



Impact of Globalization on Economic Growth in Nigeria :1986 – 2016

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Abstract

Globalization has increased the integration and interdependence of economies among one another. It has come to be seen as a panacea for improved economic growth. This is made possible by an integrated global market marked by improved technology, investment and competition. The research work examined the impact of globalization on economic growth in Nigeria from 1986 to 2016, a period of 34 years. Data sourced from Central Bank of Nigeria (CBN) statistical Bulletin and National bureau of statistics (NBS). The total export (EXPT), import (IMPT) and degree of trade openness (DTOP) were proxy for globalization while the real domestic growth (RGDP) was used as proxy for economic growth. Using ARDL it was discovered that they have long run and short run relationship on economic growth. The study concluded that if Nigeria is to benefit from the global integration, it has to address a number of challenges and implement appropriate strategies and policies in order to maximize the benefits of globalization and minimize the risks of destabilization and marginalization, as well as promote rapid economic growth and achieve substantial poverty reduction. It was recommended that necessary policy instrument should be put in place to harness the human resources so as to maximize the benefits of openness and the economy also has to fight seriously against the monocultures export syndrome among others.

Keywords: Globalization, Export, Economic Growth, Import, ARDL

JEL Codes: F01

1. Introduction

Globalization has attracted a lot of researchers interest from various fields in the 21st century due to its multi-dimensional nature. Globalization is a multi-dimensional concept because of the fact that it covers a lot of areas; such as economic, political and social areas. Its multi-dimensional structure makes it really challenging for different definitions to come to an agreement on what the concept exactly means. Because of this, Globalization is defined by many people and institutes in different ways. Although these definitions share a lot in meaning, they show many differences in what they cover, so it can't be defined in an exact definition. Globalization involves economic

integration; the transfer of policies across borders; the transmission of knowledge; cultural stability; the reproduction, relations, discourse of power; a global process, a concept; a revolution and an establishment of the global market free from sociopolitical control. It has helped to liberalize national economics by creating a global market place in which all the nations must participate directly. The existence of global markets leads to growing activities and international investments in different countries.

Because of its multi-dimensional structure, different opinions on globalization's definition come into question when the effects of globalization on economic growth is taken into account. While the globalization

is a component of creating opportunities for countries' economies and effecting their economic growth in a positive way thanks to these opportunities for some, it causes poverty and injustice income dispersal and it also effects the economic growth in negative ways for others. These different opinions about the effects of globalization uncovered the need to calculate the globalization index to detect the concrete effects of the concept. After this need arose, firstly, by Dreher (2006) a globalization index is calculated and upgraded by Dreher (2008) himself again to make it to its final status. General globalization index, which is prepared by Dreher (2006) and Dreher (2008) includes three sub globalization index. These are:

- Economic Globalization Index: This index includes two sub-indexes which are actual flows and restrictions. Actual flows are calculated with GDP percentages of trade, foreign trade investments and stocks, portfolio investments, income payment to foreign nationals. Restrictions are calculated with hidden import barriers; mean tariff rate, current revenue percentages of taxes on international trade and capital account restrictions. Both actual flows' and restrictions' immensity in economic globalization index is %50.
- Social Globalization Index: This index includes three sub-indexes which are personal contact, information flows and cultural proximity. Personal contact is calculated with telephone traffic, GDP percentages of transfers, international tourism, the foreign population according to the total population and international letters per capita. Information flows is calculated with internet usage per 1000 people, television per 1000 people and GDP percentages of trades in newspapers. Cultural proximity is calculated with number of McDonald's restaurants per capita, number of Ikea per capita and GDP percentages of trades in books. By order of, the percentages of personal contact, information flows and cultural proximity are %33, %35 and %32.
- Political Globalization Index: This index is calculated with four sub-indexes which are number of embassies in country, membership in international organizations, participation in United Nations (UN) Security Council mission and international treaties. With the latest update by Dreher (2008), it is assessed that, by order of the portions of economic, social and political globalizations in general index of globalization of 2014 are %36, %38 and %26 (KOF Index of Globalization, 2014).

Many non-economists believe that in attempt to harness whatever benefit of globalization for the growth of the economy, the country exposes its economy to external aggressions and the adverse effects of globalization, while others emphasis caution and complete restructure and transformation of the economy in order to confront contemporary global challenges. Goldberg and Paverick (2006) note that one uncontroversial insight of trade theory is changes in a country's exposure to international trade, and world markets more generally, affect the distribution of resources within the country and can generate substantial distributional conflict. The authors note that while globalization was expected to help the less skilled who are presumed to be the locally relatively abundant factor in developing countries. There is overwhelming evidence that these are generally not better off, at least not relative to workers with high skill or education levels. Thus, globalization has a mechanism in which it affects inequality since there are other forces at work that could override the effects of globalization, such as "too stylized" to capture the reality in the developing world like Nigeria (Goldberg and Paverick, 2006).

However, it has also been argued that the consequence of globalization for inequality has improved and that such effect depends on many factors, several of which are country and time specific; a country's trade protection pattern prior to liberalization, the particular form of liberalization and the sector it affects, the flexibility of domestic

market or its ability to adjust to changes in economic environment, especially the degree of labour and capital mobility within the country and available skill based on technology in the country (Afzal, 2007 and Obadan, 2008).

On the whole, there exist two contracting paradigms about globalization; interdependence and imperialism. The interdependence paradigms is of liberal persuasion and sees it as a frame work of complex and growing interdependence among nations that will lead to economic growth (See Obadan, 2008). The imperialism paradigm is of radical persuasion and insists that globalization represents nothing but capitalism and neo-colonialization, a way of transformatory capitalist project, which impoverish the already underdeveloped countries (Ake, 1995; Omotola, 2010 and Aina, 1996). Obadan (2001) and Obadan (2008) observe that the phenomenon of globalization has numerous implications for both developed and developing countries, with powerful force of shaping world economics for good or for ill.

This study aims to analyze the impact of economic, social and political globalization on economic growth levels of Nigeria. The introduction part of the study investigates the relationship between globalization and economic growth and stresses its importance. The second part was reviews of conceptual and the existing empirical studies in the literature about globalization and economic growth. The third part of the study gives information about the data and methods used in the study. Fourth part of the study analyses data and interpreted results findings obtained in the research. Final part of the study gives concluding remarks and policy recommendation.

Globalization essentially, is a marriage among unequal partners (Ogboru, 2010). It involves a relationship between developed and developing nations, in which the former is a stronger partner benefiting from this relation, at the expense of the latter being weaker. In the Western World globalization is viewed as a phenomenon which has a

positive influence on developing countries. But most developing nations are still far from reaping the benefits of globalization. Therefore the question of whether globalization brings economic growth is debated among different economists. In this research focused on how globalization has impacted on domestic Economic growth in Nigeria and how its impact can be looked upon.

2. Literature Review and Theoretical Framework

Concept of Globalization

Many authors have defined globalization in various ways, depending on their professional background without having a universally accepted definition. According to UNDP (2001), globalization can be defined as a multidimensional process of unprecedented rapid and revolutionary growth in the extensiveness and intensity of interconnections on a purely global scale. This manifest itself in various forms such as the globalization of democracy; global ideological shift; global technological revolution particularly through information and communication technologies; globalization of culture and the environment, and above all, globalization of the economy.

Jike, (2003 in Ime, 2015), Believes that globalization came as a result of the constriction of time and space in the exchange of goods and services between countries. This narrows the transactional space and increases the intensity of commercial interactions between countries. According to him, Africa has become a subservient partner in this global exchange relationship. Globalization, like all the preceding ideologically conditioned concepts of the West connotes unequal relationship between the developed and developing world. It is an exchange relationship that has very painful consequences for every social spectrum of contemporary African society.

Yashin, (2000 in Igudia, 2003) defines globalization as an economic revolution of the new millennium in which the World is shrinking into a global village in part by advances in information and communication

technology (ICT). Capital globalization to him, has been responsible for the integration of national systems of production and finance whose enhanced mobility ensures that borrowers such as governments and private entities compete with each other for capital in global rather than national market. From the financial perspectives, Schmukler and Zoido – Lobaton (2001 in Igudia, 2003) define globalization as the integration of country's local financial system with those of the international financial markets and institutions. The integration, they observe, can only be achieved if governments would liberalize their domestic financial sector and control account. The same argument was put forward by Delbruck (1993) when he opines that globalization is a process of denationalization of clusters of economic, political and social activities to allow for free flow of capital, political ideologies and cultural rejuvenation across national boundaries. While this definition is clear and instructive, the matter arising is whether this free flow of capital, political ideology and culture have the tendency to move from the developing to the developed countries rather than the other way round.

According to Fischer (2000), globalization has tended to mean different things to different people and different things to the same people across time and space. It therefore means that very many definitions have been given to the word globalization. Caselli (2004) cited in Obadan (2008) sees globalization as a set of processes, which (a) increase the number and heighten the intensity of contacts, relations, exchanges and dependence and inter-dependence among various parts of the world; (b) transfer the importance of "space" and "time" with respect to those relations and relationships, as well as of their importance for their personal lives. However, Obadan (2008) is of the view that globalization is not just an economic phenomenon, which integrate world economics but also of culture, technology and governance. Nevertheless, economic globalization is of most importance. Thus, the author defines it as the process of change toward greater

international economic integration through trade, financial flows, exchange of technology and information and movement of people, with its most dramatic feature being trade liberalization, and unrestricted flow of capital. Accordingly, openness and markets constitute the platforms of economic globalization while trade, finance, investment and entrepreneurs are the heart. But the major key of competitiveness among nations with respect to wealth creation and distribution is trade and development.

Concept of Economic Growth

Economic growth on the other hand, is related to a quantitative sustained increase in the countries per capita output or income accompanied by expansion in its labour force, consumption, capital and volume of trade. It also involves not only more output derived from greater amount of inputs but also greater efficiency, that is, an increase in output per unit of input.

Todaro, (2004), defines economic growth in terms of three components. These are:

- (a) Capital accumulation, including all new investments in land, physical equipment, and human resources through improvements in health, education and job skills. It results when some proportion of present income is saved and invested in order to augment future output and income. New factories, machinery, equipment and materials increase the physical capital stock of a nation, the total net real value of all physically productive capital goods and make it possible for expanded output levels to be achieved.
- (b) Growth in population and hence eventual growth in the labour force. Population growth, and the associated eventual increase in the labour force, has traditionally been considered a positive factor in stimulating economic growth. A larger labour force means more productive workers, when the labour force is employed, and a large overall population increases the potential size of domestic markets.
- (c) Technological progress. In its simplest form, technological progress results from new and improved ways of accomplishing

traditional tasks such as growing crops, making clothing, or building a house. Therefore, the source of economic growth can be traced to a variety of factors, but by and large, investments that improve the quality of existing physical and human resources, that increase the quantity of these same productive resources, and raise the productivity of all or specific resources through invention, innovation, and technological progress have been the primary factors in stimulating economic growth in any society.

From the above, it is clear that globalization and economic growth are related at least theoretically.

Review of Empirical Literature

Most of the empirical studies that examine the effects of globalization on economic growth are done after 2006. The main reason for that, most of the studies used the globalization index which is prepared by Dreher (2006) (Some of them used financial integration, liberalizing, trade and financial receptivity variants, representing globalization). When surveying the literature that analyses the globalization's effects on economic growth, studies that are done after 2006 are taken into account.

Dreher (2006) analyzed the relation between globalization and economic growth with panel data analysis technique by using the data of 123 countries from years 1970 to 2000. He found out that globalization affects the economic growth in a positive way. Afzal (2007) analyzed the globalization's effects on economic growth with an error-correction model by using the Pakistan's data from years 1960 to 2006. He used trade receptivity and financial integration variants, representing globalization. He arrived at a conclusion of the powerful connection between economic growth and trade gap and financial integration and he also found out that this connection leads to a development on economic growth in long terms.

Shaikh and Shah (2008) analyzed the globalization's effects on Pakistan's economy with the help of Computable General Equilibrium Model. Results of the

analysis show that globalization affects Pakistan's macro economy performance in a positive way and leads to a fast economic growth. Chang and Lee (2010) analyzed the connection between general globalization index and its components, which are economic, social and political globalization indexes, and the economic growth of 23 OECD countries, whose data is collected between years 1970 and 2006, with the help of cointegration analysis. The result of the analysis show that there is a weak connection between variants and causality in short terms but in long terms there is a one way connection from general, economic and social globalization to economic growth.

Polasek and Sellner (2011) analyzed globalization's effects on the regional growth of 27 European Union (EU-27) countries, data of which is collected between the years 2001 and 2006, by using the Spatial Chow-Lin Procedure, which is formed by writers. Polasek and Sellner (2011) found out that globalization, thanks to the trade gap and direct foreign investment, affects many region's economic growth in a positive way. Rao (2011) analyzed the connection between globalization and economic growth for Singapore, Malaysia, Thailand, India and Philippines in the extent of Slow (1956) growth model. According to the results of the research; as the globalization grows in these countries, the growth percentages of stabilized status goes higher too.

Mutascu and Fleischer (2011) analyzed the connection between globalization and economic growth in Romania between the years 1972 and 2006 by using the Unrestricted Vector AutoRegressive Model (UVAR). Mutascu and Fleischer found out that in middle and long terms globalization would maximize the economic growth. Acikgoz and Mert (2011) analyzed the causality connection between economic, social and political globalization and economic growth in Turkey between the years 1970 and 2008 by using the Auto-Regressive Distributes Lag (ARDL), which is defined by Pesaran (2011). They found out that in Turkey; there isn't a causality connection from economic globalization to

economic growth but there is a causality connection from social and political globalization to the growth.

Leitão (2012) analyzed the connection between economic growth, globalization and trade in the U.S.A between the years 1995 and 2008 by using the panel data technique. He found out that globalization increases or provokes the economic growth. Ray (2012) analyzed if there is a causality connection between globalization and economic growth in India by using the Granger causality test. He found out that there is a mutual causality connection between globalization and economic growth. Umaru (2013) analyzed globalization's effects on Nigeria's economic performance between the years 1962 and 2009 by using the Annual Average Growth Rate (AAGR) technique. Umaru (2013) found out that globalization effects petrol, manufacturing industry and solid mineral sectors in negative ways, but it effects the agriculture, transportation and communication sectors in positive ways.

Meraj (2013) analyzed the connection between the trade gap and economic growth in Bangladesh between the years 1871 and 2005 by using Auto-Regressive Distributed Lag (ARDL) and Granger causality test. Meraj (2013) found out that globalization has positive effects on developing countries' (like Bangladesh's) trade and economic growth. Ying (2014) analyzed the connection between social and political globalization and economic growth in ASEAN countries between the years 1970 and 2008 by using Fully Modified Ordinary Least Squares (FMOLS) technique.

Ying (2014) found out that economic globalization effects economic growth in a positive way but social and political globalization effects it in negative ways.

Okpokpo, Ifelunini and Osuyali (2014) through their study interrogated globalization as a potent driver of economic growth in Nigeria using the non-oil (agricultural and manufacturing) export as reference point from 1970 – 2011. The study employed the ADF unit root test and OLS technique and found that globalization has no significant

impact on non-oil export and that globalization has not been a potent driver of growth of the non-oil export in Nigeria. Shuaib, Ekeria and Ogedengbe (2015) examined the impact of globalization on the growth of the Nigerian economy over the period 1960 – 2010. The study employed the Johansen cointegration and error correction model and found that growth of external debt ratio was inversely related to economic growth in Nigeria.

Utuk (2015) analyzed the impact of globalization on economic growth in Nigeria in terms of trade and capital flows from 1970 – 2011. Using descriptive method of analysis, the study found that increased trade and capital flows engendered by globalization can enhance the country's growth performance.

3. Methodology

An ex-post facto design (quantitative research design) was used to carry out this study. The data used in this study come from secondary sources. The data generated are quantitative time series data on Manufacturing Sector Output, Total Capital Expenditure on Road Infrastructure, Total Capital Expenditure on Health and Total Capital Expenditure on Communication from the central bank of Nigeria publications and those of the Federal Bureau of Statistics for the period between 1990 and 2012. This period chosen for the study encompasses the phases when government capital expenditure is inconsistency.

Model Specification

Globalization has been identified in literature as a key to economic growth. Also, a vast empirical literature concludes that globalization contributes significantly to economic growth. Three variables namely: trade openness; imports and exports have been identified in both theoretical and empirical literature to be the major drivers of that contribution. Thus, the framework of this study is anchored on the model developed by Maduka, Madichie and Eze (2017) which real gross domestic growth (RGDP) was used as proxy for economic growth and degree of trade openness, import

and export was also used to proxy globalization. Thus economic growth becomes a function of many variables as follows:

$$RGDP = f(EXPT, IMPT, DTOP) \dots\dots\dots 3.1$$

In line with the above, our model is fully specified in its natural logarithm form as follows:

$$LRGDP = \beta_0 + \beta_1 EXPT + \beta_2 IMPT + \beta_3 DTOP + \mu \dots\dots\dots 3.2$$

Where LRGDP = natural log of real gross domestic product; LEXPT = natural log of export; LDTOP = natural log of degree trade openness (ratio of export plus import to GDP); LMPT = natural log of import; L = natural log notation; μ = stochastic error term; β_0 = intercept term and $\beta_1 - \beta_5$ = partial regression coefficients.

A Priori Expectation: $\beta_1, \beta_2, \beta_3 > 0$

Following the stationarity tests, cointegration test was carried out using the Autoregressive Distributed Lag (ARDL) bound testing approach to cointegration as proposed by Pesaran Shin & Smith (2001). This procedure has numerous advantages over the alternative methods (ie Engle-Granger (1987), Johansen and Juselius (1990), and Philip and Hansen (1990)). Apart from its better small sample properties, other advantages of ARDL framework include: (i) it is based on estimating an unrestricted ECM which seems to take satisfactory lags that captures the data generating process in a general-to-specific framework of specification (Nwogwugwu, Maduka & Madichie 2015; Laurenceson & Chai, 2003); (ii) unlike other cointegration techniques (e.g., Johansen's procedure which require certain pre-testing for unit roots and that the underlying variables to be integrated of the same order), the ARDL model provides an alternative yet a simple test for examining a long-run relationship irrespective of whether the underlying variables are purely I(0) or I(1), or fractionally integrated; (iii) while the traditional cointegration methods may also suffer from the problems of endogeneity bias, the ARDL method can distinguish

between dependent and explanatory variables in a single-equation set-up. Thus, estimates obtained from the ARDL method of cointegration analysis are unbiased and efficient, since they avoid the problems that may arise in the presence of endogeneity bias. In line with the model of this study, the ARDL bounds testing procedure consists of estimating the following generic form of an unrestricted error correction model:

$$\Delta LRGDP_t = \alpha + \sum \beta_i \Delta LRGDP_{t-i} + \sum \delta_j \Delta LEXPT_{t-j} + \sum \lambda_k \Delta LIMPT_{t-k} + \sum \phi_l \Delta LDTOP_{t-l} + \delta_1 LRGDP_{t-1} + \delta_2 LEXPT_{t-1} + \delta_3 LIMPT_{t-1} + \delta_4 LDTOP_{t-1} + \mu \dots\dots\dots 3.3$$

The above equation shows the unrestricted ECM version of ARDL model specification. The bounds test is mainly based on the joint F-statistic whose asymptotic distribution is nonstandard under the null hypothesis of no cointegration (Pesaran, Shin & Smith, 2001). The first step in the ARDL bounds test approach is to estimate equation (5) by OLS, which tests for the existence of a longrun relationship among the variables by conducting an F-test for the joint significance of the coefficient of the lagged level of the variables.

Furthermore, if a stable long run relationship is confirmed from the ARDL bound test, then we shall estimate the short run dynamic model through the following error correction model:

$$\Delta LRGDP_t = \alpha + \sum \beta_i \Delta LRGDP_{t-i} + \sum \delta_j \Delta LEXPT_{t-j} + \sum \lambda_k \Delta LIMPT_{t-k} + \sum \phi_l \Delta LDTOP_{t-l} + \Psi ECM_{t-1} + \mu \dots\dots\dots 3.4$$

Where ECM_{t-1} is the error correction term resulting from the verified long-run equilibrium relationship and Ψ is a parameter indicating the speed of adjustment to the equilibrium level after any particular shock. The sign of ECM_{t-1} must be negative and significant to ensure effective convergence of shortrun dynamics to the long-run equilibrium. The value of the coefficient, Ψ , which signifies the speed of convergence to the equilibrium process, usually ranges from -1 to 0. The value of -1 signifies perfect and

instantaneous convergence while 0 means no convergence after a shock in the process.

Also, as pointed out by Pesaran and Pesaran (1997), it is imperative to ascertain the constancy of the long-run multipliers by testing the above error-correction model for the stability of its parameters. The commonly used procedures for stability test are the cumulative sum (CUSUM) and the cumulative sum of squares (CUSUMQ), both of which have been introduced by Brown et al. (1975) and used extensively in many empirical researches.

4. Results and Discussion of Findings

Unit Root Results

The characteristic feature of trend in time series data often makes them susceptible to spurious correlation. In order to avoid this, the data are always detrended on confirmation of the presence of unit root. The test for the presence of unit root were carried out with the Augmented Dickey Fuller. However, it should be noted that stationarity test is not a customary practice

when using ARDL bound test for cointegration analysis, but the need to carry out stationarity test in this study is to ensure that none of the variables is I(2) as ARDL becomes meaningless in the face of I(2) variables. For stationarity test, the study employed the Augmented Dickey-Fuller (ADF). The ADF test consists of estimating the following equation:

$$\Delta Y_t = \beta_1 + \beta_2 t + \delta Y_{t-1} + \sum_{i=1}^m \alpha_i \Delta Y_{t-1} + \epsilon_t$$

.....4.1

Where ϵ_t is a pure white noise error term; t is time trend; Y_t is the variable of interest; β_1 , β_2 , δ and α_i are parameters to be estimated; and Δ is the difference operator. In ADF approach, we test whether $\delta = 0$. There were two versions of test under each category. These are; results at levels and results at first difference. This therefore ascertained the stationarity status of the data. Table 1 below presents the stationarity results.

Table 4.1 Summary of Unit Root Test Results

| Variables | ADF Test Statistic(at first difference) | Order of Integration |
|-----------|---|----------------------|
| RGDP | -6.893064 (-3.580623)* | I(1) |
| EXPT | -6.370761(-3.574244)* | I(1) |
| IMPT | -9.896397 (-2.986225)* | I(1) |
| DTOP | -5.323113(-2.976263) | I(1) |

Source: Authors Computation, 2018 (Eview-10)

From table 4.1 RGDP,EXPT, IMPT and DTOP were stationary at levels under ADF test. All of the variables were not stationary at levels but after first differences they became stationary. This says that they were integrated of order one I(1).

The results of the unit root tests show that the chosen variables are all I(1) and that none is I(2). This implies that we can safely proceed to the ARDL bound test for cointegration analysis. The results of the ARDL bound tests are reported in Table 2 below.

Table 4.2 ARDL Bound Test for Cointegration

| Dependent Variable | F-Statistic | Critical Value Bounds | |
|--------------------|-------------|---------------------------|--|
| | | Lower Bound (Upper Bound) | At 1% and 5% Lower Bound (Upper Bound) |
| Δ LRGDP | 6.745624** | 4.29(5.61) | 3.23 (4.35) |
| Δ LEXPT | 17.32711** | 4.29(5.61) | 3.23 (4.35) |
| Δ LIMPT | 16.51365** | 4.29(5.61) | 3.23 (4.35) |
| Δ LDTOP | 22.10614** | 4.29(5.61) | 3.23 (4.35) |

Source: Authors Computation, 2018 (Eview-10)

Table 4.2 the null hypothesis of no cointegration is rejected for all variables when they are made the dependent variables. This is because the F-statistic for the joint significance of the lagged of level variables is greater than the upper bound critical value at both 5% and 1% levels of significance. This shows evidence of cointegration when each of the variables is made the dependent, meaning that they are all endogenous variables. Although all variables seem to be endogenous by the cointegration results, there is no fear of endogeneity bias in reporting the longrun coefficients with

respect to the variable of interest which is the dependent variable (LRGDP), as ARDL has the advantage of distinguishing between endogenous and exogenous variables in a single-equation setting. Furthermore, it is a customary practice to report the longrun cointegrating coefficients with respect to the variable of interest (LRGDP). This result is based on ARDL automatic normalization process. It shows the longrun impact of each of the explanatory variables on the dependent variable (LRGDP). This is reported in Table 4.3 below.

Table 4.3 ARDL Normalized Long run Coefficients (Dependent Variable: LRGDP)

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|--------------------|-------------|-----------------------|-------------|----------|
| EXPT | -0.019163 | 0.017816 | -1.075582 | 0.3101 |
| IMPT | 0.181695 | 0.058259 | 3.118730 | 0.0123 |
| DTOP | 301218.6 | 84308.28 | 3.572823 | 0.0060 |
| C | 46415.80 | 54214.71 | 0.856148 | 0.4141 |
| R-squared | 0.999009 | Mean dependent var | | 417379.7 |
| Adjusted R-squared | 0.997358 | S.D. dependent var | | 191408.4 |
| S.E. of regression | 9839.377 | Akaike info criterion | | 21.48452 |
| Sum squared resid | 8.71E+08 | Schwarz criterion | | 22.26460 |
| Log likelihood | -252.5565 | Hannan-Quinn criter. | | 21.70088 |
| F-statistic | 604.8899 | Durbin-Watson stat | | 2.592137 |
| Prob(F-statistic) | 0.000000 | | | |

Source: Authors Computation, 2018 (Eview-10)

Table 4: Breusch-Godfrey Serial Correlation LM Test:

| | | | |
|---------------|----------|---------------------|--------|
| F-statistic | 2.937156 | Prob. F(2,7) | 0.1185 |
| Obs*R-squared | 1.40704 | Prob. Chi-Square(2) | 0.2033 |

Source: Authors Computation, 2018 (Eview-10)

Table 4.3 the longrun model is grossly robust, meaning that all the explanatory variables taken together have significant impact on the dependent variable (LRGDP). This is occasioned by the fact that the F-statistic (with its p-value) is statistically significant at 5% level. Thus, all the explanatory variables (export, import and degree of trade openness) jointly explain variations in the dependent variable (real gross domestic product). Also, there is goodness of fit as all the explanatory variables account for about 99.7 percent of total variations in the dependent variable (LRGDP) based on the value of R-squared. The Breusch-Godfrey Serial Correlation LM

Test (a test for the presence of autocorrelation in the residuals) in table 4, confirms that the model is not plagued by autocorrelation of any order as the F-value with its associated p-value is statistically insignificant at any level. This implies that our model could be relied upon for drawing inferences. Furthermore, the results in Table 3 reveal that all the explanatory variables conform to a priori expectation as they all have positive impact on the dependent variable except export. However, with the exception of exports (LEXPT), all other variables are individually statistically significant at 5% level of significance. This implies that import(IMPT) and degree of

trade openness (DTOP) individually have significant positive impact on economic growth of Nigeria in the longrun. Thus, any policy action taken on IMPT and DTOP will bring about significant positive change in economic growth of Nigeria over the longrun. Based on the foregoing discussion, it is evident that globalization has longrun significant positive impact on economic growth in Nigeria. Therefore, it is safe to say that Nigeria has actually benefited from globalization through enhanced trade, investment and financial flows. This finding is consistent with that of Adesoye, Ajike and Maku (2015) and Maduka, Madichie and Eze (2017). The result in Table 5 is the

parsimonious ECM version of the ARDL model for the shortrun dynamics. The parsimonious model was arrived at through the automatic selection of SIC in ARDL model provided in EVIEWS 10, following a maximum lag length of 4. The result shows that RGDP (a proxy for economic growth), on its longrun growth path, effectively adjusts to short run shocks by about 51.03 percent in each period. Also, the stability tests reported in Figure 1 show that the estimates of the ARDL model is dynamically stable over the longrun as the fitted line falls within the 5% critical regions for both cumulative sum and cumulative sum of squares.

Table 4.4 Parsimonious ECM version of the ARDL Model

| Cointegrating Form | | | | |
|--------------------|-------------|------------|-------------|--------|
| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
| D(RGDP(-1)) | 0.468035 | 0.155762 | 3.004802 | 0.0148 |
| D(RGDP(-2)) | 0.911754 | 0.219069 | 4.161956 | 0.0024 |
| D(RGDP(-3)) | 0.310232 | 0.205115 | 1.512481 | 0.1647 |
| D(EXPT) | -0.004604 | 0.003765 | -1.222901 | 0.2524 |
| D(EXPT(-1)) | 0.024016 | 0.004071 | 5.899441 | 0.0002 |
| D(IMPT) | 0.041201 | 0.009229 | 4.464471 | 0.0016 |
| D(IMPT(-1)) | -0.066026 | 0.014613 | -4.518391 | 0.0015 |
| D(IMPT(-2)) | -0.091012 | 0.015564 | -5.847700 | 0.0002 |
| D(IMPT(-3)) | -0.090358 | 0.016312 | -5.539233 | 0.0004 |
| D(DTOP) | 12855.03 | 15856.59 | 0.810706 | 0.4384 |
| D(DTOP(-1)) | -51741.62 | 17994.03 | -2.875488 | 0.0183 |
| CointEq(-1)* | -0.510274 | 0.076466 | -6.673194 | 0.0001 |

Source: Authors Computation, 2018 (Eview-10)

5. Conclusion and Recommendation

Conclusion

This Study is of the view that increased trade and capital flows engendered by globalization can enhance the country's growth performance. However, if Nigeria is to benefit from the global integration, it has to address a number of challenges and implement appropriate strategies and policies in order to maximize the benefits of globalization and minimize the risks of destabilization and marginalization, as well as promote rapid economic growth and achieve substantial poverty reduction. Nigeria can achieve this hope by the

promotion of manufactured exports, regional integration, human capital development, promotion of foreign direct investment flow, raising the level of domestic savings and investment, development of technology and infrastructures.

Recommendations

The analysis of the regression results provides us the following policy implications:

With the one-period lagged RGDP estimate, it shows that the country is working productively with regards to the rate of growth per annual. This calls for the vibrant

policy makers, researchers to keep the ball rolling.

DTOP is positively related to growth as clearly indicated by the findings the growth of the economy should be shaved for those that promote it.

Necessary policy instrument should be put in place to harness the human resources so as to maximize the benefits of openness. For one thing, globalization can be exploited to enhance RGDP growth rate in Nigeria, especially if the economy improves on human capital.

The fact is that much as export does not currently contribute to the RGDP growth rate of Nigerian economy, the evidence from the results still shows it is still having the potential to contribute to it, if she harnesses her natural resources well. There is a need to diversify the economy from a major primary product exports to manufactured exports to harness the benefits.

The economy also has to fight seriously against the monocultures export syndrome.

Taxation policy should be made in such a way that it doesn't discourage the private hands and helps to redistribute income properly and help investment. Tax holidays and incentives such as provision of infrastructure to argument the tax paid by investors should be ensured

Exchange rate is negative. Its deteriorating condition in Nigeria is obvious. No further devaluation of the currency should be tolerated till Nigeria is able to meet its industrial goals. In short, the authority should a more stable exchange rate policy to improve the value of the currency.

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