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GLOBALIZATION AND ECONOMIC GROWTH IN NIGERIA

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Abstract

The study examined the impact of globalization on the Nigerian economy. Specifically, the objectives of the study were to determine the impact of foreign direct investment (FDI), exchange rate, external debt and balance of payment on economic growth proxied by gross domestic product per capita income. Bi-directional causality among the variables was also determined. The Ordinary Least Squares (OLS) technique was used to examine the functional relationship between the dependent and independent variables. Secondary annual time series data were collected from the Central Bank of Nigeria (CBN) Statistical Bulletin, 2019. The result revealed that exchange rate and balance of trade have direct relationship with gross domestic product per capita (GDPPC) while external debt had inverse relationship with gross domestic product per capita (GDPPC). The coefficient of determination (R2) for the models showed that foreign direct investment, exchange rate, external debt, balance of trade and net official development assistance explained 88.5% of changes in the value of gross domestic product per capita in Nigeria. It was recommended

that foreign direct investment had an inverse relationship with economic growth in Nigeria. Therefore, the federal government needs to improve on its FDI policies that would promote gross domestic product per capita.

Keywords: Globalization, International Trade, Exchange rate, Foreign Direct Investment, Balance of Trade and Economic growth

INTRODUCTION

Trading is an indispensable part of all international businesses, whether the company markets in one country or on a global market. Goods are produced in one country, distributed to another, and moved across borders to enter the distribution system of the target market(s). Most countries control the movement of goods crossing their borders, whether leaving (exports) or entering (imports). Some of the basic export and import documents are tariffs, quotas among others (Aimiumu, 2004; Adesoye, Ajike & Maku, 2015). They are barriers to the free flow of goods between independent sovereignties and are requirements that must be met by either the exporter or the importer or both. In order to ensure good trading relationship between countries and easy movement of goods, services and human capital, trade barriers are reduced or removed which is otherwise known as the economic globalization or globalization.

Globalization also can be described as a process of international integration arising from the exchange of world ideas, products views and innovations (Omojolaibi, Mesagan & Nsofor 2016). It is the intensification of cross-border trade and increased financial and foreign direct investment flows among nations, promoted by rapid advances in and liberalization of communication and information technology (Aninat, 2002). It conjures the picture of a borderless world with greater economic integration that enhances the living standards of people across the globe. It can further be seen as the spreading of various cultural values and experiences around the different corners of the world (Baylis & Smithm, 2001). The foregoing shows that globalization is the integration of economies worldwide through trade, finance flows and widespread adoption of information technologies and internetworking. Hence, it is an increasing interconnected and inter dependent world in international trade management, administration, communication, investment and finance.

In line with globalization policy, the Nigerian Enterprises Promotion Act which hitherto regulated the extent and limits of foreign participation in diverse sectors of the economy were repealed in 1995. The principal laws regulating foreign investments now are: the Nigerian Investment Promotion Commission Decree and the Foreign Exchange (Monitoring and Miscellaneous Provisions) Decree, both enacted in 1995. Also, given the need to stabilize the

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banking and financial sectors, and promote confidence in these vital institutions, the Failed Banks (Recovery of Debts) and Financial Malpractices in Banks Decrees of 1994 were put in place. The Investment and Securities Decree was also promulgated to update and consolidate capital market laws and regulations into a single code (Feridun, Olusi & Folorunso, 2006).

Nigeria's current policy thrust is, therefore, anchored on a guided de-regulation of the economy as being experienced in most parts of the world and, indeed, in globalized economies. Today, the Nigerian government is disengaging from activities which are private-sector oriented, leaving government to play the role of facilitator, concentrating on the provision of incentives, policy and infrastructure that are necessary to enhance the private sector's role as the engine of growth (Feridun, Olusi & Folorunso, 2006). In consonance with the policy of globalization, the economic policy of the Nigerian government is intended to increase private sector participation, generate productive employment and raise productivity, increase export of locally manufactured goods, improve the technological skills and capability available in the country, attract foreign direct investment and consequently promote economic growth.

According to Ilegbinosa (2013), economic growth are a source to advanced living standard and can be seen as a rise in the gross domestic or national product of a country (GDP/GNP) over time, which ultimately leads to high income per capita. Under the Keynesian approach of national income determination, economic growth or gross domestic product (GDP) is also referred to as aggregate demand. Economic growth represents the expansion of a country's potential GDP or output. It (GDP) has remained the commonest measure of economic performance and market expansion.

Market expansion is made possible through Technology, policy liberalization and competition across national boundaries through globalization. This is attested to, for example by advances in computing technology, which enable traders to meet demand for financial instruments such as swaps and futures with relative ease, thus allowing them to better manage their risks. In addition, improved transportation such as the advent of containerization in land– and sea–based shipping has reduced both the handling requirements and transit time by more than two thirds. The second force is policy liberalization. With this, most governments have removed barriers to trade and controls on the movement of capital and services, thereby allowing market forces to play themselves out. The third force, which is heightened competition, compels firms to explore new ways of increasing their efficiency, including shifting some of their activities abroad to reduce costs (UNCTAD, 2002a; United Nations Development Programme, 2016).

However, not every nation is a full member of the global village. The developed countries use their competitive advantage to boost their share of world trade and finance, and so largely

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benefit from globalization (UNCTAD, 2003a). On the other hand, underdeveloped and developing countries could be losing out as they experience a worsening of existing imbalances and distortions in the global economy (Collier & Dollar, cited in Onwuka & Eguavoen, 2007). This view is shared by Zuma (2003) who argues that the unequal distribution of political, economic and military power has meant that whilst globalization created immense opportunities of wealth for some, it has produced two contrasting global villages: one which is indeed prosperous, rich and democratic for a few who live in it, and the other, in which the majority are poor, alienated and marginalized with hardly any voice to determine their own destiny. Hence, the impact of globalization as a driver of economic growth from face valuation is inclusive without empirical validations.

Over the past two decades, world output has been expanding and many countries are benefiting from increased cross-border trade and investments. Many others suffer because economic regimes are inefficiently managed, and this weakness reduces their capacity to successfully compete globally (Schneider & Enste, 2002). International mobility of capital, resulting from advances in communications technology and liberalization of financial markets has intensified as the world economy witnesses the unleashing of market forces. Deregulation of domestic markets, their opening to competition, privatization and the retreat of the state from economic management are also features of the current global order.

Several recent studies have been conducted on globalization and economic growth in Nigeria (Feridun, Olusi & Folorunso, 2006; Akor, Yongu & Akorga 2012; Okpokpo, Ifelunini & Osuyali, 2014) with mixed findings. Akor, Yongu, and Akorga (2012) concluded that Nigeria has not benefited enough from the globalisation owing to the undue dependence on crude oil exports, low manufacturing exports and the underdevelopment of the domestic financial markets. Ebong, Udoh & Obafemi (2014) examined the nature of the influence globalization might have exerted on the industrial development of Nigeria over the past five decades (1960-2010) and found that globalization had significant impacts on industrial development in Nigeria. Okpokpo, Ifelunini and Osuyali (2014) found that globalisation had no significant impact on non-oil export within the period of 1970 -2011. To determine the effect of globalization on economic growth after this year period, this study sought to investigate the long-run and causal relationship between globalization and economic growth in Nigeria. This study expands the scope of existing literature by examining the impact of globalization on economic growth while emphasizing the peculiarities of the Nigerian economy. The paper is organized as follows: Section 2 presented a brief review of literature. Available research methodology is presented in Section 3; Section 4 interprets and discusses findings from the study while Section 5 concludes with policy recommendations.

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LITERATURE REVIEW

Globalization has imperialistic tendencies where by the developing countries like Nigeria live at the mercy of super powers in terms of military and economic manipulations (Shuaib, Ekeria & Ogedengbe, 2015). This implies that the Western world developed the concept of globalization to tie the aprons of the developing countries to themselves. This is true as the concept discredit indigenous cultures, values, knowledge and experience. It undermines national economic and political independence and creates worse international disparities.

A major barrier to the progress of the poorer developing countries remain the trade regime in advanced economies which generally discriminate against the goods that poor countries produce in particular, food, textile and clothing (Shuaib, Ekeria & Ogedengbe, 2015). African – Nigerians underdevelopment and century impoverishment is the direct precipitate of European colonization, global capitalist exploitation and ruthless extraction of resources especially in the name of debt servicing by international finance houses – IMF and World Bank.

In Nigeria the average life expectancy is a mean of 51 years and this is increasingly being reduced with low caloric intakes, poverty, uncertainty, hardship, tribe wars, armed robbery, Boko Haram, flood and other violent crimes, drug abuse, prostitution and other avoidable ills (Shuaib, Ekeria and Ogedengbe, 2015). It is indicated that half of the world refugees fleeing from wars, famine, drought and repressive leaders are from developing countries where Nigeria is directly or indirectly involved. These are the aftermaths of European and American manipulation and geopolitics in the region including longstanding support for VIPs – Nigeria as a component part of the world experiences global warming resulting from emission of gases from exhausts, chimneys which depletes the diatomic molecule –Ozone subjecting man and other living things to the scorch of the sun (Akor, Yongu, & Akorga, 2012). Policies of deregulation, privatization and commercialization, which have been packaged by the International Monetary Fund, the World Bank and the World Trade Organization, do not take into account the socioeconomic peculiarities of Nigeria, and therefore cannot lead to industrialization.

Akor, Yongu, and Akorga (2012) theoretically, this paper X-rays the effects of globalization on the Nigerian economy with a thrust overview of its features, positive and negative effects to the country's economy with the hope of proffering ways for sustainable development in Nigeria in the face of globalization. They concluded that Nigeria has not benefited enough from the globalisation owing to the undue dependence on crude oil exports, low manufacturing exports and the underdevelopment of the domestic financial markets.

Feridun, Olusi and Folorunso (2006) examined the effect of globalization of economic growth in Nigeria. The period of analysis was between 1986 and 2003 while the analytical

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method employed was econometric techniques of Error Correction Modelling (ECM). The result indicated that both measures of economic integration (trade openness and financial integration) and all other orthodox determinants of economic growth such as private investment, public investment and debt series were non stationary. They were indeed I(1) series. The study also confirmed that trade openness had significant positive effect on economic growth in Nigeria. The impact of financial integration on the economy is, however, negative but insignificant at 10 per cent level of significance. The study concluded that Nigeria could benefit more from globalization if its economy would fully integrate with the rest of the world.

Zainawa (2006) examined the impact of globalization on Nigerian industries, focusing attention on the footwear industry in Kano State for the period covering 1980 to 2004. Descriptive methods were mainly used in analyzing the data. Finding from this study shows that globalization has a serious negative impact on footwear industry in Kano State. In specific terms, the results showed that the phenomenon of globalization has led to industrial closures, production capacity underutilization, unemployment, stagnation, industrial backwardness, and over dependence on imported leather footwear products from industrialized economies.

Anugwom (2007) investigated the influence of globalization on labour utilization in Nigeria's construction industry between August and November, 2000. For this purpose, a random sample of 45 respondents was interviewed. The results of the interview as reported by this study show that the process of globalization has greatly changed the manner of labour utilization in terms of nature of employment, poor earnings, global control of the economy, and de-unionization of workers. The study concludes that outcomes from globalization have been unfavorable to labour in the construction industry, particularly workers in the semiskilled category.

Employing time series data for the period from 1990-2006, Ogunrinola and Osabuohien (2010) examine the impact of globalization on employment generation in Nigeria's manufacturing sector. The study adopted the ordinary least squares (OLS) method together with various diagnostic tests. Findings from this study showed that globalization has a positive impact on employment level in the manufacturing sector of Nigeria.

Tamuno and Edoumiekumo (2012) examined the impact of globalization on the Nigerian industrial sector, utilizing annual time series data covering the period 1970-2008. This study adopted time series analysis under the framework of cointegration test and error correction mechanism. Cointegration test result showed existence of long run relationship among the variables in the model. The result of the error correction model for short run dynamics showed that external debt, gross capital formation, nominal exchange rate and degree of openness have negative impact on the Nigerian industrial sector; while foreign direct investment has positive

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impact on industrial output in Nigeria. The study concludes that the Nigerian industrial sector has a weak base which makes it difficult to compete favourably with her foreign counterparts.

Utilizing data from 1975-2010, Essien and Mozie (2012) studied the effect of globalization on industrial performance in Nigeria, focusing mainly on plastic firms. The study period was divided into two: the pre-SAP and the post-SAP periods. The study adopted both descriptive and econometric approaches in the analysis of the relevant data. The result of the cointegration test confirmed the existence of a long run relationship among the variables. However, contrary to expectations, the results show that the process of globalization has led to de-industrialization of plastic firms in Nigeria. The manufacturing capacity of these firms remained very low, leading to closure of many of them.

Nwakanma and Ibe (2014) examined the causal relationship between globalization and economic growth in Nigeria from 1981 to 2012. Time series data was used and sourced from the CBN Statistical Bulletin and Annual reports. The stationarity of the variables were tested using the Augmented Dickey-Fuller (ADF) and Phillips Perron (PP) unit root tests. They were found to be integrated of order I (1). Hence, the null hypotheses of having a unit root were rejected and all the series were used in our cointegration test after first difference. The variables used in the model were GDP, Financial integration, human resource development (HRD) and trade openness (OPEN). Cointegration result indicates the existence of a long run equilibrium relationship. The regression results show a positive and insignificant relationship between financial integration, human resource development and trade openness while gross fixed capital formation was negative and insignificant. Granger causality shows a unidirectional causal relationship between financial integration and gross fixed capital formation. There is also a unidirectional causality between trade openness and gross fixed capital formation. The insignificant relationship could be as a result of insufficient capital inflow into the economy and so many negative factors bedeviling the Nigerian economy, for example corruption.

Shuaib, Ekeria and Ogedengbe (2015) examined the impact of globalization on the growth of Nigerian economy using times-series data from 1960 to 2010. The paper utilized secondary data and various econometrics and/or statistical packages analytical (View 7.2) method were explored to examine the link between the econometrics variables and their impact on the growth of Nigerian economy. The study tested the stationarity, cointegration of Nigerian's time series data and used error correction mechanism to determine the long run and short run relationship among the variables examined. The results of the findings supported that growth of external debt ratio was an inversely related to economic growth in Nigeria.

Kilic (2015) investigated effects of economic, social and political globalization on the growth levels of developing countries and causality relationship between the variables by using

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fixed effects least squares method and Granger causality test developed by Dumitrescu-Hurlin (2012) for 74 developing countries between 1981-2011 period. The results of the analysis imply that economic growth levels of selected developing countries were positively affected by the economic and political globalization whereas social globalization affected economic growth negatively. Moreover, test results of causality puts forward two way causality relationship between political and social globalization and the economic growth and one way causality relationship between social globalization and economic growth.

Oni (2015) examined globalization not only as a strategy of economic development but also on how Nigeria can minimize the adverse effect of globalization and benefit maximally in terms of improved wellbeing of the people. The study relies on secondary source of information. It contends that for Nigeria to fully participate in the complex global political economy, it must necessarily confront frontally the constraints on global integration.

Adeleke, Akinola and Ifeacho (2013) examined globalization and economic development of Nigeria. The study employed both cointegration and causality test. The result shows that foreign direct investment is a component of globalisation and important factor influencing the economic development of Nigeria. Trade openness shows a negative relationship. The causality test indicates that a unidirectional causality exist between economic development and globalisation that is causality flows from economic development to globalisation in other words, it is the level of economic development that determines how a country like Nigeria can benefit from globalisation.

Adesoye, Ajike and Maku (2015) examined the impact of economic globalization on output growth of the Nigerian economy. Different econometrics techniques i.e. pre-estimation test, estimation techniques and diagnostic test such as Augment Dickey Fuller, Engel-Granger co-integration, Ordinary Least square, post estimation tests and Error Correction Model were carried out using the data sets within the period of 1970 and 2013. There exist a long-run relationship among exchange rate, interest rate, inflation rate, foreign direct investment (FDI), trade openness, and financial openness and real gross domestic product. The results revealed that a higher exchange rate and inflation rate, an increase in foreign direct investment, growth in trade and financial openness and a lesser interest rate enhance the growth rate of output in Nigeria. However, all the incorporated variables maintained their respective signs and significant level except FDI with a negative insignificant impact on output growth. In addition, 32.2% of the distortion in the short-run is corrected in the first year in attainting equilibrium or sustainable economic growth

Omojolaibi, Mesagan, and Nsofor (2016) examined models the channels through which globalization affects financial sector development in Nigeria. To this end this study examines the

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data for these variables used in this study for the period (1987-2014). The results obtained in this study have established that globalization has a significant effect on financial sector development in Nigeria. Higher pace of globalization is found to be associated with a good financial system in Nigeria and it also serves as a stimulant for the economy.

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 Auto- Regressive 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.

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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.

Alimi and Atanda (2011) examined the effect of globalization on economic growth in Nigeria between 1970 and 2010 amidst cyclical fluctuations in foreign investments. They employed autoregressive model that regress trade openness, cyclical foreign investment to gross domestic products, external reserves, debt stock and exchange rate on real gross domestic product revealed that globalization has positive and significant effect on economic growth in Nigeria, while the positive of business cycle on real output growth was insignificant.

Ajayi and Atanda (2012) investigated the trade and capital flow channels of globalization on macroeconomic stability as proxy by real output growth rate in Nigeria between 1970 and 2009. The employed autoregressive model indicated that the first lag of real output growth rate has significant positive effect on real current growth rate, while the second autoregressive term is found to exert insignificant negative effect on current real output growth rate. Also, trade and capital flow dimensions were found to deteriorate the macroeconomic stability level in Nigeria. However, the existence of cointegration was later established among the series, while the short run analysis using the error correction mechanism model indicated that for any disequilibrium in the stability level in the short-run, the error correction term adjust 97.5% of this divergence to its long-run equilibrium.

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confirmed that of trade openness had significant positive effect on economic growth in Nigeria. the impact of financial integration on the economy is, however, negative but insignificant at 10percent level of significant. The study concluded that Nigeria could benefit more from globalization if its economy would fully integrate with the rest of the world.

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RESEARCH METHODOLOGY

The Hecksher-Ohlin theory was used as the theoretical framework of this study. The main tenet of Hecksher-Ohlin theory is that countries should be specialists in the production of goods and services where they have factors of production in abundance for production for production geared towards domestic consumption and for international market. However, such countries should import those goods and services for which they have scarce factors of production (Omojolabi, Mesagan & Nsofor 2016). When this is achieved, it will translate to increased specialization, increased global output and improved welfare of the people. In one hand, peoples' choices would be increased and people around the globe would have access to variety of goods.

The Hecksher-Ohlin theory emanated from the theory of Absolute cost advantage which was credited to Adam Smith (Omojolabi, Mesagan & Nsofor 2016). This theory of Absolute cost advantage, however focuses on increase global output via the inter-border movement of output, furthermore, this theory states that countries should specialize in the production of goods and services that it can produce at a very low cost in terms of factor inputs used in the production of output both for domestic consumption and for international market, however, such a country should import those goods for which it can produce at very high cost compare to other countries (Omojolabi, Mesagan & Nsofor 2016).

The relevance of Hecksher-Ohlin theory of globalization is that it assists countries gain advantage in the globalized market via the interrelationship between the global markets and the movement of output across borders (Basco, 2014). This theory also seeks to promote global productivity and the development of the various sectors of the economy as citizens of different countries would have access to improved employment opportunities and better benefits/income. Consequently, the Hecksher-Ohlin theory would be used as the theoretical anchorage of this study. This would help to investigate the impact of globalization on growth of the Nigerian economy from 1988-2019.

Model Specification

In order to examine the relationship between globalization variables and economic growth in Nigeria, the model specified for the study is as shown below:

Model 1

RGDPPC = f (FDI, EXCR, EDEBT, BOT, NETODA)

$RGDPPC = \alpha_0 + \alpha_1 FDI + \alpha_2 EXCR + \alpha_3 EDEBT + \alpha_4 BOT + \alpha_4 NETODA + e_1$

$\alpha_0 > 0$ $\alpha_1 > 0$ $\alpha_2 > 0$ $\alpha_3 < 0$, $\alpha_4 > 0$, $\alpha_5 > 0$

Where:

RGDPPC = Real Gross Domestic Product per capita (US$billion)

FDI = Foreign direct investment (Nbillion)

EXCR = Foreign exchange rate of US$1 to N1 (%)

EDEBT = External debt to international organizations (Nbillion)

BOT **=** Balance of trade statement (Nbillion)

NETODA = Net official development assistance (US$billion)

α_0 and β_0 = Constant

α_1, α_2, α_3, α_4, β_1, β_2, β_3, β_4 and β_5 are parameters or slope of the independent variables

e_1 = error term

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Data Source

Data for this study will be obtained from secondary sources such as the publication of Central Bank of Nigeria (CBN) Statistical Bulletin (2019), economic journals, textbooks and other internet sources. Data on globalization and economic growth indicators will be collected from the Central Bank of Nigeria (CBN) Statistical Bulletin (2019) while information on the review of related literature will be obtained from economic journals, textbooks and other internet sources.

Method of Analysis

The Ordinary Least Squares (OLS) technique will be employed to ascertain the degree of relationship between the dependent and the independent variables. Salvatore and Reagle (2002) asserted that the OLS has certain optimal properties which make it the best in the class of linear estimators. Moreso, the Augmented Dickey Fuller (ADF) test will be carried out to test the stability of the time series data of the variables. The Johansen Co-integration and Error Correction Model (ECM) will be carried out to determine the long-run relationship between the variables as well as the speed of correction in disequilibrium resulting from shocks respectively. Lastly, the Pair-wise Granger Causality Test will be carried out to test the causal relationship between globalisation and economic growth in Nigeria. The Econometric-view (E-view version 7) was used to run the regression in the study.

RESULTS

Unit Root Test

To test for the stationarity of the series, the unit root test was carried out using Augmented Dickey Fuller (ADF) statistics. The result is presented in Table 1.

Table 1: Unit Root test result on the Series (E-view version 7 output)

Series	ADF statistics	Critical values		Order of Integration
		1%	5%	
GDPPC	-4.163	-3.654	-2.953	I(1)
FDI	-7.121	-3.653	-2.957	I(1)
EXCR	-5.377	-3.654	-2.957	I(1)
EDEBT	-3.789	-3.653	-2.957	I(1)
BOT	-4.322	-3.654	-2.957	I(1)
NETODA	-3.132	-3.646	-2.954	I(0)

Table 1 showed the test for unit root in the series with Augmented Dickey Fuller (ADF) statistics. Results from the table showed that NETODA was stationary or integrated at level i.e I(0) while the other series were stationary or integrated in their first differencing i.e I(1).

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Co-integration Test

Two variables are cointegrated if they have a long-run or an equilibrium relationship between them (Gujarati, 2004). The Johansen (1991) likelihood ratio test statistics, the trace and maximum eigenvalue test statistics, were utilized to determine the number of cointegrating vectors. The decision rule is to reject the null hypothesis if the probability (p-value) is less than 5% (0.05). Otherwise, we do not reject. The result of the cointegration is summarized in the Tables 2.

Table 2: Cointegration Rank Test (Trace and maximum eigen value) on the Series

Series: GDPPC FDI EXCR EDEBT BOT NETODA
Lags interval (in first differences): 1 to 1

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.889922	180.9721	95.75366	0.0000
At most 1 *	0.879243	110.3619	69.81889	0.0000
At most 2	0.502297	42.71480	47.85613	0.1397
At most 3	0.324301	20.38674	29.79707	0.3970
At most 4	0.217189	7.842489	15.49471	0.4824
At most 5	0.000213	0.006828	3.841466	0.9336

Trace test indicates 2 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	0.889922	70.61012	40.07757	0.0000
At most 1 *	0.879243	67.64715	33.87687	0.0000
At most 2	0.502297	22.32806	27.58434	0.2040
At most 3	0.324301	12.54425	21.13162	0.4949
At most 4	0.217189	7.835661	14.26460	0.3956
At most 5	0.000213	0.006828	3.841466	0.9336

Max-eigenvalue test indicates 2 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

From Table 2, the trace statistic and maximum eigenvalue statistic, the first and second null hypotheses at 5% level of significance were rejected based on our decision rule that the

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probability value(s) are less than 5% (0.05). The trace and maximum eigenvalue statistics revealed that there are two cointegrating equations or vectors among the variables. Therefore, there is a long run relationship among the variables in the model. The existence of the cointegrating vectors justifies the need to test for the short run dynamism of the model using Error Correction Mechanism (ECM).

Error Correction Mechanism (ECM) result

To determine how quickly the variables converge to equilibrium (i.e. the speed of adjustment back to long-run equilibrium after a short-run disturbance), the Error Correction Mechanism was employed.

Table 3: Error Correction Model (ECM) result

Dependent Variable: D(GDPPC)
Method: Least Squares
Date: 11/06/17 Time: 14:13
Sample (adjusted): 1988 2019
Included observations: 33 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	12.86013	19.06350	0.674594	0.5059
D(FDI)	-5.77E-05	0.000324	-0.177798	0.8603
D(EXCR)	0.648345	1.666138	0.389130	0.7003
D(EDEBT)	-3.30E-05	3.85E-05	-0.855656	0.4000
D(BOT)	9.02E-05	3.41E-05	2.647256	0.0136
D(NETODA)	-4.43E-09	8.93E-09	-0.496440	0.6238
ECM(-1)	-0.330629	0.130194	-2.539508	0.0174

R-squared	0.290569	Mean dependent var	27.24821
Adjusted R-squared	0.126854	S.D. dependent var	103.1627
S.E. of regression	96.39758	Akaike info criterion	12.16067
Sum squared resid	241604.8	Schwarz criterion	12.47811
Log likelihood	-193.6511	Hannan-Quinn criter.	12.26748
F-statistic	7.748443	Durbin-Watson stat	1.789166
Prob(F-statistic)	0.000079		

Results in Table 3 indicated that the ECM coefficient of -0.3306 is correctly signed and statistically significant at 0.05 level of significance ($p<0.05$). This showed that if there is a shock or perturbation leading to disequilibrium, the system will restore itself back to equilibrium with a speed of adjustment of approximately 33%. The coefficients of all the regressors are statistically insignificant with exception of balance of trade (BOT). The result showed that balance of trade (BOT) had positive and significant relationship with gross domestic product per capita.

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The value of the r-squared (R^2) is 0.291 which showed that the overall goodness of fit of the model is good. That means the variables included in the model explained about 29.1% variations in the dependent variable while the remaining 70.9% variation in the dependent variable is caused by other factors which are not captured in the model. The value of the adjusted coefficient of determination (R^2) is 0.127. It measures the goodness of fit of the model. It further explains that the independent variables are able to explain 12.7% of any systematic change in GDP per capita while the unexplained residue of 86.3% is attributed to values in the error term or other randomized variables not captured in the model that have prominent impact on the dependent variable (GDPPC).

The overall performance of the estimates in the model is measured by the F-statistic. The F-statistic of 7.748 is jointly and statistically significant at 5% given the fact that the F-statistic probability (p=0.000079) is less than 0.05. Therefore, the overall parameter estimates for the model are statistically significant. The Durbin Watson (D.W) statistic of the model is 1.789. Since the value is approximately equal to 2. This explained that there is no presence of serial auto-correlation between or among the independent variables.

Granger Causality test

To determine the direction of causation between globalization indicators and economic growth in Nigeria, the Granger Causality test as developed by Granger (1969). According to this test, a variable (a globalization indicator) is said to granger cause another variable (say GDP per capita) if past and present values of the former predict the latter (GDP per capita). Result of the causality test is presented in Table 4.

Table 4: Pairwise Granger Causality Tests

Sample: 1988 2019
Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
FDI does not Granger Cause GDPPC	32	0.40731	0.6695
GDPPC does not Granger Cause FDI		8.21515	0.0016
EXCR does not Granger Cause GDPPC	32	7.07734	0.0034
GDPPC does not Granger Cause EXCR		0.24636	0.7834
EDEBT does not Granger Cause GDPPC	32	3.67483	0.0388
GDPPC does not Granger Cause EDEBT		1.25865	0.3002
BOT does not Granger Cause GDPPC	32	1.76512	0.1903
GDPPC does not Granger Cause BOT		4.64450	0.0185

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NETODA does not Granger Cause GDPPC	32	0.26858	0.7665	Table 4…
GDPPC does not Granger Cause NETODA		4.42993	0.0217	
BOT does not Granger Cause FDI	32	5.52281	0.0098	
FDI does not Granger Cause BOT		0.90246	0.4175	
NETODA does not Granger Cause FDI	32	0.84403	0.4410	
FDI does not Granger Cause NETODA		3.45430	0.0462	
BOT does not Granger Cause EXCR	32	0.20539	0.8156	
EXCR does not Granger Cause BOT		5.64902	0.0089	
NETODA does not Granger Cause EXCR	32	0.56132	0.5770	
EXCR does not Granger Cause NETODA		3.52875	0.0435	
BOT does not Granger Cause EDEBT	32	14.6297	5.E-05	
EDEBT does not Granger Cause BOT		4.64261	0.0185	
NETODA does not Granger Cause EDEBT	32	0.10848	0.8976	
EDEBT does not Granger Cause NETODA		6.93024	0.0037	
NETODA does not Granger Cause BOT	32	0.92987	0.4069	
BOT does not Granger Cause NETODA		19.4095	6.E-06	

The result of the pairwise granger causality tests conducted on the variables showed that there exist a unidirectional causality from: Gross Domestic product per capita (GDPPC) to foreign direct investment (FDI); exchange rate (EXCR) to gross domestic product per capita; gross domestic product per capita to Balance of trade (BOT); gross domestic product per capita to net official development assistance (NETODA); Balance of trade (BOT) to foreign direct investment (FDI); exchange rate (EXCR) to Balance of trade (BOT); exchange rate (EXCR) to net official development assistance (NETODA); external debt (EDEBT) to Balance of trade (BOT); external debt (EDEBT) to net official development assistance (NETODA); balance of trade (BOT) and net official development assistance (NETODA).

CONCLUSION

It can be deduced that exchange rate, external debt and balance of trade are significant globalization indicators that predict changes in the value of gross domestic product (GDP) per capita. This implies that trade and economic integration through globalisation generated great wealth for Nigeria and could be used to massively reduce poverty and in turn to reduce global poverty and inequality. However, it is observed that Nigeria needs to fully integrate her economy and deregulate all sectors in order to fully enjoy the benefits of globalization.

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RECOMMENDATIONS

The following recommendations are made based on the findings:

1) Foreign direct investment had an inverse relationship with economic growth in Nigeria. Therefore, the federal government needs to improve on its FDI policies that would promote gross domestic product per capita.
2) External debt from international organizations, clubs and multinationals should always be serviced as at when due to avoid pilling debt burden that crowds out the nations' income.
3) Trade policies needs to be formulated to enhance the competitiveness of her basic industries, support local manufacturing and increase nation's chances of increased gross domestic product per capita.

SCOPE FOR FUTURE RESEARCH

For robustness purpose, a disaggregated study is necessary to inquire into the interplay between the globalization and economic growth in Nigeria. Hence, the following topics are seen as imperative for future research:

1) Research should be done on the sectorial channels through which globalization affects economic development in Nigeria.
2) Industry specific analysis of the impact of globalization in the Nigerian economy.

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