Governance Perception Study of the Chinese Foreign Direct Investment Activities in Nigeria

Estudo sobre a percepção da governação das atividades de investimento estrangeiro direto chinês na Nigéria

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Abstract: This study explores the governance perceptions of stakeholders regarding Chinese Foreign Direct Investment (FDI) activities in Nigeria. The aim is to gain insights into stakeholders' perspectives on various governance dimensions, including transparency and accountability, efficiency and effectiveness, participation and inclusiveness, the rule of law and legal frameworks, social and environmental impact, and stakeholder engagement. Thematic qualitative analysis is applied to the collected data to identify emerging themes and patterns in stakeholders' perceptions of Chinese FDI activities. By analyzing stakeholders' perspectives, this research provides valuable insights into the governance challenges and opportunities related to Chinese FDI in Nigeria. The findings include valuable insights into stakeholders' viewpoints, allowing for a comprehensive understanding of governance dynamics and areas of improvement in Chinese FDI activities in Nigeria. The findings enhance governance frameworks and promote sustainable and mutually beneficial relationships between China and Nigeria. The study contributes to the existing literature on governance perception and provides practical implications for enhancing governance practices and stakeholder engagement in Chinese FDI projects.

Keywords: Governance perception, thematic qualitative analysis, China-Nigeria FDI

Resumo: Este estudo explora as percepções de governação das partes interessadas relativamente às atividades do Investimento Direto Estrangeiro (IDE) chinês na Nigéria. O objetivo é conhecer as perspectivas das partes interessadas sobre várias dimensões da governação, incluindo a transparência e a responsabilidade, a eficiência e a eficácia, a participação e a inclusão, o Estado de direito e os quadros jurídicos, o impacto social e ambiental e o envolvimento das partes interessadas. A análise qualitativa temática é aplicada aos dados recolhidos para identificar temas e padrões
emergentes nas percepções das partes interessadas sobre as actividades de IDE chinesas. Ao analisar as perspectivas das partes interessadas, este estudo fornece informações valiosas sobre os desafios e as oportunidades de governação relacionados com o IDE chinês na Nigéria.

As conclusões incluem informações valiosas sobre os pontos de vista das partes interessadas, permitindo uma compreensão abrangente da dinâmica da governação e das áreas de melhoria das actividades de IDE chinês na Nigéria. As conclusões reforçam os quadros de governação e promovem relações sustentáveis e mutuamente benéficas entre a China e a Nigéria. O estudo contribui para a literatura existente sobre a percepção da governação e fornece implicações práticas para melhorar as práticas de governação e o envolvimento das partes interessadas nos projectos de IDE chineses.

**Palavras-chave:** Percepção da governação, análise qualitativa temática, IDE China-Nigéria

1. Introduction

Even though the China-Nigeria relationship has continued for more than three decades since 1971, the recent developments need to be detailed and careful in analyzing the relationship and its impact on the economies. The increasing connection between Nigeria and China is encouraged because both countries boost economic complementarities. Nigeria also has a significant development challenge due to increased infrastructure deficiency, thus requiring considerable investment. Complementarily, China has come up with one of the most competitive and largest construction industries in the world today, with expertise in the civil works necessary for the development of infrastructure coupled with the ability of the country to offer much-needed financial assistance to those countries in need, such as Nigeria. Furthermore, the industrialization drive and massive inflow of FDI in China prompted increased growth of the manufacturing economy.

Foreign Direct Investment (FDI) refers to the investment made by an entity from one country (the investing country) into a business enterprise located in another country (the host country) with the intent to establish a lasting interest and significant degree of influence or control over the operations of the enterprise. This definition is widely recognized and accepted in international economics and investment.
One commonly referenced source for definitions and understanding of FDI is the International Monetary Fund (IMF). The IMF defines FDI as follows: "Foreign direct investment (FDI) refers to an investment made to acquire lasting interest in enterprises operating outside the economy of the investor. The investor's purpose is to have an influential voice in the management of the enterprise. FDI is thus distinguished from portfolio investment by the element of control. “The latter requires mineral inputs and oil that outstrips the domestic resources in the country, thus the need to source these resources from other countries such as Nigeria, which have them in plenty” (BPM, 2009, p.65). Before the financial crisis, FDI inflows in Africa had risen since 2002, reaching 53 billion USD in 2022. The rate of FDI in Africa has been on the rise for the past decade, although the 2008 financial crisis across the globe affected most of the trade.

China began its official trade with the nation in Africa around the late 1950s. However, North African states, especially Egypt, were the most significant trading partners. Most African countries joined later in the trade, importing capital and consumer goods while exporting primary products to China. The latest pattern did not change until recently, even though there have been differences by country in recent times. A country like Nigeria exports rubber, hide and skin, oil, rubber, cocoa beans, and agricultural products. On the other hand, China has been exporting increased amounts of low-cost manufacturers that meet the local demand in Nigeria despite the latter country experiencing an increasingly declining economy. The latter has also led to increased trade imbalances between the two countries. According to China customs, the bilateral trade volume between Nigeria and China increased by 10.6 percent between 2008 and 2018 (Feenstra & Wei, 2018). The increased presence of China in African countries, especially in Nigeria, has raised lots of speculation on the nature of the upcoming partnership model.

There have been positive developments concerning net FDI inflow from China to Nigeria. Between 2003 and 2015, the net FDI inflow doubled from 3 billion USD to 6 billion USD, with the share of the oil and gas sector going up to 75 percent. The latter proportion of the Chinese FDI in Nigeria showed China’s explicit and expressed desire
for oil and gas resources in Nigeria (Jovanović & Lipsey, 2015). The latter further strengthens the connection between the Chinese FDI and trade regarding the context of the China-Nigeria investment relations. Just like in other African countries, three related factors explain the observed positive developments in the flows of the Chinese FDI. These factors include the change in the government’s privatization program, the aggressive drive of the Nigerian government to attract FDI in the country, and the FDI regime (Buckley et al., 2007). Increased development in Nigeria also plays a significant role in ensuring that FDI gets a pace. At the same time, there has also been a considerable investment gap in the development of the Nigerian economy (Jovanović & Lipsey, 2015). On top of this, the fact that FDI constitutes a central channel via which China’s impact on the growth of the economy can be conveyed to the distinctive African economy, there is an existing current and future FDI inflow from China that is beneficial to both parties involved (Kaplinsky & Morris, 2009).

Nigeria's investment incentives and increased oil and gas reserves have increasingly attracted the attention of Chinese investors. China’s Bulletin of Overseas Investment placed Nigeria second among the African host countries for Chinese Foreign Direct Investment between 2013 and 2019 after South Africa. The Chinese FDI stocks in Nigeria amounted to 1.03 USD during the latter period, while the same stocks in the continent totaled 9.3 billion USD. Even though Chinese investments are most concentrated in the oil industry, they also incorporate telecoms, manufacturing, and construction industries (Dunning, 2019). According to a study by the African Economic Research Consortium, China has created approximately 30 joint ventures or solely owned companies in the economy of Nigeria's services, technology, construction, education, and oil and gas sectors (Hanson, 2008). The latter report also found that FDI from Chinese private investors mainly deals with manufacturing, communications, and agriculture-allied industries. In contrast, the Chinese public FDI deals with infrastructure, natural resources, particularly the transport and power sector.

Several benefits have been acknowledged in the literature of accrual to the host country from the inflow of foreign investment, such as FDI. Some of the essential profits
of FDI comprise the transfer of technology to individual firms and technological spillover to the whole economy. As Chinese firms set up their operation in Nigeria, they transfer their technology to the new land and set their operations in the new areas. Technological progress is one of the most critical aspects of economic growth and welfare for any country, irrespective of the development level of the new country (Ayanwale, 2007). With the increased technological change in the more advanced economy such as China, closing the technological capability gap separating the two countries is necessary, thus putting the latter on a way of reducing poverty and sustaining development. Having been a significant creator of advanced and new technologies, China has the potential to play a significant role in bridging the technology gap between the country and Nigeria (Morrissey & Zgovu, 2011). The latter assesses the FDI’s contribution to the diffusion and transfer of know-how and technology for sustainable development in Nigeria, considering the challenges and opportunities from the acceleration of technological changes and increased competition (Dunning, 2019). Special attention is given to the technological diffusion and transfer in adaptive technological capacities, building productive and enhancing human resources in Nigeria. For Nigeria, technological progress refers to adapting and adopting technologies from other countries abroad instead of creating new technologies. Thus, the diffusion and transfer of technology are critical to creating a country’s domestic technological capabilities (Balasubramanyam & Wei, 2004). It is also the government’s role to ensure sufficient support for domestic technological capabilities and create a developed and enhanced national innovations system.

The spectacle of under-employment and unemployment problems across the region has persisted in most of Nigeria. The issue is especially acute among the youth in the latter region. Addressing the latter phenomenon is one of the regional government's most essential and prioritized aspects. The fact that China has invested in Nigeria has led to increased provision of capital needed to set up assembling and manufacturing plants in areas as diverse as automobiles and textiles, thus potentially increasing employment chances in these areas. Furthermore, the decision of China to come up with its flagship economic and trade cooperation zones in these areas connected to the increased growth of
domestic demand in Nigeria and the increased access to consumer markets, shows the increased willingness to take part in the long-term deepening of the economic encouragement (Dunning, 2019). The unemployment rate in Nigeria had risen to 13.3 percent by 2019, a case that would escalate further if the issue is not looked into. Among the significant causes of unemployment in Nigeria include an epileptic electric power supply as the country continues to lack a regular electric power supply. Chinese companies that come to invest in the country have altered the direction of the other neighboring countries to ensure they avoid losing power for more than 24 hours, thus aiding the country in reclaiming its production potential (Feenstra & Wei, 2010). By ensuring the power flow is consistent through increased investment in the country from the Chinese company, most people are absorbed in the economy. Another aspect that has led to increased unemployment in Nigeria is the increasingly poor quality of education in the country, as most graduates who come out of colleges and university in the country has little or nothing to offer to society, thus rendering them useless in the ranks of the country (Balasubramanyam & Wei, 2004). To ensure that the latter situation is dealt with, most Chinese companies based in Nigeria can intake both skilled and unskilled labor offered by Nigerian society. Thus, most of the graduates from the schools half-baked and with no practical background can access a platform to ensure they progress to access employment opportunities.

2. Theoretical Framework and Research Design

2.1 Theoretical Framework of Effective Governance for Sustainable Development

This study uses the EGS concept of Effective Governance for Sustainable Development. It refers to a framework that focuses on improving governance practices to achieve sustainable development goals within a country. Effective governance is essential for addressing various challenges and promoting socio-economic progress.

Governance perception refers to stakeholders' subjective understanding, beliefs, and evaluations regarding the governance practices and outcomes within a specific
context, such as FDI activities in Nigeria. It involves stakeholders' perceptions of transparency, accountability, participation, rule of law, social and environmental impact, and other dimensions of governance associated with these activities. Governance perception provides insights into stakeholders' views and interpretations of governance processes and helps to assess the effectiveness and legitimacy of governance practices (Khan & Dillard, 2019; Soltanifar & Smith, 2020).

The Stakeholders Theory has outlined the main methodological framework, where different stakeholders from Nigeria were included in the depth interview. The Stakeholder theory posits that governance perception should consider the interests and perspectives of various stakeholders affected by Chinese FDI activities in Nigeria. This theory recognizes that stakeholders have different roles, expectations, and power dynamics, influencing their perceptions of governance (Freeman, 1984). Analyzing governance perception through Stakeholder Theory helps to identify stakeholders' diverse perspectives and interests and their influence on governance processes and outcomes.

The Stakeholders Theory directly correlates with the Social Exchange Theory. The social exchange theory explores governance perception through social relationships and stakeholder exchanges. This theory suggests that stakeholders evaluate governance practices based on the perceived costs and benefits of their interactions with Chinese FDIs and other actors involved (Blau, 1964). By employing the social exchange theory, researchers can examine how stakeholders perceive the fairness, reciprocity, and trustworthiness of governance practices in Chinese FDI activities.

The author applies institutional theory to examine governance perception by emphasizing the influence of formal and informal rules, norms, and practices that shape governance systems. This theory recognizes that governance is embedded within broader institutional contexts and that institutional pressures and legitimacy considerations influence stakeholders' perceptions (Scott, 2014). Applying the institutional theory to analyze governance perception helps to understand how institutional factors shape stakeholders' beliefs, attitudes, and evaluations of governance practices in Chinese FDI activities.
In summary, the governance perception framework in this study encompasses stakeholders' subjective understanding and evaluations of governance practices within the context of Chinese FDI activities in Nigeria. The theoretical frameworks of stakeholder, institutional, and social exchange provide valuable lenses to analyze and interpret governance perception, considering the diverse interests, institutional contexts, social relationships, and legitimacy considerations at play.

The main objectives were to analyze the key dimensions influencing governance perceptions of Chinese FDI activities in Nigeria and explore the differences in governance perceptions among various stakeholder groups, including government officials, local communities, civil society organizations, and private sector actors, and to provide recommendations for improving governance practices and enhancing the positive impact of Chinese FDI activities in Nigeria.

This study adopted a mixed methods research approach. It combined qualitative data collection and coding analysis with insights to understand governance perceptions comprehensively. We analyzed the transcripts and information for common themes (Creswell & Creswell, 2005).

2.2. Research Design Used to Analyze Governance Perception

This study's primary objective is to assess stakeholders' governance perceptions regarding Chinese FDI activities in Nigeria. The study aims to explore and understand the perspectives, experiences, and opinions of shareholders involved in FDI in Nigeria. It aims to uncover rich and detailed insights that go beyond numerical data.

The study uses qualitative analysis and sampling techniques to provide an in-depth understanding of the chosen shareholders’ governance perception involved in the FDI process in Nigeria. Specifically, the study examines stakeholders' perspectives on transparency, accountability, participation, the rule of law, and social and environmental impact associated with Chinese FDI projects in Nigeria. The research was conducted among different representatives of the stakeholders (government, management, and employees of the FDI enterprises) in Nigeria, Lagos.
Qualitative analysis involves examining non-numerical data, such as in-depth interviews, to identify themes, patterns, and relationships. This means the research focuses on textual and audio data, such as interviews, and audio transcripts, instead of statistical measurements or numerical data. The researcher carefully analyzes this information to identify meaningful themes and patterns.

The study employs snowball sampling to select participants representing the critical stakeholders in Nigeria's FDI. Snowball sampling involves identifying initial participants and then asking them to refer to other potential participants. There are a total of twenty-three participants identified through snowball sampling. The profile of the respondents: government employees (35%), civil servants (15%), company management representatives (30%), and employees (20%).

In-depth interviews were conducted with key stakeholders, including government officials, community leaders, representatives from civil society organizations, and business executives. These interviews of the twenty-three respondents provided qualitative insights into stakeholders' perspectives and allowed a deeper exploration of governance issues. The sampling strategy involved purposive sampling to ensure the representation of various stakeholder groups.

Employing dimensions derived from the coding analysis and supported by a theoretical framework strengthens the validity and reliability of the study. By employing dimensions based on the coding analysis of the common themes in the in-depth interviews, the author provides a structured and comprehensive framework to analyze, discuss, and present the qualitative data meaningfully and coherently. It allows for a transparent and replicable process, as other researchers can refer to the identified dimensions and examine how the themes and findings align. This ensures the credibility and rigor of the study's analysis and contributes to the overall trustworthiness of the research.

Each interview was audiotaped and lasted between 1 hour and 1.5 hours. The in-depth unstructured interview included the same questions and consisted of the following EGS dimensions:
Transparency and accountability are crucial dimensions of governance perception in Nigeria's Chinese Foreign Direct Investment (FDI) activities. Key stakeholders, including government officials, local communities, civil society organizations, and private sector actors, evaluate the extent to which Chinese FDIs operate with transparency, disclose information, and are accountable for their actions. This dimension encompasses perceptions regarding financial reporting, disclosure of project details, anti-corruption measures, and mechanisms for addressing grievances and ensuring responsible business practices (Rose-Ackerman, 1999).

The dimension of efficiency and effectiveness focuses on stakeholders' perceptions of the efficiency and effectiveness of Chinese FDIs in delivering expected outcomes and achieving developmental goals. Stakeholders assess the project implementation process, timeliness, resource utilization, cost-effectiveness, and the overall impact on economic growth and development. This dimension examines stakeholders' beliefs regarding the efficiency of project execution, timely completion, and the extent to which Chinese FDIs contribute to Nigeria's socio-economic development (Grindle, 2004).

The participation and inclusiveness dimension addresses stakeholders' perceptions of the degree to which Chinese FDIs involve and engage various stakeholders in decision-making processes and project implementation. It encompasses the inclusiveness of consultation, community engagement, and the incorporation of stakeholders' perspectives, interests, and concerns. Stakeholders evaluate the opportunities provided for their meaningful participation and the consideration given to their inputs in the decision-making processes of Chinese FDIs (Gaventa & Barrett, 2010).

The dimension of the rule of law and legal frameworks focuses on stakeholders' perceptions of whether Chinese FDIs adhere to local laws, regulations, and legal frameworks. Stakeholders assess how Chinese FDIs comply with environmental regulations, labor laws, human rights standards, and other legal requirements. This dimension also examines stakeholders' perceptions of the legal system’s effectiveness in safeguarding their rights and resolving disputes related to Chinese FDI activities (Trebilcock, & Daniels, R. J. 2008).
The social and environmental impact dimension explores stakeholders' perceptions of the social and environmental consequences of Chinese FDIs in Nigeria. Stakeholders evaluate projects’ positive and negative impacts on local communities, including job creation, infrastructure development, community well-being, cultural preservation, and environmental sustainability. This dimension examines stakeholders' beliefs regarding how Chinese FDIs contribute to sustainable development, social welfare, and environmental protection (Ostrom, 2009).

The stakeholder engagement dimension focuses on stakeholders' perceptions of the level and quality of engagement and dialogue between Chinese FDIs and various stakeholders. This dimension assesses stakeholders' experiences of communication, consultation, and collaboration with Chinese FDIs. It explores the effectiveness of mechanisms for stakeholder engagement, the responsiveness of Chinese FDIs to stakeholder concerns, and the inclusion of diverse perspectives and interests in decision-making processes (Reed, 2008).

Thematic analysis was used approach in qualitative research. It involves identifying and interpreting the common themes or patterns from the stakeholders' responses. Data coding and categorization were conducted to analyze stakeholders’ perspectives (concerns and positive expectations) regarding the Chinese perception of FDI activities in Nigeria. Codes (themes) were assigned to governance dimensions. This coding and categorization process allowed for a structured analysis of stakeholders' perspectives and facilitated the identification of patterns and trends of perceptions across different stakeholder groups. These themes were organized into categories related to the governance EGS aspects. Other qualitative analysis methods, such as content analysis, are utilized as part of the research objectives.

Ethical considerations were prioritized throughout the research process. Informed consent was obtained from all research participants, and their privacy and confidentiality were protected.
3. Summary of key findings.

3.1 Dimensions of governance perception and common themes identifiers

After identifying the common themes, the author grouped them into EGS dimensions and illustrated them with in-depth interview excerpts and related literature review quotes. These dimensions represent broader concepts or ideas that encompass multiple related themes. For example, if the common themes revolved around challenges faced by shareholders in the FDI process, the author identified a dimension called "Transparency and Accountability" to capture these themes.

Therefore, using dimensions and common themes adds depth and richness to the analysis. By categorizing the common themes into dimensions (inverse process), the author creates a systematic framework that helps to highlight the relationships, connections, and variations within the qualitative data. This approach enables a comprehensive exploration of the identified dimensions and provides a more nuanced understanding of the shareholders' perspectives and experiences in the FDI process.

As a result, the author employs the themes and performs cluster analysis to form the dimensions of governance (ESG concept) perception of Chinese FDI in Nigeria. Evaluating these inverse relationships between themes and dimensions provides valuable insights into stakeholders' views, expectations, and evaluations of Chinese FDI activities in Nigeria. The background of Chinese FDI activities in Nigeria reveals their significant impact on economic development. Such a study can contribute to sustainable development, inform policy-makers, and strengthen the relationship between Chinese FDIs and Nigerian stakeholders.

The study found variations in perceptions among different stakeholder groups. Government officials tended to have more positive perceptions overall, while shareholders expressed a greater need for improved transparency, inclusiveness, and stakeholder engagement. Private sector actors emphasized the importance of the rule of Law greatly. Understanding these divergent perspectives is crucial for developing inclusive and balanced governance strategies.
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<th>Dimensions of FDI (governance perceptions)</th>
<th>Common Themes</th>
<th>Quotes excerpts (from in-depth interviews)</th>
<th>Literature review quotes</th>
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<tr>
<td>Transparency/ accountability</td>
<td>- Substandard products concerns - media’s irrelevance - lack of information about China’s strategic plan - fake product dumping concern - privatizations issues</td>
<td>“Like everything in life, it is not black or white. You got to understand your partner’s economic policy, the FDI policy, and the internal policy for you to be able to determine whether it is good or bad”. “... the fact that they populated the market with substandard products.”</td>
<td>Transparency and accountability are critical dimensions of governance perception. Transparency refers to the availability and accessibility of information regarding decision-making processes, financial transactions, and project implementation (Sarker et al., 2018). On the other hand, accountability involves the responsibility and answerability of actors involved in governance processes for their actions and decisions (Wu et al., 2017). Stakeholders' perceptions of transparency and accountability significantly influence their trust in governance systems and institutions (Hassan, 2018).</td>
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<tr>
<td>Efficiency/ effectiveness</td>
<td>- Low cost of production - transfer of the technology - access to the affordable Chinese products - Cost-effective strategy implementation - Chinese FDI is not the major factor in the Nigerian economy, but Nigeria</td>
<td>“They have been able to help many businesses thrive by providing low-cost equipment because China can give you whatever you want at a fraction of the cost of what you get somewhere else.”</td>
<td>Efficiency and effectiveness are crucial dimensions in assessing governance perception. Efficiency relates to the optimal utilization of resources and timely delivery of services or outcomes (Verma &amp; Srivastava, 2019). Effectiveness, on the other hand, focuses on the achievement of desired goals and outcomes (Koteyko et al., 2016). Stakeholders' perceptions of the efficiency</td>
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is a big marketplace for China - ‘win-win’ scenario (mutually beneficial relationships for the economic growth and effectiveness of governance processes and institutions influence their satisfaction and evaluation of governance practices (Liu et al., 2019).

Participation and inclusiveness - cooperation in forming regulatory mechanisms and forming a business relationship - predominantly good business relationships - trust issue - learning opportunity for Nigeria

“\textit{The Chinese are not here out of charity or philanthropy. They are here for business, and Nigeria can benefit even more and better if our regulatory framework looks after the relationship more sensibly.}”

Participation and inclusiveness are essential dimensions of governance perception, emphasizing the involvement of stakeholders in decision-making processes (Nabatchi & Amsler, 2014). Participation refers to the active engagement and inclusion of diverse stakeholders in decision-making processes, ensuring their voices are heard and their perspectives are considered (Arnstein, 1969). Inclusiveness highlights the need to ensure marginalized groups’ representation and meaningful participation (Bäckstrand, 2006). Stakeholders’ perceptions of participation and inclusiveness shape their sense of ownership, legitimacy, and trust in governance processes (Lehmann et al., 2017).

Rule of Law/ Legal Framework - Absence of regulatory standards - human rights concerns - exploitative relationship concerns - corruption

“\textit{If our regulatory work were better, perhaps the Nigeria-China relationship would be more beneficial to the economy. They bring in everything good and}”

The dimension of the rule of law and legal frameworks focuses on stakeholders' perceptions of adherence to laws, regulations, and established frameworks (Bryner, 2018). The rule of law emphasizes that governance
<table>
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<th>Stakeholders Engagement</th>
<th>Social Impact/ Environment</th>
<th>Stakeholders Engagement</th>
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| - strong ties with African countries  
- weak Nigerian leadership  
- China’s extreme need for resources and search for the investment opportunities | - Employment Opportunity  
- quality control development  
- skills absence  
- Chinees management does not value the educational potential of Nigerians  
- the expectation of significant improvements in Nigeria-  
- social stratification issue in Nigeria (almost no middle class) could be improved | - Stakeholders Engagement is a crucial dimension of governance perception, highlighting the active involvement of stakeholders in decision-making processes (Grimm et al., 2019). It encompasses communication, consultation, and stakeholder engagement. |
| "Unfortunately, the economy could be much better because we have many resources and great human capital. They are not the ones in government or leadership positions." | "I do not know if the government will allow Chinese workers, but they train the Nigerian workers to be competent enough to do the job rather than bring their workers?" | Social and environmental impact is a critical dimension of governance perception. It refers to stakeholders' assessments of the effects of governance practices on society and the environment (Baur & Schmitz, 2012). Stakeholders evaluate government decisions and actions' positive and negative consequences, such as economic development, social welfare, and environmental sustainability (Hartmann & Spitzbeck, 2015). Social and environmental impact perceptions influence stakeholders' support, acceptance, and engagement in governance processes (Rasche, 2012). |
| - fairness of the business contracts  
- the absence of consumer control | - fairness of the business contracts  
- the absence of consumer control | processes and decisions should be based on legal principles, fairness, and impartiality (Zurn, 2003). Stakeholders' perceptions of the rule of law and legal frameworks affect their confidence in governance institutions and the effectiveness of regulatory mechanisms (Börzel, 2003). |
| bad, as it is right now; sometimes the bad overwhelms the market so much that you can not find a good version of some products." | Social Impact/ Environment | Stakeholders Engagement |

Social and environmental impact is a critical dimension of governance perception. It refers to stakeholders' assessments of the effects of governance practices on society and the environment (Baur & Schmitz, 2012). Stakeholders evaluate government decisions and actions' positive and negative consequences, such as economic development, social welfare, and environmental sustainability (Hartmann & Spitzbeck, 2015). Social and environmental impact perceptions influence stakeholders' support, acceptance, and engagement in governance processes (Rasche, 2012).
Furthermore, the study contributes to the existing literature on governance perception and provides a comprehensive understanding of governance dynamics in Chinese FDI activities. The findings can inform future research on governance challenges and opportunities in the context of Chinese investments in other countries.

3.2 Summary of key findings and policy recommendations.

By analyzing stakeholders' perspectives, this research sheds light on the governance dynamics and areas of improvement in Chinese FDI activities in Nigeria. It underscores the importance of effective governance frameworks and sustainable relationships between China and Nigeria for mutual benefits and long-term socio-economic development.

The first dimension analyzed is transparency and accountability (Table 1). The study revealed mixed perceptions among stakeholders regarding the transparency and accountability of Chinese FDIs in Nigeria. While some stakeholders appreciated the efforts made by Chinese FDIs to provide information and maintain financial integrity, others expressed concerns about limited transparency and accountability mechanisms.

Adding to this problem, the media's role in holding entities accountable and providing unbiased information is questioned. Multiple comments about mainstream media organizations and government officials not effectively fulfilling their responsibility to investigate and report on accountability, transparency, and governance issues. Therefore, the lack of transparency and information regarding China's strategic
plans and policies can raise concerns about accountability. This could include concerns about the government's intentions, long-term goals, and decision-making processes, which may affect various government and public interest aspects.

There is a common theme to mention the lack of accountability in ensuring the quality and safety of products manufactured and distributed from China to Nigeria. The concern revolves around substandard products in the market, which can threaten consumers' health and safety. Also, the issue of fake product dumping refers to the influx of counterfeit or low-quality products into markets, potentially undermining legitimate businesses and consumer trust. Lack of accountability in supply chains, weak enforcement mechanisms, and inadequate regulation can also contribute to this problem.

Some dissatisfaction among respondents has been revealed regarding FDI ownership and privatization processes as they lack transparency and accountability. This can include instances where public assets or services are transferred to private entities without proper scrutiny or oversight, potentially leading to negative consequences such as reduced access, increased costs, or compromised quality.

Stakeholders emphasized the importance of proactive disclosure, financial audits, and robust audit mechanisms to enhance transparency and accountability.

The second dimension is efficiency and effectiveness (Table 1). Stakeholders generally perceived Chinese FDI activities as efficient and effective in project implementation and achieving desired outcomes. However, there were instances where delays, cost overruns, and inefficiencies were reported, leading to negative perceptions among some stakeholders.

The main advantage of FDI presence in Nigeria is related to efficiency and effectiveness in the context of the low cost of production, transfer of technology, access to affordable Chinese products, and cost-effective strategy implementation. This creates a perception of a "win-win scenario" for all parties engaged in business relations.

At the same time, there is a concern that the low cost of production in China may lead to challenges for other countries in terms of competitiveness. Domestic industries
will struggle to compete with Chinese products, potentially impacting local businesses and employment opportunities.

There is a long-term concern about technology transfer from China to Nigeria. While it presents opportunities for technological advancement and development, there is a potential threat of dependence on Chinese technology and the diminished long-term impact on local industries' ability to innovate and compete globally.

Respondents perceive affordable Chinese products' availability to have positive and negative implications. On the one hand, it provides consumers access to affordable goods and improves their purchasing power. On the other hand, it may lead to over-reliance on Chinese imports, potentially negatively affecting domestic industries and trade imbalances.

Concerns arise when countries feel pressure to adopt cost-effective strategies similar to those China employs in manufacturing and production. While cost-effectiveness is desirable, it may negatively impact domestic industries, employment, and the overall economic sustainability of such strategies as it limits domestic technological and industrial development.

While Chinese Foreign Direct Investment (FDI) may not be the primary driver of Nigeria's economy, the concern lies in the country serving as a significant marketplace for Chinese products. This raises concerns about trade imbalances, economic dependency, and the impact on local industries and markets.

Meanwhile, the “win-win scenario” concept emphasizes the importance of mutually beneficial relationships for economic growth. Concerns arise when there is an imbalance or lack of fairness in these relationships, with one party benefiting disproportionately. It is crucial to ensure that economic relationships, including those with China, are balanced and lead to sustainable development and equitable outcomes for all parties involved.

Stakeholders stressed the need for improved project management, timely delivery, cost control measures, and quality assurance processes to enhance the efficiency and effectiveness of Chinese FDI activities.
The third dimension is *participation and inclusiveness* (Table 1). Stakeholders expressed varying satisfaction with participation and inclusiveness in Chinese FDI projects. While some stakeholders felt adequately consulted and involved, others believed their voices were not adequately heard, leading to perceptions of exclusion.

There is a concern about the level of cooperation among stakeholders in forming effective regulatory mechanisms. Cooperation is essential for creating inclusive and participatory regulatory frameworks that consider various stakeholders' diverse perspectives and interests. The concern is ensuring that all relevant parties are engaged in the regulatory process and that their input is considered in decision-making.

Concerns regarding the nature of business relationships formed between different entities. The focus is on fostering positive, collaborative relationships that promote inclusivity and fair participation of the local Nigerian entities. The concern lies in avoiding the dominance of one party over others and ensuring that business relationships are based on mutual respect, transparency, and shared benefits.

While good business relationships can be advantageous, concerns may arise if they become predominantly dominant or exclusive. It is essential to ensure that business relationships are open to new participants and allow for fair competition and equal opportunities for all stakeholders. This helps prevent the concentration of power and promotes a level playing field.

Trust is a crucial element in *participation and inclusiveness* (Table 1). Concerns may arise if there is a lack of trust among stakeholders, hindering effective cooperation and collaboration. Building trust requires transparency, open communication, and accountability in business relationships and regulatory mechanisms.

Inclusiveness and participation provide learning opportunities for Nigeria. Engaging in cooperative efforts and forming business relationships with various stakeholders can allow Nigeria to gain knowledge, expertise, and technological advancements. The concern lies in ensuring that the learning process is balanced and respectful and benefits the long-term development of Nigeria's industries and economy.
Stakeholders called for increased efforts to involve local government, public officials’ representatives and civil society organizations, and other relevant stakeholders in decision-making processes, ensuring their meaningful participation throughout the project lifecycle.

The fourth dimension of the analysis is *the Rule of Law and Legal Frameworks* (Table 1). Stakeholders had mixed perceptions regarding Chinese FDIs' adherence to local laws and regulations. While some stakeholders acknowledged efforts made by Chinese FDIs to comply with legal frameworks, others raised concerns about perceived non-compliance and weak enforcement mechanisms.

The Rule of Law and Legal Framework dimension encompasses several concerns, including the absence of regulatory standards, human rights concerns, exploitative relationship concerns, corruption, fairness of business contracts, and the absence of consumer control. Here is a summary of these concerns:

The absence of well-defined and effectively enforced regulatory standards created valid concerns about the rule of law enforcement and legal framework. Without clear regulations, there may be ambiguity, inconsistency, and a lack of accountability in how laws are applied, potentially leading to unfair practices and unequal treatment.

The fairness of business contracts is crucial for promoting trust and stability in commercial transactions. Concerns may arise when there is a lack of transparency, unequal bargaining power, or unfair contract terms and conditions. A robust legal framework is necessary to ensure that business contracts are fair, enforceable and protect the rights of all parties involved.

Consumer control refers to the ability of consumers to make informed choices and have recourse in case of unfair practices. The expressed concerns revealed the lack of consumer protection laws, inadequate enforcement mechanisms, or limited avenues for consumer complaints. A robust legal framework ensures consumer rights and holds businesses accountable for their actions.
Corruption undermines the rule of law and erodes public trust in legal institutions. All participants expressed this central theme when bribery, embezzlement, or other corrupt practices occurred.

The fifth dimension is Social and Environmental Impact (Table 1). Stakeholders generally recognize Chinese FDI activities' positive social and environmental impacts, such as job creation and infrastructure development. However, concerns were raised about potential negative impacts, including environmental degradation and social disruptions.

The social and environmental impact dimension encompasses concerns related to employment opportunities, quality control development, skills absence, Chinese management's perception of the educational potential of Nigerians, the expectation of improvements in Nigeria, and social stratification issues.

Concerns have been expressed regarding the impact on employment opportunities. While Chinese investments and projects can create jobs, there may be concerns about the quality, stability, and sustainability of these employment opportunities and issues related to fair labor practices and workers' rights.

Ensuring quality control in projects and products is essential for sustainable development. When there is a lack of emphasis on quality control in Chinese investments or projects, it potentially results in substandard infrastructure, products, or services.

Chinese investments may cause limitations in skills transfer and highly qualified capacity building. There was a concern that the absence of skills development and knowledge sharing could limit Nigeria's long-term benefits and hinder its ability to develop its industries and human resources.

Chinese management's perception of Nigerian educational potential has not been identified as an optimistic one. There is a common perception that Chinese management does not fully value the educational potential of Nigerians. This can hinder opportunities for Nigerians to acquire new skills, advance in their careers, and contribute to the country's overall development.

The respondents hold high expectations for improvements in Nigeria due to Chinese investments in the form of FDI. While investments can bring positive changes,
some doubts were expressed about whether the expected improvements will materialize, especially if there are challenges such as corruption, inadequate governance, or limited local participation in decision-making processes.

There were discussions regarding social stratification in Nigeria, particularly the evident lack of a substantial middle class. Chinese investments may exacerbate these issues if they primarily benefit a small elite group or do not contribute to broader socio-economic development, potentially widening the gap between the rich and the poor.

Stakeholders recommended comprehensive environmental and social impact assessments, mitigation measures, community development programs, and adherence to international best practices to maximize positive social and environmental impacts and minimize negative ones.

The sixth dimension is Stakeholder Engagement (Table 1). Stakeholders had diverse perceptions of stakeholder engagement practices employed by Chinese FDIs. While some stakeholders felt adequately engaged and valued, others expressed a need for improved dialogue, consultation, and responsiveness from Chinese FDIs.

Stakeholder engagement encompasses several aspects, including strong ties with African countries, weak Nigerian leadership, China's need for resources and investment opportunities, consideration of Nigeria's interests, realistic and affordable collaboration style, and trade opportunities for different stakeholders. Here is a summary of these aspects:

China's engagement with Nigeria has developed strong economic and diplomatic ties, which respondents have evaluated. These ties provide opportunities for collaboration, investment, and mutual development. At the same time, there were concerns expressed by many of the respondents regarding the ability and efficiency of Nigerian leadership in effectively engaging with various stakeholders, including China. Weak leadership can hinder effective stakeholder engagement and limit the ability to negotiate favorable terms and address the interests and concerns of Nigeria and its people.

China's engagement with Nigeria is driven by its need for resources and investment opportunities. While this can lead to economic benefits, concerns remain
persistent regarding the potential exploitation of resources and the impacts on the local environment and communities.

Stakeholders emphasized the importance of transparent and inclusive stakeholder engagement processes in Chinese FDI projects. They called for open communication channels, responsiveness to stakeholder concerns, and genuine collaboration.

4. Conclusion

Stakeholders highlighted the need for balanced power dynamics, respect for local interests, the rule of law, and mutual benefits in China-Nigeria business engagements.

This means that sustainable China-Nigeria Foreign Direct Investments (FDI) activities require consideration of Nigeria's interests and priorities. Nigerian leaders need to advocate for and safeguard the interests of their country, ensuring that agreements and collaborations are mutually beneficial and aligned with Nigeria's socio-economic development goals.

They emphasized the need for comprehensive impact assessments, mitigation measures, and adherence to international best practices. Stakeholders highlighted the importance of sustainable development, local community development, and protecting natural resources and ecosystems.

Stakeholders expressed the need for a robust legal framework and adherence to the rule of law in Chinese FDI activities. They highlighted concerns about labor rights, human rights, and potential social and environmental impacts. Stakeholders called for enforcing existing laws and regulations and developing new laws to address emerging challenges associated with Chinese investments.

Addressing these concerns requires a balanced approach considering Chinese investments' long-term social and environmental impacts. It is crucial to prioritize quality control, promote skills development and knowledge transfer, ensure fair labor practices, value local educational potential, and work towards inclusive and sustainable development that benefits all segments of society.
Stakeholder engagement should be approached with a realistic and affordable collaboration style. This includes ensuring that collaborations are feasible, sustainable, and within Nigeria's management capacity. It is essential to avoid overextending resources or entering into agreements that may be financially burdensome for Nigeria. Stakeholder engagement can create trade opportunities for stakeholders, including local businesses, industries, and consumers. These opportunities can contribute to economic growth, job creation, and improved living standards.

These findings have practical implications for enhancing governance practices and stakeholder engagement in Chinese FDI projects in Nigeria. Policymakers and practitioners can use the insights to improve the transparency, accountability, and efficiency of project implementation. They can also work towards more inclusive decision-making processes, robust legal frameworks, and better social and environmental impact management.

References:


