Re-Appraisal of the Influence of Domestic Investment on Nigeria's Economic Growth

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ABSTRACT

The study investigated the influence of domestic investment on economic growth in Nigeria from 1981-2020, via the application of the autoregressive distributed lag model. The variables analyzed in the research were real gross domestic product, labour force participation, domestic investment, government on education, public expenditure on health and real exchange rate. The results revealed that domestic investment had a positive and significant influence on real gross domestic product proxied for economic growth in the long-run but insignificant in the short-run. It was also indicated that labour force participation, government expenditure on education, and real exchange rate had a positive and significant impact on economic growth in both the short-run and the long-run. More so, the result showed that government expenditure on health negatively and significantly impacted economic growth within the research period in both the short-run and the long-run. On the above note, the study recommended for consolidation of the gains made on private domestic investment through maintenance of aggregate economic and fiscal stability measures, which constitute important pre-condition for success of any policy related to private domestic venture.
Keywords: Re-appraisal, Domestic, Investment, Economic, Growth.

INTRODUCTION

Investment, weather domestic or foreign has been adjudged as one of the major propeller of expansion in an economy via the process of capital accumulation. Formation of capital equally has been established as a leading force for technological advancement which aids in the realization of economies of great level; and consequently, increasing specialty in the form of providing machinery, apparatus and equipment for increasing labour vigor [1]. Hence, amassing wealth enhances the achievement of fresh industrial unit in conjunction with machineries and apparatus in addition to building of long lasting ventures and utilization of the accumulated gross capital into education, health and other segments of the economy [2]. Economic growth entails the construction of economic and social overhead assets, which could accelerate country's productivity and earnings through establishment of service chance and decreasing ferocious sphere of poverty from both demand and supply part [3]. However, the most common problem often adduced as being answerable for the rising nation's poor economic growth is that of less capital accumulation and over reliance on foreign direct investment [4,5]. The rising nations of the earth have poor attitude as it concerns giving up current consumption so as to supplement upcoming public productivity and earnings [6]. On the contrary, developed economies are firm because their economy relies more on domestic investments than foreign direct investments and this ensures that in the event that foreigners repatriate their resources, their economies will easily overcome the shock. This is not the case with developing countries which has relied unduly on foreign direct Investments. In Nigeria, prior to 2015, foreign investors began withdrawing their investments from the economy the moment they sensed out danger signs in the economy [7]. This act was partly responsible for the 2016 Nigerian economic recession with severe hardship on the masses. This instance shows that the economy belongs to foreigners who in turn influence economic policies of the nation. Based on the foregoing and not undermining the usefulness of FDI to the host countries' economies, many economists like [8,9,10] insisted that underdeveloped economies should surge

toward domestic investment. They further established the premise that domestic investment via capital accumulation would be supreme since it would be a precondition for global acceleration of growth and development. Thus, it becomes paramount that nations wishing to accomplish and maintain economic expansion, should donate considerable fraction of its public earnings to savings, which must be accordingly invested to amass capital. After the Nigerian civil war, the regime sought approaches to erect the country's financial system and put the economy on the part of improvement. Hence, administration in an attempt to erect the economy embarked on enormous rebuilding and municipal segment ventures so as to attain sustainable economic expansion and improvement [11,12,13,14]. Eventually, the Nigerian country has experienced a marvelous rise in her income report through oil exports. It has benefited from cycles of oil explosion with succeeding administration exploiting the possessions of the country to carry out its financial plan. There has equally been a rise in her disbursement outline for the main time. Ironically, it does not emerge as if an increase in assets disbursements has translated into a rise in asserts mobilization and resultant economic expansion and improvement, as records of the past few decades have engendered some distress over the sluggish pace of industrial and infrastructural improvement [15,16,17,18]. The dilemma becomes that Nigeria internal venture as well as asserts buildup has not been rising but has instead reduced over the years [18,19,20]. From the statistics provided by the central bank of Nigeria statistical bulletin, internal venture grey on average by 26.4 percent between, 1981 and 2017 while actual gross internal product only recorded an average expansion echelon   With respect to actual GDP, it grew from -1.8 percent in 1982 to 2.2 percent in 1992, 4.2 in 2012 and 0.8 in 2017 [21]. By way of comparison, we observed that while the internal venture recorded a enormous expansion echelon between 1981 and 2017, the expansion echelon in RGDP within the same period is small particularly when one considers the theoretical propositions that venture is the only way through which expansion can be accomplished [22,23,24]. The connotation of the observed anomaly is that the share of internal venture to actual gross internal product between 1981 and 2017 is only a paltry 5.5 percent [25,26]. This has led into aggregate economic constraints of high inflation echelon, balance of payment disequilibrium, high external debt ratio, high echelon of unemployment, etc. In fact, the current economic depression veteran in second and third quarters of 2016 was mainly blamed on the poor internal venture nature of Nigeria's economy where oil export comprises 90 % to Nigeria export revenue [27]. The obvious descend in the percentage of personal segment venture to GDP irrespective of the accentuation on personal segment subsequent the introduction of municipal segment reforms is even more worrying and therefore, cast doubts as to the role of internal or private sector venture on economic expansion of Nigeria. It is against this background that this study examines the influence of domestic investment on the growth of the Nigeria's economy.

Theoretical Review
Neoclassical Hypothesis of Investment venture

The Neoclassical hypothesis of venture was developed by [21] and is found on the hypothesis of optimal assets distribution based on the assumption that industry seeks to maximize their present value. Accordingly, maximizing profits in each epoch would yield best possible assets stock which is ascertained by comparative charges of factors of production [28,29,30]. This hypothesis of venture adds fresh light on the causes of variations in venture which are accountable for incidence of business cycles in a free market economy. To this hypothesis, level of venture is ascertained by the speed with which industry adjust their assets stocks towards the desired level [5,7]. Because it takes time to build and install new machines, construct new factories, warehouses etc., the industry cannot immediately achieve the desired level of assets stock [5]. Hence, the industries have to decide with what level OF speed per epoch it mak adjustment in

their stock of assets to attain the desired level of assets stock. The optimal assets stock can variation for various reasons for instance variations in demand can lead to variations in the optimal assets stock. A boost in demand implies that industry can boost the amount of commodities they can sell and attain higher profits. However, in order to be able to produce more commodities, industry need to expand their production capabilities. Hence, industries need to invest in more assets.

Keynesian Theory of Investment

Keynes's examination of profitability and its evolution is mainly described in his popular treatise called 'the General Hypothesis', where venture, the most volatile component of his hypothesis of effective demand, depends on the expected profitability as this is captured in the concept of the marginal efficiency of assets in conjunction with the long term interest level. Specifically. [31], argued that when an industrialist buys venture commodities, he buys in reality the right to a series of future income expects to earn during the usual life time of the assets in selling the product, after the subtraction of current expenses. More specifically, Keynes defines "the marginal efficiency of assets as being equal to that level of discount which would make the present value of the series of annuities given by the returns expected from the assets during its life just equal to its supply charge [32]. The supply charge of the assets good, Keynes notes should not be confused with the current charge of the assets good, but rather with the "charge which would just induce a manufacturer newly to produce an additional unit of such assets, i.e., what is sometimes called its replacement cost [33]. Clearly, the definition of the MEC depends on expected and not on current or past profits and also these expected profits are not evaluated against a stock of assets but rather against the flow of assets, that is, the increment of the existing assets stock, in particular the charge of new equipment venture.

Neo-classical Growth Theory

This expansion hypothesis provides one of the earliest theoretical approaches to the understanding of how administrations make policies in the bid towards achieving sustained expansion. In the late 1950s, [34] attempted to set up a theory of expansion in the form of production function whereby output of the economy is assumed to depend on physical inputs of assets and labour given a stated level of technological development. The hypothesis gives preeminence to the acquisition and use of assets as being very important in the determination of economic expansion of countries. In this theory, other variables which are non-economical in nature such as human assets variables have no place. Under such theory, the economy is subject to diminishing returns such that with a given amount of labour, the returns to output occasioned by an addition to assets will always be less than the previous ones. Similarly, a country with high population expansion without any variation in assets stock would experience lower level of output per person. The theory argues that in the short run, only a proper and simultaneous mix of labour and assets would bring about expansion while in the long run, the economy can only achieve expansion through technological improvement. However, the same technological improvement which is the only recognized base of long term expansion was seen as exogenous which in itself does not emanate from any conscious action of the administration or people. This assumption has been heavily criticized on the basis that technology is not an exogenous factor spurring expansion but is rather an endogenous factor which is been produced within the system usually through the process of research, hence giving rise to the birth of endogenous expansion theories. To quote [34,35], technology was regarded as manner that fall from heaven. Implicitly, the Solow-Swan theory, assumes that there is public availability of technology such that given the same quality of factor inputs, two countries would only differ in per capita income as a outcome of differences in the amount of assets employed [36]. Secondly, the diminishing marginal returns assumption of the theory implies that the marginal level of returns to assets will be higher in low per assets income countries than high per assets income countries. This further implies that it is more profitable for

owners of assets from high per capita income countries to move their venture to low per capita income countries until the marginal returns to assets becomes the same for all countries. These more postulates of the neoclassical were proved wrong by the endogenous expansion hypothesis.

Endogenous Growth Theory

This hypothesis originated from the work of [37] who took a leap from the neoclassical Theory of [8]. Sometimes regarded as the new expansion hypothesis, the endogenous expansion hypothesis sought to clarify the reasons behind the poor economic performances of developing countries, even after implementing the neo classical theories. In this view, [11] contended that contrary to the position of the neoclassical economists, technology is an endogenous factor affecting expansion and development. This entails that the state of technology should be regarded as something whose cause can be altered and whose degree and magnitude can be redirected [17].

Empirical review

[8] carried out an empirical work on internal venture and economic expansion in Nigeria from 1980 to 2016. Using RGDP as the dependent variable against internal, venture and administration expenditure, the research found that internal venture encouragingly influences real gross internal product. Similarly, [7] conducted an empirical work titled 'an investigation into the brunt of internal and alien direct venture on economic expansion of Nigeria for the period 1980-2013, using error correction methodology. The outcome showed a encouraging and important affiliation connecting economic expansion, internal venture and total foreign exchange rate variation in Nigeria. In same vein, [8] adopted a simple endogenous expansion theory to evaluate the short and long-run brunt of gross fixed assets formation, human assets formation, savings and population expansion level on economic expansion in Nigeria. The autoregressive distributed lag theory indicated no short and long-run brunt of these variables on economic expansion. Also, using the Pesaran bound test and wald coefficient diagnostic test, the research showed no long-run brunt of gross fixed assets formation, human assets formation, national saving, and population expansion level on expansion. Based on the findings above, the work recommended that administration should provide an enabling environment that will encourage both internal and alien venture and in addition human assets development through education and in-job training should be encouraged.

METHODOLOGY

The study aimed at exploring the influence of domestic investment on the growth of the Nigeria's economy from 1981 to 2020. The research adopts ex-post fact research design. Ex-post facto research is systematic empirical inquiry in which the investigator does not have direct control of the relationship between the variables because their manifestations already occurred or because they are inherently not manipulated. Inferences about relations among variables are made, without direct intervention. The analytic methods employed in the research include the Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) unit root tests are employed to check if the information are stationary or not while Autoregressive distributed lag (ARDL) technique is applied to investigate the association connecting domestic investment and economic growth proxied by gross internal product. The variables modeled in the research real gross domestic product, labour force participation, domestic investment, government on education, public expenditure on health and real exchange rate. Data for these variables are obtained from the Central Bank of Nigeria (CBN) statistical bulletin, volume 31, 2020.

Model Specification

This work adopted a simplified version of an endogenous growth theory in order to focus on issues relating to venture. The general endogenous production function is shown below:

$Y = Ak^{\alpha} L^{1-\alpha}$ 1

Where: Y = Real GDP, A = Level of technical progress, K = Assets stock and L = Labour.

This theory is of the Cobb-Douglas in the micro production hypothesis being adjusted to analyze the macro-outcomes of the affiliation connecting aggregate real venture and expansion. Under the Endogenous expansion framework above, the work adopted a modified theory of [8] who in their work on assets accumulation and economic expansion in Nigeria, the theory expansion level of gross internal product, which was used as a proxy for economic expansion, against gross fixed assets formation, human assets formation, savings level, population expansion level, institutional quality, and inflation level wherein institutional quality and inflation level were included as control variables. For the purpose of this research work, the above theory specification was adopted and modified by removing institutional quality and savings level while substituting gross fixed assets formation with gross assets formation. The removal of savings level is informed by the consideration that venture is already in the theory and ideally, it is savings that translates into

venture. However, unlike the theory of [4] which transformed the above variables into expansion level, the present work used the variables in their original form in order to achieve optimal performances of the outcome. The model above is modified and presented below:

RGDP = f (DINV, LFPR, GEXE, GEXH, REXR) 2

Where: RGDP = Real Gross Internal Product, DINV = Internal venture, LFPR = Labour force participation level, GEXE = Government expenditure on education, GEXH = Government expenditure on health, REXR = Real exchange rate.

This was structurally expressed as: $RGDP = b_0 + b_1 DINV + b_2 LFPR + b_3 GEXE + b_4 GEXH + b_5 REXR + U_t$ 3

Where: $_t$ = error term, b_0 = Intercept, bs = Regression coefficients

In order to interpret the parameters either as elasticities or propensities, the above theory was specified in its logarithm form as shown below:

$Log\ RGDP = b_0 + b_1 Log\ DINV + b_2 LFPR + b_3 LogGEXE + b_4 LogGEXH + b_5 REXR + U_t3.$ 4

A priori Expectations

$b_1 = b_2 = b_3 > 0,\ b_4 < 0$

RESULTS AND DISCUSSION

Unit Root Test Outcome

The Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) unit root tests for the stationarity of the time-series data is presented in table 1 below:

Table 1: Unit Root test

Series	ADF T-STAT (LEVEL)	5% critical values	ADF T-STAT (1st DIFF)	5% critical values	Order of Integration
LRGDP	-1.507269	-3.544284	-3.731254	-3.540328	1(1)
LDINV	-3.686187	-3.540328	-	-	1(0)
LFPR	-0.471115	-3.536601	-4.838528	-3.540328	1(1)
LGEXE	-3.120673	-3.536601	-5.732531	-3.552973	1(1)
LGEXH	0.017880	-3.552973	-5.264052	-3.552973	1(1)
REXR	-1.991052	-3.536601	-4.151642	-3.540328	1(1)

Source: Researcher's Estimate from E-view 9.0

Table 2: Phillips-Perron (PP) Unit Root test

Series	PP T-STAT (LEVEL)	5% critical values	PP T-STAT (1st DIFF)	5%critical values	Order of Integration
LRGDP	-3.138663	-3.536601	-3.731254	-3.540328	1(1)
LDINV	-3.677277	-3.540328	-	-	1(0)
LFPR	-0.654602	-3.536601	-4.838964	-3.540328	1(1)
LGEXE	-3.083496	-3.536601	-13.63841	-3.540328	1(1)
LGEXH	-3.853008	-3.536601	-	-	1(0)
REXR	-1.986712	-3.536601	-4.940798	-3.540328	1(1)

Source: Researcher's Estimate from E-view 9.0

Tables 1 and 2 above reports that using the (ADF) and PP unit root test, only domestic investment (LDINV) was stationary at level since its ADF and tests statistics were greater than its critical value in absolute term while other variables (LRGDP, LFPR, LGEXE, LGEXH and REXR) were non stationary since their Augmented Dickey-Fuller (ADF) were less than their critical values in absolute value. This led to the differencing of the non-stationary information to induce their stationarity; hence, the non-stationary variables became stationary after first difference and are therefore integleveld of orders one, I (1). Similarly, Table 2 reports that using the Phillips Perron (PP) technique; only domestic investment and government expenditure on health were stationary at level since their Phillips Perron (PP) test statistics were greater than their critical value in absolute term while other variables (LRGDP, LFPR, LGEXE and REXR) were non stationary since their Phillips Perron test statistics were less than their critical values in absolute value. This as well led to the differencing of the non-stationary information to induce their stationarity; hence, the non-stationary variables became stationary after first difference and are therefore integleveld of orders one, I (1). This indicates that all the variables are free from unit root problems and hence there is no need to suspect that the estimated outcomes are spurious.

Auto regressive distributed lag estimates result

Table 4: ARDL Bounds Test Estimate

Test Statistic	Value	K
F-statistic	5.945871	5

Critical Value Bounds		
Importance	I0 Bound	I1 Bound
10%	2.26	3.35
5%	2.62	3.79
2.5%	2.96	4.18
1%	3.41	4.68

Source: Researcher's Estimate from E-view 9.0

Using the Bounds testing methodology at 5 percent level of importance, the null hypothesis of no long run affiliation is rejected since the value of the F-statics statistic (5.945871) is greater than the upper critical bounds value (3.79)at 5% importance level. This implies acceptance of the alternate hypothesis that there is presence of long run affiliation among the variables used in the theory. This led to the estimation of ARDL cointegrating and long run theory based on the assumption that the existence of long run affiliation provides for short term variations, hence, for there to be important long run association, there should be a speed of adjustment [8]. This is presented in Table 8 below:

Table 5: ARDL Cointegrating and Long run Form

Dependent Variable: LRGDP

Cointegrating Form				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(LRGDP(-1))	0.074575	0.134698	0.553647	0.5880
D(LRGDP(-2))	0.701051	0.195063	3.593971	0.0027
D(LDINV)	0.008753	0.018642	0.469536	0.6454
D(LFPR)	0.393766	0.073331	5.369687	0.0001
D(LFPR(-1))	-0.247688	0.075729	-3.270718	0.0052
D(LFPR(-2))	0.242504	0.059191	4.096945	0.0010
D(LGEXE)	0.062523	0.020319	3.077133	0.0077
D(LGEXE(-1))	0.018416	0.016029	1.148942	0.2686
D(LGEXE(-2))	0.068388	0.018084	3.781667	0.0018
D(LGEXH)	-0.020075	0.018107	-1.108663	0.2850
D(LGEXH(-1))	-0.052695	0.017025	-3.095098	0.0074
D(LGEXH(-2))	-0.104748	0.022380	-4.680356	0.0003
D(REXR)	0.000206	0.000075	2.754117	0.0148
CointEq(-1)	-0.177310	0.071012	-2.496891	0.0247

Cointeq = LRGDP - (-0.4088*LDINV + 0.9298*LFPR -0.0767*LGEXE + 0.6901*LGEXH + 0.0012*REXR -19.0546)

Long Run Coefficients				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
LDINV	0.924214	0.032460	28.472206	0.0000
LFPR	0.929806	0.445611	2.086586	0.0454
LGEXE	0.776430	0.150184	5.169860	0.0010
LGEXH	0.690116	0.230910	2.988682	0.0092
REXR	-0.013736	0.006490	-2.116513	0.0430
C	-19.054644	23.858544	-0.798651	0.4370

Source: Researcher's Estimate from E-view 9.0

As can be seen from the outcome presented above, the first panel consists of the short run coefficients while the second panel contains the long run coefficients of economic affiliation existing among the variables employed in the research. From the long run panel, it can be seen that the coefficient of domestic investment is encouraging implying that as domestic investment boosts, real gross internal product equally boosts. Specifically, a one billion boost in domestic investment brought about a 0.9 billion boost in gross internal product and vice versa. With a p-value of 0.0000 (less than 0.05), the estimated coefficient is statistically important. Similarly, labour force participating level is encouragingly correlated with real gross gross product. Specifically, a one percent boost in LFPR boosted RGDP by 0.92 percent. With a p-value of 0.0454 (less than 0.05), the estimated coefficient is statistically important. Equally, public expenditure on education has a encouraging affiliation with real gross internal product. Specifically, a one billion boost in domestic investment brought about a 0.8 billion boost in gross domestic product and vice versa. With a p-value of 0.0010 (less than 0.05), the estimated coefficient is statistically important. It was equally found that government expenditure on health has a encouraging affiliation with real gross internal product. Specifically, a one billion boost in domestic investment brought about a 0.7 billion boost in gross internal product and vice versa. With a p-value of 0.0092 (less than 0.05), the estimated coefficient is statistically important. Finally, real exchange rate has a negative coefficient of -0.013736, an indication that a one percent boost in exchange rate brought about a 0.014 percent decrease in gross internal

product and vice versa. Its p-value of 0.0430 equally ruled out the possibility of chance occurrence; hence, the estimated coefficient is statistically important. From the short run outcome presented above, the speed of adjustment (Cointeq (-1)) is -0.177310. This is in conformity with the granger representative theorem which states that a negative and statistically important speed of adjustment is a necessary condition for a important long run affiliation to exist. With a p-value of 0.0247, the estimated speed of adjustments is statistically important. Hence, the second order condition for a long run affiliation is equally satisfied. With the speed of adjustment of -0.177310 implies that about 18% of the discrepancy connecting the short run disequilibrium, the long run equilibrium is corrected annually. This is however, a low speed of adjustment.

Diagnostic Tests

Table 6: Breusch-Godfrey Serial Correlation LM Test

Null hypothesis: Errors are not serially correlated			
F-statistic	0.855496	Prob. F(2,13)	0.4477
Obs*R-squared	3.954441	Prob. Chi-Square(2)	0.1385

Source: Researcher's Estimate from E-view 9.0

From the Breusch Godfrey test above, the Observed F-statistics is 0.855496 with a p-value of 0.4477. Since its P-value is greater than the chosen level of importance (0.05), we therefore cannot reject the null hypothesis. Hence, we accept the null hypothesis of no autocorrelation in the estimated outcome. This implies that there is absence of autocorrelation in the theory.

Table 7: White Heteroskedasticity Test

Null hypothesis: There is no heteroscedasticity			
F-statistic	0.745004	Prob. F(18,15)	0.7268
Obs*R-squared	16.04862	Prob. Chi-Square(18)	0.5892
Scaled clarifyed SS	3.415228	Prob. Chi-Square(18)	0.9999

Source: Researcher's Estimate from E-view 9.0

From the outcome presented above, it can be seen that the F-statistics has a value of 0.745004with a corresponding p-value of 0.7268. Since the P-value is greater than 0.05 (the chosen level of importance), we accept the null hypothesis and conclude that there is homoscedasticity in the theory, that is, absence of heterosedastisity. To further validate the estimated auto regressive distributed lag theory, the researcher conducted a Ramsey Reset test of theory misspecification. This is as shown in Table.6 below:

Table.8: Ramsey RESET Test Outcome

Null hypothesis: Non-linear combination of fitted values does not proffer important explanation of the dependent variable:			
	Value	Df	Probability
t-statistic	0.795228	14	0.4398
F-statistic	0.632388	(1, 14)	0.4398
F-test summary:			
	Sum of Sq.	Df	Mean Squares
Test SSR	0.000264	1	0.000264
Restricted SSR	0.006111	15	0.000407
Unrestricted SSR	0.005847	14	0.000418

Source: Researcher's Estimate from E-view 9.0

With an F-statistics value of 0.795228 and a corresponding p-value of 0.4398, the null hypothesis is accepted which is an indication that the theory is correctly specified.

Implications of the Results

Findings from the regression outcome show that the estimate of domestic investment is encouraging and statistically important. This conforms to a priori expectation which requires a encouraging and statistically important brunt of internal venture on gross internal product, hence, as internal venture grows, real gross internal venture equally grows and vice versa. This is in line with the theoretical postulations that domestic investment is a productive factor for economic expansion. Hence, boost in domestic investment and assets formation boost economic expansion. The finding from the work above is in accordance to other studies such as [8] that carried out an empirical work on domestic investment and economic expansion in Nigeria and found that domestic investment encouragingly influences real gross internal product. The findings however contradicted those of [9] whose investigation showed that domestic investment has not translated into assets formation and therefore has not aided expansion of economy in Nigeria. The outcome presented in Table 8 shows that the estimated coefficient of total administration expenditure on education is 0.776430and is statistically important at the 5% level. The estimated encouraging coefficient indicates that a one percent boost in total administration expenditure on education will outcome in a 0.8 % boost in economic expansion. This can be associated with the improved level of infrastructures required for quality education delivery which occurs due to boost in total administration expenditure on education. As quality of education boosts, human assets is developed, performance at workplace is improved thereby causing economic expansion of Nigeria. Similarly, the estimated coefficient of total administration expenditure on health is 0.690116and statistically important at the 5% level. The estimated encouraging coefficient implies that a one percent boost in total administration expenditure on health will outcome in 0.7 % boost in economic expansion. This can be clarifyed by the capacity of individuals that would be boostd due to boostd total administration expenditure on health, thereby causing

these individuals to perform more efficiently and increasing overall productivity in the economy. The estimates above are in conformity with apriori expectation as is very well captured in the endogenous expansion hypothesis propounded by [11]. According to the endogenous expansion hypothesis, health and education are two closely related human assets components that work together to make the individual more productive. The findings corrobolevel those of [14, 17, 19, 20] both of who found evidence of a encouraging and statistically important brunt of human assets venture on economic expansion in Nigeria. In finding answers to research question three, the work employed the pairwise granger causality testing technique. The finding indicates that there is a bidirectional causal affiliation connecting domestic investment and economic expansion in Nigeria. This entails that while domestic investment significantly influenced economic expansion in Nigeria, economic expansion on the other hand equally influences domestic investment in Nigeria. Specifically, the finding revealed that domestic investment has the potential to spur economic expansion at large. This conforms to the stylized fact from the theoretical literature reviewed that domestic investment has the ability to cause the economy to move forward. On the other hand, the implication of a reverse causality running from real gross internal product to domestic investment goes a long way to show that investment is equally influenced by the level of real income available in the economy. This conforms to a priori expectation which requires a encouraging and statistically important brunt of income on investment via savings. Hence, as the incomes of private agents grow faster, their saving level boosts and consequently their investment. The implication is that any policy that encourages income expansion in the long run will have a strong brunt on domestic investment. Hence, given the historical close link connecting saving and venture level, a rise in expansion level will lead to a virtuous cycle of higher income, saving and venture levels.

CONCLUSION

This work examined the affiliation connecting domestic investment and economic expansion in Nigeria from 1981 to 2020. The work employed the ex-post facto research design using Nigeria's information on real gross internal product (RGDP) which was theory led as a function of domestic investment, labour force participation level, government expenditure on health, government expenditure on education, and real exchange rate. The work first and foremost conducted a test of stationarity on the variables using both Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) techniques. The outcome shows that some of the variables were integleveld of order zero while were others integleveld of order one, evidence of fractional integration. This led the researcher to carry out a test of cointegration using the autoregressive distributed lag (ARDL) technique, the outcome of which shows evidence of a long run affiliation among the variables. Specifically, the long run panel of the ARDL outcome found that domestic investment has a encouraging and statistically important brunt on real gross internal product in Nigeria. Similarly, the work equally found that administration expenditure on education (LGEXE) and administration expenditure on health (LGEXH) both have a encouraging and important brunt on real gross internal product in Nigeria. Hence, the study recommends for consolidation of the gains made on private domestic investment through maintenance of aggregate economic and fiscal stability measures, which constitute important pre-condition for success of any policy related to private domestic venture.

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