Review of: "Extension and Revision of Monetary Policy Transmission Mechanisms and Their Impact on Domestic Real Investment in Nigeria: A Time Series Study from 1981 to 2015 by Lucky Anyike and Uzah Cheta Kingsley"

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Potential competing interests: No potential competing interests to declare.

This study is potentially interesting concerning a pivotal examination of the intricate dynamics between monetary policy, fiscal policy, and domestic real investment within the Nigerian economy. By leveraging Gross Fixed Capital Formation relative to Gross Domestic Product as an indicator for domestic real investment, this research not only sheds light on the profound influence of monetary policy variables like lending rates, private sector credit, and exchange rates but also ventures into the less-charted territories of fiscal policy's role and the potential distortions introduced by political biases and expenditure patterns. This exploration is especially significant for Nigeria, a country where economic theory's conventional expectations may clash with the unique challenges posed by fiscal resource allocation. Understanding these relationships is crucial for formulating policies that effectively stimulate investment and foster sustainable economic growth in Nigeria's evolving economic landscape.

The paper provides an in-depth analysis of monetary and fiscal policy impacts on Nigeria's domestic real investment, utilizing an extended time series from 1981 to 2015. It incorporates robust econometric models to examine the relationships between policy variables and investment. The methodology is comprehensive, covering stationary testing, Johansen cointegration, Vector Error Correction Model, and Granger causality, offering insights into long-run equilibriums and causative relationships.

However, the study in question falls short in several critical areas, including establishing a clear empirical and methodological contribution, as well as a theoretical framework to underpin its analyses of the transmission mechanism. The lack of a contemporary literature review further obscures its empirical relevance, leaving the study's unique contributions to the field undefined. Methodologically, while the study positions itself as an extension of previous work and relies on econometric equations, it overlooks the complexity of using logarithmic transformations on rate variables, which requires careful consideration to select the most appropriate approach for the research context. The results section, which features two models yet presents only one Vector Error Correction Model (VECM) output, raises questions about the significance and robustness of the findings. Only a few variables show significance at their first lag, and while the error correction term is significant and less than one, its positivity warrants a reevaluation of the model's variables to enhance its robustness and address potential issues related to the degree of freedom, especially given the limited time series data of 35 years. Furthermore, the study could benefit from employing impulse response functions to graphically illustrate the dynamic responses of the dependent variable to shocks in the independent variables, which would aid in the interpretation of the VECM results and provide a clearer understanding of the underlying economic relationships. The study in question falls short in several critical areas, including establishing a clear empirical and methodological contribution, as well as a theoretical framework to underpin its analyses of the transmission mechanism. The lack of a contemporary literature review further obscures its empirical relevance, leaving the study's unique contributions to the field undefined. Methodologically, while the study positions itself as an extension of previous work and relies on econometric equations, it overlooks the complexity of using logarithmic transformations on rate variables, which requires careful consideration to select the most appropriate approach for the research context. The results section, which features two models yet presents only one Vector Error Correction Model (VECM) output, raises questions about the significance and robustness of the findings. Only a few variables show significance at their first lag, and while the error correction term is significant and less than one, its positivity warrants a reevaluation of the model's variables to enhance its robustness and address potential issues related to the degree of freedom, especially given the limited time series data of 35 years. Furthermore, the study could benefit from employing impulse response functions to graphically illustrate the dynamic responses of the dependent variable to shocks in the independent variables, which would aid in the interpretation of the VECM results and provide a clearer understanding of the underlying economic relationships.

To enhance the study's contribution to the field, several refinements are recommended for consideration:

1. The manuscript would benefit from a thorough language review to ensure grammatical accuracy, fluidity, and clarity, enhancing overall readability.
2. The abstract should be meticulously revised to ensure it succinctly encapsulates the study's key elements, maintaining coherence and completeness.
3. The temporal scope of the study should be broadened to encompass developments up to the current date, providing a more contemporary perspective.
4. A consistent citation style should be adopted throughout the document, ensuring uniformity in in-text citations and reference lists, thereby facilitating reader comprehension.
5. An in-depth empirical literature review is crucial to identify and articulate the study's unique contribution, distinguishing it from prior research and highlighting new insights.
6. Establishing a robust theoretical framework is essential, serving as the foundation for the study's model, ensuring it is theoretically grounded and methodologically sound.
7. The model's alignment with the theoretical framework should be clearly articulated, explaining the rationale behind adopting or adapting existing models. This clarification will underline the study's novelty and its alignment with or deviation from established research.
8. A critical evaluation of the independent variables is necessary to identify and eliminate any that may not contribute meaningfully to the model. This step is crucial to mitigate the risk of overfitting and to address potential issues related to the limited degrees of freedom, particularly when applying multiple explanatory variables to a relatively small dataset.
9. The inclusion of impulse response functions could offer valuable insights into the dynamic interactions between the dependent and independent variables, providing a more nuanced understanding of the system's response to various

shocks.

By addressing these aspects, the study can significantly enhance its scholarly rigor, relevance, and contribution to understanding the interplay between monetary policy and domestic real investment within the Nigerian context.