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NIGERIA ECONOMIC GROWTH: THE QUEST FOR GLOBALIZATION

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ABSTRACT: This study analyzed globalization's influence on Nigeria's economic expansion from 1986 to 2022. The study obtained the data from the CBN Statistical Bulletin (2022) and the World Development Indicator (2022). The variables of interest in this study were the Gross Domestic Product Growth Rate (GDPGR), which was the dependent variable, and globalization (GLOB), represented by trade openness, Balance of Payment (BOP), and Exchange Rate (RER), which were the explanatory factors. The Augmented Dickey-Fuller (ADF) test was employed to determine the stationarity of the model, revealing that the variables exhibited a mixed order. The ARDL co-integration boundaries test was used to determine the long-term link between the variables. The analysis revealed the existence of co-integration, thereby confirming a relationship between globalization indicators and economic growth in Nigeria, both in the short and long term. The findings demonstrated a clear and substantial correlation between globalization and economic growth in Nigeria. Additionally, the balance of payments exhibits a positive and significant correlation with economic growth in Nigeria, and the exchange rate exhibits a positive and insignificant relationship with economic growth in Nigeria. In conclusion, the study found that globalization significantly impacts economic growth, which aligns with the orthodox perspective. It was recommended that policy guidelines that would foster trading opportunities in foreign markets are necessary to enhance globalization in the country.

Keywords: Globalization, Trade Openness, Balance of Payment, Exchange Rate, Economic Growth

INTRODUCTION

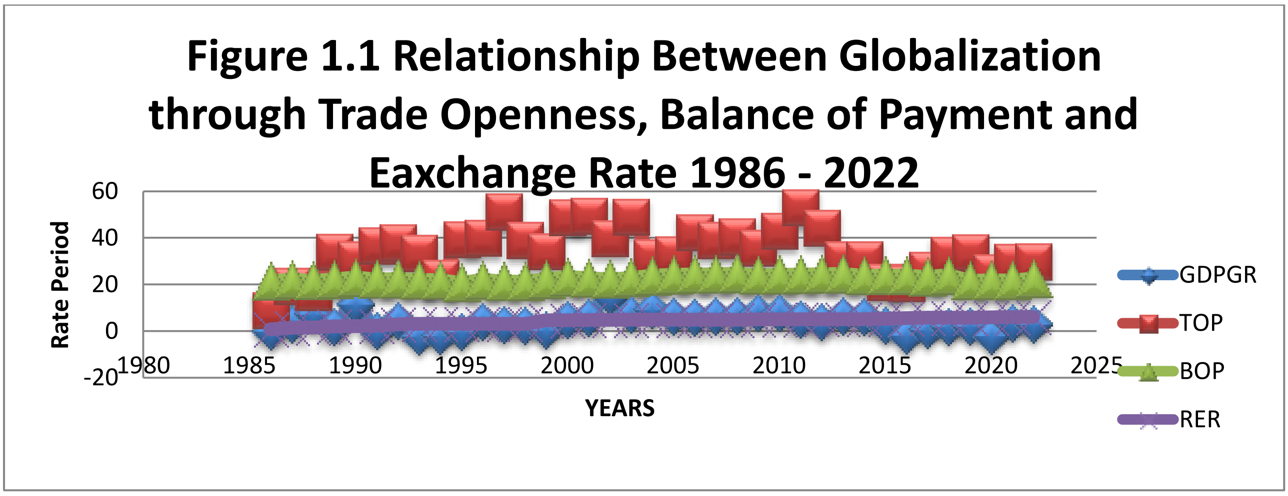
Globalisation, which involves reliance between countries due to economic integration, particularly commerce, has become an irrefutable factor for businesses, considering the prospects offered by overseas markets (Surugiua & Surugiu, 2015). International trade has increased significantly in the last 30 years, growing faster than the world economy. In 2020, the total value of global merchandise exports rose to US$34.98 trillion, a substantial rise from approximately US$5.17 trillion in 1995. Additionally, commercial service exports reached US$11.71 trillion. This advancement increased global trade to over US$14 trillion (UNCTAD, 2020). Global policymakers are currently prioritising the benefits of globalisation and trade while minimising the negative economic, social, human, and environmental consequences. Attaining these objectives is vital for harmonising trade-oriented globalisation with globally accepted development goals, such as the MDGs. Efficiently, managing the actual and perceived costs and benefits of trade-driven globalisation is crucial to maximising development advantages with fairness and inclusivity while also minimising drawbacks. This requires careful adjustment of tensions between the freedom to make national policies and the responsibilities imposed by international agreements, the equilibrium between national and global governance, consistency among various policy domains and levels, and the separate but interrelated functions of the government, the market, and the corporate sector in the process of development. Although globalisation appears to be an unstoppable and unplanned process, there is a growing recognition that it can be controlled to produce more favourable development results (UNCTAD, 2020).

According to the Global DHL Connectedness Index (GDCI) 2020, Nigeria ranks lower than ten other African countries. Ghana, Cote d'Ivoire, and Togo lead the pack in West Africa. Nigeria initiated trade liberalisation in 1986 to encourage exports and promote economic transformation. This policy is considered a crucial component of globalisation (Odebode & Aras, 2019). The International Monetary Fund (IMF) categorises globalisation into four primary dimensions: trade and transactions, money and investment flows, the migration and mobility of individuals, and the dissemination of knowledge (IMF, 2008). Verma and Srivastava (2022) categorise globalisation into various elements, including financial, trade, cultural, interpersonal, informational, and political. Verma and Srivastava (2022) and Wanger and Aras (2022) conducted studies that demonstrated both bidirectional and unidirectional causal relationships between measures of globalisation and GDP. Economic globalisation refers to integrating global factors and product markets through technology, resulting in trade openness (Gyglia et al., 2018).

Ogu and Dum (2016) state that Nigeria's integration into the global economy became necessary with the introduction of the Structural Adjustment Programme (SAP) in partnership with the International Monetary Fund (IMF) and the World Bank. This collaboration aimed to bring about external intervention, focusing on adopting a market-oriented economic system, an export-led strategy, and economic stability. These institutions argue that Nigeria cannot achieve economic development in isolation, hence the necessity of globalisation.

Statement of the Problem

The Nigerian economy has become more open due to globalization, allowing the private sector to improve capacity building and expand with reduced regulations. Advocates of globalization argue that policy improvements have greatly enhanced economic growth and performance. Nevertheless, some contend that eliminating limitations in different areas has hurt future growth and performance. They argue that liberalization has worsened disparities within and between countries, harmed the environment, made poorer nations more susceptible to harm, and allowed rich countries to exert control over emerging ones, ultimately resulting in a form of neo-colonization.



Source: Central Bank of Nigeria Statistical Bulletin of Various Years Publication, (2022) and World Bank Development Indicator, (2022)

Trade (% of GDP) in Nigeria was 25.40 as of 2020, which has remained the same until 2022 and has relatively affected the country's trade balance due to low exports. The trade's highest value over the past 60 years was 53.28 in 2011, whereas its lowest was 9.14 in 1986 (WDI, 2022). The above statement conforms to the trade statistics below. In December 2023, Nigeria had a trade surplus of NGN 1,703 billion, the greatest since August 2014. This is an increase from the trade surplus of NGN of 1,117 billion in the same month of the previous year. Exports surged 82.1% year-on-year, reaching a record-breaking NGN of 4,285 billion. This significant increase was primarily driven by higher exports of crude oil (+98.3%), other oil products (+74.7%), agricultural commodities (+141.2%), raw materials (+25.8%), solid minerals (+52.4%), and energy (+47.8%). In contrast, there was a significant decrease of 59.5% in the sales of produced products. Simultaneously, the value of imports had a substantial increase of 108.9%, reaching NGN 2,581 billion. This spike can be primarily attributed to the significant purchases of manufactured items, which rose by 51.5%, and other oil products, which saw a staggering increase of 700%. In Q4 2023, Nigeria saw a trade imbalance of NGN 1415 billion, with imports increasing by 163.1% and exports growing at a slower rate of 99.6%. In 2023, the country's trade surplus decreased to NGN 44.8 billion from NGN 1206 billion in 2022 due to a quicker growth in imports (+40.4%) compared to exports (+34.2%) (National Bureau of Statistics, Nigeria, 2023). The above inconsistencies in trade balance and balance of payments have led to constant exchange rates and economic growth fluctuation, which has caused Nigeria to be labelled as a dumping ground for imported products. The above questions the need for globalization in Nigeria and how it affects its economic growth.

Objectives of the Study

This study aims to investigate globalization's impact on Nigeria's economic growth from 1986 to 2022. Specifically, the main objectives of the study are:

1. Examine the relationship between trade openness and Nigeria's economic growth.
2. Ascertain the relationship between the balance of payment and economic growth in Nigeria.
3. Evaluate the effect of the exchange rate on economic growth in Nigeria.

LITERATURE REVIEW

Conceptual Issues

Globalization

Globalization is often regarded as a significant and influential force that profoundly impacts the economy. Brittan (1998:2) defines *globalization as* a forceful and disruptive phenomenon that renders governments powerless and causes various economic, social, cultural, and environmental issues. According to most definitions in the literature, globalization is commonly understood as dismantling barriers between nations, governments, the economy, and communities. In financial markets, there is a phenomenon known as the convergence of boundaries among various markets. Two primary indices of globalization are the movement of products across international borders and the mobility of factors of production across countries. The former pertains to unrestricted trade in imports and exports, while the latter encompasses the transnational flow of labour, money, technology, and entrepreneurial activities. An import refers to a commodity or service manufactured in a foreign country but purchased domestically.

In contrast, an export refers to a commodity or service produced domestically but sold to a foreign country. The perspectives of economists and policy analysts are instrumental in shaping our understanding of the advantages and disadvantages of imports. Exports play a crucial role in economies by broadening the availability of goods and services to individuals, businesses, and even the government, thereby expanding factor and product markets. According to Statista (2020), China, the US, Germany, the Netherlands, and Japan were identified as the top exporting nations in 2019.

Economic Growth

Various authors have defined the concept of economic growth in numerous ways. Economic expansion, conversely, entails a progressive increase in a nation's production over a specific period, typically one year. In simpler terms, job expansion refers to increasing the quantity of goods and services an economy provides over time. According to Zhattau (2013), economic expansion is the foundation for greater prosperity and is achieved by accumulating additional capital and inventions, resulting in technological advancements. Economic growth refers to the recurring expansion of a country's production, typically quantified by its gross domestic product (GDP). The advantages resulting from economic growth are extensive (Harper, 2011). Nwosu (2013) defines *economic growth* as increased productive forces or production capacity growth. This is achieved by efficiently gathering, organising, and controlling people, material, and financial resources. Dewett (2015) defines *economic growth* as expanding the net national product within a specific timeframe. Economic growth is the gradual and consistent improvement in the ability of an economy to produce goods and services, resulting in higher levels of national output and income. Pritzker, Arnold, and Moyer (2015) defined Gross Domestic Product (GDP) as an economic metric that quantifies the monetary worth of all products and services generated within an economy during a specific time frame. They asserted that GDP is a metric that quantifies the total value of goods and services produced inside an economy, explicitly focusing on current production rather than sales.

Globalization and Economic Growth in Nigeria

The interdependence of global economies has reached a level where it is increasingly challenging, if not entirely unfeasible, for any economy to operate in isolation (Kalu et al., 2016). Trade liberalisation, as its advocates describe, refers to integrating economies to expand global output. It removes trade barriers, allowing investment capital to flow freely from developed to developing countries where it is most required (Anowor et al., 2013). Consumers can also reap the advantages of more affordable products due to decreased tariffs, which lower prices for goods manufactured in technologically advanced industrialised nations. Similarly, manufacturers benefit from selling their products to a larger market, while countries gain advantages by acquiring current technology and engaging in negotiations for both multilateral and bilateral trade (Ayodamola, 1997).

Theoretical Literature

Neoclassical vs. classical theorist

Two contrasting research strands have shaped globalization debates. First, Neoclassical theorists like David Ricardo and John Stuart Mill support globalization because it boosts productivity and employment. Brittan (1998) found that globalization increased wealth in developed countries rather than poverty in undeveloped countries. Brittan cited Asian economic growth as an example of the progress of emerging countries. Asia's economic expansion reduced the income gap between industrialized and developing nations. Despite these beneficial improvements in some emerging countries, many remain poor and face marginalization if they do not join the international trading system soon. Trade openness boosts growth and development. The organization maintained that free trade would assist less developed economies by increasing their activities through trade achievable only from their domestic economies alone. It also helps them by specializing and transferring technology, which raises their citizens' well-being and national income (Adjasi, 2006). Grabowski and Shields (1996) argue that openness to trade is vital to any economy due to technological disparities, capital and labour mobility, and land and other natural resource availability. So, trade profits are production and consumption gains.

Classical theory economists present a contrasting view, suggesting that wealthier nations exploit poorer nations by extracting economic surpluses through trade. Another perspective posits that while international trade may benefit a country, its potential to drive prosperity is limited. These scholars advocate for internal solutions to development issues, arguing that international trade often resembles a game where one nation (typically developed) benefits from the economic deficiencies of its trading partners (generally less developed). This scenario, they argue, is particularly prevalent in Latin American and African economies, where developed nations exploit periphery surpluses. They propose that for less developed countries to benefit from trade truly, they must be integrated into the global process, rather than merely exporting inputs.

From the perspective of trade openness, it is believed to influence an economy through various channels, including economies of scale, externalities related to information and knowledge transmission, and spillover effects to productive sectors. This view holds that globalization significantly affects growth, income, and employment in most emerging nations, including Nigeria. Globalization, with its potential to boost output and indirectly contribute to development, is seen as a force that could increase output and enhance social well-being.

Empirical Review

Oluwagbade and Ibidapo (2024) conducted a study to examine the impact of globalization on Nigeria's economic growth. The results indicated that all conventional economic development determinants, such as private investment, governmental investment, and debt series, together with indices of economic integration (trade openness and financial integration), were shown to be non-stationary. The study also demonstrated that increased trade openness had a substantial positive impact on Nigeria's economy. Nevertheless, even considering a significance level of 10%, the impact of financial integration on the economy is minimal. The study concluded that Nigeria's economy would benefit significantly from globalization if it were fully connected with the global economy.

Uruakpa (2023) investigated the correlation between globalization and economic expansion in Nigeria. The CBN Statistical Bulletin was used as the secondary data source, covering the period from 1981 to 2021. A retrospective research methodology was used, and regression analysis was done to determine the correlation between the dependent and independent variables. The data suggest that globalization substantially impacts economic growth in Nigeria, among other results. The research suggests, among other strategies, that the Nigerian government should evaluate the level of trade openness and ensure it is set at a level that ensures a consistent and substantial influx of money into the country.

Uzoma and Odungweru (2022) undertook a pioneering study, spanning 39 years from 1981 to 2019, to delve into the impact of globalization on Nigeria's actual production of goods and services. The study's unique approach, employing Ordinary Least Squares and Error Correction Modelling, revealed a clear and statistically significant correlation between the real sector's output and foreign direct investment. It also unveiled the beneficial influence of trade openness on real sector output and the significant negative relationship between the exchange rate and real sector output in Nigeria. These novel findings, which underscore the role of trade in expanding the overall increase in real output, are sure to pique the interest of policymakers, economists, and researchers interested in the impact of globalization on Nigeria's economy.

Ajayi and Musyimi (2022) conducted a study to analyze the influence of globalization on the progress of Nigeria's financial sector, focusing specifically on foreign direct investment, trade openness, currency rate, government expenditure, interest rate, and inflation. The study utilized the autoregressive distributed lag (ARDL) model. The study's main findings indicate that foreign direct investment, trade openness, and government expenditure positively and significantly influence financial development in Nigeria. Conversely, the exchange, interest, and inflation rates negatively and significantly impact Nigerian financial development.

Wanger and Aras (2020) conducted a comprehensive study on the correlation between globalization and economic expansion in West Africa. Their thorough investigation, using Panel Cointegration Techniques, specifically Fully Modified Ordinary Least Squares, Dynamic Ordinary Least Squares, and Dumitrescu-Hurlin Panel Causality Test, led to significant findings. The study revealed a positive and significant long-term causal relationship between Exports, Imports (as indicators of globalization), and Gross Domestic

Product. The study's practical recommendations, including export promotion, high import taxes, local content programme implementation, liberal migration policies, and robust regulatory framework establishment, provide a solid foundation for policymakers and researchers interested in globalization's impact on developing economies.

Idoko and Abu (2020) examined the correlation between globalization and economic development in Nigeria. This study employed cointegration and ordinary least squares (OLS) methodologies for data analysis. The findings indicate that foreign direct investment (FDI) plays a significant role in globalization and is a critical determinant of Nigeria's economic progress. Nigeria's economic progress exhibited an inverse correlation with trade and financial openness. Although the cointegration analysis demonstrated a long-term connection between globalization and economic progress, the study's findings suggest that the Nigerian economy has yet to experience positive effects.

Popoola (2020) delved into the repercussions of globalization on Nigeria's economic progress. Using an exploratory approach and additional data sources, the study uncovered a concerning trend. Globalization, while correlated with economic progress in Nigeria, also led to a higher unemployment rate and hindered democratic advancement, highlighting the potential risks associated with this global phenomenon.

Odo, Agbo, and Agbaji (2020) examine whether globalization has effectively facilitated Nigeria's economic growth, aligning with its proponents' optimistic projections, notably the World Bank and the International Monetary Fund. The essay elucidates and dispels the enigma surrounding the recent emergence of the phenomena by thoroughly examining its evolutionary trajectory. Literary evidence was analyzed to find support for the idea of economic growth in the specific case of Nigeria's local economy. Research revealed that while globalization has enhanced the economies of developed democracies, the domestic economy experienced minimal advantages and was primarily weakened due to various factors such as a limited technical foundation, an unfavourable macroeconomic environment, and a poorly diversified economic base. This has made her a disadvantaged participant in the competitive challenge brought forth by globalization.

Ogu and Dum (2016) examined the Impact of Globalization on the Manufacturing Sector in Nigeria. The study used ordinary least squares (OLS) for the analysis. The results indicate that globalization significantly impacts Nigeria's manufacturing sector. The study concluded and recommended that the government make policies to regulate trade in the country to encourage the manufacturing sector in Nigeria.

Shuaib, Okutimiren, Odunlami, and Ajagbe (2016) conducted a thorough analysis of the impact of financial openness on Nigeria's economic growth. The model was estimated using the Ordinary Least Square (OLS) approach. The findings indicate that Trade Openness (TOPEN) and Inflation Rate (INF) are key factors that collectively influence the growth rate of the Nigerian economy.

Gap in Literature

Based on the information provided, it can be inferred that there is no unanimous agreement regarding the beneficial effects of globalization on Nigeria's economic growth. Therefore, the current study aims to address this gap.

Methodology

Research Design

The research design adopted in this study is an ex post facto research design. This approach is ideal for conducting social research when it is not possible or acceptable to manipulate the characteristics of human participants.

Model Specification

The model for this study explored the relationship between globalization and economic growth in Nigeria. It was adopted from the model of Uruakpa (2023), who investigated the impact of globalization on economic growth in Nigeria. The study model is specified as follows.

Gross Domestic Product = F (Trade Openness, Import, Export, FDI)……………………..(3.1)

However, modifying the above model, the model for this study is specifying thus;

Gross Domestic Product Growth Rate = F (Trade Openness, Balance of Payment, Exchange Rate)……………………………………………………………………………………..(3.2)

The above model is tranformed into the form below for easy estimation

$$GDPGR_t = \alpha_0 + \alpha_1 TOP_t + \alpha_2 BOP_t + \alpha_3 RER_t + \mu_t \ldots\ldots\ldots\ldots(3.3)$$

Where:

GDPGR = Gross Domestic Product Growth Rate

TOP= Trade Openness

BOP = Balance of Payment

RER= Exchange Rate

$\alpha_0 - \alpha_3$ = coefficients of independent variables and

μ_t = error term.

Unit Root Test

To explore the data-generating process, we first examined the time series properties of model variables using the Augmented Dickey-Fuller test.

The ADF test regression equations with constant are:

$$\Delta Y_T = \alpha_0 + \alpha_1 Y_{T-1} + \sum_{j=1}^{k} a_j \ \Delta Y_{T-1} + \varepsilon_T \ldots \quad (3.4)$$

where Δ is the first difference operator, εT is the random error term iid k = no of lagged differences Y = the variable. The unit root test is then carried out under the null hypothesis α = 0 against the alternative hypothesis of α < 0. Once a value for the test statistic

$$ADF_\tau = \frac{\hat{\alpha}}{SE(\alpha)} \ldots\ldots\ldots\ldots\ldots\ldots(3.5)$$

is computed we shall compare it with the relevant critical value for the Dickey-Fuller Test. If the test statistic is greater (in absolute value) than the critical value at 5% or 1% level of significance, then the null hypothesis of α = 0 is rejected and no unit root is present. If the variables are non-stationary at level form and integrated of the same order, this implies evidence of co-integration in the model.

Auto Regressive Distributed Lag

Further, the work set out to present an Autoregressive Distributed Lag (ARDL) model. The

$$\Delta GDPGR_t = \sum_{i=1}^{p} \alpha_i \Delta GDPGR_{\text{t-i}} + \sum_{i=0}^{q} \alpha_i \Delta TOP_{t-i} + \sum_{i=0}^{q} \alpha_i \Delta BOP_{t-i} + \sum_{i=0}^{q} \alpha_i \Delta RER_{t-i} +$$
$$\sum_{i=1}^{p} \beta_i GDPGR_{\text{t-i}} + \sum_{i=0}^{q} \beta_i TOP_{t-i} + \sum_{i=0}^{q} \beta_i BOP_{t-i} + \sum_{i=0}^{q} \beta_i RER_{t-i} + \phi ECT + \varepsilon_t \ldots\ldots\ldots\ldots(3.6)$$

Where $ECT_t = Y_t - \alpha_0 - \sum_{i=1}^{p} \gamma_1 \Delta Y_{t-i} - \sum_{i=0}^{p} \beta_i \Delta X_{t-i}$ and

$$\phi = 1 - \sum_{i=1}^{p} \gamma_1 \Delta Y_{t-i} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(3.7)$$

The Bound test procedure used equations 3.6 AND 3.7 into 3.8 as:

$$\Delta Y_t = -\sum_{i=1}^{p-1} \gamma_1 Y * \Delta Y_{t-i} + \sum_{i=0}^{p} \beta_i \Delta X_{t-i} - \rho Y_{t-1} - \alpha - \sum_{i=0}^{p} \delta X_{t-i} + \mu_{it} \ldots\ldots\ldots\ldots\ldots(3.8)$$

Then we test the existence of level relationship as $\rho = 0$ and $\delta_1 = \delta_2 = \ldots = \delta_k = 0$

where Δ = difference operator, α = the short term coefficient, β = the long run coefficients μ = white noise error term.

Apriori Expectation/Measurement of Variables

GDPGR	Dependent variable	Gross Domestic Product Growth Rate	Expected sign	Measured in Rate
TOP	Independent Variable	Trade Openness	(+)	Measured in Rate
BOP	Independent Variable	Balance of Payment	(+)	Measured in Rate
RER	Independent Variable	Exchange Rate	(-)	Measured in Rate

Model Justification

The ARDL test approach is predicated on its advantages over other cointegration tests, such as Engle-Granger and Johansen's cointegration method. Firstly, the ARDL efficiently determines the cointegrating relation in small sample cases (Ghatak & Siddiki, 2001; Tang, 2003), whereas Johansen's method requires a large sample for validity. Secondly, other methods require that the variables must be integrated of the same order before the cointegration test is carried out, while the ARDL approach can be applied irrespective of whether the regressors are *I(1) and I(0) or mutually cointegrated*, in which the dependent variable must be *I(1).*

Test of Significance

The significance test was tested at a 5% level of significance using the coefficients of the independent variables and following the Rule: Reject the Null hypothesis if the t-prob is less than 0.05; otherwise, accept the Null hypothesis when the t-prob is greater than 0.05, i.e. Reject if t-prob <0.05, Accept if t-prob > 0.05

Test of Hypothesis

The Hypotheses were tested using the probability of f-statistics: Reject the Null hypothesis if the probability of f-statistics is less than the critical value (0.05), otherwise accept the Null hypothesis when critical value (0.05) exceeds probability of f-statistics.

Source of Data

The study will utilize the publications of the Central Bank of Nigeria (CBN) Statistical Bulletin (2022), World Development Indicator (WDI) (2022), and the Organization for Economic Co-operation Development (OECD) (2022) as the primary data sources.

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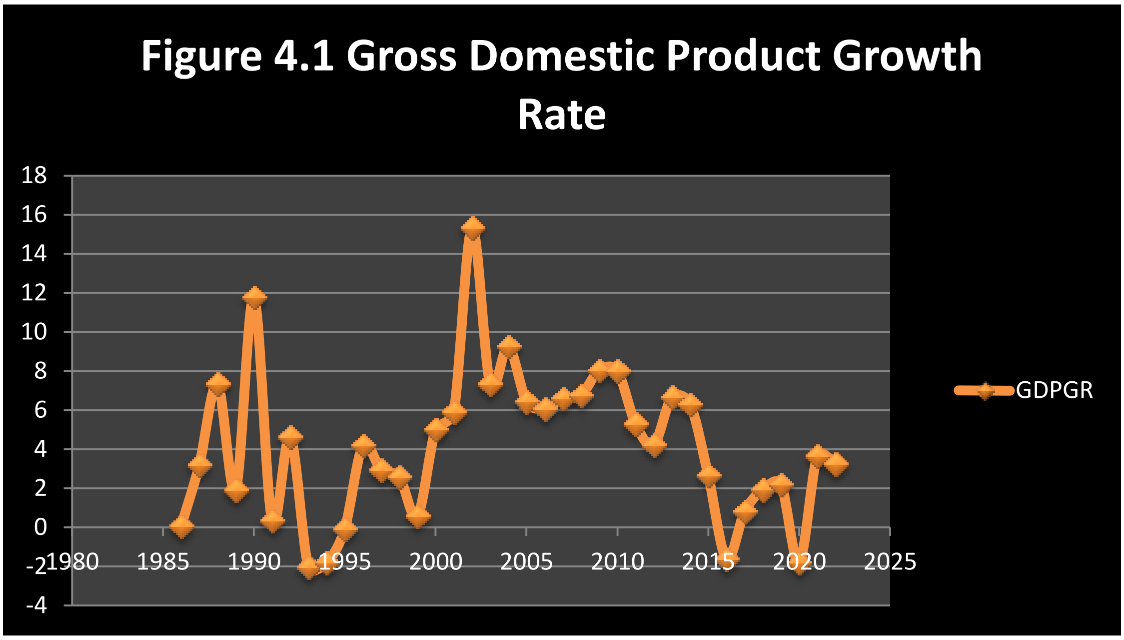
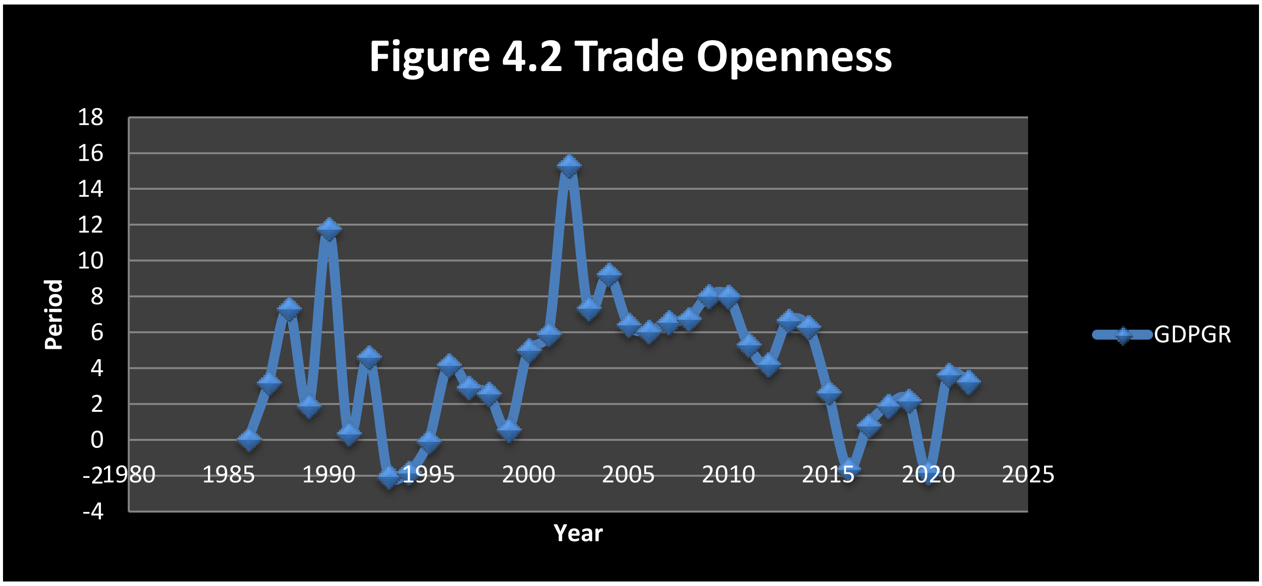
Analysis and Interpretation of Data

Data Trends



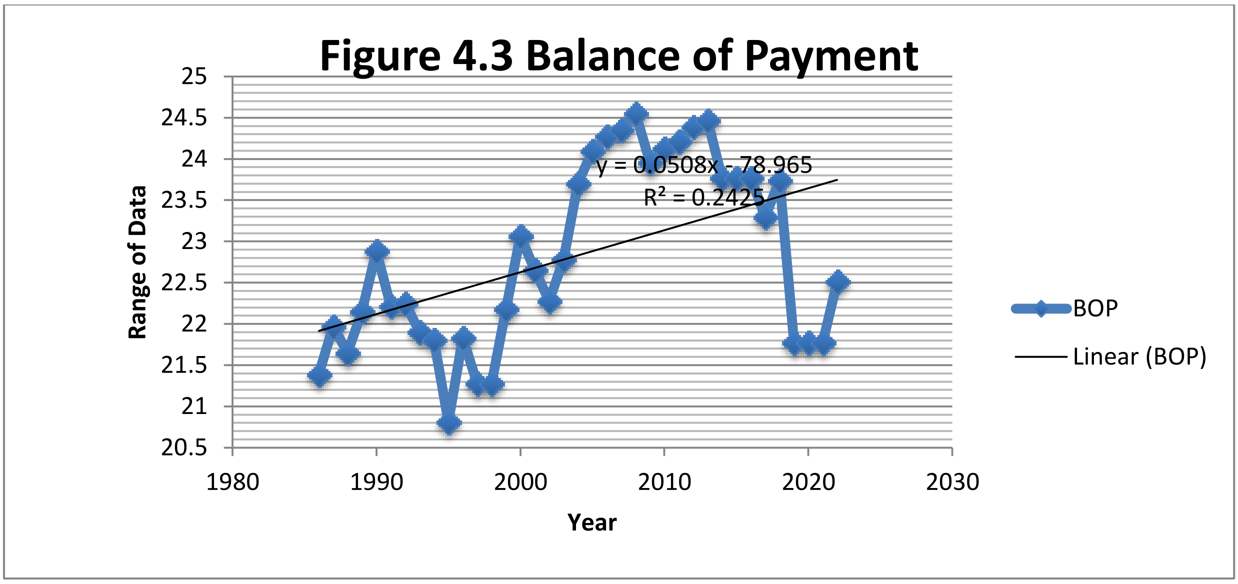
Source: WDI, (2022)

The data above in Figure 4.1 show that the fluctuations in GDPGR cannot be overemphasized. From 1986 to 2022, the GDPGR witnessed recession three times, which corresponded to the variations in the country's total output traded with other countries worldwide.



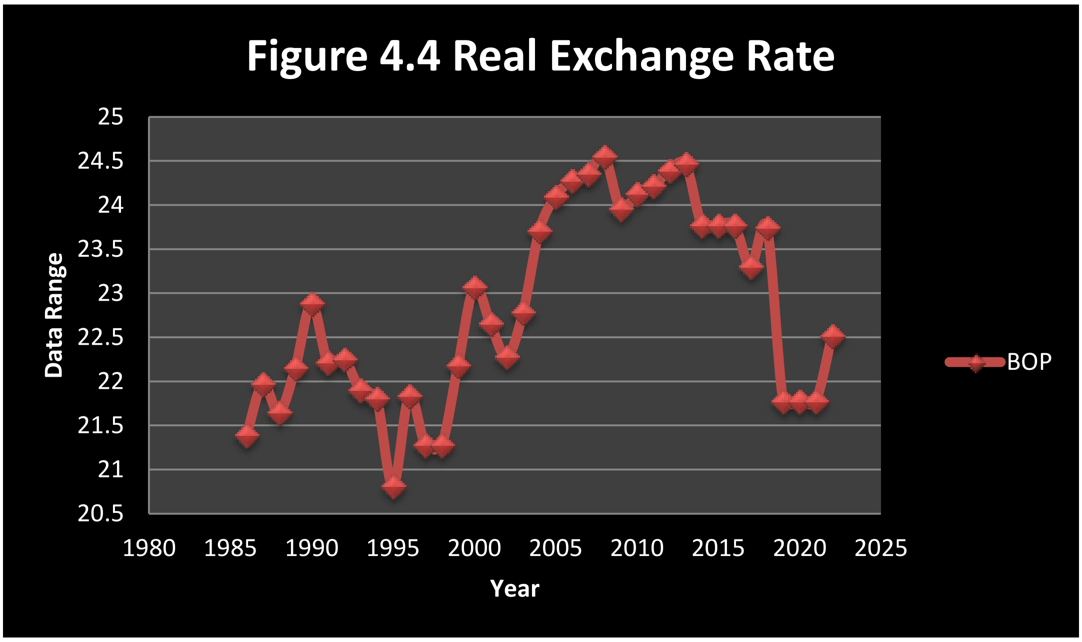
Source: WDI, (2022)

Trade openness data, used as a proxy for globalization in Figure 4.2, identifies that Nigeria's trade balance has not been consistent over time. These inconsistencies have questioned the gains and objectives of globalization, especially in a developing economy like Nigeria.



Source: WDI, (2022)

The fluctuations of the balance of payment through trade balance can be observed from the above diagram in Figure 4.3. The fluctuations were relatively stable from 1986 to 2005 but increased after 2005. These fluctuations have made Nigeria the dumping ground for imported goods and services.



Source: CBN, (2022)

From Figure 4.4 above, it can be deduced that the Nigerian exchange rate has been relatively stable since 1986. However, low productivity in the country has recently put pressure on the local currency, thereby increasing the inconsistency in the naira.

Unit Root Test

Table 4.1: Summary of ADF test results at 5% critical value

VARIABLE	ADF TEST STATISTICS	CRITICAL VALUE 5%	ORDER OF INTEGRATION	DECISION RULE
GDPGR	- 4.037118	-2.945842	I~ (0)	Reject Ho
TOP	-3.661637	-2.945842	I~ (0)	Reject Ho
BOP	-6.654463	-2.948404	I~ (1)	Reject Ho
RER	-6.011241	-2.948404	I~ (1)	Reject Ho

Source: Authors computation with E-views 2024

From table 4.1 above, Gross Domestic Growth Rate (GDPGR) and Trade Openness which was used to proxy globalization was integrated of order zero (I ~ (0)) as it was stationary at level form. While Balance of Payment (BOP), and Exchange Rate (RER), weren't not stationary at level form, but became stationary after first difference which implies that the variables (BOP and RER) were integrated of order one (I ~ (1)). The decision is based on the fact the ADF statistics that is greater than the ADF critical values at 5%, we reject H_0 and conclude that the variable is stationary. Since the variables are integrated of order one and zero and none of the variables is integrated of order two. We therefore, apply the ARDL bound co-integration test.

ARDL Bound Co-integration Test

A necessary condition for testing for ARDL bound co-integrating test is that each of the variables be integrated of either of order one or zero or both (Pesaran, Shin & Smith, 2001). Since all the variables are integrated of order one and zero, we proceeded to estimate the ARDL bound test. The null hypothesis of ARDL bound co-integration is that the variables are not cointegrated as against the alternative that they are cointegrated. The decision rule is to reject the null hypothesis if the F-statistics is greater than the upper bound critical values at chosen level of significance..

Table 4.2: ARDL Bound Co-integration (5% critical value) Test Result for the models

Model	F-Statistics	K	Significance level	Critical Bound Value	
				10 (Lower Bound)	11 (Upper Bound)
	7.862636	3	5%	3.23	4.35

Source: Authors computation with E-views 2024

From table 4.2 F-statistics shows a result of 7.862636 which is greater than the upper (I1) bound of 4.35 at 5% level of significance. Thus, we reject the null hypothesis and conclude that there is presence of co-integration in the model. This implies that there is a long run relationship between Globalization through trade openness and economic growth in Nigeria. Since there is a long run relationship, we therefore estimate the short run and long run ARDL analysis.

Test for Short Run Relationship

Having ascertained that there exist a co-integrating relationship between Globalization through trade openness and economic growth in Nigeria, the short run relationship needs to be ascertained.

Table 4.3: Summary of Parsimonious Short Run Relationship Result between Globalization through trade openness and economic growth in Nigeria

Conditional Error Correction Regression				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
CointEq(-1)*	-0.727855	0.150381	-4.840087	0.0001

Source: Authors computation with E-views 2024

From table 4.3 above; the coefficient of the error correction term (cointEQ) is statistically significant and carries the expected negative sign at 5% level of significant. Revealing that a short run relationship exist between Globalization through trade openness and economic growth in Nigeria; the speed of adjustment is -0.727855 that is 73% of the adjustment to equilibrium of economic growth is expected to occur in short run.

Test for Long Run Relationship

It's imperative to ascertain the long run relationship that exists between Globalization through trade openness and economic growth in Nigeria in Nigeria.

Table 4.4: Summary of Long Run Relationship between Globalization through trade openness and economic growth in Nigeria Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
TOP	0.228648	0.106063	2.155770	0.0429
DBOP	5.049578	1.963414	2.571835	0.0178
DRER	1.467379	5.144767	0.285218	0.7783
C	-4.464075	4.016808	-1.111349	0.2790

Source: Authors computation with E-views 2024

Interpretation of Long Run ARDL Result

GDPGR = -4.464075 + 0.228648TOP + 5.049578BOP + 1.467379RER

The long run coefficient from table 4.4 above shows that the joint impact of all exogenous variables (TOP, BOP, and RER) on the endogenous variable will amount to **-4.464075** units;

this is on the basis that they are all held at constant. In other word if all the exogenous variables are held at constant it will amount to **-4.464075** -unit contribution to economic growth in Nigeria (GDPGR).

Globalization through Trade Openness (TOP) has a significant positive coefficient value of 0.228648, which implies that it has a positive relationship with economic growth in Nigeria. In the long run, as globalization through trade openness received by Nigeria increases by 1%, Nigerian economic growth will increase by **0.23%**, which conforms to apriori expectations.

Balance of Payment (BOP) has a positive significant coefficient value of **5.049578**; this implies that Balance of Payment (BOP) has a positive relationship with economic growth in Nigeria. Entailing that in the long run, as the Balance of Payment (BOP) received by Nigeria increases by 1 per cent, it causes the Nigerian economic growth to increase by **5.05%**. Moreover, this conforms to apriori expectation.

The Exchange Rate (RER) has a positive insignificant coefficient value of **1.467379**; this implies that the Exchange Rate has a positive relationship with economic growth in Nigeria. In the long run, as the Exchange Rate in Nigeria increases by 1 per cent, it causes Nigerian economic growth to increase by **1.47%**

Test of Hypotheses

The individual test was carried out to test for joint significance of the independent variables on the dependent variable at 5% level using t-probability and t-statistic shown in table 4.4. The rule applied was: If t-probability is greater than the prescribed level of 5% or 0.05, accept the null hypothesis, otherwise reject the null hypothesis when f-probability is less than 0.05.

Hypothesis 1

Ho_1*: Globalization through trade openness has no significant relationship with Economic Growth in Nigeria*

Conclusion

From table 4.4 above, the probability of t-stat of **GDPGR** was **0.0429**, and less than 0.05 critical values. Thus, we reject the null hypothesis and conclude that *Globalization through trade openness* have a significant relationship with *Economic Growth in Nigeria*

Hypothesis 2

H_{02}: *Balance of Payment has no significant relationship with Economic Growth in Nigeria*

Conclusion

From table 4.4 above, the probability of t-stat of **BOP** was **0.0178**, and less than 0.05 critical values. Thus, we reject the null hypothesis and conclude that *Balance of Payment* has a significant relationship with *Economic Growth in Nigeria*.

Hypothesis 3

H_{02}: Exchange Rate has no significant relationship with Economic Growth in Nigeria

Conclusion

From table 4.4 above, the probability of t-stat of **RER** was **0.2790**, and greater than 0.05 critical values. Thus, we accept the null hypothesis and conclude that *Exchange Rate* has no significant relationship with *Economic Growth in Nigeria*.

Discussions of Findings

The study examined the relationship between globalization and economic growth in Nigeria from 1986 to 2022. However, from the study, it was discovered that globalization through trade openness has a positive significant relationship with economic growth in Nigeria; this conforms to apriori expectation, which buttressed that in the long run, as Globalization through Trade Openness received by Nigeria increases by 1 per cent, it causes the Nigerian economic growth to increase by 0.23%. The above result conform to the results of Oluwagbade and Ibidapo (2024), Uruakpa (2023), Uzoma and Odungweru (2022), Ajayi and Musyimi (2022), Popoola (2020), Nwofia and Aworinde (2020), Odo, Agbo, and Agbaji (2020), Ogu, Dum (2016), and Shuaib, Okutimiren, Odunlami, and Ajagbe (2016), were they analyzed the impact of globalization on economic growth and development. However, some of the authors used selected globalization indicators to discover a significant and positive relationship between economic growth and globalization in Nigeria.

Globalization is an integrated process; therefore, a significant readjustment in the distribution of the fruits of global growth will occur, even if we do not know when. Nigeria has benefited from globalization despite high oil and poor non-oil exports. Most economies have adopted trade openness to ease the flow of goods and services between trading countries due to the importance of international commerce. Trade openness affects export and import activity, significantly impacting countries' trade balances. Nigeria has also liberalized commerce since 1986 to boost exports. Although commercial Openness increased Nigeria's exports, most were oil-related, with the non-oil economy suffering from the Nigerian government's long-term neglect. Our findings showed that trade openness increased GDP growth, large imports, and a favourable balance. However, unrelated to low non-oil product and service exports, it did not favour the export sector. The potential for Nigeria to profit economically from increased foreign trade is significant. The government should look within for more vacant land to exploit and produce resources. The government should investigate manufacturing, agriculture, mining, and quarrying.

Summary of Findings

This study examined the relationship between globalization and economic growth in Nigeria from 1986 to 2022. The following summarizes the research work: Globalization has a positive and significant relationship with economic growth in Nigeria; Balance of Payment has a positive and significant relationship with economic growth in Nigeria; and Exchange Rate has a positive and insignificant relationship with economic growth in Nigeria. In conclusion, the study found that globalization significantly impacts economic growth, which aligns with the orthodox perspective.

Recommendations

The following recommendations are made from the findings of this research;

1. Globalization's impact on Nigeria's economic growth can be seen through increased trade opportunities, access to foreign markets, and technological advancements. Therefore, policy guidelines that foster trading opportunities in foreign markets are necessary to enhance globalization in the country.
2. To improve the balance of payment, CBN should provide more support in the area of finances to exporters through its credit schemes. Such credit should be well supervised and monitored to ensure that the exporters utilize it in financing the development of their product
3. Exchange rate fluctuations can affect the competitiveness of Nigeria's exports and imports, influencing economic growth positively or negatively depending on the circumstances.

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