# Globalization and Economic Growth in Nigeria

[1]**Jaho Philip, Ohale Lawrence &** [2]**Obayori Joseph Bidemi**
[1&2]*Institute of International Trade and Development,*
*University of Port Harcourt, Nigeria*

**A b s t r a c t**

The study examined globalization and economic growth in Nigeria from 1985 to 2021. The objectives of the study are to; determine the impact of financial openness on economic growth in Nigeria; examine the effect of the net exports on economic growth in Nigeria; and examine the impact of exchange rate on economic growth in Nigeria. Annual data was collected from Central Bank of Nigeria statistical bulletins and World Development Index. The technique of Autoregressive Distributed Lag (ARDL) model was used to analyze the data. The empirical results showed that in the long run, all the variables of globalization have positive and significant relationship with economic growth in Nigeria during the period of study. In the short run, both financial openness and exchange rate have positive relationship with economic growth in Nigeria. But net exports have negative impact on economic growth in Nigeria. Based on these findings, it was concluded that, to a great extent economic globalization significantly accelerate economic growth in the long-run in the Nigerian economy. Based on these findings, it was recommended that, there should be creation of conducive environment to encourage openness of trade through inflow of investment that will trigger economic growth. Similarly, depreciation of the exchange rate which is an indicator of global price could be an obvious instrument that helps to drive the growth process in the Nigerian economy.

**Keywords:** *Financial openness, Economic growth, Net exports Exchange rate and Globalization.*

***Corresponding Author:*** Jaho Philip, Ohale Lawrence

**Background to the Study**

Trading is an essential part of every international business on a global market as goods are produced in one country and distributed across borders in the distribution system of the targeted market(s). Most countries control the movement of goods through either exports or imports via the use of documents such as tariffs, quotas among others (Adesoye, Ajike & Maku, 2015). Thus, globalization is indispensable to the performance of any open economy because it measures the economic activities of any nation with the rest of the world. Globalization could be looked at in three dimensions; these are economic globalization, political globalization and cultural globalization. But the principal focus of this work is economic globalization. Thus, economic globalization is the integration of national economy into the international economies through trade, foreign direct investment, capital flows, migration and the spread of technology. Thus, the interplay of measures of economic globalization such as trade openness, financial integration, foreign direct investment (FDI) have direct relationship with the growth of an economy.

In consonance with the policy of globalization, the economic policy of the Nigerian government is intended to increase private sector participation, generate productive employment, increase export of locally manufactured goods, improve the technological skills, attract foreign direct investment and consequently promote economic growth. It was on this premise that, Imandojemu, Akinlosotu and Aina (2021), averred that, 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.

The importance of globalization to economic growth of an economy cannot be over emphasized, this is because economic globalization helps to increase the output of an economy. Thus, scholars in Nigeria like Okowa (2006) as well as Ali, Obayori and Obayori (2018) averred that some of the real issues that have restricted the achievement of sustained growth in the global village have been attributed to the extent of the financial openness, FDI inflow and net export amongst others. While, some like, Loto (2012), Aliyu (2011); attributed it to underdevelopment of the infant industries and government policy. Also, there have been controversies on the relationship between globalization and economic growth. While, some scholars affirmed positive relationship, others affirm negative relationship.

Given the controversies above, it is expedient to provide answers to these questions; what the effect of globalization in terms of financial openness is, exchange rate, net export and trade restriction on economic growth in Nigeria. It is on this background that the paper examines globalization and economic growth in Nigeria. The paper was organized in five sections. These are introduction, literature review, methodology, results and discussions and the last section is the conclusions and recommendations.

**Literature Review**
**Conceptual Clarifications**
**Concept and Types of Globalization**
According to Shangquan (2000), economic globalization refers to the increasing interdependence of world economies as a result of the growing scale of cross-border trade of commodities and services, flow of international capital and wide and rapid spread of technologies. It reflects the continuing expansion and mutual integration of market frontiers and is an irreversible trend for the economic development in the whole world at the turn of the millennium. Jike (2003) defines globalization to be the result of the constriction of time and space in the exchange of goods and services between countries. This narrows the transactional space and increases the intensity of commercial interactions between countries. Yashin, (2000), defines globalization as an economic revolution of the new millennium in which the world is shrinking into a global village in part by advances in information and communication technology (ICT).

Meanwhile, there are three types of globalization; (i) Economic globalization: Here, the focus is on the integration of international financial markets and the coordination of financial exchange. Free trade agreements, such the North American Free Trade Agreement and the Trans-Pacific Partnership are examples of economic globalization. Multinational corporations, which operate in two or more countries, play a large role in economic globalization. (ii) Political globalization: This type covers the national policies that bring countries together politically, economically and culturally. Organizations such as NATO and the UN are part of the political globalization effort. (iii) Cultural globalization: This aspect of globalization focuses in a large part on the technological and societal factors that are causing cultures to converge. These include increased ease of communication, the pervasiveness of social media and access to faster and better transportation.

These three types influence one another. For example, liberalized national trade policies drive economic globalization. Political policies also affect cultural globalization, enabling people to communicate and move around the globe more freely. Economic globalization also affects cultural globalization through the import of goods and services that expose people to other cultures. Globalization has imperialistic tendencies whereby the developing countries like Nigeria live at the mercy of superpowers 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.

**Concept of Economic Growth**
Economic growth has had as many definitions as there are people who have written about it. Economic expansion, on the other hand, is accompanied by a rise in a country's production over a duration of time, usually a year. To put it another way, job expansion is the rise in the number of goods and services supplied over duration by an economy. In the words of Zhattau (2013), economic growth is the basis of increased prosperity and it comes from the accumulation of more capital and innovations which lead to technical progress.

Economic growth can be defined as a periodic increase in a nation's output, which is most commonly measured by the gross domestic product (GDP) of the nation. The benefits stemming from economic growth are wide-ranging (Harper, 2011). Nwosu (2013) sees economic growth as the process of augmenting the productive forces or expanding productive capacity which is accomplished through effective mobilization, assemblage, and management of human, material, and financial resources. According to Dewett (2015), economic growth implies an increase in the net national product in a given period. It is defined as a steady process by which the productive capacity of the economy is increased over time to bring about rising levels of national output and income. Pritzker, Arnold and Moyer (2015) identified Gross Domestic Product (GDP) as the economic indicator which measures the value of the goods and services produced in an economy in a given time period. They stated that GDP is a measure of the economy's output and is a measure of current production, not sales.

**Theoretical and Empirical Literature**
There are several theories that link economic globalization to the growth of an open economy. Some of the examples of such theories are; Heckscher-Ohlin-Samuelson (HOS) trade theory and Neo-liberalism theory. For instance, The Heckscher-Ohlin theorem asserts that a country endowment or abundant in specific resource exports the product that intensively uses that factor in exchange with other products in order to gain advantage of globalization (Heckscher, 1919; Ohlin, 1933; Samuelson, 1953). The Neo-liberalist believe that allowing competitive free market to thrive, privatizing state-owned firms, promoting and eliminating excessive government regulations and price twisting in factor, products, and financial markets, both economic efficiency and economic growth will be stimulated. Meanwhile, the idea behind these economic theories is that countries that adopt a more open stance towards globalization enjoy increase in economic growth than those that close their economies to trade (Obadan, 2010). This idea brings to light that openness of an economy to the world economies has with it an unprecedented increased financial and capital flow among other changes that the interconnectivity possesses.

Empirically, Imandojemu, Akinlosotu and Aina (2021), used the Ordinary Least Squares (OLS) approach to examine 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 result revealed that exchange rate and balance of trade have direct relationship with gross domestic product per capita (GDPC) while external debt had inverse relationship with gross domestic product per capita (GDPC). Also, Hassan (2021) examined the relationship between trade openness and economic growth in Bangladesh. Both cointegration and Granger causality analysis are used to find the short-run and long-run effects of trade openness on economic growth. The result indicates that trade openness has positive and significant effects on economic growth in Bangladesh. Granger causality analysis tells us that trade openness causes economic growth in the long run, though not in the short run.

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 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. Also, 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 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.

Kilic (2015), investigated effects of economic, social and political globalization on the growth levels of developing countries using fixed effects least squares method for 74 developing countries between 1981-2011 period. The result of the analysis implies that economic growth level of selected developing countries was positively affected by the economic and political globalization whereas social globalization affected economic growth negatively. 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. Adesoye, Ajike and Maku (2015) examined the impact of economic globalization on output growth of the Nigerian economy using the Error Correction Model were carried out using the data sets within the period of 1970 and 2013. There exists 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. 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 impact on industrial output in Nigeria.

### Gaps in the Literature
This study is unique because of the choice of variables and the statistical techniques that was adopted. The theories also significantly differ from most theories used by all aforementioned authors. Empirically, most of the empirical works cited, examined the indicators globalization separately by using variables such as degree of openness, import, export. Thus, having examined the empirical literature, the work used new variables such as financial openness, exchange rate and net exports to capture economic globalization. These set of

variables are quite different from every other reviewed work in this study. Thus, it opens up new ground on the effect of economic globalization on economic growth in Nigeria. This was done by using the technique of Auto Regressive Distributed Lag (ARDL) model. Another noticeable and invaluable gap was seen in the terms of current data, thereby providing the opportunity to discover new trends or confirm the former existed ones.

## Methodology

This study used the ex-post facto research design in analyzing the various data collected. This is because; demanded the use of time series variables to determine the relationship between the economic variables under consideration. Thus, secondary data was collected from CBN statistical bulletin, National Bureau of Statistics and World Bank data base. The data used for the study include financial openness, net export and exchange rate which are the independent variables. While the dependent variable is the gross domestic product which measure economic growth. All the data are measured in billion Naira except exchange rate that is measure in dollar per naira. The study adopted econometrics technique of Auto Regressive Distributed Lag (ARD) model to ascertain both the long run and short run relationship between the dependent and independent variables.

## Model Specification

The specification of the model is In line with the assumption of the classical linear regression model (CLRM). Based on empirical review, the model was specified in line with the earlier model proposed by Adesoye, Ajike and Maku (2015) who used Engel-Granger co-integration and Error Correction Model to examine the impact of economic globalization on output growth of the Nigerian economy from 1970 and 2013 by using of variables such as exchange rate, interest rate, inflation rate, foreign direct investment (FDI), trade openness, and financial openness and real gross domestic product. But the current study modified this model by removing interest rate, inflation rate, foreign direct investment (FDI) and replacing them with net exports and exchange rate variables in order to obtain a more robust result. The model that established the relationship between the dependent and the independent variables was stated below:

$$RGDP = f(FOP, NEP, EXR) \qquad (1)$$

The linear form of the model is stated thus;
$$RGDP = \beta_0 + \beta_1 FOP + \beta_2 NEP + \beta_3 EXR + U \qquad (2)$$

In order to put the variables on the same scale, the logarithm form of the model equation was presented as follow;

$$LogRGDP = \beta_0 + \beta_1 LogFOP + \beta_2 LogNEP + \beta_3 LogEXR + U \qquad (3)$$

Where; RGDP = Real Gross Domestic Product, FOP= Financial Openness, NEP= Net Exports, EXR = Exchange Rate, U = Error Term, t = Time Frame, $\beta_0$ = Intercept parameter, $\beta_1 \beta_3$ = slope parameters, Log = Logarithm to base ten

## Results and Discussion
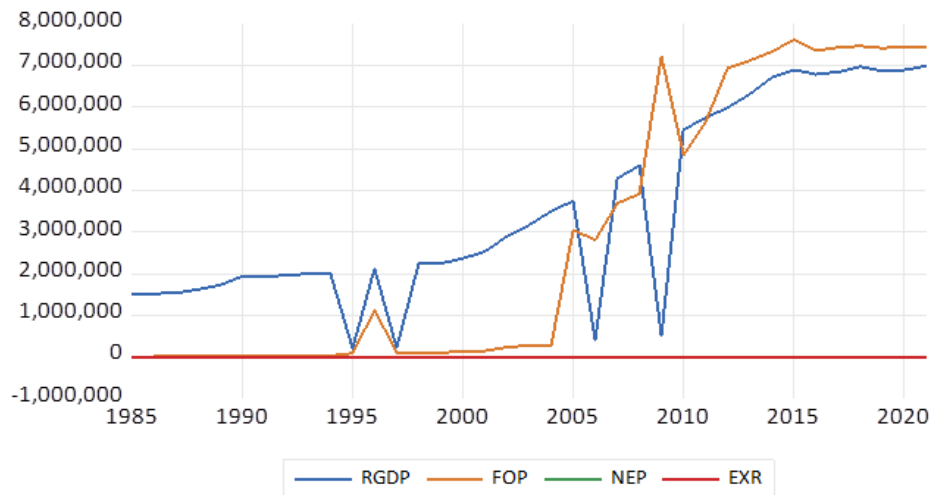
Trend Analysis of the Variables



**Figure 1:** Trend Analysis of the Dependent and Independent Variables, 1985-2021

Based on the figure above, real gross domestic product which defined the monetary value of total output of goods and services produced in the Nigerian economy within a period of one year increased over the period of study, despite some fluctuation experienced in certain periods. But the growth rate of GDP in Nigeria has not translated to infrastructural development. Also, the figure above showed that the level of financial openness was relatively low between 1985and 1994. But between the year 1995 and 2003 there was a slight increase in financial openness. An appreciable increase was noticed from the year 2004. Financial openness increases but with a jerk at some years. The appreciable increase noticed from the year 2004 could be likened to the monetary policy of bank consolidation and recapitalization which was operationalized in the President Olusegun Obasanjo. As showed in the figure above, net exports fluctuate at a declining rate between the year 1985 and 2021. Following the introduction of SAP in 1986 in order to open up the Nigeria economy with the developed economies, the net exports never seized to fluctuate during the study period. Despite the fluctuation experienced during the period of study, net exports got to its peak in the year 2000. Meanwhile, the periods that showed substantial improvement in trade openness are the years; 1989, 2000, 2006 and 2012. Meanwhile, the unfavourable trade experienced over the period of study could be likened to the fact that the Nigerian economy is characterized as an importer of finished goods such as automobile, clothing and electronics from the European, American and Asian nations. Moreover, the figure above reveals that exchange rate was relatively low when compared with the US dollar between 1985 and 1993. The period between 1986 and 1993 coincided with when structural adjustment program (SAP) was introduced. It rose from N2.02: US$1.00 to N22.05: US$1.00 in 1994. Put differently, exchange rate has been fluctuating in the country throughout the period of study.

**Pre-Estimation Test Results**

**Table 1:** Analysis of the Descriptive Statistics for the Variables

| Measurement | RGDP | FOP | NEP | EXR |
|---|---|---|---|---|
| Mean | 3547692. | 2904710. | 5.757297 | 118.1411 |
| Std. Dev. | 2324921. | 3273642. | 6.800122 | 103.3572 |
| Skewness | 0.332672 | 0.454616 | 0.155691 | 0.624594 |
| Kurtosis | 1.635816 | 1.402578 | 3.268613 | 2.344618 |
| Jarque-Bera | 3.551509 | 5.208459 | 0.260714 | 3.067909 |
| Probability | 0.169356 | 0.073960 | 0.877782 | 0.215681 |
| Observations | 37 | 37 | 37 | 37 |

**Source:** Computed by the Researcher's (2023)

Table 1 provided detailed descriptive statistics of the variables. The linkage between standard deviation and mean values explains the extent to which mean represents the actual dataset. From the analysis, not all the variables appear to have significantly spread out from their respective average values. It implies that while some variables such as RGDP and NEP were stable the remaining two (FOP and EXR) were unstable and somewhat volatile. Thus, their data does not cluster around their respective mean values. The coefficients of Kurtosis indicated that the only NEP is leptokurtic distributions relative to normal, since the approximate value for kurtosis is more than 3. This suggested that the variables have large tails. On the other hand, the remaining three variables (RGDP, FOP and EXR) are platykurtic, since their approximate values of kurtosis are less than 3 benchmark for kurtosis. This suggested that the variable has short and thin tail, and its central peak is lower and broader. Nevertheless, none of the variables is mesokurtic. Thus, it is obvious that the variables do not exhibit elements of exact normal distribution. The variables are not symmetric in their data distribution. Based on the analysis, the study concluded from the statistical properties of the time series that the variables were largely not normally distributed, which may have resulted from the problem of unit root. This necessitated stability via ADF unit root test.

**Table 2:** Results of ADF Unit Root Test for the Estimated Growth Model

| Variables | Unit Root Test @ Level | | Unit Root Test @ First difference | | Order of integration |
|---|---|---|---|---|---|
| | ADF Statistics | 5%Critical Value | ADF Statistics | 5% Critical Value | |
| NEP | -3.159053 | -2.948404 | - | - | 1(0) |
| FOP | 0.012933 | -2.948404 | -8.623095 | -2.948404 | 1(1) |
| EXR | 0.251503 | -2.948404 | -4.911285 | -2.948404 | 1(1) |
| RGDP | 0.006550 | -2.948404 | -8.882049 | -2.948404 | 1(1) |

**Source:** Computed by the Researcher's (2023)

The Augmented Dickey Fuller (ADF) unit root test of test of stationarity for the variables in the estimated model showed that, the variable, net exports (NEP) was stationary at order zero (at level). This is because their ADF test statistic value of the variable is greater than the critical

value at 5%. However, the remaining three variables (EXR, FOP and RGDP) which failed the stationary test at level, were differenced once and became stationary at first differences; 1(1). Given that some of the variables were integrated of order 1(0) and some 1(1); the requirement to fit into an ARDL model to test for both long run and short-run relationship is satisfied.

**Estimation Test Results**

**Table 3:** ARDL Bounds Test for the Estimated Growth Model

| Model | | F-Statistic = 12.28767 |
|---|---|---|
| F(FOP), (NEP), (EXR) | | K = 3 |
| Critical Values | Lower Bound | Upper Bound |
| 10% | 2.3700 | 3.2000 |
| 5% | 2.7900 | 3.6700 |
| 1% | 3.6500 | 4.6600 |

**Source:** Computed by the Researcher's (2023)

The ARDL Bounds test for co-integration help to determine the long run relationship among the variables in each of the estimated models. In order to do this, the Pesaran and Shin ARDL Bounds test for co-integration was applied in order to determine if the null hypothesis of no co-integration is rejected or otherwise. Thus, the bound test using real gross domestic product (RGDP) as the dependent variable showed that, F-statistic value of 12.28767 is higher than the upper bound critical value of 4.6600 at 5% level of significance using restricted intercept and no trend in specification for the model. The result showed that all the explanatory variables which measures economic globalization (financial openness, net exports and exchange rate) as well as real gross domestic product have long-run relationship in Nigeria.

**Table 4:** The Result of Estimated ARDL long-run coefficients

| Regressors | Coefficient | t-Statistic | P-Value |
|---|---|---|---|
| FOP | 0.54450 | 6.424492 | 0.0000 |
| NEP | 2.328813 | 3.624857 | 0.0025 |
| EXR | 1.423153 | 4.696389 | 0.0003 |
| C | -365190.3 | -0.646036 | 0.5280 |

**Source**: Researchers' Computed Result (2023)

Table 4 showed the estimated ARDL long-run coefficients to determine the long-run relationship between globalization and economic growth (real gross domestic product) in Nigeria. The estimated result showed that financial openness (FOP) has direct and significant relationship with real gross domestic product (economic growth) in Nigeria. Meaning that, a unit increase in financial openness will lead to an increase in real gross domestic product by 54.450percent. Similarly, the estimated result showed that net exports (NEP) have positive and significant relationship with real gross domestic product in Nigeria. This simple means that, a unit increase in net exports will cause about 232.8813percent increase in real gross domestic product. Also, the estimated result showed that exchange rate (EXR) has positive and significant relationship with real gross domestic product in Nigeria. This means that, a unit increase in the value of the Nigeria Naira in term of exchange rate will cause about 142.3153percent increase real gross domestic product.

In sum, one can conclude from the above results that, all the independent variables which measures economic globalization contributed positively and significantly to the growth of the Nigerian economy, nevertheless the rate of contribution to the growth of the Nigerian economy is not substantial to trigger economic development. This is because, despite the involvement of the Nigerian economy in the global village, the macroeconomic indicators such as inflation rate, unemployment rate, per capita income etc. that are used to gauge the performance of an economy have not perform creditably well. This may be as a result of financial reckless spending and systemic corruption that pervade the Nigerian economy.

**Table 5:** ARDL Short Run Error Correction Representation for the Estimated Model

| Regressors | Coefficients | t-Statistic | P-Value |
|---|---|---|---|
| RGDP(-3)) | 0.328376 | 2.584547 | 0.0207 |
| FOP | 1.079773 | 4.889060 | 0.0002 |
| NEP | -4.115356 | -1.875897 | 0.0803 |
| EXR | 1.508724 | 2.462038 | 0.0264 |
| ECM(-1) | -0.249089 | -8.821674 | 0.0000 |
| R-squared = 0.8101 | Adjusted R-Squared=0.7486 | Prob(F-statist) = 0.0000 | DW= 2.447124 |

**Source:** Researchers' Computed Result (2023)

Table 5 showed the estimated ARDL error correction mechanism coefficients to determine the short-run relationship between globalization and economic growth (real gross domestic product) in Nigeria. The estimated result showed that financial openness (FOP) has direct and significant relationship with real gross domestic product (economic growth) in Nigeria. Meaning that, a unit increase in financial openness will lead to an increase in real gross domestic product by 107.9773percent. The results support the empirical work of Muslehud, Ghani and Siddique (2003) studied openness and the economy and confirmed that openness has long run relationship with the development of an economy.

The estimated result showed that exchange rate (EXR) has positive and significant relationship with real gross domestic product in Nigeria. This means that, a unit increase in the value of the Nigeria Naira in term of exchange rate will cause about 142.3153percent increase real gross domestic product. The implication of the finding is that, during the period of study, the ups and downs in the values of the Naira has contributed to the growth of the economy in terms of real gross domestic product. The result supports the view of Omekwe, Kalu and Otto (2017) on long run relationship between exchange rate and the Nigerian economy.

But the estimated result showed that net exports (NEP) have negative and insignificant relationship with real gross domestic product in Nigeria during the period of study. This simple means that, a unit increase in net exports will cause a about 41.15356percent decrease in real gross domestic product. The finding is in line with the empirical work of Umaru, Hamidu and Musa (2013) when they claimed that growth rate of an economy is enhanced through when exports exceed imports.

Meanwhile, from the result display on the table above, the coefficient of determination (Adjusted R-squared) is 0.7486. Meaning that, the dynamic model is a good fit. Therefore, the changes in real gross domestic product brought about by the independent variables are about 74percent. As a follow up, the overall model is significant; given the probability value of f-statistic (0.0000) is less than the critical value at 5percent level of significant. Therefore, all the independent variables are significant in explaining increase in real gross domestic product (proxy for economic growth) in Nigeria during the period of study.

The coefficient of the error correction mechanism (ECM), which is meant to determine the speed at which all the abnormally noted in the estimated is corrected, must be negative and statistically significant in order to do this. Hence, from the estimated model, the coefficient of ECM has the hypothesized negative sign and statistically significant at 5percent level of significant. Thus, the abnormalities from the short-term in real gross domestic product were able to adjust to the long-run equilibrium with the speed of 0.2490. This showed that the disequilibria in real gross domestic product (RGDP) noticeable in the previous year were corrected for in the current year at a speed of about 24.9percent. Moreover, the coefficient of the Durbin Watson (DW) test which is used to decode the presence of serial auto correlation in an estimated model is 2.4471, which is not too far from 2.0; based on rule-of-thumb; this denoted that, the estimated growth model is free from the problem of positive first order correlation. Thus, all the independent variables used in the estimated model are not serially correlated or dependent. Consequently, the model is valid for policy making and implementation.

**Post Estimation Tests Results**
As the name implies, post estimation test is various test conducted after the main estimation test to validate the various results obtained. The study employed the normality test and the stability test.

**Stability Test**
The stability test helps to determine if the parameter estimate is stable. Stability test is measure via CUSUM (cumulative sum). In order to determine the stability of the estimated model, using the CUSUM test, the plot of the CUSUM must be between the 5% critical bound lines. See Figure 2.
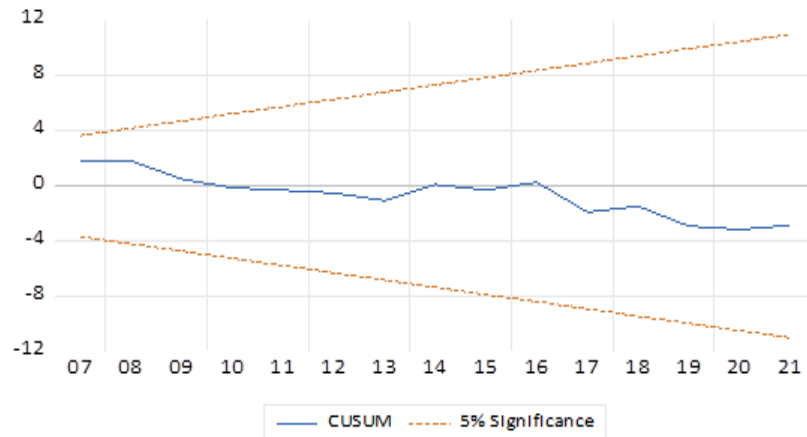
**Figure 2:** Stability Test for the Estimated Model

The stability test results showed that the estimated ARDL model is stable. This is because the plot of CUSUM for the model under study is within the 5% critical bound as indicated by two lines that bounded the trend curve. The implication of this is that the parameters of the model do not suffer from any structural instability over the period of study. Therefore, the estimated model is stable and useful for policy decision.

**Normality Test Results for the Estimated Model**
The Jarque-Bera statistic is applied to examine whether the error term in the model is normally distributed. Thus, the probability of Jarque-Bera statistic is compared with the critical p-value at 5% level of significance. The null hypothesis is upheld if the probability of the Jarque-Bera statistic is greater than the critical p-value at 5% significance level.



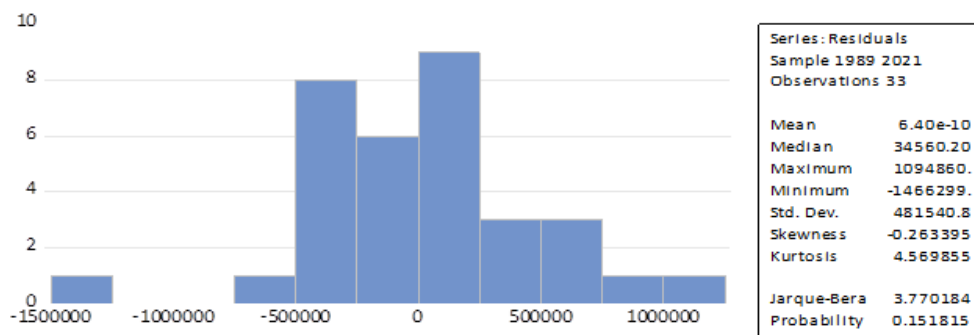**Figure 3:** Normality Test for the Estimated Model

The normality test result in Figure 3 showed that, the error term is normally distributed at 5% level of significance. This is because, the probability value of the Jarque-Bera statistic is 0.151815; and this value is greater than 5% critical value. Meaning that, the Jarque-Bera statistic hypothesis of normally distributed residuals in the model is accepted.

## Conclusion

This study focused on globalization and economic growth in Nigeria from 1985 to 2021. As Nigeria strives for increase in economic growth, there is the need to open the economy through exports, imports, financial openness, exchange rate amongst others. Based on the empirical results, there is a long-run positive relationship between globalization variables and economic growth in Nigeria during the period of study. Specifically, increase in financial openness and exchange rate will bring about a corresponding increase in the growth of the economy. But despite the fact that net exports has negative influence on economic growth in the short run, but the impact cannot be overemphasized since it has positive relationship with economic growth in the long run during the period of study. Based on these findings, it was concluded that economic globalization significantly accelerates economic growth in the long run in the Nigerian economy. The results of this study supporting Kilic (2015) as he asserts that economic globalization is more effective in the growth process of developing countries. Similarly, based on the findings, it was concluded, that a depreciation of the exchange rate which is an indicator of global price could be an obvious instrument that helps to drive the growth process in the Nigerian economy. Therefore, Nigeria government should realize the importance of globalization as a powerful influencing force and should adopt the new circumstances of globalization quickly and try to find comprehensible policies to be connected with an evolving world.

## Recommendations

Based on the findings of this work, the following policy recommendations are made: (i) The study recommends the creation of conducive environment to encourage openness of trade through inflow of investment that will trigger economic growth. This could be through the creation of enabling environment like constant power supply, good road and rail networks amongst others. (ii) To reap the dividend of a depreciated or even a devalued exchange rate, the government and relevant stake holders should put in place policies to diversify the production base of the Nigeria economy. Nigeria trade with the rest of the world should be further be liberalized. (iii) Government should formulate and implement policy measures towards export expansion. It is expected that such policy will push increased productivity by offering potentials for economies of scale. Similarly, government should encourage export of manufactured and value-added products, instead of only primary raw materials. This will encourage a vigorous revolution in the domestic economy and the performance of same.

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## APPENDIX

Data Set on Real Gross Domestic Product (RGDP), Financial Openness (FOP), Net Exports (NEP), and Exchange Rate (EXR)

| YEAR | Real GDP | Financial Openness | Net Export | Exchange Rate |
|------|---------|--------------------|-----------|----------------|
|      | RGDP    | FOP                | NEP       | EXR            |
| 1985 | 1495391 | 443.6              | 3.8       | 0.89           |
| 1986 | 1523799 | 1536.7             | 1.36      | 2.02           |
| 1987 | 1526393 | 3379               | 6.2       | 4.019          |
| 1988 | 1621537 | 3100.2             | 5.4       | 4.54           |
| 1989 | 1729468 | 17333.1            | 16.32     | 7.39           |
| 1990 | 1930563 | 1252.486           | 11.02     | 8.01           |
| 1991 | 1919906 | 7885.2             | 11.47     | 9.91           |
| 1992 | 1962019 | 16535.2            | 9.72      | 17.3           |
| 1993 | 1992799 | 32167.5            | 6.41      | 22.05          |
| 1994 | 1997912 | 23801              | 4.04      | 21.89          |
| 1995 | 203532  | 81818.1            | 8.78      | 21.89          |
| 1996 | 2117792 | 1118708            | 5.79      | 21.89          |
| 1997 | 217891  | 111464.7           | 5.84      | 21.89          |
| 1998 | 2233287 | 86710.8            | -2.99     | 21.89          |
| 1999 | 2244941 | 98942.3            | 8.21      | 92.53          |
| 2000 | 2368828 | 124480.6           | 23.05     | 109.55         |
| 2001 | 2526754 | 139394             | 6.82      | 113.45         |
| 2002 | 2895771 | 234450.5           | 6.44      | 126.9          |
| 2003 | 3170945 | 269342.7           | 4.17      | 137            |
| 2004 | 3502055 | 266179.6           | 8.61      | 132.85         |
| 2005 | 3747495 | 3049057            | 9.01      | 129            |
| 2006 | 399955  | 2809965            | 16.47     | 127            |
| 2007 | 4292241 | 3687288            | 3.14      | 116.8          |
| 2008 | 4601252 | 3926466            | 10.54     | 131.25         |
| 2009 | 498561  | 7225485            | 1.2       | 148.1          |
| 2010 | 5461226 | 4850564            | 8.0       | 148.81         |
| 2011 | 5751104 | 5644116            | 9.96      | 156.7          |
| 2012 | 5992989 | 6943240            | 18.56     | 155.76         |
| 2013 | 6321872 | 7125610            | 5.05      | 155.74         |
| 2014 | 6715279 | 7334821            | 5.99      | 168            |
| 2015 | 6902393 | 7628214            | 0.00      | 197            |
| 2016 | 6793124 | 7362882            | -2.29     | 305            |
| 2017 | 6849098 | 7441972            | -0.00     | 306            |
| 2018 | 6981002 | 7477689            | -2.01     | 307            |
| 2019 | 6874408 | 7427514            | -5.58     | 306            |
| 2020 | 6901503 | 7449058            | -7.74     | 307.2          |
| 2021 | 6999503 | 7451420            | -7.74     | 308.0          |

**Source:** Central Bank of Nigeria Statistical Bulletin (2019) and World Development Indicator of World Bank (2020)