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GLOBALISATION AND AFRICAN DEVELOPMENT: THE NIGERIA EXPERIENCE

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ABSTRACT: ***This study examines the economic effect(s) of reducing the world to "global village" on African countries using Nigeria as a case study, through the employment of macroeconomic variables analyzed with an error correction modeling (ECM). Globalization was proxy by three seemingly unrelated variables namely; Foreign Direct Investment (FDI), Trade Openness (TROPE), and Financial Liberalization (FINLIB). It was revealed through empirical analysis that out of these three variables that stood for globalization only two were statistically significant i.e. FINLIB and FDI both in the short run and in the long run which imply that globalization has limited success in the developing countries of Africa as indicated by this Nigerian study. However, government should provide enabling environment through establishment of institutional and legal framework that is all encompassing and the people should also rise to the challenges of globalization and be up and doing. Since globalization entails many phases such as political, economic, social and cultural interaction, these should be embraced with caution. Whatever comes the ways of Africans should be filtered before adoption. Saving and Investment should domestically be encouraged in order to reap the benefits of globalization through exportation of locally produced goods and services. These could only be achieved through the entrepreneurship development, through small and medium enterprises promotion and development.***

Key Words*: Globalization, African Development, Trade Openness, Foreign Direct Investment, Error Correction Model and Economic Growth.*

INTRODUCTION

Background to the Study

There is no doubt that the world economy as it is today has come a long way since the birth of capitalism in Europe and America. The irreversible changes experienced by the world at a rapid pace especially since the end of the 20th century, laid the foundation for these “New World Order” (Rodney,1999). Undoubtedly, the changes are of historic proportions, with capitalism witnessing a worldwide expansion across national boundaries.

The current expansion began after World War II when production and distribution systems and even social classes were trans-nationalized. At the end of the cold war, American (United State) which epitomized the capitalist ideology emerged as the undisputed world power held in check only by its own contradictions (Akinbobola, 2011).

This coupled with the gradual and eventual disintegration of the Soviet Union and the adjustments and re-adjustments by socialist countries like china, Cuba, North-Korea alongside pro-capitalist change in ideology of former socialists, eastern European countries resulted in "unipolarisation" of the world economy (Babawale, 2006) . Hence, the world has witnessed the collapse of the Berlin Wall, the termination of Apartheid in South Africa, the universalization of Structural Adjustment Program (SAP) as supervised by the World Bank and IMF, (Thonvbere: 2016:). Furthermore, there has been a heightening of the level of technological investments in the areas of internet and telecommunications. There is also the emergence of global pervasive transnational and multinational corporations with global production networks, with a new economic orientation of market determinism, and on the political plane a rapid spread of the gospel of liberal democracy (Barrett and Carter, 2000). Now more than ever, the world has become increasingly bound together by unprecedented volumes of trade, investment and financial flows worldwide, all under the phenomenon referred to as "Globalization"(Baah,2013).

Globalization implies the domination of the global economy by transnational corporations having no allegiance to place, race, colour, creed or community. We are in a globalized world economy in which our lives are dominated by global forces. Not only economic activities internationalized, they have become more integrated without being subjected to limitations of time and space in what Dickson 1999, described as the "End of Geography"- global village. Similarly, Onyekpe (2010), conceptualised globalization as the process or processes of making anything, issue, idea, practice, development, etc, global, world-wide or universal, but from the international political economy points of view, it is the tendency and process towards achieving rapid integration of the world economies through the deliberate formulation and execution of policies and programmes focused on the defined goals of integration and through the corresponding construction of the relevant theories and ideologies to defend, uphold and promote the integration process. It is a process through which goods, services, capital investment and labour across borders and boundaries assumes an international character. But beneath this process by which goods, services and capital moves across borders, it is of course the transaction of ideas and values, that are far more fundamental and it is also part of the globalization process

This research therefore geared toward examining the economic implication of globalization on Africa's development, using Nigeria as a case study. The problem to be addressed is that**,** African countries like Nigeria for instance, have been integrated into the global capitalist system through a continuing process which foundation was laid by capitalism. The establishment of a colonist preferred trade, introduction of western credit system, the monetization of African economies as well as the institutionalization of a mono-product economy was all legacies of colonial rule in Africa. This situation coupled with bad and corrupt governance has affected and hampered Africa's match to development. The process of globalization reinforced dependency and marginalization of the neo-colonial states in Africa. Hence, the need for the situation to be studied and solutions proferred.

Nigeria, "the giant of Africa" as she is popularly called remain a reference point in Africa in general and in West Africa in particular, this is the major reason why the Nigeria experience of globalization could also serve as reference point and inferences could be drawn from such experience because a country such as Nigeria is big enough to serve as "sample size" for Africa. It is our intention to uncover the effect of globalization (proxy by Foreign Direct Investment (FDI) and Trade Openness (TRO) and Financial Liberalisation (FLB)) on the Nigeria economy.

While the objective of this paper is to examine globalization (liberalization) and its implication on Africa's economic development using Nigeria as a case study. However, it should be noted that the scope of this study is to only examine the economic aspect of globalization leaving the political, social and cultural aspect for further study.

THE REVIEW OF LITERATURES

Empirical Review

Odukoya (2005) observed that globalization is a totalizing concept which embraces all aspects of global social, political, economic and cultural relations. It is also a discursive concept, seriously immersed in power, and as a consequence of this, it structures the power relations amongst nations, it is one alluring aspect of the relations amongst nations. One interesting aspects of the process of globalization is its paradoxical context; inclusion and exclusion, prosperity and poverty, development and underdevelopment, abundance and misery etc; depending on one's location within the parameter on the global power equation.

Otobo, (2003) discussed globalization as a world-wide phenomenon, with a coalescence of varied transnational process and domestic structure, allowing the economy, polities, culture, and ideology of one country to perpetrate or penetrate another. The chain of casualty runs from the spatial re-organization of production to international trade and to the integration of financial driving by changing modes of competition. In a related study, Ajiboye (2018) noted that globalization is a subject of intense debate among intellectuals globally in relation to its meaning and consequences. In his empirical study, it was shown that the contributions of African participants fall short of their expectations. This is because massive transformations that usually accompany globalization activities in the developed countries is not replicated in the developing nations. This conclusion is strongly supported in the work of Missanke and Thornbecke (2019) that reiterates that African countries benefited less from the positive effects of globalization than other part of the world in term of the economic growth and development this was attributed to failure of African Countries to take advantage of the opportunities provided by the dynamic growth impetus associated with globalization in early years of 1970s and 1980s.

In a seemingly related study by Lere and Ishaku (2014) they argued that the benefit of African Countries in the globalisation are economic, political, social, religious and cultural crises prevailing the nooks and crannies of their countries. Similarly, Letswa, Raji, and Edita (2018) argued that though third world countries of African (Nigeria inclusive) are fully incorporated into global capitalist economy but the benefit thereof is skewedly distributed in favour of the developed countries at the expense of the vulnerable poor third world countries, in their opinion they paper posited through a data driven empirical survey that Nigeria remains the clientele economy in the current wind of globalization.

Winston (2005) noted that globalization is like the two-faced Roman god, Jamus. One face portrays wealth, prosperity and opportunities, fuelled by falling trade barriers, global capital market, technological progress and decreasing communication cost. But the other face is that of disparities within as well as, between countries of whole regions threatened with marginalization of increasing asymmetries in political, social and economic power, and of danger, hardship, poverty and misery. To paraphrase Charles Dickens, globalization to some people can be the best of times, while to others; it can be the worst of time.

Globalization is centered on a number of interrelated parameters. One, the dismantling and construction of the global economy following the break-down of the Berlin wall at the end of the cold war. Two, disempowerment of the state concentration of economic power within non-state and non-democratic institutions like Transnational Corporations (TNCS), international financial intermediaries like the World Bank, IMF, and the W.T.O:

Haywood, (2002) in line with the views of some eminent scholars discussed above defined globalization as the emergence of a complex web of inter-connectedness, which means that our lives are increasingly shaped by events that occur, and decisions that are made at a great distance from us. The central feature of globalization is therefore that geographical distance is of declining relevance, and that territorial boundary, such as those between nations-states are becoming less significant.. He therefore identified three distinctive forms of globalization, which are;

Economic Globalization as the kind of globalization is reflected in the idea that no national economy is now an Island; all economies have, to a greater or lesser extent, been absorbed into an interlocking global economy. The organization for Economic corporation and Development (OECD) (1995) defined globalization as a shift from a world of distinct national economies to a global economy in which production is internationalized and financial capital flows freely and instantly between countries.

The second is the Cultural Globalization which is the process whereby information, commodities and images that have been produced in one part of the world enter into a global flow that tends to “flatten out” cultural differences between national, regions and individuals. This has sometimes been portrayed as a process of McDonaldization. Driven in part by the growth of transnational companies and the emergence of global revolution, the spread of satellite communications, telecommunication networks, information technology and the internet and global media corporations

The last is been referred to as Political Globalization in which globalization is evident in the growing importance of international organizations. These are organizations that are transitional, in that they exercise jurisdiction not within a single state, but within an international arena comprising of several states. Most of such organization has emerged in the past 1945 period. They includes, The United Nations, NATO, the European Economic Community and its various successions, the EC and the EU, the World Bank, the International Monetary Fund (IMF), the OECD, the OAU now AU, and the World Trade Organization. When they conform to the principles of inter-governmentalism

To Garba (2007) globalization is a conscious policy which represents a logical conclusion of the policy of liberalization and privatization. Liberalization is the policy of removal or relaxation of government control or restriction on economic activities with a view to maximizing it efficiency. It seeks to reduce the states liability towards welfare of the individuals and promote incentive based rewards rather than dependence on various subsidies. Privatization on the other hand, is the policy of transferring government ownership and control of any sector of the economy to private ownership and control in order to improve the standard of its management and to prevent loss to the public exchequer

Theoretical Review

Globalization encourages the utilization of capital and machinery available in one part of the world, raw materials in another part, labour in still another part for the process of production, enhancement of its quality, and the minimization of profit, its marketing also encourages the expansion of multinational cooperation's (MNCS), because they are best suited to mobilize capital and other resources including managerial skills. Ake (2007) thereafter identified three distinctive perspectives on globalization, which are;

i. **The Realist Perspective**: The realist holds the division of the world into nation-states; rather it increases inter-dependence of different societies and economics without interfering with the state-system. It does not transcend state sovereignty, or the struggle for political status between states.
ii. **The Liberal Perspective**: The liberals holds the view that globalization has transformed world political by replacing states as central actors by a myriad of other groups and organizations whose importance difference according to the issue and concerned. With the help of revolution in technology and communications interlinking economics of different nations, it has also introduced a new international division of labour, bring greater efficiency, choice and policy.
iii. **The Radical Perspective**: The radicals are of the view that globalization is notifying but the latest state in the development of international capitalism. Above all, it is a western-led phenomenon which further depends on the existing divide between the metropolitan and peripheral economies. At best or simply put, globalization is an instrument of neo-colonialism, (Garba, 2007).

Historical Perspective

The Nature of African Economies before Globalization

The African continent was characterized by the uneven development of its societies in the period before contact with Europe. The continent contained societies that were sophisticated, as well as those that were simplistic. It has the Ethiopian Empire and pigmies of Congo forest, as well as the empires and kingdoms of the Western Sudan (Nnoli, 1986) all these were obviously people at a very different level of development.

The early African societies had their cultures, just like any other societies, African society in the period before contact with Europe was characterized by social relations, involving the means of earning a living and the social patterns of life, that arise in the process of development. Generally, however in the period before contact with Europe, the predominantly principle of social relations was that of family and kinship. This is specifically referred to as the communal society.

Under communism, every member of the society had position defined in terms of social relations. Land was the major means of production and was owned communally by the family or clan, the head of which was responsible for the land on behalf of all kin. The labour that worked on the land was generally recruited on the basis of family, and members were also available to share certain joint farming activities with other members of extended family or clan. Hunting and river fishing were similarly organized on the basis of the family and clan. Proceeds of labours were equally shared on the basis of kinship ties (Rodney, 1972)

Also, there were no classes, and there was equal access to land and equality in the distribution of resources. In Africa, during this period of primitive communalism, the individual at every stage of life had a series of duties as a set of rights or privileges. Age was important but was often determined by the extent of rights and obligations. People were grouped into age grades, with the oldest members of the society being highly respected and usually in a position of authority. Communalism was generally the situation that obtained in most African countries in this early period.

Africa's Contact with Europe and Its Integration into the Capitalist System

In the 19th century, the relationship between Africa and Europe finally climaxed into what is known today as globalization of Africa. This process of globalization was faced with considerable resistance from the African leaders and their people. For instance, in the Niger Delta of present day Nigeria, King Jaja of Opobo, Nana of Itshekiri, and the Bini, all rose at different times to resist British colonialism at great cost. The same fate awaited the Herero of South West Africa at the hands of the Boers. In similar veins the resistances of the Aro of Igbo land, the Egba of Yoruba land, and the Sultan of Sokoto were ultimately crushed by the British, and colonial rule was imposed in the areas. (Onah , 2010).

Colonialism resulted to the reorganization of African societies to the image of Europe and people's culture and development was halted. Colonialism then brought Africa into an unequal relation with Europe in a new world system. This new international system involved several dimensions of relations – military, economic, political and socio-cultural. Europe was clearly dominated in every dimension and Africa was assigned unfair role as the periphery in this system that has Europe and the entire West as the metropolis or the Centre (Ake, 1981). It is at this point that the researcher seeks to examine the process of Africa's integration into the world Capitalist system.

From the African and radical points, this process by which the world is turning more and more into a single place dates back to the pre-colonial time when groups began to interact with each other either to trade or to engage in battle with other in search of slaves as discussed earlier. Two well-known historical processes and the Missionary movements of the various religious and the colonialism have until recently contributed more than any other phenomenon, to draw Africa into the global village.

The various waves of colonial incursion into Africa both from across the North of the continent and from the sea have been decisive in making Africa part of a single world built up by the Europeans and Arabs for their own interest. Europeans globalization began at different times on the continent. In all, these colonial incursions spread disasters on Africa. Social dislocation and depopulation were the order of the day as a result of slave trade, and the enslavement of Africans. The incorporation (that is absorption) of Africa into the so-called global system has hardly ever been to the benefit of the continent or even with her active participation. The incorporation, itself had taken the form of a conscious introduction

of a modern (Western) credit system and the monetization of African economies, which resulted in the hegemonisation of the Euro-dollar over African currencies (Babawale 2003).
Monetization of an economy does not simply mean the presence of money as a means of exchange (Ake, 2002) state thus: Monetization implies the pervasiveness' of money as a medium of exchange in the economy at large, the development of the attributes of what we now call the modern monetary system, including credit system. In this sense, the pre-colonial economies were only marginally monetized. The monetary sector was very small, limited to those who traded with Europeans. Large sectors of the economy still depended on barter in some form or labour. African economies were monetized through the following methods;

First, economies were monetized by annihilating the pre-colonial currencies which had represented a sedimentary monetization, but which were as limited as currencies that they would have been a serious obstacle to fundamental monetization. They were annihilated by depreciation and displacement so that the way was paved for the development of a modern monetary system. With pre-colonial currencies displaced, and the European currencies firmly installed in their place, the risk task of monetization began, and this was mainly the task of making the new medium of exchange thoroughly pervasive in the economy.

Second, the African economies were monitored by imposing taxes and insisting on payment of taxes with the European currency. The experience of paying taxes was not new to Africa. What was new to Africa was the requirement that the taxes be paid in European currency. Compulsory payment of taxes in European currency was a critical measure in the monetization of African economies as well as the spread of wage labour. Furthermore, trade between the colony and the colonizing power was a critical mechanism for the integration of African economies into the European capital system.

The capitalist penetration of African economies created some fundamental affinities between the African economy and that of the colonial power. The controlled development of the African economy in the interest of the metropole, which went along with the expansion of the colonial trade, meant structural links and structural interdependence. For instance, in the division of labour between primary production and manufacture, and in the independence of economic growth in the colony on the metropole demand for colonial imports. At the same time, the emerging class division of the colony which trade stimulated and nourished was soon to create a critical link between the colony and the metropole. This critical link was the canon interest of the colonizing bourgeoisie and African bourgeoisie.The essence of the role in the integration of African economies into the world capitalist system was that it promoted complimentarily, or interdependence, albeit an unequal interdependence between the African economies and the metropolitan economies. Trade therefore created interdependence through complementarily by encouraging specialization in global system has hardly ever been to the benefit of the continent or even with her active participation. The incorporation, itself had taken the form of a conscious introduction of a modern (Western) credit system and the monetization of African economies, which resulted in the hegemonisation of the Euro-dollar over African currencies (Babawale 2003).

THE RESEARCH METHODOLOGY

Research Design

The method to be adopted in this study is the error correction model, this is because it is a dynamic model that captures both the short run and long run effect among the variable of intents. The basic structure of an ECM is generally given by $\Delta Y_t = \alpha + \beta\Delta X_{t-1} - \beta ECV_{t-1} + \varepsilon_t$. Where ECV is the error correction component (variable) of the model and measures the speed at which prior deviations from equilibrium are corrected. Error correction models can be used to estimate the following quantities of interest for all X variables. Short term effects of X on Y, Long term effects of X on Y (long run multiplier) The speed at which Y returns to equilibrium after a deviation has occurred. ECM is versatile and has a number of desirable properties which include among others, estimates of short and long term effects, easy interpretation of short and long term effects, applications to both integrated and stationary time series data can be estimated with OLS Model theoretical relationships, ECM can be appropriate whenever we have time series data and are interested in both short and long term relationships between multiple time series variables, and more importantly when the stationarity test of all variables in the model to be estimated are integrated at first difference I(1).

Model Specification

The long run model in this study is specified as below;

$$Y = \alpha + \sum_{i=0}^{n} \beta_i X_{t-i} + \mu_t ------------- (1)$$

Where Y is the GDP, X represents explanatory variables such as FDI, FINLIB, TROPE, and EXR. The α, βi are parameters to be estimated. This model can be explicitly written as below;

$$Y = \alpha + \beta_0 FDI + \beta_1 TRO + \beta_2 FLB + \beta_3 EXR + \mu_t ----------- (2)$$

The short run form of the equation (1) could be written as follows;

$$\Delta Y = \alpha + \sum_{i=0}^{n} \beta_i \Delta X_{t-i} + \beta ECT + \mu_t --------- (3)$$

Where ΔY is the change in GDP as a result of change in itself and in other variables, X represents all included explanatory variables in the model (both current and lagged) and ECT represent error correction term and its coefficient β represent speed of adjustment. Also, $\alpha\ and\ \beta_i$ are parameters to be estimated while Δ .is the change operator. This model could still be written more explicitly as follows;

$$\Delta lGDP_t = \propto + \sum \beta_0 \Delta LGDP_{t-1} + \sum \beta_1 \Delta LGDP_{t-1} + \sum \beta_2 \Delta TRO_t + \sum \beta_3 \Delta TRO_{t-1} + \sum \beta_4 \Delta TRO_{t-2} + \sum \beta_5 \Delta FDI_t + \sum \beta_6 \Delta FDI_{t-1} + \sum \beta_7 \Delta FDI_{t-2} + \sum \beta_8 \Delta FLB_t + \sum \beta_9 \Delta FLB_{t-1} + \sum \beta_{10} \Delta FLB_{t-2} + \sum \beta_{11} \Delta EXR_t + \sum \beta_{12} \Delta EXR_t + \delta ECV ---------(4)$$

It should be noted that prior to the estimation of ECM, all the included variables were tested for unit root (stationarity test) and are all integrated at first difference I(1), hence the choice of the method, also the co-integration test was apply to test for long run relationship among all included variables.

A-priori Expectation

The connotation of a-priori expectation is that all parametres to be estimated should have some level of theoretical relationship which are expected to outplay, this is to establish whether or not our empirical outcomes is in line with the conventional theories or propositions, in this regards the study predicts the expected signs of all parametres to be estimated (Bakare-Aremu, 2019).

$\beta_{i_{i=0}}^{10} > o ---------------(5)$

$\beta_{i_{i=11}}^{12} < o ---------------(6)$

$\delta < 0 -----------------(7)$ Implies short run disequilibrium

$\alpha \lesseqgtr 0 -----------------(8)$ Could assume any value

RESULTS PRESENTATION AND DISCUSSION

Long run Static Model

Table 1: The Ordinary Least Square Regression Model

Dependent Variable: GDP				
Method: Least Squares				
Sample: 1980 2019				
Included observations: 40				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-577483.0	2377080.	-0.242938	0.8099
TRO	146471.8	152950.4	0.957642	0.3467
FLB	0.120050	0.015486	7.752264	0.0000
FDI	15.31514	3.055888	5.011683	0.0000
EXR	1534815.	2811998.	0.545809	0.5897
R-squared	0.878038	Mean dependent var		8817049.
Adjusted R-squared	0.859969	S.D. dependent var		16151297
S.E. of regression	6043926.	Akaike info criterion		34.20961
Sum squared resid	9.86E+14	Schwarz criterion		34.43863
Log likelihood	-542.3537	Hannan-Quinn criter.		34.28552
F-statistic	48.59499	Durbin-Watson stat		2.828635
Prob(F-statistic)	0.000000			
Source: author’s computation (2020)				

From the ordinary least square result above, it can be seen that the constant factor is negative and insignificant meaning that, this model is robust and really capture major variables that influences the economic growth of Nigeria. The first explanatory variable is the trade openness which has positive but insignificant impact on the growth of the Nigerian economy, it is insignificant because the probability value is more than (0.05) and/

or the t- statistic is not up to (2.00), the implication of this on the Nigerian economy is that, openness of the country for trade does not really improve the standard of living, perhaps because we consume more than we sell to the rest of the world. The next explanatory variable is the openness of financial sector and capital account of Nigeria (proxy by financial liberalization (FLB)), the FLB is positively related to growth of Nigerian economy and it is statistically significant, meaning that net financial investment inflow is beneficial to Nigeria economy, and that for any hundred per cent increase in GDP financial liberalization policy contributes twelve per cent of it. The next explanatory variable is the foreign direct investment (FDI) which is directly related to the Nigerian economic growth and development, FDI impact on Nigerian economy is highly significant at one per cent level of significant meaning that we are 99% sure of our prediction about the relation between these two variables, that is foreign direct investment and economic growth in Nigeria. However, for any hundred per cent increase in GDP, foreign direct investment contributes one hundred and fifty three per cent. The last but not the least is the is the exchange rate (EXR) which show that the higher the exchange rate the better the economy, this further imply that devaluation of Naira will pay-off for Nigeria, albeit, not statistically significant.

On the statistics and econometrics ground, the R- Square which measures goodness of fit of the model or the joint influences of the entire explanatory variables is high at 88 per cent, meaning that 88 per cent variation in GDP of Nigeria is explained by all included exogenous variables, while the remaining 12% are unexplained variation. However, the adjusted R-square that measure the fit of the model even other missing variables are included suggests that 86% variation in Nigerian GDP would still be explained by the exogenous variables. While the F-statistics measures the robustness of the entire model and it significant at one per cent, meaning that the model is robust and reliable at 99% level of confidence. Also, the Durbin Watson- statistics shows absence of serial autocorrelation, the implication is that the dependent variable (GDP) has no relationship with the error term of the model. So we can state that the model is far from spuriousness and that any inferences made thereafter are reliable and justifiable if all variables are integrated at level..

The next step in the analysis is to test for stationarity of all variables use in the model and if they are found stationary, then they would be subjected to longitivity test, that is Johanson co-integration test- the test for long run relationship among the variables.

Stationary Test

Table 2: Augmented Dickey-Fuller Unit Root Test

Variables	@ Level	First Difference	Order of Integration
GDP	7.632487	4.592684***	I(1)
FLB	9.709218	1.838241**	I(1)
FDI	-1.282412	-5.705792***	I(1)
TRO	-2.775490*	-6.453217***	I(1)
EXR	-2.0699438	-3.807887***	I(1)
Source: Author's Computation Via E-Views (2020)			

From Table 2, all variables became stationary at first difference but at the following ADF statistical level, -3.689194; -2.971853 and -2.625121. We should also note that *, **,

*** represent 10%, 5% and 1% significant level respectively. The fact that all exogenous variables and the endogenous variable are stationary at first difference signifies that ECM is implied as stated earlier; therefore the next test is the Johansen co-integration test.

Cointegration Test

Table 3: The Johansen Co-Integration Test

Included observations: 37 after adjustments				
Trend assumption: Linear deterministic trend				
Series: GDP BOP FDI TROPE GLOBE				
Lags interval (in first differences): 1 to 1				
Unrestricted Cointegration Rank Test (Trace)				
Hypothesized		Trace	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.815074	99.41768	69.81889	0.0000
At most 1 *	0.576860	48.78369	47.85613	0.0408
At most 2	0.440503	22.98212	29.79707	0.2469
At most 3	0.162251	5.560589	15.49471	0.7467
At most 4	0.008282	0.249492	3.841466	0.6174
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		Max-Eigen	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.815074	50.63400	33.87687	0.0002
At most 1	0.576860	25.80156	27.58434	0.0831
At most 2	0.440503	17.42154	21.13162	0.1530
At most 3	0.162251	5.311096	14.26460	0.7022
At most 4	0.008282	0.249492	3.841466	0.6174
Max-eigenvalue test indicates 1 cointegrating eqn(s) at the 0.05 level				
* denotes rejection of the hypothesis at the 0.05 level				
**MacKinnon-Haug-Michelis (1999) p-values				
Source: Author's Computation Via E-Views (2020)				

Table 3 shows the results of Johansson co-integration test using both max-eigen value and trace statistics, considering trace statistics we reject null hypothesis at "none" and "at most1" but accepted the null hypothesis at "at most 2" meaning that there are two co-integrating equations. Also, if we consider the max-eigen value, the null hypothesis was rejected at "none" but accepted at "at most 1", meaning that there is one co-integrating equation. From both tests there are co-integrating equations meaning that the entire variables have a long run relations.

Shot Run Dynamics Model

Table 4: Parsimonious Error Correction Model Results

Dependent Variable: D(GDP)				
Method: Least Squares				
Included observations: 37 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	168586.8	165388.0	1.019341	0.3208
D(GDP(-1))	0.542389	0.216738	2.502512	0.0216
D(GDP(-2))	0.547388	0.198108	2.763079	0.0124
D(FLB)	-0.034197	0.005346	-6.396715	0.0000
D(FLB(-1))	0.178665	0.008179	21.84509	0.0000
D(FLB(-2))	0.076267	0.037552	2.030981	0.0565
D(FDI(-1))	1.252961	0.543685	-2.304570	0.0326
D(TRO)	-12975.04	15556.72	-0.834047	0.4146
ECM(-1)	-132099.1	681887.2	-0.193726	0.0484
R-squared	0.992440	Mean dependent var		2477565.
Adjusted R-squared	0.989257	S.D. dependent var		6338599.
S.E. of regression	656987.3	Akaike info criterion		29.88381
Sum squared resid	8.20E+12	Schwarz criterion		30.31202
Log likelihood	-409.3733	Hannan-Quinn criter.		30.01472
F-statistic	311.7818	Durbin-Watson stat		2.027138
Prob(F-statistic)	0.000000			
Source: Author's Computation Via E-Views (2020)				

The parsimonious ECM in Table 4 indicates that lag year variables (i.e. previous years) of GDP has significant influence on the current GDP, in a layman explanation previous "household" income has positive effect on current income. Also foreign direct investment has positive and significant influence on the economic growth in Nigeria and the policy of financial liberalization in Nigeria is equally statistically significant at one per cent level, meaning that the policy is yielding positive result as international investment flows inward and better the economy. On the other hand, trade openness has inverse and insignificant effect on the Nigerian economy, while exchange rate fails to support the short run analysis, meaning that the devaluation policy proffered earlier could only work in the long run.

Statistically, the model is good because the R square and adjusted R square are both at 99 per cent, meaning that 99 percent variation in GDP is due to the included variables that are largely externally influenced. .The model equally show absence of serial correlation and the F-statistic also indicate the robustness of the entire model at one per cent level. Also the speed of adjustment which is the error correction variable is rightly signed and show short run disequilibrium correctable within the shortest possible period.

Post Estimation Tests

Stability Test

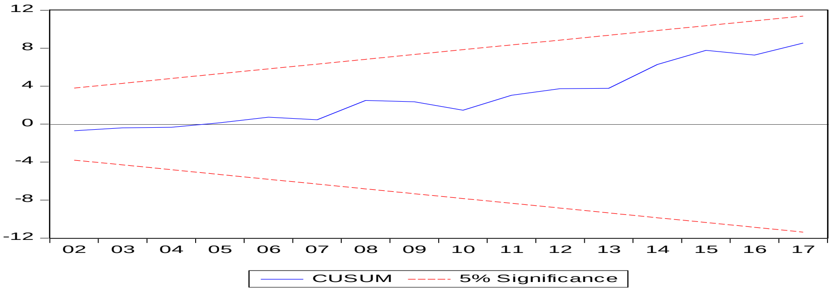

Figure 1: Cusum Stability Test Result

Figure 1shows that the plot of Cusum for the model under study are within the five per cent critical bound as indicated by the two lines that bounded the trend curve. The implication of this, for the model estimated is that the parameters of the models do not suffer from any structural instability over the period of study**.**

Heteroskedacity Test

Table 5: Serial Correlation LM Test: (Model 1)

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.638947	Prob. F(2,14)	0.9906
Obs*R-squared	0.757247	Prob. Chi-Square(2)	0.5196

The Breusch-Godfrey serial correlation test is use to test for existence of autocorrelation in the model. The null hypothesis is that, there is no serial correlation or autocorrelation, which the result in Table 5 depicts. However, there is absence of autocorrelation because the F-statistics is not significant at five per cent level. Therefore, the study shall accepts the null hypothesis of no serial correlation in the model..

SUMMARY OF FINDINGS AND POLICY RECOMMENDATIONS

Summary of Findings

From the literature and theoretical review it could be concluded that the popular opinion about the concept of or programme of globalization, (that is, making the world a global village) is that the benefit from it is skewed towards the Centre (developed economies) at the expense of the Pheripherals (developing countries). One of the strong argument was that the concept of globalization was introduced to find market for the surpluses in the Centre and, to accentuate global wealth to their economies through unequal power and economic relationship.

On the other hand, this empirical study show that globalization has only contributed a little to the Nigerian economy because out of the four endogenous variables that explain globalization impact on the Nigerian economy as a case study for Africa only two of these variables were significantly influence Nigerian economic growth in the short run and in the long run, therefore, we cannot state here categorically that globalization has worsen or better the Nigerian economy but rather it has contributed to the growth of the economy but in less proportion than the expectation. The study equally observed that the record of foreign direct investment is directly influenced the Nigerian economic growth and statistically significant, while the trade openness (TRO) and financial liberalization policy (FLB) both have positive but insignificant relationship with the growth of the Nigerian economy then we can say that on average the concept of globalization has contributed to the growth of the Nigerian economy though in a sluggish manner.

On the average, globalization does not really resolve many macroeconomic issues for which it was primarily embraced, such as employment generation, low inflation, global wealth redistribution etc.. Therefore, the expectation of Nigeria in relation to globalization and by extension, the other parts of Africa was barricaded by the master minder of the concept, who knows both hidden and open objectives of the programme from the onset. This study however, restates that Nigeria in particular and Africa as a whole had not really and fully benefited from the so call global village.

RECOMMENDATION

To this end, this study recommends as follows:-

- That as a matter of fact and urgency Nigerian government should develop infrastructure and the government of other parts of Africa should fall in line to enhance industrial capacity through foreign direct investment..
- That government should also provide enabling environment through establishment of institutional and legal framework that is all encompasses, and the people should equally rise to the challenges of globalization and should be up and doing.
- Globalization entails many aspects of life such as political, economic, social and cultural interaction, these should be embrace with caution, whatever comes our ways should be filtered before been adopted.
- To fully benefit from global trade openness and financial flows, industrialization of Nigerian economy and by extension Africa economy is indispensable, this is to afford the continent the opportunity to import capital goods in place of consumable products, and export finished products instead of the traditional raw materials, which is highly inelastic in nature.
- Lastly, saving and investment should domestically be encouraged in order reap the benefit of globalization through production, consumption, and exportation of locally produced goods and services. These could only be achieved through the entrepreneurship development (i.e. small and medium scale enterprises promotion and development).
- Diversification and control of activities of Multi-national Corporation to checkmate their excesses for flouting state laws especially in creating employment opportunity for locals, developing workplace and neglect of the host community among others.

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