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Drivers Of Nigerian Economic Growth: Achievements And Challenges

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***Abstract:** Foreign Direct Investments have been evaluated from several empirical investigations of its effect on the growth of the economy. It is a multi-purpose macroeconomic factor because it cut across all the sectors of the economy. A vacuum has been ignored of the extent of contribution of governance on the growth of Nigerian economy which Foreign Direct Investment depend. Other microeconomic variables are regulated by the quality of governance. The study utilized time series data for the period of 1986 to 2016. Ordinary Least Square regression model was used for data analysis. The study has shown that governance impacted negatively on economic growth. The government of Nigeria should fight corruption to a still, embark on the provision of infrastructural facilities for effective business environment, stabilize exchange rate, diversify the economy and give priority to agriculture, and regulate inflation.*

***Keywords:** Gross Domestic Product, Governance, Exchange Rate, Inflation, and Agriculture.*

I. INTRODUCTION

The growth of the nation's economy is characterized with effective government projects, corruption control, efficient and sufficient exchange rate, and regulation of other macroeconomic variables. Before the discovery of oil in Nigeria, the strength of the economy was sustained by agricultural earnings, solid minerals, and taxes. Economic growth is the change in production, distribution, and services followed by healthy living standard of the citizens of the State.

Economic growth is also measured using Gross Domestic Product, which is the country's total monetary value of goods produced and services provided quarterly or annually. Gross Domestic Product reports the value of household consumptions, direct private investment, government expenditures, and net earnings from export. Government is responsible for the formulation and implementation of policies that will facilitate economic activities.

Prior to 1986, particularly the military regime, stringent economic policies were adopted and that discouraged both domestic and Foreign Direct Investments. In 1986 the Structural Adjustment Programme (SAP) was established to facilitate trade. The transition to democratic system of government in 1999, Nigerian leaders have been wooing foreign direct investors, privatization, and commercialization policies were inclusive among government decisions for sustainable economic growth.

Studies of considerable numbers have shown that macroeconomic variables such as Foreign Direct Investment, inflation rate, level of unemployment, interest rate, and foreign exchange rate have impacted on the country's Gross Domestic Product. These are what are managed and controlled by government with clear foreign and economic policies. However, the State's leadership quality, a non-macroeconomic variable and its effect on economic growth has not adequately been investigated. The quality of governance impact is not limited to the peace and harmony of a state, it also impacts on the living standard of its populace.

The primary aim of this study is to examine the rate at which governance impacts on the country’s economic growth. The study has also gone a long way to evaluate the extent at which agricultural output, exchange rate, inflation rate, and fixed asset investment on technology determine the growth of Nigerian economy.

II. LITERATURE REVIEW

It has been widely accepted by investigators particularly, in terms of the growth of the nation's economy, that economic freedom attracts Foreign Direct Investment. This is about the free movement of capital in and out of a country. As capital formation is an important factor in economic growth, countries that are able to accumulate high level of capital tend to achieve faster rates of economic growth and development (Orji, 2012). Oluwasola and Olumide (2012) revealed that the impact of foreign trade on a country's economy is not only limited to the quantitative gains, but also structural change in the economy and facilitating the international capital flow. According to Heritage Foundation as quoted by Kazeem (2014), economic freedom has been defined as the absence of government coercion or constraint on the production, distribution, or consumption of goods and services beyond the extent necessary for citizens to protect and maintain liberty itself. According to Stephen (2016), openness to trade increased competition, introducing efficient practices inherent to a particular firm to the recipient economy, specialization of labour, in turn all contributes in their specific nature to the economic growth.

According to Oyeyemi and Awujola (2014), economic growth in Nigeria has been slowed down over the years due to the deplorable state of some social factors which include poor educational infrastructures, high child mortality rate, endemic diseases, growing urban population, and lack of access to sanitation in the urban and rural areas, corruption, weak industrial infrastructure, ethnic conflict/crisis and low per capita income of less than two dollar per day for majority of citizens. Based on Ghana's experience, Jennifer (2015) declares that infrastructures weaknesses hinder business activities in the service industries and limit their contribution to growth in other sectors.

Obida and Abu (2010) stressed that Foreign Direct Investment not only provides developing countries (including Nigeria) with the much needed capital for investment, it also enhances job creation, managerial skills as well as transfer of technology leading to economic growth. Similarly, the long outlook for economic growth in any economy is dependent, to a degree, on technology (Stephen, 2016). As obtainable in Nigeria, some factors determine the inflow of capital either in form of financial resources or real capital for investment (Oba & Chima, 2013). A notable government policy that was aimed at facilitating this government objective was the establishment of the Nigerian Investment Promotion Council (NIPC). As a result of increase in liberalization in economic management and deregulation the economy of Nigeria witnessed some economic gains (Elias & Obi, 2015).

Ebiringa and Emeh (2013) states that Nigeria has to focus on policies and programmes that can engender macroeconomic stability and that efforts must be to strengthen the capacity of economic planning and management institutions and systems; infrastructural development and management agencies. In Nigeria, like other developing economies, rapid industrial development is the key to the transition from static and subsistence economy to a dynamic and self-reliant one (Gabriel, 2002 as quoted by Otalu & Keji, 2015). However, it is a generally acceptable believe that rapid industrial growth rate will facilitate sustainable and less dependent economy in other words support greater employment generation, support the primary industrial materials, enhanced per capital income, and improves the technology at the local industries. When advances in technology are linked to investments that drives growth (Stephen, 2016).

Ismail and Imuohele (2015) were of the opinion that economic growth is associated with policies aimed at transforming and restructuring the real economic sectors. An appropriate degree of regulations will aim to ensure fairness, and protect the economic system from potentially reckless business practice (Stephen, 2016). But Elias and Obi (2015) warned that frequent policy inconsistencies and reversals that characterized the 1986 to 1999 period created distortions in the economy and were further exacerbated by external shocks, including the external debt hang.

Kazeem (2014) contributed to the debate by further understanding on the determinants of economic growth. He discovered that labor, economic freedom, and life expectancy have significant association with economic growth in Nigeria, at different conventional levels. These results were achieved by using a multivariate regression approach in a growth-augmented framework over the period covering 1980 through 2010. Similarly, Wakeel (2011) studied the effect of human capital development on economic growth. It was observed that education measured by literacy rate had a positive relationship with economic growth, and health, proxied by life expectancy also had positive relationship with economic growth. He declared that providing education and health services to people are some of the major ways to improve the quality of human resources since health is fundamental to economic growth and development and is one of the key determinants of economic performance both at the micro and macro levels. Kareem (2015) postulates that in spite of the importance of employment, the implementation of policies on employment creation in many developing nations has not yielded much impact as there is a wide gap between the jobs available and the number of job seekers actively seeking work in most poor nations. On the issue of employment, Stephen (2016) asserts that where unemployment persists for long periods, not all available productive resources are being used therefore, growth will be slower than it could have been.

Parash (2015) using ordinary least square regression found that the volume of exports and the production of natural resources have positive impact on economic growth in developing countries during all time periods measured. He also discovered that higher life expectancy and increase investment have positive impact on economic growth.

Since the restoration of democracy in the Nigerian governance system from 1999 to date, successive administrations have shown willingness to facilitate other sources of revenue in other to strengthen the country's economic growth and development. Nigeria's economic aspirations have remained that of altering the structure of production and consumption patterns, diversifying the economic base and reducing dependence on oil, with the aim of putting the economy on a path of sustainable, all-inclusive and non-inflationary growth (Elias & Obi, 2015).

Elias and Obi (2015) investigated the determinants of economic growth in Nigeria through the application of the Johansen co-integration technique and an Error Correction Model. The results of their co-integrating technique suggest that there is long run relationship among domestic savings, expenditures on education and health, openness to trade, Foreign Direct Investment, public infrastructures, and financial deepening with growth of real Gross Domestic Product per capital. Gross Domestic Product is the macro-economic variable that measures the country's economic growth in terms of production, distribution, and consumptions of goods and services by the citizens of a country. While Stephen (2016) declared that the macroeconomic is the movement and trends in the economy as whole, which is influenced and in turn influences the microeconomic factors found as business, and individual levels.

Based on the study conducted by Elias and Obi (2015), it was also indicated from their research submissions that public expenditure does not drive economic growth which was associated with special case of deplorable state of electricity in the country, and the cause of low inflow of Foreign Direct Investment in Nigeria was associated with country's increasing level of insecurity negligible their effects on the growth of the economy. According to Otalu and Keji (2015), if Nigeria wants to gain from open trade policies with the outside world, a certain level of restriction is also expected for industrial output to improve. But there is need for balanced approach, as excess government interference can in fact be detrimental to economic growth because excessive regulations tend to impose unnecessary costs on business (Stephen, 2016).

But for government to facilitate economic growth there is the need for government to consider population, tax revenue, and public debt since they have positive relationship with government expenditure as it was revealed by Okafor and Eiya (2011). They also blamed relevant government agencies for the publication of unrealistic inflation rate particularly for the researchers considering investigation on causal relationship between inflation rate as a microeconomic variable and economic growth. According to Oyeyemi and Awujola (2014), economists have not agreed on the nature of the relationship between inflation and economic growth.

Using time series data for the period 1986 to 2012, Ismail and Imuoghele (2015) found out that economic growth and selected macroeconomic variables included has a long run relationship with economic output performance. Their study also reveals that gross fixed capital formation, Foreign Direct Investment and total government expenditure are the macroeconomic variables that determined Nigeria economic growth. They also recommended that the government of Nigeria should consciously develop the business environment by the provision of necessary infrastructure which will lower the cost of doing business in Nigeria.

Saving is an economic culture that has do with safe keeping of excess revenue for favorable investments opportunities or unforeseen contingencies. The government that controls her spending during economic successes can turn to the available saved income during economic decline and finance other major sources of revenue for the purpose of spending on provision of infrastructural facilities that can minimize the impact of the economic recess. In other words, saving promote economic growth of the nation. According to Charles (2014), saving is the major factor that determines growth and for a country to achieve growth rate, there is need to improve it saving rate or culture. Savings provides developing countries (including Nigeria) with the much needed capital for investment which improves economic growth (Ismail & Imuoghele, 2015). They also declared that increase in savings leads to increase in capital formation and production activities that will lead employment creation and reduce external borrowing of the government.

Orji (2012) investigated the determinants of bank savings and the impact of bank credit on economic growth in Nigeria. The results show that total private savings are positively related to economic growth by the Gross Domestic Product. He declared that increase in domestic savings is leading to greater availability of investment fund which will lead to greater capital formation, increase productivity, and higher growth of the economy. The remaining parts of his results indicated positive relationship between bank credit with public sector and growth of the economy; interest rate and economic growth; and exchange rate and economic growth. According to Misibau and Muhammed (2011) persistent inflation and limited bank credit are responsible for the systemic crisis in the banking sector, slow growth of manufacturing and agricultural sectors, reduce productivity, and generally slow economic progress.

Charles (2014) investigates the factors that contribute to economic growth in Nigeria between 1981 and 2012 using Vector Error Correction Mechanism framework. It could be discovered from his study that long run co-integrating relationship among the series data could be detected for the model through his adoption of Johansen-Juselius approach. However, the long run estimation shows that government expenditure and oil revenue promotes economic growth, while interest rate and inflation rate have a significant negative effect on economic growth in Nigeria. The study also indicates that interest rate and inflation rate at the short run exhibit negative effect on economic growth in Nigeria, while foreign private investment and foreign exchange rate have neither short-run nor long run effect on the economic growth. He was also of the opinion that the negative oil effect on growth might be due to diversion of oil receipts from public investment that would improve the welfare of the masses and most of government spending was on consumptions.

Kolapo and Oke (2011) investigate the drivers of capital flight that contribute to the improvement in the growth of the economy between the study periods of 1985 to 2010. Based on their measurement, Foreign Direct Investment plays lesser role in affecting Gross Domestic Product while fiscal deficit, inflation rate and exchange rate play significant roles in affecting the level of Gross Domestic Product in Nigeria. They were of the opinion that monetary authorities should strengthen monetary and fiscal policies to further reduce inflation rate, boost confidence in the domestic currency and thereby stem the tide of capital outflow from the economy. On the issue of exchange rate, they emphasized on the need for the monetary authorities to initiates policies that would encourage stable and realistic exchange rate regime in order to reduce investors' preference for foreign assets over domestic assets. Finally, government fiscal and monetary policies should be strengthened to reduce fiscal deficits and promote monetary stability.

Financial intermediation is an important activity in the economy because it allows funds to be channeled from people who might otherwise not put to productive use to people who will (Orji, 2012). Nwite (2014) discovered that from 2004 to 2007, the period recorded the highest average annual growth rate in loan disbursement to the private sector, yet same period recorded the worst average annual growth rate in the manufacturing capacity utilization rate. The major findings from his study using robust ordinary least square estimate indicate that there is long run relationship between credit to private sector, lending rate, interest rate margin and economic growth in Nigeria. His investigation concluded that there is significant and positive effect of financial intermediation on economic development.

Njogo (2013) conducted a study on the Foreign Direct Investment determinants in pre and deregulated Nigeria economy using ordinary least square estimate. His selected Foreign Direct Investment determinants were exchange rate, inflation rate and degree of openness. The results of his investigation indicate that those selected economic variables in a pre deregulated Nigerian economy had negative and insignificant impact on Foreign Direct Investment in Nigeria economy while market size had a positive and significant impact on Foreign Direct Investment. This indicates how effective the population of Nigeria impact on the growth of her economy. Above all, the findings reveal a positive causal relationship between the growth of the Nigeria economy and Foreign Direct Investment within the pre-deregulated era and there was bi-directional relationship between growth of the Nigeria economy and Foreign Direct Investment within the deregulated era.

Obida and Abu (2010) opined that since the market size of the host country has significant effect on Foreign Direct Investment, there is need for continuous increase in growth of the nation’s Gross Domestic Product. They also recommended that government should make efforts to further deregulate the economy with caution in order to attract more foreign direct investors, and create enabling environment for production activities. According to Mohammed and Mahfuzu (2016), the country with an environment more favorable to business will grow at a faster pace than the one with environment less friendly to business.

In like manner as indicated above, Anaza (2016) reveals that most Foreign Direct Investment are resource seeking and marketing seeking as most of them were in mining, quarrying and manufacturing. He states that openness of the economy draws in more Foreign Direct investors into the country. His findings indicate that Foreign Direct Investment alone cannot lead economic growth without other variables such as macroeconomic, political stability, and addressing the problem of corporate governance. Thus, in a regime of increased globalization, where the comparative advantage of modern economies is shifting towards knowledge-based economic activity, not only does entrepreneurship play a more important role, but also the impact of that entrepreneurship is to generate growth (Carree & Thuric, 2002).

Samuel and Chris (2013) investigated the causal and dynamic nature of the relationship between international trade and economic growth using annual time series data from 1981 to 2008. The results of their investigation reveal that positive relationship exists between export, import and economic growth. It could be observed that export co-efficient is insignificant, they suggested that Nigeria need to increase or diversify her export goods to enjoy more of the benefits of trade.

Offiong and Ignatius (2014) investigated the existence of functional relationship between Gross Domestic Product, wage rate, interest rate and relative openness index, and the extent to which each variable has influenced Foreign Direct Investment inflow to Nigeria between 1980 and 2011. The results of their study revealed that per capital income was too low to effectively draw foreign private investors into sectors that would generate positive externalities; direct relationship exist between foreign private investors and the relative openness index in the years under review; and lending rate has no influence on foreign private investors inflow into the country.

Udah and Nwachukwu (2015) examined the factors that determine Nigerian agricultural Gross Domestic Product. The result of their investigation shows that agricultural labor, infrastructural development and total factor productivity have positive relationship with agricultural Gross Domestic Product.

According to Bakare (2011), since monetarist school of thought says that money in circulation is the source of other economic changes. After analyzing the determinants of the growth of money supply, he discovered that credit expansion to the private sector, and net foreign assets were the major determinants of the growth of money supply in Nigeria.

Oluwasola and Olumide (2012) examined whether trade promote growth of developing countries. The results of their investigations revealed that foreign trade exerts a significant positive effect on economic growth in Nigeria. Other macroeconomic variables that positively influence economic growth based on their study include Foreign Direct Investment, government expenditure and exchange rate. They suggested that government should create enabling environment that would facilitate the attraction of foreign private investors, initiate appropriate economic developmental policies, and embark on expenditure on project and infrastructures that would facilitate trade and economic growth. They further call for stabilization of exchange rate.

Musibau and Muhammed (2011) estimated a monetary growth model for Nigeria by examining the existence of a significant long run relationship between money supply, inflation and growth of the economy as well as to identify the possible determinants of portfolio holdings between 1975 and 2008. From their study, quantitative evidence reveals that there is a positive relationship between money supply, capital formation and economic growth in Nigeria where there is a negative relationship between inflation and economic growth. They warned that government should effectively control the amount of money supply to the economy in order not to increase inflation which may retard real income growth. Similarly, Stephen (2016), states that low rates of predictable inflation are easily managed whereas a substantial change in the rates of inflation will be more predictable, not least

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because inflation is difficult to forecast in such aspiration for the growth of an economy.

Kareem (2015) studied the effect of employment level on the economic growth of Nigeria, which reveals the existence of relationship between employment level, Gross Domestic Product, and interest rate during the study period (1985 and 2012). The result indicates positive relationship between Gross Domestic Product and interest rate with employment. He suggested for the establishment of vocational skill centres, and entrepreneurial directors to foster knowledge exchange and learning opportunities to achieve greater employment potentials among the Nigeria youths.

Nathan (2012) set out to survey the effectiveness of fiscal policy in the Nigerian economy between 1980 and 2007. The econometric evidence obtained from the period of his study revealed that all the variables were insignificant. Notwithstanding, money supply and export variable do influence fiscal policy positively, suggesting that monetary authorities should focus on these variables in the choice of policy instruments in Nigeria. He also uncovered the negative influence of fiscal policy on the Gross Domestic Product. He equally submits that monetary manger, scholar and researchers etc should design policy measures that are aimed at encouraging the diversification of financial instruments through the development of a solid and sound money and capital market in Nigeria.

Oyeyemi and Awujola (2014) appraised some factors that influence economic growth in Nigeria for the study period of 1970 to 2009. The results of their investigation indicates the existence of significant impact of interest rate, foreign exchange rate, inflation rate, federal government expenditure, foreign private investment, money supply on economic growth of Nigeria. They suggested that government should invest its resources in projects and programmes that will diversify the economy and stimulate sustainable growth, development and pay less attention to white elephant projects and programmes, create enabling environment that will stimulate the growth of the private sector and enhance its contributions to the growth of the economy. They further recommended for the government to ensure that money supply is adequate in the economy since it will help keep the aggregate demand at a reasonably high level of stimulating demand for goods and encouraging investment activities, and finally government should focus on improving human resource base by improving the quality of education at all levels. According to Stevens and Martin (2003) it is difficult to be left satisfied by the wide range of studies looking at the effects of education on economic growth. However, Stevens and Martins (2003) are of the opinion that even though researchers concentrate on the effects of the macroeconomic factors on the economy, microeconomic analysis provides estimates of the effect of education on individual incomes.

Olena and Anna (2014) investigated the effect of digital nature of money on the financial system at whole. The target of the digital money is to facilitate the speedy recovery and transmission of money in the economy. The uploaded dimension of credit-digital nature of money prevents the risk of theft and delay of payment during exchange. The result of their investigation revealed that cashless payments contribute to accelerate economic development through the spreading electronic payment that can cause consumption growing.

Mohammed and Mahfuzu (2016) in their study found evidence of a positive and strong impact of trade freedom on economic growth. They revealed that financial freedom, business freedom, labour freedom, and fiscal freedom all have positive impact on economic growth (based on five-year Gross Domestic Product growth). They recommended for consideration of the non-economic determinants of growth by multinational donor agencies, policy makers, and academia.

III. METHODOLOGY

The study used time series data obtained for the economic periods of 1986 to 2016. The selection of 1986 to 2016 was because within these periods, Nigeria had established various regulations and deregulations intended to create conducive business atmospheric environment for both public and private sectors of the economy. Ordinary Least Square regression technique was adopted for analysis utilizing secondary data sourced through Central Bank of Nigeria statistical bulletin and National Bureau for Statistics annual bulletin. The Ordinary Least Square regression is the most efficient and effective econometric tool that reveals the rate at which one or more economic variables impact on the predicted economic variable. This facilitates policy formulation and implementation by either public or private driven economic society. At 5% significant level, the study determines the fitness and actualization of the relationship existing between macroeconomic variables and the county's economic growth. This was performed with the aid of SPSS version 20.

The Hadjimichael's (1994) model would be considered for this study as it was also adopted Gusarova (2009). Most importantly, the equation is captured below:

$$\gamma_{it} = \alpha_{it} + \beta X_{i\,(t-1)} + \gamma CF_{i\,(t-1)} + \varepsilon_{it}$$

Where γ_{it} as the dependent variable connotes the Gross Domestic Product (GDP), β is the coefficient of the control variables that have effect on the Gross Domestic Product. α_{it} is the constant term (intercept).

The following model was adopted to indicate rates at which the drivers of the Nigeria economy influence the economic growth:

$$GDP_{it} = \beta_0 + \beta_1 G_{it} + \beta_2 TI_{it} + \beta_3 IR_3 + \beta_4 AO_{it} + \beta_5 ER_{it} + \beta_6 INR_{it} + \epsilon$$

GDP = Gross Domestic Product
G = Governance
TI = Technology Inflow
IR = Interest Rate
AO = Agricultural Output
ER = Exchange Rate
INR = Inflation Rate
β_0 = The intercept
β = Parameter of the independent economic variable

Based on the model specified above, the economic dependent variable is the Gross Domestic Product while Governance, Technology Inflow, Interest Rate, Agricultural Output, Exchange Rate, and Inflation Rate are the economic variables that predict the changes in economic growth.

GROSS DOMESTIC PRODUCT: This is an economic indicator used as a gauge to measure the economic health of a country for specific period of time. Gross Domestic Product is a macroeconomic variable that explains the economic growth of the nation. It is the total monetary value of goods produced and services provided within a particular nation and for a specific time period, quarterly or annually. It is also the sum of the monetary value of household and business consumption; investment by private business enterprises; expenditure of the government, and net export (export less import). The growth rate of the economy is determined by comparing Gross Domestic Product of the actual period and the period that precedes it. The Gross Domestic Product is expected to increase when all other macroeconomic and non-macroeconomic variables are functioning effectively.

GOVERNANCE: It is an overview of exemplary leadership quality and political stability. Good governance is characterized by corruption control, improvement in rule of law, government effectiveness, regulatory quality, accountability and lack of violence. Income per capita is a product of good governance. This study adopted per capita income as a measure of good governance. The expectation of this study under favorable economic environment is that income per capita should increase.

TECHNOLOGY INFLOW: Technology moves from one country of its origin to another for the purpose of facilitating production activities, distribution, and services delivery. Often technology is transferred through private direct investment. Many of the local industries are learning from the production processes of foreign firms such assets improvement, method of production, and improvement in management functions. Technology inflow is measured by fixed investment rate on technology. The expectation of this study is for improvement in fixed investment rate to impact positively on economic growth.

INTEREST RATE: this is the cost of lending capital to individual business organization, public and private firms, and the government. The cost of lending capital for investment reduces profit of a firm. Firm's profitability is the excess of its revenue over disbursement and this firm is required to make surplus income so that it can survive and continue operation. High interest rate minimizes the firm's profitability. The expectation of this study is that low interest increases the growth of Nigeria economy.

AGRICULTURAL OUTPUT: The economic history of Nigeria has shown that government administrative functions, provision of infrastructural facilities, and defense systems, are financed by output from the agricultural sector of the economy. For sustainable economic growth and development, this current administration has been agitating for diversification of the country's sources of revenue, particularly the agricultural sector. The study assumes that improve earning from agricultural products, both monetary value of local consumptions (household and primary industries) and proceeds from export impact positively on the economic growth of Nigeria.

EXCHANGE RATE: This is the rate at which the local currency is exchange for the foreign currency. For example, the rate of Nigerian naira that is exchanged for a United State dollar. Also refer to as foreign exchange, it is what stimulate international trade and its rate can impact positively or negatively on a country's economic growth.

INFLATION RATE: Inflation is viewed as the persistent increase in the price level of goods and services. It is that season with too much currency in circulation. The high volume of this money in supply can only purchase too few goods. The economic implication of inflation is that it stagnate economic activities. Investors are expecting quick and high return from their investments, but with higher commodity price, the purchasing power of money is diminished. In other words, consumers are going to buy less. Under high rate of inflation regime, the opportunity cost for lack of investment is high.

IV. DISCUSSION OF FINDINGS

The table below gives the analysis of findings using **SPSS** version 20.

	Constant	β	R	R^2	Durbin Watson	Sig.
Governance	.029	-0.027	0.456	0.208	1.483	0.000
Technology Inflow	-0.32	0.117	0.403	0.162	1.306	0.001
Interest Rate	0.142	-0.26227	0.365	0.133	1.161	0.003
Agricultural Output	-0.291	0.53	0.684	0.468	2.04	0.000
Exchange Rate	0.231	-0.42	0.207	0.043	1.741	0.100
Inflation Rate	-0.78	76.6	0.337	0.113	1.256	0.07
Dependent: GDP						

Table 1: Ordinary Least Square Regression Analysis

From the table above, considering other independent variables constant the Pearson R correlation coefficient at 45.6% indicates a moderate correlation between the predicted variable, Gross Domestic Product and the explanatory variable, governance. The R squared, defined as the coefficient of determination at 20.8% means that Governance can account for about 20.8% variation in Gross Domestic Product. The Durbin Watson test of serial correlation among the residuals indicate that with the outcome of 1.483, approaching 2 means the independence of the error term is ascertained. That means the residuals from the model do not have significant autocorrelation and the regression model is unaffected. The P-value at 0.000 less the critical value of 5% indicate the significance of the test and the parameter of the independent variable, Governance at -2.7% means a negative association exists between Good Governance and Gross Domestic Product. That is, a unit increase in Governance, the country's Gross Domestic Product will decrease by about 2.7%. The negative association between Governance and Gross Domestic Product is the severity of corruption in Nigerian system of governance, political instability in terms of regulatory quality, and government ineffectiveness.

When other variables are held constant, with Pearson R correlation of 40.3%, is an indication of the existence of moderate association between Technology Inflow and Gross Domestic Product. With an R squared of 16.2% it means Technology Inflow can explain about 16.2% changes in the country's Gross Domestic Product. The test of Durbin Watson at 1.306, approaching 2 means there is absence of autocorrelation among the residuals and does not impact negatively on the econometric model. The coefficient (β) of Technology Inflow at 11.7% and P-value of 0.001 less than the critical value of 5% indicate the existence of positive relationship between Technology Inflow and Gross Domestic Product. But the rate at which Technology Inflow can predict the country's economic strength is too minimal. That means the country is lacking adequate infrastructural facilities to accommodate and support the effective installation and use of technological facilities.

When other independent variables are held constant, with Pearson R correlation of 36.5% indicate the existence of a moderate correlation between Interest Rate and Gross Domestic Product. At 13.3% R squared, indicating Interest Rate can predict variation in Gross Domestic Product by 13.3%. The Durbin Watson test standing at 1.161 slightly greater than 1 indicates the existence of unthreatened serial correlation. With negative parameter of Interest Rate at -26.227% indicate the existence of a negative relationship between Interest Rate and Gross Domestic Product and P-value of 0.003 less than the significant level of 5%. This is in line with the study's apriori expectation.

When other independent variables are held constant, the Pearson R correlation at 68.4% indicates the existence of strong correlation between Agricultural Output and Gross Domestic Product. Agricultural Output can account for about 46.8% changes in the growth rate of Gross Domestic Product considering the rate of R squared. The Durbin Watson test of 2.04 slightly greater than 2, indicate complete absence of serial correlation among the residual. With 5.3% rate of parameter of Agricultural Output and P-value at 0.000 less than critical value of 5% is in accordance with the study's apriori expectation. This means a unit increase in Agricultural Output the country's Gross Domestic Product will increase by 5.3%.

When other independent variables are held constant, the Pearson R correlation of 20.7% indicates the existence of weak correlation between Exchange Rate and the country's Gross Domestic Product. Changes in Exchange Rate can only explain 4.3% variation in the Gross Domestic Product. This may be connected with inconsistency in foreign exchange rate policy and the activities of Bureau de change. The Durbin Watson test of 1.741 approximately 2 indicates absence of autocorrelation among the residuals. The parameter (β) of Exchange Rate in our econometric model is -4.2% with P-value at 0.100 less than 10% significance level indicate the existence of negative relationship between Exchange Rate and Gross Domestic Product.

When other variables are held constant, the Pearson R correlation of 33.7% indicates the existence of a moderate correlation between Inflation Rate and Gross Domestic Product. With R squared at the rate of 11.3% means variation in Inflation Rate can only predict about 11.3% changes in the country's Gross Domestic Product. With test of Durbin Watson slightly above 1, indicate the existence of autocorrelation which is not a potential threat to the econometric model. The parameter (β) of Inflation Rate at 76.6% and P-value of 0.07 less than 10% critical value means a positive relationship exist between Inflation Rate and Gross Domestic Product.

V. CONCLUSION AND RECOMMENDATION

The study has discovered that governance, technology inflow, interest rate, agricultural output, exchange rate, and inflation rate are drivers of the country's economy. The country's economy has over the years under review suffered the impact of unstable government policies and lack of implementation of profitable ones, corrupt leaders that divert government funds meant for specific project for selfish and private consumptions, and inadequate government expenditure on the provision of infrastructural facilities to support the country's economic activities.

The predictability rate of technology inflow in Nigeria economy has shown that many of the private and public owned enterprises have not fully integrated their operation systems. Manual labour is still in dominance but efficient utilization of technology increases productivity, saves time, and facilitates trade.

The interest rate reduction has significant positive impact on the economy. The result of the study has shown that decrease in interest rate for capital borrowed will increase the country's economic performance by over 26%. Many of the productive industries have not benefited from this monetary blessing.

Considering the study period under review, agricultural products have impacted on the country's economic performance. Trading on agricultural output in Nigeria is boosting the health of the economy. Meaning there will be sufficient food for subsistence life, cash crop production for revenue generation, production of primary raw material for domestic industry consumption, and earning from export that will check trade deficit and sustain balance of payment.

The inconsistency in the rate at which united state dollar is changed for Nigeria naira is impacting negatively on the growth of the country's economy. In Nigeria, the central bank fixed the price of naira to dollar and the parallel and black market were at the liberty to fix the price suitable for their business. The poor quality of central bank of Nigeria foreign exchange policy is affecting the growth of the country's economic performance negatively.

The study has also shown that in the long run fluctuation in the rate of inflation is capable of explaining the growth rate of Nigerian economy. But high rate of inflation has severe effect on the country's economy because during recess or decline in economic activities it creates hardship on the populace. Consumer price skyrocket, it discourages investment because potential investors are interested in quick return from their investments but money in supply is voluminous but can purchase too few goods.

The Nigerian anti-graft agencies such as Economic and Financial Crime Commission (EFCC), Independent Corrupt Practices and other related offences Commission (ICPC), and the Department of State Services (DSS) should be granted absolute independence without interference in the discharge of their duties by the political party in power. This can help in controlling corruption which is far putting down to their knees government institutions. The government of Nigeria must provide high quality regulations that will facilitate local and international government programmes and projects. The regulations should include those that can facilitate the activities of private individuals and corporate enterprises. Government should enhance the production of infrastructural facilities and there should be political stability in all the arms of agencies of the government.

The impact of globalization is felt from the economic performance of develop nations such as Germany, United State of America, France, Saudi Arabia, Japan, and a well to do economy which is China. They have grown as a result of their improvement in the use of technology in service, production, and distribution industries. Government needs to construct good accessible roads, provide social amenities, facilitates information and communication technology for the private enterprise to adequate investment in high technology facilities. This will facilitate service and increase in productivity.

Government should moderate the interest rate of loans and advances issued to private and public enterprises. High interest rate does not maximize profitability. Government should also check and control bureaucratic bottleneck associated with issuance of loans and advances.

Nigeria is a mono-product economy relying on crude oil as the single source of revenue. Since the international price of a barrel of crude fluctuate and this affected the country's national budget favorably or unfavorably. For sustainable economic growth and development, government must diversify her revenue source to include agriculture. Agricultural products are consumed by household, domestic enterprises, and provide revenue from export.

Government must ensure a flat rate of foreign exchange that shall cut across parallel market and the black market. Stability in the exchange rate will enable business enterprises to decide on whether to produce for local consumption or produce and participate in the international market competition. With flat rate of foreign exchange, government can facilitate the activities of domestic industries particularly when Nigeria naira is devalued because imported goods will become more expensive and local goods shall be cheap. It can minimize trade deficit and pave way for balance of payment because of the benefit of exportation.

The government of Nigeria should utilize effective monetary policy instruments that will control the large quantity of money and its supply into the economy, since inflation is determined as the general increase in price level of goods and services for a specified period of time. Inflation reduces the purchasing power of the local currency and causes unnecessary economic hardship on the people.

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