

# Critically Evaluation the Potential Growth of the Nigerian Economy

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**Abstract:** *This report is mainly based on the recent economic development in recently, divided into two section. The Nigeria how to development in recently, As Africa's oil production, is the richest countries, China and more countries need oil and oil cooperation in Nigeria, on the other hand, the Chinese government provides the loan conditions to improve transport infrastructure in Nigeria. The other part is focused on the analysis of foreign direct investment and globalization in Nigeria potential aspects of economic development, oil prices falling, Nigeria must constantly development of other industries, to support a sustainable development, to manufacturing for potential development, will attract more foreign investment, also can have more resources to develop economic foundation, improve the employment rate and increase the economic income, on the development of these opinions are given. Under the social ethics according to polygamy don't respect for women's rights, and government corruption leads to poor people without basic social medical education condition, this is the need to improve in Nigeria, Suggestions are given.*

**Keywords:** Potential Economics, International Business

## 1. Introduction

According to the BBC news, Nigeria is Africa's leading oil producer; however, more than half its people live in poverty (BBC, 2015). This report will base on the international issues to analyze the Nigeria potential economics. This report will divide into two sections. The first section will analyze Nigeria's developments and its contributions to the African economy. base on the recent international news to analyze the Nigeria economic development how to contribute to the African economy. The second section will focus on Globalization, Foreign direct investment, ethics to analyze Nigeria can lead the development in Africa and becomes the next rich country in Africa because economic globalization becomes general conditions in economic development in the world, Nigeria's economic globalization had a significant impact on the Nigerian economic development. Foreign direct investment has direct interest linked for economic growth and development in Nigeria as well as future opportunities and challenges of economic development. In addition, Nigeria's economic development has an indirect linked with ethics. Nigeria needs to maintain a strong social responsibility and a strong sense of social ethics that can maintain sustainable economic development.

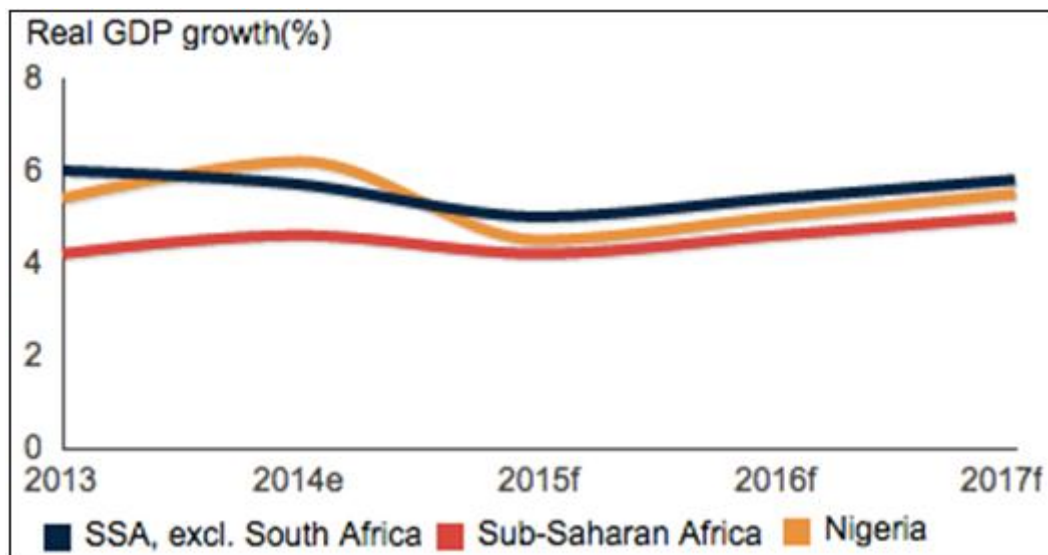
## 2. Analyzes Nigeria's recent development and its contribution to the African Economy

### 2.1 Background Nigeria and GDP development in recently

Nigeria is Africa's most populous country, with a total population of 173 million, accounting for 16% of Africa's total population is Africa's largest economy, wIt is also the biggest oil exporter in Africa, with the largest natural gas reserves in the continent (world bank, 2015).

Nigeria is keen to attract foreign investment but is hindered in this quest by security concerns as well as by a shaky infrastructure troubled by power cut ( BBC news, 2015 ) .

From the World Bank data, The Nigeria Real GDP growth in 2013-2015 and future forecast in 2015-2017. Between in 2013-2014, The Nigeria GDP growth rate was 5.4%, 6.2%, compared with South Africa and Sub-Saharan Africa in 2013-2014. In 2013, the South Africa GDP growth was 6.0%, the Sub-Saharan African growth was 4.2%. In 2014, The Nigeria GDP growth rate was 6.2%, and become the country with highest GDP growth in the national economy in Africa. For future GDP growth rate forecast will keep 5%, overall maintain 6.0% with South Africa (World Bank, 2014).



Source: world Bank (2014)

## 2.2 Improve Nigeria national rail infrastructure

Nigeria's economy has maintained a rapid growth in the past 10 years because Nigeria was trying to strengthen the infrastructure for this country. "Provision of infrastructure is critical for economic development," said Nigeria's, Finance Minister Ngozi Okonjo-Iweala (BBC,2006). In 2006, China has agreed to lend Nigeria \$1bn, hope African countries to achieve the modernization of railways, help increases economic development, Africa. (BBC, 2006)

Based on the news, to analyze why China provide rail loan for Nigeria, the reason is because China is the world's biggest importer of crude oil. China needs to establish stable energy resources to make sustainable economic development. In addition, Nigeria is Africa's energy resources in the continent, and it is also Africa's largest oil producer and a major exporter, this policy indicates that the relationship between China and Nigeria become steady.

Chinese government improves infrastructure railway construction in Nigeria, and China and Nigeria's oil trade cooperation is the basic conditions. For the oil, the trade will bring more investment and trade opportunities for Africa to improve economic development. Such as the in trade, the growth of trade between China and Sub-Saharan Africa is growing very rapidly. 2000, bilateral trade volume between China and the region is almost negligible; in 2009, China overtook the US as the largest trading partner in the region. To 2013, the bilateral trade volume over 170 billion US dollars, accounting for 22 percent of the region's foreign trade volume. On investment, Chinese investment in Africa

is the largest developing country. During 1979 to 1990, Chinese investment in Africa amounted to only \$ 52 million; by 2012, that number had more than 21 billion US dollars (BBC Walker, 2015).

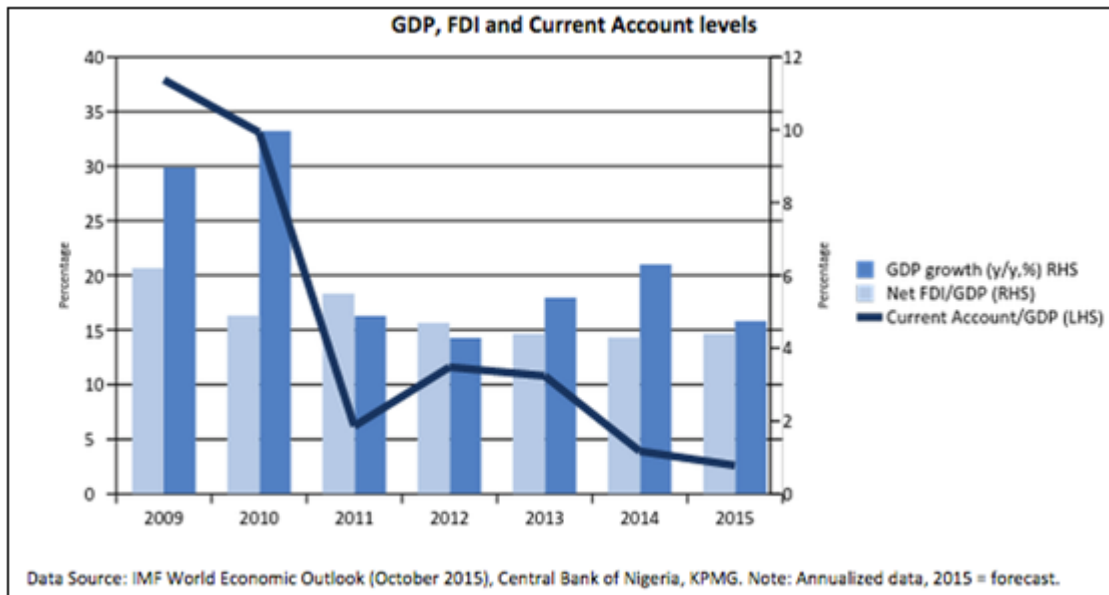
The World Bank recently analyzed the development of cooperation between China and countries in Sub-Saharan Africa in a report. The report declares that in the past 10 years, China's investment in Sub-Saharan Africa's economic and social development in various fields have a larger, broader scope and deeper involvement of China in promoting the development and economic prosperity in the region made a positive contribution (*World Bank*,2015).

However, China's investment in Africa for those is mainly because Nigeria is Africa's largest oil exporter, and Nigeria's oil investment and exports to Africa can bring more investment and trade opportunities, improve the basis for railway construction in Nigeria, and attract more foreign investment, trade, and increase employment opportunities (*World Bank*, 2015).

## 3. Critical evaluated FDI, Globalization; Ethics in Nigeria and how potential development

### 3.1 The FDI in Nigeria how to potential development

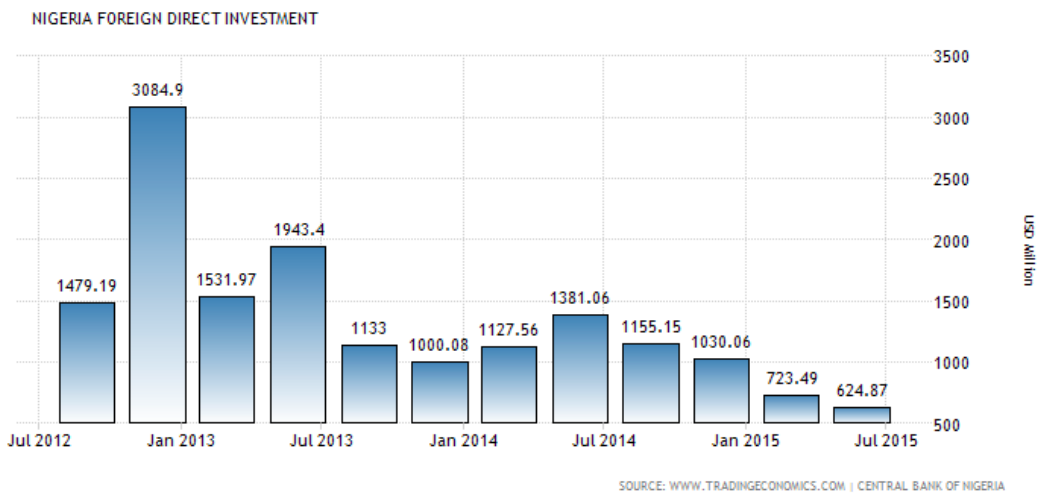
Over the past few years, the deteriorating economic situation in Nigeria. The primary reason is the sharp decline in international crude oil prices.



Source: FDI in Nigeria

In June 2014, the international oil price is still at a high of \$ 120 a barrel, it has fallen to \$ 48 a barrel, the drawbacks of a single economic structure of Nigeria revealed beyond doubt. According to the Nigerian National Bureau of

Statistics data, the second quarter of this year, Nepal's gross domestic product (GDP) growth rate has dropped to 2.35%, while the growth rate last year was 6.54% (BBC, 2015).



Source: Trading economics (2015)

In recent years, the Nigerian government is aware of the drawbacks of a single oil economy, the implementation of economic reform, accelerate the development of the non-oil industry. According to this situations, The government will should development more about FDI opportunities. In order to develop its own manufacturing industry provides a good environment, due to lack of funds and technology, the Nigerian government to encourage foreign companies to invest in the manufacturing sector, in order to promote the development of local manufacturing company(Daniels, Radebaugh, and Sullivan, 2011, pp. 13 – 16).

country. The Nigeria will have more business communication between with different countries, This policy will improve economy development and Nigeria can become next manufacturing countries. From the Nigeria Manufacturers and other businesses in order to obtain a stable supply of electricity, must use their own power generators, the cost of electricity is twice as common electricity. In addition, poor infrastructure leading to increased logistics costs also increased operating difficulties. Even the wage benefits of low cost, low productivity have been diluted. Nepalese local manufacturing products are also the lack of international competitiveness (Ayanwale, 2007, pp. 46 – 58).

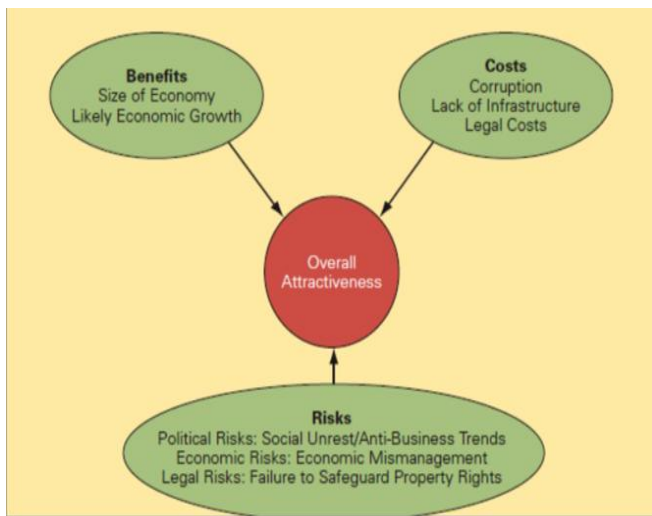
If the government will provide more forging direct investment and development manufacturing industry will take more job opportunity, and can more export for another

**3.2 Analysis Globalization in Nigeria and how to potential development**

Globalization is the world is moving away from self-contained national economies toward an interdependent, integrated global economic system (Hill, 2014).

In recently, The globalization development of Nigeria was focused on the level of economy in Asian countries already reached a higher level, which indicates that the level of salary has becoming more and higher, and this is a great opportunity for Nigeria to transform into a country depend on manufacturing instead of natural resources(Nigeria, 2012).

Nigeria’s future economic development should focus on how to use oil resources to develop globalization manufacture industry.



(Source: Hill , 2014 , PP246-247)

From the overall Attractiveness to analysis Nigeria country attractiveness. According to the Benefits and costs and risks. ( Hill , 2014 , PP246-247).

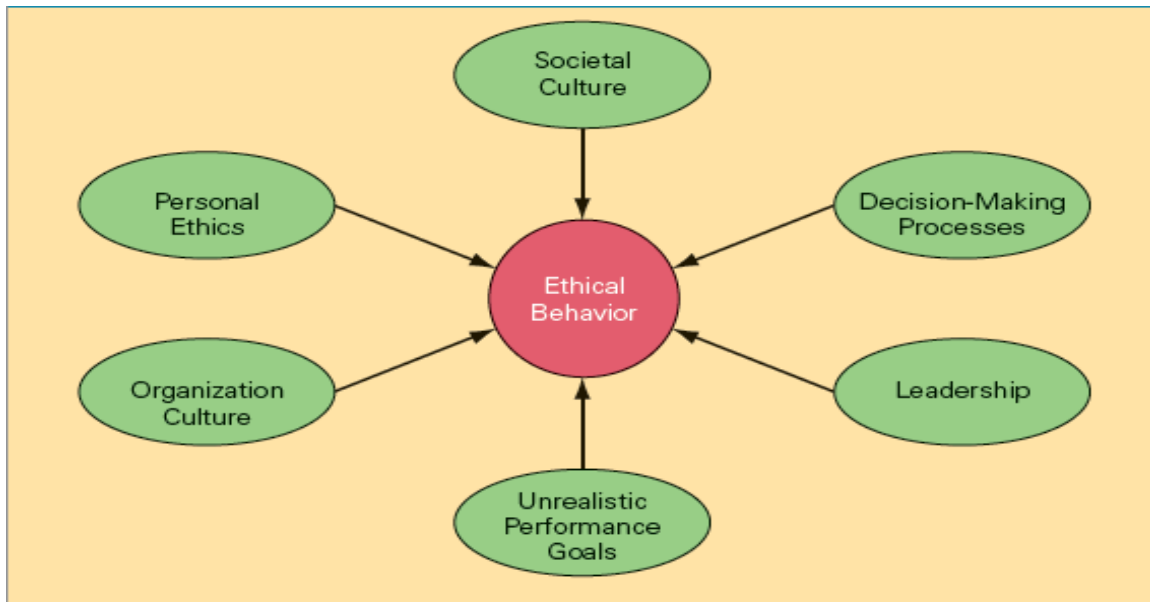
Benefits: The Nigeria will development globalization market had good opportunities cooperation between foreign countries. The Investment will take more money change infrastructure, Get new investment opportunities, the development of new manufacturing market, then there will be more job opportunities, improve employment problems which Nigeria has become a new global market. (Hill ,2014 , PP246-247).

Costs: The government will improve infrastructure in Nigeria. How to become improve Provide a more stable power, increase investment in the transport sector in order to ease traffic congestion. (Hill , 2014 , PP246-247).

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Risk:1.political risks Social Unrest, The Nigeria must encourage and support the president's anti-corruption action Bukhari. Corruption to a negative impact on all businesses, increasing the difficulty of doing business in Nigeria.
2. Economic risks: economic mismanagement and Problems Nigerian monetary policy. Since 2014 a significant decline in international oil prices, the depreciation of the naira has been facing pressure to devalue rate has exceeded 25%, Nigeria 20% average borrowing rate, on behalf of the national economy has declined, monetary policy needs to be adjusted in order to have long-term development (World Bank, 2014).
3. Legal risks: Security is another terrorist activities and violent crime crisis facing Nigeria frequently, causing serious damage to the country's image to protect Nigerian citizens the legal department of public safety is the bounden duty. The overall attractiveness of a country potential market and investment for an international business depends on benefits, costs, risks associated with doing business in Nigeria.

**3.3 The ethics in Nigeria and how to potential development**

In Nigeria society development, Nigeria has a diverse and large human rights community. Selective abortion is a manifestation of patriarchal ideology around the world a common phenomenon. According to statistics, the proportion of men and women born in the population of Nigeria was 106:100. polygamy is legal in northern Nigeria and recognized by customary law elsewhere. The ethics problems will use determinate ethical behaviors to analysis Nigeria ethics. (Economics,2014)



(Source: Hill , 2014 , PP132-133)

**Personal ethics:** In Nigeria, polygamy is very common; this is an unfair treatment to women, the need for the reform of the government.

**Organization culture:** In Nigeria, There are a number of advocacy and awareness groups, such as the Civil Liberties Organization (CLO), NAILS is for protecting woman's poverty and rights (The status of human rights organizations in Sub-Saharan Africa Nigeria, no date).

**Social culture:** The In the religious culture in some areas of the social system of polygamy, as well as religious and cultural conflict, such as social and cultural instability is caused by the continued conflict in Nigeria reason.

**Decision-making Progresses:** Government does not maintain personal electoral rights of citizens in Nigeria.

**Leadership:** The government corruption most corrupt behavior in the petroleum industry. From 2009 to 2011, only two years to \$ 11 billion worth of 1.36 million barrels of crude oil was embezzled.

**Unrealistic performance goal:** There are 70% of people (about 125 million) still live below the poverty line.

The organization and company development cooperative and business between different countries, Respect the authority of women, promote women better work ethic norms in social work in social morality, as a corporate social responsibility of commercial operation, part of the income of the enterprise infrastructure for the country to make some financial support, to improve infrastructure, improving the educational environment. Nigeria's state building (Akinbiyi, 2000).

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of commercial operation, part of the income of the enterprise infrastructure for the country to make some financial support, to improve infrastructure, improving the educational environment. Nigeria's state-building (Akinbiyi, 2000).

### 3.4 Justify How Nigeria might emerge as the next economic giant

According to average wage growth in Asian countries, more investment market to the African region, the development of the manufacturing sector in Nigeria, there is more foreign investment into Nigeria, adding more jobs, reduce unemployment and promote economic development. On the other hand, according to the country of foreign investment to get infrastructure improvements, and greatly improve transport infrastructure, the development of the textile manufacturing industry, and promote the Nigerian manufacturing of products exported to other countries, to become the world's next major exporter of manufacturing (Verbeke, 2013).

## 4. Conclusion

Finally, Based on this report to analysis Nigeria development in recently, and how to do a contribution in Africa. According to the first part compares with the GDP and different areas, introduces the basic background of Nigeria by the Chinese government to improve basic railway environment, the second part of the analysis of the development potential of Nigeria based on FDI, globalization, ethics, based on declining oil revenues, Nigeria continues the development of manufacturing, will attract more investment, according to a global market analyzes for All attractive on globalization, economic development and take advantage of the crisis, the last for the ethical development of Nigeria from Nigeria six points to analyze individual cultural rights and socio-cultural organizations are due to the realization of polygamy on women's human rights are not respected.

## 5. Recommendation

Many poor people in Nigeria because they do not have the conditions of social health, education, and those for the construction of basic medical education to make money is by government corruption cause, so the development of human rights organizations to make government more political reforms, and truly let the government do in favor of things that the people, will improve the social security system, reduce conflict, Nigeria will become a country more stable and secure development (Verbeke, 2013).

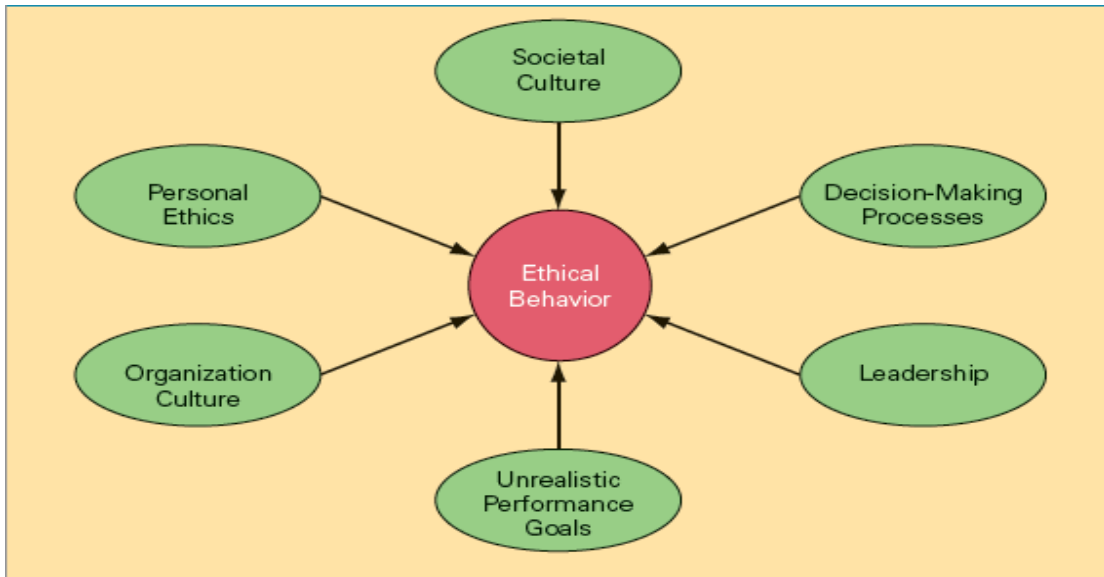
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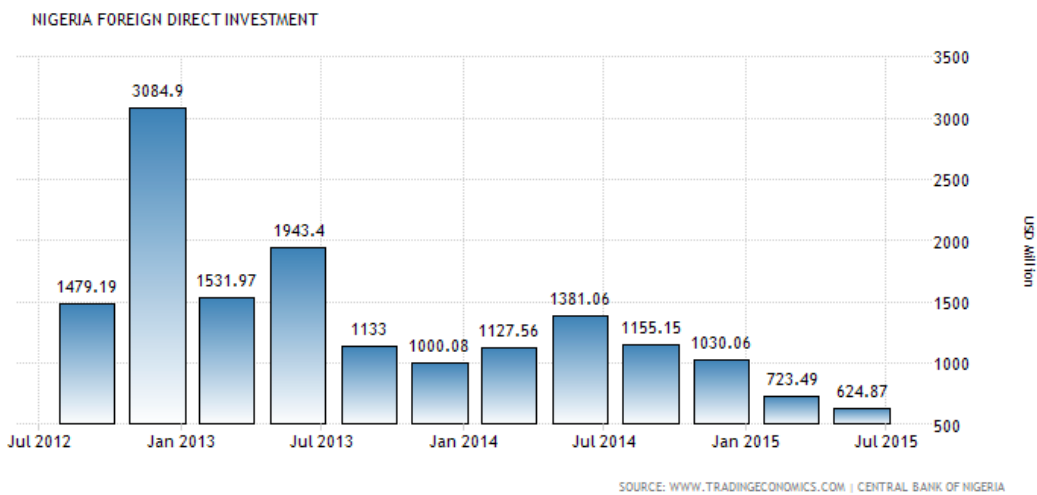
## Appendixes:



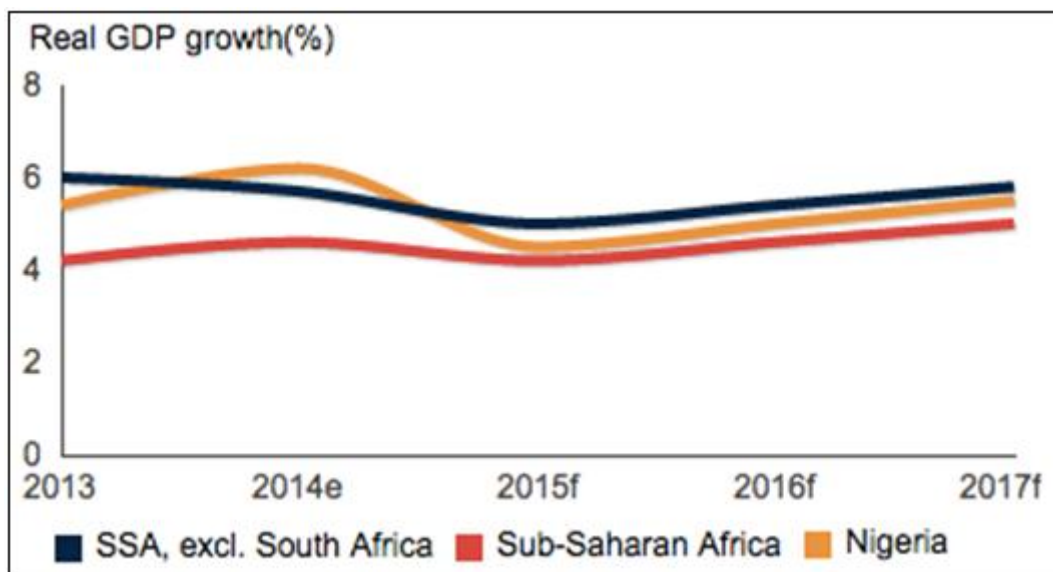
(Source : Hill, 2014, PP246-247)



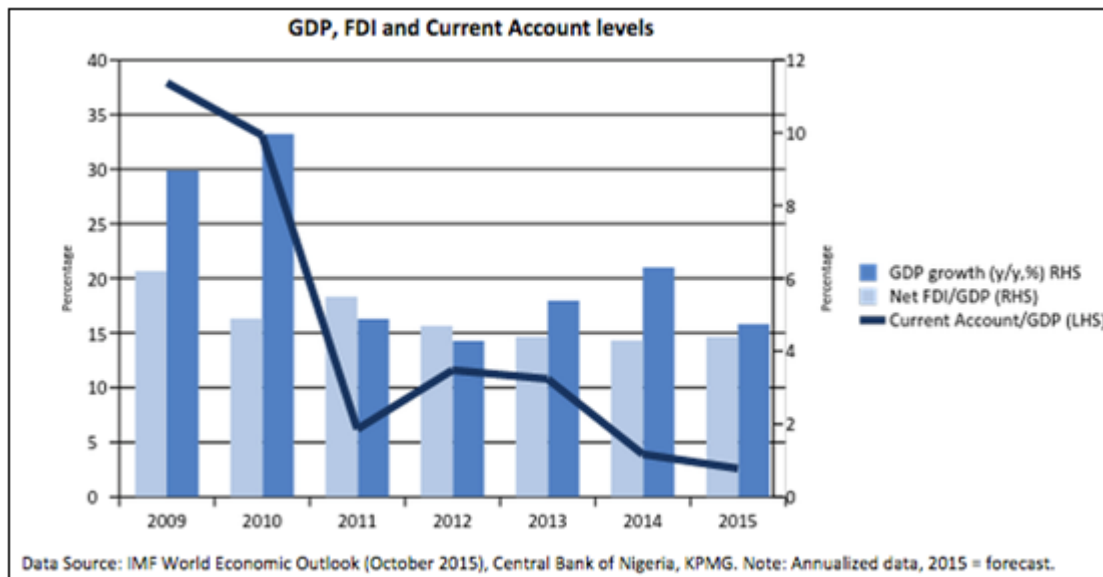
(Source: Hill, 2014, PP132-133)



Source: Trading economics (2015)



Source: world Bank (2014)



Source: FDI in Nigeria