

**Direct Foreign Investment and Firm-level Productivity
in the Nigerian Agro/agro-allied Sector**

Adeolu Babatunde Ayanwale and Simeon Bamire

*Department of Agricultural Economics Obafemi Awolowo University Ile-ife, Nigeria
e-mail: aayanwa@oauife.edu.ng*

KEYWORDS Direct foreign investment, total factor productivity, spillover effects, capacity Utilization.

ABSTRACT The acknowledged benefits of the DFI seems to be more than the demerits, and this seems to explain the current move of developing countries, seeking to attract private DFIs by removing the structural barriers and encouraging foreign investors. This study examines the impact of DFI on productivity at the firm-level in the agro/agro-allied sector of the Nigerian economy as an example of developing countries. Data were obtained from agro/agro-allied companies listed in the first tier market (comprising firms with some foreign components), and the second tier foreign exchange markets (involving domestically owned firms) as contained in the publications of the Nigerian Stock Exchange Commission and Central Bank of Nigeria. Data were analysed using descriptive statistics, correlation and regression techniques to achieve the stated objectives of the study. A comparison of the firm level productivity measures show that foreign firms' productivity is higher than that of their domestic counterpart. The results of the impact of DFI on productivity growth showed that there is positive and significant spillover effect at the firm level. However, the extent of the spillover may not extend to the sectoral level.