



**BABCOCK  
UNIVERSITY**

ILISHAN-REMO, OGUN STATE, NIGERIA

# COLLEGE OF POSTGRADUATE STUDIES 2022/2023 PhD Thesis Abstract

## Department of Accounting

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**RT:** Tax Incentives and Foreign Direct Investment in Manufacturing Companies  
Listed in Nigeria

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**AB:** Foreign Direct Investment (FDI) propels cross-border presence of foreign investors in another nation for economic transformation. A high percentage of FDI is attributable to the favorable condition of the manufacturing sector. However, the sector has not been able to attract the level of FDI expected. Studies have shown that while many emerging economies attract FDI through fiscal policy using tax incentives, the Nigerian economy has not fully accommodated tax incentives into attracting enormous foreign investment. Tax incentives are critical to the long-term development and growth of emerging economies, particularly in areas where natural resources are scarce to attract new investment. The study examined the effect of tax incentives on foreign direct investment (foreign equity shareholding, reinvestment of earnings, foreign currency, foreign assets and corporate social responsibility) in selected manufacturing companies in Nigeria.

The study employed ex-post facto research design. The population of the study was 76 manufacturing companies listed in the Nigerian Exchange Group as at 31st December 2021. A sample of 25 manufacturing companies was selected using purposive sampling technique based on the unique characteristics peculiar to the study. Validated data was obtained from Federal Inland Revenue Service and audited financial statements of the sampled companies. The reliability of the data was premised on the statutory audit of the financial statements of the companies. Descriptive and inferential (multiple regression) statistics were used to analyze the data at 5% level of significance.

The study revealed that tax incentives had significant effect on foreign equity shareholding ( $\text{Adj.R}^2 = 0.87$ ,  $F(3, 246) = 560.17$ ,  $p < 0.05$ ), reinvestment of earnings ( $\text{Adj.R}^2 = 0.89$ ,  $F(3, 246) = 703.20$ ,  $p < .05$ ), foreign currency, ( $\text{Adj.R}^2 = 0.89$ ,  $F(3, 246) = 679.44$ ,  $p < 0.05$ ), foreign assets ( $\text{Adj.R}^2 = 0.19$ ,  $W(3, 246) = 41.46$ ,  $p < 0.05$ ), and corporate social responsibility ( $\text{Adj.R}^2 = 0.87$ ,  $F(3, 222) = 514.65$ ,  $p < 0.05$ ). Also, firm size significantly controlled the effect of tax incentives on Foreign direct investment ( $\text{Adj.R}^2 = 0.88$ ,  $F(3, 221) = 402.46$ ,  $p < 0.05$ ) in selected manufacturing companies listed in Nigeria.

The study concluded that tax incentives enhanced FDI in selected manufacturing firms in Nigeria. It was recommended that Federal Inland Revenue Service Board should take a critical look at the tax incentives granted to manufacturing companies to prevent capital flight while enhancing other tax incentives to improve FDI.

**Keywords:** Corporate social responsibility, Economic growth, Economic development, Foreign direct investment, Government policy, Tax incentives

**Word Count:** 400

**Abbreviations:** *RFN: Researcher's Full Name, RD: Researcher's Department, RS: Researcher's School, RE: Researcher's Email, RAE: Researcher's Alternate Email, RP: Researcher's Phone Contact, RT: Registered Title, MS: Main Supervisor, ME: Main Supervisor's E-mail Address, SP: Main Supervisor's Phone Contact, CS: Co-Supervisor, CE: Co-Supervisor's E-mail Address, CP: Co-Supervisor's Phone Contact, AB: Abstract*

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