IOSR Journal of Humanities And Social Science (IOSR-JHSS)
Volume 26, Issue 5, Series 10 (May. 2021) 48-60
e-ISSN: 2279-0837, p-ISSN: 2279-0845.
www.iosrjournals.org

Social Instability and Foreign Direct Investment: Implication For Economic Growth And Development In Sub-Sahara Africa.

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Abstract
This study examined the relationship between social instability, foreign direct investment, and economic growth in 20 sub-Saharan Africa countries, between 1988 and 2019, spanning 30 years. In achieving the specific objective set, OLS was used as the estimation technique to establish the effect of social instability on foreign direct investment and economic growth. From our findings, there is evidence of significant negative relationship between social instability on foreign direct investment. While many African countries have instituted policies to attract FDIs in the last three decades, not much has been done to ensure a stable socio-political and economic environment. We recommend that while African countries adopt flexible macroeconomic and government policies aimed at encouraging business investors, a stable socio-political environment is required to achieve a sustained growth that will attract FDIs inflows in the long run.
Keywords: Social Instability; FDI; Economic growth

Date of Submission: 20-05-2021 Date of Acceptance: 05-06-2021

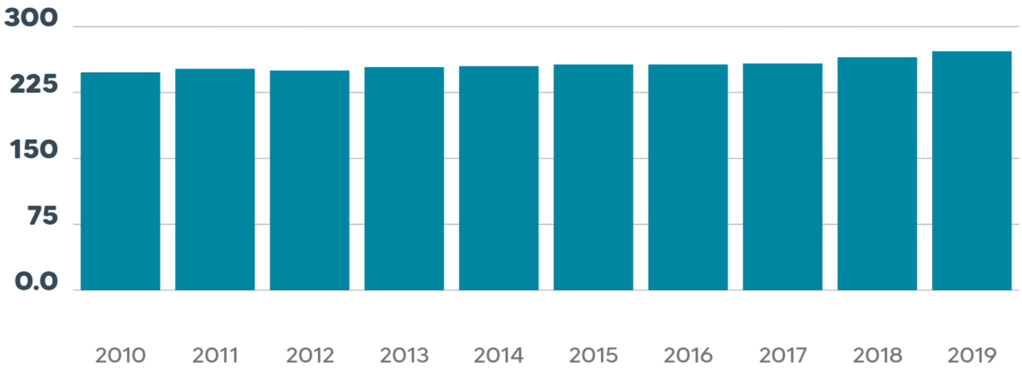
I. INTRODUCTION.

Equilibrium and Statics, in physics, experiments that when all forces that act on an object are balanced, we conclude that the object is in a state of equilibrium. However, the forces are considered balanced if the various leftward, rightward, are balanced by the downward forces. If a body does not return to its previous position, in a free motion, then the slightest movement will result in an unstable equilibrium. Social stability, or equilibrium, refers to a range of societal structure that is protected against hazards, unrests, strife, and other societal anomalies, and helps maintain connections with expected resources and expectations. A society could be said to be unstable when expected resources does not match expectations, yearnings and aspirations of the individuals and households. A change in the income structure, social and economic inequality, and insecurity, are some of the many causes of social and economic instability. Knight (2012) observed that social instability is a threat to growth, society, and economic wellbeing of the people. Social instability, as a concept, is often discounted by economists and forecasters. This can take the form of strikes, demonstrations, civil unrests and disobedience, and anarchy. These can have a devastating effect on businesses, and the economy. Social instability is a major threat to the socio-political, and economic order of any nation.

World Economic Forum Global Risks (2015) cited social instability, poverty, income inequality, and growing contrasting societal groups, as major indicators for global business assessment. Other indicators include rising unemployment, lack of good governance, and fiscal crises. Businesses and investors need to understand the various risks they are faced with when adopting profitable options, both in the local and international markets. Climate Change, The Arab Spring, Covid-19 pandemic, Portuguese Financial Crisis, the Syrian Crisis, and the Global war on terrorism, are also major determinants. The Arab Spring is a classic example of how risks are interconnected and can create a spiraling effect on the global social and economic order. The resultant effect of the Arab Spring was the continuous power struggle amongst competing tribal and sectional groups in Syria and Libya, and the growing inclination for democratic institutions. The Arab Spring also had a debilitating effect on the global oil prices. Production in Libya was hampered by the uprising, unrests in Iran, Bahrain, and threatened production output, and fears of oil blockade through the Suez Canal. Khondker (2019) discoursed that in evaluating the consequences of the Arab Spring, the impact on democracy and the global economic outlook was dismal. With Syria, Yemen, and Libya degenerated into bloody civil upheavals with little hope for peace.

There is a positive correlation between political stability and economic growth. Many sub-Saharan countries of Africa have experienced one form of social and political instability or the order. Pew Research Center Report (2018) observed that at least one million sub-Saharan Africans have migrated to Europe and America since 2010. These continents have witnessed a dramatic rise in international migration, and asylum seekers, and the major factors pushing people to leave include conflicts, unending wars, religious persecution, civil unrests, economic migration, and terrorism. There are over 250 million international migrants annually, and this represents about 3.5 percent of the world's population, and Africa has one of the highest rates of international migration in the world, and this represents about 89 percent of the total number as at 2019.

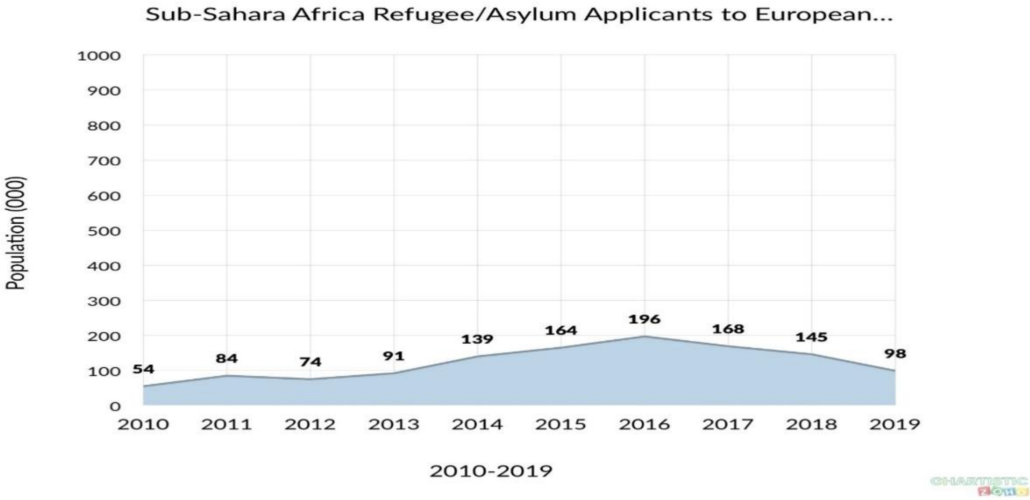
Figure 1. **International Migration by numbers (Millions) since 2010.**



Source: Author's computation from UNDP, World Bank, UNFPA, 2019.

In figure 1, international migrant population has been increasing dramatically in the last ten years. India remains the country with the highest number of main origins of international migrants, with about 17.5 million Indian-born living abroad. According to UNFPA (2019), more than 40 percent of the total number of international migrants, worldwide, were born in Asia. In 2019, the number of international migrant population has supposed 270 million people, and this represent over 20 percent pre-2010 figure. According to the United Nations (2019), the global migrants growth rate has grown faster than the world's population growth, and the United States of America remained the largest country of destination, with over 50 million migrants in 2019, and this constitutes about 18 percent of the world's total. It is reported that people have been forced from their homes, and displaced. International migration from Sub-Saharan Africa has grown dramatically in the last 10 years, between 2010 and 2019. Sub-Sahara Africa account for 8 out of the 10 fastest growing global migrant population. It is estimated that this number grew by as much as 50 percent since 2010. The factors responsible for this increase have been due to the population increase, the quest for economic opportunities, education and better life, civil strife, conflicts, natural disasters, and political instability. Castelli (2018), in his research on why people move from place to place, identified "micro", "meso",and "macro" factors, where some of the macro factors include; demographic, socio-political, and economic conditions as major drivers of forced migration. Socio-political and economic conditions play a major role as some of the reasons people from sub-Sahara Africa migrate. Migration from sub-Sahara has grown in the last ten years, and the major destinations include the United States of America, Europe, South Asia, North Africa, and Middle East. Conflicts, and other forms of social-political factors make up a larger percentage of the reasons why people move.

Figure 2. sub-Sahara asylum seekers to Europe Union Countries.



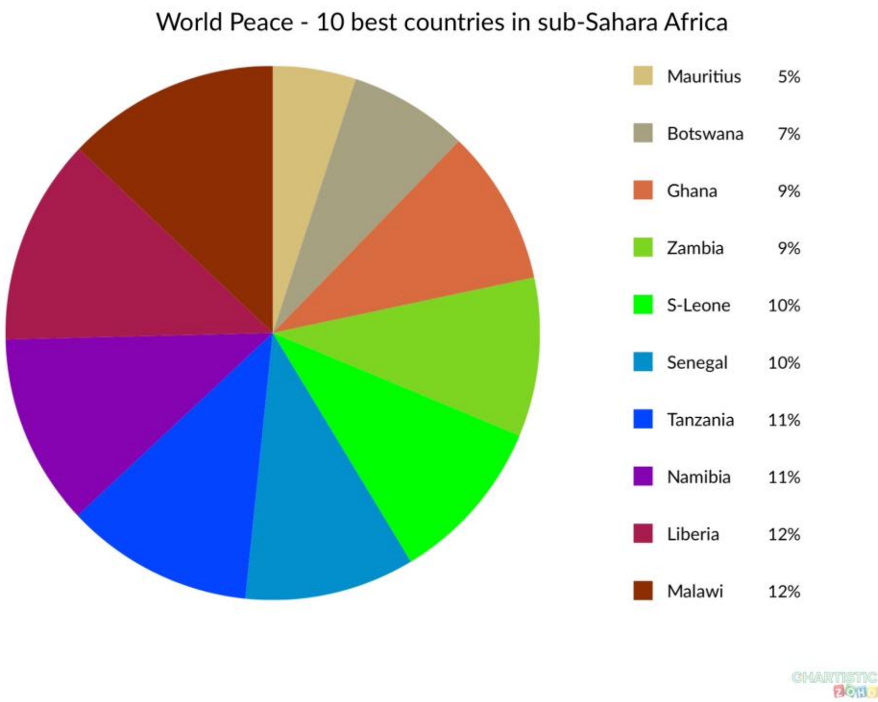
Source: Author's representation. Pew Research Center Report, UNDP, 2020

In figure 1.2, asylum applications to the European Union reached its peak in 2016, experienced a dramatic decline from 2017 due to stricter border control laws by the European Union.

Peace and Economic Instability in sub-Sahara Africa.

Global Peace Index (2020) key findings revealed that the average level of world peace deteriorated by 0.34 percent, as of 2020, and the ninth time in more than ten years that world peace has worsened. The 2020 report also showed that relative peace in sub-Sahara Africa weakened. Out of the five countries with the worst conditions, four were in sub-Sahara Africa, and more than 50 percent of all the countries in sub-Sahara Africa experienced a decline. This was attributed to different the different conflicts, political instability, militarization, ethnic and tribal conflicts, and terrorism.

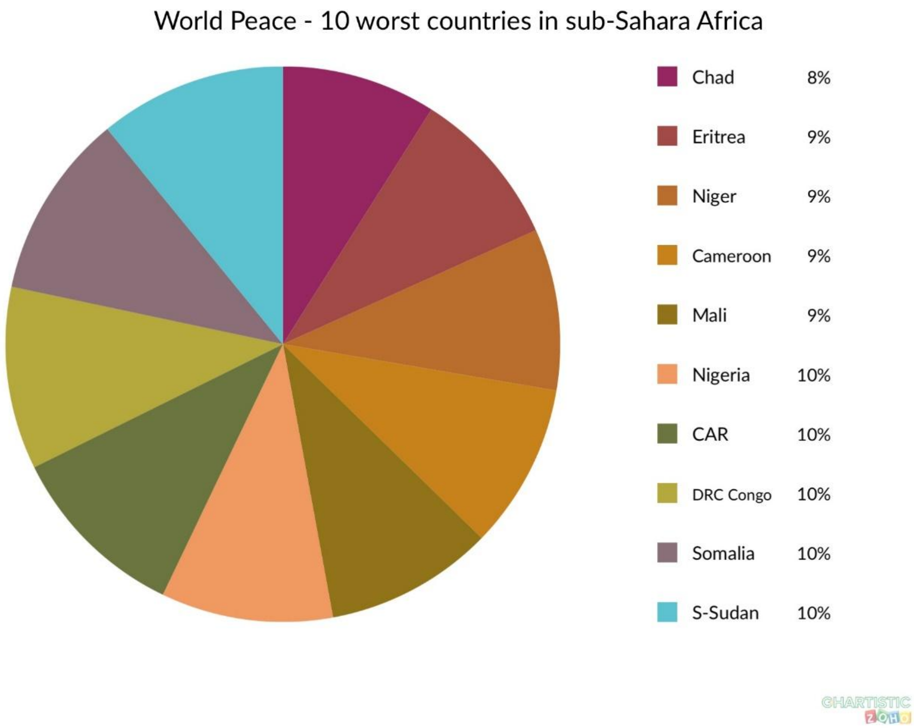
Figure 3. Global Peace Index. Ten most peaceful countries in sub-Sahara Africa, 2020.



Source: Global Peace Index 2020.

In figure 3, Mauritius is the most peaceful country in sub-Sahara Africa region, and Malawi as the tenth most peaceful, by the 2020 ranking of the Global Peace Index. Africa has always been a central focus due to the level of underdevelopment and poverty. Most or all the countries in Africa are underdeveloped, and many of these countries have experienced some levels of socio-political and economic instability, by way of unrests, high level of corruption, civil unrests, riots, tribal and ethnic conflicts, and wars. Howard (1995) opined that some of the major causes of conflicts in Africa have a significant relationship with colonialism, which created artificial borders that is in conflicts with tribal and ethnic patterns and trade. Research has shown that political differences, ethnic or religious differences has been attributed to the major conflicts in sub-Sahara Africa, and these are characterized by violence and wars.

Figure 4. Global Peace Index. Ten sub-Sahara African Countries with Worst Ranking.



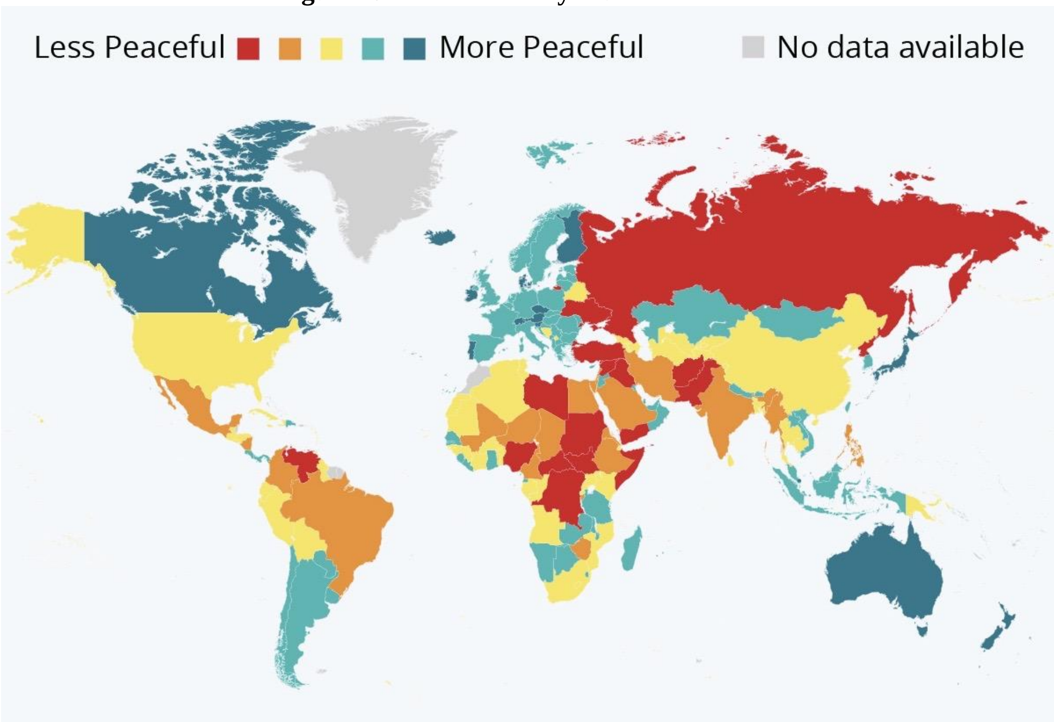
Source: Global Peace Index Report, 2020.

Figure 4 shows that South Sudan which has been faced with a myriad of socio-political and economic challenges, in the last ten years, has placed them as the least peaceful country in sub-Sahara Africa. South Sudan ranked 160 globally, and the fourth least peaceful country in the world, after Iraq, Syria, and Afghanistan, respectively.

Peace and Global Economy

Research has shown that the economies of countries with relative peace tends to thrive more than those with incessant socio-political conflicts. A peaceful environment attracts investments by way of the accumulation of physical and human capital. The Sustainable Development Goal 16 identifies the need for promoting peace and inclusive societies for sustainable development. The European Union Knowledge for Policy Platform (2020) identified eight pillars of peace that should be addressed simultaneously, and these include: a well-functioning government; a sound business environment; an equal distribution of the state's resources; a high level of human capital; and low levels of corruption. These pillars are not dependent on one another, and are jointly supporting, such that the individual strength has the capability to influence global peace positively or negatively. Hagerty (2017) reported that the direct and indirect cost resulting from conflicts and violence amounted to $14.3 trillion PPP. Conflicts and violence include violent crimes, terrorism, civil unrests, and murders. Violence, conflicts, and unrests have adverse consequences on the short and long term global economic activities. The absence of peace hinders productivity and economic output, reduces investment and business confidence. The overall implication is a high level of unemployment, low levels of growth in GDP, and ultimately low levels of foreign direct investments. Institute for Economics and Peace (2016) in its report stated that the global economic losses due to violence, and conflicts was equivalent to 12.6 percent of the global GDP. This figure is staggering considering that this represents a loss of the total world economic output.

Figure 5. Global Peace by countries in 2020



Source: Global Peace Index / Institute for Economics and Peace

Figure 5 depicts the various countries ranked by the level of peace, from less peaceful to more peaceful. Canada, Iceland, some countries in the European Union, Australia, New Zealand, Japan, and Ireland are more peaceful than all other countries of the world. The ten sub-Sahara Africa countries in Figure 3 are in the “Peaceful”. Levels. There is no Africa country that is in the “More Peaceful” level. It is reported that between 2010 and 2019, global level of peace has increased slightly, but still lagging the situation pre-2010. Afghanistan is the least peaceful country in the world, and South Sudan as the third least peaceful country after Syria.

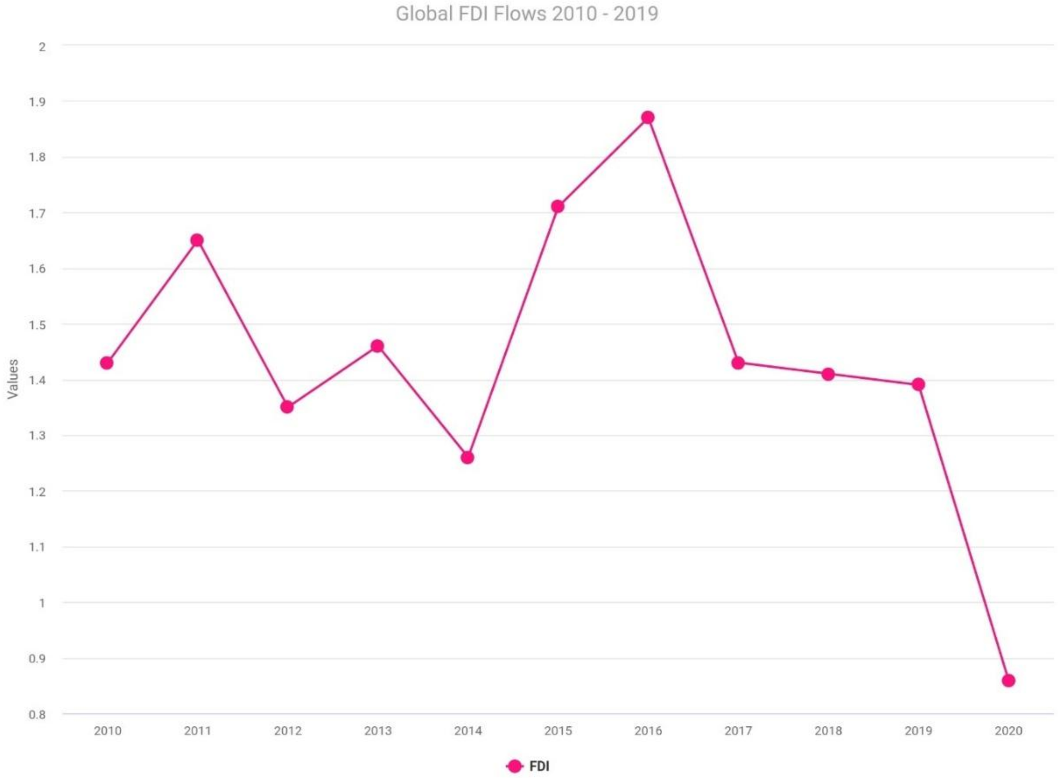
The Institute of Economics and Peace (2018) in measuring the economic impact of violence and global conflicts, observed that the cost of violence as a fraction of GDP is 19 times higher than the ten most affected countries, in comparison to the least affected countries. According to the report, the average economic cost of violence as a percentage of GDP is 45 percent for these affected countries. The 20 most peaceful countries also incurred a smaller percentage, at 4 percent of the GDP compared to the world’s average of 11 percent. In 2017, the cost of armed conflicts around the world amounted to $1.02 trillion. This figure has increased by more than 100 percent over the last 10 years, and particularly driven by the unrests, and conflicts in the Middle East, North Africa, and South Asia. Santhirasegaram (2008) in his research on peace and economic growth in developing countries, noted that peace environment countries have a higher growth rate in their economies than others with incessant conflicts, and peace has a positive impact on physical and human capital accumulation.

Foreign Direct Investment

Foreign investment is largely seen as the driving force for economic growth and development. As international trade and globalization increases individuals, multi-national businesses, and governments find new investment opportunities. Foreign investment come in form of new production plants, new corporate branches, and the means to take advantage of tax havens aimed at attracting foreign investors. Foreign Direct Investments include the accumulation of long-term capital, purchase of shares in foreign companies, and commercial loans issued to businesses in foreign countries by domestic banks, or governments. Foreign Direct Investments are long term in nature and helps to strengthen a country’s economic potentials, and this can be made by holding lasting investment interest in another country. FDI offers benefits to both the investor and the host country, and this encourages both the investor and the host country to allow inflows. Some of these benefits include lower labor cost; tax rebates; market expansion; employment opportunities; economic incentive; and the development of human capital. Countries in sub-Saharan Africa benefit from foreign direct investment inflows through economic growth, employment opportunities, development of human capital, and enhancing management skills and expertise.

UNCTAD (2020) reports that uncertainties about the Covid-19 pandemic will continue to have a negative impact on foreign direct flows in 2021. For countries in Africa and other developing nations, this is a major concern. It is estimated that global FDIs dropped dramatically in 2020, resulting in a 42 percent from $1.5 trillion in 2019 to $859 billion. This figure dates to 1990 projections. The drop in FDI was concentrated in Africa and other developing nations, where inflows dropped by 69 percent, to an estimated $229 billion. Inflows to sub-Sahara Africa and other developing countries fell by 12 percent to an estimated $616 billion, and this accounted for 72% of global FDIs. FDI flows captures the total transactions across borders, related to investments by foreigners, during a given period of time. UNCTAD (2018) reported that global FDI flows fell by 23 percent in 2017, from $1.87 trillion in 2016 to $1.43 trillion. However, there was a sharp drop in 2017. Variations in FDI flows are mostly attributed to macroeconomic variables, and downward movements on FDI are a major concern for investors, policy makers and governments.

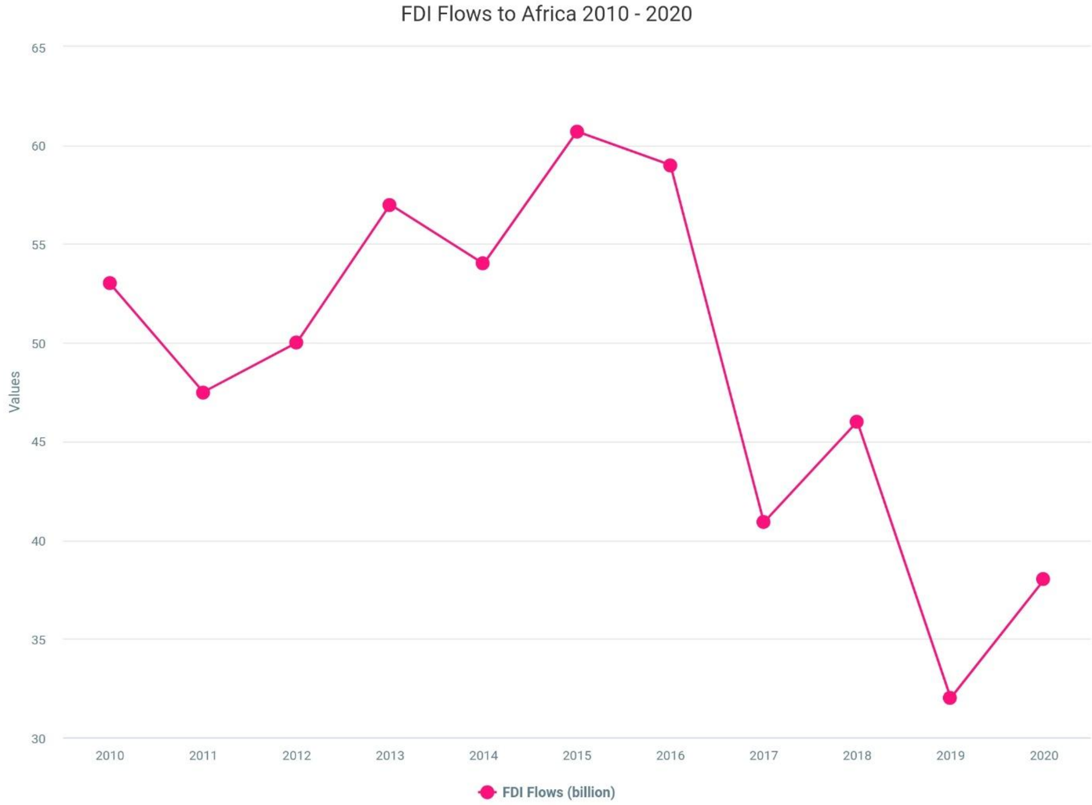
Figure 6. Global FDI Flows 2010 to 2020



Source: UNCTAD 2010 to 2020 Reports

In 2018, developing Africa witnessed an increase in global FDI flows, contrary to the global decline. FDI flows to Africa increased by 11 percent to a staggering $46 billion against 2017 figures. However, Nigeria and Egypt experienced a sharp drop in inflows in contrast to South Africa. It is expected that the Africa Continental Free Trade Area (AfCFTA) agreement amongst member countries will strengthen trade. FDI flows to North Africa increased by 7 percent, while sub-Sahara Africa inflows also increased by 13 percent to a staggering $32 billion. Madden (2019) reported that FDI flows to Africa remained generally stable between 2017 and 2018, and the largest investors were from the United State, France, and United Kingdom, respectively. Marandu et al (2019) observed that most FDI into the continent is largely concentrated on Southern Africa, then North Africa, and East and Central Africa respectively. In 2019, FDIs inflow declined by 10 percent, in comparison to the 2018 figures. UNCTAD (2020) reported that the trend of global FDIs flows to Africa will worsen significantly in 2020, majorly due to the Covid-19 pandemic. African countries are forecast to contrast by 30 percent average.

Figure 7. FDI Flows to Africa, 2010 to 2020



Source: UNCTAD Reports 2010 to 2020.

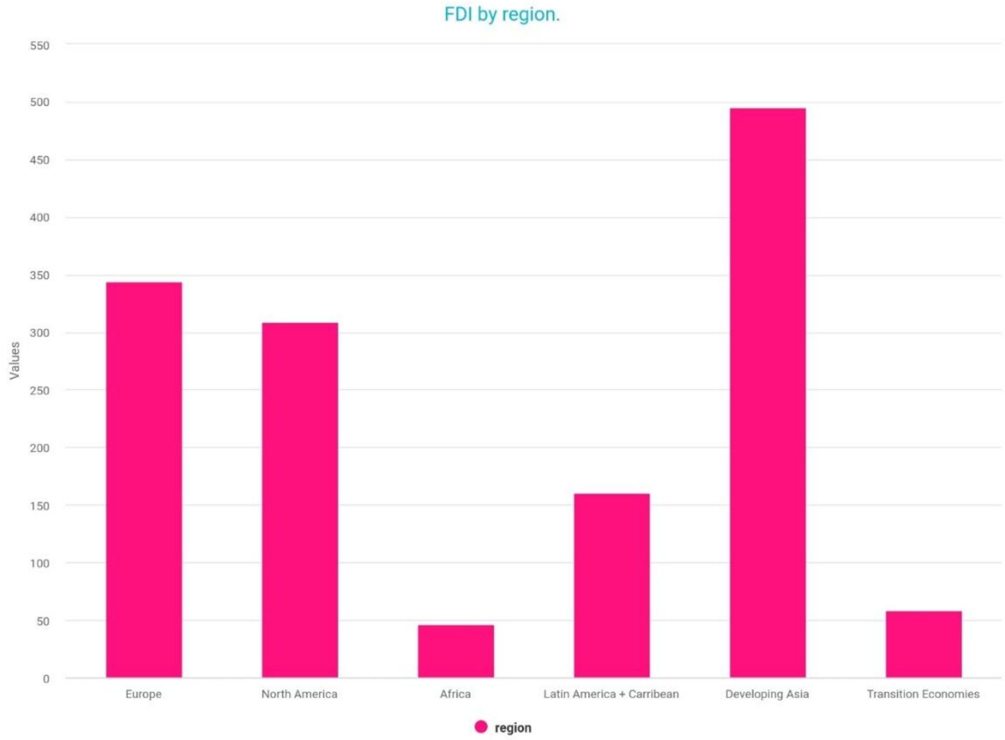
Figure 7 shows the Foreign Direct Investment inflows to Africa between 2010 and 2020. Africa has been a major beneficiary of Foreign Direct Investment inflows, however, trails behind other regions, globally. On average, Africa's share of the world's FDI inflows was estimated at 1.9 percent, between 1986 and 1990, and 0.78 percent between 1999 and 2000. Between 2010 and 2020, Africa's share of the global average was estimated at 9 percent and continue to defy expectations. Jere (2019) observed that after a reduction between 2015 and 2017, sub-Sahara Africa experienced a 13 percent increase in FDI inflow, and this was largely due to the improvement in resource-seeking foreign investments. Between 2014 and 2018, more than 14 percent of FDI inflows originated from China, and Chinese direct investment in Africa represents the main source of FDI Inflows. FDI flows from the United States and France amounted to 8 percent of the total between this period. FDIs into Africa has been largely attributed to five major factors. These factors include ease of doing business; general investment climate, the state of information and communication technology; the level of infrastructural development; and economic reforms. Many factors are responsible for attracting foreign direct investment, and some of these factors include size of the economy, level of human capital; wage rates, stable exchange rates; tax rates, level of infrastructure; and socio-political stability.

Socio-political stability and Foreign Direct Investment.

Foreign Direct Investment is a major driver of economic growth, and the level of socio-political stability has an important relationship with the rate of FDI flows. Political and Social instability negatively impacts the investment climate of any country, results in lower FDI inflows, and ultimately lowers economic growth rate. Nazeer and Masih (2017) observed that political instability is harmful to economic growth prospects for any nation, and that the strongest driver for FDI inflow and economic growth is political stability. OECD (2008) reported that multinational enterprises are becoming important drivers of the global economy, and the rising influence of OECD-based multinational enterprises is mostly remarkable. In some instance the activities these enterprises have also raised some social and political concerns. These MNEs have engaged in unfair practices in wages and labor standards, unfair competition, violating human and labor rights in developing countries where there is an unstable social and political structure. Investors require a certain level of social and political stability in smaller economies than large economies, and this is an important condition for investments. Some of the risk factors considered by investors include legal and regulatory restrictions, trade policies, currency regulations, environmental laws, and political instability.

In 2016, more than $2 trillion in foreign funds circulated the world. World bank (2016) reported that a survey of 750 multinational investors showed that social and political stability, peace, and security, including a stable macroeconomic environment, far outweighs other considerations as tax rates, and other labor cost, when making investment decisions. UNCTAD (2020) reports that global FDIs flows increased moderately, and was flat, compared to 2019 estimates. FDIs dropped slightly from the 2018 figures of $1.41 trillion to $1.39 trillion in 2019. In general, FDI flows to developing countries fell by 6 percent, while developing countries showed no change from 2019 figures. The United States remained the world largest recipient of FDL inflows, closely followed by China, Hong Kong, and Singapore. In terms of Foreign Direct Outflows, Japan is the largest, closely followed by China, and France. Global FDI flows dropped dramatically in 2020. Uncertainties surrounding the global covid-19 pandemic is largely attributed to it, despite projections for a moderate recovery in 2021. Reports showed that the developed countries were hardest hit by the drop in global FDI flows. Most developed countries experienced as much as 40 percent, and investment to Europe and other major countries fell by as much as 1 percent. However, developing countries saw a 12 percent decrease, and 72 percent of global share of FDI, which is the highest share in history. Figure 8 below show the FDI inflows by regions in 2019.

Figure 8. FDI by region 2019 ($ billion)



Source: UNCTAD 2019 Report (Interim estimates)

UNCTAD (2020) expects that increases in FDI flows in 2021 will not come from new investment in productive assets, but rather from cross-border mergers and acquisitions in technology and healthcare. It is reported that 80 percent of Acquiring firms are domiciled in Europe, and a few of multinationals from developing countries are also active buyers.

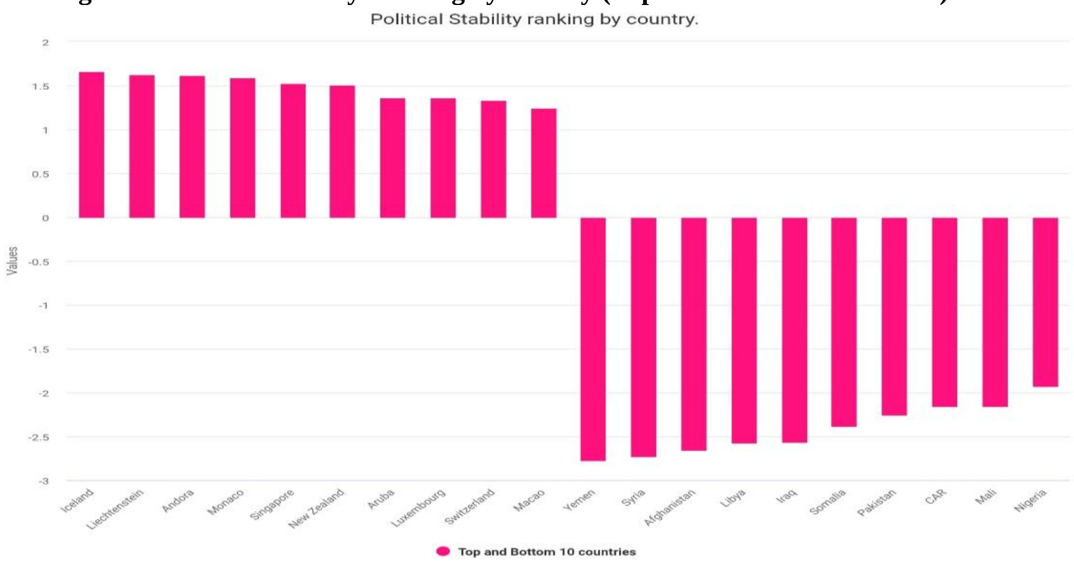
Foreign Direct Investment in Africa.

The prospects and performance of foreign direct investment in Africa is characterized by social and political instability, unstable macroeconomic policies, unhealthy regulatory requirements, and low-level infrastructure. There is intense competition for FDIs by African countries, and this is attributed to the implementation of several policies and programs intended to attract investors, and significant inflows into Africa. African countries are not getting as much FDIs from investors, as much as required. Economic growth is basically driven by fiscal and monetary policies, national savings, and foreign direct investments. Since the 1990s, Africa has fully resorted to attracting foreign direct investments, and despite these efforts, records show that Africa has not been a major recipient of billions of dollars flowing globally. The outside world imagine Africa as bedeviled by social and political problems, civil unrests, poverty, high levels of economic inequality, wars, and enduring social challenges. These social-political and economic challenges still linger. Many developing Africa countries are resource-rich but lack the necessary financial and human capital to drive the necessary growth for development. Africa offers an attractive investment opportunity for would-be investors. Morisset (2001) noted that Africa has not been successful in attracting and retaining foreign direct investment, and the major reason for attracting these investments was mainly due to its abundant natural resources. Africa has been less favored in the global FDI flows. Many Africa countries, however, have been able to improve their socio-political, and business climate to attract foreign investors. In the 1990s, Africa countries that were able to attract an appreciable number of foreign investments were those with abundant tangible assets, as well as large markets, reflective in their population size. It is reported that 65 percent of the FDI inflows into Africa was concentrated in Nigeria, Cote d'Ivoire, and South Africa, and this figure accounted for about one third of the Continent's GDP. The role of the market size, as a significant factor, also attribute to the increase in flows. Africa possesses a large reserve of Oil, Gold, and other natural resources. About 50 percent of FDI inflows into Africa is allocated to oil and natural resources (UNCTAD,1999).

Political Stability in sub-Africa.

Africa is bedeviled with social-political and economic challenges. Incessant conflicts resulting from collapse of governments, conflicts, and competition amongst various political and economic interests. Political stability index, and absence of violence measures perception of the possibility of unstable governments through violent rebellion, violence through terrorism, and politically motivated violence. Figure 10 shows the top 10 and bottom countries' ranking, according to the World Bank Databank (2019)

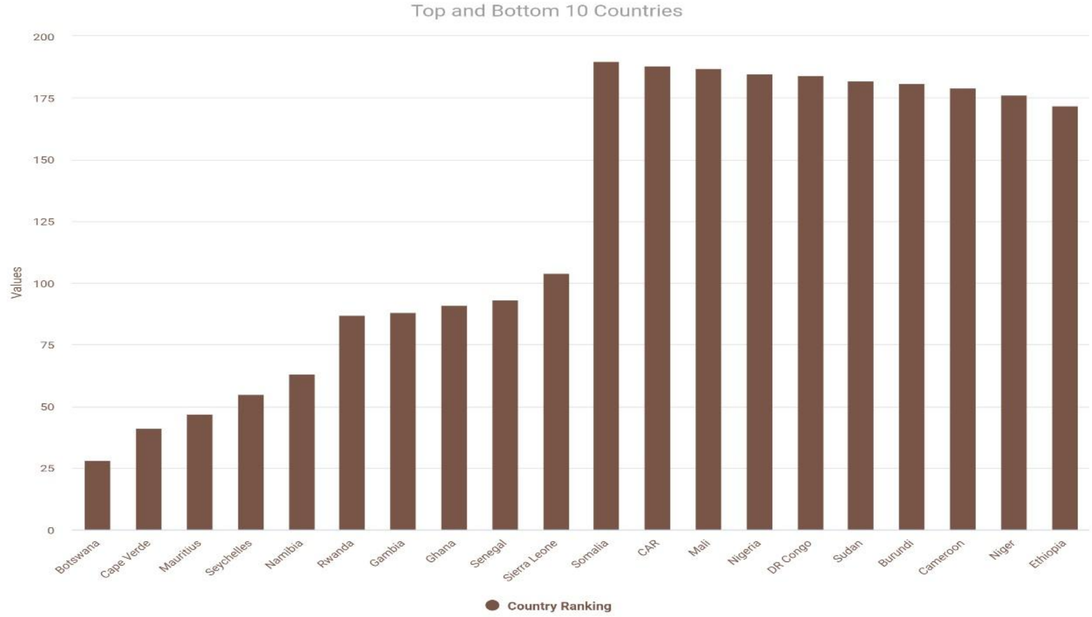
Figure 9. Political Stability Ranking by country (Top and bottom 10 countries) 2019



Source: World bank Databank 2019

Figure 10 shows the political stability ranking of the top and bottom ten countries in sub-Sahara Africa, and Figure 10 reveals the index on a scale between -2.5 and 2.5. Both extremes show weak and strong respectively. 195 countries were sampled, and the average for the year 2019 was estimated at -0.05 points. According to the World bank (2019) Iceland had the highest value at 1.66, and Yemen had the least at -2.77. the political stability index shows factors as Corruption Perception, political Rights, Competitiveness, ease of doing business, Civil Liberties, and Illicit Activities such as Black-market transactions existing alongside official economic activities. There are four sub-Sahara Africa countries amongst the bottom ten countries.

Figure 10. Political Stability Ranking sub-Sahara Africa (Top and Bottom 10 countries) 2019.



Source: World Bank Databank 2019

Political stability, peace, and security is the main driver for economic growth in sub-Sahara Africa. Stable socio-political environment is a function of stable democratic institutions, and the major consideration in attracting international investors. The major developmental milestones recorded in Africa in the last decade is largely attributed to stability in the political space. Political stability has also contributed to consistent growth in the economy, improvements in levels of infrastructure, wellbeing, reduction in poverty levels, and economic inequality. Dalyop (2019) discoursed that political uncertainty diminishes the productive and transactional capacities of an economy, and this has immense negative consequences for foreign investments. Mbaku (1988) opined that political instability has become a challenge in Sub-Sahara Africa, with countless coup d'état in several African countries, economic growth and development has been affected by these prevalent issues that have contributed significantly to the decay state of its economy. Africa could remain relatively unstable due to the level of poverty, infrastructural development, and its potential for growth. Levels of insurgency and armed conflicts has been on the decline in the early 90s, however, it has been on the increase since 2015. Terrorism has also increased in Sub-Sahara Africa, with the activities of insurgents in Somalia, Kenya, Nigeria, Sudan, Centra Africa Republic, Mali, Niger, Cameroon, and Burkina Faso. Many of these countries have become the global terrorism watchlist. West Africa is becoming the hotbed for terror attacks and incessant insurgencies. Seven of the highest risk countries now in Africa (Alexandre Raymakers, 2020). The ranking of 198 countries reveals 7 out of 10 of the investment-risk countries of the world are in Sub-Sahara Africa. Research has shown that terrorism outlook for 2021 remains weak.

Social Instability and Global Investment

Global businesses carry out risk-assessments to determine the viability of investments, and the major considerations are social instability, income inequality, divergence. Social instability is related to the levels of unemployment, monetary and fiscal issues, and poor governance. Major multinational organizations and businesses understand the risks they are faced with in the local markets. The importance of country risk assessment cannot be overemphasized. Many investors see this assessment as part of their investment strategy in protecting their capital and portfolio investments. There is a strong link between social and political risks and foreign direct investment. Research has shown that external conflicts, terrorism, levels of poverty, armed conflicts and insurgencies, and incessant religious crises are significant factors for foreign direct inflows. The global risk assessment reports rates countries according to their level of social and economic stability. Country ratings have a significant impact on the ability to influence foreign direct investment inflows. Global businesses consider social and political risk factors in their foreign investment decisions, as this has a considerable influence in determining their level of investments.

Table 1. Global Risk Assessment Report 2021

COUNTRY	Risk 1	Risk 2	Risk 3	Risk 4	Risk 5
Chad	Unemployment	Failure of National Govt.	Social Instability	Fiscal Crises	Failure of critical infrastructure
Ethiopia	Failure of National Govt	Cyberattacks	Food Crises	-	Unemployment
Ghana	Unemployment	Energy Price shock	Failure of regional Govt	Cyberattacks	Water crises
Botswana	Unemployment	Water Crises	Failure of regional Govt.	-	Failure of national Govt.
Cameroon	Unemployment	Failure of Critical Infrastructure	Terrorists' attacks	Illicit Trade	Failure of National Govt
Mali	Terrorist Attacks	Unemployment	-	Illicit Trade	Energy price shock
Nigeria	Unemployment	Failure of National Govt.	Failure of critical infrastructure	Energy price shock	Terrorist Attacks
Liberia	Unemployment	Failure of climate change adaptation	Energy price shock	Failure of regional Govt.	-
DRC Congo	Unemployment	Failure of National Govt	Social Instability	Failure of Critical infrastructure	High Inflation
South Africa	Unemployment	Water Crises	Failure of national Govt	Social Instability	Failure of critical infrastructure.
Zambia	Unemployment	Energy price shock	Failure of national Govt	Failure of regional Govt.	Failure of climate change adaptation.

Source: World Economic Forum report for Sub-Sahara Africa

Table 1 reveals the major risk-related factors for some selected countries in Sub-Sahara Arica. According to the survey. Risk 1 – 5 shows the top five risks factors for doing business in these countries. For each country, Risk 1 is the most mentioned factor, while Risk 5 is the least risk factor. Unemployment and failure of national governments were very visible in the survey, and this shows the increasing socio-political and economic instability in Sub-Sahara Africa. Brookings Institute (2019) in its report observed that since the beginning of 2015, Africa has witnessed over 27 political changes. This is related to the several democratic changes in these countries. Terrorist attacks and failure of critical infrastructure were also visible in the report. Social instability and terrorist attacks South Africa, Nigeria, Mali, DRC Congo, Chad, and Cameroon.

II. METHODOLOGY

We examined the relationship between social instability, foreign direct investment, and economic growth in 20 countries in Sub-Saharan Africa, between 1988 and 2019, and developed a model to estimate the relationship between social instability and foreign direct investment and its impact on economic growth in Sub-Sahara Africa. The variables used for this study includes those omitted from previous studies. These variables specified for social instability include unemployment rate and inflation rate. The variables specified for foreign direct investment include democratic process, stability in government, and terrorism. The time series ranging from 1988 and 2019 are employed for measurement, and from the equation, the causal relationship between the variables will also be examined.

Model Specification

The long run form of this equation can be written as follows:

$$\ln Yt = \alpha 0 + \alpha 1 \ln SOCt + \alpha 2 \ln FDIt + \varepsilon t \qquad (1.0)$$

$$SOCt = f(EMP, INF) \qquad (1.1)$$

$$FDIt = f(DP, GOVT, TR) \qquad (1.2)$$

Where:

Yt = Economic Growth at time *t*

SOCt = Social Stability levels at time *t*

FDIt = Foreign Direct Inflows at time *t*

DPt = Democratic Process levels at time *t*

GOVTt = Stability in Government at time *t*
TRt = Terrorism levels at time *t*
e*t* = Error term
From equation *(1.0)*, (1.10 and (1.2) the long run form, can be expressed as:
$lnYt = \alpha 0 + \alpha 1ln\ SOC\underline{t} + \alpha 2lnFDIt + \alpha 3lnEMPt + \alpha 4lnINFt + \alpha 5lnDPt + \alpha 6lnGOVTt + \alpha 7lnTRt + \varepsilon t$ *(1.3)*

Estimation Technique

The simple OLS technique is employed to examine the relationship between macroeconomic variables on poverty and income inequality in Nigeria. Estimation technique is based on error correction model (ECM). It is started by testing for stationarity of the variables and check for co-integration. The existence of co-integration among macro-economic variables and poverty and income inequality implies there is an adjustment process which prevents errors in the long-run relationship from becoming larger and larger.

III. SUMMARY AND CONCLUSION

The findings obtained from this study shows the impact of social and economic instability to the growth of foreign direct investments in sub-Saharan Africa. To achieve the specific objectives of this study, the OLS method was employed to estimate the relationship between social instability, foreign direct investment, and economic growth. From the empirical results, one can conclude that while social and political stability plays a significant role in attracting foreign direct investment, foreign direct investment inflows is a major driver for economic growth in sub-Saharan African countries. The results also shows that an improvement in social and political stability, significantly drives foreign direct investment inflows. Terrorism in all forms also plays a role in increasing the levels of FDIs and ultimately raising the rate of economic growth. Stable democratic processes has a significant role in increasing FDI inflows to sub-Saharan African countries. This study showed that African countries with stable and enduring democratic systems attracts higher FDIs than the countries with unbalanced democratic practices.

Furthermore, the results were indicative of the fact that when there is significant levels of socio-political and economic stability, there is a steady flow of FDIs in sub-Saharan African countries. The findings obtained from this study are consistent with previous studies and the results shows that political and economic stability coupled with other factors are responsible for the consistent low productivity growth rate, and economic development in sub-Sahara Africa. These findings are also consistent with the results obtained by Mbaku (1988) and Dalyop (2019) who identified political instability and other prevalent issues as having significant negative impact on the productive capacities, and economic growth and development in sub-Sahara Africa.

This study examined the relationship between social instability, foreign direct investment, and economic growth in 20 sub-Sahara Africa countries, between 1988 and 2019. Countries in sub-Saharan Africa have been seeking economic growth and development, in the past two decades, and this desire has been marred by persistent socio-political and economic instability. Foreign direct investment has played a significant role in addressing gaps in the growth process. FDIs inflow are usually attracted by countries with significant levels of social stability. Whilst FDI inflows are relatively small compared to global standard, it has none-the-less played an important role in the continent's drive to rapid economic growth.

From the results of this study, the following policy thrusts are recommended: Firstly, African countries should make themselves attractive to FDI inflows by promoting enduring democratic principles and ideals. Democratic institutions should be strengthened to ensure stability in the political system. Secondly, policies aimed at reducing the levels of poverty and income inequality should be strengthened to ensure a stable socio-economic environment. Thirdly, FDIs are an important factor in the drive to sustained growth. Countries with significant high levels of foreign investments have stable policies aimed at property rights, land ownership, and ease-of-doing-business strategies that encourages foreign investors to raise levels of investments. Africa countries should have flexible government policies such as reduction in the bureaucratic process and statutory laws, that will help business growth. Lastly, government policies should be aimed at promoting infrastructural development in the areas of roads, ports expansion, stable power supply, and the development of air and rail transportation. Overall, a stable socio-political and economic environment is required to achieve a sustained growth that will attract foreign direct investment in sub-Saharan Africa countries.

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