

CHAPTER ONE

1.0 INTRODUCTION

Globalization remains one of the most controversial subjects of our time. Several authors and ideological applications. Globalization is the close interaction between national economics through trade investment and capital flows made possible by technological development and advancement in telecommunication world to a global village. Globalization has evolved over the years but its rapidly intensified after the end of the world war.

According to Giddens (1990) Globalization can be defined as “the intensification of world wide social relation which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice-versa, irrespective of the ongoing controversy and measures of ambiguity in its uses, it often depicts the transformation of the relations between states, institutions groups and individuals, it describes the growing economic,

political, technological and cultural linkages that connects individuals, business and Government around the world.

Globalization slowed during the world war as a result of protectionist policies applied to defend ideological interest by the major protagonists.

The main driving forces of this process are technology, policy and competition and its subordinate domestic economics to global market conditions and practices. Developed nations are the beneficiaries of globalization as their share of world trade and finance has expanded at the expenses of developing countries. Thus, the process has worsened inequality between the world's region and providing in the developing world. Nigeria has not benefited from globalization due to mono culture export, inability to attract increased foreign investment and huge indebtedness. But globalization can be domesticated in the county through diversification of exports debt reduction and expanded development co-operation with other countries. The Nigerian

states also need to be strengthened as a bulwark against the dictates of foreign capital. All these accomplished, Nigeria could join the league of countries enjoying the benefits of Globalization.

1.1 BACKGROUND OF THE STUDY

Globalization is a system that confers benefits and poses challenges and risks to countries across the globe and has gained momentum from the last quarter of the twentieth (20th) century. It is the intensification of cross border trade and increased financial and foreign direct investments flows among nations, promoted by rapid advances in and liberalization of communication and information technology. Technology, pooling and competition are the forces during globalization. This is attested to, for example, by advances in computing technology, which enables traders to meet their demands for financial instruments such as swaps and future with relative ease. Globalization constitutes a mega trend in

global political economy and has assumed a new phase in contemporary international economic relations, given the merged socio-political and economic transformation as well as the technological economic transformation as well as the technological advancement in communication, information transportation etc. The process seems to be irreversible. Nations, states have indeed consistently intensified efforts towards engaging in business across national borders and constructing production and distribution network on a global production and distribution network on a global scale.

The international institution that overseen world trade and finance like the IMF, the world Bank, WTO play an increasingly important role in this era of globalization. Globalization has both negative and positive impacts, amongst the negative impacts are the rapid spread of diseases, crime, illicit drugs, terrorism and uncontrolled migration, which is one of the greatest problem facing Nigerian economy. The problem became more pronounced

and aggravated by the structural adjustment programme (SAP) and more recently by globalization. Given the low level of industrialization and the SAP. Induced under utilization of industrial capacity in the Nigeria economy, globalization has translated into the restriction of Nigeria to primary production even with this the price of primary commodities is extremely determined. This transport Nigeria into a powerless situation where she lacks direct control over the crisis in her economy because her hands are tied by the terms and dictates of globalization.

The most drastic evidence of globalization is the increase in trade and the movement of capital stocks, bonds, currencies and other volume of investments from the period of (1950-2001). The volume of worlds export rose by 20 times and by 2011, world trade amounted to a quarter of all the goods and services produced in the world. In the early (1970's) only \$10 billion to \$20 billion in national currencies were exchange daily, by the early part of the 21st century.

More than \$1.5million worth of ten, Euros, dollars, pounds and other currencies were traded daily to support the expanded levels of trade investment which is as a result of globalization.

1.2 STATEMENT OF THE PROBLEM

Globalization is a process of intensified inter dependence which makes it possible for any one (country) to isolate itself and expect to develop, the argument is that globalization makes it possible for all nations to benefit from interdependence. Interdependence is manifested in the increasing economic linkages among countries through trade and financial flow, it has been argued that interdependence entails amplified risk and uncertainties and one major challenge of most countries especially developing countries like Nigeria is “How to Manage this Risk and handle Uncertainties”, more profoundly, interdependence mean that opportunities for collective gains are enhances but

vulnerability is also greatly manifested. Developing countries are thus faced with the magnification of vulnerability and opportunity.

Globalization is a very uneven process with unequal distribution of its benefit and losses. This imbalance leads to polarization between the developed countries that gain and developing countries that lose out (OBADAN, 2001). In this regard, the place of Nigeria in the globalization agenda requires some indepth study. To begin with, Nigeria s economically weak due to inadequate domestic economic capacity and social infrastructure needed to boost the country's productivity, growth and competitiveness.

Secondly, the economy is made weaker by mono-cultural dependency and infavourable terms of trade in its export trade as well as excruciating debt and debt service burdens. Thirdly, by (1986), economic regimes were regulated and the country pursued an expansionary fiscal and monetary policy in its development effort (Obadan 1998). The problems were

exacerbated by political instability and corruption as a result, investment choices were distorted, which eroded the confidence especially for foreign investors.

Globalization is a dynamic process, the stronger countries are adjusting rapidly as the process advances, while the weaker ones find themselves further marginalized. The Nigerians inability to benefit from internalization is limited by numerous factors which includes poor domestic management of the economy, interest structural considerations of the economy and some policies of western industrial countries. The state of backwardness made Nigeria to be heavily reliant on foreign supplies of industrial inputs such as capital equipments, raw materials, spare parts and other intermediate materials. The challenges now is for Nigeria to use the enormous resources one has build to coherent, internally, consistent self sustaining economy which will be competitive in the world market. Nigeria must develop the essential physical and human infrastructural to compete.

Nigeria cannot expect to benefit from the process of international corporation without radical restricting of her economy, policies and society.

1.3 RESEARCH QUESTIONS

The following questions were posed guiding my research for solution to the each problems:

1. How does globalization affect industrial growth in Nigeria?
2. How has export affect the industrial output in Nigeria?
3. Why is the rate of globalization in industrial growth of Nigeria very low?

1.4 OBJECTIVE OF THE STUDY

The main objective of the study is to investigate the impact of globalization the industrial growth of Nigeria. Specifically, the objective are:

1. To examine the impact of globalization on industrial; growth in Nigeria
2. To determine the impact of export on the industrial performance in Nigeria
3. To examine if foreign investment affects that growth of the Nigerian industries

1.5 RESEARCH HYPOTHESIS

1. globalization has no significant impact on industrial output in Nigeria
2. export has no significant impact on the Nigeria industrial sector
3. foreign direct investment and exchange rate has no significant impact on the growth of Nigerian industries

1.6 SIGNIFICANT OF THE STUDY

The economic relevance of studying the impact of globalization on the industrial growth of Nigeria needs not to

be over emphasized. Globalization has brought rapid change in Nigerian economy that seeks to increase their share of financial and direct investment in the globalization market.

Globalization provides economic independence and triggers competition, stimulating globalization to elevate the living standard of people in the nation that offer themselves to the world trade, “We have moved from a world where the big eat the small to a world where the fast eat the slow” as observed by Klaw Schwas of the Dawob world economic living standard of people have considerably improved through the market growth within the development in technology is not only a steady increasing demands but also it has led to greater utilization.

The result of the study will also be significant in the following way:

1. through the help of globalization, there has been easy and accessible communication network which

facilitate production, distribution of goods and services both domestically and international

2. Globalization has rapidly improves the social and economic status of women in the developing world. The explanation is based on the fact that in a competitive, globalization world, the role of women becomes even more valuable.
3. Globalization breaks the regressive taboos responsible for discriminating against people on basis of gender, race or religious beliefs and it is an antidote to the intolerant fundamentalism that appear to oppress million of the worlds poorest, globalization offers hope that one day they may enjoy the fruit of the west liberal tradition.
4. Globalization has help in the reduction of likelihood for war between developed nations. It has also help to increase environmental protection in developed nations.

Finally, another factor which is often considered as a positive outcome of globalization is the lower inflation. This is because the market rivalry stops the businesses from increasing prices unless guaranteed by steady productivity. Technological advancement and productivity expansion are two other importance of globalization because since (1970s) growing international rivalry has triggered the industries to improve increasingly.

1.7 SCOPE AND LIMITATION OF THE STUDY

The study covers the growth of the Nigerian industrial sector between (1985-2011).

The research work has been contained by lack of fund, insufficient data especially on very recent economic performance and limited period of time to get enough research materials.

CHAPTER TWO

LITERATURE REVIEW

2.1 THEORETICAL LITERATURE REVIEW

This study has a simple point to make the major today, hold to strike the right balance between the demands of development and the goals of globalization. The two paradigms of globalization and development appear to have some opposing tendencies and it is better to attempt a snapshot of what the two concept entails. According to Brund Hand commission, sustainable development is development that meets the needs of present without compromising the ability of future generation to meet their own needs (Weeds, 1989).

This automatically subsumes some notion of fairness to access basic resources, needs of all populations both in the present and in the future. There is a consensus that “sustainability is the capacity for continuance into the future”. (Barbies, 1989). The implication of this conclusion is

that while ensuring the welfare of all, a path of economic and social development should not seek to maximize gain for the generation if it's so doing; it reduces the capacity of future generation of provide for their own needs.

On the other hand, globalization is the trend of increasing integration of economics in terms of goods and services, ideas, information and technology. Globalization means free capital mobility, trade, liberalization, commercialization and the employment of transnational cooperations (TCS) with the strong wave of globalization sweeping across the globe today, new world, economy is fast emerging, globalization remain one of the controversial subjects of our time. As a rule, globalization is portrayed as unavoidable and irreversible process which is rolling over us to some major natural phenomenon and drastically reshaping our lives. The current wave of globalization can be violated as a desperate bid of international capitalism to recover lost grounds due to ideological shifts towards alternatives

paradigms which African countries adopted since independence especially with the collapse of the soviet union and the unchallenged hegemony of capitalism and new-libral ideology (Sawyer, 1998). This bid was facilitated by the debt crisis expericned by African mentored institutions especially the international monetary fund (IMF) and the World Bank to facilitate their globalization and neo-liberalism.

Globalization is both a cause and a consequence of the information resolution. It is derived by dramatic improvements in telecommunication and advancement in technology. In order to participat4e in the global economy. African Nations are supposed to open up barriers to foreign investments, reduce corporate regulations, taxes and so on. Globalization with emphasis to liberalization represents a very different approach it advocates the reduction or concentration of state regulations on the market, letting free market forces region on the large corporations that dominate the market (Bakwin, 2002) international mobility of capital resulting from

advances in communication technology and liberation of financial economy witnessed the unleashing of market forces. Deregulations of domestic market their openness to competition privatization and the retreat of the state from economic management are also features of the current global order. The paradigm advocates or international marketing, breaking down national economic barrier and rights of corporation to sell and invest in any country of their choices without restrictions. Government should not interfere with the free play of the market (for instance obtaining grants from developed countries to aid development in developing countries) should be down graded. Globalization thus simultaneously increases the demand to social insurance while decreasing the capacity to provide it.

2.1.2 AN OVERVIEW OF TRENDS IN GLOBALIZATION

The world is fast becoming a global village, a metaphor that is often involved to depict global interdependence and the

increasing interaction among and the integration of economic activities of human societies and world (Ajayi, 2001) in concrete terms, globalization is the intensification of cross boarder trade and financial and foreign investment (FDI) flows among nations, promoted by rapid advances and linearization of communication and information technology (Aninat, 2004). Thus, globalization conjures the picture of a borderless world with greater economic integration that enhances the living standards of people across the globe.

Even then, globalization is not a novelty in the development process, on the contrary the late 19th century was a period of dramatic integration of the world economy as evidenced by the rapid expansion in world trade, the founding of the Latin monetary union in (1865) and the emergence of the global standard in (1978) (Onwuku, 1998). Although the retreat into managed trade by the major trading countries between the first and second world war dampened the outlook

of global economic intercourse, the post (1945) multi-lateralism has virtually permeated all corners of the globe.

Since (1990), increased economic corporation has lifted the ratio of the growth of World export volume of the growth of gross worlds product to the range of 2.5.3 from an average of below 2 in the (1970s) and (1980s), CUnited Nations, 2001(other benefits of globalization, which include exposure of new ideas and products, greater specialization and expanded opportunities for mergers and acquisitions, leading to growth in size and power of corporation controls to create a series of bilateral trade arrangements by the mid (1930s) protection in US was reduced following the reciprocal trade arrangements acts of (1934), under which the united states negotiated a series of bilateral arrangements (Egware, 1998). Based on the principles of multilateral corporations, the GATT had a mandate to roll back tariffs from their prewar level and continue reducing them in the future. At the first General in (1947), the Gatt successfully reduced tariff by at least 35%

successive rounds in the (1950s) and (1960s) have to a large extent eliminated tariffs on manufactured goods. The World Trade Organization (WTO) which replaced GATT in (1994) is currently engaged in reducing the areas covered by the GATT (Irkin, 1995). The era of slave trade, mercantilism, colonialism, imperialism and liberation are periods of maintaining the same substance and purpose of international political relations, since (1994) the new weapon of control is GLOBALIZATION (Oruemola, 2000) if economic domination of Nigeria or less developed countries (LDCs) is poisonous to growth and development, Globalization policy takes its predecessors is just a new bottle that carries the same poison. Perhaps by now, the poison is more acidic and toxic (Oniemola, 2000).

2.1.3 GLOBALIZATION AND ITS CONCEPTUAL USAGES

Globalization refers to increasing economic interdependence of national economics across the world through a rapid increase in cross in order movement of good services, technology and capital, due to motivate nature of globalization, globalization does not lend itself to easy conceptualization and like other concepts in social sciences, it is not amendable to a single, simple and straight jacket definition which explains its various comotations by scholars of different persuasions as internalization, universalization, libration, westernization etc. According to Dibrin Ibrahim, Globalization is not a single phenomenon but rather a syndrome of processes and activities, which embody a set of ideas and a policy framework organized around globalization of labour and power (Ibrahim, 2003:13). In similar vein, Tade Aina forcefully submits that any meaningful relevant understanding of globalization must go beyond the myths and

ideologies of globalization to the confrontation with the diverse but actual processing how they unfold their relationship with themselves and other social and economic relations and dynamics not only complex but varied history of the processes being studied but it must reject a monolithic understanding such as their increased competitiveness and efficiency in the utilization of proactive resources and major improvement in social development and human welfare as well documented in the literature (Sachs, 2000) the transaction corporations (TNCSO with their intensive integration of production, distribution and services globally produce the impetus for this process between (1990) and (2005) for instance their stock of backward foreign direct investment (FDI) increased from \$6.6 billion and in (2005) alone their sales of \$1.9billion were more than twice as high as world exports that year (UNCTAD, 2002) no doubt, increased trade and investment flows helps countries to develop more quickly as trade generate income and the flows

enables them to increase their stock of productive capital without compromising their level of consumption and when such flows are in the form of RDT, they often improve access to international best practices in the terms of managerial, marketing and technical knowflow, skills requisition and intuitional deepening moreover the intangible assess of the TNC such as knowledge, technology, management know-how and market access service not only as a catalyst for investment and enterprise competitiveness as well as compliment to domestic development resources in recipient countries (UNCTAD 20001b) technology, policy and competition are the forces driving globalization which enables traders to meet demand for financial instruments such as swaps and future with relative ease through advances in computing technology thus allowing them to better manage their risks in addition, increased transplantation such as advert of containerization in land and sea based shipping has reduced both the handling two thirds. The social force is

policy liberalization with this most government have reduces barriers to trade and controls on the movement of capital and services thereby allocating market forces to play themselves out, the third force, which is heightened competition, compels firm to explore new ways of increasingly efficiency including shifting some of their activities abroad to reduce cost (UNCTAD, 2002a).

However, not every nations a full member of the global village. The developed countries use their competitive advantage to boast their share of world trade and fiancé and so largely benefit from globalization (Knoer, 2001 and UNCTAD, 2003a) and the other hand, developing countries are losing out as they experiences worsening of existing in balances and distortions in the global economy (Collier and Roller 2001) who argues that the unequal distribution of political, economic and power has meant whilst globalization created immense opportunities of health for some, it has produced two contrasting global villages, are which is indeed

prosperous, rich and democratic for a few who live in it and the other in which the majority are poor, alternated band marginalized with hardly any voice to determine their own destiny.

2.1.4 HISTORICAL PERSPECTIVE

The process of globalization has come along way since the marshal plan of Europe Second World War lather the vogue was the dismantling capital control in a bid to create a conductive international environment for economic development. The post world war II of globalization has in many ways be yielded as a result of the trend observed in the global economy in the 19th century. Furthermore, international financial market are characterized by much larger gross flows with a much larger variety of financial instrument being traded across borders.

The period from the mid 19th century to world war I exhibited relatively rapid growth in world trade as the

expansion of export significantly surfaced that of real output. The share of exports in the world output reached at peak in (1913) (Knight, 1996). The growth in trade occurred partly because of reduced tariff and reduced transportation costs, reflecting the proliferation of rail road and stream ship (Irwin, 1993). The process of trade liberalization in Europe began with Britain's unilateral movements to free trade with the lobden chevalier treaty of (1860) between Britain and France. The network of bilateral commercial treaties constituted a liberal multi-lateral trade regime. However, the system had two major shortcomings, it did not guaranteed tariff reductions and treaties were subject to renegotiation upon expiration. These two defects were rectified in the multilateral arrangements instituted after World War II (Forest cap, 1983).

The First World War led to series of quantitative restrictions on trade by the belligerents, after war, many countries reduced their restrictions but substituted tariff instead. Some countries instituted quantitative restrictions

and other trade barriers in an attempt to stimulate their economies. They devalued their currencies and pursued expansionary policies. On the other hand, the gold finance (Italy, Belgium, the Netherlands and Switzerland stayed on gold but raised tariff. A third group (Germany, Australia and central Europe countries) used charge.

2.1.5 BENEFITS OF GLOBALIZATION

The continuing global tendency towards the free flow of business and monetary infusions across nations described globalization which helps in the formation of international financial system. It provides economic independence and triggers competition stimulating globalization to elevate the living standard of people in the nation that offer themselves to the world's trade, "we have moved from a world where the big eat the small to a world where the fast eat the slow" as observed by Klaus Schwab of the World Economic Forum. All economic analysts must agree that the living

standard of people have considerably improved through the market growth with the development in technology and their introduction in the global markets, there is not only a steady increasing demands but also has led to greater utilization.

Investment sector is witnessing high infusion by more and more people connected to be world's trade happenings with the help computers. As per statistics every where and everyday more than \$1.5million (trillion) is now swamped in the worlds currency market and ground one fift of products and services are generated per year are brought and sold.

Another factor which is often considered as a positive outcome of globalization is the lower inflation. This is because the market rivalry stops the business from increasing prices unless guaranteed by steady productivity. Technological advancement and productivity expansion are two other benefits of globalization because since (1970s) growing international rivalry has triggered the industries to improvise increasingly.

Globalization has rapidly improved the social and economic status of women in the developing world. The explanation is based on the fact that in competitive, globalization world the role of women becomes evermore valuable.

Globalization helps breaks the regressive taboos responsible for discriminating against people or basis of gender race or religious beliefs, it is an antidote to the intolerant fundamentalism that appears to oppress millions of the world's poorest, globalization offers hope for the worlds poorest, hope that one day they may enjoy the fruit of the West's liberal tradition.

Globalization has help in the reduction of likelihood for war between developed nations, it has also helped to increase environmental protection in developed nations.

2.1.6 PROBLEMS OF GLOBALIZATION

Even though globalization is a positive or powerful force for the improved material wellbeing of human kind, that would aid developing countries to create better “economic environment” to “leap frog” into the information age, improve their access to technology speed development and enhance global harmony. Its effect on the political economic social and cultural nerves of the weaker member states cannot be ignored without severe consequences in other words the securing neaconsensus on the agenda of globalization notwithstanding the unrelenting encouragement of its “uneven thesis” does not give room for comfort as it is exorbitantly costly to the developing nations. This is particularly so that globalization affects development thinking and actions of the developing polities relegated ethnical equity and social concerns behind markets consideration and reduced the out coming of the interdependence states.

According to Ohiorhenuan, it challenges the meditative role of the state vis-a-vis external pressures. It threatens the discretion of the state everywhere, not only this according to Tanon (1998) globalization encourages decreasing national control and increasing control over the (internal) economy (of the state) by outside players. In fact, the gospel of globalization though position of the absolute truth, a sort of single alternative.

Concretely put, the planetary phenomenon of globalization is nothing but a new order of marginalization of the African continent, its universalization of communication, mass production, market exchange and redistribution rather than engendering in African subverts its autonomy and power to self determination. It is rather by design than by accident that poverty has become a major institution in Africa despite this continent's stupendous resources indeed; the developing countries/world burden of external debts has reached two trillion dollars (World Bank, 1994). In the process, it has

enlivered that venomous potency of mass poverty and its accompanying multidimensional depravity of the citizenry of all the requisite essence of meaningfully living.

Globalization has also disintegrated or disarticulated the industrial sector of most, if particularly evident in the cost of production which has become uncomfortably high in most of the developing countries (e.g Nigeria) also in the lack of governments incentives to encourage local products through high importation, currency devaluation and depletion of foreign reserved. This clearly wises the problems of marginalization.

Nation-states in Africa today rarely define the rules and regulation of the economy, production, credits and menaces exchange of goods and services due to the rampaging of menace of globalization. They are hardly now capable of volitionally managing their political economic and socio-cultural development.

Globalization has imposed heavy constraints on the internal management dynamics of most of not all the politics in Africa (example Nigeria) where the government now finds it difficulty in most cases to meet the genuine demands of the governed on many issues of national urgency (e.g the June 1st 2000, 50% like in the prices of petroleum and related products and the attendants crippling national strike by the Nigerian workers_. The reality in Nigeria today as it is for most African nations, it that globalization has made it immensely difficult for government to provide social insurance one of their central functions and one that has helped many developed nations to maintain social cohesion and domestic political support. Trends like this have been largely dictated by the asymmetry of powers that accompany globalization (that is, inequality in the states of the member of the “villagized World” and, their inability to resist imposed policy option).

Globalization has also increase flow of skilled and non skilled jobs from developed to developing nations as corporation seeks out the dilapest labour. Finally globalization has spread a materialistic lifestyle and attitudes that sees consumption as the path to prosperity.

2.1.7 EFFECT OF GLOBALIZATION ON THE WORLD

Globalization of the world has helped in the systematic restructuring of interactive phase among nation by breaking down barriers in the areas of culture, commerce, communication and several other field of endeavour.

Technological advancement and productivity expansion are the other benefits of globalization because since (1970s) growing international rivalry has triggered to industries to improve increasingly

1. It has helped to increase free trade between nations also globalization has helped in the reduction of likelihood of war between developed nations.

2. Increased liquidity of capital allowing investors in developed nations to invest in developing nations.

2.1.8 INSTITUTIONAL AGENTS OF GLOBALIZATION

The industrial sector connotes mainly of assembly plants with the background linkage (integration) in the economy because the bulk of inputs are imported. (D.N Obaje, 1990). In the advanced countries, the rapid development of the industrial sector has witnessed simultaneous spectacular economic progress and rising levels of living standards in developing economies. The increasing utilization of modern method of production and the consequent relatively high labour productivity, the industrial sector plays an important role in the transmission of the West production techniques and efficiency to other sectors of the economy (Udabah, 2000).

Structurally, industrial sector in developing countries consist largely of a handful factories producing construction

materials, clothing, textiles, footwear and processed food, petroleum etc using simple assembly processes (Cody, et al, 1988, Schtch 1986).

The industrial sector can we also referred to a agglomeration of industries engaged in chemical, machine, or physical transformation of materials, substances or components into consumers or industrial goods.

2.1.9 EFFECT OF GLOBALIZATION ON THE INDUSTRIAL SECTOR IN NIGERIA

We could observe that the negative effect of globalization overshadows its positive side, being a less developed country to her importation, this is because of our backwardness in technological development. Nigeria was formally one of the major exported of raw materials such as cocoa, rubber, groundnut etc, but presenting most developed countires in which we supply those raw materials, rendering ours useless

but up till date Nigeria still depends on foreign product due to the quantitiveness of their products.

Under globalization, the products of the Nigeria industries cannot compete with goods from the advanced countries of the world most especially Europe and America.

Globalization has led to the creation of parasitic economic relationship and has systematically pushed the Nigerian industries in crises because of globalization. The dependency culture created and entrenched has thus made Nigeria a country which does not produce but only consume “so Nigeria imports every thing and anything that anybody cares to advertise”.

2.1.10 ROLE OF AGENCIES AND INSTITUTION SET UP TO PROMOTE INDUSTRIES

Years after the introduction of the structural adjustment programme (SAP) evidence from the industrial sector indicated that the economy depended heavily on imported

inputs continued to record low level of capacity utilization, despite measures introduced by SAP to stimulate domestic production and broactes the supply base of the economy thus the need to boost the development of an effective home grown capability, aimed at achieving self-reliance and increased mass production of goods at affordable cost by small and medium scale industries became imperative. The federal government attempt to confront the challenges real to the establishment of a science and engineering infrastructure development programme.

The main objective of the programme is to develop an indigenous capacity in the design and mass production of all types of scientific, engineering and industrial machinery, tools and equipments. The beliefs was that the existence of a local capability in the production of these capital goals was indispensable for ensuring self production.

2.1.11 GLOBALIZATION AND THE NIGERIAN ECONOMY

Nigeria, Africa's populous country has an estimated population of 120 million people. The country emerged from the civil war of (1967-1970) with a devastated economy. A meaningful recovery process started with the advent of petroleum in the mid (1970s). The economy was basically agrarian. The relative share of agriculture including livestock forestry and fishing in the GDP, which was 65.6% in (1960/1961) declined sharply to about 32% per annum in the (1990s). This in spite of the source of employment and livelihood for about three-quarters of the population. Up till the early (1980s) Nigeria has reasonable amount of foreign reserve with insignificant record of foreign debt. Its currency, the Naira, was competing strongly with other foreign currencies by mid (1980s); the economy started declining as foreign reserves become almost exhausted also foreign debt started accumulating at an alarming rate while the Naira lost its value relative to their currencies.

The world Bank development report indicated that the country's GDP in 1980 was US \$91.3 billion which put it at the 20th position in terms of GDP size from 1986-1987 the country was hit by the triple disaster of political instability, economic stagnation and the pursuance of an inappropriate and ill-fated structural adjustment programmes (SAP). This devalued the country's currency, assets and productive resources available for use and left the country's economic managers with the problems of

1. Correcting distortion affecting any of the fair major prices, exchange rate, interest rate, domestic price, level and wage rate
2. Avoiding regression in employment and external balance.
3. Creating a market based incentive, and opportunity system as a way of improving the economy.

The level of industrialization and technology development is so low that it whittles the competitiveness of

the economy in a globalized world and foreign actors would have to give more and have little or nothing to receive since globalization is the channel of redistributing technology. This is to say that with the challenges of industrialization, the Nigerian economy is poised to encounter a Herculean task.

2.2 EMPIRICAL LITERATURE

Some empirical literature has been carried out by some great thinkers to help simplify the researchers work in the field of investigation on the impact of globalization on the growth of the Nigerian economy.

Stanley Fisher, the deputy managing director to IMF, sees globalization as multifaceted with many important dimensions – economic and social political and environmental, cultural and religious which affect everyone in some way. He said this during the globalization conference held in Cameroon. He went on further elaborating that a nation can attract capital flows only through sound

macroeconomic policies, better governance, legal and financial reforms, privatization, price liberalization and infrastructural development.

According to Aina (1996), globalization entails universalization whereby the subject practices or even values transcends geo-political boundaries, penetrating the hitherto sovereign nation state and impacting the orientation and value system of the people. He thus examined globalization individuals the universalization of certain practices, identifies structures and perhaps more significantly. The expression of the global restructuring that has occurred in recent decades in the structure of modern capitalist economic relations.

Also Bill Clinton, former president of USA sees globalization as a fact and not a policy option. He says USA is a product of globalization which was achieved through the use of monetary and fiscal policies.

Greenville (1999-2000) assume the existence of solid financial infrastructures and sound financial institutions in

the financial markets. This was done to explain the reasons why East Asia economies were able to know wealth. The episodes of financial turbulence in 1999 and 2000 despite close trade link between those economies in crisis.

Based on the findings of Borda E. and Kim (1999) there was a relatively high degree of co-integration over the periods of 1989 to 1991 and 1989 to 1992 between the United Kingdom and France. This was due to degree of longrun co-integration of real interest rates.

Jan Scholte identifies Globalization as a spread of supranationally. He opines that the phenomenon constitutes a transformation in the spatial organization of social relations and transaction (Scholte, 2001). Proponents of globalization as interdependency see a better world if nations state would realize and utilize to the maximum the opportunities presented by interdependency resulting from globalization. The belief is hinged in the promise that interdependency has opened up the world, reduced the abuse of human rights, and

eradicated, to a large extent, social and economic injustices by national government.

2.3 LIMITATION OF THE PREVIOUS STUDY

The limitation of the previous study were based on the fact that previous researcher failed to view the importance of openness in estimating the impact of globalization on the industrial growth of Nigeria. Therefore, this research work shall view openness as one of the independent variable, that would be used to estimate the impact of globalization on the industrial growth of Nigeria.

Also, the time frame for this work, (1985-2011) is an extension on the subsequent years used by the previous researchers. Hence, the recent impact of globalization on the Nigerian economy shall be seen and reviewed in this research work.

CHAPTER THREE

3.1 RESEARCH METHODOLOGY

The ordinary least square (OLS) method of the classical linear regression model is the econometric technique adopted in the study. This is because of the simplicity of its computation and because it possess the Blue (best, linear unbiased, estimator) properties, it is a minimum variance unbiased or efficient estimator

3.2 FRAMEWORK OF THE MODEL

This research work follows the econometric research methodology. This method is used because it seeks to ascertain quantitatively, the impact of economic variables on a given phenomenon under study. In this research work, the impact of globalization on the industrial growth of Nigeria can be ascertain by regressing industrial GDP on export, foreign direct investment and other variable that would be specified.

The OLS is used for the empirical aspect of the study.

3.3 MODEL SPECIFICATION

One thing an econometric model has to do in attempting to study the relationship between variables to study the relationship between variables is to state the relationship in the mathematical form which the economic phenomenon will be exposed empirically. In the model specification below the researcher is to evaluate the impact of globalization on the industrial growth. Industrial GDP is used as the dependent variable. The explanatory variable include exchange rate, foreign direct investment, interest rate, earnings and openness.

The model is specified as follows:

$$\text{INGDP} = (\text{OPN}, \text{EXE}, \text{FDI}, \text{INT}, \text{EXCH})$$

The equation can be expressed in economic form as:

$$(\text{NGDP} = b_0 + b_1 \text{OPN} + b_2 \text{EXE} + b_3 \text{FDI} + b_4 \text{INT} + b_5 \text{EXCH} + U_t$$

Where

INGDP = Industrial GDP

OPN = Openness which is use to proxy globalization

EXE = Export earnings

INT = Interest rate

EXCH = Exchange rate

b_0 = Intercept

b_1, b_2, b_3, b_4 and b_5 = slopes of co-efficient

U_t = stochastic error term

3.4 METHOD OF EVALUATION OF RESULT

The techniques used for evaluation of result implied the use of economic econometric test, first order (statistical) test and second order (econometric test, a priori-test Globalization which is represented by openness which include economic trade flow (import and exports) (OPN) foreign direct investment (FDI), exchange rate (EXCH), export earnings and interest rate (INT) has an impact on industrial growth.

STATISTICAL (FIRST ORDER) TEST

The statistical test f^2 (which is the goodness of fit) will be used to explain the total variation in the dependent variable caused by variations in the independent variables.

The t-test ratio is also used to test the statistical significance of each of the regression results.

ECONOMETRIC (SECOND ORDER) TEST

The economic tests include the test for auto-correction using the Durbin-Watson statistics to test for the randomness of the residual in order to know if there is auto-correlation in the model, the test for multicollinearity using correlation matrix, test for heteroscedasticity based on error term etc.

DECISION RULE

Decision rule for t – test

We reject the null hypothesis and accept the alternative one that is we accept the estimate b_1 is statistically significant. If t falls the acceptance region that is to say if $-t_{0.025} < t < t_{0.025}$ (with $n-1$ degrees of freedom) we accept the null hypothesis i.e we conclude that our estimate b_1 is not significant at 5% level of significance.

DECISION RULE FOR F-TEST

If $f_{\alpha} > f_{(k-1, n-k)}$ reject H_0 otherwise you do not reject it, where $f_{\alpha}(k-1, n-k)$ is the critical f value at the α level of significance and $(k-1)$ numerator df and $(n-k)$ denominator df . Alternatively, if the P value of f obtained is sufficiently low one can reject H_0 .

DECISION RULE FOR DURBIN-WATSOND STATISITICS

If $d < d_c$ we reject the null hypothesis of no auto-correlation and accept that there is positive auto-correlation of the first order. If $d > (4-d_l)$ we accept the null hypothesis of

no-auto-correlation and accept that there is negative auto-correlation of the first order.

If $d_u^* < (4 - d_u)$ we reject the null hypothesis of no auto correlation. If $d_L < d < d_u$ or if $(4 - d_u) < c_k(4 - d_L)$ the test is inconclusive.

Where:

d_L = lower unit

d_u = upper unit

3.5 DATA SOURCES AND REQUIRED

The data used in the research are all secondary data and were sourced from Central Bank of Nigeria (CBN) statistical bulletin and annual report. The industrial GDP of (1985-2011) covering 26 years were sourced from the CBN Bulletin.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION OF RESULT

4.1 INTERPRETATION OF RESULTS

The purpose of this chapter is for data analysis and interpretation of the estimated models. The parameter estimates are subjected to various economic, statistical and econometric tests and as a result, the hypothesis to be tested will be evaluated based on this analysis.

Table 4.1: Presentation of Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	72790.68	10411.28	6.991522	0.0000
OPN	42509.65	15571.71	2.729929	0.0125
EXE	1.64E05	0.000898	0.018249	0.9856
FDI	0.000775	0.000849	0.913213	0.3715
EXCR	320.0008	46.73742	6.846780	0.0000
INT	67.89423	426.7887	0.159082	0.8751
R-squared	0.878288	Mean dependent var	122758.7	
Adjusted R-squared	0.849308	S.D. dependent var	26240.83	
S.E. of regression	10186.43	Akaike info criterion	21.48863	
Sum squared resid	2.18E+09	Schwarz criterion	21.77659	
Log likelihood	-284.0965	F-statistic	30.30756	
Durbin-Watson stat	1.418787	Prob(F-statistic)	0.000000	

4.2 INTERPRETATION OF RESULTS

4.2.1 INTERPRETATION OF REGRESSION COEFFICIENTS:

The table above has shown the coefficients of the various regressors. The value of the intercept which is 72790.68 shows that industrial gross domestic product in Nigeria would be 72790.68 when all other variables are kept constant.

The regressors coefficient i.e. 42509.65 (OPN), 1.64E-05 (EXE), 0.000775 (FDI), 320.0008 (EXCR), and 67.89423 (INT), shows that a unit increase in the degree of trade openness would bring about 42509.65 increase in the industrial GDP, a unit increase in export earnings, foreign direct investment, exchange rate, and interest rate would result to a 1.64E-05, 0.000775, 320.0008, and 67.89423 increase in the industrial GDP holding other variables constant, respectively.

4.2.2 EVALUATION BASED ON ECONOMIC CRITERIA.

Table 4.2: A priori Criteria Expectation

Variable	Expected Sign	Estimated sign	Decision
OPN	+	+	Conforms
EXE	+	+	Conforms
FDI	+	+	Conforms
EXCR	+	+	conforms
INT	-	+	Does not conform

On the a priori ground, the signs of all parameter estimates are specified above. We observed that only INT did not conform to its a priori expectation, while OPN, EXCR, EXE, and FDI conforms to its a priori expectation.

4.2.3 EVALUATION BASED ON STATISTICAL (FIRST ORDER) CRITERIA

The utilized statistical tests are the coefficient of multiple determination t-test and F-test of the estimates.

(a) **The co-efficient of multiple determinations (R^2):**

This statistic will be used to measure the goodness of fit of the estimated regression models. The model results are evaluated on the basis of the following statistical tools from the result presented above. It could be observed that the R^2 value of 0.878288 shows that the induced variables account for about 87.83% of the causes of variation in industrial GDP.

(b) **The t-Test:**

It is used to test the significance of the individual parameter estimate $\alpha = 0.05$.

The hypothesis is thus stated as:

$$H_0: \beta_1 = 0$$

$$H_1: \beta_1 \neq 0$$

Decision rule:

Reject H_0 , if $t^* > t_{\alpha/2}$, otherwise accept i.e. if $t^* < t_{\alpha/2}$

Where t^* = Computed or calculated

$t_{\alpha/2}$ = tabulated value of t

n = number of observation

k = number of parameter estimates

Degree of freedom (df): $n - k = 27 - 6 = 21$.

From the t-distribution table, for a two tailed test at 5% level of significance with 21 degrees of freedom, the tabulated $t(0.025) = \pm 2.0796$.

TABLE 4.3: t-test

Variable	t-computed	t-tabulated	Decision
C	6.991522	± 2.0796	Significant
OPN	2.729929	± 2.0796	Significant
EXE	0.018249	± 2.0796	Insignificant
FDI	0.913213	± 2.0796	Insignificant
EXCR	6.846780	± 2.0796	Significant
INT	0.159082	± 2.0796	Insignificant

Conclusion: This means that Variables OPN and EXCR are statistically significant, while FDI, EXE, and INT are statistically insignificant.

Hypothesis testing:

H₀: Globalization has no significant impact on industrial output in Nigeria.

H₀: Export has no significant impact on the Nigerian industrial sector.

H₀: Foreign direct investment and exchange rate has no significant impact on Nigerian industries.

CONCLUSION: From the regression results, the degree of trade openness which represents globalization and trade flows (e.g. exports), has a significant impact on the industrial gross domestic product. Also, foreign direct investment and exchange rate were seen to have insignificant and significant impacts on the industrial gross domestic product, respectively.

Thus we conclude that, globalization and exports have a significant impact on industrial output in Nigeria. On the other hand, foreign direct investment and exchange rate have insignificant and significant impacts on the growth of Nigerian industries, respectively.

(c) THE F-TEST

The F-statistic is applied to measure the joint influence of the explanatory variables on the dependent variable i.e. the overall significance of the model.

In testing the overall significance of the regression result, the null hypothesis is specified as

$$\mathbf{H}_0: \beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5 = 0$$

Against

$$\mathbf{H}_1: \beta_1 \neq \beta_2 \neq \beta_3 \neq \beta_4 \neq \beta_5 \neq 0$$

Decision rule: Reject H_0 if the F-value computed is greater than the F-value tabulated at 5 percent level of significance with (V_1/V_2) degree of freedom where $V_1 = K - 1$ and $V_2 = n - k$. we accept H_1 if otherwise.

The test is applied with the following results obtained from the regression result (Table 4.1). The $F^* \text{ cal} = 30.30756$. The F^* value tabulated = 2.84 where $V_1 = 5 - 1 = 4$ and $V_2 = 27 - 5 = 22$.

$$F_{0.05}(5, 22) = 2.66$$

Since $F^*_{cal} = 30.30756 > F_{0.05}(5, 21) = 2.68$, we reject H_0 and conclude that the explanatory variables have joint explanatory power over the dependent variable. Therefore the model has good fit and is statistically significant.

4.2.4 EVALUATION BASED ON ECONOMETRIC CRITERIA (SECOND -ORDER TEST)

(a) AUTOCORRELATION TEST

The test is based on the use of Durbin-Watson (d-statistics) to test the randomness of residuals. Based on this, we state our hypothesis thus:

$H_0: \rho_0 = 0$ (no positive first order autocorrelation)

$H_1: \rho_0 \neq 0$ (positive first order autocorrelation)

At $\alpha = 0.05$.

Table 4.4: Summary of Durbin-Watson test

NULL HYPOTHESIS	DECISION	IF
No positive Autocorrelation	Reject	$0 < d < d_L$
No Positive Autocorrelation	No Decision	$d_L \leq d \leq d_U$
No Negative Autocorrelation	Reject	$4 - d_L < d < 4$
No Negative Autocorrelation	No Decision	$4 - d_U \leq d \leq 4 - d_L$
No Autocorrelation (positive or Negative)	Do not Reject	$d_U < d < 4 - d_U$

Where $d = d$ calculated or computed

d_U = upper limit of Durbin- Watson for the corresponding values.

d_L = lower limit of Durbin- Watson for the corresponding values

From the regression result, we can see that the Durbin Watson Statistic (d) = 1.418787. With $n = 27$ and $k = 5$, where n = number of observation.

K = number of estimated independent variable.

From the Durbin Watson table $dL = 1.08364$ while $du = 1.75274$.

Thus we have $dL \leq d \leq du$

Therefore, $1.08364 < 1.418787 < 1.75274$

From the result above, we can see that $1.08364 < 1.418787 < 1.75274$, therefore, we conclude that there is no positive autocorrelation. However, no decision can be made in the aspect of accepting or rejecting the null hypothesis.

(b) HETEROSCEDASTICITY TEST

The hypothesis tested were:

H_0 : $\beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$ (Homoscedasticity)

H_1 : $\beta_1 \neq \beta_2 \neq \beta_3 \neq \beta_4 \neq 0$ (Heteroscedasticity) at 5% level of significance.

This test was carried out using white heteroscedasticity test. We further test this to find out if the error term exhibited constant variance. It follows X^2_{cal} distribution.

Decision rule:

Accept null hypothesis (H_0) if $X^2_{cal} < X^2_{tab}$, otherwise reject H_0 and conclude that the variance of the error term is heteroscedastic.

The error term equation is stated as follows:

From our result analysis,

$$X^2_{cal} = 0.346528.$$

$$X^2_{tab\ 0.05} = 3.84$$

Conclusion:

Since $X^2_{cal} = (0.346528) < X^2_{tab} = (3.84)$, we accept H_0 and conclude that the variance of the error term is homoscedastic, that is error term is constant.

4.3 POLICY IMPLICATION

- Policy makers should pay attention to globalization. They should help to promote it by removing or

lowering barriers to cross boarder investment, migration and trade. But progress probably will also depend on other factors, like further advance in information and transportation technology.

- The government should make sure that policies do not frustrate market based adjustments, but rather at promoting flexibility in markets.
- Creating and quipping new industries in order to enhance high productivity which leads to increase in exportation of our domestic product.

CHAPTER FIVE

SUMMARY, CONCLUSION AND POLICY

RECOMMENDATION

5.1 SUMMARY OF FINDINGS

The summary of the result drawn from the empirical findings are itemised below

1. The trade openness according to the empirical findings have a positive and significant impact on industrial growth of Nigeria.
2. Foreign direct investment has a positive and insignificant impact on the industrial growth of the economy.
3. There is a positive and significant impact of export earnings on industrial growth of Nigeria.
4. Exchange rate has a positive and significant impact on the industrial sector of the country.

5.2 RECOMMENDATIONS

Based on the research findings of this study, this recommendation are hereby advanced:

1. The research findings showed that trade openness has a positive but insignificant impact on industrial growth of the economy, so government should improve on free trade policy, trade liberalization and other policies that will enhance economic and industrial growth of the nation.
2. Government should stabilize exchange rate as this would attract more foreign investors to enhance great of industrial sector as it has a positive impact on the economy.
3. Government and policy makers should also make appropriate decision in the aspect of foreign direct investment in the industries in Nigeria, as it will help to enact growth of the industrial sector of the country.

4. From the result of our findings, export earnings have a positive and insignificant impact, the policy makers should enact policies that will help to develop local or domestic industries will help to improve exports in the country.

5.3 CONCLUSION

This study economically analyzed the impact of globalization on the industrial growth of Nigeria which covers the period from (1985-2011). Based on the findings and recommendations, the researcher concludes that, Trade openness, exchange rate, export earning and foreign direct investment are industrial growth factors.

Globalization and export have a significant impact on industrial output in Nigeria. In Nigeria industries special attention and care should be given to the sustenance, maintenance and development of these variables.

If all the above findings mentioned are implemented, then globalization would not only have a positive impact on industries, but also in the economy as a whole.

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