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Beyond Economic Numbers: Exploring the Social Impact of Foreign Direct Investments (FDI) in Southern Nigeria.

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Abstract

This study examines the social impact of foreign direct investment (FDI) in Southern Nigeria, focusing on the Niger Delta region. While FDI is often praised for its economic benefits, its wider social consequences remain under-examined. Using a qualitative approach, this study engages various stakeholders—community members, local government officials, and NGO representatives—to explore their lived experiences and perceptions of the impact of FDI.

The study identifies both positive and negative social impacts. On the one hand, FDI has contributed to infrastructural development and job creation, especially in urban areas. However, the distribution of these benefits is uneven, often leaving some rural communities behind. In addition, the environmental impact of FDI, particularly in the extractive sector, is a major cause for concern, with participants reporting widespread pollution and degradation alongside threats to traditional livelihoods.

The study also examines how FDI acts as a catalyst for social change, influencing urbanization, cultural practices, and power dynamics within communities. The erosion of traditional values and a growing mistrust of the government and companies were further identified as possible negative consequences.

This study highlights the need for in-depth, localized analyses of the social impact of foreign direct investment. While FDI offers potential economic benefits, its implementation requires careful consideration of local needs, environmental protection, and the equitable distribution of resources. By including the voices of different stakeholders, this study provides valuable insights for policymakers, businesses, and non-governmental organizations trying to navigate the complex social landscape of FDI in developing regions.

Keywords: Foreign Direct Investment (FDI), FDI Social Impact, Community Development, Southern Nigeria, Developing Economies.

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Chapter 1: Introduction

Chapter 1 opens with a background discussion and an introduction to the concepts of foreign direct investments (FDI) and its social dimension, presented in Section 1.1. A discussion of the research problem follows this in Section 1.2. Finally, Sections 1.3, 1.4, and 1.5, respectively, address the research purpose and question, delimitations, and disposition of the study.

1.1 Background

Globalization, as a broad phenomenon, has transformed our world in many ways. Ever-growing and constantly evolving, we now inhabit a closely interconnected global environment where the traditional concept and barrier of "distance" are gradually dissipating. Defined as the "integration of markets" (Buckley & Ghauri, 2004, p. 82), globalization represents an economic process that has led to the interconnectedness and interdependence among countries, particularly in terms of trade and investment. Enabling this integrated global economy are two key mechanisms: trade and FDI (Buckley & Ghauri, 2004, p. 83).

FDI, as a key mechanism of global integration, constitutes "capital investments made by one firm in another foreign firm across national borders, with the intention of gaining control over the foreign firm's operation or where the firm sets up subsidiary operations in another country" (Dicken, 2007, p. 292). Growing faster than trade (Dicken, 2015, p. 47; Alguacil et. al., 2011, p. 481), FDI has emerged as catalysts of economic performance and growth, playing several roles in the development of host countries (OECD, 2023). Among these, FDI facilitates the transfer of resources, including technology and management expertise, across national borders, thereby fostering growth and improving productivity (Alguacil et. al., 2011, p. 483).

While FDI is often examined from an economic perspective for its role in contributing to economic growth and facilitating technological transfer (Alfaro et al., 2004, p. 108), less focus has been given to the social effects that exist beyond economic and technological spillovers (Lehnert et. al., 2013, p. 288). FDI

profoundly impacts the lives and work of people, their families, and societies in host countries by potentially stimulating employment, creating high-quality jobs, often associated with better pay and better working conditions (OECD, 2008, p. 3), in various sectors, and further reducing unemployment. FDI, through MNEs, also trains and equips the local workforce, exposing them to advanced practices and knowledge, upgrading their skill sets, and equipping them with skills that could lead to better employment opportunities in the future. Additionally, where FDI leads to the introduction of new and quality products, people tend to enjoy not only more choices, or potentially better products, but also potentially lower prices due to competition (Grad-Rusu, 2016, p. 183, 185). Further FDI inflows may also positively impact and improve life expectancy and education in a host country, in addition to improving its standard of living (Lehnert et. al., 2013, p. 293; Zankovsky et. al., 2021, p. 218).

However, alongside these positive externalities, socially, there still exist drawbacks and concerns that are being raised regarding working conditions, social protection, and other issues, particularly within developing countries (ILO, 2003). One key concern is that FDI can contribute to a differentiation of income in a society (income disparity) (Zankovsky et. al., 2021, p. 212). As MNEs often bring advanced technology, production processes, or management expertise, they increase the demand for skilled and educated workers. This can further lead to higher wages for these highly educated and skilled workers. Additionally, MNEs, often seeking cost-saving opportunities in developing countries, may exploit labor through low wages, poor working conditions, and limited worker protection. (National Geographic, 2024).

The Nigerian FDI Context

Nigeria, as Africa's largest economy (by GDP), has been a significant recipient of FDI, particularly in sectors such as oil and gas, manufacturing, and telecommunications (IMF, 2024; Danjuma, 2021, p. 29). According to UNCTAD's 2023 World Investment Report, FDI inflows for the years 2020 and 2021 were $2.3 billion and $3.3 billion, with a majority of this going into the oil and gas sectors (Stanbic Bank, 2023). Southern Nigeria, home to a number of MNEs, including Shell, Chevron, and ExxonMobil, with major port cities and industrial hubs, constitutes a major regional destination for FDI flows. However, while attracting FDI remains a national policy priority, there is growing recognition of the associated complexities. In the oil-rich Niger Delta region in Southern Nigeria, many investigations and studies (Idemudia, 2009, p. 102, 103; ActionAid, 2020; Amnesty International, 2020), for example, have shown how the operations of multinational corporations (MNEs) are destroying the environment and making people's lives difficult. These include health hazards, reduced crop yields, and loss of livelihoods. This emphasizes the crucial need to examine FDI's social consequences and the importance of policymakers addressing them through informed policies and strategies.

1.2 Problem Discussion

Many studies have been conducted on the economic aspects of FDI, especially with regard to knowledge transfer, economic growth, and employment creation (Meyer, 2004, p. 259). The need to comprehend the overall effects of FDI on the quality of life and structures in the host nations is underscored by increasing interest in comprehending the social impact of FDI, including its effects on labor conditions, employment practices, community displacement, and cultural influences (Lehnert et al., 2013 p. 286). Implicit views in FDI research about developing nation economies were also noted. Furthermore, Zhao and Kim (2011) investigated the connection between FDI and social capital, speculating that nations with greater social capital may be better able to execute institutional and performance changes, which may have an impact on working conditions and the general well-being of the community (Zhao & Kim, 2011 p. 631). Additionally,

Bhardwaj et al. (2007) looked at the impact of social elements in the host country on FDI, pointing out that social factors like trust and uncertainty avoidance can influence foreign firms' location decisions, which could impact social interactions and employment conditions (Bhardwaj et al., 2007 p. 29).

Furthermore, Martins et al. (2022) explored the direct relationship between FDI and sustainability in sub-Saharan countries, with a special emphasis on the triple bottom line of sustainability Martins et al. (2022, p. 979). This indicates that FDI's social impact extends to sustainability considerations. Concerns have also been expressed about communities being uprooted by FDI related extractive projects (Shipton & Dauvergne, 2021, p. 250). Robbins (2013, p. 160) provided further backing for this topic by pointing out that FDI initiatives can replace current economic activity, create difficulties for regional businesses, and have an impact on local communities and cultural influences. Moreover, distributive, procedural, and recognitional justice issues have been highlighted when the justice perspective has been utilized to look at land relations in the context of FDI-related community displacement (Cole, 2023, p. 558).

Our current understanding of the topic is incomplete due to the lack of thorough research on the particular social impacts of FDI. A large amount of study has been done on the economic effects of FDI, but little in-depth analysis has been done on the particular social effects (Ezeoha & Cattaneo, 2012, p. 597). Sometimes, the dominant economic viewpoint has made it difficult to appreciate how FDIs affect local cultural identity and quality of life (Lensink & Morrissey, 2006, p. 480). Moreover, the lack of qualitative research exploring the social implications of FDI has restricted the thorough knowledge of the impact of FDI on host nations (Jude & Levieuge, 2014, p. 5).

Moreover, there has not been much research done on how institutional quality affects FDI's impact (Eicher et al., 2012, p. 638). It is necessary to conduct additional study on the understudied topic of how cultural factors affect FDI uptake and locally owned companies' resilience in host nations (Kokko & Thang, 2014, p. 53). Furthermore, FDI studies continue to have difficulties in defining and operationalizing culture in a form that is acceptable to social researchers (Romero & Edwards, 2020, p. 1004). Furthermore, further

study and investigation are needed to fully understand how culture affects FDI, especially in terms of differentiating the "level" and "distance" impacts (Kapás & Czeglédi, 2020, p. 223).

Further investigation is required into the complex dynamics underlying the influence of FDI on energy use, especially when the structure of industry serves as the changing factor (Nayak & Scheib, 2020, p. 1). Furthermore, there is disagreement and a need for additional empirical research about the impact of cultural distance on FDI in various international business environments (Chen, 2017, p. 41). An area that has been neglected according to the literature and needs more research is the export diversifying effect of FDI and export spillovers from FDI (Steigner et al., 2019 p. 286).

Communities that receive FDI see notable changes in their social fabric. It is vital to comprehend this influence, as it has an impact on multiple facets of society, including but not limited to labor conditions, community well-being, and so on (Bénassy-Quéré et. al., 2007). Considering both the beneficial and detrimental effects of FDI on the community involves considering factors such as job security, diversity, safety, healthcare, infrastructure availability, and working conditions (Bénassy-Quéré et al., 2007). According to Bénassy-Quéré et al. (2007, p. 780), factors that can affect the inflow of FDI include poor capital concentration and robust employment protection.

Studies reveal that FDI can have a variety of effects on community economies and can have differing effects on FDI spillovers to domestic enterprises (Crespo & Fontoura, 2007, p. 410). The host nation's institutional infrastructure must be of a high caliber to draw FDI, highlighting the role that stable institutions play in promoting investments (Mahmood et al., 2019 p. 145). Furthermore, as Li and Resnick (2003, p. 175) noted, democratic institutions have an effect on FDI inflows to developing nations, illustrating the connection between political systems and investment choices.

Comprehending the social consequences of FDI holds major implications for advancing balanced and broad growth. To draw in more environmentally friendly investments, policymakers should employ insights into social repercussions to build establishments, fight corruption, lessen bias, and improve laws and regulations

(Ibrahim et al., 2020, p. 4183). Governments can foster favorable social outcomes, such as better working conditions, diversity, and social stability, by focusing on factors other than economic measures (Bénassy-Quéré et al., 2007 p. 780).

It is important to understand how the public in emerging nations views the changes in their economies brought about by FDI-given causes. Going beyond economic data makes it possible to comprehend FDI holistically and gives us a deeper grasp of how it affects societies. This understanding clarifies the social implications of FDI and highlights the advantages and disadvantages that locals have experienced.

Legislators and corporations must know this information to make wise decisions. Politicians and companies can adopt FDI plans that guarantee economic advantages are not made at the price of cultural preservation and community well-being by learning how the community views FDI. By taking the demands and goals of the local community into consideration, this strategy promotes a more welcoming and fair progress.

It is also crucial to take into account the social implications of FDI to advance sustainable development objectives that are in line with regional values and ambitions. The social fabric of the impacted nations can be respected and preserved while pursuing long-term growth by taking into account the communities perceptions of economic shifts brought about by FDI. This strategy supports a more sustainable and peaceful development course by enhancing the society's longevity and happiness.

1.3 Purpose & Research Questions

Over the years, FDI has received a lot of attention. However, traditional perspectives often prioritize economic factors like FDI impact on growth, neglecting the less explored social aspects. As such, this study aims to dive beyond conventional economic perspectives to investigate the less understood social dimensions of FDI in a developing African economy. While economic indicators provide valuable insights, understanding the broader societal implications of FDI is crucial for informed policymaking and sustainable development. By exploring the social dimensions, we aim to offer specific policy and practice recommendations to maximize the positive social impact of FDI while minimizing potential harm.

With this understanding, the following research question has been developed:

- *How does FDI shape the social landscape of communities within a developing African economy?*
- *How do these investments' social impacts—on income, employment, environment, community, and values—affect the local population?*

1.4 Delimitation

This study focuses on examining the social impact of FDI within the specific context of Southern Nigeria. This region was chosen due to its unique socio-cultural and economic environment, which attracts a large volume of FDI through major natural resource exploration, differentiating it from other parts of the country. By focusing on Southern Nigeria, the study aims to provide insights that are relevant and applicable to this specific context.

Furthermore, this study primarily investigates the social dimensions of FDI without delving extensively into its economic or environmental aspects. While economic and environmental impacts are interconnected with social outcomes, this study prioritizes a deeper understanding of FDI's social implications for a comprehensive analysis.

The study will explore a select set of social aspects influenced by FDI, including but not limited to community development initiatives, changes in employment opportunities, and impacts on social well-being. These aspects are chosen for their relevance in understanding FDI's social impact within Southern Nigeria.

Adopting a qualitative method, the study will capture diverse perspectives, including those of community members and local stakeholders. It seeks to contribute to the existing body of knowledge and stimulate further research on the broader implications of FDI in developing countries.

1.5 Disposition

This research paper consists of six chapters, each outlined below, followed by references and an appendix.

Chapter One: Introduction

This chapter provides a background on FDI, its growing relevance in developing countries, and the existing gap in understanding its social impacts. It then outlines the research problem, purpose & research question, and delimitations of the study.

Chapter Two: Literature Review

This chapter explores theories and research on the social impact of FDI, highlighting potential benefits and challenges. It critically examines the traditional focus on economic dimensions and summarizes key findings. The chapter also reviews studies specifically focusing on FDI in Nigeria or similar countries.

Chapter Three: Research Methodology

This chapter justifies the choice of a qualitative research approach and describes the data collection methods: semi-structured interviews with participants. It explains how these methods will address the research question and outlines the data analysis techniques employed. The chapter also addresses the potential limitations of the chosen method.

Chapter Four: Empirical Findings

This chapter presents key themes emerging from qualitative data analysis. It examines changes in community development, employment opportunities, and social well-being associated with FDI in Southern Nigeria, discussing both positive and negative impacts.

Chapter Five: Analysis of the Findings

This chapter connects findings to the literature review and theoretical framework, interpreting and analyzing them to offer insights into the unique social implications of FDI in Southern Nigeria.

Chapter Six: Conclusion

This chapter summarizes key findings of the study, restates the importance of understanding FDI's social impact in Southern Nigeria, discusses implications for theory and practice, and suggests directions for future research.

Chapter 2: Literature Review

2.1 Introduction

FDI analysis has traditionally placed a strong emphasis on economic factors, potentially neglecting the broader social consequences. This literature review seeks to bridge this knowledge gap by highlighting the social impacts of FDI (Tecl, 2017, p. 41). Researchers have emphasized the importance of examining the specific practices of FDI-acquired companies and the wider social and environmental implications of FDI (Meyer, 2004, p. 259). Furthermore, there is a demand for expanding the body of literature by exploring the relationship between FDI and corruption using a variety of analytical approaches (Barassi & Zhou, 2012, p. 302).

Studies demonstrate that FDI has the potential to influence various spheres of life, including travel, dietary habits, and human capital development (Soltani et al., 2020, p. 75; Kousar et al., 2023, p. 3; Serifoğlu & Güney, 2023, p. 1492). However, to fully understand the effects of FDI on human rights, social welfare, infrastructure, and education, further empirical research is necessary (Blanton & Blanton, 2007, p. 143; Lehnert et al., 2013, p. 286). Research additionally suggests a positive correlation between FDI inflows and education, implying that highly educated populations may attract FDI to their countries (Serifoğlu & Güney, 2023, p. 1492).

Moreover, research highlights the significance of examining FDI's influence on inequality reduction, greenhouse gas emissions, sustainability, and economic growth across various regions (Mejia, 2022, p. 1121; Magombeyi & Odhiambo, 2018 p. 2; Martins et al., 2022, p. 978; Meija, 2022, p. 1475). The relationship between FDI, labor force indicators, and GDP growth in diverse contexts has also been explored (Govori & Fejzullahu, 2020, p. 81). Importantly, there's a recognized need for further research into the impacts of FDI on collective labor rights, state instability, and agriculture (Tian, 2023, p. 702; Jiang et al., 2018 p. 1; Dimitrova & Triki, 2018 p. 1792).

2.2 FDI Theories Overview

The Modernization Theory

The modernization theory provides a crucial lens for understanding the social impact of FDI on developing economies. Emphasizing self-sustained economic growth as a feature of modern societies, this theory highlights that FDI, by bringing capital, technology, and management expertise to host countries, can stimulate higher productivity, increased wages, technological and operational innovation, and overall economic and social development (Mihalache-O'keef & Li, 2011, p. 88; Schmidt, 2010, p. 515). From a social perspective, these outcomes can further contribute to narrowing income gaps, improving living standards, and enhancing social welfare in host countries.

Emphasizing the importance of values and cultural factors in modernization, the modernization theory further suggests that changes brought about by FDI can lead to broader cultural shifts and changes in social structures, values, and institutions in society, aligning them closely with those of developed modern societies (Roxborough, 1988, p. 760). FDI can lead to the diffusion of secular and rational norms, new business practices, work ethics, and consumer cultures, which can result in shifts in local cultural values and practices, making them more universal (Schmidt, 2010, p. 515; Arat, 1988, p. 23; Tipps, 1973, p. 214). Thus, FDI's role in transforming the economic structure can have profound implications for social values and norms.

The modernization theory also places particular emphasis on the institutional subsystems of society. According to the theory, FDI can further stimulate institutional development in host countries. FDI can lead to increased political participation as citizens become more engaged in the governance processes that affect their well-being. Furthermore, FDI can stimulate the need for a stable legal environment to attract and retain foreign investors, strengthening the rule of law and the establishment of universal legal norms (Schmidt, 2010, p. 514). Developing societies, in particular, can support the improvement of educational systems

through FDI, resulting in the emergence of a more skilled workforce that aligns with those of developed societies.

Ultimately, modernization theory provides a comprehensive framework for understanding the social impact of FDI in host countries. By examining how FDI influences various subsystems of society, we can gain valuable insights into the broader process of modernization and development. By bringing in external resources and expertise, FDI can truly stimulate changes that align with the goals of modernization, leading to improved social structures, values, and institutions.

The Dependency Theory

Dependency theory provides a crucial lens for understanding the social impact of FDI on developing economies. It emphasizes the potential long-term consequences of relying on FDI, suggesting that the relationship between developing countries and developed countries can be detrimental to the former. For example, developing countries often produce raw materials and labor-intensive goods for export at low prices while importing capital-intensive goods at much higher prices (James, 1985, p. 536). This unequal exchange challenges the assumption that FDI automatically leads to growth, particularly in comparison to domestic investment (Merican, 2009, p. 46).

Furthermore, FDI can lead to dependency, unequal power dynamics, and even exploitation between developed countries and developing countries. This can result in various social effects within the host country, including widening wealth disparities, persistent underdevelopment, and heightened social tensions (James, 1985, p. 546).

The dependency theory also highlights that underdevelopment is not solely due to internal factors. The global economic system itself can impose constraints on developing countries. For instance, the dominance of certain currencies controlled by developed countries can hinder the ability of developing countries to secure funding for their developmental needs, thereby impeding economic growth (James, 1985, p. 537).

In some cases, particularly in much weaker developing countries, significant FDI from stronger developed countries can raise serious economic and political concerns. The debt-trap situation in some African countries due to loans from Chinese government lenders is a notable example (AP, 2023). Such situations can increase inequalities, allowing MNEs from developed countries to extract resources, exploit labor, and influence local policies and politics in a way that benefits their own interests, often at the expense of the host country's economic and social well-being (Velasco, 2002, p. 44).

Ultimately, dependency theory emphasizes the need for a fair and mutually beneficial relationship between investors and host countries. It advocates for inclusive growth, prioritizing social well-being, and equitable, sustainable investment practices that contribute to the host country's developmental goals and local communities (James, 1985, p. 548).

The Stakeholder Theory

The Stakeholder theory is another important theory for understanding FDI and its consequences. The theory underscores the importance of businesses considering the interests of all stakeholders impacted by their decisions, not just those who possess company shares. This means taking into account the impact of investments on a wide range of groups, including employees, customers, local communities, and the environment (Kim et al., 2019, p. 2385).

Stakeholder theory is particularly relevant to FDI because businesses investing in other countries need to be aware of the goals and expectations of stakeholders in both their home country and the host country. This means being sensitive to economic, social, and environmental effects (Morrison et al., 2023, p. 207). Stakeholder theory can assist businesses in assessing how well their social responsibility initiatives are working and how they affect different groups of stakeholders. Stakeholder theory also helps businesses navigate the complexities of working across borders. It highlights the importance of transparency and accountability, encouraging open communication with stakeholders (Hatane and Soewarno, 2022, p. 225).

By identifying and prioritizing the groups most affected by their FDI projects, businesses can better manage relationships and address potential conflicts (Wahed and Rahman, 2018, p. 456).

Stakeholder theory recognizes the social impacts of business decisions, both the potential benefits and the possible harms. It emphasizes how important it is to understand the effects of FDI on different groups within a society. By including stakeholders in the decision-making process, businesses can work to prevent negative social effects, such as environmental damage or the displacement of vulnerable communities (Beckman et al., 2016, p. 806).

Ultimately, stakeholder theory advocates for an inclusive approach where businesses work together with stakeholders to address social challenges and create genuine value. By understanding the needs and concerns of stakeholders, businesses can improve their social responsibility and create a positive impact while still pursuing their economic goals (Erickson et al., 2015, p. 324; Moratis, 2018, p. 4).

Together, all three above theories—modernization, dependency, and stakeholder theories—offer complementary and compatible frameworks for understanding the social impact of FDI in host countries. While the modernization theory highlights the potential for FDI to stimulate economic growth, technological advancement, and societal shifts towards modernity, the dependency theory applies caution against the risk of economic dependency and unequal power relations between investors and host countries. Meanwhile, the stakeholder emphasizes the need and importance of considering the interests of all stakeholders affected by FDI. This theory advocates for transparency, accountability, and inclusion in decision-making processes.

We can achieve a comprehensive understanding of the social effects of FDI by adopting insights from all three theories. This holistic approach acknowledges that FDI can lead to diverse outcomes, both positive and negative, depending on how it interacts with existing social structures, power dynamics, and environmental considerations.

2.3 Thematic Review of Existing Research

This section presents a review of the existing literature and empirical studies in alignment with the research objectives of this study. This review is also presented based on key themes identified in the literature relevant to this study.

2.3.1 Positive Social Impacts of FDI

2.3.1.1 Employment Creation and Income Generation

The provision of job opportunities has been consistently outlined in various studies as a key impact of FDI, especially in the host countries. For instance, in a study conducted by Anisiobi et. al. (2022, p. 156) to explore the impact of FDI on employment generation in Nigeria within the period 1991–2021, the key findings demonstrate that FDI have a positive impact on employment generation in Nigeria. The study incorporated numerous variables, including employment rate, FDI, trade openness, and real exchange rate. Aside from the beneficial effect of FDI on employment creation in Nigeria, the study also finds that these job opportunities may be adversely affected by exchange rates. Thus, based on these findings, the authors suggested that the government should promote trade liberalization to attract greater levels of FDI to the nation. This would lead to an improvement in the standard of living for the local population by creating more job opportunities.

Aladelusi and Olayiwolato (2021, p. 21) conducted a similar study to examine FDI and employment creation in Nigeria, and the findings revealed a positive correlation between FDI, exchange rate, and employment. Aderemi et al. (2022, p. 258) also investigated the effect of FDI inflows on employment generation in selected ECOWAS countries between 1990 and 2019. Their findings indicate that FDI has a positive impact on the long-term employment rate. In essence, this means FDI can generate jobs in host countries. Based on these findings, the authors suggested that the government and policymakers in countries

in the ECOWAS sub-region should further develop and facilitate measures that will help enhance FDI inflows.

Aside from research conducted on African countries, Dao et. al. (2023, p. 14) also conducted a study in Vietnam to examine how FDI drives employment growth in the economy. The study applied an instrumental variable two-stage least-squares fixed-effect model to analyze a subnational dataset consisting of 63 cities and provinces spanning from 2006 to 2020. The findings of the study indicate that FDI has a positive impact on job growth in the formal economic sector. Additionally, FDI companies demonstrate more capacity than local enterprises in generating employment, and there is a favorable transfer of employment from the foreign to the domestic sector, but with a limited impact.

In summary, these studies reveal that FDI inflows can significantly create job opportunities and create employment for individuals, especially in the host country.

2.3.1.2 Economic Growth

Diverse studies have affirmed that FDI has a positive social impact on host countries in relation to its contribution to the economic growth of such countries. Li and Liu (2005, p. 404) posit that “FDI not only directly promotes economic growth by itself but also indirectly does so via its interaction terms." This finding was based on their study, which aimed at examining the relationship between FDI and economic development using a panel of data from 84 countries between 1970 and 1999. The study also utilized single equation and simultaneous equation system techniques to investigate this relationship. Aside from the positive impact of FDI on the economic growth of host countries, the study also indicated that the correlation between FDI and human capital has a substantial and favorable influence on economic growth in emerging nations.

Furthermore, economic growth was also identified as having a positive social impact by Kurtishi-Kastrati (2013, p. 32). The author conducted a study to examine the key channels through which FDI has a

significant and exceptional impact on the economic development of the host countries. The author posits that FDI is considered a crucial component of a thriving global economic system and a significant catalyst for economic development. The paper further identifies this advantage of FDI as a crucial factor in achieving prosperous and enduring economic development in host countries, and a means to enhance social progress.

2.3.1.3 Infrastructure Development and Community Projects

According to Owusu-Manu et. al. (2019, p. 1217), FDI positively impacts infrastructure development in host countries. Using Ghana as a case study, the study aimed to explore the short-run causal relationship between FDI and infrastructure development in developing countries. Aside from the positive correlation between FDI and infrastructural development in host countries, the study also indicates that market shocks to FDI and infrastructure development can be mitigated by ensuring that the local market is not excessively open to foreign exploitation.

In another study by Shrivastva and Syal (2023, p. 150), FDI was observed to have facilitated the development and completion of infrastructural projects in India such as the High-Speed Rail Corridors and Dedicated Freight Corridors. Utilizing empirical and analytical approaches, the study was conducted to investigate the role of FDI in modernization projects in the Indian railway sector. Based on the findings of the research, the authors suggested that stability should be prioritized in the policymaking process, as it is key to attracting foreign companies to India.

2.3.2 Negative Social Impacts of FDI

Studies have established that FDI is widely recognized as a means of generating social and economic advantages for both the host country and the country of the investors. However, despite the positive social impact of FDI on host countries, research suggests that various social impacts still abound. Some of these negative impacts are presented thematically in this section.

2.3.2.1 Environmental and Community Health Concerns

According to Rusu and Grad-Rusu (2016, p. 186), foreign investments increase pollution in host countries, giving rise to environmental concerns. There is worldwide evidence of this environmental deterioration due to rapid industrialization and FDI inflows. However, to combat this and promote a favorable economic climate, investors may allocate a portion of their assets towards corporate social responsibility (CSR) (Rusu and Grad-Rusu, 2016, p. 186).

In a similar study, Wang, Liao, and Malik (2021, p. 9) investigated the impact of FDI on China's carbon emissions through energy intensity and the emissions trading system. They found that while FDI contributes to increased emissions through energy intensity, the emissions trading system can reduce this effect to some degree. However, it does not fully counteract the overall rise in emissions caused by FDI. Ultimately, the study concluded that FDI is a contributing factor to the ongoing increase in China’s carbon emissions.

Solarin and Al-Mulali (2018, p. 24857) also found that although FDIs have no direct effect on environmental degradation indicators, they increase pollution in developing countries but mitigate pollution in developed countries due to strong environmental regulations. The authors conducted a study to examine the influence of FDI on indicators of environmental degradation. At the country level, their findings found that FDI and urbanization contribute to pollution in developing nations but help reduce pollution in developed countries. Stringent environmental rules in developed countries effectively deter the

establishment of hazardous foreign companies, thereby preventing the adverse effects of FDI on environmental deterioration.

Hadi et al. (2018, p. 3) also found that FDI causes CO2 emissions in an Indonesian study. They conducted their study to investigate the impact of FDI on environmental quality in Indonesia. The study concludes that the influx of FDI has a substantial influence on carbon dioxide (CO2) emissions. This suggests that the manufacturing operations carried out by multinational corporations contribute to environmental deterioration.

2.3.2.2 Adverse Effects on Employment

Critics of FDI argue that the new jobs it creates do not always result in a net increase in employment. Kurtishi-Kastrati (2013, p. 32) presents a scenario where job losses in American-owned automobile businesses surpassed job gains related to FDI. This "substitution effect" can diminish the actual number of new jobs created by FDI (Hill, 2000, p. 15). In a study by Chike & Okeke (2024, p. 274), the impact of FDI on the unemployment rate in Nigeria was found to be limited. While FDI had a significant impact on aggregate and urban employment, it did not have a significant effect on rural unemployment.

Similarly, Hakim et al. (2023, p. 177) found that FDI inflows can negatively affect employment opportunities in host countries, particularly through mergers and acquisitions. Their study revealed that FDI directed towards industries like mining, agriculture, construction, and logistics tends to reduce employment levels, especially in European and industrialized nations. The authors recommend that countries exercise caution when implementing FDI regulations related to mergers and acquisitions due to their potential detrimental impact on employment.

In a similar vein, Saucedo et. al. (2020, p. 3) found that FDI can lead to an uneven distribution of skilled and unskilled labor, as FDI-backed companies often concentrate high-skilled job opportunities in specific external regions, limiting such opportunities for local communities. Ngwakwe (2017, p. 151) also found a

negative correlation between FDI and employment in host countries. Factors such as a decline in local productivity due to FDI, the characteristics of FDI, and the host nation's regulatory framework regarding FDI contributed to this negative effect.

While these studies highlight potential negative impacts, it is important to note that the positive social impacts of FDI may outweigh the negative. Implementing strategies like corporate social responsibility (CSR) initiatives, infrastructural development, and solid regulations for MNEs can mitigate these adverse effects and improve outcomes for host countries in the long run (Ngwakwe, 2017, p. 151).

2.3.3 Contextual Factors Influencing the Social Impacts of FDI on Host Countries

Given the aforementioned social effects of FDI on host countries—both positive and negative—it is significant to note that these effects might depend on a number of factors. For example, the sector of the FDI (the nature of the industry receiving the FDI) may significantly influence the social impact of the FDI on the host country (Darma and Ali, 2016, p. 92). The social implications of FDIs in sectors such as extractive industries such as oil and gas may vary from those in industries such as manufacturing and services. According to Darma and Ali (2016, p. 92), although FDI inflow in the oil and gas sector positively improves a host country’s GDP and government revenue, it may contribute to unemployment and even cause pollution, environmental damage, social inequality, and gas flaring. However, FDI inflow in the manufacturing industry has been consistently observed to beneficially create employment opportunities and facilitate faster local employment growth without any major adverse impact (Sugiharti, Yasin, Purwono, Esquivias, & Pane, 2022, p. 2; Federico & Minerva, 2007, p. 23).

Furthermore, contributing to the debate on the varying effects of FDI depending on the sector, Doytch and Narayan (2016, p. 16) conducted a study to investigate the link between FDI and energy demand. The study examined the influence of FDI inflows on renewable and non-renewable industrial energy sources for 74 countries from 1985 to 2012. FDI inflows in the sectors of mining, manufacturing, total services, and financial services were analyzed utilizing a Blundell-Bond dynamic panel estimator to mitigate the effects

of endogeneity and omitted variable biases in panel data analysis. The key findings of the study demonstrate that the magnitude and significance of FDI impacts differ depending on sectoral FDI.

Corporate social responsibility (CSR) practices and policies have also been identified as an influencing factor in the social impact of FDI on host countries. Corporate social responsibility (CSR), as described by Ojo (2016, p. 2), refers to the connection or relationship between a company and society, taking into account all indirect impacts of business and ensuring ethical and responsible business conduct. Research suggests that the CSR practices and policies of FDI companies can substantially influence the social impact of the FDI initiative in the host country (Prakash & Potoski, 2007, p. 735). Additionally, the CSR practices and policies of the host countries could also influence the social impact of the FDI initiatives (Sauvant & Gabor, 2019, p. 261). For instance, responsible CSR practices in the host country, such as adherence to community and environmental guidelines and standards, etc., can significantly address any potential negative impact of FDI on host communities (Sauvant & Gabor, 2019, p. 261).

Local governance and regulatory frameworks can also significantly influence the impact of FDI on host countries. These factors play a critical role in mediating the social impact of FDI. This is evidenced in a study conducted by Lehnert, Benmamoun, and Zhao (2013, p. 293) to investigate FDI inflows and human development with a focus on analyzing the impact of FDI on host countries' social welfare and infrastructure. The study collected over 9000 observations utilizing five-year-anchored panel data from 175 countries. The study's key findings show that although FDI has a positive impact on a host country's welfare and knowledge infrastructure, local governance and policies mediate this relationship. Similarly, Raza, Shah, and Arif (2019, p. 15) posit that ensuring effective governance systems in OECD nations has a favorable influence on both economic growth and FDI inflows. However, this impact is reciprocally influenced by the quality of regulations. This finding was derived from their study aimed at examining the relationship between FDI and economic growth in the presence of a good governance system, with a focus on OECD countries. The study utilized a dataset comprising data from 1996–2013 and employed a fixed effect model and generalized method of moments (GMM) estimator. In relation to the influencing role of

governance frameworks in FDI impacts on host countries, a key finding from this study is that countries that maintain their institutional quality tend to have better and more positive FDI impacts, such as economic growth.

2.4 Critical Gaps and the Southern Nigerian Context

Notable gaps in knowledge and conflicting findings were observed during the extensive review of existing literature and empirical studies. For instance, the social impact of FDI on developing countries appears to be understudied in comparison to the extensive literature available on the impact of FDI on developed countries.

Additionally, there appear to be conflicting findings and opinions in the debate on the positive and negative impact of FDI in emerging economies and developing countries. While some researchers claim that FDI creates job employment in the developing host countries (Anisiobi et al., 2022, p. 156; Dao et al., 2023, p. 14), others argue that FDI leads to job loss and may even exploit the local workforce (Kurtishi-Kastrati, 2013, p. 32; Ngwakwe, 2017, p. 151). This highlights the need for further research on the impact of FDI on developing countries to contribute to research and enhance understanding.

Furthermore, while most studies have examined the impact of FDI on the host country at a national level, only a few studies have explored the specific impact of FDI at a local or community level. The social changes associated with these foreign investments and how they affect the local communities also appear to be understudied.

Thus, given these identified gaps and lack of knowledge, this study aims to contribute to knowledge and fill the gaps by investigating the social impact of FDI in southern Nigeria. Specifically, this study will examine how FDIs shape the social landscape of communities in Southern Nigeria and explore the key social changes associated with these foreign investments.

The focus on the Southern Nigeria context does not only stem from the need for additional research on the social impact of FDI on developing countries; it is also based on the potential and unique attributes of the region, which presents it as a compelling case study that can offer unique insights into the social impact of FDI on host countries. The Southern region of Nigeria boasts a robust oil and gas sector centered in the Niger Delta (Okotie, Ogbarode, & Ikporo, 2018, p. 54). This ultimately attracts substantial FDI interest, which consequently indicates implications for social and environmental contexts. This provides a good basis and context to explore the social impact of FDI on the local communities and how the changes associated with these investments in the region might affect the local communities.

2.5 Conceptual Framework

Existing research offers conflicting findings on the social impact of FDI in developing countries. Some studies suggest FDI can contribute positively through job creation, economic growth, and knowledge transfer. Others highlight potential negative consequences, including environmental degradation, worker exploitation, and the disruption of local communities. Additionally, while many studies focus on national-level impacts, there's a lack of in-depth research on how FDI specifically affects communities where the investment occurs. This study aims to address this gap by investigating the social impact of FDI within the context of Southern Nigeria.

Theoretical Perspectives

This study employs two complementary theoretical frameworks: Dependency Theory and Stakeholder Theory. Dependency theory emphasizes the structural effects of FDI on developing economies, suggesting it can create long-term power imbalances and shape income distribution. It will help us examine how Southern Nigeria's reliance on FDI may influence broader social and economic structures. Stakeholder theory highlights the importance of considering diverse stakeholders impacted by FDI projects, including

local communities, corporations, and governments. This lens will allow us to analyze how these different stakeholders' interests and power dynamics shape the social outcomes of FDI investments.

Key Concepts and Variables

FDI: Investments made by foreign companies or individuals in assets or businesses located within Southern Nigeria.

Social Impact: Changes in the social fabric of Southern Nigerian communities, including:

- **Positive Impacts:** Job creation, income generation, infrastructure development, knowledge/technology transfer, community projects
- **Negative Impacts:** Environmental degradation, displacement of residents, labor rights issues, disruption of traditional ways of life

Mediating Factors: These factors might influence the type and degree of social impact experienced by communities. Examples include:

- **Corporate Social Responsibility (CSR) Practices:** The actions taken by FDI companies to address their social and environmental responsibilities.
- **Local Governance:** The quality of institutions, regulations, and community participation affecting how FDI projects are implemented and how benefits are distributed.

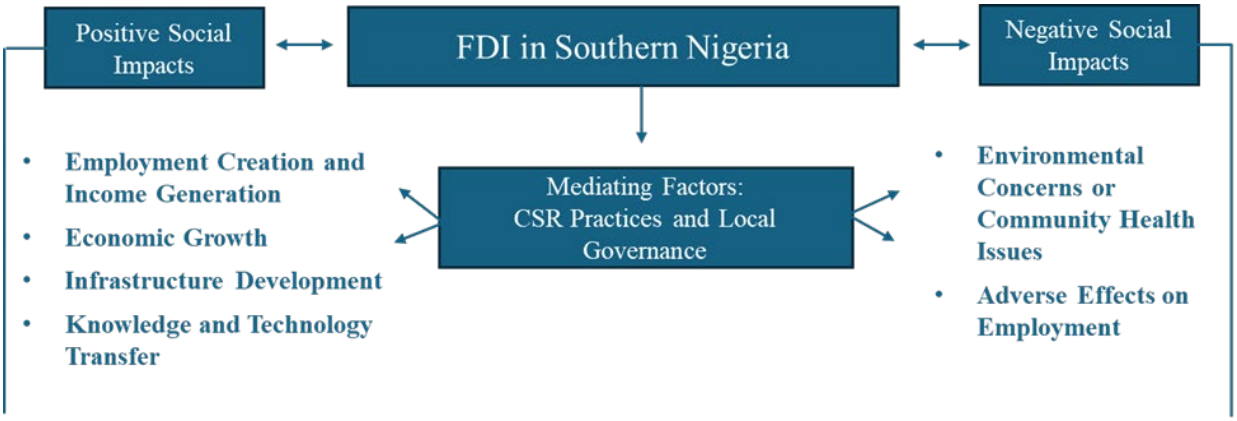

Fig. 1 Conceptual Framework

Relationships Among Concepts

Our conceptual framework explains that the type and scale of FDI, along with company CSR practices, interact with the local governance structures to produce either positive or negative social impacts in Southern Nigerian communities. Strong governance and robust CSR initiatives can help mitigate negative outcomes and promote positive social change. Conversely, weak governance and poor CSR practices can exacerbate the potential negative consequences of FDI, leading to social disruption, inequality, or environmental damage.

Relation to Existing Literature

This framework builds on the literature examining the complex and sometimes contradictory social effects of FDI in developing nations. It aligns with dependency theory's focus on structural power imbalances and stakeholder theory's emphasis on the diverse interests at play.

Chapter 3: Research Methodology

This chapter outlines the methodological approach employed to investigate the social impact of FDI in Southern Nigeria. This research delves beyond economic indicators, focusing on the lived experiences of communities and individuals.

3.1 Research Philosophy

This research appropriately adopted an interpretivist philosophy for investigating the social impact of FDI in Southern Nigeria. This epistemological consideration aligns with the research objective of understanding the experiences of individuals and communities affected by FDI. This approach recognizes that social reality is subjective and constructed through the meanings and interpretations people attach to their experiences. By focusing on the "how" and "why" of social actions, an interpretivist lens allows us to move beyond simple economic indicators, exploring the unique ways FDI shapes the daily lives of those affected by it (Bell et. al., 2019, p. 31).

The interpretivist philosophy, as highlighted by Bell et. al. (2019, p. 31), emphasizes "understanding human behaviors." For this research, it meant exploring how various stakeholders in Southern Nigeria—community members, local NGOs, and local government officials—experience and make sense of the social changes brought about by FDI projects or MNC operations.

This interpretivist philosophy, which encourages the use of qualitative methods like in-depth, semi-structured interviews (Derek, 2024), further enables us to uncover the diverse perspectives of those affected by FDI. By focusing on participants' subjective experiences and interpretations, we can shed more light on the unique and interesting social impacts of FDI in southern Nigeria.

3.2. Research Approach

This research adopted a qualitative approach to investigate the complex social impact of FDI in Southern Nigeria. This approach enabled us to "understand the meaning individuals ascribe to social and human problems" and is well-suited for exploring lived experiences, uncovering meanings, and gaining a deep understanding of social phenomena from those affected (Creswell, 2014, p. 4). Furthermore, this approach is consistent with our chosen interpretivist philosophical perspective, which recognizes the subjective and socially constructed nature of reality.

In contrast to quantitative research, which relies solely on numerical data, qualitative research emphasizes words and narratives to shed better light on experiences. Semi-structured interviews, a fundamental element of qualitative research, are used for this study. As one of the most widely used methods in qualitative research and characterized for its flexibility, semi-structured interviews allow for an in-depth exploration of individual experiences while maintaining a thematic focus across interviews (Bell et. al., 2019, p. 434). This flexibility also allows us to adapt and pursue emerging insights throughout the research process.

This approach provided deeper insights into the social impacts of FDI in Southern Nigeria's specific social, economic, and political context. By including the voices of communities, NGOs, and local governments, we are able to build a comprehensive picture of the social impact of FDI. Semi-structured interviews provide a good platform for participants to share their personal experiences and shed light on changes in community dynamics, employment conditions, and overall social wellbeing. These first-hand accounts provide valuable insights that cannot be fully captured by quantitative data or sources.

The qualitative approach, with its emphasis on context, diverse perspectives, and lived experience, provides a solid foundation for exploring the complex social impacts of FDI in Southern Nigeria. This approach further aligns with the research's objective to go beyond economic elements and shed light on the human dimension of this transformative economic force.

3.3 Data Collection Method

This study primarily collected data through semi-structured interviews. This approach is well suited for researching the social impact of FDI, as semi-structured interviews allow new ideas to emerge and provide us with valuable insights (Mojalefa, 2021, p. 322). The flexibility allowed us to explore unique experiences and perspectives by treating interviewees as active collaborators in the generation of meaning (DiCicco-Bloom & Crabtree, 2006, p. 314).

Additionally, this research used an adaptable interview guide with open-ended questions (Appendix 1) to capture rich information and a comprehensive understanding of the topic under study (Kim et al., 2017, p. 23). This approach allowed us to adjust our questioning based on participants' responses, ensuring a thorough exploration of their viewpoints (Ntuli et al., 2022, p. 262). In addition, we asked follow-up questions during the interviews when necessary to improve the quality and depth of the data collected (Abbas & Liu, 2020, p. 357).

To ensure the effectiveness of this data collection method, we created a solid interview guide based on a thorough literature review and our own practical experience (Öztürk & Hieçdurmaz, 2022, p. 752). An interview guide plays a crucial role in shaping the results of the study and emphasizes the importance of an effective design (Akmal et al., 2022, p. 126).

To gain a deeper understanding of the social impact of FDI, we conducted semi-structured interviews with different stakeholder groups. This adaptable method of data collection, with its open-ended questions, facilitates in-depth exploration of participants' perspectives (Alsan et al., 2006, p. 613). Our interview guide includes key sections on community development, employment conditions, and broader social impacts to provide a comprehensive overview of the impact of FDI (Knoerich, 2017, p. 443).

Ultimately, our semi-structured interview process aims to paint a comprehensive picture of the social impact of FDI, focusing on changes in employment, community development, and overall social wellbeing. By

combining multiple stakeholder perspectives with robust data collection and analysis methods, we are able to gain valuable new insights into the complex impacts of FDI on communities and community members.

3.4 Sampling Strategy

This research adopted a purposive sampling strategy to select participants for semi-structured interviews. Bell et. al. (2019, p. 11), describing a sample as a representation of a wider population, selected on the "basis of their appropriateness to the purpose of an investigation," add that purposive sampling, in focus, places a researcher's research questions "at the heart of the sampling consideration." This non-probability sampling technique ensures that only participants with specific experiences relevant to the research question are used (Bell et. al., 2019, p. 389). This particularly ensures the inclusion of individuals with firsthand insights into the social impact of FDI in Southern Nigeria, yielding rich and relevant data for analysis.

As highlighted by Bell et. al. (2019, p. 389), clear criteria for the inclusion or exclusion of participants are necessary due to their relevance to the research question. On this premise, our focus group involves three stakeholder groups: community members, NGOs, and local government officials. The following criteria will guide the purposive sampling process:

Community Members

Current or Former Employees: Individuals directly employed by MNEs established through FDI in Southern Nigeria. Their perspectives are important and valuable to understanding changes in employment conditions, skill development opportunities, job security, and the overall impact of FDI on their work lives.

*Residents in Proximity to FDI-backed MNE*s: Individuals living near FDI projects, even if they are not directly employed by the MNEs. Their insights will reveal broader community-level impacts, such as those related to infrastructural development, access to essential services, and social well-being.

Local Non-Governmental Organizations

*Focus on Labour Right*s: Representatives from NGOs focused on labor rights advocacy will offer critical perspectives on issues such as labor standards, wage levels and workplace safety in FDI-backed industries.

Focus on Community Development: Representatives from NGOs specializing in community development will provide insights into FDI-related initiatives affecting education, healthcare, infrastructure, and the overall wellbeing of impacted communities.

Local Government Officials

Relevant Departments and Agencies: Officials from departments responsible for economic development, labor regulation and community affairs will provide insights into the policy framework governing FDI in the region and the regulatory mechanisms in place to manage its social impacts.

3.5 Sourcing, Selecting Participants, and Conducting the Interviews.

In order to gather diverse perspectives on the social impact of FDI in Southern Nigeria, we sought participants from three key stakeholder groups: community members, NGO representatives, and local government officials. The plan was to have five participants from each group, totaling fifteen, as we agreed this would ensure a balanced representation of diverse experiences and perspectives.

Particularly, we focused on the Niger Delta region, which represents the heart of FDI operations in Southern Nigeria due to its rich extractive natural resources, such as crude oil. Recognizing the existing distance barrier posed by our location in Sweden and our limited travel resources, we attempted to contact potential participants online. However, we encountered significant challenges. We reached out via phone, email, and text, but unfortunately, we did not yield any response. The local government website we visited lacked functional contact information. Despite our repeated attempts, core FDI local governments, such as Warri-South LGA, Warri-North LGA, and Port-Harcourt LGA, did not respond. Faced with this problem, we decided to enlist the help of a local facilitator.

Ms. Victoria, a graduate student based in the Niger Delta and a trusted acquaintance of our group member Oreva, was contacted and contracted with the task of physically approaching local government authorities, NGOs, and community members to recruit participants for our study. She is familiar with the local and regional environment and capable of navigating the region effectively. She explained the purpose of our study and emphasized the potential benefits for the local population. Her efforts helped us secure five local government officials in Warri-South and Warri-North LGA, who agreed to participate in our in-person interviews, provided that their identities were kept anonymous for personal reasons. They were willing to share insights into labor practices and community development efforts related to FDI, which was good for our study. Additionally, she visited two NGOs in the region, focused on labor regulations and secured the consent of five NGO officials for interviews.

Finally, Ms. Victoria recruited five community members by visiting local markets and explaining our research goals. To ensure the relevance of all participants, Ms. Victoria verified their affiliations and roles. Ms. Victoria conducted all interviews in person, adhering to a semi-structured interview guide we developed. We instructed her to inform participants that interviews would last approximately one hour, including any follow-up questions. We clearly communicated this information to each participant and obtained their consent before scheduling the interviews. The interview guide covered a range of topics, including infrastructural development, employment conditions, environmental concerns, and the overall impact of FDI in their society.

In sum, we say our approach to sourcing and selecting participants was a combination of online outreach and local facilitation. Despite initial challenges, Ms. Victoria's efforts were crucial in securing participants for our study, all willing to share their insights on the social impact of FDI in Southern Nigeria. By verifying each participant's relevance and obtaining their informed consent, we ensured the integrity and depth of the data collected through our interviews.

3.5.1 Conducting the Interviews.

Once the selection of participants had been clarified, we began planning and conducting the interviews. Originally, we assumed that all participants would have access to the necessary infrastructure, such as modern computers with up-to-date operating systems that support Zoom video conferencing and high-speed Internet. However, we quickly realized that the actual situation was quite different. In this rural area, there was a problem with internet access that prevented us from having face-to-face meetings with the participants.

Having no other option, we hired Ms. Victoria, a graduate student, as an interview facilitator so that we could maintain full control of the session. We provided her with our interview guide and set up a second line of communication with her via WhatsApp, through which we listened to and participated in the interview in real time. Especially in cases where we needed further information, feedback or clarification, we sent real-time follow-up questions to Ms. Victoria, who promptly relayed them to the participants

We conducted this interview in the offices of local government and NGO officials, with their approval, and for community members in the local market. We did this to ensure that there was no interference while placing each participant in their natural environment. Notably, Ms. Victoria recorded all interviews for transcription and further analysis. At the beginning of each session, we explained the objectives of the study to each participant and obtained their explicit consent. We also gave them the opportunity to ask questions about our research. This transparency helped to build trust and encouraged participants to speak openly.

Overall, the interviews were successful as participants showed a clear understanding of the aims of the study and gave their full support. Each interview lasted between 40 and 45 minutes and allowed for in-depth discussions. Despite the initial infrastructural challenges, our adaptable approach, including the hiring of an on-site facilitator and the use of real-time communication tools, ensured that the interview process ran smoothly.

3.5.2 Interviewees' Demographic Profiles

A total of 15 participants took part in this study. Five participants were community members from communities in Southern Nigeria; five participants were local government officials; and five participants were representatives of NGOs. These stakeholder groups were considered relevant to this study because they represented key categories of people who could provide a comprehensive and balanced perspective on the social impact of FDI in the region. Table 1 below provides a description of the demographic characteristics of each study participant. Furthermore, the table displays the codes assigned to each participant to safeguard their anonymity and confidentiality.

Table 1: Demographic Characteristics of the Study's Population

S/N	Respondent Code	Sex	Age Range	Status	Level of Education	Duration of Interview
1.	R1	Female	18 – 25	NGO representative	Tertiary	42 Minutes
2.	R2	Female	26 – 35	Local government official	Tertiary	43 Minutes
3.	R3	Male	46 – 55	Community Member	Primary education	45 Minutes
4.	R4	Female	36 – 45	Community member	High school	40 Minutes
5.	R5	Male	26 – 35	Local government official	High school	40 Minutes
6.	R6	Female	36 – 45	NGO representative	High school	40 Minutes
7.	R7	Female	18 – 25	Community member	Tertiary	45 Minutes

8.	R8	Female	26 – 35	Community member	Tertiary	42 Minutes
9.	R9	Male	36 – 45	Local government official	Tertiary	40 Minutes
10.	R10	Female	36 – 45	NGO representative	Tertiary	40 Minutes
11.	R11	Female	46 – 55	Community member	Primary	42 Minutes
12.	R12	Male	26 – 35	NGO representative	Tertiary	44 Minutes
13.	R13	Male	46 – 55	NGO representative	High school	45 Minutes
14.	R14	Female	26 – 35	Local government representative	Tertiary	40 Minutes
15.	R15	Male	18 – 25	Local government representative	Tertiary	41 Minutes

Age of the Participants

It can be observed from Table 1 above that the study's data was collected from different clusters of people with different educational backgrounds, age groups and gender categories. Regarding age, the findings show that the ages of the participants ranged between 18 and 55. Five participants were aged 26 to 35. Four participants were 36 to 45. Three of the participants were aged between 18 – 25 while three of the participants were also aged between 46 and 55. Thus, it can be observed that the most dominant age group was between 26 and 35.

Gender of the Participants

The study's data as illustrated in table 1 also shows that female participants were dominant where female participants made up 9 out of the 15 participants. The data also reveals that the female gender was also dominant in the various age groups except the oldest age group (46 – 55) that had 2 males against the 1 female participant in that category. However, the youngest age group (18 – 25) had more female participants than female participants were 2 against the 1 participant in that age group. Additionally, the dominant age group (26 – 35) had more female participants where 3 participants were female as opposed to the 2 participants in that category. Lastly, female participants were more concentrated in the 36 – 45 age group compared to males, where there was only one male participant as opposed to the 3 female participants in that age group.

Educational Level of Participants

The study's data revealed that the participants had acquired various levels of education ranging from primary education to tertiary education. Findings revealed that 9 out of the 15 participants of the study had acquired education up to the tertiary level, thus constituting the dominant educational level of the participants. 4 of the study's participants were educated up to the high school level while 2 of the study's participants only had basic primary education.

3.5 Data Analysis

Thematic analysis, a qualitative technique, was used in this research to identify, analyze and report patterns in the data. This approach provides a structured process for understanding people's experiences and perspectives. Thematic analysis comprises stages such as getting to know the data, coding, generating initial themes, reviewing them, defining and naming them, and finally presenting the findings. Due to its flexibility and adaptability, it is well suited to uncovering unique social impacts and informing practical and policy decisions related to foreign direct investment in Southern Nigeria (Fereday & Muir-Cochrane, 2006, p. 83; Islam et al., 2019, p. 146).

The thematic analysis requires us to delve deeply into the data—the interview transcripts—to gain a comprehensive understanding of the topic. The inductive approach allows themes to emerge directly from the data. Through coding, data segments are systematically labelled and categorized based on their content (Aksay & Şendoğdu, 2022, p. 328). Initial patterns identified through coding represent recurring ideas or concepts within the data. We then review and refine the themes to accurately reflect the data and align with the research objectives. Each theme is clearly defined and named, and illustrative quotes are frequently used to enhance the presentation of findings.

Thematic analysis is a valuable tool in qualitative research as it enables the discovery, examination, and interpretation of patterns in the data. By rigorously applying the principles of thematic analysis, we can gain a deeper understanding of the social impact of foreign direct investment in Southern Nigeria and gain insights that will assist in decision-making.

To increase the trustworthiness and credibility of our thematic analysis, we will also apply rigorous methods, including peer review and member checking. During member checking, preliminary results will be shared with participants to confirm the accuracy and interpretation of the data. This systematic approach will help ensure that our thematic analysis provides valid and reliable findings on the social impact of foreign direct investment in Southern Nigeria (Irizar et al., 2022, p. 1).

3.6 Ethical Considerations

Adherence to ethical standards is important to protect the welfare and integrity of participants during this research. Important considerations such as informed consent, confidentiality, and anonymity guide our research procedures. As expressed by Hasan et al. (2021, p. 1), participants can make an informed decision about their participation when fully informed about the research's aims, procedures, risks, and benefits. We also maintain confidentiality to protect participants' privacy and guarantee the utmost discretion in handling all data provided during the interviews (Kaiser, 2009, p. 1632). Anonymizing the identities of participants throughout the research and dissemination phases would provide an additional layer of protection (Wiles et al., 2008, p. 420).

Adherence to these ethical principles demonstrates respect for the rights and dignity of participants and is consistent with established standards for ethical research. We also uphold participants' autonomy by allowing them to determine how their identity is revealed (Giordano et al., 2007, p. 264).

These measures ensure that we conduct research in an ethical manner and prioritize the rights and well-being of each participant. By creating a safe and comfortable environment, we foster trust and openness among participants, which leads to richer data collection (Clarke, 2012, p. 23). In addition to protecting individuals, processing information confidentially also ensures the validity and reliability of research findings (Rabia et al., 2006, p. 139). Reflective discussions can provide valuable insights into participants' experiences and enable us to quickly address any issues and improve the overall research process (Barling et al., 2002, p. 489).

By implementing these safeguards, we can reduce harm and promote well-being in the research environment (Neal & Griffin, 2006, p. 946). By prioritizing the safety and well-being of participants, we can further improve the overall research process and maintain the ethical conduct of research (Clarke, 2006, p. 316).

3.7 Potential Limitations

To ensure the validity and reliability of our findings on the social impact of foreign direct investment in Southern Nigeria, we need to recognize and address both encountered and potential limitations within our methodological approach. The main limitation we faced was technological challenges during the data collection process. Other potential limitations we also need to consider include sample bias, social desirability bias, and contextual challenges.

The study mainly encountered technical limitations due to low international coverage in the Niger Delta region. This prevented us from conducting virtual interviews with the selected participants as originally planned. However, we were able to overcome this problem through the use of a local facilitator who supported the study by conducting face-to-face interviews on our behalf, thus ensuring the collection of valuable data despite the technological challenges.

In terms of potential limitations, sample bias is a major concern, as it could lead to results that do not accurately represent the population as a whole. This is the case when people give answers that are more in line with perceived social norms than their actual experiences. This could affect the validity of our findings, especially when examining sensitive topics related to foreign direct investment and its social impact (Duffy et al., 2016, p. 130).

Furthermore, our research methodology may have encountered obstacles due to existing factors in southern Nigeria, such as social unrest or political instability. Such external situations could affect the availability and willingness of participants and potentially limit the breadth and depth of perspectives captured (Ioannidis, 2019, p. 6).

To mitigate these potential limitations, we employed several strategies to increase the reliability and accuracy of our findings. First, we used a diversified sampling approach to minimize sample bias. We actively sort participants from different age groups, levels of education, and occupations within Southern

Nigeria, which will increase the reliability of our findings (Xu et al., 2020, p. 507). Further, to counteract social desirability, we also placed great emphasis on building relationships and trust with participants. By creating a safe and respectful environment, we encourage honest and open dialogue, which will allow participants to share their authentic perspectives and experiences (Torralba & Efros, 2011, p. 1521).

Finally, we emphasized flexibility and adaptability in our data collection process, given the existing challenges in Southern Nigeria. This helps to minimize the impact of external factors on participation rates and ensure a more solid data collection process (Ho et al., 2018, p. 1755). We are open to adapting interview schedules or procedures to meet participants' preferences and needs.

By proactively implementing these strategies, we aim to increase the validity and reliability of our research on the social impact of FDI in Southern Nigeria. These measures demonstrate our commitment to generating credible and insightful findings that will significantly enrich our understanding of this unique topic.

Chapter 4: Empirical Findings

4.1 Themes in the Research Findings from the Interviews

This section presents an analysis of the themes identified from the data collected through interview questions. A detailed presentation of the interview questions is attached in the appendix section of this thesis. The coding reflects the respondents' answers to the interview questions (in alignment with the research objectives) which have been thematically analyzed and are now being presented. The respondents' responses are presented in quotes in their original form to facilitate deeper contextual understanding.

4.1.1 Infrastructural and Community Development

Infrastructural and community development initiatives have been identified in the study's findings as a social impact of the FDI projects in the Niger Delta region of Southern Nigeria. The participants were asked to identify the changes they noticed in infrastructure, healthcare, or access to essential services that they believed were connected to FDI projects. The most common theme identified in the data obtained was the development of community infrastructure such as roads, schools and clinics due to the FDI projects. For example, R7 stated that

"*They have been developing our roads since they started operating. These international companies… They are doing well for us. The roads used to be bad and not even motorable especially in the rainy season. But since these international companies (especially the oil companies) started coming in, they have made the roads better".*

This perspective is similar to the response by R5, a local government official who stated that

"Yes… we have experienced infrastructural development as a result of the FDI projects. The government is using the funds from these international companies to build better roads, public schools and public facilities …"

In a similar line of thought, respondent R1 also agreed that the FDI projects in the region have led to the development of better public infrastructure and facilities that the community members can utilize, citing the establishment of a new community clinic.

However, some respondents were of the opinion that the quality of the infrastructural developments was poor and not evenly distributed in the communities. R9 expressed dissatisfaction with the uneven allocation of resources and advocated for a fairer distribution across all communities in the region. R7 also voiced concerns about the quality and durability of these infrastructure projects, noting instances where roads deteriorated rapidly due to the use of substandard materials. Interestingly, while R7 and R5 shared positive views on the initial impact of FDI on infrastructure, their perspectives diverged on the issue of sustainability.

Further, differing viewpoints emerged between stakeholder groups. Community and government representatives emphasized the positive contributions of FDI to infrastructure, while NGO representatives expressed reservations about distribution and environmental sustainability. These contrasting opinions highlight the diverse perspectives on FDI's impact on infrastructure development. The respondents' backgrounds also serve as a basis for their opinions. As a government official involved in resource allocation, R5 may be inclined to emphasize the positive aspects of FDI. In contrast, as an NGO representative advocating for community interests, R11 might prioritize environmental sustainability and social equity over rapid infrastructure development.

By analyzing participant responses within and across stakeholder groups, we can discern subtle differences in their perspectives. For instance, R5 and R7 both acknowledged the positive impact of FDI on infrastructure but differed on their assessment of project sustainability. This suggests that while agreement exists on certain aspects of FDI's effects, there may be different views regarding its long-term consequences.

Overall, the diverse viewpoints highlight the complex nature of FDI's impact on community and infrastructure development in the Niger Delta. While FDI has undoubtedly played a role in improving

infrastructure, concerns about allocation, distribution, sustainability, and environmental impact remain. These differing perspectives stress the need for inclusive approaches to infrastructure development that consider the diverse needs and priorities of local communities.

4.1.2 Employment and Job Opportunities

From the empirical research, it is profoundly evident that FDI projects in the Niger Delta region of Nigeria have contributed to employment opportunities for the indigenes and community members in the region. Interview participants consistently highlighted the surge in job openings that followed the establishment of FDI-backed companies, particularly in urban areas. For example, R3 indicated that

"*These foreign investment companies have really done well in terms of providing employment opportunities for our people. They do not rely on outside workers, they employ us instead, which is very good. It makes us feel special and important. They pay well too. They do not owe salaries. I have 5 friends working in 3 companies that are backed by these foreign companies. They tell me that they enjoy the work and get paid fairly. In fact, one of them has bought a car recently… You know what this means? It means that the community is not poor anymore".*

However, while job creation is a positive outcome, our findings also shed light on the complex and uneven nature of FDI-related employment. Community members, like R1, emphasized that job opportunities are not equally distributed throughout the region, with rural areas often lagging behind urban centers. This disparity challenges the assumption that FDI-led development automatically benefits everyone and exposes potential inequalities in access to employment.

Despite the positive impact of FDI on the employment level of communities, concerns regarding the quality and sustainability of jobs generated by FDI also surfaced. R8, a community member, and R12, an NGO representative, pointed out issues such as poor working conditions and inadequate labor protections. These concerns highlight the need to go beyond simply counting the number of jobs created and to also evaluate

the quality of these jobs, ensuring they meet fair labor standards and contribute to long-term economic security.

Differing perspectives emerged from our diverse set of respondents. Local government officials, like R15, tended to emphasize the positive economic impact of FDI, highlighting job creation and economic growth as key indicators of success. On the other hand, NGO representatives, like R6, prioritized equitable and sustainable employment practices, advocating for fair wages, safe working conditions, and opportunities for skill development.

Even within the same stakeholder group, there were differences of opinion. Some community members celebrated the increased job opportunities, while others expressed concerns about job security and the uneven distribution of employment. These varying perspectives highlight the complex reality of labor dynamics in FDI-driven development, emphasizing the importance of addressing diverse concerns to achieve true sustainable and equal outcomes.

Finally, this study's findings reveal that while FDI has the potential to drive job creation and stimulate economic growth in Southern Nigeria, it's crucial to consider the broader social context. Addressing issues such as uneven opportunity distribution, poor working conditions, and the need for solid labor protections is key to maximizing the positive impact of FDI on local communities and ensuring long-term sustainable development.

4.1.3 Environmental Concerns

There was a consensus among the participants of the study concerning the need for regulations to monitor the activities of foreign companies in the region. This sentiment and concerns stemmed from a common theme of environmental damage which was mentioned by almost all participants. P11 stated that:

"*The oil spills are a major issue. A very major issue. It seems to be happening more often now since the emergence of these foreign companies..especially the oil companies. You cannot imagine what the oil spills do to our environment. It kills our fish so that we can no longer fish, and it increases land pollution too. It is bad"*

Adding, R10 also stated that:

"*Even the big trucks that are always plying the roads are a source of concern. So many trucks driving through the villages, increasing our traffic and raising dust".*

Community members, NGO representatives, and even some community members working with FDI-backed companies expressed worries about the environmental consequences of these investments. For instance, R4 noted, *"The influx of FDI has increased pollution levels and harmed natural habitats in the region."* This observation emphasizes the need for solid and rigorous environmental regulations and sustainable development practices that will mitigate the adverse social impacts stemming from FDI. Similarly, R11 voiced concerns about the lasting environmental effects of FDI projects, stating, "*These companies are polluting our rivers and farmlands, and it's affecting our health and livelihood*." This statement highlights the direct and immediate impact on local communities, whose traditional ways of life are threatened by these activities.

Despite the prevailing concern about environmental degradation, some respondents acknowledged positive steps taken by certain FDI-backed companies to promote sustainability and environmental protection. R12 highlighted one FDI-backed company's commitment to responsible environmental management,

highlighting community-implemented initiatives like reforestation programmes and wastewater treatment facilities. This suggests that FDI projects can indeed embrace eco-friendly practices and contribute to safeguarding the ecosystem.

Notably, these mixed perspectives reflect the varying priorities of stakeholders involved in FDI-driven development. While FDI-backed companies may prioritize economic growth and profit maximization, environmental NGOs and community activists may place a greater emphasis on environmental protection and sustainability. These *misalignments* highlight the challenges of balancing competing interests within FDI development programmes. Also, while R10, a community member working for a FDI-backed company, highlighted their proactive commitment to environmental preservation through assessments and community engagement, other participants, such as R1, expressed skepticism about some companies' transparency and accountability. This discrepancy between corporate claims and lived experiences in communities suggests the need for stricter monitoring and regulations.

The interview data also emphasized the importance of community participation in environmental decision-making processes. R11 expressed that "the local communities should have a say in the conduct of these projects. After all, we are the ones who live with the consequences." This emphasizes the significance of local participation in guaranteeing the implementation of FDI projects with environmental awareness.

In sum, while FDI offers potential economic benefits to the Niger Delta region, it also presents significant environmental challenges. Striking a balance between economic objectives and environmental protection is essential to minimizing the negative impacts of FDI projects and fostering sustainable development.

4.1.4 Social Relationships and Community Building

The analyzed data from this study revealed several impacts of foreign direct investment on social relations and community building in the Niger Delta region. Emerging themes centered on a decline in trust, increasing internal conflict, and the loss of traditional values and practices.

A major theme was the growing distrust of government expressed by some of the participants. Community members, such as R7, expressed their disappointment with the multiple promises of development and the inadequate responses to environmental damage caused by FDI activities. In particular, R7 said that government officials who claim to talk to certain FDI-backed companies about the prevailing environmental conditions have, on several occasions, come back with promises from these companies that have not resulted in any outcome. R3 also echoed this sentiment, saying:

> "*I no longer trust the government. Yes.. Why should I? The job opportunities and infrastructural development do not even match the disaster they cause us and the dangers they put us in. And the government is yet to review and address this, and yet they come and promise us solutions that yield nothing"*

R3 went on noting the widespread frustration among farmers and fishermen due to oil spills and the government's inaction. This decline in trust has further affected the relationship between the people and the local authorities, affecting the foundation for effective governance and potentially fostering social unrest.

The interview suggests that FDI projects and operations have also heightened internal tensions within local communities. This is due to the unequal distribution of benefits, competition for limited job opportunities, and disagreements over environmental impacts. This has the potential to disrupt the social landscape, hindering collective action and sustainable development.

Concerning the theme - loss of traditional values and practices, the interview data suggest that the influx of FDI and the accompanying changes in economic activity appear to be reshaping cultural norms and values. Speaking on the element of erosion of traditional values and practices, R6 states that:

"*This region is mainly known for its rich fishing and farming culture. It's our culture and heritage. My father was a great fisherman, his brothers were also great farmers with plentiful crop yields. But now, our children do not want to farm again or fish. They want to work for oil companies rather than learn our traditional skills. They can improve the farming practices and modernize it if they want instead of just neglecting it and running after oil companies".*

This cultural shift raises concerns about the loss of valuable knowledge and practices, as well as the potential disruption of established social roles and identities. Notably, these social impacts are not isolated phenomena but are closely intertwined. For example, environmental degradation caused by FDI activities fuels mistrust of the government, which in turn can intensify internal conflicts. Similarly, the erosion of traditional values and practices can further weaken community ties, making it more difficult to overcome collective challenges.

In summary, addressing these social impacts requires an integrated approach that goes beyond economic metrics and takes into account the complex interplay between FDI projects and the local social environment. Building trust through transparent communication, ensuring equitable benefit sharing, and promoting culturally sensitive development strategies are critical to mitigating FDI's negative social impacts and promoting resilient communities in Southern Nigeria.

4.1.5 Urbanization and Westernization

The interview data showed that urbanization and westernization are widespread as major social impacts of FDI in Southern Nigeria. When asked about their general opinion on the impact of FDI in the region, the majority of participants explicitly linked FDI projects to the increasing urbanization of the region and the adoption of Western lifestyles. This perception is based on several observations, with many participants, including R12 and R8, noting a shift from a rural landscape to a more connected and urbanized landscape. As stated by R8:

"This place (region) used to be unknown, but now that they are moving their companies here, our village is now known all over the country.".

They attributed this change to the influx of foreign companies, which brought not only infrastructure development but also greater visibility to the region.

In addition, participants such as R7, R1, and R11 emphasized how the presence of foreign workers in these companies has influenced local culture and consumption patterns. Increased interaction with foreigners led to the adoption of Western clothing, music, and eating habits. Interviewees such as R3, R9, R14, and R2 also emphasized that the influx of labor from outside the region has led to rapid urban growth, which could overburden existing social services and infrastructure (a concern expressed by R4).

These findings suggest that FDI acts as a catalyst for broader social change in the Niger Delta. Exposure to other cultures and lifestyles, as well as the rapid pace of development, can lead to a situation in which local traditions mix with imported influences. While some see this as a positive sign of progress, others are concerned about the potential loss of cultural identity and the disruption of established social norms.

The effects of these social changes are far-reaching. Rapid urbanization can put a strain on existing infrastructure and social services, leading to problems with housing, sanitation, and access to basic

amenities. Furthermore, the cultural changes associated with westernization can lead to generational gaps and conflicts over values and identity.

Overall, the data suggests that foreign direct investment is not only an economic force but also a powerful agent of social change. Its impact on urbanization and cultural norms deserves careful consideration, as these changes determine Southern Nigeria's current and future development.

Chapter 5: Discussion of Findings and Analysis

This analysis aims to shed better light on both the positive and negative social transformations associated with FDI. We will consider how our empirical findings align with or challenge the assumptions stated in existing scientific research, shedding light on the potential benefits, challenges, and inconsistencies associated with developments driven by FDI. We will focus on how FDI-related projects impact power dynamics, transform social values, and enhance environmental sustainability—factors that shape the long-term well-being of communities in developing economies.

5.1 FDI and Employment Creation

FDI's potential to stimulate job creation is a central argument in its favor in developing countries. Research by Aderemi et al. (2022, p. 258) and Anisiobi et al. (2022, p. 156) suggest that FDI can indeed create job opportunities in sectors where it concentrates. This study's findings partially supports this view, with participants acknowledging the expansion of job opportunities, particularly in the Niger Delta region of Southern Nigeria, following the influx of FDI-backed companies. Participants, especially those in urban centers, reported increased availability of both skilled and unskilled job opportunities within these companies. This aligns with the modernization theory, which posits that the economic boost associated with FDI leads to the creation of job opportunities, thereby transforming the economic landscape (Schmidt, 2010, p. 515; Roxborough, 1988, p. 760).

However, it is important to critically examine the nature and distribution of FDI-led employment. Participants indicated that job creation is unevenly distributed, with fewer skilled opportunities available in local communities. This finding echoes arguments made by Saucedo et. al. (2020, p. 3) that FDI can lead to uneven distribution of skilled and unskilled job opportunities, often concentrating high-skilled jobs in external regions and leaving fewer skilled opportunities for local communities. To address this skill disparity, collaboration between the government, FDI companies, local stakeholders, and NGOs is essential to implement skill training and development programs for the local workforce.

Furthermore, some interviewees raised concerns about poor working conditions and inadequate labor protections in FDI-backed companies. This raises questions about the quality and sustainability of the jobs generated. Without adequate and solid labor regulations and enforcement, FDI projects run the risk of creating exploitative environments that offer limited prospects for long-term economic stability.

While FDI undoubtedly has the potential to create jobs in Southern Nigeria, its impact is uneven and depends on factors such as geographical distribution, industry type, and regulatory environment. To maximize the benefits and address its limitations, a focus on policies that attract FDI into both urban and rural sectors, along with strong labor protections, is crucial for sustainable employment creation.

5.2 FDI, Community Development, and Infrastructure

Community and infrastructural development are often cited as significant benefits of FDI in developing economies. Findings from this study support this view, with participants identifying visible and concrete improvements in roads, public facilities, and healthcare access within Southern Nigeria. These findings align with previous studies, such as that by Owusu-Manu et al. (2019, p. 1217), which established a positive and significant relationship between FDI and infrastructural development. Such investment-led projects not only improve the quality of life for local communities, but also stimulate further economic activity, such as trade, and contribute to the overall modernization of communities (Schmidt, 2010, p. 515).

However, it is also important to delve into the qualitative aspects of FDI-driven development. Participants expressed concerns about the uneven distribution of infrastructural projects, for example, with benefits often concentrated in areas where company operations are centered. This unevenness can further increase existing inequalities in the region, leaving some communities underserved. Participants raised concerns about the long-term viability of these infrastructural projects, questioning their quality and durability and the potential for neglect once FDI-supported funding ends. These concerns align with arguments made by Moratis (2018, p. 2) who emphasizes the importance of ensuring that CSR initiatives are equitable and that stakeholders can assess their quality, commitment, performance and impact. These concerns highlight the

need for implementing sustainable development practices and transparent governance mechanisms for FDI-provided revenue.

Notably, the findings highlight the non-interconnectedness of infrastructure and social wellbeing. Participants did note that while infrastructural projects like roads and clinics are welcomed, they cannot fully compensate for the loss of livelihoods and environmental damage caused by certain FDI activities, particularly in the extractive sector, which regions such as the Niger Delta are known for. This observation emphasizes the need for a comprehensive approach to development that considers environmental and social equity alongside physical infrastructure. This also implies that even seemingly positive initiatives like infrastructural development can lead to social tensions if not managed properly and in dialogue with affected communities.

Overall, FDI has the potential to be a catalyst for infrastructural development in Southern Nigeria, but its long-term impact depends on factors such as fair distribution, sustainability, and thorough consideration of community needs and environmental preservation. Government policies must therefore play an initiative-taking role in guiding these processes in order to maximize community benefit.

5.3 FDI and Environmental Concerns

The environmental impact of FDI emerged as a dominant and deeply troubling theme throughout this research. Participants from communities directly affected by oil extraction projects recounted severe instances of environmental degradation, including oil spills, gas flaring, and widespread contamination of land and waterways. These findings align with the work of Solarin and Al-Mulali (2018, p. 24857), who established a correlation between FDI in resource-rich developing countries and increased environmental degradation and pollution, often attributed to weaker environmental regulations.

The Niger Delta, with its heavy reliance on extractive industries, is particularly vulnerable to the environmental risks associated with FDI. This raises questions about the potential conflict between

economic development goals and the region's long-term sustainability. The stakeholder theory, which posits that FDI-backed companies have an ethical responsibility towards all stakeholders, including the environment (Kim et al., 2019, p. 2395), highlights this tension. To address this, Tran (2020, p. 2498) suggests that companies must not only ensure eco-friendly operations but also actively implement CSR activities that contribute to mitigating and addressing environmental issues as part of their responsibility to the community.

The environmental consequences of FDI extend far beyond abstract ecological concerns. Interview participants described how contaminated farmlands and polluted waterways directly impacted their livelihoods, leading to decreased agricultural yields and food insecurity. This emphasizes the interdependence of environmental health, economic stability, and community wellbeing. Furthermore, several participants expressed fears about the long-term health implications of ongoing environmental degradation, emphasizing its potential to adversely affect future generations.

This emphasis on participants' environmental concerns highlights the urgent need for stronger environmental regulations and their strict enforcement. Government regulations are critical to ensuring FDI-backed projects prioritize environmental protection alongside economic gains. Additionally, greater transparency and community consultation are essential in development decision-making. Communities directly impacted by FDI projects must have a voice in determining acceptable trade-offs and shaping mitigation plans to safeguard their long-term wellbeing.

5.4 The Social Transformation of Communities

FDI can be a powerful driver of social change within host communities. This study's findings in the Southern Nigeria region reveal a complex relationship between the economic possibilities and opportunities brought about by FDI and the corresponding social changes that come with them. Theories like modernization theory (Schmidt, 2010, p. 515) explain that FDI acts as a catalyst for social change by promoting urbanization, new technologies, and altered social structures. This study's findings partially align with these ideas. Participants described an influx of new residents and a growing emphasis on education and technical skills, particularly in urban centers close to FDI projects.

However, the study also highlights potential drawbacks. Among the participants, several expressed concerns about the erosion of traditional values and cultural practices, particularly among the younger generation. This finding resonates with critiques of modernization theory that emphasize that traditional structures may be undermined due to significant cultural disruption, leading to loss of cultural identity (Black, 1977, p. 49).

Moreover, the uneven distribution of FDI benefits and perceived environmental injustices associated with certain FDI projects have further led to erosion in trust among community members. This has contributed to feelings of frustration and skepticism, particularly among rural residents. These findings echo insights from Mihalache-O'keef (2018, xxx), who suggest that certain types of FDI, such as those in extractive industries, may increase social tensions within host countries. Broken promises regarding development projects and feelings of marginalization, for example, can lead to social unrest and, in extreme cases, violence.

A comprehensive analysis of interview data further reveals a critical need to consider power dynamics in understanding the social impacts of FDI. Stakeholder theory provides a valuable lens for examining these dynamics (Kim et al., 2019, p. 2395). The theory emphasizes the importance of companies considering the interests of all stakeholders, including local communities. However, the findings suggest a power imbalance

between FDI companies, government bodies, and local communities. Community members often have limited influence over project planning and the decision-making process. This lack of inclusion can further hinder efforts to ensure that FDI projects truly benefit the local population.

Ultimately, FDI-driven social transformation in Southern Nigeria is a complex process that holds both opportunities and challenges. While urbanization and economic growth offer benefits, concerns such as environmental degradation, cultural erosion, and more still require attention. A more fair and sustainable approach to FDI is thus essential. This will necessitate stronger environmental regulations and greater community participation in decision-making processes.

Chapter 6: Conclusion

6.1 Introduction

In this final chapter, we revisit the core objectives of this study and summarize the key findings of our investigation into the social impact of FDI in Southern Nigeria. Two fundamental questions guided our research: How does FDI shape the social landscape of communities within a developing African economy? How do these investments social impacts—on income, employment, environment, community, and values—affect the local population? Through an in-depth qualitative analysis of interviews with various stakeholders, we have uncovered valuable perspectives on how FDI is transforming the region.

Our findings reveal a complex interplay of positive and negative social impacts. While FDI has brought tangible benefits such as infrastructure development and job creation, it also presents challenges related to environmental degradation, erosion of traditional practices, and potential social conflict. This complex picture highlights the need for an integrated approach to FDI that takes into account the unique social, economic, and environmental conditions of the host region.

6.2 Summary of Key Findings

Our empirical findings offer several critical insights into the social impacts of FDI in Southern Nigeria. In alignment with previous research, our study confirms that FDI plays a crucial role in generating employment opportunities, particularly in urban areas. However, we also identified disparities in the distribution of these benefits, with rural communities experiencing less pronounced employment growth. Concerns regarding labor conditions and job security further highlight the need for a comprehensive assessment of FDI's impact on the labor market.

Additionally, our study supports existing literature on the positive influence of FDI on infrastructure development. Participants readily identified improvements in roads, public facilities, and healthcare access due to FDI projects. Yet, our findings also reveal concerns about the equitable distribution and long-term

sustainability of these infrastructure projects. The uneven allocation of benefits and questions regarding the quality of infrastructure raise important questions about whether FDI-driven development truly serves the needs of all communities.

Further, environmental concerns surfaced as a dominant theme throughout our interviews. The negative environmental consequences of FDI, particularly in the extractive sector, which the Niger Delta is widely known for, were a recurring source of frustration for participants. Oil spills, gas flaring, and contamination of water sources have devastated local livelihoods and raised serious questions about the long-term sustainability of development in the region. These findings echo the observations of Solarin & Al-Mulali (2018, p. 24857), who documented the detrimental environmental effects of FDI in resource-rich developing nations.

Furthermore, our research sheds more light on the complex social changes that accompany FDI. The modernization theory provides a framework for understanding how FDI can facilitate societal shifts, including urbanization, the adoption of new technologies, and changing cultural norms. However, our findings also reveal potential drawbacks of modernization, such as the erosion of traditional practices and increased *cultural homogenization*. Additionally, we identified social tensions, a loss of trust in government, and potential for conflict stemming from the perceived inequities and environmental damage associated with FDI. These findings highlight the importance of understanding FDI not solely as an economic *engine*, but also as a catalyst for broader social transformations.

6.3 Significance and Contribution

This study contributes to the growing body of knowledge on the social impacts of FDI in developing economies, particularly within the context of Sub-Saharan Africa. By examining the complex effects of FDI in Southern Nigeria, we challenge simple narratives that portray FDI as either a clear path to development and prosperity or a source of exploitation or harm. Our research reveals that the unique socio-economic and political circumstances of the host countries significantly influence the social impacts of FDI, which are not uniform across all developing countries.

Importantly, our findings highlight the need for a comprehensive approach to FDI that considers its economic, social, and environmental dimensions. The interconnectedness of these three dimensions is evident in our data, demonstrating that economic gains alone do not guarantee *holistic* and *sustainable* development. By identifying the potential for uneven development, environmental degradation, and social disruption, our research provides valuable insights for policymakers, NGOs, and FDI-backed companies seeking to develop more sustainable and equitable strategies.

By integrating our findings, FDI-backed companies can foster positive relationships with local communities and contribute to the overall development of the regions where they operate. Our study implies that local governments should prioritize environmental protection. Strict environmental regulation and monitoring should be implemented and enforced in order to mitigate the negative environmental impacts of FDI activities. Further, local governments should implement policies that ensure the equitable distribution of FDI benefits, including infrastructure development, job opportunities, and social programmes across both urban and rural communities. Lastly, we recommend strong enforcement of labor laws that protect workers rights, ensure fair wages, and promote safe working conditions in FDI-backed companies.

For the local communities that lie at the heart of these FDI activities, our study implies the need for active participation in community consultation and decision-making processes related to FDI projects to ensure that their voices are heard and their concerns addressed. Local communities also need to hold both

companies and government officials accountable for fulfilling their commitments regarding environmental protection, social development, and equitable benefit sharing. In the face of rapid social changes brought about by FDI, we must also promote and preserve traditional practices, values, and cultural identities.

Other stakeholders, such as NGOs, should also support local capacity building, for example by providing assistance and training to local communities and government agencies to enhance their capacity to negotiate with FDI companies, monitor projects, and advocate for their rights. Open dialogue and cooperation between all stakeholders must also be encouraged to improve mutual understanding, resolve conflicts, and achieve sustainable development outcomes.

6.4 Limitations

Although this study offers valuable insights, it is not without limitations. The geographical focus of the study—Southern Nigeria—could be the first limitation. While this narrow focus allows for an in-depth study of a particular region, it limits the generalizability of our findings to other regions of Nigeria or other developing countries with different social and economic structures. Another limitation is that we relied on interviews with a limited number of stakeholders. Although the perspectives of different stakeholders provide valuable insights into the social impacts of FDI, our sample size may not fully represent the diverse views within the broader community affected by these projects. In addition, the exclusion of certain stakeholders, such as company representatives or national-level authorities, may have influenced our understanding of the complex factors at play.

Notably, these limitations must be carefully considered when interpreting our results. While our findings provide valuable insights into the social impact of FDI in Southern Nigeria, their generalizability is limited by the geographical focus of the study, the selection of stakeholders, and possibly the methodological approach.

Nonetheless, this study contributes to a deeper understanding of the social impact of FDI and lays the foundation for future studies in this area. By recognizing and discussing these limitations, we maintain the transparency and integrity of our research process, which ultimately strengthens the validity and reliability of our conclusions.

6.5 Recommendations for Future Research

Building on our findings, we suggest several avenues for future research. Longitudinal studies could examine the evolution of social impacts over time to determine how communities adapt and respond to the continued presence of foreign direct investment. Comparative studies between different regions or industries could also provide valuable insights into the factors that influence FDI's social impact.

In addition, it would be beneficial to further investigate the role of government policies and regulations in shaping the social impact of FDI. This research could examine how different regulatory frameworks affect employment practices, environmental standards, and community engagement in FDI projects. Further, studies that use mixed methods and integrate both qualitative and quantitative data could also provide a more comprehensive understanding of the complex relationship between FDI and social wellbeing. Quantitative data could provide a broader overview of social impacts, while qualitative data could shed more light on the distinct experiences of different stakeholders.

6.6 Final Reflections

This study sheds light on the complex social impacts of foreign direct investment in developing countries. It emphasizes the importance of context-specific assessments and the need for integrative approaches that take into account the economic, social, and environmental dimensions of development. By highlighting both the potential benefits and risks associated with FDI, this study provides valuable insights for promoting equitable, sustainable, and inclusive growth in Southern Nigeria and beyond. We hope that this study will

contribute to ongoing discussions on responsible investment practices and foster greater collaboration among stakeholders to maximize the positive social impacts of FDI while mitigating its potential harms.

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Appendix

Interview Questions

1. Can you introduce yourself? Your job position?
2. How long have you lived in this community?
3. In general, how would you describe the impact of FDI on the region?
4. Can you describe specific infrastructural projects you have seen that you believe are connected to FDI?
5. Have you been employed by a FDI-backed company or know anyone that has worked there?
6. If yes, can you describe your working conditions, skills, or job security?
7. Can you share examples of how FDI has influenced relationships or traditions, in your community?
8. How do you feel FDI has impacted the environment in your community?
9. What are some of the common challenges or positive changes you observe regarding labor rights and working conditions in industries impacted by FDI?
10. Are you aware of specific company-led or FDI-supported social development projects? How effective do you think these initiatives have been?
11. From your perspective, how has FDI influenced the way of life in your community?
12. What do you consider the major challenges and opportunities that FDI presents for Southern Nigeria in terms of social development?