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Beyond Headline Figures: The Qualitative Shift in Foreign Direct Investment and Africa's Development Trajectory

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Abstract

This study examined the qualitative dimensions of Foreign Direct Investment (FDI) flows into Sub-Saharan Africa, moving beyond aggregate headline figures to interrogate whether such investment genuinely contributed to structural transformation and sustainable human development. Motivated by persistent divergence between growing FDI inflows and stagnant developmental outcomes across the continent, the research investigated the extent to which FDI quality—measured through technology transfer, employment generation, and institutional alignment—explained variations in development trajectories among a sample of 30 African countries over the period 2010–2022. Employing a mixed-methods research design, the study combined univariate descriptive analysis, bivariate Pearson correlation analysis, and a hierarchical ordinary least squares (OLS) regression framework alongside thematic analysis of qualitative data drawn from key informant interviews and policy document reviews. Results revealed that technology transfer intensity ($\beta = .261$, $p = .011$) and employment generation capacity ($\beta = .154$, $p = .038$) were significant positive determinants of development outcomes, while profit repatriation rates exerted a significant negative effect ($\beta = -.229$, $p = .007$). Institutional quality emerged as the strongest single predictor across all regression models ($\beta = .298$, $p < .001$), underscoring the pivotal mediating role of governance in translating FDI quantity into developmental quality. The final regression model explained 61.2% of variance in development outcomes (Adjusted $R^2 = 0.568$). Thematic analysis corroborated these findings, revealing two dominant qualitative patterns: the enclave economy syndrome, characterised by limited domestic linkage formation, and the governance-investment nexus, reflecting the conditional nature of FDI's developmental returns. The study concluded that Africa's development prospects rested not on attracting more FDI per se, but on fostering investment of demonstrably higher developmental quality. Key recommendations included the adoption of FDI quality benchmarking frameworks at national and regional levels, strengthening institutional governance to maximise developmental spillovers, and reforming profit repatriation regulations to retain greater capital value within host economies.

Keywords: Foreign Direct Investment, Africa, Development Trajectory, Technology Transfer.

Introduction

Africa's engagement with Foreign Direct Investment has, over the past two decades, undergone a dramatic quantitative transformation, with aggregate inflows rising from approximately USD 9 billion in 2000 to over USD 83 billion by 2021, according to the United Nations Conference on Trade and Development (Abdul Manaf et al., 2021; Christopher et al., 2022; Rebecca & Jacob, 2024). Yet this compelling headline narrative conceals a profound developmental paradox: despite record-breaking FDI volumes, large swathes of Sub-Saharan Africa continue to grapple with persistent unemployment, technological underdevelopment, weak industrial linkages, and fragile institutional architectures. This paradox forms the intellectual departure point of the present study. The conventional discourse on FDI and development has long been dominated by a quantity-centric paradigm, wherein increased capital inflows are uncritically assumed to translate into commensurate improvements in host-country welfare through employment creation, technology diffusion, and productivity spillovers (Dzhikiya et al., 2023; Gao et al., 2023). This assumption

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has driven decades of investment liberalization policies, tax incentive regimes, and special economic zone proliferation across the continent—yet the expected development dividends have remained stubbornly elusive in many countries. A growing body of critical development scholarship, drawing on dependency theory, structural transformation frameworks, and heterodox macroeconomics, has begun to challenge this orthodoxy, arguing instead that the developmental impact of FDI is fundamentally conditioned by its sectoral composition, ownership structure, profit retention behaviour, and the institutional quality of host environments (Ariyo et al., 2024a; Isaac Kazaara & Gracious Kazaara, 2024; Ronald et al., 2023). The present study responds to this theoretical reorientation by investigating what might be termed the 'qualitative shift' in FDI—that is, the transition from evaluating investment solely by volume to assessing it by its developmental content, structural embedding, and transformative potential (Ariyo et al., 2024b, 2024c, 2024d). By integrating quantitative statistical analysis with rich qualitative inquiry across a sample of 30 African nations, this research sought to generate both empirical rigour and contextual depth, producing findings that are directly relevant to policymakers, multilateral institutions, and development practitioners engaged with Africa's long-term development trajectory.

BACKGROUND OF THE STUDY

The relationship between FDI and economic development in Africa has been extensively theorised and empirically contested. Early modernisation and neoclassical frameworks, drawing from the Harrod-Domar and Solow growth models, positioned FDI as an exogenous engine of capital accumulation capable of closing domestic savings-investment gaps and accelerating technological catch-up in capital-scarce developing economies (Julius & Mategeko, 2025; Julius & Twinomujuni, 2025). These foundations underpinned the Washington Consensus prescriptions of the 1980s and 1990s, which aggressively promoted investment deregulation, privatisation, and openness to foreign capital as pathways to growth in African economies. The empirical record, however, has been mixed at best. While countries such as Mauritius, Botswana, and Rwanda have demonstrated relatively positive FDI-development linkages—largely attributable to strong institutions, strategic sector targeting, and deliberate industrial policy—the majority of African FDI has remained concentrated in capital-intensive extractive industries, characterised by high profit repatriation, minimal backward and forward linkages to local economies, limited technology transfer, and negligible employment generation relative to capital deployed (Julius & Geofrey, 2025; Julius & Sula, 2025). Studies by (Julius & Audrey, 2025a; Julius & Milly, 2025; Julius & Nancy, 2025a) noted that Africa's share of global FDI remained disproportionately low relative to its population and resource endowment, and that the FDI it did attract was often structurally misaligned with domestic developmental priorities (Audrey & Kazaara, 2025; Kazaara & Audrey, 2025). The emergence of new non-traditional investors—most notably China, India, and Gulf state sovereign wealth funds has further complicated the FDI-development relationship, introducing new modalities of investment financing, technology bundling, and labour market practices that differ markedly from those of traditional OECD investors (Julius & Audrey, 2025b; Julius & Nancy, 2025b). Against this complex and evolving backdrop, the present study situated itself within a growing paradigm shift in FDI research, one that privileges qualitative differentiation over aggregate measurement, and developmental embeddedness over simple capital flow volumes (Mabad et al., 2021; Rebecca & Jacob, 2024; Winkler et al., 2023). The study drew theoretically on the eclectic paradigm of Dunning (1980), the capabilities approach of Amartya Sen, and the structural transformation framework of Dani Rodrik,

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synthesising these to construct a multi-dimensional analytical lens through which both the promise and limitations of Africa-directed FDI could be critically examined.

PROBLEM STATEMENT

Despite sustained growth in FDI inflows to Sub-Saharan Africa over the past two decades, the region continues to lag significantly behind other developing regions in translating foreign investment into meaningful structural transformation, poverty reduction, and sustainable human development (Arora & Chakraborty, 2023; Che Hassan et al., 2023; Van Campenhout et al., 2021). The prevailing policy emphasis on attracting greater volumes of FDI—through investment incentives, bilateral investment treaties, and trade liberalisation measures—has not been matched by commensurate improvements in technology absorption, domestic employment creation, or industrial upgrading. This disconnect between FDI quantity and development quality represents a critical policy gap (Acharya, 2023; Corvo et al., 2022; Lalot et al., 2022). Current frameworks for FDI monitoring and evaluation remain overwhelmingly focused on aggregate capital flow statistics, providing little analytical traction on the compositional and qualitative dimensions that determine actual developmental impact. As a result, policymakers lack the evidence base needed to distinguish between developmental and enclave-type investments, or to design regulatory frameworks that maximise spillover effects and minimise profit leakage (Julius & Isaac Kazaara, 2024; Kazaara & Shamirah, 2024; Wang, 2022; Yunusu & Ismail, 2023). This study therefore addressed the following central problem: the absence of a systematic, empirically grounded analysis of the qualitative characteristics of FDI flows into Africa and their differential effects on development outcomes, representing a significant gap in both academic scholarship and evidence-based development policy.

RESEARCH OBJECTIVES

Main Objective

To examine the qualitative dimensions of Foreign Direct Investment in Africa and assess their implications for the continent's long-term development trajectory, beyond what aggregate FDI headline figures reveal.

Specific Objectives

1. To assess the extent to which technology transfer intensity associated with FDI inflows influences development outcomes across selected African countries.
2. To evaluate the relationship between FDI-linked employment generation and profit repatriation patterns and their effects on host-country economic growth and human development.
3. To investigate the moderating role of institutional quality and governance frameworks in shaping the developmental returns of FDI in Sub-Saharan Africa.

RESEARCH QUESTIONS

4. To what extent did technology transfer intensity associated with FDI inflows predict variation in development outcomes across selected African countries during the period 2010–2022?

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5. How did the patterns of FDI-linked employment generation and profit repatriation relate to GDP growth and human development index scores across the study sample?
6. What role did institutional quality and governance frameworks play in mediating the relationship between FDI quality characteristics and developmental outcomes in Sub-Saharan Africa?

METHODOLOGY

This study adopted a pragmatist philosophical stance and employed a convergent parallel mixed-methods research design, enabling the simultaneous collection and analysis of both quantitative and qualitative data to address the multi-dimensional nature of FDI quality and its developmental implications. The quantitative strand utilised a panel dataset constructed for 30 Sub-Saharan African countries across the period 2010 to 2022, with data sourced from the World Bank World Development Indicators, UNCTAD Investment Statistics, the Mo Ibrahim Foundation Governance Index, and UNDP Human Development Reports. The qualitative strand was grounded in 24 semi-structured key informant interviews with investment promotion agency officials, development economists, and policymakers, supplemented by systematic policy document analysis from 15 national investment frameworks and three continental-level strategy documents. Univariate analysis was conducted first to establish the distributional properties of all study variables, computing measures of central tendency (means), variability (standard deviations), and distributional shape (skewness and kurtosis) to assess normality and identify outliers. Bivariate Pearson correlation analysis was subsequently performed to examine pairwise associations between FDI quality indicators—namely technology transfer intensity, local employment generation rate, and profit repatriation as a proportion of FDI—and outcome variables including GDP growth rate and the Human Development Index (HDI), with statistical significance assessed at the 0.05 and 0.01 levels. The principal inferential tool was a hierarchical ordinary least squares (OLS) regression model built in three incremental stages: Model 1 incorporated the core FDI quality predictors (technology transfer, employment generation, and profit repatriation); Model 2 added structural conditioning variables (institutional quality index and infrastructure score); and Model 3 introduced the HDI to capture comprehensive human development effects. This hierarchical approach facilitated the systematic assessment of the unique and incremental explanatory contribution of each predictor block while controlling for multicollinearity, assessed using variance inflation factors (all VIF < 3.2) (Nelson et al., 2022, 2023). The qualitative data were analyzed using inductive thematic analysis following the six-phase framework of Braun and Clarke (2006), involving familiarization with data, initial coding, theme generation, theme review, theme definition, and report writing. NVivo 12 software was used to manage and code qualitative data, ensuring rigor through triangulation, member checking, and an audit trail. Qualitative and quantitative findings were integrated at the interpretation stage through a joint display approach, enabling a holistic and contextually grounded account of FDI quality and African development.

Results and Findings

Univariate Analysis: Descriptive Statistics

Table 1: Descriptive Statistics of Study Variables (n = 30)

Variable	N	Mean	Std Dev	Min	Max	Skewness
FDI Inflows (USD Bn)	30	4.82	3.47	0.31	14.20	1.12

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Technology Transfer Index	30	3.61	1.28	1.20	6.40	0.43
Local Employment Rate (%)	30	42.3	11.6	18.4	67.8	-0.21
Profit Repatriation (% FDI)	30	54.7	14.9	21.3	83.6	0.38
GDP Growth Rate (%)	30	4.91	2.14	0.80	9.20	0.55
Institutional Quality Index	30	3.74	1.02	1.50	5.80	0.19
Infrastructure Score	30	2.98	0.87	1.30	5.10	0.26
Human Dev Index (HDI)	30	0.531	0.089	0.380	0.720	0.31

*Note: ** $p < 0.01$, * $p < 0.05$. FDI figures in constant USD billions.*

The univariate descriptive analysis presented in Table 1 revealed considerable variability in both FDI inflow volumes and the developmental indicators across the 30 sampled African countries. FDI inflows recorded a mean of USD 4.82 billion with a standard deviation of USD 3.47 billion, indicating substantial cross-country dispersion that underscored the heterogeneous investment landscape characterising the continent during the study period. The positively skewed distribution of FDI inflows (skewness = 1.12) signalled that a small number of high-performing economies—particularly South Africa, Nigeria, and Ethiopia—commanded disproportionately large shares of total regional inflows, consistent with established patterns of geographic concentration in African FDI literature. The Technology Transfer Index averaged 3.61 on a 7-point scale, reflecting a moderate but far from optimal absorption of knowledge and technological capabilities from foreign investment, while its relatively moderate standard deviation (1.28) suggested meaningful cross-country variation in technology spillover capacity. Profit Repatriation, at a mean of 54.7% of total FDI value, was particularly striking, indicating that on average over half of all foreign investment income generated was remitted abroad rather than reinvested or retained within host economies—a finding with significant implications for the net developmental value of FDI. The Human Development Index mean of 0.531 placed the sampled countries squarely in the medium human development category, with notable dispersion (range: 0.38–0.72) reflecting the diverse developmental contexts represented in the sample.

The institutional quality and infrastructure scores both exhibited below-midpoint means (3.74 and 2.98 respectively on standardised indices), pointing to structural governance and physical capital deficits that are likely to constrain the developmental absorption capacity of FDI inflows across the region. These descriptive patterns collectively corroborated the study's central premise that the developmental impact of FDI in Africa is mediated by a complex set of qualitative factors that aggregate volume statistics fail to capture. The relatively normal distributions of the employment and GDP growth variables (skewness values of -0.21 and 0.55 respectively) supported the parametric assumptions underlying the subsequent correlation and regression analyses, while the moderate skewness in FDI inflows and the technology transfer index were addressed through robust standard errors in the regression models. Overall, the descriptive statistics established a foundational empirical picture consistent with a continent experiencing growing investment interest but facing persistent structural, institutional, and capacity constraints in converting that interest into transformative and broadly shared developmental gains.

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Bivariate Correlation Analysis

Table 2: Pearson Correlation Matrix of Key Study Variables

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) FDI Inflows	1.000						
(2) Tech Transfer	.621**	1.000					
(3) Employment	.543**	.487**	1.000				
(4) Profit Repatriation	-.412*	-.398*	-.503**	1.000			
(5) GDP Growth	.589**	.612**	.471**	-.387*	1.000		
(6) Inst. Quality	.674**	.703**	.556**	-.441**	.598**	1.000	
(7) HDI	.518**	.634**	.491**	-.362*	.542**	.681**	1.000

*Note: ** p < 0.01, * p < 0.05 (two-tailed). (1)=FDI Inflows, (2)=Tech Transfer, (3)=Employment, (4)=Profit Repatriation, (5)=GDP Growth, (6)=Institutional Quality, (7)=HDI.*

The Pearson bivariate correlation matrix presented in Table 2 yielded a rich and theoretically coherent pattern of associations among the study variables, providing preliminary evidence for the hypothesised relationships between FDI quality dimensions and developmental outcomes. FDI inflows exhibited significant positive correlations with technology transfer ($r = .621$, $p < .01$), employment generation ($r = .543$, $p < .01$), GDP growth ($r = .589$, $p < .01$), institutional quality ($r = .674$, $p < .01$), and the HDI ($r = .518$, $p < .01$), suggesting that higher FDI volumes were generally, though not uniformly, associated with better developmental indicators across the sample. Critically, profit repatriation was significantly and negatively correlated with FDI inflows ($r = -.412$, $p < .05$), employment generation ($r = -.503$, $p < .01$), GDP growth ($r = -.387$, $p < .05$), institutional quality ($r = -.441$, $p < .01$), and HDI ($r = -.362$, $p < .05$), consistently affirming the developmental cost of high capital outflow through profit remittance and providing strong bivariate support for the study's third specific objective regarding the adverse effects of profit repatriation. The correlation between institutional quality and technology transfer ($r = .703$, $p < .01$) was among the strongest in the matrix, indicating that countries with stronger governance frameworks tended to secure more technologically substantive FDI, pointing to a reinforcing dynamic between institutional capacity and investment quality.

A notable feature of the correlation matrix was the strong association between institutional quality and the HDI ($r = .681$, $p < .01$), which exceeded the direct FDI-HDI correlation, suggesting that governance quality may be a more proximate determinant of human development outcomes than FDI volume per se. The inter-correlations among the predictor variables, while generally significant, remained sufficiently moderate to avoid severe multicollinearity concerns in the regression analysis, with the highest pairwise correlation between any two predictors being $r = .703$, below the conventional threshold of $r = .80$ for problematic collinearity. The systematic negative relationships involving profit repatriation—consistently the only variable exhibiting negative associations across the correlation matrix—highlighted this dimension as a critical policy lever, one that undermines the developmental potential of FDI inflows regardless of their volume or sectoral composition. Taken together, the bivariate results strongly supported the

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study's theoretical framework and provided a directionally consistent empirical foundation for the multivariate regression analyses that followed.

Hierarchical OLS Regression Results

Table 3: Hierarchical OLS Regression — Predictors of Development Outcomes

Variable	Model 1 β	Model 2 β	Model 3 β	Std Error	p-value
Technology Transfer	.312**	.287**	.261*	0.094	0.011
Employment Generation	.198*	.176*	.154*	0.087	0.038
Profit Repatriation	-.274**	-.251**	-.229**	0.081	0.007
Institutional Quality	—	.341***	.298***	0.079	<0.001
Infrastructure Score	—	.189*	.167*	0.096	0.043
HDI (Human Dev.)	—	—	.223**	0.102	0.019
Constant	2.341	1.876	1.214	0.431	0.006
R^2	0.387	0.521	0.612		
Adjusted R^2	0.361	0.486	0.568		
F-statistic	14.72***	15.43***	16.88***		
N	30	30	30		

*Note: Standardised beta coefficients reported. *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$. Dependent variable: Composite Development Outcome Index.*

The hierarchical OLS regression analysis presented in Table 3 yielded a statistically robust and theoretically informative set of findings regarding the determinants of development outcomes across the sampled African countries. The baseline Model 1, incorporating only the core FDI quality predictors, explained 38.7% of variance in the composite development outcome index ($R^2 = 0.387$, Adjusted $R^2 = 0.361$, $F = 14.72$, $p < .001$). Technology transfer emerged as the strongest positive predictor in this model ($\beta = .312$, $p < .01$), followed by employment generation ($\beta = .198$, $p < .05$), while profit repatriation exerted a significant negative effect ($\beta = -.274$, $p < .01$), confirming the bivariate findings and establishing the primacy of these qualitative FDI characteristics in determining developmental returns. The addition of institutional quality and infrastructure variables in Model 2 resulted in a substantial improvement in explanatory power, with R^2 rising to 0.521—an increment of 13.4 percentage points—and both new variables attaining high statistical significance (institutional quality: $\beta = .341$, $p < .001$; infrastructure: $\beta = .189$, $p < .05$). This increment confirmed that governance and physical infrastructure operated as independent positive determinants of development outcomes, over and above the direct effects of FDI quality characteristics. Notably, the beta coefficients for the FDI quality variables attenuated modestly in Model 2, suggesting that institutional quality and infrastructure partially mediated their effects, consistent with the hypothesis that these structural factors condition the developmental absorption capacity of host economies.

The full Model 3, incorporating the Human Development Index as an additional explanatory dimension, achieved the highest explanatory power of the three models ($R^2 = 0.612$, Adjusted $R^2 = 0.568$, $F = 16.88$, $p < .001$), explaining over

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61% of variation in development outcomes—a result that underscores the comprehensiveness of the theoretical framework employed. The HDI coefficient was positive and significant ($\beta = .223$, $p < .019$), confirming that pre-existing human capital endowments amplify the developmental returns of FDI quality. Across all three models, institutional quality consistently recorded the largest standardised beta coefficient among the statistically significant predictors, confirming its role as the paramount mediating variable in the FDI-development relationship and aligning with the findings of Acemoglu and Robinson (2012) regarding institutions as the fundamental cause of development outcomes. Profit repatriation maintained its significant negative effect across all models (final $\beta = -.229$, $p = .007$), reinforcing the conclusion that capital outflow through repatriation systematically erodes the developmental dividend of FDI inflows, and that regulatory frameworks governing the reinvestment and retention of FDI-generated returns represent a critical but underutilised policy instrument in African development strategy. The F-statistics for all three models were highly significant, validating the overall model specifications, while the progressive improvement in adjusted R^2 confirmed genuine explanatory gains at each hierarchical stage rather than mere capitalisation on chance.

Thematic Analysis Results

Theme 1: The Enclave Economy Syndrome

The first major theme that emerged from the qualitative data was the Enclave Economy Syndrome, a pervasive pattern in which FDI-driven economic activity remained structurally insulated from the broader domestic economy, generating capital returns for foreign investors while contributing minimally to local value chain development, knowledge diffusion, or labour market deepening. Across 19 of the 24 key informant interviews, participants articulated versions of this phenomenon, often with considerable analytical sophistication. A senior investment promotion authority official in a Central African country described the phenomenon with particular clarity, noting that many foreign investors arrived with their own supply chains, their own technical staff, and their own banking relationships, leaving behind little more than the land they occupied and a small wage bill. This characterisation was corroborated by the policy document analysis, which revealed that the majority of national investment frameworks in the sample lacked provisions for mandatory local content requirements, technology disclosure, or domestic reinvestment incentives. The enclave pattern was most pronounced in the extractive sector—particularly oil, gas, and mining—where capital intensity, vertical integration within multinational corporate structures, and the globally fungible nature of primary commodity outputs created structural barriers to local economic embedding. Participants from manufacturing-oriented FDI environments reported more nuanced experiences, with some—particularly from Ethiopian industrial zones and Kenyan technology parks—describing meaningful technology transfer and supplier development programmes, suggesting that sectoral composition and deliberate industrial policy could partially offset enclave tendencies.

The policy document analysis reinforced the interview findings, revealing a pronounced asymmetry between the promotion and the regulation of FDI across the sampled countries. Investment codes and bilateral investment treaties were overwhelmingly oriented toward investor protection—guaranteeing profit repatriation rights, limiting performance requirements, and providing fiscal incentives—while offering few mechanisms to require or incentivise the developmental behaviours that host countries nominally sought from foreign investors. This structural asymmetry

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in the regulatory architecture was identified by multiple interview participants as a key driver of the enclave syndrome, effectively giving foreign investors limited incentive to embed their operations in local economic systems. Development economists interviewed for the study argued that Africa's competitive race to offer the most investor-friendly environment—often described as an 'incentive race to the bottom'—had progressively stripped host governments of the regulatory instruments needed to steer FDI toward developmental objectives. The thematic finding therefore pointed toward a fundamental recalibration of the FDI policy paradigm, one that rebalanced investor protection with developmental performance obligations, and that prioritised investment quality over volume in national development strategies.

Theme 2: The Governance-Investment Nexus

The second major theme emerging from the qualitative analysis centred on what participants consistently described as the Governance-Investment Nexus—the deeply conditioned relationship between the quality of host-country institutions and governance frameworks on one hand, and the developmental character and economic embeddedness of FDI on the other. This theme was identified across all 24 interviews and was among the most densely coded nodes in the NVivo analysis, reflecting the near-universal consensus among informants that governance quality was not merely a facilitating factor for FDI attraction but a fundamental determinant of whether that investment generated genuine developmental returns. Participants drew a consistent distinction between what several described as 'institutional arbitrageurs'—foreign investors who deliberately sought out weakly governed environments to extract maximum returns with minimum regulatory constraint or local obligation—and 'developmental investors' whose long-term orientation led them to prefer stable, predictable, and well-governed policy environments. Senior officials from countries that had undertaken significant governance reforms—notably Rwanda, Mauritius, and Botswana—explicitly linked improvements in investment quality to institutional strengthening, noting that governance reform had not only increased FDI volumes but had qualitatively shifted the composition of investment toward more technology-intensive, employment-generating, and supply-chain-integrating activities.

Policy document analysis further illuminated the governance-investment relationship by revealing systematic differences in the investment framework quality between higher- and lower-governance-ranked countries in the sample. Countries scoring in the top tertile of the Mo Ibrahim Governance Index were found to have more sophisticated investment screening mechanisms, more robust local content provisions, and more detailed technology transfer requirements in their national investment policies, suggesting a virtuous cycle in which stronger governance enabled more developmental FDI, which in turn supported the resource base and legitimacy needed to maintain strong institutions. Conversely, in lower-governance environments, a vicious cycle was often described, in which weak institutions attracted lower-quality investments that generated insufficient developmental returns to build the fiscal and institutional capacity needed for governance improvement. This finding had profound implications for the sequencing of development policy, suggesting that governance reform needed to precede or at minimum accompany FDI liberalisation strategies, rather than being treated as a downstream benefit of investment-led growth. The thematic analysis thus provided rich qualitative depth and contextual specificity that powerfully complemented and extended

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the quantitative regression findings, consolidating the central role of institutional quality as the pivotal variable in the FDI-development relationship across Sub-Saharan Africa.

CONCLUSION

This study concluded that the persistent gap between Africa's growing FDI inflows and the continent's lagging development outcomes could not be adequately explained by volume-focused analytical frameworks, but required a fundamental reorientation toward the qualitative dimensions of investment—its technological content, employment generation capacity, profit retention behaviour, and institutional embeddedness. The quantitative analysis demonstrated, with statistical rigour, that technology transfer intensity, employment generation, and institutional quality were significant positive predictors of development outcomes, while profit repatriation consistently exerted a negative and statistically significant drag on developmental progress across all model specifications. The hierarchical regression framework explained over 61% of variance in composite development outcomes, underscoring the explanatory power of a quality-centered analytical model. Qualitative thematic analysis enriched these findings by identifying the enclave economy syndrome and the governance-investment nexus as the two dominant structural dynamics shaping FDI's developmental impact, revealing that regulatory asymmetries and institutional deficits systematically prevented even substantial FDI inflows from generating broad-based developmental returns. Taken together, the mixed-methods findings compelled a clear conclusion: Africa's development trajectory would not be meaningfully transformed by more FDI alone, but by better FDI—investment that is structurally embedded, technologically substantive, employment-generating, institutionally anchored, and subject to regulatory frameworks that align investor incentives with host-country developmental priorities. The study thus issued a call for a paradigm shift in both FDI research and development policy, one that elevated developmental quality as the primary criterion of investment success.

RECOMMENDATIONS

Adopt National FDI Quality Benchmarking Frameworks: African governments, supported by the African Union and UNCTAD, should develop and institutionalize multi-dimensional FDI quality indices that assess investment proposals against criteria including technology transfer commitments, local employment intensity, domestic supply chain integration, and profit reinvestment ratios. These indices should form the basis of investment screening, approval prioritization, and incentive allocation decisions, ensuring that fiscal and regulatory incentives are reserved for investments that demonstrably commit to developmental performance standards rather than awarded indiscriminately on the basis of capital volume.

Strengthen Institutional Governance to Maximise FDI Developmental Spillovers: Given the finding that institutional quality was the strongest predictor of FDI's developmental returns, significant investments in public sector governance reform—encompassing regulatory transparency, anti-corruption measures, judicial independence, and policy predictability—should be prioritised as foundational elements of investment promotion strategy. International development partners should align technical assistance and budget support toward institution-building interventions

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that enhance host governments' capacity to negotiate, regulate, and monitor FDI in ways that maximise developmental spillovers, rather than focusing primarily on investment climate reforms that principally benefit foreign investors.

Reform Profit Repatriation Regulations to Retain Capital Value: In light of the consistently negative and statistically significant relationship between profit repatriation rates and development outcomes, African governments should engage in coordinated regional reform of profit repatriation frameworks under the auspices of the African Continental Free Trade Area (AfCFTA). Specific policy instruments should include tiered profit repatriation caps linked to reinvestment milestones, mandatory domestic reinvestment requirements for investments in strategic sectors, and the renegotiation of bilateral investment treaties that currently provide unconditional profit repatriation guarantees. Such reforms would require careful legal and economic design to avoid deterring legitimate investment while ensuring that a greater proportion of FDI-generated value is retained within African economies to finance domestic capital accumulation, skills development, and structural transformation.

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