# GLOBALISATION AND SOCIO-ECONOMIC GROWTH IN NIGERIA

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**Summary:**Globalisation's influence on socioeconomic changes in a developing country is experiencing growth in economics and management literature. This study examined the effect of globalisation on social and economic growth in Nigeria. Secondary data was sourced from the Central Bank of Nigeria 2019 Statistical Bulletin, World Development Databank, and Globalisation Report, 2020. Descriptive and inferential statistical tools were utilised for the presentation and analysis of data. A multiple regression model was employed for hypothesis testing.The results revealed that there is a statistically significant relationship between social growth, economic growth, and globalisation factors in Nigeria. Trade openness, being a major factor in globalisation assessment, showed an inverse relationship with both social and economic growth indicators in Nigeria (life expectancy and real GDP). Foreign Direct Investment showed a statistically significant positive relationship with social and economic growth in Nigeria. We, therefore, concluded that trade openness will reduce social and economic growth in Nigeria while Foreign Direct Investment will lead to an increase in social and economic growth, yet there are interrelationships between these two factors. We recommend that the government in enacting policies should focus on creating a favourable balance between trade openness, and foreign direct and socioeconomic growth to increase Nigeria's benefit from globalisation.

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.
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## I-Introduction:

Globalisation influences the economic and social outcomes in a developing country, such as Nigeria. We see this in the Globalisation Report (2020) which uses three dimensions of globalisation—economic, social and political to assess globalisation in countries. In this report, Nigeria's globalisation score stands, in 2018 was economic (24.61 percent), social (38.65 percent), and political (85.41per cent); with a lower score low in economic and social globalisation. Therefore, scholars and researchers need to question the differences in these outcomes. These motivated this study to assess what globalisation is, its components, and its influence on Nigeria's socio-economic growth.Commonly, globalisation is the creation of a borderless world economy for business and economic activities such that organizations can spread their operations across various nations without restrictions(Globalisation Report, 2020; Akpor-Robaro and Erigbe, 2012). Theborderless trade associated with globalisation has stirred a multidisciplinary discussion on the benefits of globalisation on developing economies'socioeconomic growth. It has also resulted in diverse scholarly probes and assertions on the benefit of globalisation in developing economies. There are, however, more assertions that globalisation benefits the developed economies more than the developing ones (Akpor-Robaro and Erigbe, 2019; Hyeon-Seung and Park, 2019).

Despite the numerical strength of these assertions, we can still gain more insights into globalisation's effect on the changes in socioeconomic growth indicators. It is believed that thechanges in socioeconomic indicators will determine economic and social growth (Pereira and Osteikaite, 2019). For instance, the increase in Foreign Direct Investment into Nigeria can cause a resultant increase in money supply, income, and exchange rates. It could also result in bettering the livelihood of the Nigerian citizen through an improvement in their well-being. This improvement in well-being will cause an increase in life expectancy (Popoola, 2018). Therefore, there is a web of interrelationships between the components of socioeconomic growth and globalisation. In reality, the commonest globalisation factor – tradeopenness, measured by the volume and measure of trade between the country and the global community, exerts pressure on socioeconomic growth indicators. Thus, globalisation factors play a key role in the socioeconomic growth in Nigeria.

In socio-economic growth, one's interest is in the causes of fluctuations in the Gross Domestic Product (GDP) and the associated impact on the production of general goods and services in the economy (Nyoni and Bonga, 2018; Oyedokun and Ajose, 2018). The elements that cause these fluctuations determine either positive or negative socioeconomic growth (Inam and Etim, 2020; Mubarak, Owolabi, and Ogunleye, 2018). Socioeconomic growth simplistically is a country's capability to create wealth (Haller, 2012) and improve its citizens' well-being. This could be a result of a consistent increase in production volume and an increase in Gross Domestic Product (Ivic, 2015). Therefore, Gross Domestic Product and GDP per capita is the quantitative measure of socioeconomic growth in Nigeria (Inam, 2020; Mubarak, Owolabi and Ogunleye, 2018; Nyoni and Bonga, 2018; Oyedokun and Ajose, 2018). Any factor that causes changes in the GDP and GDP per capita causes changes in socioeconomic growth. Thus,Foreign Direct Investment, Exchange Rate, and Trade Openness influence the changes in socioeconomic growth. Changes in the GDP and GDP per capita are dynamic (Bartoluci, Marelli, Signorelli and Tanveer, 2018).The Nigerian economy, because of factors such as policy inconsistencies, experiences these dynamic changes(Anwana and Affia, 2018).

This inconsistency in policy-making affects Nigeria's capability to make favourable globalisation policies and take strategic actions that will improve socioeconomic benefits. The policy gap causes negative socioeconomic outcomes which affect the well-being and life expectancy. Conversely, healthcare growth contributes positively to economic growth and vice versa. Currently, life expectancy in Nigeria is 47.8 years, but if it improves to 64.4 years, there will socio-economic growth (Lawanson and Umar, 2020). Thus, the country stands to benefit if life expectancy increases, as a healthier workforce will be added for the production of more goods and services.Now, there is a dire need for insight into globalisation's effect on socioeconomic growth in Nigeria. This will help individuals; businesses and government make informed decisions and policies. It is believed that socioeconomic growth enhances political stability and freedom in Nigeria (Anwan and Affia, 2018).

## 1.2 Objective of the Study

The main aim of this study is to examine the effect of globalisation on socio-economic growth in Nigeria. The specific objectives were to:

1. Determine the effect of globalisation factors on GDP per Capita in Nigeria.
2. Assess the effect of globalisation factors on Life Expectancy in Nigeria.

## 1.3 Research Hypotheses

Two nullhypotheses were used in this study:

$Ho_1$. There is no significant effect of globalisation factors on GDP per capita in Nigeria

$Ho_2$. There is no significant influence of globalisation factors on Life Expectancy in Nigeria

## 2.0 Literature Review

## 2.1 Conceptual Review

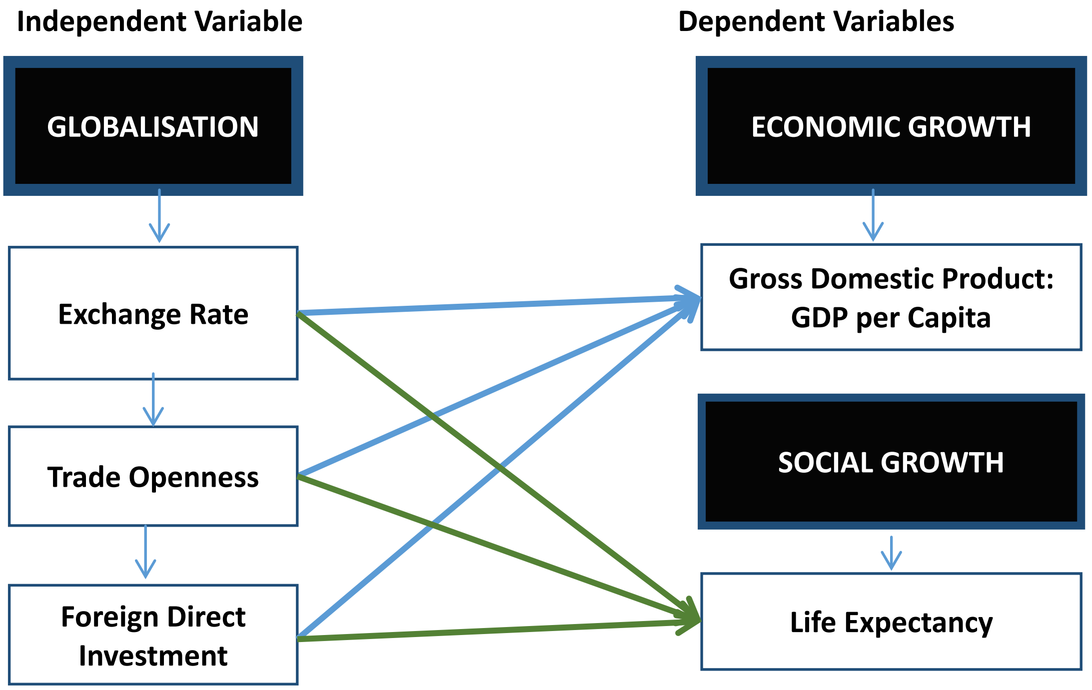


**Figure 2.1:** Conceptual Model of Globalisation and Socio-economic Growth
**Source:** Authors Adaptation from Literature, 2021.

Globalisation is a concept coined to describe the growth in the interdependence of the world's economies, culture and population, created by cross-border trade in goods and services; technology; investment; people; and information flow. Although globalisation has existed centuries ago, it gained more popularity in the 1990s (PIIE Report, 2021). There are three dimensions of globalization: economic, social, and political globalization. Though these

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dimensions are mostly used, technology globalisation has also emerged as a dimension of globalisation. It is a “tricky concept” (Parks & Roberts, 2006), one that is multi-faceted with difficulty in drawing specific contours. However, there is a common understanding that this phenomenon has emerged because of increased forms and processes of global interconnectedness. The process of connectedness is through economic, social, cultural, technological and political dynamics. Of these, the economic dimension is probably the most prominent (Weib, Sachs and Weinelt, 2018). This is because of the characteristics of trade liberalization, flows of foreign investments, and the increased influence of multinational corporations on national economies. Economic globalisation constitutes a set of ideas centred on heightened market integration. This market integration is fueled by neoliberalism concepts which influence key national economic policies concerning deregulation, liberalization, and privatization (Oyedeji, Alhassan, and Fatoki, 2019; Weib, Sachs and Weinelt, 2018; Kalejaiye, Adebayo and Lawal, 2013).

We must, however, also consider the social aspects of globalization for a clearer understanding of the concept. Socially heightened global flows influence labour mobility, healthcare financing and mobility. It has increased such that globalization is linked to welfare policies (Ang, 2018; Lipsmeyer and Zhu, 2011; Walsh, 2008).Globalisation has asignificant influence on social welfare policies in family life, healthcare, income and the active labour market (Santos and Simoes, 2021). Also, a neoliberal era which occurred post-1980 has caused changes that are affecting healthcare outcomes. As a result, globalisation has affected healthcare through changes in health systems, and financing reforms. Global financing for healthcare has significantly increased over time through globalisation (Labonte, Mohindra and Schrecker, 2011). It has also resulted in the global flow of information, finance, trade and people that can enhance health services with a resultant increase in life expectancy (Santos and Simoes, 2021; Forster et al; 2020; Labonte, 2018). Though globalisation’s impact on healthcare depends on the context, there is a positive significant relationship between social globalisation and healthcare especially life expectancy irrespective of context (Santos and Simoes, 2021). Social globalisation is greatly influenced by elements of economic globalisation such as inflation rate, income level, productivity, and growth. Economic growth represents economic globalization and the associated problems are global both in cause and in effect (Parks & Roberts, 2006). However, it is important to note that there is astrong interaction and interrelationship between economic and social globalisation. This is because social growth also improves economic growth in an economy (Chikalipah and Okafor, 2018) and also income growth, an element of economic growth affects healthcare services utilization which in turn affects life expectancy. The interactions of these elements create outcomes resulting from unintended or unconscious repercussions of specific actions.

Economic growth simplistically is a country’s capability to create wealth (Haller, 2012). We can also define economic growth as the consistent increase in production volume in a country and an increase in Gross Domestic Product (Ivic, 2015).The extent of utilization of the capabilities to create wealth in an economy is the differentiating factor between economies, developed or developing (Bartik, 2012). This consistency in production must be supported by a large working and healthy population (Shahbaz, Shaiullah and Mahalik, 2019). The Gross Domestic Product (GDP) is the quantitative measure of economic growth in a country (Inam, 2020; Mubarak, Owolabi and Ogunleye, 2018; Nyoni and Bonga, 2018; Oyedokun and Ajose, 2018; Ivic, 2015; Bartik, 2012).Despite arguments against GDP, it has become a standard measure of the size and health of an economy. The nature of changes experienced by the GDP of an economy is usually rapid, dynamic, and volatile. This is so because there are many factors seen in the literature that affect the changes in GDP (Nyoni and Bonga, 2018). These factors either cause a positive or negative change in GDP. These factors which are elements of globalization are the Exchange rate (Esu and Udonwa, 2018), Foreign Direct Investment (Udeaja and Onyebuchi, 2015), and Trade Openness (Ndambiri et al., 2012) among other factors. There are arguments that GDP is a measure of social well-being, but Syrquin argues that GDP is not a measure of well-being rather life expectancy can be used as a measure of wellbeing. We used GDP per capita in this study as a measure of economic growth with the assumption that it highly correlates with indicators of welfare. Figure 2.1 shows the conceptual model of this study. Exchange rate, Foreign Direct Investment and Tradeopenness are used as indicators of globalisation. These indicators are seen to have a causal effect on GDP per capita (economic growth indicator) and life expectancy (social wellbeing indicator)

## 2.2 Theoretical Review

There are numerous theories in support of the globalisation concept. One such theoryis discussed in this section.

### 2.2.1 World System Theory

World-systems theory is a post-Marxist multidisciplinary approach to world economic and social change that stresses the worldsystem (rather than nation-states) as the fundamental unit of social analysis. It is a macro-sociological prism which is used to explain the dynamic changes in the “capitalist world economy” which is a total social system (Martinez Vela, 2001). It is mostly considered a “precursor” to globalisation theories. The sociological “ideal” discussion came to the fore in the 1990s and has had a great influence on academics and discussions on globalisation (Arrighi, 2005). The theory was developed by sociologist Immanuel Wallerstein, who claims that how a country is integrated into the capitalist worldsystem impacts how that country's economy develops. The world economic system, according to Wallerstein (1991), is classified into three sorts of countries: core, semiperipheral, and periphery. Core (developed) countries have powerful capitalist economies with significant levels of industrialization and urbanization.

Core countries are capital-intensive, with high wages and high-tech manufacturing processes, as well as minimal levels of labour exploitation and coercion. Peripheral countries ( most African countries and low-income countries in South America) are less industrialized and urbanized and rely on core countries for capital. The majority of peripheral countries are agrarian, have low literacy rates, and lack reliable Internet connectivity. Semiperipheral countries (South Korea, Taiwan, Mexico, Brazil, India, Nigeria, and South Africa) are less developed than core countries but more developed than peripheral ones. They are either the weaker members of "advanced" regions or the leaders of former colonial regions. The core countries control the majority of the world's capital and technology, as well as global trade and economic agreements. They also serve as cultural hubs, attracting artists and intellectuals. Core countries rely on peripheral countries for labour and supplies. Core countries utilize both semiperipheral and peripheral countries, just as semiperipheral countries use both semiperipheral and peripheral countries. Raw minerals are extracted at a low cost in core countries. They can also fix pricing for agricultural items exported by peripheral countries independent of market prices, causing small farmers to quit their fields due to a lack of funds for labour and fertilizer. The rich in peripheral countries profit from the labour of poor employees as well as their commercial relationships with capitalists in core countries.

There are numerous criticisms of the world systems theory; a few of these criticisms are that: the level of placement of countries is inadequate as more placements can be created (Schott, 1986); the positioning of the countries leads to the creation of a “clique” of a nation which against the Marxist view of eliminating social class for equality in economic and social gains; the features of countries, even in the same position, might have variations in various terms (Smith, 1992); the economic concentration among nations are related to the dependent development patterns in the view of neostructural authors (Cavaloso, 1992); and the theory is too focused on the economy and being core-centric (Martinez Vela, 2001). Despite these criticisms, the world systems theory is still used as a major basis for the analysis of globalisation elements. The partitioning of the world into developed and developing economies is still the structure of globalisation discussion and research.

## 2.3 Empirical Review

Studies in literature have made several attempts to expand the knowledge and understanding of globalisation concepts and dimensions in the world (Edwards, 2021; Globalisation Report, 2020; Ferdausy and Rahman, 2012). Other studies have sought to understand the “block” that has benefited from globalisation and countries can improve their capabilities to increase their benefit from globalisation, thus in this section, a few works relating to globalisation, and economic and social growth in Nigeria will be discussed. Altman and Bastain (2022) attempted, in their research paper, to assess the state of globalization in 2022. They saw that companies and states alike are contemplating various adjustments in their globalisation strategies. They further asserted that increase in the countries' globalization even in the face of wrenching changes. Their argument centred on established precedence that economic efficiency alone is not the only factor driving the patterns of international trade. They further asserted that globalization has always been an uneven process with significant differences between countries. This argument shows that the precursory concept, ideas and discussion on globalization were predetermined to propagate an unfair capitalist economy as a global system. Naz and Ahmad (2018) in their study sought to gain insight into the driving factors of globalisation. They ascertained that there are several economic, political, social and technological factors that have contributed to globalization in recent decades. They saw that the literature is yet to come up with a comprehensive analytical framework for globalisation. Their study attempted to develop a formal framework, which highlights the sources of globalization. They carried out an empirical test for driving factors of globalization in developed and developing countries. Their results of dynamic ordinary least square showed human capital, capital, labour, transportation, communication and financial index as the important drivers of globalization in both developed and developing countries. However, they revealed that capital, labour and financial index appear to determine the process of globalization in developing countries. Using a Generalized Method of Moments (GMM); they saw that the efficiency index appears to be significant in both developing and developed countries while human capital, transportation, communication and financial index were significant in developed economies. This implies that the influence of capital, transportation, communication and financial indices were higher in developed countries which gives them higher participation and gain in globalisation.

Vladimir, Vera, Andrey and Javier (2021) thought it necessary to identify and analyse the most important new trend in the world economy and investigate its effect on society using technological transformation as one item in their study. They sought to understand the global economy in technological transformation. These authors employed system analysis tools and econometric methods for their inquiry. They identified six trends of growing uncertainty in the financial market: capital outflows from emerging markets, new market formation, end of hydrocarbon era of dominance, neo-industrial technological growth and industrial revolution. Regrettably, their finding saw these trends in emerging and developed economies and not in developing economies such as Nigeria. They concluded that technology has invaded every aspect of human life and needs to be consistent with development for a country’s economic growth. Innocent and Godson (2013) were interested in establishing the lesson for developing economies as the growth in technological globalisation increases. They examined the experiences of low-income countries in the management of technological innovations. Their study used primary data collected through questionnaires and interviews. They found out that acquisition, adoption and absorption of technical know-how alongside the strengthening of the local technology and what is required to transform Nigeria's technology. In a similar approach, Oruma and Amah (2021) sought to examine the impact of globalisation on technology in Nigeria. Though their methods were not clearly defined, they could show the different perspectives of globalisation and types of technology available within the Nigerian context and concluded that globalisation (economic, social and political) leads to economic growth in Nigeria.

In contrast, Akpor-Robara and Erigbe (2019) studied globalization and indigenous entrepreneurship development in developing economies using manufacturing and trade as cases in Nigeria. They surveyed entrepreneurs' assessments of the impact of the globalization phenomenon on manufacturing and commerce (trade) in developing economies. Entrepreneurs' evaluative opinions were collected through a structured questionnaire administered in selected major industrial cities from four geo-economic zones in Nigeria. A combination of stratified, judgmental and simple random sampling methods was adopted for the administration of the instrument. Using descriptive statistics and Chi-Square, their findings revealed that there is both a positive and negative impact on manufacturing and commercial entrepreneurship, but that the negative effect was overwhelming. They recommended that developing economies must attempt to engage economic policies and measures to manage the impact of globalization on indigenous enterprises in a way that reduces the negative impact and promotes the positive impact. In the same vein, Samimi and Jenatabadi (2014) investigated the effect of economic globalization on economic growth in OIC countries. The study examined the effect of complementary policies on the growth effect of globalization. It also investigated whether the growth effect of globalization depends on the income level of countries. Using the generalized method of moments (GMM) estimator within the framework of a dynamic panel data approach, they provide evidence which suggests that economic globalization has a statistically significant impact on economic growth in OIC countries. Their results showed that this positive effect is increased in the countries with better-educated workers and well-developed financial systems. Our finding showed that the effect of economic globalization also depends on the country's level of income, where high and middle-income countries benefit from globalization, whereas low-income countries do not gain from it. They suggested that this can change with complementary reforms.

Yevgenity, Tim James and Suhrcke (2015) in their study suggested that anecdotal and descriptive evidence has led to the claim that globalization plays a major role in affecting social indicators such as life expectancy in developing countries. They under- took extensive econometric analyses of several datasets, using a series of new proxies for different dimensions of social globalization potential in affecting health outcomes and using data in 49 developing countries between 1991 and 2009. After controlling for relevant individual and country-level factors, they found that social globalization is substantially and significantly associated with an increase in the individual propensity for positive or negative health outcomes. To their surprise, they found that political and social globalization dominates globalisation's influence on the economic dimension. They suggested that consideration needs to be given to the forms of governance required to shape a more health-oriented globalization process. Shahbaz, Shafiullah and Mahalik (2019) explored the importance of life expectancy on labour productivity and economic growth in the long-run. They sought to examine nonlinear relationships between globalisation, financial development, economic growth and life expectancy in sub-Saharan African (SSA) countries. Using non-parametric co-integration and multivariate Granger causality test, they considered the case of 16 sub-Saharan African economies using annual data over the period 1970–2012. Their result showed that financial development, globalisation and economic growth have a positive impact on life expectancy in sub-Saharan African economies including Nigeria.

Carvetas et al (2020) aimed to analyze the relative importance of globalization and gross domestic product (GDP) on life expectancy at birth in European countries during the period 1995–2017. They used Multivariate Adaptive Regression Splines (MARS) methodology to analyze the socioeconomic determinants of life expectancy at birth. Their findings showed that globalization has no relative importance as an explanatory variable of life expectancy in European countries, while government expenditure on social protection is the most relevant followed by public expenditure on health, gross national income per capita, education level of the population and public expenditure on environmental protection. They suggested that European strategies intended to impact health outcomes should spend more attention on the composition of the public budget. Byaro et al (2018) in their study examined the contribution of trade openness to health outcomes such as life expectancy in 33 sub-Saharan African countries using a two-step system Generalized Methods of Moments (GMM) estimator over the year 2000–2016 while controlling for the endogeneity of variables. Their findings revealed that, trade openness, income (GDP per capita), and health financing to a longer life expectancy. They asserted that trade openness statistically significantly contributes to life expectancy improvement. This implies that the health sector in sub-Saharan African countries is not at risk as a result of increased trade. They recommended easing and increasing trade to allow governments to obtain more financial resources to improve the welfare of their people. Acemoglu and Johnson (2020) exploited the major international health improvements from the 1940s to estimate the effect of life expectancy on economic performance. Using predicted mortality rates. They asserted that predicted mortality has a large impact on changes in life expectancy starting in 1940. Their results revealed that a 1 percent increase in life expectancy leads to a 1.7–2 percent increase in population. Life expectancy has a much smaller effect on total GDP, however. They saw no evidence that the large increase in life expectancy raised income per capita.

Guzel, Arslan and Acaravci (2021) attempted to assess the role of globalization and democracy on life expectancy in 16 low-income countries over the period 1970–2017. Using the continuous-updated fully modified (CUP-FM) and bias-adjusted ordinary least squares (BA-OLS) they found that globalization: economic, social, and political globalization affect life expectancy positively. Their results show that a higher level of per capita income is positively associated with higher levels of life expectancy. They concluded that achieving a healthier society requires economic, social, and political integration between governments and societies.Hyeon-Seung and Park (2020) saw that the debate over globalisation has intensified over the past decade. And that globalisation comes with grave risks has garnered political support for regionalism as a strategy to build economic and financial resilience. This study is the first attempt to develop a new composite index of globalisation building on the separate contributions of intraregional and extra-regional integration. The study also uses the new index to evaluate empirically the possible effects of globalisation on economic growth and income inequality. The index comprises 25 indicators that represent the key socioeconomic components of global integration. The principal component analysis was used to weight each component and construct an aggregate measure. The results show that although globalisation promotes economic growth, it may worsen income inequality. High-income countries benefit most in that the positive effect of globalisation on economic growth is strongest among them than on other income groups, and they experience a less-pronounced widening of income inequality. Between the two drivers of global economic integration, intraregional integration is far more important than extra-regional integration. The analysis also shows that extra-regional integration turns out to be mainly responsible for the rise in income inequality that has accompanied globalisation.

This shows clearly that social and economic globalisation has both negative and positive impacts on the social and economic growth of the country since most of the productive ventures in an economy are carried out by this group of businesses. Batool, Mushtaq and Afzal (2014) gave little hope to the positive effect of economic globalisation when they studied globalisation, technology, transformation and economic growth in Pakistan. Using a regression model, they found out that more capital inflow and outflows take place during globalisation because of foreign direct investment (FDI). They asserted that the outward flows of FDI bring technology and income back into the country. This is so because we will tailor the outflows towards venture capabilities of the businesses that focus on the country's desired technology. They concluded that trade openness and FDI are crucial to developing economies, but care must be excised in the use of foreign technologies only. To benefit from globalisation, Nwokah and Adiele (2015) suggested a possible solution in their study to examine the socio-economic impact of globalization in Nigeria. They adopted a survey method using a close-ended questionnaire from the results of two pilot studies to collate data from 233 staff in the Nigeria private and public sectors. They analyzed collected data using both descriptive (mean and standard deviation) and inferential statistics (t-test). Their findings revealed that skill development, commitment to and positive work attitude as major areas of globalization that have impacted socio-economic development in Nigeria's public and private sectors. In another study, Ubam and Wilcox (2016) in their study suggested that Nigerian political leaders develop the political will to break away from depending on the International Capitalist system whose interest is to perpetually ensure that the country remains among peripheral states. They observed that Nigeria still pursue policies aimed at improving the standard of living and suggested that Nigeria can minimize the negative effects of globalization through exploring policies that will gear globalisation benefits for national development and economic growth.

## <u>II– Methodology:</u>

### 3.1 Research Design

The event that created the data used for this study had already occurred, thus ex post facto research design was used. Also, a quantitative research method was used for the study.

### 3.2 Data Source

Secondary data were sourced from CBN Statistical Bulletin (2019) and World Bank Data Site. The literature used in the study was internet publications in selected journals using google search. Journals were gotten from ResearchGate, JSTOR, and Globalisation Report, 2020.

### 3.3 Model Specification

The multiple linear regressions used in this study are specified thus:

GDP per capita = f(Foreign Direct Investment, Trade Openness, Exchange Rate) ….. 3.1
GDP per capita = $\beta_0 + \beta_1$.Exchange Rate+ $\beta_2$.Tradeopenness + $\beta_3$.FDI + e ….. 3.2

Life Expectancy = f(Foreign Direct Investment, Trade Openness, Exchange Rate)…. 3.3
Life Expectancy = $\beta_0 + \beta_1$.Exchange Rate+ $\beta_2$.Tradeopenness + $\beta_3$.FDI + e …. 3.4

### 3.4 Method of Data Analysis

The data collected were analysed using descriptive and inferential statistics with Statistical Package for Social Sciences (SPSS version 25). Also, descriptive and analysis statements describing the nature of data and results were used. Structural data were obtained from literature to analyse the morphology of globalisation and socio-economic growth in Nigeria using key parameters.

## III- Results and discussion

### 4.1 Data Presentation

The data collated from Central Bank Statistical Bulletin, World Bank Database and Globalisation Report, 2020 are presented in Table 4.1. This data was used for the statistical analysis carried out.

### 4.2 Multiple Linear Regression Analysis

For valid statistical and research decisions, multiple linear regressions were carried out.

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Table 4.2

To approach the first hypothesis that there is no significant effect of globalisation factors on economic growth in Nigeria amultiple linear regression analysis was carried out to examine the prediction of the GDP per capita from the exchange rate, trade openness and foreign direct investment. The result of the multiple regression analysis revealedan R square value of 0.515. This implies that 51.5 percent of the changes in government expenditure can explain 51.5 percent of the changes in GDP per capita. The F-statistics was 8.844, therefore the model showed the goodness of fit and returned a significant value of 0.000 (p-value < 0.001). This implies that all globalisation factors jointly have a statistically significant relationship with GDP per capita in Nigeria using the data set. Thus, there is a statistically significant relationship between globalisation and economic growth in Nigeria.Looking at the factors independently in the model, the exchange rate showed a statistically insignificant positive relationship with GDP per capita. This implies that many other factors cause changes in GDP per capita than the exchange rate. Trade openness was not statistically significant but showed an inverse relationship with GDP per capita; which implies that an increase in trade openness will cause a reduction in economic growth in Nigeria. In deviation from other variables' behaviour, Foreign Direct Investment FDI was statistically significant with a positive relationship in which an increase in FDI will lead to a resultant increase in GDP per capita. Therefore, the null hypothesis that there are no significant effectsof globalisation factors on economic growth in Nigeria is rejected because there is a statistically significant relationship between globalisation factors and economic growth in Nigeria.

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Table 4.3

To approach the second hypothesis that there is no significant effect of globalisation factors on social growth in Nigeria amultiple linear regression analysis was carried out to examine the prediction of the Life Expectancy from the exchange rate, trade openness and foreign direct investment. The results of the multiple linear regression model returned an R square value of 0.893. This implies that 89.3 percent of the changes in globalisation factors can explain 89.3 percent of the changes in Life Expectancy. The F-statistics was 69.864, therefore the model showed the goodness of fit and returned a significant value of 0.000 (p-value < 0.001). This implies that all globalisation factors jointly have a statistically significant capability in predicting occurrence in Life Expectancy in Nigeria using the data set. Thus, there is a statistically significant relationship between globalisation and social growth in Nigeria.Also, there was a need to evaluate the factor's independent relationship in the model, where the exchange rate showed a statistically positive significant relationship with Life Expectancy. Trade openness was not a statistically significant predictor of life expectancy rather it showed an inverse relationship; this implies that an increase in trade openness will cause a reduction in life expectancy in Nigeria. Foreign Direct Investment was statistically significant with a positive relationship in which an increase in FDI will lead to a resultant increase in Life Expectancy. Therefore, the null hypothesis that there are no significant effectsof globalisation factors on social growth in Nigeria is rejected because there is a statistically significant relationship between globalisation factors and social growth in Nigeria.

### 4.3 Discussion of Findings

The concepts of globalisation are seen from three major perspectives: economic social and political globalisation. Nigeria's score in Globalisation 2020 report showed an economy score of 24.61, social 38.65 and political 85.41. This report shows that the social and economic scores are less than half of the political scores. Thus, the growth of social and economic globalisation is significantly lower than the political. In literature, developed economies tend to benefit more from globalisation than their developing counterpart. This is due to poor technological knowledge and skills (Akpor-Robaro and Erigbe, 2019; Hyeon-Seung and Park, 2019). This knowledge and skills help developed economies to increase their productivity and reduce the cost of the product which will outdo the developing economies' outcome. By doing this, they overwhelm the economic indicators globally which asan effect of globalisation creep into the domestic economy and create unfavourable outcomes (Akpor-Robaro and Erigbe, 2012; Hyeon-Seung and Park, 2019).

Trade openness is one of the major indicators of globalisation that showed an inverse relationship with GDP per capita and life expectancy in Nigeria. This explains why the Globalisation Report,2020 recorded a low score for the economy and social globalisation in Nigeria. This implies that an increase in Trade Openness in Nigeria will lead to a reduction in GDP per capita and life expectancy. The reduction in GDP per capita means that economic growth in Nigeria and also a reduction in income level in the economy will lead to a reduction in social well-being such as life expectancy. Though globalisation reduces life expectancy, it is discovered that economic globalisation had a significant positive relationship with life expectancy through the work of Popoola (2018). Thus, the reduction in GDP per capita, being a measure of economic growth, will also have a reducing effect on social wellbeing by a reduction in life expectancy.

The statistical significance of the two multiple regression models used in the study shows the globalisation indicators of foreign direct investment, exchange and trade openness have a significant influence on the domestic economic and social growth in Nigeria (Akpor-Robaro and Erigbe, 2019; Hyeon-Seung and Park, 2019, Akpor-Robaro, 2012).This implies that Nigeria being an open capitalist economy will experience the effect of globalisation in the country. Several works suggest that developing economies do not benefit from globalisation but are adversely affected because they cannot fairly take part in the global market. This is seen in the inverse relationship between trade openness and life expectancy. This implies that globalisation will adversely affect the socio-economic growth in Nigeria as a developing country. But an improvement in technological knowledge and skills in a developing economy will increase her benefit from globalisation if these countries transform into developed economies. This is where the transformational theory of globalisation gives credit to the benefit of globalisation.

## IV-Conclusion:

The social and economic globalisation in Nigeria is very low, less than half of the political globalisation score (Globalisation Report, 2020). In literature, some assertions state that developed economies benefits from globalisation more than their developing counterparts ((Akpor-Robaro and Erigbe, 2019; Hyeon-Seung and Park, 2019, Akpor-Robaro, 2012). Trade openness which is a major determinant of globalisation showed an inverse relationship with GDP per capita (a measure of economic growth) and life expectancy (ameasure of social growth). Thus, globalisation does not increase social and economic growth in Nigeria. This shows that there is a negative effect of globalisation on social and economic growth in Nigeria.

Foreign Direct Investment (FDI) showed a significant positive relationship with GDP per capita and life expectancy. Thus, through FDI as a form of globalisation, there will be an improvement in social and economic growth in Nigeria. This is because the FDI provide funds for productive ventures in Nigeria. As a result of this, there will improvement in income, production and well-being in Nigeria. Transfer of technology is also experienced when the production capabilities of Nigeria increase. The transfer of technological knowledge and skills will aid in increasing the benefits of globalisation in Nigeria.

In the foregoing, it is recommended that Nigerian businesses and policymakers should focus on the policies that will increase FDI and technological knowledge transfer to enjoy the benefits of globalisation.

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## - Appendices:

**Table 4.1: Raw Data Used in the Study**

| Year | Exchange Rates | Trade Openness | FDI | Life Expectancy | GDP per Capita |
|---|---|---|---|---|---|
| 1991 | 9.9095 | 0.370114007 | 0.71 | 45.9 | 616 |
| 1992 | 17.2984 | 0.382297552 | 0.9 | 45.89 | 522 |
| 1993 | 22.0511 | 0.337297297 | 1.35 | 45.87 | 553 |
| 1994 | 21.8861 | 0.230564588 | 1.96 | 45.9 | 761 |
| 1995 | 21.8861 | 0.395142987 | 0.34 | 45.92 | 1225 |
| 1996 | 21.8861 | 0.402505873 | 0.5 | 45.95 | 1560 |
| 1997 | 21.8861 | 0.514506059 | 0.47 | 45.97 | 1656 |
| 1998 | 21.8861 | 0.392857143 | 0.3 | 46 | 1803 |
| 1999 | 92.6934 | 0.344618494 | 1 | 46.19 | 482 |
| 2000 | 102.1052 | 0.489992801 | 1.14 | 46.38 | 555 |
| 2001 | 111.9433 | 0.496690531 | 1.19 | 46.56 | 583 |
| 2002 | 120.9702 | 0.400356431 | 1.89 | 46.75 | 731 |
| 2003 | 129.3565 | 0.493375274 | 2.01 | 46.94 | 780 |
| 2004 | 133.5004 | 0.318938339 | 1.87 | 47.5 | 963 |
| 2005 | 132.147 | 0.330608074 | 4.98 | 48.07 | 1222 |
| 2006 | 128.6516 | 0.42566709 | 4.85 | 48.63 | 1563 |
| 2007 | 125.8331 | 0.393353409 | 6.04 | 49.2 | 1792 |
| 2008 | 118.5669 | 0.407963446 | 8.19 | 49.76 | 2198 |
| 2009 | 148.8802 | 0.360593395 | 8.56 | 50.2 | 1927 |
| 2010 | 150.298 | 0.433187628 | 6.03 | 50.64 | 2328 |
| 2011 | 153.8616 | 0.532803279 | 8.84 | 51.07 | 2544 |
| 2012 | 157.4994 | 0.445334797 | 7.07 | 51.51 | 2756 |
| 2013 | 157.3112 | 0.310483792 | 5.56 | 51.95 | 2998 |
| 2014 | 158.5526 | 0.308846126 | 4.69 | 52.4 | 3223 |
| 2015 | 193.2792 | 0.213311422 | 3.06 | 52.84 | 2719 |
| 2016 | 253.4923 | 0.207216113 | 4.45 | 53.29 | 2176 |
| 2017 | 305.7901 | 0.263473054 | 3.5 | 53.73 | 1969 |
| 2018 | 306.0802 | 0.330068733 | 2 | 54.18 | 2153 |
| 2019 | 306.9206 | 0.340243685 | 3.3 | 54.49 | 2230 |
| 2020 | 318 | 0.335156 | 2.3 | 54.1 | 2097 |

**Source:** Collated from CBN Statistical Bulletin, 2021& World Development Index Database.

**Table 4.2 Globalisation Effect on Economic Growth in Nigeria**

GDP per capita = $\beta_0 + \beta_1$.Exchange Rate+ $\beta_2$.Trade openness + $\beta_3$.FDI + e

| Variable | Beta | SE | t-test | B | P |
|---|---|---|---|---|---|
| GDP per capita (Dependent) | | | | | |
| Exchange Rate | 2.74 | 1.588 | 1.725 | 0.286 | 0.097 |
| Trade-openness | -1127.90 | 1467.77 | -0.768 | -0.116 | 0.449 |
| Foreign Direct Investment | 165.48 | 49.411 | 3.349 | 0.525 | 0.003 |

Note: $P<0.05$, $R^2$ 0.515, Model p-value 0.000
Source: SPSS Results, 2021.

**Table 4.3 Globalisation on Social Growth in Nigeria**

Life Expectancy = $\beta_0 + \beta_1$.ExchangeRate+ $\beta_2$.Trade openness + $\beta_3$.FDI + e

| Variable | Beta | SE | t-test | B | P |
|---|---|---|---|---|---|
| Life Expectancy (Dependent) | | | | | |
| Exchange Rate | 0.03 | 0.003 | 9.613 | 0.75 | 0.000 |
| Trade-openness | -5.45 | 2.481 | -2.197 | 0.16 | 0.038 |
| Foreign Direct Investment | 0.30 | 0.084 | 3.622 | 0.27 | 0.001 |

Note: $P<0.05$, $R^2$ 0.893

Source: SPSS Results, 2021.

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