Sapientia Global Journal of Arts, Humanities and Development Studies (SGOJAHDS), Vol.9 No.2 June, 2026; pg. 101– 115; ISSN: 2695-2319 (Print); ISSN: 2695-2327 (Online)

IMPACT OF MULTINATIONAL CORPORATIONS IN SERVICE SECTOR, MANUFACTURING SECTOR AND CONSTRUCTION SECTOR ON ECONOMIC GROWTH IN NIGERIA

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Abstract

This study examined the impact of multinational corporations in the service, manufacturing, and construction sectors on economic growth in Nigeria using annual time-series data from 1980 to 2024. The study was motivated by the growing role of multinational corporations in Nigeria's economy and the need to determine their sectoral contributions to sustainable economic growth. Secondary data were sourced from the Central Bank of Nigeria Statistical Bulletin, National Bureau of Statistics, World Bank Development Indicators, and UNCTAD reports. The study adopted the ex-post facto research design and employed the Autoregressive Distributed Lag (ARDL) model to estimate both short-run and long-run relationships among the variables. Preliminary analyses included descriptive statistics, correlation matrix, Augmented Dickey-Fuller unit root test, lag selection criteria, and cointegration tests, while diagnostic and stability tests such as Breusch-Godfrey serial correlation test, Breusch-Pagan heteroskedasticity test, Ramsey RESET test, and CUSUM test were conducted to validate the reliability of the model. The findings revealed that multinational corporations in the service and construction sectors exert positive and statistically significant effects on economic growth in both the short run and long run. Conversely, multinational corporations in the manufacturing sector showed negative effects on economic growth, particularly in the long run, suggesting weak industrial linkages, import dependence, and limited technology transfer. The study concluded that multinational corporations contribute differently across sectors, with the service and construction sectors providing stronger growth benefits than the manufacturing sector. The study recommended stronger local content policies, infrastructural development, technology transfer strategies, and improved macroeconomic stability to maximize the benefits of multinational investments in Nigeria.

Keywords: Multinational Corporations, Economic Growth, Service Sector, Manufacturing Sector, Construction Sector.

1.0 Introduction

Economic growth remains a central objective of both developed and developing economies, as it reflects the expansion of productive capacity and the improvement of living standards over time (Gwaison, 2025). Globally, economic growth is commonly measured through indicators such as Gross Domestic Product (GDP), employment levels, industrial output, and income distribution. Sustained growth is generally driven by capital accumulation,

technological progress, productivity improvements, and structural transformation across key sectors of the economy. In this context, the service, manufacturing, and construction sectors are widely recognized as critical engines of economic expansion due to their roles in employment generation, infrastructure development, and value addition (Sasikala, et al, 2025).

In Nigeria, economic growth has followed a mixed and often unstable trajectory despite the country's abundant human and material resources. The economy has historically been dependent on the oil sector, with limited diversification into productive sectors such as services, manufacturing, and construction (Gwaison, 2026). Although these sectors have shown periods of expansion, challenges such as infrastructural deficits, weak industrial base, policy inconsistency, and low technological capacity have constrained their full contribution to sustainable economic growth. As a result, Nigeria continues to experience growth without commensurate development, highlighting the need for stronger sectoral performance beyond oil dependence (Aluko, et al, 2024).

At the global level, multinational corporations (MNCs) operating in the service, manufacturing, and construction sectors play a significant role in shaping economic development. Service-sector MNCs drive digital transformation, financial inclusion, and knowledge-based economies through banking, telecommunications, and professional services. Manufacturing MNCs contribute to industrialization, technology transfer, and export diversification, while construction MNCs facilitate infrastructure development such as roads, housing, and energy facilities. Collectively, these sectors support global trade integration, productivity growth, and industrial competitiveness across economies (Cohn & Hira, 2025).

In Nigeria, multinational corporations in the service, manufacturing, and construction sectors have increasingly become important drivers of economic activity. Service-sector MNCs have expanded financial services, telecommunications, and business support systems, improving efficiency and market accessibility. Manufacturing MNCs contribute to industrial output, employment generation, and technology diffusion, although their presence is often concentrated in urban centers. Construction-sector MNCs, on the other hand, are instrumental in infrastructure development, including transportation networks, real estate, and energy-related projects, thereby supporting economic expansion and urbanization (Eluka, et al, 2016).

Examples of multinational corporations operating in Nigeria's service sector include MTN Group, Airtel Africa, Standard Chartered, and DHL Group, which provide telecommunications, banking, logistics, and other professional services that enhance business operations and digital connectivity in Nigeria (Abimbola & Dele, 2015). In the manufacturing sector, multinational corporations such as Nestlé, Unilever, Dangote Cement, and Nigerian Breweries are involved in the production of food items, beverages, cement, detergents, and household products, contributing to industrial output, employment generation, and technology transfer (Aguguom, et al, 2022). In the construction sector, multinational corporations such as Julius Berger Nigeria, China Civil Engineering Construction Corporation, and Reynolds Construction Company play major roles in road construction, bridges, housing projects, railways, and other infrastructural developments that support economic growth and urbanization in Nigeria (Kehinde & Simon-Ilogho, 2023).

The interaction between multinational corporations in these sectors and economic growth in Nigeria is both direct and indirect. Service-sector MNCs enhance productivity through innovation, financial deepening, and improved service delivery. Manufacturing MNCs stimulate industrial development by increasing production capacity, promoting skill acquisition, and enhancing export potential. Construction-sector MNCs support growth through capital formation and infrastructure development, which create enabling environments for other sectors to thrive. Collectively, these multinational activities influence economic growth through employment generation, technology transfer, and increased investment inflows, although their full impact is shaped by institutional and infrastructural constraints (Aguguom, et al, 2022;. Kehinde & Simon-Ilogho, 2023).

The relationship between multinational corporations in the service, manufacturing, and construction sectors and economic growth in Nigeria underscores the importance of sectoral diversification for sustainable development. While these sectors have demonstrated significant potential to drive economic expansion, their effectiveness depends on the strength of domestic institutions, infrastructure, and policy frameworks. This study therefore provides a foundation for examining how multinational corporate activities across these key sectors influence Nigeria's economic growth trajectory over time.

2.0 Theoretical Review

Dependency Theory

Dependency Theory was propounded by Raúl Prebisch, 1950; Andre Gunder Frank, 1966, originated from Latin American structuralist thought as a critique of unequal global economic relations. Historically, it emerged in response to persistent underdevelopment in the Global South despite integration into the world capitalist system. The main principle of the theory is that the global economy is structured into a dominant "core" and dependent "periphery," where developing countries supply raw materials and cheap labor while multinational corporations from developed countries extract surplus value and repatriate profits, thereby sustaining dependency (Ghosh, 2019). A key criticism is that the theory is overly deterministic, underestimates domestic policy capacity, and fails to fully account for successful industrialization in some developing countries (Hout, 2023). In relation to this study, the theory is relevant because multinational corporations in Nigeria's service, manufacturing, and construction sectors may generate growth but also repatriate profits and limit local value addition, thereby influencing the extent to which these sectors contribute to sustainable and inclusive economic development.

Modernization Theory

Modernization Theory propounded by Walt W. Rostow, 1960 and Talcott Parsons, 1950s, emerged in the post–World War II period as an explanation of how traditional societies transition into modern industrial economies. The theory's main principle is that development occurs through sequential stages of growth, driven by investment, technology transfer, institutional development, and cultural modernization, with multinational corporations acting as key agents of modernization. It assumes that exposure to advanced economies accelerates productivity, industrialization, and social transformation (Gilman, 2018). However, it has been criticized for being Eurocentric, overly linear, and ignoring structural inequalities and dependency relationships in developing economies (Vauclair & Rudnev, 2022). In this study, the theory is relevant because multinational corporations in the service,

manufacturing, and construction sectors introduce modern technologies, managerial skills, and infrastructure development, thereby facilitating structural transformation and economic growth in Nigeria.

Neoclassical Growth Theory

Neoclassical Growth Theory was propounded by Robert Solow, 1956 and Trevor Swan, 1956, was developed as a response to earlier Keynesian and classical growth models, emphasizing long-run equilibrium growth dynamics. The theory's main principle is that economic growth results from the accumulation of capital and labor, while technological progress—treated as exogenous—drives sustained long-term growth. It is built on the assumption of diminishing returns to capital, implying that continuous growth depends on efficiency gains and technological advancement (Hahn, 2018). A major criticism is that it does not explain the sources of technological progress and neglects institutional and structural factors affecting development (Popa, 2014). In relation to this study, the theory is relevant because multinational corporations in the service, manufacturing, and construction sectors contribute to capital formation, infrastructure development, and productivity enhancement in Nigeria, thereby influencing economic growth through increased investment and improved efficiency.

Empirical Review

Agbailu (2025) conducted a study on *FDI Inflows and Economic Growth in Nigeria* with emphasis on the relationship between foreign direct investment inflows and macroeconomic performance between 2015 and 2022. The study utilized quarterly secondary data sourced from the Central Bank of Nigeria Statistical Bulletin and the National Bureau of Statistics. The methodology employed included descriptive statistics, Mann-Kendall trend test, Johansen cointegration test, Augmented Dickey-Fuller unit root test, Granger causality test, Variance Decomposition Analysis, and the Autoregressive Distributed Lag (ARDL) model. The findings revealed a declining trend in FDI inflows and established a significant long-run relationship between FDI and real GDP, although FDI was found to negatively affect economic growth in both the short run and long run. This study is relevant to the present research because it empirically examined FDI and economic growth in Nigeria using the ARDL methodology adopted in this study. However, the major gap is that the study focused on aggregate FDI inflows without disaggregating multinational corporation activities into service, manufacturing, and construction sectors.

Kehinde and Simon-Ilogho (2023) examined the impact of multinational construction companies on Nigeria's economy with focus on the operational practices and economic effects of multinational construction firms. The study adopted a qualitative and descriptive methodology in assessing the contributions and challenges associated with multinational construction companies in Nigeria. The findings indicated a mixed impact, as some multinational construction companies contributed positively through technological advancement, infrastructure development, and employment generation, while others engaged in exploitative business practices. The study is relevant to the present study because it specifically addressed multinational corporations in the construction sector and their effects on Nigeria's economy. However, the major gap is that the study was qualitative in nature and did not employ econometric analysis such as ARDL to empirically estimate the short-run and long-run impacts of construction-sector multinational corporations on economic growth.

Abanyam et al. (2020) investigated multinational corporations and socio-economic development in developing countries using neoliberal and stakeholder theoretical approaches. The study adopted a qualitative research methodology and reviewed the contributions and challenges of multinational corporations in developing economies. The findings revealed that multinational corporations contribute positively through employment generation, infrastructural development, poverty reduction, and skill acquisition among local workers. However, the study also found that multinational corporations engage in worker exploitation, profit repatriation, environmental pollution, and transfer of obsolete technologies. This study is relevant to the present study because it discussed the contributions of multinational corporations to socio-economic and economic development, especially in sectors linked to services, manufacturing, and infrastructure. Nevertheless, the gap lies in the absence of empirical econometric analysis and the lack of sector-specific examination of multinational corporations in Nigeria using the ARDL methodology adopted in the current study.

Mishra et al. (2017) examined the effect of foreign direct investment on economic growth in Nepal by investigating the impact of foreign investment on GDP per capita and real GDP growth. The study used secondary data covering the period from 2004/05 to 2013/14 and employed quantitative analytical techniques to assess the relationship between FDI and economic growth indicators. The findings showed that foreign direct investment had a positive impact on real GDP growth rate, although its effect on GDP per capita was statistically insignificant. This study is relevant to the present study because it emphasized the role of multinational investment in manufacturing, construction, and service sectors in stimulating economic growth. However, the gap is that the study focused on Nepal rather than Nigeria and did not utilize the ARDL methodology to estimate both short-run and long-run sectoral impacts.

Williams (2018) examined *Multinational Enterprises (MNEs) Operations and Socio-Economic Development in Ghana* examined the contributions of multinational enterprises to Ghana's national economy through investment projects and corporate social responsibility initiatives. The study adopted a case study and conceptual framework approach to analyze the relationship between MNE activities and socio-economic development. The findings revealed that multinational enterprises created strong linkages with local firms, enhanced local production techniques, improved capacity building, and generated market opportunities within Ghana. This study is relevant to the current study because it examined the contribution of multinational enterprises to economic development through sectors associated with manufacturing, services, and infrastructure. However, the major gap is that the study was based on Ghana and relied mainly on qualitative and conceptual analysis without applying the ARDL econometric framework used in the present study to examine sectoral impacts on economic growth in Nigeria.

3.0 Methodology

Research Design

This study adopted the ex-post facto research design. This design is appropriate because it investigates the impact of multinational corporations in the service, manufacturing, and construction sectors on economic growth in Nigeria using already existing data. The ex-post facto design is suitable for establishing cause–effect relationships without manipulating the

variables, as the events under study have already occurred over time. It allows the researcher to analyze historical trends and relationships among variables within a specified period (Rohwer, 2022).

Nature and Source of Data

The study relies on secondary time-series data covering the period 1980–2024. The data were sourced from credible institutional databases such as the Central Bank of Nigeria (CBN) Statistical Bulletin, National Bureau of Statistics (NBS), and the World Bank Development Indicators (WDI). Additional data were obtained from UNCTAD reports and other relevant publications on foreign direct investment and Multinational Corporation activities. These sources provide reliable macroeconomic and sectoral data necessary for empirical analysis.

Model Specification

The study employs the Autoregressive Distributed Lag (ARDL) model to capture both short-run dynamics and long-run equilibrium relationships between multinational corporations and economic growth.

Functional Form:

$$RGDP_t = f(SERMNC_t, MANMNC_t, CONMNC_t)$$

Where:

- RGDP = Economic growth
- SERMNC = Service sector multinational corporations
- MANMNC = Manufacturing sector multinational corporations
- CONMNC = Construction sector multinational corporations

Long-Run Model:

$$RGDP_t = \beta_0 + \beta_1 SERMNC_t + \beta_2 MANMNC_t + \beta_3 CONMNC_t + \varepsilon_t$$

Short-Run ARDL Model:

$$\Delta RGDP_t = \alpha_0 + \sum \beta_i \Delta RGDP_{t-i} + \sum \gamma_i \Delta SERMNC_{t-i} + \sum \delta_i \Delta MANMNC_{t-i} + \sum \phi_i \Delta CONMNC_{t-i} + \lambda ECT_{t-1} + \varepsilon_t$$

Where:

- Δ = first difference operator
- ECT = error correction term
- λ = speed of adjustment coefficient

Definition and Measurement of Variables

Variable	Description	Measurement
RGDP	Economic Growth (Dependent Variable)	Real Gross Domestic Product (constant prices)
SERMNC	Service Sector Multinational Corporations	FDI inflow into service sector (USD or % of GDP)

Variable	Description	Measurement
MANMNC	Manufacturing Sector Multinational Corporations	FDI inflow into manufacturing sector (USD or % of GDP)
CONMNC	Construction Sector Multinational Corporations	FDI inflow into construction sector (USD or % of GDP)

Method of Data Analysis

The study employs the Autoregressive Distributed Lag (ARDL) technique to analyze both short-run and long-run relationships among the variables. The choice of ARDL is based on its ability to handle variables that are integrated of different orders, I(0) and I(1). Pre-Estimation Tests such as descriptive statistics, correlation matrixs**,** Unit Root Test (ADF) to determine stationarity of variables, lag length selection Criteria**:** using AIC or Schwarz Information Criterion (SIC), bounds co-integration test to test for the existence of long-run relationships among variables Post-Estimation Tests such as Diagnostic tests including serial correlation, heteroskedasticity, and normality tests **.**Stability tests (Ramsey reset test, CUSUM and CUSUMSQ) to ensure parameter stability over time. This methodological framework ensures robust empirical analysis of the impact of multinational corporations in the service, manufacturing, and construction sectors on economic growth in Nigeria.

4.0 Result Presentation

Pre estimation test

Table 1: Descriptive Statistics

Variables	RGDP	SERMNC	MANMNC	CONMNC
Mean	562781.4	18.42000	9.226667	4.428889
Median	433572.3	17.50000	9.100000	4.500000
Maximum	1121999.	29.80000	11.30000	6.500000
Minimum	226268.1	10.50000	6.800000	2.200000
Std. Dev.	309833.2	5.928345	1.240308	1.291339
Skewness	0.494931	0.369337	-0.060397	-0.103160
Kurtosis	1.610900	1.848746	2.247402	1.676972
Jarque-Bera	5.455172	3.508170	1.089364	3.361821
Probability	0.065377	0.173065	0.580026	0.186204
Sum	25325162	828.9000	415.2000	199.3000
Sum Sq. Dev.	4.22E+12	1546.392	67.68800	73.37244
Observations	45	45	45	45

Source: Authors Computation E-view 12.0

Table 1 presents the descriptive statistics of RGDP, service sector multinational corporations (SERMNC), manufacturing multinational corporations (MANMNC), and construction multinational corporations (CONMNC) in Nigeria. The mean values show that RGDP recorded the highest average, while SERMNC has the largest presence among the sectoral multinational variables compared to MANMNC and CONMNC. The Jarque-Bera probabilities for all variables are greater than 0.05, indicating that the data are normally distributed and appropriate for econometric analysis.

Table 2: Correlation Matrix

Covariance Correlation	RGDP	SERMNC	MANMNC	CONMNC
RGDP	9.39E+10			
	1.000000			
SERMNC	1767550.	34.36427		
	0.284170	1.000000		
MANMNC	184281.0	3.949022	1.504178	
	0.290437	0.349271	1.000000	
CONMNC	329814.5	6.427644	1.365452	1.630499
	0.343066	0.358693	0.371900	1.000000

Source: Authors Computation E-view 12.0

Table 2 shows the correlation relationship between RGDP and the sectoral multinational corporation variables. The results indicate positive relationships between RGDP and SERMNC, MANMNC, and CONMNC, suggesting that all three sectors contribute positively to economic growth in Nigeria. However, since all correlation coefficients are below 0.80, it indicates that there is no serious multicollinearity problem among the explanatory variables.

Table 3: Augmented Dickey-Fuller (ADF) Unit Root test

Variables	**ADF Statistics**	**P-value**	**Order of integration**	**Remark**
RGDP	-3.602213	0.0414	1(1)	Stationarity at first difference
SERMNC	-4.803700	0.0019	1(0)	Stationarity at first difference
MANMNC	-3.363885	0.0181	1(0)	Stationarity at Level
CONMNC	-4.186417	0.0100	1(1)	Stationarity at first difference

Source: Authors Computation E-view 12.0

Table 3 presents the Augmented Dickey-Fuller (ADF) unit root test results used to determine the stationarity properties of the variables in the model. The results show that RGDP, SERMNC, and CONMNC are stationary at first difference (I(1)), while MANMNC is stationary at level (I(0)), indicating that the variables are integrated at different orders. This mixed order of integration confirms that the ARDL model is appropriate for analyzing the relationship among the variables without producing spurious regression results.

Table 4: Cointegration Bound Test

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-691.7616	NA	1.33e+09	32.36101	32.52484	32.42142
1	-403.3499	509.7511	4202.395	19.69069	20.50985	19.99277
2	-378.4983	39.30016*	2842.946*	19.27899*	20.45348*	19.82274*

Source: Authors Computation E-view 12.0

Table 4 reports the lag selection and cointegration-related diagnostics, showing that lag 2 is the optimal lag based on AIC, SC, and FPE criteria. The results indicate that lag 2 provides the best model fit with the lowest information criteria values compared to other lag lengths. This confirms that the model captures the dynamic relationship among the variables more efficiently at two lag periods.

Table 5: Lag Selection Criteria Test

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-691.7616	NA	1.33e+09	32.36101	32.52484	32.42142
1	-403.3499	509.7511	4202.395	19.69069	20.50985*	19.99277
2	-378.4983	39.30016*	2842.946*	19.27899*	20.75348	19.82274*

Source: Authors Computation E-view 12.0

Table 5 further confirms the appropriate lag length selection for the model estimation. The results consistently show that lag 2 is optimal based on LogL, FPE, AIC, SC, and HQ criteria. This implies that the econometric model is correctly specified with lag 2, ensuring reliable estimation of both short-run and long-run relationships among the variables.

Estimation test

Table 6: ARDL Long-Run Form

Variable	Coefficient	Std. Error	t-Statistic	Prob.
SERMNC	20349.71	8091.772	2.514865	0.0163
MANMNC	-158565.0	36106.48	-4.391595	0.0001
CONMNC	304568.3	80074.78	3.803549	0.0005
C	371524.6	170761.1	2.175698	0.0359

Source: Authors Computation E-view 12.0

Table 6 presents the long-run ARDL estimation results showing the impact of service, manufacturing, and construction multinational corporations on economic growth in Nigeria. The results indicate that SERMNC and CONMNC have positive and statistically significant effects on RGDP, implying that multinational activities in the service and construction sectors contribute to long-term economic growth. However, MANMNC has a negative and significant effect on RGDP, suggesting that manufacturing multinational corporations may not translate into sustained long-run growth benefits in Nigeria.

Table 7: ARDL Short-Run Form

ECM Regression
Case 2: Restricted Constant and No Trend

Variable	Coefficient	Std. Error	t-Statistic	Prob.

D(RGDP(-1))	-0.440317	0.167322	-2.631552	0.0219
D(SERMNC)	5594.407	4885.518	1.145100	0.2745
D(SERMNC(-1))	13895.94	5142.669	2.702087	0.0192
D(SERMNC(-2))	36670.35	6605.191	5.551746	0.0001
D(MANMNC)	31166.54	16687.52	1.867656	0.0864
D(MANMNC(-1))	-19378.32	18089.76	-1.071231	0.3051
D(MANMNC(-2))	-36482.97	18240.58	-2.000100	0.0686
D(CONMNC)	65821.03	10181.84	6.464553	0.0000
D(CONMNC(-1))	71403.58	10810.66	6.604923	0.0000
D(CONMNC(-2))	53426.96	13056.11	4.092103	0.0015

R-squared	0.961865	Mean dependent var	22624.39
Adjusted R-squared	0.909429	S.D. dependent var	20436.41
S.E. of regression	6150.346	Akaike info criterion	20.57492
Sum squared resid	6.05E+08	Schwarz criterion	21.55599
Log likelihood	-378.2109	Hannan-Quinn criter.	20.92692
Durbin-Watson stat	2.337270		

Source: Authors Computation E-view 12.0

Table 7 presents the ARDL short-run error correction model results estimated using lag 2 to capture dynamic effects of service, manufacturing, and construction multinational corporations on economic growth in Nigeria. At lag 2, the results show that service sector multinational corporations (D(SERMNC(-2))) have a positive and statistically significant effect on RGDP with a coefficient of 36670.35 (p = 0.0001), indicating that service sector MNC activities strongly enhance economic growth after two periods. Similarly, manufacturing multinational corporations at lag 2 (D(MANMNC(-2))) have a negative coefficient of -36482.97 and are not significant (p = 0.0686), suggesting a delayed adverse effect on economic growth, while construction multinational corporations at lag 2 (D(CONMNC(-2))) show a strong positive and significant effect with a coefficient of 53426.96 (p = 0.0015), confirming their strong contribution to short-run economic performance. The overall model fit is very strong, as indicated by an R-squared value of 0.961865 and an adjusted R-squared of 0.909429, meaning that about 96% of the variation in economic growth is explained by the explanatory variables and their lags. The Durbin-Watson statistic of 2.337270 suggests the absence of serious autocorrelation problems, indicating that the model is well specified and suitable for inference.

Post estimation test

Table 8: Post estimation test

Test	**P-value**
Normality Test	0.825410
Serial Correlation Test (Breusch-Godfrey L. M. Test)	0.7391
Heteroskedasticity Test (Breusch-Pagan Test)	0.3857
Ramsey RESET Test	0.5474

Source: Authors Computation E-view 12.0

Table 8 presents the post-estimation diagnostic tests used to assess the reliability and validity of the estimated ARDL model. The normality test result with a p-value of 0.825410 indicates that the residuals are normally distributed since it is greater than the 0.05 significance level. The Breusch-Godfrey serial correlation test (p = 0.7391) shows that there is no evidence of autocorrelation in the error terms, while the Breusch-Pagan heteroskedasticity test (p = 0.3857) confirms that the model is free from heteroskedasticity and has constant variance. In addition, the Ramsey RESET test (p = 0.5474) suggests that the model is correctly specified, meaning there is no omitted variable bias and the functional form of the model is appropriate.

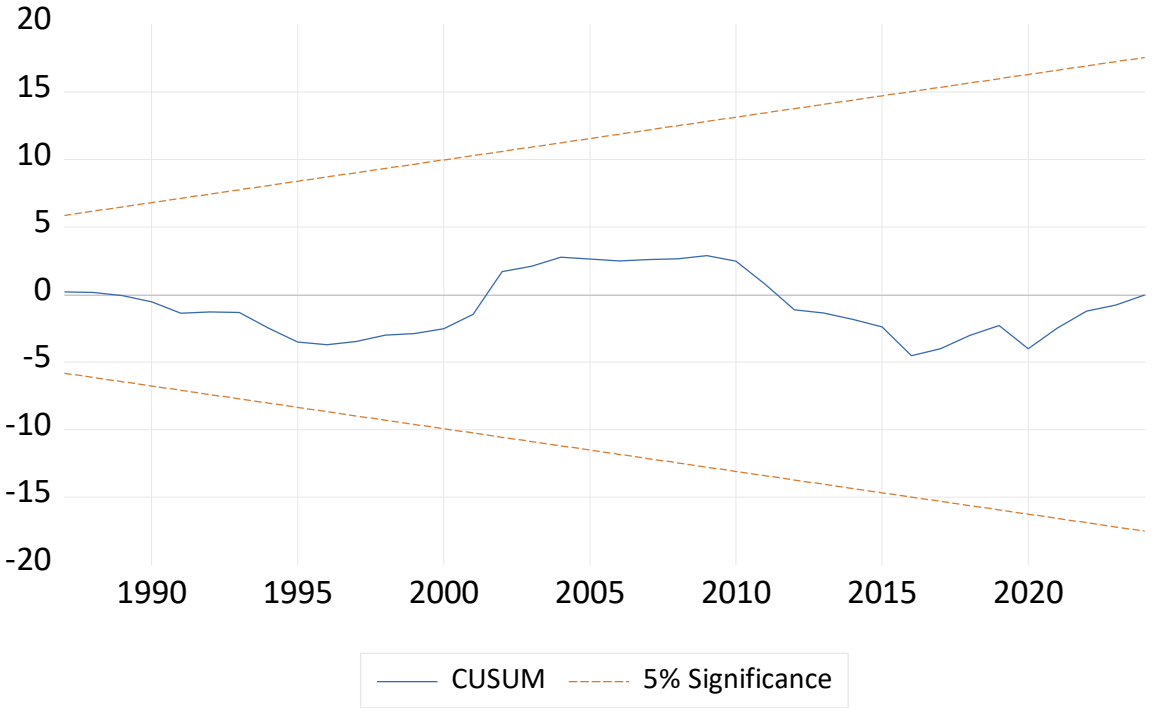


Figure 1 CUSUM Test
Source: Author's Computation E-view 12.0

Figure 1 (CUSUM test) is used to assess the structural stability of the estimated ARDL model over the study period. The graph shows that the cumulative sum of recursive residuals remains within the 5% critical boundary lines, indicating that the model is stable and does not suffer from structural breaks. This implies that the estimated parameters are reliable and consistent for inference and policy analysis.

Discussion of Findings

The short-run result showed that service sector multinational corporations at lag 2 (D(SERMNC(-2))) have a positive and statistically significant effect on economic growth in Nigeria. This implies that multinational activities in the service sector such as banking, ICT, transportation, and other business services contribute significantly to short-run increases in Real Gross Domestic Product (RGDP). This finding agrees with Mishra et al. (2017), who found that foreign direct investment positively influenced real GDP growth, and Williams (2018), who reported that multinational enterprises improve local production and market opportunities through service-related investments. The finding is consistent with the Modernization Theory, which argues that multinational corporations stimulate economic

development through technology transfer, innovation, managerial efficiency, and improved service delivery.

The long-run result revealed that service sector multinational corporations (SERMNC) have a positive and statistically significant effect on economic growth in Nigeria. This suggests that sustained multinational investments in the service sector contribute meaningfully to long-term economic expansion through increased productivity, infrastructure development, and improved business operations. The finding is in line with Abanyam et al. (2020), who observed that multinational corporations contribute positively to socio-economic development through employment creation and infrastructural growth, and Williams (2018), who found that multinational enterprises improved local production techniques and capacity building in Ghana. This outcome supports the Neoclassical Growth Theory, which posits that long-run economic growth is driven by capital accumulation, technological progress, and productivity improvements associated with multinational investments.

The short-run result indicated that manufacturing multinational corporations exert a negative effect on economic growth in Nigeria. This implies that although manufacturing multinational corporations may contribute to industrial activities, their short-run impact on RGDP is weak and adverse, possibly due to import dependence, profit repatriation, or inadequate local industrial linkages. This finding aligns with Agbailu (2025), who found that foreign direct investment negatively affected economic growth in both the short run and long run in Nigeria, and Abanyam et al. (2020), who reported that multinational corporations often engage in exploitative practices and profit repatriation that undermine host economies. The finding supports the Dependency Theory, which argues that multinational corporations can create structural dependence that limits domestic industrial development and weakens sustainable economic growth in developing countries.

The long-run result revealed that manufacturing multinational corporations (MANMNC) have a negative and statistically significant effect on economic growth in Nigeria. This indicates that prolonged multinational activities in the manufacturing sector may hinder sustainable economic growth due to factors such as excessive dependence on foreign inputs, weak technology transfer, and limited domestic value addition. This finding is consistent with Agbailu (2025), who reported that foreign direct investment negatively influenced Nigeria's economic growth in the long run, and Abanyam et al. (2020), who found that multinational corporations often transfer obsolete technologies and exploit local economies. This outcome strongly supports the Dependency Theory, which emphasizes that foreign multinational dominance in developing economies can perpetuate underdevelopment and economic dependence rather than long-term industrial transformation.

The short-run result showed that construction multinational corporations have a positive and statistically significant effect on economic growth in Nigeria. This suggests that multinational construction firms contribute substantially to short-run economic performance through infrastructure development, employment generation, and expansion of economic activities. The finding agrees with Kehinde and Simon-Ilogho (2023), who found that multinational construction companies positively contribute to Nigeria's economy through infrastructure and technological advancement, and Mishra et al. (2017), who established that foreign investment stimulates GDP growth. This result is consistent with the Modernization Theory,

which maintains that foreign investments in infrastructure and construction accelerate economic modernization and development in emerging economies.

The long-run result i indicated that construction multinational corporations (CONMNC) have a positive and statistically significant effect on economic growth in Nigeria, with a coefficient of 304568.3 and probability value of 0.0005. This implies that sustained multinational investments in the construction sector significantly promote long-term economic growth through infrastructural expansion, improved transportation networks, and increased productive capacity. This finding supports Kehinde and Simon-Ilogho (2023), who observed that multinational construction companies enhance infrastructure development and economic performance in Nigeria, and Williams (2018), who found that multinational enterprises contribute to socio-economic development through investment projects and local capacity enhancement. The result aligns with the Neoclassical Growth Theory, which argues that long-run economic growth is driven by investment, capital formation, and productivity improvements resulting from infrastructural development and multinational participation in the economy.

5.0 Conclusion/Recommendations

The study examined the impact of multinational corporations in the service, manufacturing, and construction sectors on economic growth in Nigeria using the ARDL estimation technique. The findings revealed that multinational corporations in the service and construction sectors exert positive and statistically significant effects on economic growth in both the short run and long run, indicating that these sectors contribute meaningfully to infrastructural development, employment generation, productivity improvement, and overall economic expansion in Nigeria. Conversely, multinational corporations in the manufacturing sector showed negative effects on economic growth, particularly in the long run, suggesting that the sector has not sufficiently promoted sustainable industrial development due to factors such as import dependence, weak local linkages, profit repatriation, and inadequate technology transfer. The study therefore concludes that while multinational corporations remain important drivers of economic growth in Nigeria, their contributions vary significantly across sectors, with the service and construction sectors providing more sustainable growth benefits than the manufacturing sector. Based on the findings the following recommendations were made

1. Government should strengthen policies that encourage multinational investments in the service sector through improved digital infrastructure, financial sector reforms, and investment incentives since the findings show that service sector multinational corporations positively contribute to economic growth in both the short run and long run.
2. There should be increased public-private partnerships with multinational construction firms to accelerate infrastructural development in roads, housing, transportation, and energy projects because the construction sector demonstrated strong positive effects on Nigeria's economic growth.
3. The Federal Government should implement stricter local content policies in the manufacturing sector to ensure that multinational manufacturing firms utilize more local raw materials, local labor, and domestic suppliers in order to reduce dependency on imports and improve long-run industrial growth.

4. Policies aimed at promoting technology transfer and industrial capacity building should be strengthened so that local firms can benefit from multinational manufacturing corporations through skill acquisition, innovation, and knowledge sharing.
5. Regulatory agencies should monitor and reduce excessive profit repatriation by multinational corporations particularly in the manufacturing sector, while encouraging reinvestment of profits into productive domestic economic activities.
6. Nigeria should maintain a stable macroeconomic and investment environment through consistent government policies, improved security, stable exchange rates, and infrastructural development in order to attract productive multinational investments capable of supporting sustainable economic growth across all sectors.

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