Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Informatics

Bachelor Thesis

Globalisation: Its Impact on Nigeria's Economy and Implication on National Development

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Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

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Globalisation: Its impact on Nigeria's economy and implication on national development

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Objectives of thesis

The aim of this work is to provide a statistical overview, analysis and evaluation of the impact of globalization on Nigeria's economic, social and cultural development. The thesis will also include a comparison of the current situation with the past and also a comparison with the situation in other countries and regions. On the basis of statistically processed data the context, causes, general phenomena and specifics will be searched, as well as formulation of proposals and recommendations.

Methodology

Research Design

The present study will adopt an exploratory research design, a non-experimental design, which adopt the use of independent variables that cannot be manipulated (Davis, 2003). Secondary data sources will be used in collecting the data needed for the study. The rationale for choosing this method of data collection, is due to its capability for a broader study and enhancement of results generalization. The method also provides summaries of vast sources of information and data that support generalizations about the phenomenon under the study.

Study Area

Nigeria is the most populous country in Africa and the seventh most populous country in the world according to Worldometer (2020). According to National Population Commission (2020), Nigeria has 206 million populations, out of this number; a little over 50% of the population are living in rural areas.

Sample Size

The study will adopt panel data between year 2000 and 2019. This is 20 observations.

Methods of Data Analysis

Descriptive and inferential statistics including mean, standard deviation, and multiple linear regression analysis will be adopted for this study.

Model Specification

The link between globalization and economic growth is verified using an aggregate production function framework following Lucas (1988). The variables used are as follows:

RGDP(Y) = Real gross domestic product

INFL (X1) = inflation

IMPT(X2) = import volume

EXP(X3) = export volume

EXR(X4) = exchange rate

INTR(X5) = interest rate

FDI(X6) = foreign direct investment

μ = Random Error

Y= F (X1, X2, X3, X4, X5, X6)

RGDP= αINFL+ αFDI+ αEXR + αINTR + (αEXP – αIMPT)

The proposed extent of the thesis

30-50

Keywords

Nigeria, globalization, national economy, time series

Recommended information sources

Central Bank of Nigeria Statistical Bulletin volume 30 (2019 Edition)
International Monetary Fund (IMF) economic statistics (econstat)
National Bureau of Statistics (NBS) database
Strategic framework and action plan on the prevention of illicit financial flows in Africa (2017 -2021), African Development Bank Group, March 2017
Tradingeconomics.com/Nigeria statistics
United Nations Development Programme country by country Statistical Data

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Prague on 14. 03. 2021

Declaration

I declare that I have worked on my bachelor thesis titled "Globalisation: Its Impact on Nigeria's Economy and Implication on National Development" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break any copyrights.

In Prague on 03/2021 ____________________________

Daniel Chigozie Umeghalu

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Globalization: Its Impact on Nigeria's Economy and Implication on National Development

Abstract

Globalization involves economic integration; the transfer of policies across borders; the transmission of knowledge; cultural stability; the reproduction, relations, discourse of power; a global process, a concept; a revolution and an establishment of the global market free from socio-political control. However, negative impacts of globalization such as the spread of coronavirus (COVID-19), has its toll on the economy of the nations. The emergence of the novel coronavirus has worsened Nigeria's fiscal sustainability. The economy has been plagued by high unemployment, rising inflation rates and low real GDP growth. The pandemic exposed the dire need for economic policies formulated to place the Nigerian economy at vantage point at the end of the pandemic era, the COVID-19 virus. Like other developed and developing economies, the coronavirus will most likely impact the Nigerian GDP negatively. The restrictions imposed on movement of goods do not only affect human activities but also takes its toll on the level of demand for oil and this have caused a dwindling global oil market. Rather than strengthening the economy, globalization seeks to retrench it. This study quantitatively examined the level of the Nigerian economic growth; assessed the relationship between globalization and unemployment rate; and also assessed the impact of globalization on the Nigerian economy. The study adopted an exploratory research design, which used panel economic data between year 2000 and 2019. The data were analyzed using statistical tools such as mean, and multiple linear regression. The study concluded that the nation's GDP reflects poor policy instruments and few buffers to cushion adverse economic effects like COVID-19. The study also concluded that foreign direct investment is an important factor to be considered, if the country is to benefit from the globalization process. The study recommended that the creation of conducive environment to encourage FDI, through the creation of enabling environment like constant power supply, good road and rail networks. The study also recommended that inequality between the poor and the rich should be minimized, and the economy regulated, and the Nigerian government should find the best method to counter the harmful effects of globalization, such as Covid-19.

Keywords: Nigeria, Globalization, National Economy, Covid-19

Globalizace: její dopad na ekonomiku Nigérie a dopad na národní rozvoj

Abstrakt

Globalizace zahrnuje ekonomickou integraci; přeshraniční přenos politik; předávání znalostí; kulturní stabilita; rozmnožování, vztahy, diskurz moci; globální proces, koncept; revoluce a vytvoření globálního trhu bez sociálně-politické kontroly. Negativní dopady globalizace, jako je šíření koronaviru (COVID-19), však mají svou daň na ekonomice národů. Vznik nového koronaviru zhoršil fiskální udržitelnost Nigérie. Ekonomiku sužuje vysoká nezaměstnanost, rostoucí míra inflace a nízký růst reálného HDP. Pandemie odhalila naléhavou potřebu hospodářských politik formulovaných tak, aby se na konci pandemické éry stala nigerijská ekonomika vantage, virus COVID-19. Stejně jako ostatní rozvinuté a rozvíjející se ekonomiky bude mít koronavirus s největší pravděpodobností negativní dopad na nigerijský HDP. Omezení pohybu zboží neovlivňují pouze lidské činnosti, ale také si vybírají svou daň na úrovni poptávky po ropě, což způsobilo zmenšující se globální trh s ropou. Spíše než posilovat ekonomiku se globalizace snaží ji potlačit. Tato studie kvantitativně zkoumala úroveň nigerijského ekonomického růstu; posuzoval vztah mezi globalizací a mírou nezaměstnanosti; a také vyhodnotil dopad globalizace na nigerijské hospodářství. Studie přijala návrh průzkumného výzkumu, který využíval panelová ekonomická data mezi lety 2000 a 2019. Data byla analyzována pomocí statistických nástrojů, jako je průměr a vícenásobná lineární regrese. Studie dospěla k závěru, že HDP země je odrazem špatných politických nástrojů a několika nárazníků, které tlumí nepříznivé ekonomické dopady, jako je COVID-19. Studie také dospěla k závěru, že přímé zahraniční investice jsou důležitým faktorem, který je třeba vzít v úvahu, má-li země těžit z procesu globalizace. Studie doporučila vytvoření příznivého prostředí pro podporu přímých zahraničních investic, a to vytvořením příznivého prostředí, jako je stálé napájení, dobré silniční a železniční sítě. Studie rovněž doporučila, aby byla nerovnost mezi chudými a bohatými minimalizována, ekonomika regulována a nigerijská vláda by měla najít nejlepší metodu boje proti škodlivým účinkům globalizace, jako je Covid-19.

Klíčová slova: Nigérie, globalizace, národní hospodářství, Covid-19

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Globalization involves economic integration; the transfer of policies across borders; the transmission of knowledge; cultural stability; the reproduction, relations, discourse of power; a global process, a concept; a revolution and an establishment of the global market free from sociopolitical control. It has helped to liberalize national economics by creating a global marketplace in which all the nations must participate directly. The existence of global markets lead to growing activities and international investments in different countries.

The speed at which the effect of globalization is spreading is fast day-by-day and no nation can afford to be behind if such a nation is to maintain acceptance rate of growth and development. It also observed that the growing impact of two major distinct global trends, which has profound implication on the world economy, are rapid growth of information technology and the increased global trade integration (Dani. 1999). At present, information technology has advanced to a level of rendering distance irrelevant because one can stay in Nigeria and communicate to any part of the world, using telephone or Internet services.

Globalization has brought about shrinkage of the world into global village, revolution in information technology, the collapse of boundaries between different worlds, expanding connectivity of all forms of interactions. (Scholte, 1997) suggests that a globalization facilitates the seamless connections between countries of the world, which give social relation unhindered access. The unique characteristics of globalization often includes increased capital mobility, decline in costs of transportation, computing and communications.

Globalization’s core goal is the diffusion of the cultures, commerce and communication of countries of the world in order to bring about homogenization. Globalization brings to bare, the seamless connections within and across the nations of the world due to the surging socio- economic, political interconnection, education of different groups of people. It suggests the magnitude of the action of one group of people exerted on others, either positive or negative impact.

The emergence of the novel coronavirus (COVID-19) has worsened Nigeria's fiscal sustainability. The economy has been plagued by high unemployment, rising inflation rates and low real GDP growth. The pandemic exposed the dire need to restructure and revived Nigeria's health care infrastructure. This also includes the need for economic policies formulated to place the Nigerian economy at vantage point at the end of the pandemic era, the COVID-19 virus.

Like other developed and developing economies, the coronavirus will most likely impact the Nigerian GDP negatively. During the first three-months of 2020, the Nigerian economy recorded a slow growth of +1.87%, (year-on-year) in real terms, the performance was recorded against the backdrop of significant global disruptions resulting from health crisis, a rapid decline in oil prices and restricted international trade. The performance recorded in Q1 2020 represents a drop of -0.23% points compared to Q1 2019 and -0.68% points compared to Q4 2019, reflecting the earliest effects of the disruption in economic activities caused by the pandemic coronavirus (NBS, Proshare Research, 2020).

The Nigerian economy is majorly dependent on revenue generated from oil exportation, which makes it influenced by global events and shocks. After the devastating economic recession that plunged nations of the world in 2017, the growth experienced by the Nigerian economy has been slow, yet with an exponential population growth. If the outbreak of the pandemic coronavirus persists, it will further worsen Nigeria's fragile economy and might eventually cause the economy to go into a recession.

The restrictions imposed on movement of goods do not only affects human activities but also takes its toll on the level of demand for oil and this have caused a dwindling global oil market. During the lockdown, the WTI traded as low as negative $37.63 per barrel in April while the Brent crude oil price fell remarkable too as low as $15.98 per barrel, it was that terrible. This downward movement of prices of crude oil, made the Nigerian budget to be reviewed downward. This is done in order to meet the prevailing current economic realities and to avoid any further shocks that can occur as a result of volatility in oil price. This review benchmarked the price of oil at $30 per barrel from an initial price of $57 per barrel. Also, the capital expenditure and recurrent expenditure to be reduced by 20% and 25% respectively, as stated by the Nigerian budget minister.

Some of the consequences of the reduction in the Nigerian budget include the reduction in revenue and expenditure which could lead to an increase in borrowing, decline in GDP growth rate and eventually a recession in the economy. Some of the consequences of the reduction in the Nigerian budget include the reduction in revenue and expenditure which could lead to an increase in borrowing, decline in GDP growth rate and eventually a recession in the economy.

1.2 Statement of the Research Problem

The world has simultaneously benefited from globalization and failed to manage the inherent complications resulting from the increased integration of our societies, our economies, and the infrastructure of modern life. As a result, we have become dangerously exposed to systemic risks that transcend borders. These threats spill across national boundaries and cross the traditional divides between industries and organizations. An integrated financial system propagates economic crises. International air travel spreads pandemics. Interconnected computers provide rich hunting grounds for cybercriminals. Living standards rise – and greenhouse-gas emissions follow, accelerating climate change, and poor economic performance. Nigeria is not exempted from these situations.

Nigeria has been experiencing disappointing performance in terms of growth in GDP and the general development of its economy. As a result, there is no improvement in the reduction of poverty. In the last decades, the global economy suggests a challenge; the utilization of the opportunity engineered by globalization while at the same time managing the problem and tension it poses, for developing countries like Nigeria. Rather than strengthening the economy, globalization seeks to retrench it, thus Nigeria enters the global market at a competitive disadvantage as a largely mono-product economy with weak currency, shrinking indigenous industrial space, mounting debt profile, corruption-infested political and economic climate. This unacceptable posturing imposes a systematic dispossession and exploitation of initiatives and resources and the misuse and squandering of the economic surplus by the regional and local power elites.

What this work offers therefore is a quantitative analysis of the impact of globalization on Nigeria's economy and its implication on national development. Through this, it will bridge the existing gap in the body of knowledge and contribute to literature on impact of globalization on the Nigerian economy.

1.3 Research Objectives

The specific objectives of this study are to:

i. examine the level of the Nigerian economic growth.

ii. assess the relationship between globalization and unemployment rate; and

iii. assess the impact of globalization on the Nigerian economy

1.4 Research Questions

The following questions will serve as anchor that will drive an effect study of the research topic:

i. What is the level of the Nigerian economic growth?

ii. What is the relationship between globalization and unemployment rate?

iii. What is the impact of globalization on the Nigerian economy?

1.5 Significance of Study

This research will broaden the spectrum of literatures available on economic development but more specifically globalization and how globalization affect the level of unemployment in the study area. Unemployment is one of the ripple effects of globalization, as most industrial processes carried out by men were being replaced by machines and robots. Effect of globalization on the economic development of Nigeria have been the subject of numerous scholarly works; however, few have focused their attention on how globalization might influence the level of unemployment in a nation. This study aims at filing this research gap in the economic development literature by carrying out a descriptive study that addresses whether the globalization influences unemployment level of developing nation, such as Nigeria. The results of this study will inform policy makers in Nigeria on how globalization can be used to reduce the level of unemployment in the country rather than increasing it.

1.6 Scope of Study

This study intends to explore the effect of globalization on the economic development of Nigeria, and its overall effect on the national development of the country with specific focus on GDP, as a measure of economic growth, which is verified using an aggregate production function framework following Lucas (1988). This is similar to the study of Konyeaso (2016) on impact of globalization on Nigerian economy. This study considers secondary panel data between year 2000 and 2019 (20 years) extracted from various sources including National Bureau of Statistics (NBS) database, Central Bank of Nigeria Statistical Bulletin volume 30 (2019 Edition), United Nations Development Programmed country by country Statistical Data, and International Monetary Fund (IMF) economic statistics (EconStat).

1.7 Operational Definition of Terms

Globalization: This is a network of organizations across nations therefore accentuating the importance of international relations.

Economic Development: The process of improving the quality of human life and enhancing individual economic opportunities.

Impact: This describes globalization’s’ contribution to the citizen’s well-being as well as the country at large.

CHAPTER TWO

LITERATURE REVIEW

2.1 Definition of Globalization

The term globalization is often used in contexts which are at first sight not directly related to this research topic or only have some vague connections to it. This has to do with the fact that the term globalization has evolved from the term “modernity” and therefore combines many different aspects (Schuurman, 2001). Globalization can be defined as “the network of connections of organizations and people across national, geographic and cultural borders and boundaries” (Pearson Education, 2002). According to a more detailed definition “globalization refers to the increasing importance of international trade, international relations, treaties, alliance etc. International of course means between or among nations. The basic unit remains the nation even as relations among other nations become increasingly necessary and important” (Daly, 1999). To be more specific and to reveal the first similarities with our topic, it seems appropriate to include the following estimation: “while much of this process comprises economic interaction it also includes cultural, political and ideological relations” (Howlett & Ramesh, 2006).

2.2 Globalization: Its effect on the Nigerian economy

According to Mellor, (2002) globalization refers to increases in the movement of finance, inputs, information, and Science across vast geographical areas. The benefits drive from globalization include the increase of net profit in many places; serve as poverty reduction measure and the improvement in the level of food production. It is also defining as the term used to describe the recent influence of modernization in communication and transport systems on trade and the growing interdependence of countries due to economic output.

Since the ‘80s, the world economy has become increasingly “connected” and “integrated”; on the one hand the decreasing transportation costs and the diffusion of Information and Communication Technologies have implied a fast downgrading of the concept of “distance”, while – on the other hand – gross trade, Foreign Direct Investment (FDI), capital flows and technology transfers have risen significantly. In most countries, the current wave of “globalization” has been accompanied by increasing concern about its impact in terms of employment and income distribution (Lee & Vivarelli, 2006). Globalization has progressed with developments in the world economy. The phenomenon has benefitted immensely from multilateral trading and investment arrangements, advance in technology and communication, and the opening up of trade and investment through liberalization of current and capital account transactions (Obaseki, 2000). Globalization is the integration of national economies through trade and financial interaction.

With the advent of globalization and especially since the end of World War II, the World has become a much smaller place where interaction between different countries has led to a situation where a country’s economy and development are not only in the hands of the ruling Government but is highly influenced by international organizations and international trade where international rules and legislations reign. Globalization is a highly controversial process which has come under much criticism in its current capitalist form and comes to a surprise to Economists and Policy makers who are highly convinced of the benefits this form of globalization can bring to the developing world (Jelilov, Kachallah Ibrahim, Onder, 2016).

Since the rise of globalization, the world has now become like a small neighborhood where people can easily interact with each other without facing any serious barriers. This has become both beneficial and detrimental to the social, political and economic sphere as far as the welfare of the people is concerned. Meaning despite the free movement of people, goods, and services led by globalization being the stimulus to social-economic development, it has also become a source of spreading diseases. As a result, due to the technological development factor of globalization, an outbreak such as COVID-19 has turned into a major pandemic disease that affected over million people around the world regardless of their geographical location differences. This is simply because technological advancement which is one of the main forces for globalization made it easier for people to travel by land, sea and even air from one part to the other without facing any obstacles.

The effects of globalization can be seen on economic development within a country. Many highly globalized developing countries have not been able to profit from globalization and are still facing the same problems they have been facing for many decades. Western organizations have throughout the years increased their commitments in developing countries due to this being more profitable for them. One reason is due to the large quantity of resources found in these parts of the world. However, looking at the current situation in Nigeria, it’s commonly believed that Economic Development has not attained the results which one would have hoped for despite the high degree of trade openness (Jelilov & Onder, 2016).

The latest debt data released by the Debt Management Office (DMO) shows that the country's total debt stock as of December 2019 stood at N27.4trn. The debt includes N21.7trn owed by the Federal Government and the N5.6trn owed by the different state governments. The Federal Government's debts accounted for 79.59% of the country's total debt, while the states and the FCT government debt accounted for the remaining 20.41%. Nigeria's mounting debt stock is a major source of worry as the country carries $900bn worth of dead capital by way of the idle physical property and agricultural land.

Nigeria's total debt has been increasing but factor productivity growth has slumped. The fall in productivity has meant that the Federal Government's borrowings have not added significantly to economic value. The country's debt service has continued to be a noose around its fiscal neck. Recent debt service figures suggest that the country's debt service obligation in Q1 2020 swallowed up 99.2% of the quarter's fiscal revenue. The government's response so far has been to borrow more money. To be sure digging deeper while inside a hole is not the smartest way to escape a ditch (DMO, 2020).

Notably, unemployment is already a major concern in African countries since the public and the private sector does not produce adequate jobs to cover the majority population especially new graduates. This leads most people to be forced to create alternative employment for themselves by establishing small businesses as well as engaging in agriculture activities etc. Arguably, the ceasing of agricultural activities owing to COVID-19 pandemic means losses of 60% jobs of those involved in the sector in the Sub Saharan Africa region. Also, unmanaged farms may produce fewer crops than usual leading to the decline of the GDP affected by less production in the agriculture sector if the crisis is not contained soon enough. This affected the economy of most developing countries, including Nigeria.

Therefore, measures such as national lockdown and many strict mitigation actions taken by governments within and outside Africa to limit gatherings and the mobility of people as a way to curb the spread of the virus will severe the production of goods, provision of services and trade activities. As a result, most countries across the continent will be economically affected by the paralysis of essential economic sectors. The unbudgeted increases in health spending are likely to disrupt other planned development activities due to the rerouting of the funds to address the pandemic. Therefore, this move may cause serious harm to economic growth and making the effort to end extreme poverty almost impossible as well as unsustainable debt on the other hand.

2.3 Impact of Globalization on Nigeria's National Development

For centuries globalization has been a driving force for change, growth and development of some countries, the same cannot be said of Nigeria. Following her independence, Nigeria has experienced several economic boom-and-bust cycles, political instability and social unrest which are consequences of the prescribed policies from international institutions and failing national policies formulated by the Nigerian government. There are many negative impacts globalization has on Nigeria’s national development, but this study will be limited to unemployment and brain drain, which are related to a factor of production (labor).

2.3.1 Unemployment

Nigeria has long been engaged in the process of globalization which implies, integrated economies, removal of trade barriers, increased cross-border relations amongst countries and interdependence between nations. The benefits of the above mentioned have been achieved by developed countries and leading democracies in the world. Nigeria’s decision to engage in this process is merely a desire to be as developed and influential as other democracies and globalized countries. However, the impact of globalization has had negative implications on the Nigerian economy as it has contributed to the upsurge of unemployment in Nigeria and has stagnated the process of national development.

Unemployment is a situation where a person is unemployed. According to the international labor organization (ILO 2003), an unemployed person is someone who does not have a job, actively seeking for one or is readily available to work. The National Bureau of Statistics reports (2015) showed that the unemployment rate in Nigeria rose from 9.9 percent to 10.4% in 2015, the unemployment rate by gender was 12.3% for females while 8.8% for males, underemployment by gender was 22.0% for males while 15.7% for females, while urban unemployment was 12.1%, rural unemployment was 9.0%, urban underemployment was 9.0% while rural underemployment was 21.0%. At the moment Nigeria has the 7th highest unemployment rate in the world (NBS 2015).

The increased economic activities of Nigeria on the global market has waged a demand gap for skilled workers and has marginalized unskilled workers. This is so because economically, the impact of globalization is mostly felt in the oil and gas sector of Nigeria as it accounts for 90 percent of her gross earning (Odularu 2008). Evidently, the oil sector receives more attention than other sectors in terms of revenues and investments. Inevitably, there would be more technical and white-collar jobs in this sector. However, this does not imply that the jobs available in the oil sector can meet the booming demand of Nigeria's diverse and ever-increasing population. It also does not mean that revenues obtained from the oil sector are channeled towards the creation of jobs in the non-oil sector. The resultant effect of this is that unskilled laborer's lose on both ends, as they possess no relevant qualification to work in the oil industry which requires some levels of technical skills neither do they have full support from the government and foreign investors as most attention and investment is focused on the money spinning sector—oil and gas.

Nigeria has a population of 200 million, 70 million of which are youth between the age of 15-35 which means that Nigeria has a viable, agile and productive human resource at her disposal. However, she has failed to maximize this because 54 percentage of these youths are unemployed (National Bureau of Statistics, 2019) most of which are university graduates. The Educational system is internationalized due to the trend of globalization, it is now exposed to some level of technological advancement. Etim, Akpan and Ibok (2013) cited some positive impact of globalization on the educational sector, such as the introduction of technology to the educational system which would help in the expansion of higher education at lower cost (i.e. through distant studies) and help in the delivery of education through the use of internet and computer-assisted programs. However, the quality of the so-called internationalized educational system has failed to usher many Nigerian students into the local and international labor market.

Even though Nigeria is fully engaged in the process of globalization, not all educational institutions are equal benefactors of the dividends of an internationalized system as it has been a driving factor of unemployment. Nigeria has 141 universities and 100 polytechnics as of 2015 (Federal Ministry of Education, 2015) and the average turnout from these tertiary institutions are considerable high. However, they have been unable to secure a job after successful completion of studies. As this sounds paradoxical, the big questions here are: are there enough jobs for these graduates in the labor market? Have these tertiary institutions developed the practical skills the graduates need to compete for the available jobs either locally or globally? How has globalization influenced the inability of youths with less practical skills from getting jobs that are even available?

Firstly, it is important to stress that the margin between the available jobs and the number of graduates seeking jobs is relatively huge. This is because the Nigerian economy is currently not helping job creation. Her over-dependence on the oil industry, for instance, has crippled other sectors that are potentially capable of generating a huge number of jobs. A good example of this is the agricultural sector that has been neglected after the discovery of oil. The oil sector according to the National Bureau of Statistics (2015) employed less than 0.01% of the 2.7 million jobs recorded in the economy in the second quarter of 2013. The agricultural sector, on the other hand, has a potential of creating 3.5 million jobs as stated by the former minister of economy and minister of finance in 2015 (Green, 2013). This if actualized means that the agricultural sector would have been able to generate over 70% of jobs into the Nigerian economy. Such a neglect is evidently seen as a contributing factor to the unemployment rate.

Secondly, of the available jobs in the economy, the graduates from Nigerian tertiary institutions have been mostly seen as not possessing the needed practical skills. Even though employers agree that an average Nigerian graduate possesses theoretical skills of the subject matter, the disappointing fact is that there is a lack of practical, analytic and creative skills needed in the labor market. In essence, the average Nigerian graduate is seen as unemployable since he or she lacks the basic skills needed by employers. Chiemeke et al. (2009) also asserted that "Employers complain that graduates are poorly prepared for work. They believe that academic standards have fallen considerably over the past decade and that a university degree is no longer a guarantee of communication skills or technical competence." This they claim as the reason many Nigerian university graduates are commonly viewed as "half-baked."

Despite the adoption of an internationalized educational system, the system of education in Nigeria cannot compete with international standard. In the sense that, Nigerian educational system is structured such that it focuses more on the theoretical aspect rather than the practical. This is a problem as contemporary education requires students' knowledge on both practical and theoretical aspect. On one hand, developing countries adopt a dynamic approach in their learning environment. The European countries system of education are practical-oriented, occupationally specific and helps students prepare for a smooth entry into the labor market.

On the other hand, Nigeria produces a considerable amount of graduate annually, 25% of which have the necessary skills required by the labor market, while 75% lack these skills (Samuel, Ofem

& Samuel 2012). How then have tertiary institutions properly prepared Nigerian students even when it has adopted the acclaimed internationalized educational method of teaching?

Another factor fueling un-employability of graduate is that the curricula in the Nigerian educational system does not include entrepreneurial courses which would have equipped Nigerian graduate with job creation skills hence helping them create jobs rather than seeking. This implies that of the 75% seen as unemployable some of them would have been able to create jobs which in effect would considerably reduce the rate of unemployment in the country if they were offered such courses at the university.

Thirdly, if globalization implies greater integration of economies, how then can Nigerian graduates' benefit from the impact globalization has on the labor market if they lack practical skills required for the integration process. There is an increasingly high demand for practical skills in the labor market coupled with the rate of technological imbalance amongst countries involved in the process of globalization. The reality is that globalization has placed a high demand and standard on the Nigerian system. It could be argued that the Nigerian system is not yet prepared for these demands and standards globalization has imposed. Globalization impacts on the nature of work and places global standards on available jobs. Some of these standards involve the adoption of technology in work process and this requires some level of skills most of which are not acquired from the university. However, employers expect that graduates should already possess these skills because the concept of learning in the job is literally not encouraged hence making getting a job much more difficult.

2.3.2 Brain Drain

Brain drain is a situation where skilled workers and educated populace migrate from their country of origin to a better country as a result of various push and pull factors. There are several reasons that could be associated with this kind of migration depending on the country. It could be as a result of political instability, low wages, economic recession, poor system of government, unemployment or high crime rate. Every country deal with the brain drain syndrome and Nigeria is not an exception. Globalization has made human flight capital easier thereby leaving donor countries with a limited number of expert personnel and enrichening receiving countries with more experts they have invested little or nothing into.

Globalization endorses the elimination of barriers, free flow of human capital and services, so in a lot of ways, the brain drain syndrome is a resultant effect of globalization. Although some protective measures have been implemented to reduce other side effects of globalization, however, the same measure have failed to prevent human capital flight. Developed countries, on the other hand, have continued to encourage focused migration. The concept of focused migration as explained by Murru (2008) refers to how developed countries promote and support the immigration of people with sound educational background and relevant educational degrees into specific sectors of its economy. This strategy has helped to continuously aid the uninterrupted flow of migrant from underdeveloped countries to developed countries.

Firstly, the focused migration scheme effectively ensures that core countries such as the United Kingdom and the United States filter out the best brains from the underdeveloped or developing countries without investment. The emigration of skilled workers and educated people strains the national development as the absence of experts in different sectors of the economy ultimately means that the economy would be controlled by the inexperienced or uneducated persons. The same could be said in the case of Nigeria, as the brain drain syndrome is severe in the health sector. Migration in Nigeria report (2014) revealed that the medical sector suffered a 90 percent loss of Nigerian trained doctors to the United States and the United Kingdom. The report also showed that these two countries also attracted more than 5000 Nigerian nurses and midwives emigrating abroad. Raufu (2002) also asserted that the British, American and Saudi Arabian embassies received more than 1000 verification requests applications from Nigerian nurses who wanted to travel abroad. The exodus of these medical experts has negatively impacted the health sector.

Secondly, the support provided by the Nigerian government to medical experts is barely enough for them to fully develop their potential coupled with the lack of medical equipment, supplies, low wages, insecurity, low investment and no reforms in the health sector. The federal ministry of health confirmed that the Nigerian government allocated less than 5% of the national budget to the health sector. This development is expected to improve health care facilities and workers' standard of living especially those who work in rural areas. However, Raufu (2002) revealed that Nigerian nurses and doctor are paid low wages in contrast to the work they do. In addition to this, 45% of health workers had to supplement their income with private jobs to ensure they make ends meet.

Thirdly, most Nigerians do not believe in their healthcare system due to the fact that the government has left the sector largely underfinanced. That is why the number of Nigerians flying abroad for medical treatment is constantly on the rise. Political leaders and wealthy individuals also distrust the health care facilities and opt to travel abroad for treatment. This flight of people could be partly seen as a resultant effect of globalization, which in this sense is comprehensible as people get fast and sound treatment abroad. However, this model does not consider the remaining 53.1% of people below the poverty line. According to Sharkdam et el (2015), 5000 Nigerians travelled to India on monthly basis for treatment, this medical tourism costs Nigerian 500 million dollars per annum while India earned 260 million dollars as a result of Nigerian patronage. On the other hand, most Nigerians lack access to proper health care facilities as the national health insurance scheme covers only a little portion of the population. Hence, people who are not wealthy enough to embark on a medical pilgrimage are bound to suffer the consequences of the government's failure to upgrade this sector.

The flight of human capital from Nigeria obviously has its side effect and this has been obvious in the past few years. The effect could be seen in the shortage of medical staffs in federal, state and local hospitals as well as limited resources available for doctors to actively practice medicine hence informing their decision to emigrate to another country where intensive medical training is offered which invariably paves way for career development. However, this is to the detriment of the Nigerian healthcare system as emigration of trained doctors causes a deterioration in the healthcare sector and this poses a threat to national development. The solution provided by the Nigerian authority to initiate a national insurance scheme may work if it is revised such that the majority percentage of the population have access to and can afford the cost of medical expenses.

Another factor contributing to the brain drain in the Nigerian society is the exodus of Nigerian students to developing countries. The major destination for Nigerian students is usually the United States, the United Kingdom and Europe (De Hass 2007). This could be regarded as a positive impact of globalization as it would mean that they would acquire knowledge that would then be used in developing their country of origin. However, a Nigerian student who ventures abroad tends to stay and work there thus contributing to the development of that foreign country at the detriment of their own country. This situation also predominantly affects the political, social and economic growth of the country as the exodus of youngster effectively leaves the country to be controlled by old, corrupt and greedy politicians which in turn leads to the creation of bad policies, endemic corruption and prevalence of socio-economic problems.

As Lurie (2014) argues that a country with an educated populace tend to have a better government that embraces the idea of accountability compared to the government in the sub-Saharan region of Africa. In Nigeria's case, the human capital flight has effectively undermined her ability to have a strong government branded by notable characteristics such as accountability, transparency, peace and anti-corruption policies. Aside from the political effect, the economic effect of migration has been felt in most parts of the Nigerian society, an instance is the sloppy taxation system the Nigerian government has failed to revise over the years. This defect in the taxation system is due to the lack of qualified individuals to initiate new and sustainable reforms in the system. According to Sanni (2012), the Nigerian fiscal landscape is mapped around or subjected to a phenomenon called "multiplicity of taxes" which has also been a contributing factor to the exodus of students and skilled workers to developed countries as they have been beset with the responsibility of paying different taxes to the state, local and federal government.

The social effect of the brain drain can be seen in the immediate generation. For instance, if a community openly endorses student migration and have programs running it, it would appear attractive to youngsters and they would be invariably inclined to follow the same trajectory as their older ones, especially since these communities has painted study abroad as an attractive endeavor, which of course could be regarded as the truth as it breeds cross-cultural communication, international learning environment and exposure to western culture.

However, if most students travel abroad then there would be no chance for the repair of the educational system and even if the governments successfully manage to repair it, the students currently residing in Nigeria already lack faith in their educational system hence they feel demotivated to test-run the efficiency of the newly repaired educational system. This means that there is no parameter to measure the development in the educational sector which in turn fuels the increased desire for Nigerian students to travel abroad.

2.4 Empirical Review

Globalization has varying effect on the economy of across the world. The level of development of a nation will determine the benefits to be gotten from globalization. Developed or emerging and on whether the naturally endowed resources are being optimally utilized for the purpose of diversification. Ogunyomi, Jenrolea and Daisi's (2013) study investigating globalization and economic security in Nigeria's manufacturing sector, covering between 1981 and 2010. The study, using cointegration and Error correction mechanism (ECM) found that on a long run, globalization has negative effect on the Nigerian manufacturing sector, but a positive effect was observed between the relationship, in the short run. The impact of globalization on economic growth in Nigeria was the focus of the study by Shuaib, Ekeria and Ogedengbe (2015). The study spanned 1960 to 2010 period. The ordinary least squares (OLS) was used. The result showed that globalization had a significant impact on economic growth in Nigeria. Adeleke, Akinola and Chris (2013) investigated globalization and economic development in Nigeria. Adopting the cointegration technique and granger causality tests the result showed that FDI is a component of globalization and had an important influence on the level of economic growth in Nigeria. The result also indicated unidirectional causality from FDI to economic growth. Sede and Izilein (2013) examined economic growth and globalization in Nigeria. The study adopted the granger causality. The result adopted the null hypothesis that globalization does not granger cause economic growth was accepted. Globalization and the industrial development of Nigeria formed the basic of the study by Ebong, Udoh and Obafemi (2014).

The study covered the period between 1960 and 2010. The study adopted the Johansen cointegration methodology. The result revealed that globalization had a significant impact on industrial development in Nigerian. Trade openness had a positive impact on industrial development. Nwakama and Ibe (2014) studied globalization and economic growth in Nigeria. The study spanned the 1981 – 2012 period. The co-integration test was adopted. The results showed a positive and insignificant relationship between financial integration, human resource development and trade openness, while Gross fixed Capital Formation had a negative and insignificant impact on trade openness. Okpokpo, Ifelunini and Osuyali (2014) investigated the potency of globalization as a driver of economic growth in Nigeria. The 1970 – 2011 period was the target of the study. The OLS technique was used. The results revealed that globalization had no significant impact on non-oil export in Nigeria. Oni (2015) evaluated globalization and national development in Nigeria. The study adopted the description statistics. The result revealed that infrastructural decay, poverty, ethno-religious crises and bad governance are hindering the integration of the Nigerian economy into the global system. Globalization, business cycle and economic growth in Nigeria formed the focus of the study by Alimi and Atanda (2011). The study covered 1970 to 2010 period. Using the autoregressive model, the study showed that globalization had positive and significant impact on economic growth in Nigeria. Rasaki, Hakeem and Emmanuel (2013) analyzed the nexus between globalization and economic growth in Nigeria. The study adopted the descriptive statistics and the OLS. The result revealed that insulation had a significant and positive impact on FDI while exchange rate had a significant and negative impact on FDI. Jerungwa (2014) analyzed globalization and economic development in Nigeria. The study adopted the descriptive statistics and discovered that the Nigerian economy had not benefited from the globalization process.

2.5 Impact of Globalization

Globalization in Africa in general and Nigeria rural agricultural economy in particular has both negative and positive impacts. In a report published by the United Nations Conference on Trade and Development (2015) globalization policies is more beneficial to other continents than Africa it further stress that Europe, North America and East Asian states enjoyed greater and higher benefits than African States whose social, political and economic development were stagnated as a result of their romance with the globalization policies.

The entire Africa relevance in both economies as well as in human development to other world continents has drastically diminished to the extent that some countries hardly can provide basics of livelihood to the citizenry. The unfortunate situation Africa find itself in has become a calamity for the nation's, which lead to the political and social unrest and the rise of dictatorial leadership in almost all the African nations has incapacitated the countries to function effectively with globalization (Ibrahim, 2013).

According to Nsehe (2017), Nigeria adopted globalization policy with hope of rapid transformation from mono-cultural economy that solely relied on oil revenue to the diversified economy investing on agriculture and rural development, social development, science and technology as well as the areas of trade and industry. Despite the abundance of natural resources at its disposal, ‚53.5% of Nigerians were living in absolute poverty‛ (World bank data 2009) and the UN Human Development index (2016) rank Nigeria at 152nd position, ‚coupled with her high unemployment rate, vulnerable economy, bad policies, unhealthy investment climate, high level of indebtedness and corruption, it is clear that Nigeria is one of the most disadvantaged countries engaged in globalization (Nsehe, 2017).

2.5.1 Positive Impact of Globalization

According to Ibrahim, (2013) globalization has eased international trade and commerce, facilitated foreign investment and the flow of capital while calling for greater accountability and responsiveness of leaders to their people globalization has often pressed African leaders to adopt policies and measures that are diametrically opposed to the feeling and sentiments of vast majority of their people. Globalization aids cultural diffusion and infiltration of new ideas and values. Through globalization, developing countries have adopted western culture which some scholar called it westernization or modernization (Tezenlo, 2012, in Verter, 2015).

Information and communication technologies made information dissemination easier between individual, communities and countries thereby aiding social interaction and acquisition of new ideas easier. According to Bigman (2004), these dramatic change in the communication and information technology sector took place among the developed nation from 1960-1970s and have spread across the globe by 1980s, in the late 1990s Nigeria have also benefited from this technological transformation. The modernization of the telecommunication sector has had positive impact on Nigeria's development. In the year 2000, Nigeria made giant effort in the telecom industry by introducing of Global System for Mobile communication (GSM). In the following year, the country has auctioned its digital mobile line license in order to ensure the total liberalization of the telecom industry in the country. Globalization of this sector positively affects the banking industry by modernizing its financial services, ease and facilitates transaction through modern electronic services such as ATM, POS machines services, online banking, credit and debit card facilities etc. (Hofstede et al. 2010).

Globalization has made the wide and diverse world reduced into a small village. According to Steve and John (1997) , globalization facilitates the removal of barriers among nations of the world, thereby giving social relations unhindered access‘. Globalization aided the intermingling between the world nations which created the symbiotic relationship on economic, social, political as well as technological relationship between nations across the globe (Ayenagbo et al. 2012).

2.5.2 Negative Impact of Globalization

The negative impact of globalization can be seen from the work of Tendon (1998) who revealed that the cold war which was emerge out of the process of globalization has had significant consequences for Africa. During its height in the 1960s and 1970s, the cold war witnessed the emergence of dictatorial leaderships in the form of military regimes. This is nothing other than for the two superpowers who headed the two blocs America who headed the western bloc and the former Soviet Union USSR who headed the eastern bloc to keep African countries in their respective camps. This has in turn; substantially reduced African countries power in a nutshell the cold war and its demise has worked against democracy and economic development of Africa. This politics have seriously affected Nigeria’s development, this is because, for over 50 years nation’s independence the country witnessed 29 years of military rule (Abegunrin, 2003).

Globalization has reduced and limited African sovereignty in the political sphere to the extent that they have no or less control on the economy or fiscal matters of their countries as a result of impositions of modern strategies and policies of development brought in by the International Monitory Fund (IMF) the World Bank and World Trade Organization (WTO) for instance, the introduction of Structural Adjustment Program (SAP) by IMF and Adopted by the Nigerian government (Etemike and Efanodor, 2015). This policy of liberalization of trade has tremendously benefited the developed countries and the East Asian nations because it helps them in increasing their trade with and their integration into the global market. The structural reform has improved the standard of living and assisted significant number of their people in alleviating their poverty. However, the opposite happened to Nigeria seems to negatively be affected by this change in global trading system especially on the rule that govern international trade. Since the introduction of the adjustment policy, the country faced massive retrenchment of workers in both public and private sectors, devaluation of her currency has terribly affected the local producers with lost due to the fall of the essential commodity prices in both global and local markets. These problems are largely assumed to be the triggering factor of political, economic, social and ethno-religious crises affecting the country for decades (Bigman, 2004).

Ayenagbo, et-al (2012) argues that globalization has created a wide margin between the industrialized nations and the developing countries like Nigeria this gap led to the increase in the economic marginalization of African economies and their dependence on few primary goods and for which demand and supply are externally determined. This in turn increases poverty band economic disparity as well as the ability of majority of Africans to take part meaningfully in the social and political life of their nations.

As a result of the cultural hegemony of the industrialized nations that goes with globalization, African countries are rapidly losing their cultural identity and therefore their ability to intermingle with other nations on an equal and autonomous basis, assimilating from other cultures only those aspect that meet its requirements and needs. These western cultures in form of artifacts ‘material culture’ and Manti facts ‘nonmaterial’ which have dominated our houses and markets inform of music, home drama and films as well as the dress wears have less to do with our cultures. These attitudes lead to the less patronage of our traditional products which help allot in making our craft men forfeited their sources of livelihood (Aderonke and Adejuwon, 2012).

Globalization has encouraged illicit trade in drugs child and women trafficking, prostitution, pornography, dumping of dangerous industrial waste and depletion on the environment by unscrupulous entrepreneurs (Ibrahim, 2013). Verter (2013) claims that globalization makes smuggling and spread of small arms and dangerous weapons for easy accessibility to criminals and terrorist organizations like Boko-Haram, Niger Delta militants and kidnapers gangs which have instigated conflicts and crises which threaten peace and security of the country. It has freed labor across boundaries and facilitated ‘brain drain’ in developing countries thus reducing further their human capacity. According to the Migration in Nigeria report (2014) Nigeria suffered with massive exodus of well train Doctors and Nurses to Europe and America. The report further revealed that over 90 percent of the Nigerian train Doctors migrated to United Kingdom and United States of America and over 5000 nurses and midwives also migrated to these countries.

Nwokah and Adiele (2015) claims that globalization has negative impact on Agriculture in Nigeria, it is believed that most of the developing nation depend on agriculture, unfortunately the high subsidized agricultural produce from the developed nations greatly hampered the domestic manufacturing industries. Additionally, it appears that the cost of the agricultural inputs is much higher than the actual return they recover from the sales of their production. At the same time developing countries are flooded with cheap and highly subsidized imports must of which are from the developed nations and their subsistence economy is slowly been affected.

CHAPTER THREE

METHODOLOGY

In solving the research problems, it is essential to adopt several sociological strategies for data collection. This chapter discuss the way this study was conducted. It explains the research design and describes the study area, population of the study, sample size and types of data. Methods of data collection, data presentation and analysis. The research design adopted helps the researcher investigate the why and how of decision making in addition to where, what, and when in the study area.

3.1 Research Design

The present study will adopt an exploratory research design, a non-experimental design, which adopt the use of independent variables that cannot be manipulated (Davies, 2003). Secondary data sources will be used in collecting the data needed for the study.

The rationale for choosing this method of data collection, is due to its capability for a broader study and enhancement of results generalization. The method also provides summaries of vast sources of information and data that support generalizations about the phenomenon under the study. In other to accomplish this, quantitative research usually involves different variables and few case studies and employs prescribed procedures to ensure validity and reliability. This method also allows for replication and comparison of the research with other similar studies. Personal bias is avoided when using quantitative data, specifically data from secondary sources.

3.2 Study Area

Nigeria is the most populous country in Africa and the seventh most populous country in the world according to Worldometer (2020). According to National Population Commission (2020), Nigeria has 206 million populations, out of this number; a little over 50% of the population are living in rural areas. Most of these rural dwellers produce and cultivate land at subsistence level, which are mostly arable crops, these are major foods consumed by the citizens (Etemike, and Efanodor, 2015). Nigeria traditional economy system is made of up five major components. Agricultural activities, which is one of the major components, ranks the most common occupation of the rural dwellers. Other components of the economic system include human resources, non-agricultural activities, primary production and natural resources (Onwuemele and Kkause, 2011). According to Etemille and Efanodor (2015) agricultural activities is the major source of income of the Nigeria rural economy and it contributes 50 percent to the Nigeria's Gross Domestic Products (GDP). Nigeria adopted globalization policy in 1986, when IMF and World Bank conditions were adopted which led to the introduction of Structural Adjustment Program (SAP) (Ileso, 2000).

3.3 Sample Size and Methods of Data Analysis

The study will adopt panel data between year 2000 and 2019. This is 20 observations. Data collected were analyzed and presented using both descriptive and inferential statistics such as frequency table, pie-charts, percentage distribution, mean, standard deviation, and multiple linear regression analysis will be adopted for this study. Statistical Package for Social Sciences (SPSS - version 25), a statistical software, aids in carrying out the afore-mentioned statistical analyses.

3.4 Model Specification

The link between globalization and economic growth is verified using an aggregate production function framework following Lucas (1988). The variables used are as follows:

RGDP(Y) = Real gross domestic product INFL (X1) = inflation

IMPT(X2) = import volume

EXP(X3) = export volume

EXR(X4) = exchange rate

INTR(X5) = interest rate

FDI(X6) = foreign direct investment

μ = Random Error

ln= natural logarithm

α = are parameters to be estimated

Y= F (X1, X2, X3, X4, X5, X6)

Y= F (lnX1. ln X2,ln X3…….lnXn)- Semi-log equation

LnY=F (lnX1, ln X2, ln X3……lnXn)- Double-log equation

LnRGDP= Ln αINFL+Ln αFDI+ Ln αEXR + Ln αINTR + (Ln αEXP - Ln αIMPT

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Level of the Nigerian Economic Growth

As shown on the data, Real GDP growth was estimated at 2.3% in 2019, marginally higher than 1.9% in 2018. While Real GDP growth was projected to rise to 2.9% in 2020 and 3.3% in 2021, it depends on implementing the Economic Recovery and Growth Plan (2017–20), which emphasizes economic diversification. However, this projection seems unrealistic due to Nigeria's high vulnerability to global economic disruption caused by COVID-19. The recent decline in oil prices and spikes in risk aversion in global capital markets also contribute to it. A skewness value of -0.204, which infers a negative skewness, and a Kurtosis value of 1.787, a light tailed distribution, depicts a non-normal distribution (Hair et al. 2017). Hence, GDP distribution across the period under study shows a non-normal economic growth. The economic data shown on Table 4.1 infers that the current macroeconomic situation of the country posed greater challenges now than in 2015-2016. In the current situation, Nigeria has fewer buffers and policy instruments to cushion adverse effects, and this is reflected in the nation's GDP. Global pandemic like COVID-19 hits the Nigerian economy harder. The Excess Crude Account is depleted, external reserves are highly reliant on short-term flows, and policy uncertainty affects investor confidence. Before the 2016 recession, Nigeria's economy was growing fast at 6.3%. By contrast, before COVID-19 struck, the economy was growing at 2.2%. Inflation was in single digits in 2014, compared to about 12% and 15.8% in 2019 and 2020 respectively. The general government fiscal deficit was 4.4% of GDP in 2019, compared to 1.8% in 2014. Hence, macroeconomic policies should be put in place to save the dying Nigerian economy, a key regional player in West Africa.

Figure 4.1: GDP Growth between 2000 and 2019

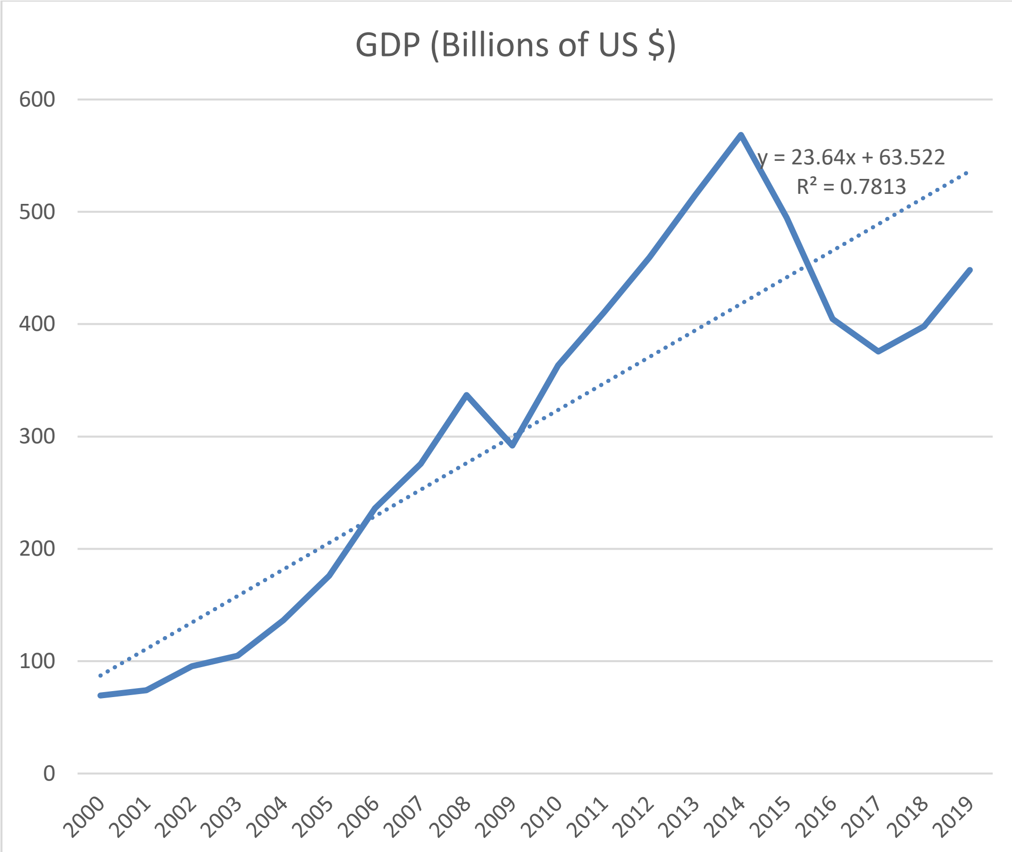

Table 4.1 Summary Statistics of GDP (Billions of US $)

	Percentiles	**Smallest**		
1%	69.44876	69.4488		
5%	71.73956	74.0304		
10%	84.70809	95.3858	**Obs**	20
25%	156.26	104.912	**Sum of Wgt.**	20
50%	350.1977		**Mean**	311.737
		Largest	**Std. Dev.**	158.219
75%	429.2275	459.376		
90%	504.7747	494.583	**Variance**	25033.3
95%	541.7326	514.966	**Skewness**	-0.2044
99%	568.4989	568.499	**Kurtosis**	1.78742

4.2 Relationship between Globalization and Unemployment Rate

Globalization is the most powerful impetus of the contemporary life and the predominant feature of the 21st century. This process is unique and has no other alternative or equivalent for comparison. Pekarskienea and Susniene (2015) described the features of foreign direct investment (FDI) as one of the driving forces of globalization, and its most prominent manifestation. Also, studies conducted by Ramsey, Barakat, Cretoiu, & Sherban (2012) and United Nations Conference on Trade and Development [UNCTAD] (2002) assessed the level of globalization by one or a few FDI indicators.

Foreign direct investment is one of the key components of an open and efficient international economic system, as opposed to strictly regulated economies. Foreign direct investment is a direct investment made by individual or company in another country into a production or business interest, either by directly establishing a business or expanding the operations of an existing business or by buying a company in the target nation. The maximizing benefits of foreign direct investment for the host economy could be enormous including technological skill transfer, capital formation support, aid to competitive business environment, enhancement to boast international trade integration, etc. Hence, this study adopted foreign direct investments as proxy for measuring globalization.

The results of the pairwise correlation analysis ($r = -0.2856$) shows a small negative correlation between foreign direct investment and unemployment rate between 2000 and 2019. A percent increase in foreign direct investment shows 0.2856 percent decrease of unemployment rate. This finding is supported by the findings of the study conducted by Matthew and Ogunlusi (2017) who examined the relationship between foreign direct investment and employment generation in Nigeria between 1981 and 2014. Using Johansen co-integration, they found a positive and significant relationship between foreign direct investment and employment generation in Nigeria. Also, Shaar, Hussain and Halim (2012) examined the relationship between foreign direct investment and unemployment rate in Malaysia from 1980 to 2010. Gross domestic product, foreign direct investment and unemployment rate were used as variables. The result from the ordinary least square indicated a negative relationship between foreign direct investment and unemployment rate in Malaysia. A percent increase in foreign direct investment shows 0.009 percent decrease of unemployment rate. This study does not support the findings of the study conducted by Feldmann (2013), who found that technological change can increase unemployment.

However, despite a negative relationship existing between foreign direct investment and unemployment rate, the level is small and insignificant as shown by a Sig value of 0.2223. This could be as a result of the critical condition of the Nigerian economy, low economic growth rate, high level of terrorism and banditry etc. As a debate, due to all of these, the foreign direct investment going into the Nigerian economy were either looted by corrupt politicians or used to develop areas ravaged by terrorism and banditry.

Table 4.1: Pairwise Correlation between Foreign Direct Investment (FDI) and Unemployment Rate

	FDI (r)	Unemployment Rate (r)
FDI	1.000	
Unemployment Rate	-0.2856	1.000
Sig. Value	0.2223	

4.3 Impact of globalization on the Nigerian economy

This research examined the impact of globalization on the Nigerian economy between the period of 2000 and 2019. Having satisfied all the assumptions required to conduct a multiple linear regression analysis, Stata was used to generate the result of the impact of globalization on the Nigerian economy. A multiple linear regression involves the one dependent variable and more than independent variables or predictors. The dependent variable, economic growth is measured using the real gross domestic product. The real GDP of any nation is the value, in monetary terms, of all the finished goods and services made within a country during a specific period. GDP describes the economic position of a nation, as well as its size and growth rate. The independent variables, which are determinants of globalization as it relates to economic growth, includes inflation, interest rate, import, export, exchange rate, and foreign direct investments.

Results from the multiple linear regression conducted shows that the high inflation currently experienced in the country has a negative impact (coefficient = -3.25388) on the economy. The high inflation rate contributes to rising cost of goods and services. It is also associated with high interest rate, reduces purchasing power, increases the cost of borrowing and makes recovery from an economic recession to be difficult or impossible.

Apart from high inflation rate, the high interest rate, which is a ripple effect of the inflation rate, also has a negative effect (coefficient = -15.1738) on the economy of Nigeria between the 2000 and 2019. Small business, which are mostly affected by high interest rate due to limited operating cash flow, were drivers of the economy of developing nations like Nigeria. High interest rates also affect the economy by reducing business profits, lower consumer income and ability to pay, and high bank charges on business loans. The hits of high inflation rate on small businesses became worst during the Covid-19 pandemic lockdown, which had an adverse effect on the economy of the country. Majority of the small businesses are yet to recover from the shock, despite palliatives provided by the government.

There are many factors which contribute immensely to the capital formation and economic growth of a nation. These factors vary across countries due to their technological progresses, politics, institutional policies, and structures. One of such factors is foreign direct investment. This study examined the relationship between the foreign direct investment (FDI) and the economic growth of Nigeria over the period, 2000-2019. FDI plays a key role in the development of developing countries. Some researchers observed positive relationship between FDI and GDP while others found a negative relationship between the variables, depending on estimation variables, such as politics, economics and technological conditions of receiving countries. Hence, the impact of FDI is still controversial.

The aim of this research is to assess the impact of FDI on the Nigerian economy in the last 2 decades. From the coefficients of the analysis, it shows that the foreign direct investment (FDI) has an insignificant and negative impact (coefficient = -5.70779) on GDP. A decrease in the GDP is as a result of 5.708% rises in the foreign direct investment, this shows that globalization do no longer bring about economic growth. The finding of this study is supported by Durham (2004), who found an insignificant and negative relationship between FDI and the economic growth of developing nations. He concluded that the flow of FDI depends on the technology absorption capacity of the recipient countries.

Furthermore, a study conducted by Hermes and Lensink (2003) found related negative effects to financial conditions of the receiving countries. By using panel data for 67 developing countries collected from Asia, Africa, and Latin America, they concluded that the FDI effect is negative for the strong financial countries. Similarly, Carkovic and Levine (2002) confirmed a negative relationship between FDI and the economic growth of the receiving countries by using cross-country data from 1960 to 1995. These results are not consistent with the theory, that FDI has a positive impact on the economies of the receiving countries.

The study of Konyeaso (2016) confirmed that Nigerian economy is gaining from globalization mainly due to Foreign Direct Investment (FDI), however the study only covers between 1986 and 2013, which is contrary to the findings of the present study covering between 2000 and 2019. This infers that FDI produced positive impacts but later lost its effectiveness due to factors such as unemployment created by technological advancement, robots taking over from humans. This is corroborated by Dixon and Boswell (1996) who concluded that FDI shows a positive impact on growth in the start, yet in the long run the reliance on foreign investment shows a negative effect on growth. The institutions and infrastructure support further FDI and negative spillovers such as income inequality unemployment and over-urbanization.

In addition, the results from the data shows that between 2000 and 2014, the balance of payment is in deficit due to the excess import over export as seen in the data. This is because Nigeria, like many other developing nations, exports raw materials and imports finished goods, which have a higher added value. High level of import often leads to forex scarcity, as a result of increase in the demand for dollar by importers which will in turn depreciation in the value of Naira. High value of import by Nigeria has led to unfavorable trade balances, terms of trade and even trade policies for the country. However, this narrative changes between 2015 and 2019, which indicates effectiveness of policies put in place to address over dependent of the Nigerian economy on importations. Also, exchange rate has a positive impact on GDP.

The R-squared, also called the coefficient of determination, is used to explain the degree to which input variables (predictor variables) explain the variation of output variables (predicted variables). Technically, it is the proportion of variation accounted for by the regression model above and beyond the mean model and it ranges from 0 to 1. As shown on Table 2, R-squared value of 0.8312 shows that the independent variables explain 83.12% of the variability of dependent variable, GDP. The results also show an adjusted R-squared value of 0.7532 (75.32%). Essentially, the adjusted R-squared looks at whether additional input variables are contributing to the model. This implies that the estimated model has a good fit. However, the remaining 16.88% that is unexplained is as a result of the fluctuations in the dependent variable (GDP) caused by random disturbance or exogenous variable outside the regression model. Similarly, the adjusted coefficient of determination (R^2) also shows that estimated model has a good fit (i.e., 75.32%). This suggests that 75.32% of the total change in the Gross Domestic Product can be attributed to the independent variables. At 5% level of significance, the P value is 0.0002. This suggests that the null hypothesis should be rejected, and alternative hypothesis accepted. Also, the high value of the F – statistics (i.e., F = 10.67) indicates that the parameters of the estimated model are jointly or simultaneously statistically significant. This implies the estimated model is good for forecasting, prediction, policy formulation and analysis purposes. The estimated model is shown below:

GDP = 370.0363 - 3.25388INF - 5.70779FDI + 0.486529EXC – 15.1738INRATE + 2.402618IMPT + 1.362824EXP

Table 4.2: Results of Multiple Linear Regression Analysis

Number of obs	=	20
F (7, 12)	=	10.67
Prob > F	=	0.0002
R-squared	=	0.8312
Adj R-squared	=	0.7532
Root MSE	=	78.596

Real GDP	**Coef.**	**Std. Err.**	**t**	**P>|t|**	**[95% Conf.**	**Interval]**
Inflation Rate	-3.25388	6.367521	-0.51	0.618	-17.01007	10.50232
Import	2.402618	1.985397	1.21	0.248	-1.886572	6.691807
Export	1.362824	1.055546	1.29	0.219	-0.9175446	3.643193
FDI	-5.70779	13.71382	-0.42	0.684	-35.3347	23.91913
Exchange Rate	0.486529	0.581814	0.84	0.418	-0.7704028	1.74346
Interest Rate	-15.1738	13.12095	-1.16	0.268	-43.51993	13.17227
_cons	370.0363	310.2511	1.19	0.254	-300.2205	1040.293

CHAPTER FIVE

CONCLUSION

While it is justified to say that globalization has both positive and negative effects on the economies of nations, Nigeria inclusive, its negative influences outweigh the positive impacts. Considering the ripple effects of the Covid-19 lockdown that plunged the economy of the country and small businesses, it is necessary to examine the effect of globalization on the economic growth of Nigeria and its impact on National development. Without doubt, globalization is an irreversible process in accord with natural laws. Inasmuch as the pain caused by some aspects of globalization is undeniable, the real issue is whether the negative effects of its sweeping processes can be ameliorated - and the positive effects enhanced. This is because it is apparent that globalization has come to stay.

The study examined the impact of globalization on Nigeria's economy and its implication on National development between 2000 and 2019. The study adopted imports, exports, exchange rate, interest rate, and foreign direct investment as variables measuring globalization, while Gross Domestic Product represents Economics Growth. The study used Multiple Linear Regression model to investigate the relationship among the variables. The results show that there is existence of relationship among the variables specified in the model.

The study concluded that economic growth of the nation during the period under study is a non-normal economic growth, a macroeconomic situation that posed greater challenges than in few years ago. The study also concluded that the nation's GDP reflects poor policy instruments and few buffers to cushion adverse economic effects like COVID-19. The depleted Excess Crude Account and high reliant of external reserves on short-term flows is a red flag for investors. Hence, in order to boost investors’ confidence, macroeconomic policies should be put in place to save the depleting Nigerian economy, thereby increasing FDI.

This study concluded that between 2000 and 2019, Nigerian economy do not really benefit from globalization when compared with the period between 1980 and 1999. Foreign Direct Investment (FDI) do not really promote the period under study, which may be due to low technology absorption capacity of the country. The Nigerian poor people with peasant and impoverished majority in the midst of extremely few wealthy and corrupt individuals, is a confirmation that the Nigerian populace are not beneficiaries of globalization. For the country to fully benefit from globalization, a strong institutional framework, which will guard against theft and misappropriation should be put in place. This will improve the economy of the country, security, and reflects in its level of infrastructure development.

The study concluded that Nigeria could use the international market for services to improve economic

governance and to provide necessary infrastructure (such as ports, electricity) as being witnessed in the telecommunication sector in the country today. The study also concluded that more successes in terms of economic growth from integration require not just open trade policies, but also sound institutions and policies in a range of areas.

Since Nigeria has opened to foreign trade and investment it is expected that this openness will translate to a better economic growth. The study concluded that for Nigeria to achieve accelerated growth and development, policies discouraging importation of goods and materials should be put in place and exportation should be encouraged. Policies removing trade barriers and liberalize sectors of the economy should be highly promoted. This is highly essential in integrating the

Nigerian economy into global economies. This is evident between 2015 and 2019. The Nigerian economy was not dependent on importations.

The study also concludes that FDI is an important factor to be considered if the country is to benefit from the globalization process. The findings also conclude that a depreciation of the exchange rate which is an indicator of global price could be a patent instrument for driving the growth process in Nigeria. The study recommends the creation of conducive environment to encourage FDI. This could be through the creation of enabling environment like constant power supply, good road and rail networks etc. 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.

The study recommended that inequality between the poor and the rich should be minimized, and the economy regulated. The Nigerian economy should not be dominated by a set of ruling class that recognize money as the only way to life. Nigeria government should find the best method to counter the harmful effects of globalization, such as Covid-19. In addition, Nigeria should not rely solely on what the developed foreign countries are handling down to us but should consider and encourage local production and industry.

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APPENDIX

Secondary Data

YEAR	GDP (Billions of US $)	Inflation Rate (%)	Import (Billions of US $)	Export (Billions of US $)	BOP (Billions of US $)	FDI (Billions of US $)	EXC (N/US$1)	INRATE %	Unemployment Rate (%)
2000	69.44876	6.9333	9.009125	25.01771	16.00859	1.1401676	101.7	21.27417	3.78
2001	74.03036	18.8736	15.86437	20.91429	5.049919	1.1906186	111.2	23.43833	3.778
2002	95.38582	12.8766	16.02048	22.1674	6.14692	1.8740708	120.6	24.77083	3.817
2003	104.9119	14.0318	23.69288	28.06539	4.372517	2.0053536	129.2	20.71417	3.821
2004	136.386	14.998	15.87815	27.62335	11.7452	1.8740609	132.9	19.18083	3.786
2005	176.1341	17.8635	21.18101	37.04797	15.86695	4.9825339	131.3	17.94833	3.74
2006	236.104	8.2252	30.81259	69.68876	38.87617	4.854354	128.65	16.89333	3.646
2007	275.6257	5.388	49.88989	58.5328	8.642909	6.0360214	125.83	16.93917	3.565
2008	337.0355	11.5811	50.98256	86.51726	35.5347	8.1954993	118.6	15.13583	3.539
2009	291.8802	12.555	50.86996	54.37828	3.50832	8.5547407	148.9	18.99083	3.722
2010	363.3599	13.7202	64.16988	93.24037	29.07048	6.026232	150.3	17.585	3.767
2011	410.3346	10.84	88.88265	129.7352	40.85259	8.8411133	153.9	16.02	3.77
2012	459.376	12.2178	59.65356	144.9175	85.2639	7.0699342	157.5	16.79167	3.735
2013	514.9663	8.4758	66.94023	92.95093	26.01071	5.5628736	157.3	16.7225	3.703
2014	568.4989	8.0625	70.7785	104.8035	34.02499	4.6938286	158.6	16.54833	4.562
2015	494.5832	9.0094	52.75393	51.924	-0.82993	3.0641689	192.4	16.84917	4.311
2016	404.6495	15.6753	46.55254	37.30104	-9.2515	4.4487329	253.5	16.86802	7.06
2017	375.7455	16.5235	49.50836	49.49155	-0.01681	3.5029991	305.8	17.55333	8.389
2018	398.1604	12.0947	69.55216	61.52248	-8.02969	1.9974852	306.1	16.9039	8.243
2019	448.1204	11.3968	88.741	63.727	-25.014	3.299	306.9	15.37659	8.096

Sources: World Bank (https://data.worldbank.org/indicator/NY.GDP.MKTP.CD); National Bureau of Statistics (https://www.nigerianstat.gov.ng/); Trading Economics (https://tradingeconomics.com/nigeria/gdp)