression result. The R^2 value of 0.526698 represent 52.67% of the sample variation in the dependent variable; Gross Domestic Product being explained by the independent variables, while 47.33% are described by other variables or the error rapports. The adjusted R^2 of 45.57% specifies that the regression line took 45.57% of total variation in GDP caused by variations in the explanatory variable as specified in model equation, with about 54.43% representing the error term.

The F-statistics value is 7.418778, with Prob(F-statistics) value of 0.001575, indicates that the model is fit for the estimate, and that the explanatory variable jointly has a significant effect on economic growth of the total population of the study.

For hypothesis one ($\mathbf{H_1}$) there is a statistically insignificant positive relationship between capital expenditures and economic growth in Nigeria with the value of β_1=0.006961(P=0.9985>0.05); the Null hypothesis is *accepted*; this implies that 1% increase in capital expenditures will cause a 0.6% increase in the GDP of The Nigeria economy.

$\mathbf{H_2}$ revealed a negative insignificant impact of IGR on economic growth in Nigeria with a β_2 = -7647.108, (P=0.8448>0.05); therefore, the Null Hypothesis is *accepted*, implying that 1% increase in IGR will lead to 764711% decrease in the nations' GDP.

$\mathbf{H_3}$ showed a positive significant effect of investment INV on economic growth in Nigeria with a β_3 =4.746177, (P=0.0003<0.05); therefore, the Null hypothesis is rejected; meaning that a 1% increase in INV will bring about 474.62% increase in economic growth of GDP in Nigeria.

Table 6. Heteroskedastic Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	1.091330	Prob. F(3,20)	0.3757
Obs*R-squared	3.376118	Prob. Chi-Square(3)	0.3372
Scaled explained SS	3.426052	Prob. Chi-Square(3)	0.3305

Source: Authors' calculation from EViews 10

From table 6 above Obs. R-squared showed a value of 3.376118, with a corresponding probability of 0.3372, which is in excess of 0.05 critical value, this indicates that there is no heteroskedasticity in the residuals, rather the residuals are homoscedastic, which is desirable.

Discussion of Findings

From hypothesis one ($\mathbf{H_1}$) it was seen that there is a statistically insignificant positive relationship between capital expenditures and economic growth in Nigeria, the finding corroborated the Null hypothesis

implying that an increase in capital expenditures will cause an insignificant increase in the GDP growth in Nigeria; this finding is in line with the result of the work done by Anachedo and Osakwe (2023), Oladiran (2019) and Oyediran et al., (2017). **H_2** revealed a negative insignificant impact of IGR on economic growth in Nigeria, the result confirms the null Hypothesis implying that an increase in IGR will lead to a decrease in the nations' GDP., the findings result disagrees with the study by Adeyemo (2023) and Okafor et al., (2021) whose results proved otherwise. **H_3** showed a positive significant effect of investment INV on economic growth in Nigeria which agrees with the Null hypothesis meaning that an increase in INV will bring about an increase in economic growth of GDP in Nigeria; this result is in disagreement with the research work done by Mugabe et al, (2022), but confirm the work done by Jackson (2024), Olajumoke (2023), and Oyedokun and Ajose (2018). The findings can be linked with the both theories chosen for the study.

Research Finding Implications

The study on privatized sectoral investment and Nigeria's economic growth offers valuable contributions across research, economic development, and governance. It lays a foundation for future studies on how privatization impacts poverty reduction, employment, and regional development, especially by focusing on key sectors like manufacturing, telecommunications, and agriculture. Methodologically, it supports economic modeling, case studies, and comparative analyses, encouraging exploration of privatization under various governance and economic conditions. Economically, the study highlights ways in which private investment nurtures growth by improving efficiency and productivity, through the creation of favorable micro and macro-climate for both domestic and foreign direct investment (FDI). It parallels the Sustainable Development Goals (SDGs), bringing out growth strategies, industrial novelty, and infrastructural advancement. From a governance perspective, the study showcases evidence-based intuitions for the formulation of policy, supporting transparent and inclusive privatization processes. It emphasizes the importance of regulatory frameworks and public-private partnerships, highlighting the necessity for strong monitoring systems with the unrelenting purpose of tracking the performances of privatized enterprise, reducing corruption, and improving governance outcomes.

Conclusion and **Recommendations**

The results of this study show the mixed impact of various economic factors on Nigeria's GDP. Capital expenditure is statistically insignificant and positively related to economic growth, suggesting that it has little impact on GDP, and also that capital expenditure rises in the books with no tangible value to show for it, but internal revenues (IGRs) have negative and insignificant effects, implying that increasing IGRs does not necessarily contribute to economic growth. Conversely, investment (INV) has had a significant positive impact on GDP and highlights its crucial role in driving economic expansion. These results agree with some existing studies, but are contrary to others, emphasizing the need for further research and policy adjustments to improve the efficiency of capital expenditure and income generation in the promotion of sustainable economic growth in Nigeria. The followings are recommended:

1). The government should redirect its focus on improving the allocation and utilization of capital expenditures to ensure that public good investments translate into meaningful economic growth. This is achievable through better project management, transparency, and accountability in capital spending.
2). Since IGR reported a negative impact on GDP, policymakers should review tax policies, eliminate inefficiencies, and create a more business-friendly environment through private-public partnership to encourage compliance and economic productivity rather than imposing excessive tax burdens.
3). Given the significant positive effect of investment on GDP, the government should implement policies that attract both local and foreign investors. This includes improving infrastructure, ensuring a stable

economic environment, and offering incentives such as tax reliefs and holiday and reduced bureaucratic bottlenecks.

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