ECONOMIC GLOBALIZATION AND ECONOMIC DEVELOPMENT IN NIGERIA

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ABSTRACT

This study examines the influence of globalization on the economic development of Nigeria over the period 1995 to 2022. Specifically, the study examines how trade openness (LNTOP), foreign portfolio investment (LNFPI), foreign direct investment (LNFDI), export concentration index (LNECI), and financial openness (LNFOP) affect unemployment rate (LNUMR). Data utilized in the study were sourced from the statistical bulletins of World Bank and Central Bank of Nigeria. The data utilized in the study were analyzed using the descriptive statistics, unit root, Granger causality, and the Autoregressive Distributed Lag (ARDL) tests at the 5% significance level. The unit root test shows that the variables were integrated at level and first difference, necessitating the ARDL F-Bounds test that refutes the long-run form. For LNUMR, the short-run ARDL test reveals that LNUMR is positive and significant, indicating that it is autoregressive. LNTOP and LNFPI are negative and inconsequential to LNUMR; LNFDI is negative but significant to LNUMR; and LNFOP and LNECI are positive but insignificant to LNUMR. The result of the Granger Causality test shows that no directional causal-effect between each of LNTOP, LNFDI, LNFOP, and LNECI and LNUMR. The study concludes that globalization significantly promotes economic development in Nigeria. The study recommends that more foreign portfolio investment should be attracted and retained. This can be achieved by developing investment friendly-policies, such as stable exchange rate as well as ensuring their consistency.

Keywords: Export Diversification, Nigeria, Openness, Employment, Investment

1.0   Introduction

Integration and openness have been emphasised in the reforms of many nations over the past three decades, with the primary goal of fostering economic growth and improving welfare outcomes. Although many developed nations have prospered from globalisation, many others, particularly those in the developing world, have not. Both theoretical and empirical arguments have been made on both sides of the globalisation benefits debate. The Heckscher-Ohlin (H-O) Stolper-Samuelson

trade theorem states that globalisation leads to less inequality in developing countries and gives people with less education access to its benefits (Le Goff & Singh, 2014). These benefits are expected to accrue at the national level as a result of globalization's increased cross-border flow of information, knowledge, ideas, technology, and openness to international trade, which in turn boosts productivity, encourages investment in innovations, allows for greater specialisation, and more effectively allocates resources (Le Goff & Singh, 2014). Similarly, a large body of empirical research has documented globalization's positive effects on people's lives (Le Goff & Singh, 2014). Integrating into global economies, as found by Tayebi and Ohadi (2009), Bechtel (2014), Bergh and Nilsson (2014), and Ha and Cain (2017), increases income per capita and decreases the poverty gap and the number of people living in poverty in developing countries. Export orientation ("openness") towards secondary activities was also linked in a similar study to lower income inequality in developed countries (Calderón & Chong, 2001).

However, empirical findings have yet to converge on the positive impact of globalisation, and the recent economic and social crisis in East Asia and Latin America suggests that globalisation may be more harmful to developing countries. Many researchers have found that the opportunities brought about by globalisation are not equally distributed among citizens of developing countries. This is the case, for instance, according to the findings of studies by Kanbur (2000), Gaston and Rajaguru (2009), and Bergh and Nilsson (2014). Trade liberalisation is positively connected with greater inequality and does not benefit developing economies, which are primarily low-income countries, according to two significant cross-country studies on developing countries by Kremer and Maskin (2003) and Calderón and Chong (2001). Given what has been discussed above, the discussion is far less muddled and open regarding the direction of the welfare impact of globalisation in developing nations.

Generally, globalization is said to be the process of unifying the economic, technological, social, cultural, and political tendencies of the world into a one global society (Nduonofit & Emina, 2021). Thus, globalisation frowns at, and does away with, trade restrictions. In Economics, it is viewed as integration of various countries' economies into one large global economy. Nigeria, like other countries of the world found it necessary to key in into globalisation, by liberalizing her economy, albeit to some extent, in order to realize her ambitious dream of development. This was undertaken by adopting an economic structural adjustment famously called Structural Adjustment Programme (SAP). Thus, structural adjustment and global integration are significantly related as they support and reinforce each other (Aina 1997 in Tamuno 2006).

Prior to the advent of SAP, the Nigerian economy was heavily regulated, though with the intent of promoting price stability, exchange rate stability, stimulating economic growth as well as employment, but however, the resultant effects were rather non-impressive. This made the financial system of Nigeria to be relatively insignificant in serving as a catalyst and engine of growth. Thus, the need for the introduction of SAP was deemed necessary as the Federal Government realised that the heavy control measures adopted had become less potent. In other words, SAP was adopted with the hope of creating an enabling environment for economic growth and development in Nigeria (Okorie & Uwaleke 2010). Hence, towards integrating the Nigerian economy to the world economies, the various reforms measures were taken in various sectors. Realising that the financial system is very significant in enhancing economic growth and development, the government introduced further policies to deregulate the economic sectors which

resulted to banks' consolidations, recapitalization, and change of ownership structure as well as the deregulation of the Nigerian Capital market (Nduonofit & Emina, 2021). This is evident with abrogation of Exchange Control Act of 1962 and the Nigerian Enterprises Promotion Decree of 1989. These opened up the market to foreign participation. Further, restricting foreign holding to a prescribed limit in any firm registered in Nigeria were removed. In addition, as a consequent of deregulatory reforms, various sectors of the economy, such as oil and gas, agricultural sector as well as telecommunication sector, had witnessed foreign capital inflows which went a long way in sustaining and promoting the Nigerian economy. It is so glaring in the contemporary Nigerian society that the day -to-day economic activities involving payments are largely dependent on the functions of information and communication technology as product of globalisation. This is evident as Nigeria adopted a cashless policy.

Several recent studies have been conducted on globalization and economic growth in Nigeria (Feridun, Olusi & Folorunso, 2006; Akor, Yongu & Akorga 2012; Okpokpo, Ifelunini & Osuyali, 2014) with mixed findings. This study is unique in that it seeks to resolve this inconsistency in empirical findings in the light of using more recent data; thus, expanding the scope of the previous study while bearing the peculiarities of the Nigerian economy in mind. Also, numerous research studies have been conducted to investigate how globalisation affects the economic development of Sub-Saharan African and Asian countries (Tongurai & Vithessonthi, 2023; Matar & Belazreg, 2023; Coulibaly, 2023; Lali, Daei-Karimzadeh, & Karimi, 2023) but at the time of writing there are paucity of studies that explain how financial openness, trade openness, FDI, export concentration index, and FPI affect unemployment rate in Nigeria; thus, making this study unique as it narrows its focus to the geographical confines of Nigeria. This is because the Nigerian economy is the largest in Africa (Ebong, Udoh, & Obafemi, 2014), making it the first point of contact for any corporation looking to diversify its portfolio. As a result, by focusing on the impact of globalisation on Nigeria's economic development, this study fills a vacuum in the literature.

2.0   Literature Review

This study is anchored on Dunning's (1973) OLI theory and the Prebisch-Singer hypothesis.

Dunnings OLI Theory

OLI stands for "ownership," "location," and "internalisation," and it is part of Dunning's (1973) eclectic theory. This theory sought to explain why demand is met by foreign production and why investment was chosen as a means of business expansion by drawing on a variety of previous theories of FDI that had separately focused on market imperfections, industrial organisation, industrialization, and location. Dunning (1973) argued that firms' competitiveness could be explained by industrial organisation; however, he concluded that the locational determinants were responsible for the increased use of FDI to serve international markets. The three conditions for foreign direct investment (FDI) identified by Dunning (1973) are (1) a comparative advantage due to ownership of intangible assets; (2) a benefit to the firm to use advantages directly; and (3) a benefit to use the advantages with factor inputs located in the country that investment occurs within. The OLI model is more of an analytical framework than a theory that can predict the behaviour of multinational corporations. Using strategic alliances to capture technological or

marketing synergies offered by firms in other countries is one example of how FDI can be used to grow ownership advantages, as noted by Dunning (1973).

Later, Dunning (1973) applied the OLI model to explain the shifting international standing of countries across developmental phases (Dunning 2001). The resulting Investment Development Path (IDP) theory postulated that as a nation progresses, the OLI benefits enjoyed by both foreign-owned firms investing in the nation and domestic firms investing abroad shift. In response to earlier criticisms that the OLI model was static, the IDP application of the model added a dynamic element to the model. Once it is assumed that market imperfections are exogenous, as Rugman (1985) did, Dunning's eclectic theory and internalisation theory are essentially identical.

According to Dunning's OLI paradigm, which he used to explain the trade and investment decision, firms can service foreign markets from their home country due to the location advantages of the home market, while investment is how firms draw on the locational advantages of foreign countries. Depending on the stage the product is in, traders and investors may make different decisions. When a business sees opportunity in a foreign market, rather than just servicing it through trade, it can choose between going into business there on its own or entering through a licencing agreement with an existing player. In general, direct investment is preferred over licencing when there is less domestic competition, a more attractive market, cutting-edge technology is being used, and the deciding company is both large and globally active. When a host government imposes restrictions on foreign operations, a licence may be required. Most FDI occurs between economically developed nations. Locational advantages like low labour costs draw FDI to developing nations. According to Agarwal (2015), ownership advantages are typically more important than locational advantages for FDI, so the allure of low wages should not be overstated as a factor in FDI decisions.

Prebisch-Singer Hypothesis

In the field of uneven development, Prebisch and Singer independently developed similar theories at about the same time in the late 1940s and early 1950s; these ideas are now known as the Prebisch-Singer doctrine. The Prebisch-Singer doctrine establishes that developed and underdeveloped countries will experience greater inequalities as a result of trade, and that the gains from trade will be unequally distributed between those exporting predominantly primary products and those exporting mainly manufactured products. Disparities in product and factor markets, as well as the benefits accruing from technical progress, all contribute to the detrimental effects on the terms of trade of primary producers.

Singer (1984) claimed that neither his nor Prebisch's research cast doubt on the veracity of the doctrine of comparative advantage, but rather focused on the fairness of the resulting distribution of gains and the effect that specialisation along these lines would have on developing nations. Free trade, according to Prebisch's (1950) theory, would lead to worsening trade terms for developing countries because of the inferior quality of their exports. Prebisch argued that demand and supply side factors contributed equally to the deterioration of trade terms for peripheral economies. On the demand side, central and peripheral imports have very different income elasticities of demand. The income elasticity of central imports of primary commodities is low, while that of industrial imports to peripheral economies is high. Therefore, as incomes in the core economies rise, there

is not a corresponding increase in demand for exports from countries on the periphery. However, as incomes in peripheral economies rise, so does demand for exports from core economies.

In addition, while exports from core economies are more in demand regardless of price, exports from the periphery are less in demand. As a result, significant price drops follow increases in output in economies on the periphery. Exports from economies at the centre of the world tend to be less affected by changes in the cost of production thanks to their price elasticity. When export industries in peripheral countries see technological advancements that increase output, it leads to lower export prices and a worsening term of trade. As the terms of trade worsen, the central economies reap the benefits of technological advancements made on the periphery. Due to higher population growth and an abundance of available labour, peripheral countries experience a slower rate of increase in factor incomes. When they are lacking in the core, it drives up the cost of production and ultimately the final goods that are exported to the periphery. Therefore, peripheral nations must spend more money on central nations' imports. To back up his theory, Prebisch (1950) conducted a series of experiments. This study used data on the terms of trade for commodities traded in the United Kingdom from 1870 to 1938. Prebisch generalised the UK terms of trade to represent all developed countries and the opposite movement of the terms of trade to represent all underdeveloped countries.

Empirical Review

Matar and Belazreg (2023) use a panel-VAR approach to examine the four-way linkages between innovation, trade openness, financial development, and economic growth in 11 European countries from 2001 to 2016. The findings revealed a negative relationship between innovation and economic growth, as well as a negative relationship between trade and economic growth.

In two steps, Lali, Daei-Karimzadeh, and Karimi (2023) investigate the effects of world trade centrality indicators on economic growth using panel data from 42 Asian and CIS countries. Following the creation of weighted directional matrices of trade, the centrality indices of the countries were calculated for the selected years using a complex network approach. The study's findings show that, when compared to the traditional indicator of trade openness, the centrality indicators of the global trade network provide a better explanation of economic growth while having a greater effect

Hussein, Khalif, Warsame, and Barre (2023) use time series data from 1985 to 2017 to examine the impact of trade openness on economic growth in Somalia. The empirical findings of the multivariate cointegration test in Somalia revealed the presence of a long-run relationship between the variables. Furthermore, the FMOLS method revealed that trade openness has a negative and significant long-run effect on economic growth in Somalia.

Olasehinde-Williams, Lee, and Folorunsho (2023) investigate the impact of export product diversification on energy demand in 30 countries in the Global North from 1980 to 2014. The findings indicate that export diversification reduces overall energy consumption in the Global North, with the magnitude of the impact gradually increasing over time. This entails that export product diversity can be a valuable strategy for regulating energy consumption and mitigating its negative environmental implications provided a conscious effort is made to ensure that product diversification is towards energy-efficient items.

Mazengia, Bezabih, and Chekol (2023) use annual time series data from 1980 to 2019 to investigate the impact of financial development on Ethiopia's export diversification. The ARDL estimation approach was used. The findings revealed that financial development, trade liberalisation, foreign debt, and real GDP have a positive significant effect on export performance in the long run.

Nguyen (2022) examines the impact of FDI on Vietnam's economic growth from 1990 to 2020, following the political and economic reforms (Doi Moi) of 1986. The study concludes that FDI has a short-term impact on economic growth while harming long-term growth. Despite the increase in FDI capital over the years and its potential, the effectiveness of FDI remains limited.

Odhiambo (2022) study causal relationship between FDI and economic growth in Kenya from 1980 to 2018. The results of the Granger causality show that there is a unidirectional causal flow from economic growth to FDI in Kenya.

Dergachova, Dunska, Holiuk, Lutsenko, and Pichugina (2021) conducted a 25-year (1996-2020) and 10-year (2011-2020) study of the relationship between export diversification and economic growth in developed and developing countries. The study demonstrates that export concentration and GDP growth have a weak to moderate association in developed countries.

Aderemi, Ogunleye, Lucas, and Okoh (2020) used the ARDL and Bounds test to examine the relationship between globalisation and economic growth in European countries from 1990 to 2018. The findings revealed that globalisation has had a positive impact on European economies over the last 40 years.

Idoko and Silas (2020) investigate the relationship between globalisation and Nigerian economic development. To process and analyse the data, co-integration and OLS techniques were used. On the one hand, the finding suggests that FDI is associated with globalisation because it positively influences Nigeria's economic development. Trade and financial openness have a negative relationship with Nigeria's economic development.

Nketiah, Adjei, Boamah, and Adu-Gyamfi (2019) investigate the relationship between foreign direct investment, trade openness, and economic growth in Ghana from 1975 to 2017. According to the study, trade openness is the most important factor influencing Ghana's economic growth.

Letswa, Raji, and Edita (2018) investigated the effects of globalisation on African economic development, with a focus on Nigeria. Using an advocacy approach, the study argued that globalisation does not benefit developing economies, particularly Nigeria, because trade is skewed in favour of trading partners. As a result, the study recommends economic diversification as well as limiting the economic activities of multinational corporations.

3.0   Methodology

This study adopts the ex-post facto research design which is a sub-category of the quasi-experimental design. This is because the researcher cannot change the data utilised in this study because it will be collected secondarily, nor can the researcher manipulate the data used in this study. The data used in this study are annual secondary data on globalization indexes such as financial openness, foreign direct investment, foreign portfolio investment, trade openness, and export concentration index; and unemployment and poverty rates to measure the level of economic

development from 1992 to 2022, with 31 annual observations. The information will be obtained from the National Bureau of Statistics (NBS), World Bank Development Indicators, and the Central Bank of Nigeria (CBN) databases. This study employs the unit root, descriptive statistics, ARDL, and Granger causality technique at the 5% significant level.

In line with the model building, Sanjo, Sende, and Mpeta (2022) contend that the economic performance of a nation is positively influenced by domestic investment, foreign direct investment, and exchange rate. Given the aforementioned considerations, the present study adopts the following model:

UMR = F (TOP, FDI FOP, FPI, ECI)   1

$$LNUMR_t = \alpha_0 + \alpha_1 LNTOP_t + \alpha_2 LNFDI_t + \alpha_3 LNFPI_t + \alpha_4 LNOP_t + \alpha_5 LNCI_t + \varepsilon_t \qquad 2$$

Apriori: $\alpha_1 < 0$, $\alpha_2 < 0$, $\alpha_3 < 0$, $\alpha_4 < 0$, $\alpha_5 < 0$

It is expected that trade openness, foreign direct investment, financial openness, foreign portfolio investment, and export concentration index are negatively related to unemployment and poverty rates. This is because a rise in trade openness, foreign direct investment, financial openness, foreign portfolio investment, and export concentration index will cause the unemployment and poverty rates of Nigerian to decrease.

Where; UMR = Unemployment rate (proxy for economic development), TOP = Trade Openness, FDI = Foreign Direct Investment, FPI = Foreign Portfolio Investment, FOP= Financial Openness, ECI = Export, concentration index, ε = Error term or disturbance term, t = Annual time series, α_0 = Constant parameter, α_1, α_2, α_3, α_4, and α_5 = Coefficient parameters, Ln = Natural logarithm of numbers

4.0   Results and Discussions

4.1   Results

Table 4.1   Descriptive Statistic Result

	LNUMR	LNTOP	LNFPI	LNFDI	LNFOP	LNECI
Mean	2.463096	3.590657	5.679780	12.86833	0.805811	0.969464
Median	2.541602	3.585184	6.167514	13.39116	0.733969	0.970219
Maximum	3.624341	3.975561	10.51466	15.02594	1.400478	1.529329
Minimum	1.526056	3.031099	0.015617	9.579356	0.272966	0.203973
Std. Dev.	0.630026	0.239263	2.418638	1.466820	0.241119	0.168792
Skewness	0.208959	-0.620288	-0.415132	-0.605397	-0.371772	0.640867
Kurtosis	1.655896	3.146380	2.629907	2.352033	1.905013	3.238787
Jarque-Bera	2.559140	2.015588	1.067315	2.435930	2.262811	2.195657
Probability	0.278157	0.365023	0.586456	0.295832	0.322580	0.333595
Sum	76.35596	111.3104	176.0732	398.9181	-24.98013	-30.05338
Sum Sq. Dev.	11.90798	1.717406	175.4943	64.54687	1.744152	0.854726
Observations	31	31	31	31	31	31

Source: E-views 10 Output

Table 4.1 displays the range of the annual LNUMR, with an average value of 2.463096. The minimum and maximum values observed were 1.526056 and 3.624341, respectively. This illustrates that the Nigerian economy is beset by a significant degree of unemployment, which is likely to impede its progress towards achieving economic growth. The Nigerian economy exhibits an average LNTOP of 3.590657, with corresponding low and high values of 3.031099 and 3.975561, respectively. This implies that the degree of trade liberalisation in the Nigerian economy is comparatively moderate. The mean annual value of LNFPI is 5.679780, with a maximum value of 10.51466 and a minimum value of 0.015617. The mean annual value of LNFDI is 12.86833, with a range of values between a maximum of 15.02594 and a minimum of 9.579356. The study found that the mean LNFOP was 0.805811, with a range of values between 0.272966 and 1.400478. Moreover, the LNECI's mean annual value is 0.969464, while its maximum and minimum values are 1.529329 and 0.203973, respectively. This implies that despite Nigeria's plentiful resources, it has focused solely on exporting a limited number of commodities over the years. In the same vein, the level of variation from the mean value for each of these indicators is 0.630026%, 0.176494%, 0.239263%, 2.418638%, 1.466820%, 0.241119%, and 0.168792%, respectively.

Skewness is a statistical measure that quantifies the degree of asymmetry in the distribution of a variable. The LNTOP, LNFDI, LNFPI, and LNFOP exhibit negative skew coefficients (-0.620288, -0.415133, -0.605397, and -0.371772, respectively), suggesting that their distributions are left-skewed. The LNUMR and LNECI index exhibit a right-skewed distribution due to their positive values (0.208959 and 0.640867, respectively). The platykurtic nature of unemployment rate, LNFDI, and LNFOP is evidenced by their coefficients, which are less than 3 (1.655896, 2.352033, and 1.905013, respectively). Conversely, the mesokurtic nature of LNTOP, LNFPI, and LNECI index are indicated by their coefficients, which hover around 3 (3.146380, 2.629907, and 3.238787, respectively). The Jarque-Bera statistical test shows that all of which are above the 5% level of significance; indicating that they are all normally distributed.

Table 4.2: ADF Stationarity Test Variables

Variables	Level Data			First differenced data			Conclusion
	ADF Test Statistics	T-Critical at 5%	P-value	ADF Test Statistics	T-Critical at 5%	P-value	
LNUMR	-0.085444	-2.963972	0.9433	-5.541244	-2.967767	0.0001	I(1)
LNFPI	-0.616400	-2.991878	0.8492	-4.581371	-2.981038	0.0012	I(1)
LNFDI	-1.884997	-2.967767	0.3345	-6.858071	-2.967767	0.0000	I(1)
LNFOP	-4.123541	-2.967767	0.0034	-	-	-	I(0)
LNECI	-3.456565	-2.986225	0.0183	-	-	-	I(0)
LNTOP	-2.898929	-2.963972	0.0573	-6.228567	-2.967767	0.0000	I(1)

Source: E-views 10 Output

Table 4.2 reveals that two of the six variables employed in the study are stationary at level I(0), whereas the remaining four are stationary at first difference I(1). This is because their p-values at each level are smaller than the 5% significance level established for this investigation. As a result, the study applies the ARDL F-Bound test to verify for the presence of long-run form in the study, as recommended by Persaran et al. (2001).

Figure 4.1: Plausible Model for Unemployment Rate

Akaike Information Criteria (top 20 models)
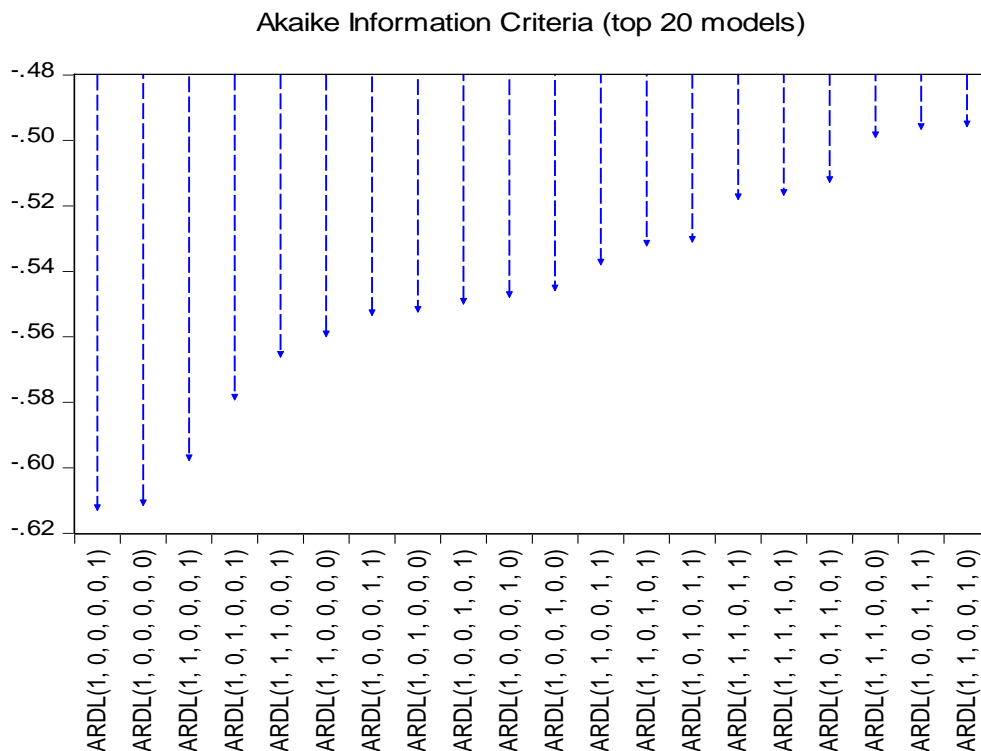
Source: Eviews 10 Output

As illustrated in Figure 4.1, the lowest AIC value is -0.62 in absolute terms, and the model that corresponds to this value is ARDL (1, 0, 0, 0, 0, 1). The number of lags for each of the six variables in the order they entered the lag selection regression is represented by a bracket (i.e., LNUMR, LNTOP, LNFPI, LNFDI, LNFOP, and LNECI). This suggests that the probable specification for the dynamic connections under consideration is a model with one lags of LNUMRand LNECI index, zero lags of LNTOP, LNFPI, LNFDI, and LNFOP.

Table 4.3: ARDL Bound Test of Co-integration

ARDL Long Run Form and Bounds Test
Dependent Variable: D(LNUMR)
Selected Model: ARDL(1, 0, 0, 0, 0, 1)

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
F-statistic	2.426978	10%	2.26	3.35
k	5	5%	2.62	3.79
		2.5%	2.96	4.18
		1%	3.41	4.68

t-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
t-statistic	-2.357006	10%	-2.57	-3.86
		5%	-2.86	-4.19

| | 2.5% | -3.13 | -4.46 |
| | 1% | -3.43 | -4.79 |

Source: Eviews 10 Output

The decision rule stipulates that for the alternate hypothesis to be accepted, the F-statistics critical value of co-integration in terms of I(0) and I(1) must be above the F-statistic value in absolute terms. Similarly, for the alternate hypothesis to be accepted, the T-statistics critical value of co-integration in terms of I(0) and I(1) must be above the T-statistic value in absolute terms. The null hypothesis says that there is no co-integration between the variables. At the 5% level of significance, the F-statistics value is 2.426978, which is below the I(0) and I(1) bound values of 2.62 and 3.79, respectively. Similarly, at the 5% level of significance, the T-statistics value of -2.357006 is below the I(0) and I(1) bound values of -2.86 and -4.19, respectively. As a result, the null hypothesis, which claims that there is no co-integrating relationship between the explained and explanatory variables, is accepted, and the alternate hypothesis is rejected. Hence, only the short-run test is estimated in this study.

Table 4.4: Short-run Estimation Results

Dependent Variable: LNUMR
Method: ARDL
Model selection method: Akaike info criterion (AIC)
Dynamic regressors (1 lag, automatic): LNTOP LNFPI LNFDI LNFOP
    LNECI
Fixed regressors: C
Number of models evalulated: 32
Selected Model: ARDL(1, 0, 0, 0, 0, 1)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
LNUMR(-1)	0.553480	0.133011	4.161153	0.0004
LNTOP	-0.060633	0.138879	-0.436587	0.6667
LNFPI	-0.020203	0.021530	-0.938363	0.3582
LNFDI	-0.176428	0.048394	-3.645647	0.0014
LNFOP	0.225402	0.180921	1.245861	0.2259
LNECI	0.116952	0.194362	0.601722	0.5535
LNECI(-1)	0.294595	0.138508	2.126912	0.0449
C	-0.468449	0.715540	-0.654680	0.5195

R-squared	0.951358	Mean dependent var		2.484380
Adjusted R-squared	0.935881	S.D. dependent var		0.629358
S.E. of regression	0.159364	Akaike info criterion		-0.612069
Sum squared resid	0.558734	Schwarz criterion		-0.238416
Log likelihood	17.18103	Hannan-Quinn criter.		-0.492534
F-statistic	61.46910	Durbin-Watson stat		2.268735
Prob(F-statistic)	0.000000			

Source: Eviews 10 Output

Table 4.3 illustrates that the one-lag LNUMR value exhibits a positive coefficient (0.553480) that is statistically significant (0.0004), thereby suggesting the presence of autoregression in the LNUMR. It can be inferred that the present LNUMR in Nigeria is predictable based on the preceding year's LNUMR. A one-unit rise in the LNUMR in the current year is associated with a 0.553480% increase in the LNUMR in the subsequent period. The regression analysis indicates that the coefficient for LNTOP exhibits a negative value of -0.060633 and a p-value of 0.6667,

which suggests that it is not statistically significant in explaining the variation in the LNUMR. The findings indicate that a marginal rise in LNTOP will result in a decrease of 0.060633 units in the LNUMR. The impact of LNFPI on the LNUMR is statistically insignificant, as evidenced by a coefficient of 0.3582 and a negative value of -0.020203. The analysis indicates that a marginal rise in LNFPI is associated with a decrease in the LNUMR by 0.020203 units. The correlation between LNFDI and LNUMR exhibits a negative coefficient of -0.176428, which is statistically significant at a level of 0.0014. This implies that a 1% increase in LNFDI will result in a corresponding 0.176428% decrease in the LNUMR. Likewise, the impact of LNFOP on the LNUMR is positive (0.225402), yet statistically insignificant (0.2259). The findings indicate that a one-unit increase in LNFOP is associated with a 0.225402 unit increase in the LNUMR. The LNECI index exhibits a positive value of 0.116952, however, it is deemed insignificant (0.5535) in relation to the LNUMR. The aforementioned finding indicates that a one-unit escalation in the LNECI index is associated with an 0.116952 unit increase in the LNUMR. The lag LNECI index exhibits a positive value of 0.294595 and it is deemed significant (0.0449) in relation to the LNUMR. The finding indicates that a one-unit increase in the previous period's LNECI index is associated with an 0.116952 unit increase in the current LNUMR.

The Adjusted R-squared value indicates that the explanatory variables, namely LNTOP, LNFPI, LNFDI, LNFOP, and LNECI index, account for roughly 93.6% of the fluctuations in the LNUMR. The residual 6.4% can be attributed to unaccounted factors that are not incorporated in this particular model. The F-statistic in a regression model serves as an indicator of the overall significance of the model. The regression model exhibits statistical significance as a whole, as evidenced by the F-statistics p-value of 0.000000. Additionally, the independent variables demonstrate statistical significance with respect to the dependent variable. The Durbin-Watson test indicates the presence of first-order autocorrelation in the variable. The Durbin-Watson statistic of 2.268735 indicates the absence of serial correlation in the model.

Table 4.5: Result of Granger Causality Test

Pairwise Granger Causality Tests
Sample: 1992 2022
Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
LNTOP does not Granger Cause LNUMR	29	1.86603	0.1765
LNUMR does not Granger Cause LNTOP		0.70867	0.5023
LNFPI does not Granger Cause LNUMR	29	0.05166	0.9498
LNUMR does not Granger Cause LNFPI		6.34744	0.0061
LNFDI does not Granger Cause LNUMR	29	3.33421	0.0528
LNUMR does not Granger Cause LNFDI		0.79756	0.4620
LNFOP does not Granger Cause LNUMR	29	0.08148	0.9220
LNUMR does not Granger Cause LNFOP		0.62606	0.5432
LNECI does not Granger Cause LNUMR	29	0.92570	0.4099
LNUMR does not Granger Cause LNECI		0.26400	0.7702

Source: Eviews 10 Output

Table 4.5 presents the outcome of the Granger Causality test, indicating that a unidirectional causal relationship flowing from LNUMR to LNFPI in Nigeria. The reason for this phenomenon is that a significant proportion of the capital invested in the Nigerian stock exchange, in the guise of portfolio investment, does not have a direct impact on the country's economic growth trajectory. This is due to the fact that the proprietors of these funds retain the prerogative to withdraw their investments at any given time. However, no directional flowing from LNFDI, LNFOP, LNECI, and LNTOP to LNUMR and vice versa.

Post Analysis Tests

Table 4.5: Test for Serial Correlation

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.634389	Prob. F(2,20)	0.5406
Obs*R-squared	1.789634	Prob. Chi-Square(2)	0.4087

Source: Eviews 10 Output

Table 4.5 demonstrates that the p-value of 0.5406 is greater than the 5% level of significance, showing that serial correlation does not exist in the model.
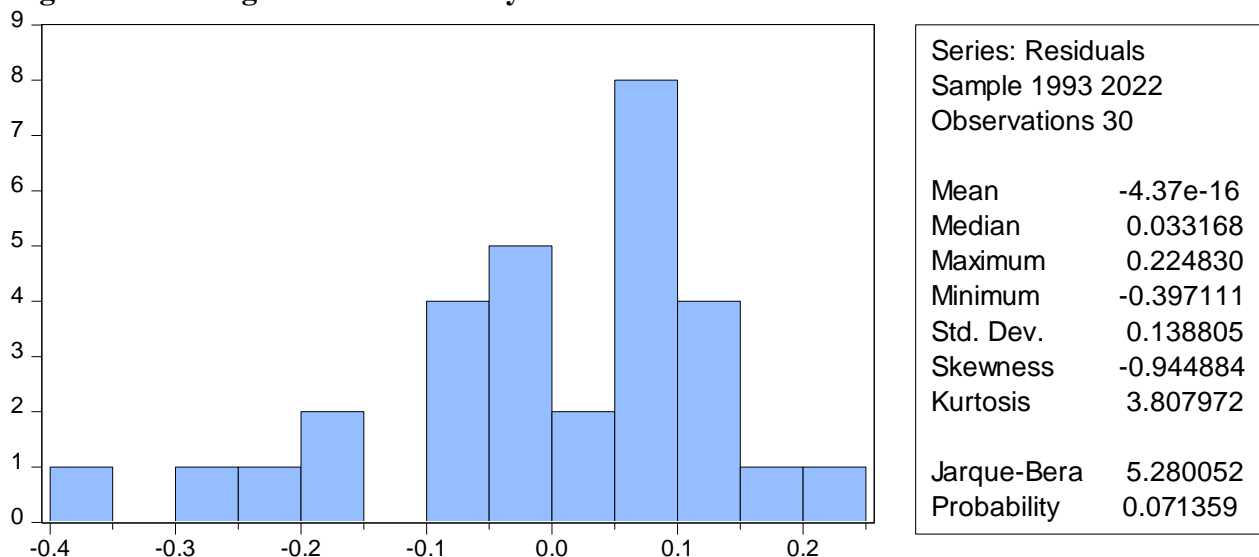
Table 4.6: Test for Heteroskedasticity

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.681924	Prob. F(7,22)	0.6858
Obs*R-squared	5.348728	Prob. Chi-Square(7)	0.6175
Scaled explained SS	4.038463	Prob. Chi-Square(7)	0.7753

Source: E-view 10 Output

Table 4.6 demonstrates that the p-value of 0.6858 is greater than the 5% level of significance, showing that heteroskedasticity does not exist in the model.

Figure 4.2: Histogram and Normality Test – Model One

Series: Residuals	
Sample 1993 2022	
Observations 30	
Mean	-4.37e-16
Median	0.033168
Maximum	0.224830
Minimum	-0.397111
Std. Dev.	0.138805
Skewness	-0.944884
Kurtosis	3.807972
Jarque-Bera	5.280052
Probability	0.071359

Source: E-views 10 Output

The null hypothesis asserts that the distribution is uniformly distributed if the p-value is not significant and is bigger than the selected level of significance of 5%. As a result, the null hypothesis that the distribution is normally distributed is accepted because the p-value of the Jargue-Bera (0.071359) is above the 5% significance level. In addition, the histogram is bell-shaped.

4.2   Discussion of Findings

The degree of trade openness in Nigeria has an insignificant and negative impact on the unemployment rate, as the correlation between the two variables is not statistically significant. This suggests that a rise in trade openness may result in a decrease in the unemployment rate in Nigeria. The symbol linking the two variables is consistent with the theoretical proposition that an escalation in the degree of globalisation of the Nigerian economy will result in a decrease in the level of unemployment. Nonetheless, the lack of insufficient policy thrust as the only driving force behind its anticipated progress might be blamed for the limited impact of trade openness on the Nigerian economy. The study period brought to light the underlying deficiencies in Nigeria's industrial policy framework. This aligns with the studies conducted by Hussein, Khalif, Warsame, and Barre (2023), Ze, et al. (2023), and Khurshid, et al. (2023), which indicates that trade liberalisation is conducive to enhancing economic growth. However, these contrasts with the findings of Coulibaly (2023), Luo and Qu (2023), and Suryandaru (2023), who have reported that trade openness has a negative impact on economic performance.

The impact of foreign portfolio investment on the unemployment rate in Nigeria is observed to be negative and insignificant. This suggests that an increase in foreign portfolio investment in Nigeria results in a reduction of the unemployment rate, albeit to a limited extent. The reason for this is that a significant portion of the capital invested in the Nigerian stock exchange as portfolio investment does not have a direct impact on the country's economic development, as the proprietors of these funds have the right to withdraw them at any given time. This assertion is consistent with the findings of Tongurai and Vithessonthi (2023), Coulibaly (2023), Nketiah, Adjei, Boamah, and Adu-Gyamfi (2019), and Lali, Daei-Karimzadeh, and Karimi (2023), which suggest that foreign investment has a negative impact on economic performance. Nonetheless, this finding by Hussein, Khalif, Warsame, and Barre (2023) indicate that foreign investment has a positive impact on economic performance.

The impact of foreign direct investment on the unemployment rate in Nigeria is both statistically significant and negative. This suggests that an increase in foreign direct investment in Nigeria would result in a substantial reduction in the country's unemployment rate. The injection of additional funds into the Nigerian economy is expected to generate employment opportunities and mitigate the adverse impact of unemployment, thereby stimulating economic growth. This finding is consistent with the studies conducted by Letswa, Raji, and Edita (2018), Coulibaly (2023), Luo and Qu (2023), and Suryandaru (2023), which suggest that foreign investment has a negative impact on economic performance. Nonetheless, this contrasts with the findings of Ze, et al. (2023) and Khurshid, et al. (2023), which suggest that foreign investment has a positive impact on economic performance.

The promotion of financial openness in Nigeria is associated with an increase in the unemployment rate but not significantly. This suggests that a rise in the degree of financial openness within the Nigerian economy would result in a corresponding increase in the unemployment rate within the country. This occurs as a consequence of incorporating modern technologies which are more effective and efficient n service deliveries, thereby displacing the available workforce to a certain limit. Furthermore, this can be ascribed to the underdeveloped state of the financial sector, characterised by a limited range, scope, and depth of available products within the market. This assertion aligns with the studies conducted by Mtar and Belazreg (2023), Rahman, Zhang, and Musa (2023), and Khurshid, et al. (2023), which suggests that financial openness has a positive impact on economic performance. Nonetheless, this contrasts with the findings of Aderemi, Ogunleye, Lucas, and Okoh (2020), Luo and Qu (2023), and Idoko and Silas (2020), who have found that financial openness has a negative impact on economic performance.

The findings further indicate that there is a positive but statistically insignificant relationship between the export concentration index and the unemployment rate in Nigeria. The empirical evidence suggests that a rise in the export concentration index in Nigeria is positively associated with an increase in the unemployment rate in Nigeria. This phenomenon can be attributed to the limited range of products that Nigeria exports, which are primarily produced and therefore do not significantly reduce the level of unemployment. This might also be related with the imposition of higher excise duties and ancillary fees in the context of exporting goods and services from Nigeria, which has acted as a barrier to diversify exports.

5.0   Conclusions and Recommendations

The present study examined the impact of economic globalisation on the economic development of Nigeria during the period spanning from 1992 to 2022. The data collected at the 95% confidence interval was analysed using various statistical methods, including descriptive statistics, unit root test, ARDL framework, and Granger Causality test.

The study revealed that foreign direct investment and trade openness are the foremost factor of economic globalisation that exerts a substantial impact on the economic progress of Nigeria. The aforementioned statement lends support to the Dunning's (1973) OLI theory and the Prebisch-Singer hypothesis. This is because of the desirability of foreign direct investment in Nigeria due to her lower level of development and the wide spread of uneven trade between Nigeria and her trading partners. This is consistent with the findings of Aderemi, Ogunleye, Lucas, and Okoh (2020), Luo and Qu (2023), and Idoko and Silas (2020).

Based on the study's results on economic globalization and economic development in Nigeria, the following recommendations were made:

1. In order to reap the benefits of trade liberalization, the Nigerian government needs to encourage the domestic enterprises to export more diversify products. This can be achieved by granting subsidies, reduced lending rates, reduced excise duties, and creating an environment that can promote innovations such as training events, suggestion programmes, among others. These measures can give the Nigerian export an edge to withstand fierce competition in the global market.

2. The study also recommends that more foreign portfolio investment should be attracted and retained. This can be achieved by developing investment friendly-policies, such as stable exchange rate as well as ensuring their consistency.

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