Nigerian Journal of Social Psychology

Published by
Nigerian Association of Social Psychologists
www.nigerianjsp.com

NIGERIAN JOURNAL OF SOCIAL PSYCHOLOGY

Volume 2, Issue 3

Online ISSN: 2682-6151
Print ISSN: 2682-6143
2019

Editor-in-Chief
Prof. S.O. Adebayo
Managing Editor
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GLOBALIZATION AND ECONOMIC GROWTH OF NIGERIA: AN EMPIRICAL INVESTIGATION

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Abstract

This empirical study examined globalization and economic growth of Nigeria between the period 1981 to 2012. Secondary data on gross domestic product (GDP) was used as a proxy for economic growth; Globalization (GLO), Foreign Direct Investment (FDI), Exchange Rate (EXR) and External Debt (EDT) which represented the explanatory variables were sourced from CBN publications. In the course of this empirical investigation, various advanced econometric techniques like Augmented Dickey Fuller Unit Root Test, Johansen Cointegration Test and Error Correction Mechanism (ECM) were employed and the result reveals among others; that all the variables were stationary at level except for Foreign direct investment and exchange rate which were stationary at first difference, meaning that the variables were not integrated of the same order justifying co-integration and error correction mechanism test. The cointegration result indicated that there is long run relationship among the variables with three cointegrating vectors. The result of the ECM test indicates that all the variables except exchange rate and foreign direct investment exerted significant impact on economic growth in Nigeria. Although, all the variables exhibited their expected sign but globalization captured by trade openness exhibited negative relationship with economic growth. The study concluded that Nigeria has not fully reaped the dividend of globalization, hence if Nigeria must benefit from globalization, the government should look beyond the mono-product business (oil sector) and research into other sectors for new products of international standards, develop the home industry and the agricultural sector with a view to increasing the county's share of non-oil export.

Keywords: *Globalization, Trade openness, Foreign direct investment, Economic growth, Nigeria.*

I. Introduction

The concept, globalization or one global village brought along with it the concept of "free-trade", and has greatly affected Nigeria's economic growth over the years. Shenkar and Luo (2004, cited in Adesina, 2012) refers to globalization as "the growing economic interdependencies of countries worldwide through the increasing volume and variety of cross-border transactions in goods and services and of international capital flows, as well as through the rapid and widespread diffusion of technology and information." Globalization involves both monetary and economic integration; the transfer of policies across borders; the transmission of knowledge; cultural stability; the reproduction, relations, and discourses of power; it is a global process, a concept, a revolution, and an establishment of the global market free from socio-political control.

The massive trade liberalization and financial integration all over the world accompanied with growing political, socio-cultural and military interdependence as well as the excessive technological progresses has led the term "globalization" to become one of the hottest topics

of our era. Nigeria currently is the most populous nation on the African continent; highly endowed with a lot of human and natural resources, which if adequately harnessed, can turn around not only her economy but the entire economy of Africa. Unfortunately, this has not been possible because Nigeria has allowed herself to be used as a dumping ground for all sorts of imported goods from the industrialized nations and the Asian Tigers.

Globalization is said to benefit the advanced countries at the expanse of the developing countries like Nigeria. The unpleasant situation is manifested in the form of low capacity utilization of various sub-sectors of the Nigerian manufacturing sector, poor or lack of employment opportunities; the high level of poverty in the country, the rate of social vices in the society and the outflow of the country's foreign exchange at the detriment of the country in particular and Africa, at large. Globalization is seen to have restricted Africa to merely a producer of raw materials and consumer of manufactured goods at the expense of her development (Akinola, 2003).

Globalization often seen as means by which the capitalist nations use to exploit the developing countries, the Marxists hold that globalization is a product of the capitalist. They argued that the capitalist system epitomizes exploitation, it involved class conflict and it is a system of unequal relation marked by an unequal exchange. It is a system where one group must benefit at the expense of the other. Thus globalization being of such a system is bound to be exploitative. Several scholars have made attempt at tracing the origins of globalization to industrial revolution, others trace its history long before the European age of discovery to the new world. Since the beginning of the 20th century, the pace of globalization has intensified at a rapid rate, especially from the period of regional economic integration that is on the wave. However, globalization can be traced to the mercantilist traders that showed that trade can be beneficial to their nation. Mercantilists provided the earlier idea on foreign trade. The doctrine was made up of many features. According to the theory, the most important way for a nation to become rich and powerful is to export more than its import. Trade therefore has to be controlled, regulated and restricted. The country was expected to achieve favourable balance of payment. Tariffs, quotas and other commercial policies were proposed by the mercantilism to minimize imports in order to protect a nation's trade position.

The present socio-economic and political condition of Nigeria on ground suggests that the country still have a long way to go in the global competition of the 21st century. Also, the economy is made weaker daily by the mono-cultural dependence and unfavourable terms of trade in its export trade as well as excruciating debt burdens. This problem can really make Nigeria not to benefit from the on-going globalization process. It is thus imperative for Nigeria to use her enormous human and natural resources to build a strong, reliant and self-sustaining economy which will be competitive in the world market.

It is also a thing of concern that even the crude oil which Nigeria produces, is refined abroad and imported back into the country to meet-up local consumption, because the country's refineries have over the years been operating below full capacity utilization. The economic crises in Nigeria are so obvious and that made Academic Staff Union of Universities (ASUU) in 2002 to believe that the country's economy has been taken over by the forces of globalization. The situation becomes more aggravated due to Nigerians' preferences for foreign goods (Fatokun, 2004).

In conclusion, globalization has become a threat to the poor rather than an opportunity for global action to eradicate poverty (Obadina, 1998). Arguing further, Obadina contends that

globalization is the same notion used to justify slavery and colonization. It is usually anchored on the believed that the developed nations should be free to exercise their strength without moral or legal limitation that protects the weak.

Hence, this research aims at assessing the position of Nigeria in the global movement of the world, whether or not Nigeria economic development can be attributed to the globalization or if the under-develop nature of Nigeria economy characterized by low capacity utilization, lack of employment opportunities among others are as a result of the globalization of the world which Nigeria is part of. In other words, how effectively has globalization contributed to Nigeria's economic growth and development? And ascertain if there is any observed long-run relationship between globalization and Nigeria economic growth at large? This study aims at achieving the following objectives; to examine the impact of globalization on Nigeria's economic growth, and evaluate the long-run relationship between globalization and Nigerian economic growth.

2. Review of Related Literature

2.1 Theoretical Review

Literature abounds about the relative importance of globalization on the economic growth and development of any nation. Globalization is often used to mean liberalization of economics, economic integration, monetary integration and the free flow of humans and capital goods across borders. Globalization can only take place because of the existence of international trade. Discussion of globalization starts with analysing international/foreign trade. A number of theories have evolved to analyse the relative importance of trade among countries of the world.

Prominent among the theories is the Mercantilists theory which provided that the most important way for a nation to be become rich and powerful is to export more than its import. They therefore postulate that trade therefore has to be controlled, regulated and restricted. That in this way, the country can achieve favourable balance of payment. Tariffs, quotas and other commercial policies were proposed by the mercantilism to minimize imports in order to protect a nation's trade position. Adam Smith reacting to the flaws noticeable in the mercantilist theory developed an alternative theory; the absolute cost advantage theory where he postulate that countries with absolute cost advantage should specialize in the production of those goods they have cost advantage, and import those ones with relative cost disadvantages. Other theories that have explained international trade may include David Ricardo Relative cost advantage, which is like a modification on smith theory. He postulates that country may have absolute cost advantage in the production of the two goods in question but it should specialize in the production of the goods in which it has comparative advantage.

Comparative advantage theory means the comparison of relative price differences between nations to explain the pattern of trade. For example, compare the relative price of wheat in terms of cheese at home to the same relative price in the foreign economy in a hypothetical equilibrium with no trade (autarky) or with restricted trade. The country with the lower relative price of wheat is said to have a comparative advantage in wheat while the other country has, symmetrically, a comparative advantage in cheese. Buy low, sell high logic predicts that a country will export the good in which it has a comparative advantage.

Loto (2011), notes that the focus on relative prices tends to cancel out forces (exchange rate manipulations, environment or labour standards) which cause national differences in levels of non-traded factor (or goods) prices. He further noted that by this reasoning a country must

have a comparative advantage in some good. Prices of non-traded factors of production adjust in general equilibrium so that each country ends up in trade equilibrium with a competitive or absolute cost advantage in good in which it has a comparative advantage.

The factor proportion theory of Hecker-Orlin added relative factor endowment differences to the exogenous explanation of comparative advantage. The theory states that more capital-abundant countries have higher labour productivity, but the advantage gained is relative to less capital-abundant countries with relative capital intensity of the good's technology. Combining capital-resource and labour endowment differences account for reasons for globalized economy of the world.

Globalization theory cannot be complete without discussing exogenous theory of economic growth. This theory shows how education leads to increase in productivity and efficiency of workers by increasing the level of their cognitive skills, which can be transformed through enhance productivity to economic growth. Theodore, Schultz, Gory Bucker and Jacob Mincer introduced this theory; according to this theory people invest in education so as to increase their stock of human capabilities and skills which can be formed by combining innate abilities with investment in human beings (Babalola, 2000).

However, the stock of human capital increases in a period only when gross investment exceeds depreciation with the passage of time, with intense use or lack of use. On the other hand, many sees western education as a modified product of globalization that have come to erode the culture and values of African countries at large, thereby subjecting African to perpetually depend of the western countries for survivals.

Classical growth models showed that the output of an economy grows in response to larger inputs of capital and labour (all physical inputs). Furthermore, the economy under such a model conforms to the law of diminishing returns to scale. With these assumptions, the neoclassical growth models offered some implications to the economy; particularly, as the capital stock increases, growth of the economy slows down, and to keep the economy growing, it must capitalize from incessant infusions of technological progress.
In the mid-1980s, a new paradigm was developed in to address some issues. In summary the conventional "classical" growth theory as modelled by Robert Solow (1956) holds the view that economic growth is a result of the accumulation of physical capital and an expansion of the labour more productive.

However, Romer (1990), develop an alternative theory to the exogenous growth theory which is now commonly known as "endogenous growth models" By broadening the concept of capital to include human capital, the new endogenous growth model argues that the law of diminishing returns to scale phenomenon may not be true as is the case for developed economies. In simple terms, what this means is that if the firm which invests in capital also employs educated and skilled workers who are also healthy, then not only will the labour be productive but it will also be able to use the capital and technology more efficiently. This will lead to Hicks neutral shift in the production function and thus there can be increasing rather than decreasing returns to investments.

2.2 Empirical Review

Empirical studies on the relative impact of globalization on the economic growth of Nigeria posits a positive relationship while some other studies argues that there is inverse

relationship. This study however, will review some of this work to examine the impact of globalization on the development of Nigeria economy.

Adeleke et al (2011) examined the Effects of globalisation on economic growth in Nigeria using Error Correction Mechanism. They regressed GDP against the openness of the economy (Exports plus Imports divided by GDP), as well as foreign direct investment, Exchange Rate, external reserves, Inflation rate, and Money Supply. The findings revealed that globalisation has a negative impact on economic growth in the long run, but a positive impact in the short run. This suggests that while Nigeria participates in the globalisation exercise, caution should be exercised in opening up all its growing sectors to international competition, so as not to permanently hinder the growth of these sectors in the long run, with its accompanying negative impacts on the economy.

Alimi and Atanda (2011) investigates the effect of globalization on economic growth in Nigeria between 1970 and 2010 amidst cyclical fluctuations in foreign investments. They employed autoregressive model that regressed 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. Also, external reserves tends to significantly shield the economy from external shocks and the international relative prices stabilize the growth rate of real output in Nigeria. Therefore, the paper concludes that globalization and cyclical movement in foreign investment have significantly enhanced economic growth in Nigeria. Thus, they argue that the use of strategic macroeconomic policy framework will enhance the benefits of trade interactions and global competiveness.

Akinlo (2003) examined the impact of globalisation on the stock market and observed that globalisation measured as growth of point and stock of foreign direct investment (FDI) has significant position effects on the stock markets in African. The results revealed that the growth rate of the economy has a positive effect on the economy. Furthermore, in analysing the channels through which FDI impacts on growth, the findings revealed that FDI stock has significant impact on capital formation and factor productivity. Thus as the FDI increases, capital formation and stock market build –up are enhanced.

Uwandu et al (2013) analysed the effect of globalization on Nigeria education. They argue that education is undergoing constant changes under the effects of globalization. The effects of globalization on education bring rapid development in technology and communication are foreseeing changes within learning systems across the world as ideas, values and knowledge, changing the roles of students and teachers, and producing a shift in society from industrialization towards information based society.

Loto (2011) investigated the impacts of globalization on Nigeria's Economic growth. It adopts the Mundel-fleming model of open macroeconomics based on the notion of one price. OLS regression analysis was also used in conjunction with other tests of stability. The regression results shows that the inflation rate is negative, exchange rate is negative, and also is openness indicator. Violation of the a priori expectation of these variables may not be far from the fact that their levels are not right. The sign of the coefficient of the openness variable (for example) violated the a priori expectation. This was because, the level of trade in Nigeria fell short of the minimum level needed for the coefficient to be positive. He

therefore concludes that Nigeria needs to improve on her trade with the rest of the world for the country to benefit from globalization. Also sound macroeconomic policies are needed to reinforce the globalization exercise for a better result.

According to Aina (1996), globalization entails universalization whereby the object, practices or even values transcends geo-political boundaries, penetrating the sovereign nation state and impacting the orientation and value system of the people. He thus examined globalization as depicting the institutions, groups and individual, the universalization of certain practices and perhaps more significantly, the expression of the global restructuring that has occurred in recent decades in the structure of modern capitalist economic relations.

According to Obaseki (1999), globalization has both positive and negative effects, the positive effects or benefits are numerous but the most important ones include: increase specialization and efficiency, better quality products at reduced prices, economies of scale in production, competitiveness and improvement and increase managerial capabilities. He states further that although globalization has both positive and negative aspects, there is no doubt that it has improved global welfare. Globalization, according to him, penalizes countries that adopt the wrong macroeconomic and sectoral policies while enhancing the growth potentials of those that apply sound policies. As a result, countries must strive to adopt policies that are in consonance with the current reality of the rapid integration of the world economies. Differences in macroeconomic, sectoral and structural policies have accounted for the varying degrees of benefits accruing to countries in the context of the rapid integration of goods, services and financial markets, and information systems across the globe.

Wokoma and Iheriohanma (2010) examined how the phenomenon of globalization affects or poses a challenge to organizations operating in the Third World countries, especially Nigeria. As a result of some skewed and embarrassing features discovered from their study such as inadequate skilled manpower, lack of critical social, legal and economic structures, etc, and the challenging forces and propellants of globalization such as technological innovations, economic liberalization, etc, third World economies have not gained the advantage of global world economies.

3. Methodology

Model Specification

Following the research work of Alimi and Atanda (2011), in evaluating Globalization, Business Cycle and Economic Growth in Nigeria between 1970 -2010. The adapted form of the model is expressed in a multiple regression and modified with the incorporation of exogenous factors as follows:

$\Delta GDP_t = \delta_0 + \delta_1 \Delta GLO + \delta_2 \Delta FDI_t + \delta_0 \Delta Z_t + U_t$**...............................1**

Where;

ΔGDP_t= difference of current Gross Domestic Product

GLO = trade openness or globalization measure as the ratio of sum of exports and imports to GDP

FDI = foreign direct investment emanating from financial integration channel.

Also, Z is the set of exogenous factors considered to influence economic growth simultaneously with globalization. From survey in literature, the considered exogenous factors are external debt (EDT) burden effect on growth, and exchange rate (EXR) of naira vis-à-vis US dollar as an international transaction exchange price.

The exogenous factors are expressed as;

$$Z = [EDT]=[EXR] \ldots\ldots 2$$

The dynamic form of the modified adapted multiple regression model (1) is considered by incorporating first autoregressive i.e [AR(1)=ΔGDP_t] as one of the explanatory variables. Therefore substituting the autoregressive 2 into 1 gives the autoregression model of this research work as;

$$\Delta GDP_t = \delta_0 + \delta_1 \Delta GDP_{t-1} + \delta_2 \Delta GLO_t + \delta_3 \Delta FDI_t + \delta_4 \Delta EDT_t + \delta_5 \Delta EXR_t + U_t \ldots\ldots 3$$

Where;

δ_0 = constant term/parameter intercept

δ_1, δ_2,δ_3, $\delta_4$and δ_5 = coefficients of the parameters estimates.

U_t = Error Term.

δ_1, δ_2,δ_3, and $\delta_5 > 0$, $\delta_4 < 0$

Evaluation procedure

The properties of the time series were examined using the Augmented Dickey-Fuller (ADF) unit root tests to determine their long-run convergence and stationary levels, also was error correction mechanism which was used to estimate the short run speed of adjustment from this equilibrium.

Data Source

The time series data on real gross domestic product, trade openness, foreign direct investment, external debt, and exchange rate were sourced from the Central Bank of Nigeria (CBN) Statistical Bulletin, December 2013 and the World Development Indicator (WDI) April, 2014.

4. Result and Discussion

4.1 Unit Root Test Results

To properly examine the trend relationship and the nature of stationarity in this study, the researcher adopted the Augmented Dicks-Fuller test (ADF) at trend only in order to eliminate the possibility of obtaining spurious result. Thus, below is the tabular representation of the empirical results.

Table1: Augmented Dickey Fuller Unit Root Test Trend only

Variables	Level	1st difference	Critical value (5%)	Order of integration	Remark
D(GDP)	5.136626	-	-2.9604	I(0)	Stationary
D(GLO)	3.793	-	-2.9604	I(0)	Stationary
D(FDI)	1.0040	-4.842082	-2.9604	I(1)	Stationary
D(EDT)	-5.501	-	-2.9604	I(0)	Stationary
D(EXR)	-1.161	-3.983815	-2.9604	I(1)	Stationary

Source: Researcher's Computation.

From the table 1 above gross domestic product (GDP), globalisation (GLO) and external debt (EDT) were all stationary at level since their critical value is greater than 5% level of significance i.e. (5.136626, 3.793 and -5.501 > -2.9627). On the other hand, foreign direct investment (FDI) and exchange rate (EXR) were not stationary at level but were stationary at first difference i.e. (-4.842082 and -3.983815 > -2.9627).

Hence, since all the variables are not stationary at level and are not integrated of the same order, co-integration analysis is justified. Thus, the researcher proceeds to conduct the long-run relationship of the variables and their short term speed of adjustment to equilibrium.

Cointegration Test

The result of the test is summarised below:

Table 2

Series: GDP GLO FDI EDT EXR
Lags interval (in first differences): 1 to 1

Unrestricted Cointegration Rank Test (Trace)

Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**	Hypothesized No. of CE(s)
0.925134	155.1392	69.81889	0.0000	None *
0.773282	85.15380	47.85613	0.0000	At most 1 *
0.712912	45.08444	29.79707	0.0004	At most 2 *
0.328962	11.38930	15.49471	0.1887	At most 3

0.022636	0.618195	3.841466	0.4317	At most 4

Trace test indicates 3 cointegratingeqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Source: Researcher's Computation.

This test is used to test for the long run relationship between the variables; it was carried out using the augmented eagle – Granger test on the residuals under the following hypothesis:

H_0 : $\delta = 0$ (Not- cointegrated)

H_1 : $\delta \neq 0$ (cointegrated)

Decision Rule: Reject H_0 if t*.Adf(LR) > t-Adf(CV), Accept if otherwise

From table 2 above it can be seen that the trace statistic (t*) is greater than the t-adf i.e. the critical value at 5% or since the Eigen value are greater than 5% level of significance, we reject H_o and conclude that the variable are cointegrated. Put differently, there is a sustainable long-run relationship (i.e. steady-stated path) between gross domestic product (GDP), globalization (GLO), foreign direct investment (FDI), external debt (EDT) and exchange rate (EXR). The normalized co-integrating coefficients for one co-integrating equation given by the long-run relationship is

GDP = - 0.9209GLO + 16.01963FDI + 0.682247EDT - 23138.90EXR

Where GDP is the dependent variable, - 0.9209 is the coefficient of Economic openness (GLO), 16.01963 is the coefficient of foreign direct investment (FDI), 0.682247 is the coefficient of external debt (EDT) and -23138 is the coefficient of exchange rate (EXR).

The sign shows that there will be a negative relationship between GLO and GDP in the long run, even though they have positive relationship in the short-run. This implies that in the long run, there is possibility that import could outweigh export such that the increased import could become threatening to Nigeria's economic growth.

Error Correction Mechanism

The existence of a long-run co-integrating equilibrium provides for short-term fluctuations. In order to strengthen out or absolve these fluctuations, an attempt was made to apply the Error Correction Mechanism (ECM). As noted, the ECM is meant to tie the short-run dynamics of the co-integrating equations to their long-run static dispositions. Table 3 below shows the error correction mechanism result.

Table 3: PERSIMONIOUS ERROR CORRECTION MECHANISM RESULT

Sample (adjusted): 1983 2012
Included observations: 28 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Remark
C	506227.3	183932.3	2.752248	0.0119	Reject
D(GDP(-1))	0.897239	0.119359	7.517146	0.0000	Reject
D(GLO(-1))	0.483305	0.178842	2.702408	0.0133	Reject

D(FDI(-1))	4.690164	6.820850	0.687622	0.4992	Accept
D(EDT(-1))	0.456072	0.218170	2.090440	0.0489	Reject
D(EXR(-1))	-17091.49	13658.57	-1.251338	0.2246	Accept
ECM(-1)	1.259002	0.120878	10.41547	0.0000	Reject

Source: Researcher's Computation. **R^2** =0.9079 **D-W** = 1.69 **F*** = 34

From the result the coefficient of error correction term is 1.259002. This shows that 125% of the errors in the short run are corrected each year. Thus, the coefficient captures the speed for adjustment at which the short-run of GDP ties with its long-run. The result is significant since the coefficient of multiple (0.9079) determination is greater than zero although the error correction variable (ECM), is positive which shows that there is no feedback from the previous year's disequilibrium.

A mere observation of the individual parameters reveals that foreign direct investment and exchange rate are not significant since their P-value are greater than 5% level of significance, on the other hand globalization and external debt is significant given the 5% level of significance and their respective P-value. The a priori expectation of the openness variable is expected to be positive, which shows that the higher the level of trade, the better is the economic growth. The regression result shows that the coefficient is positive which was a welcomed development was even though it has a negative relationship with economic growth in the long-run as revealed by the co-integration test.

This variable could take on any sign. This depends on the level of trade between the nation in question and other nations. A high level of trade will result in positive growth, which will give a positive relationship between trade and economic growth, i.e. a positively signed coefficient. But in the case of Nigeria, the relationship is negative in the long-run which shows that the volume of her trade with other nations is still very low. The FDI (Foreign Direct Investment) and external debt (EDT) are positively related to economic growth. This positive relationship is necessary, in recent years Nigeria have witnessed a growing enthusiasm for FDI especially during last regime. While FDI, either through purchase or the establishment of new production facilities (i.e. "green field" investment), may contribute to capital formation and to export earnings, its' wider contribution to technological change and growth of the economy may be limited if, for example, the FDI is virtually an enclave activity and not well integrated into the rest of the economy. The result shows that the exchange rate is negative; this shows that these variables are negatively related to the growth of the economy.

The sign of the exchange rate indicator could be negative or positive for economic growth to take place. This has to do mainly with the state of the productive base of the economy, and their positions in the international market. If a firm or an economy is already in the international market, the firm will benefit from the upward movements of the exchange rate as against the domestic currency simply because, the demand for their products will increase especially if the products in question are price elastic. But, if a firm or nation is yet to be fully integrated into the international market, the cost of entering the market when there is upward movement against the domestic currency might be too high to bear, especially if the firm is import dependent.

5. Conclusion

This paper investigated the relationship between globalization and economic growth in Nigeria between 1981 and 2012. Error Correction Mechanism was used to estimate the regression result. Cointegration test and Unit root test was also conducted to determine the stationarity and long-run relationship between the variables. The results show that globalization captured by trade openness has positive relationship in the short-run but has a negative relationship with economic growth in the long-run. The implication is that in the long-run it could lead to unfavourable balance of payment which will in turn culminate into reduction of economic growth at large. Nigeria needs to improve on her trade with the rest of the world for the country to benefit from globalization. Also sound macroeconomic policies are needed to reinforce the globalization exercise for a better result. The positive sign is an indicator that Nigeria is benefitting from globalization; this could be a product of the oil export in Nigeria which makes Nigeria to enjoy a favourable balance of payment.

The foreign direct investment variable exerts a positive influence on economic growth. This outcome is expected. Foreign direct investment is very crucial for economic growth especially in the developing countries. The degree to which a nation could attract investments from other nations depends on certain factor which needs to be addressed for the continuous flow of FDI into the country. Sequel to the finding of this research work, , it has been established that with the present situation and policies adopted to stabilize the economy in Nigeria, the country stands a good chance of benefiting from globalization. Nigeria must look beyond the mono-product type of business (oil sector) and research into other sectors for new products of international standard. The Federal Ministries of Commerce and Industries (FMCI) should focus more attention on the development of the home industry with a view to increasing the county's share of non-oil trade. The Federal Ministry for Science and Technology should also, as a matter of urgent priority, established a Textile Research Centre (TRS) and an Industrial Technology Research Institute (ITRI) in the country, to give training on quality systems, technology development and directly acquire foreign technology for use by local firms. FMCI in conjunction with the Nigerian Export Promotion Council should also help exports by Nigerian firms through the provision of information on foreign technical requirements and how to meet them, with the National Productivity Board providing the necessary management advice.

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