

The State, Globalization and Development: The Case Study of Nigeria

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Abstract:

This paper examined the influence of globalization (economic, political, and social) on economic development of Nigeria. The *Konjunktur for schungsstelle (KOF)* globalization index was utilized to capture globalization while the growth rate of per capita income was a proxy for development. Time series data covering the period 1970 to 2017 were used in the course of this study. The data were analysed using Ordinary Least Squares, unit root test, co integration test, vector error correction mechanism, impulse response function, and variance decomposition. The unit root test revealed that the variables were stationary at mixed order, and the Johansen co integration test and error correction mechanism showed that there is a long run equilibrium relationship between globalization and development. The vector correction mechanism revealed that 42.4% of the short run distortions is corrected annually. In the short run, economic globalization exerts a negative and significant effect on the growth rate of per capita income; while both political and social globalizations exert no significant short run effect on development in the short run. In the long run, economic globalization exerted a negative and significant effect on development; political globalization posed a positive and significant effect on development; while social globalization exerted a negative and significant effect on development. the paper concluded by stating that though globalization maybe harmful in some extent, the positive effect of the concept is duly felt in almost all aspect of human lives.

Keywords: Economic Globalization, Political Globalization, Social Globalization, Nigeria, Development.

INTRODUCTION

Apart from being viewed as a *growing integration of national economies*, globalization also entails “spread of social, cultural and political norms and practices all over the world” [1]. This interconnectedness is revealed in the “increasing acceptance of free markets and private enterprise as the principal mechanisms for promoting economic activities” [2]; and is brought about through expansion of capitalism as well as through rapid progress of technology. In this light, globalization is being viewed as a phenomenon driven by the private sector in contrast with regionalization that is driven by state [1]. Meanwhile, globalization have been viewed by Ocampo and Martin [3] as *the growing influence exerted at the local, national, and regional levels by financial, economic, environmental, political, social, and cultural processes that are global in scope*. This definition therefore points out the fact that globalization is not only an economic issue rather, other political and social issues are also incorporated. Therefore, globalization can be viewed in three dimensions of economic, political and social globalization. In broad sense, globalization can be viewed in terms of economic and noneconomic dimensions.

Through globalization, connections through the exchange of information, ideas, capital and goods are made possible [4, 5]. With this, national economies, governance, culture, technologies are being integrated; and the society becomes more complex and dynamic [6, 7]. In the act of governance, Majidi [8] pointed out that *political globalization creates many possibilities for the alliance of democracy and human rights at the national level and the instituting of world peace* [7]. He further noted that social globalization will help to “progress social status and lead to economic participations, public service, volunteerism activities and other social activities that improve the living position of all citizens that influence economic growth of countries” and this is mostly effected through individual actions [9]. In a clear term, “globalization has been viewed as the concentration and monopolization of economic resources and power by transnational corporations and by global firms and funds” [10].

With diverse worldwide experience and views, globalization have been place on both the positive and negative perspectives. Thus, Kiggundu [11] opined that globalization is “a new, complex, dynamic, multidimensional, and worldwide phenomenon, which means different things to different people and different things to the same people across time and space” [12]. Further, globalisation is the growing “interdependence of the world’s people . . . integrating not just the economy but culture, technology and governance; making people everywhere to be connected, and affected by events in far corners of the world” [13]. These new interdependences are characterized by several features which is presented in Table 1.1.

Table 1.1: The Modern Sense of Globalization

New markets	i. Markets in services: banking, insurance, transport ii. Deregulated financial markets iii. Deregulation of competition laws
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	iv. Global markets with global branding
New actors	<ul style="list-style-type: none"> i. Multinational corporations ii. World Trade Organization iii. International Criminal Court iv. International NGOs v. Regional blocks, e.g. European Union, North American Free Trade Organisation, <i>Southern African Development Community</i> vi. Policy coordinating groups: G8, G77, OECD, etc.
New rules and norms	<ul style="list-style-type: none"> i. Market economic policies ii. Adoption of democracy as choice of political regime iii. Human rights conventions iv. Environmental conventions v. Multinational agreements in trade vi. Multilateral service, intellectual property and communications vii. Multinational agreement on investment
New tools	<ul style="list-style-type: none"> i. Powerful computers and home computers ii. Internet and electronic communications iii. Fax machines iv. Cellular telephones v. Computer-aided design vi. A transport system that is cheap and fast through road, air, air and rail

Source: UNDP[13].

Evidence from Table 1.1 showcases the fact that the new era of globalization is being characterized by new tools, new actors and new rules. The emergence of these new trends is likely to generate series of effects on the domestic economy and one of such is that globalization leads to assimilation through the increasing worldwide integration within the global system. Irrespective of these new trends, however, the key characteristics of globalization include the facts that globalization is *not a new phenomenon; there is an increased global integration and interdependence; and that it has a multidimensional character*. This is presented in Table 1.2.

Table 1.2: The characteristics of globalisation

Not a new phenomenon	<ul style="list-style-type: none"> i. Date back to Roman, Hellenistic and Persian empires ii. More modern times in the 19th and 20th centuries through new technologies such as telegraph, railways, steam engine iii. It is a local concept, should be described to people in a way that make sense to them
Increased global integration and interdependence	<ul style="list-style-type: none"> i. Little consensus about degree of integration ii. Uncertainty about pervasiveness iii. It is asymmetrical and imperfect, needs

	commitment to improve
Multidimensional character	<ul style="list-style-type: none"> i. It is about transformational change with adverse effects ii. Economic iii. Political iv. Social v. Cultural
Characterised by	<ul style="list-style-type: none"> i. Unprecedented rapid flows of goods and service ii. Circulation of ideas and tendencies iii. Emergence of new social and political movements iv. Associated by extremes: ‘Winners take it all’ exacerbates inequities
Key actors	<ul style="list-style-type: none"> i. Predominantly the United States, western Europe and Japan ii. Main actors part of G8 account for more than 80% of capital, for technology and markets which drive globalisation iii. Nation-state and role of government critical

Source: UNDESA [12]; Kiggundu[11].

Since globalization generates both positive and negative effects in the process of the development of the state, it therefore becomes pertinent to critically reflect on which sub-components of the three major dimensions of globalization will generate the desired effect in stimulating economic development of the state. The process of globalization is “changing the world in economic, political, social and cultural spheres; and its impact is obvious in the everyday life of a typical household in a developed country” [14]. This paper therefore disaggregate globalization into economic, political and social dimensions, and therefore seeks to empirically investigate the influence of these dimensions on the development of the Nigerian state. Meanwhile, several studies have been carried to empirically investigate the effect of globalization on economic growth, with little empirical works being carried out to trace the effect of globalization on development of the state. This study will therefore bridge this gap and contribute to existing knowledge on the effect of globalization on development.

LITERATURE REVIEW

Going by the words of Robert Zoellick, the president of World Bank as at 2007, globalization offers mind boggling openings. However, rejection, crushing neediness, and natural harm make threats. The ones that endure most are the individuals who have the least to begin with. – indigenous people, women in developing countries, the rural poor, Africans, and their children [15]. Further, globalization raises troubling concerns. Such include the fact that it generates inequalities within and across countries; accelerate environmental degradation; expansion and lock in of international dominance of the richest countries; and that the possibility of some peoples and regions to be left behind is plausible. This made Muhammed Yunus, a Nobel laureate, in 2008 to assert that “Global

trade is like a hundred-lane highway criss-crossing the world. If it is a free-for-all highway, with no stop lights, speed limits, size restrictions, or even the lane markers; its surface will be taken over by the giant trucks from the world's most powerful economies" [15, 16]. Meanwhile, it has been noted that globalization *suggests exciting business opportunities, efficiency gains from trade, more rapid growth of knowledge and innovation, and the transfer of such knowledge to developing countries facilitating faster growth, or the prospect of a world too interdependent to engage in war* [15].

Going by this, the developmental state strategy becomes plausible. Here, a developmental state is seen to be a continuous process in which the state has not reached its end on the development process; or its complete obsolescence. Therefore, the process seems to be ongoing and follows a dynamic adaptive mode. As note by Ong [17], The post developmental state strategy is characterised by "a new kind of relationship whereby the state, through a plurality of forms, seeks to produce the kind of subjects that are attractive to global capital, both as low-skilled and technical workers and as newly affluent consumers" [17]. In this case, the state rather than only playing a fundamental economic role, engages in acting as a guarantor of the public and legal system.

As noted by Oniş [18], Wade [19], Doner [20], Douglass [21], and Polidano [22]:

"The developmental state is of strong ambition to develop. Economic growth is the top priority of the national interest. "Embedded autonomy" [23] which connects bureaucracies and the surrounding social structure intensely is the key to the effectiveness of developmental state. Close relationships are established between elite bureaucracy and private sectors. Business and industry is under the state's guidance. Though the state does not replace private ownerships directly, it intervenes and instructs private sectors according to national strategies. The developmental state has a strong and active central government. "Pilot agency" plays a crucial role within technocratic policy bureaucracies. Policy instruments are formulated by a small group of qualified elites in economic policy bureaucracy. The economic policy bureaucracy is consisting in a political network which offers sufficient space in initiative taking and effective operation" [1].

Globalization and Unemployment

Effiong, Udofia and Okon [24] studied the impact of globalization on unemployment. The study centers on the West African region, covering the period of 1991 to 2017. The study utilized panel unit root test, Fisher cointegration test, error correction mechanism, and Dumitrescu-Hurlin Granger causality test. The study revealed that globalization prompts an unimportant diminishing in joblessness in the short run yet will prompt a huge expansion over the long run.

Kim [25] examined the effect of trade on unemployment for 20 OECD countries. The result of the study showed that an upsurge in business leads to higher total joblessness in inflexible labour market institutions, while it is likely to contract unemployment in a supple labour market [25].

In Indonesia, Aswicahyono, Brooks, and Manning [26] analysed the impact of exports on employment through the use of input-output model. The study discovered that less jobs were generated through exports in manufacturing industries in 2005, but jobs were generated in the service sector.

In Australia, Thompson, Murray, and Jomini [27] studied the *effect of trade on unemployment under a structural change*. The study concluded that trade liberalization causes repositioning of jobs with an associated decrease in employment in the manufacturing sector but an increase in mining and services sectors.

In investigating the *impact of globalization on the structural unemployment* in 87 countries between 1991 to 2014, Gozgor [28] utilized the Ricardian Comparative Advantage and the Heckscher–Ohlin models. The result indicated that *a one standard deviation increase in the trade openness approximately leads to 0.6 percentage point lower structural unemployment rate*. It was further discovered that economic, social and political dimensions of globalization on the structural unemployment were destructive but statistically insignificant.

A study on the *effects of economic globalization on unemployment* was carried out by Altiner, Bozkurt, and Toktas [29] on 16 emerging economies between 1991 to 2014. The empirical results show that increase in economic globalization increased the unemployment rates in Colombia, Hungary, India, Malaysia, Poland, South Africa, and Turkey but decreased the unemployment rates in Brazil, China, Indonesia, Mexico, Pakistan, Peru, Philippines, Russia, and Thailand.

Finally, with respect to 35 countries in Sub-Saharan Africa (SSA), Adamu, Kaliappan, Bani, and Nor [30] studied the impact of globalization on unemployment for the period 2007 to 2014 using *system generalized method of moments estimation* technique. The study revealed that combined globalization significantly impacts the unemployment rate in SSA. With disaggregation, only political globalization was observed to reduce unemployment.

Globalization and Economic Growth

In Sub-Saharan Africa, Barry [31] examined the *influence of globalization on economic growth* of 41 countries for the period 1995 to 2005. The study used the Ordinary Least Squares (OLS) technique, and a positive, though insignificant, *effect of globalization on economic growth of Sub-Saharan Africa* was recounted.

In studying the *effect of the three dimensions of globalization (political, economic, and social) on economic growth* of 21 low-income African countries between 1992 to 2010, Bhaskara and Krishna [32] utilized the panel data analysis and they observed that *globalization has a positive and significant effect on growth*. The same result was obtained by Fagheh and Afshar [33] with respect to 21 countries of Middle East and North Africa (MENA).

A study on the effect of *economic globalization on economic growth* in Iran, which span from 1978 through 2011 was conducted by Razavi and Salimi [34] using the vector autoregressive (VAR) model. The results revealed that *trade liberalization and financial indicators have positive and significant effect on economic growth*. In Central and Eastern Europe, Gurgul and Lach [35] observed a strong positive effect of social and economic globalization on economic growth than political globalization.

In South Asian countries (Pakistan, India, and Bangladesh), the *impact of globalization on economic growth* of for the period 1981 to 2011 was being examined by Maqbool-ur-Rahman [36] through the use of OLS and Granger causality techniques. Findings shows that “globalization and economic growth both affect each other and demonstrates bidirectional causality in India, while Pakistan and Bangladesh present unidirectional causality between globalization and economic growth” [7].

Majidi [8] examined the *effect of the three dimensions of globalization on economic growth* of 100 developing countries using panel data that cover the period of 1970 to 2014. Findings of the study indicated that “political globalization exerts a negative and significant effect on economic growth in upper middle income countries while economic and social globalization had an insignificant effect on economic growth”.

A recent study by Atan and Effiong [7] on “Economic Growth in a Cross-Cultural Environment: Lessons for Selected African Countries” was conducted to examine the effect of globalization on economic growth of twenty-five (25) selected African countries for the period 1991 to 2017. The result of the analysis revealed that globalization exerts a positive and significant effect on economic growth in the long run but a negative and insignificant effect in the short run.

Since most of the studies focuses on the effect of globalization on economic growth and unemployment, this study diverts its interest towards studying the effect of globalization on economic development in Nigeria.

DATA AND METHODOLOGY

Data

The data for the study covers the period 1970 to 2017 due to data availability and were obtained from secondary sources. In measuring globalization, this paper utilized the

Konjunkturforschungsstelle (KOF) Index of Globalization developed by Dreher [37]. Data on the three dimensions of globalization (economic, political and social) were obtained from Savina, Haelg, Potrafke, and Sturm [38]. Meanwhile, economic growth was measured using the growth rate of per capita income which is an index of poverty level and standard of living. Data on per capita income were obtained from the World Bank [39] statistic on world development indicators.

3.2 Model Specification

In examining the influence of globalization on economic development of Nigeria, the model for the study is specified in its mathematical form thus:

$$DEV = f(GLB) \quad (1)$$

Where DEV is an index of development, and GLB is globalization.

Since per capita income measures the level of poverty and the standard of living of the people, it is therefore a good indicator of development. Also, disaggregating globalization into its three dimensions, Equation (1) gives rise to Equation (2) as follows:

$$PCI = f(EGLB, PGLB, SGLB) \quad (2)$$

Where PCI is the growth rate of per capita income (an index of development), EGLB is the economic globalization, PGLB is political globalization, and SGLB is the social globalization.

Equation (3) is transformed into its estimable form, thereby producing Equation (4) below:

$$PCI_t = \beta_0 + \beta_1 EGLB_t + \beta_2 PGLB_t + \beta_3 SGLB_t + \mu_t \quad (4)$$

Where β_1 to β_3 are the coefficients of the three dimensions of globalization which are to be estimated, μ_t is the constant of regression, and β_1 is the error term.

Estimation Procedures

The analysis of the data will involve ascertaining the descriptive statistics, correlation analysis, and estimation of the *Ordinary Least Squares (OLS)* estimates. Since we cannot solely depend on the OLS estimate due to the fact that some of the variables may not be stationary at level, we proceed to the unit root test to ascertain the order of integration. The Augmented Dickey-Fuller unit root test will be utilized in this regard. The estimation will follow the constant assumption, while the optimal lag will be selected based on Schwarz Information Criterion (SIC). Further, the variables are subjected to Johansen approach to cointegration to ascertain whether there is any long run equilibrium relationship that exist between them. With the presence of a long run equilibrium relationship, the estimation of the vector error correction model (VECM) is effected to show how the short run disequilibrium is corrected in the long run. The study further presents the *impulse response function* to show how economic development respond to

shocks in the three dimensions of globalization. Thereafter, the variance decomposition is carried out to detect how the forecasted error variance is being accounted for.

EMPIRICAL FINDINGS AND DISCUSSION

Descriptive Statistics

The descriptive statistics of the growth rate of per capita income, economic globalization, political globalization, and social globalization is presented in Table 1.

Table 1: Descriptive Statistics of the Variables

	PCI	EGLB	PGLB	SGLB
Mean	1.349	40.332	71.506	22.617
Median	2.222	40.655	74.918	18.138
Maximum	22.182	53.489	86.596	43.155
Minimum	-15.450	28.830	44.767	11.995
Standard Deviation	6.355	5.502	12.523	10.214
Skewness	0.101	-0.178	-0.543	1.088
Kurtosis	5.059	2.731	2.123	2.579
Jarque-Bera Probability	8.558 (0.0138)	0.398 (0.8197)	3.893 (0.1428)	9.821 (0.0073)
Observations	48	48	48	48

Source: Output from Eviews 10 Software Package

The result of the descriptive statistics of the variables revealed that with the total of 48 observations, PCI averaged 1.349% with a standard deviation of 6.355%. The maximum PCI stood at 22.182% in 1970. Thereafter, there have been frequent fluctuations in the PCI with a minimum of -15.450% experienced in the 1981. The growth rate of per capita income is positively skewed and characterized with a high kurtosis. Meanwhile, the PCI is not normally distributed as shown by the significance of the Jarque-Bera at the 5% level as indicated with the 0.0138 probability value.

Economic globalization average 40.332% with a standard deviation of 5.502%; whole its minimum and maximum values were 28.830% and 53.489% respectively. Meanwhile, the distribution is negatively skewed with a fair kurtosis. It is also normally distributed since the probability of the Jarque-Bera statistic is not significant at the 5% level. Also, political globalization averaged 71.506% (the highest among the three dimensions of globalization) with a standard deviation of 12.523%. Its maximum and minimum values were 86.596% and 44.767% respectively. The distribution is negatively skewed with a fairly flat top and it is normally distributed. Finally, social globalization averaged 22.617% (being the least among the dimensions of globalization) with a standard deviation of 10.214%. its minimum value stood at 11.995% while its maximum value stood at 43.155% over the review period. The distribution is positively skewed; fairly flat, and is not normally distributed.

4.2 Correlation Analysis

The correlation matrix capturing the degree of association between the variables utilized in the study is presented in Table 2.

Table 2: Correlation Matrix

	PCI	EGLB	PGLB	SGLB
PCI	1			
EGLB	0.110	1		
PGLB	-0.102	0.672	1	
SGLB	0.093	0.230	0.652	1

Source: Author Computation using Eviews 10 Software Package

From the correlation matrix in Table 2, it can be observed that both economic and social globalization are positively related with the growth rate of per capita income given their correlation coefficients of 0.110 and 0.093 respectively. Thus, as economic and social globalization increase, the growth rate of per capita income also increases. Meanwhile, political globalization exhibits an inverse relationship with the growth rate of per capita income (-0.102). It is worth noting that all the three dimensions of globalization exhibits a very weak correlation with the growth rate of per capita income.

Economic globalization exhibits a fairly high positive correlation with political globalization as indicated by the correlation coefficient of 0.672; but exhibits a weak positive correlation with social globalization (0.230). In the same vein, political globalization maintains a fairly high positive correlation with social globalization as indicated by the correlation coefficient of 0.652.

OLS Estimates

The model capturing the effect of globalization on development is estimated under the OLS framework and the result is presented in Table 3.

Table 3: OLS Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.661	6.517	-0.254	0.8000
EGLB	0.576	0.230	2.504	0.0161**
PGLB	-0.373	0.130	-2.874	0.0062**
SGLB	0.284	0.121	2.349	0.0234**
R-squared				0.1723
Adjusted R-squared				0.1160
F-statistic				3.0549
Prob(F-statistic)				0.0381**

Note: ** denotes significance at 5% level

From the OLS estimates, it is observed that both economic globalization and social globalization exerted a positive and significant effect on per capita income in Nigeria. Thus, a unit percentage increase in economic globalization will lead to a 57.6% increase in economic growth. This positive effect hinges on the fact that economic globalization promotes “high growth of global trade and trade liberalization in developing countries,

transfer and fast development of technology, increased international competition and subsequently increased economic efficiency at domestic and international level, extent division of international labour, escalating the flow of foreign direct investment, financial markets liberalization and privatization that each of them play a significant role in the economic development of communities; leading to a conjunction and assimilation of national economies in the global economy”[8, 7].Also, a unit percentage increase in social globalization will result to a 28.4% increase in per capita income. However, political globalization is observed to exert a negative and significant effect on per capita income. Thus, a unit percentage increase in political globalization will lead to a 37.3% decrease in per capita income. The overall significance of the model is validated through the significance of the F-statistic at 5% level of significance as shown by the probability of the F-statistic which is less than the 5%. Meanwhile, we cannot depend fully on the outcome of the OLS estimate when we have not ascertained the order of integration of the variables. Such will lead to the interpretation of a spurious regression result. We therefore carryout the unit root test to determine the stationarity of the series.

Unit Root Test

The result of the Augmented Dickey-Fuller (ADF) unit root test is presented in Table 4.

Table 4: ADF Unit Root Test Result

Variables	5% Critical Value @ Level	ADF @	ADF Statistic @ Level	Test @	5% Critical Value @ First Difference	ADF @	ADF Statistic @ First Difference	Test @	Order of Integration
PCI	-2.9252		-5.4958 (0.0000)**						I(0)
EGLB	-2.9252		-2.6697 (0.0869)		-2.9266		-7.3981 (0.0000)**		I(1)
PGLB	-2.9252		-2.0036 (0.2844)		-2.9266		-7.4758 (0.000)**		I(1)
SGLB	-2.9252		-0.0092 (0.9527)		-2.9266		-3.3739 (0.0171)**		I(1)

Note: Probabilities in () and ** denotes significance at 5% level

From the result of the ADF unit root test, it is observed that the variables are in mixed order of integration. For instance, the growth rate of per capita income is stationary at level while all the three dimensions of globalization are stationary at first difference. This mixed order of integration calls for the test for cointegration among the variables.

Cointegration Test

The test for cointegration to ascertain the existence of a long run equilibrium relationship is done using the Johansen cointegration test. The result is presented in Table 5.

Table 5: Johansen Cointegration Test Result

Unrestricted Cointegration Rank Test (Trace)				
Hypothesized number of cointegrating equations	Eigenvalue	Trace Statistic	0.05 Critical Value	Probability
None *	0.514	65.289	47.856	0.0005
At most 1 *	0.368	32.076	29.797	0.0269
At most 2	0.183	10.955	15.495	0.2143
At most 3	0.036	1.675	3.841	0.1956
Unrestricted Cointegration Rank Test (Maximum Eigenvalue)				
Hypothesized number of cointegrating equations	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Probability
None *	0.514	33.212	27.584	0.0085
At most 1	0.368	21.122	21.132	0.0502
At most 2	0.183	9.280	14.265	0.2636
At most 3	0.036	1.675	3.841	0.1956

Note: * denotes significance at 5% level

The result of the cointegration test shows that the Trace Statistic indicates two cointegrating equations at the 5% level of significance. Also, the Max-Eigen Statistic reported one cointegrating. Inasmuch as both the Trace Statistic and the Max-Eigen Statistic have reported an existence of cointegrating equations(s), it is evident that there is a long run relationship existing between the dependent variable and the explanatory variables. The vector error correction mechanism (VECM) is carried out to portray both the short run dynamics, and the long run estimates.

Vector Error Correction Model (VECM)

The VECM displays both the short run and the long run estimates of the effect of globalization on economic development of Nigeria.

Table 6: The Short Run VAR Estimates

Error Correction:	D(PCI)	D(EGLB)	D(PGLB)	D(SGLB)
CointEq1	-0.424 (0.158) [-2.681]**	0.198 (0.092) [2.168]*	-0.137 (0.067) [-2.038]*	0.013 (0.033) [0.392]
D(PCI(-1))	-0.252 (0.145) [-1.732]	0.062 (0.084) [0.732]	0.047 (0.062) [0.755]	0.003 (0.030) [0.105]
D(EGLB(-1))	-0.651 (0.283)	0.077 (0.164)	-0.064 (0.120)	-0.026 (0.058)

	[-2.300]*	[0.473]	[-0.530]	[-0.440]
D(PGLB(-1))	-0.525 (0.361) [-1.454]	0.128 (0.209) [0.613]	-0.154 (0.153) [-1.009]	-0.032 (0.075) [-0.430]
D(SGLB(-1))	0.055 (0.636) [0.086]	-0.133 (0.367) [-0.362]	0.245 (0.269) [0.909]	0.575 (0.131) [4.376]**
C	0.138 (0.952) [0.144]	0.156 (0.550) [0.283]	0.896 (0.403) [2.223]*	0.259 (0.197) [1.315]
R-squared	0.3400	0.1880	0.1167	0.3647
Adj. R-squared	0.2575	0.0866	0.0063	0.2852
Sum sq. resids	1302.402	435.3049	233.7359	55.6338
S.E. equation	5.7061	3.2989	2.4173	1.1793
F-statistic	4.1220**	1.8528	1.0567	4.5917**
Log likelihood	-142.1676	-116.9615	-102.6588	-69.6441
Akaike AIC	6.4421	5.3462	4.7243	3.2889
Schwarz SC	6.6806	5.5847	4.9628	3.5274
Mean dependent	-0.2914	0.1803	0.8480	0.5274
S.D. dependent	6.6223	3.4516	2.4249	1.3950

Note: Standard errors in () and t-statistics in []; * and ** denotes significance at 10% and 5% level respectively

From the short run estimates, the VECM revealed that all the three dimensions of globalization exerts a negative effect of per capita income. Out of three dimensions, only economic globalization exerts a significant effect on income per capita. Meanwhile, the past realization of income per capita is not significant in explaining the current per capita income. Therefore, economic globalization is strongly exogenous in predicting the growth rate of per capita income. The coefficient of the error correction term (-0.424) is negative and statistically significant at the 5% level of significance. It therefore implies that 42.4% of the short run distortions is corrected annually so as to restore equilibrium. With all the three dimensions of globalization being set equal to zero, the growth rate of per capita income will be 13.8% in the short run. The R-squared indicates that globalization explains about 34% of the total variations in the growth rate of income per capita, while the F-statistic indicates that the overall model is significant.

Since none of the variables are significant in explaining economic globalization, then per capita income, social globalization, and political globalization are weakly exogenous in predicting economic globalization. Even economic globalization is weakly endogenous in predicting itself. A similar case is observed for political globalization with all the variables (per capita income, economic globalization, social globalization) being weakly exogenous in predicting political globalization and the variable itself is weakly

endogenous in predicting itself as well. In addition, social globalization is strongly endogenous in predicting itself while per capita income, economic globalization, and political globalization are weakly exogenous in predicting social globalization.

Table 7: Long Run Estimates

Cointegrating Equation	CointEq1
PCI(-1)	1.0000
EGLB(-1)	-1.7955 (0.2592) [-6.928]**
PGLB(-1)	0.8129 (0.1422) [5.7165]**
SGLB(-1)	-0.3495 (0.1207) [-2.8952]**
C	21.2747

$$PCI = 1.000 - 1.7955EGLB(-1) + 0.81294PGLB(-1) - 0.3495SGLB(-1) + 21.2747$$

Note: Standard errors in () and t-statistics in []; * and ** denotes significance at 10% and 5% level respectively

In the long run, all the three dimensions of globalization exerts a significant effect on per capita income. Economic and social globalization both exerts a negative and significant effect on per capita income. Thus, a unit percentage increase in economic globalization will lead to a 179.55% decrease in the growth rate of per capita income; while a unit percentage increase in social globalization yields a 34.95% decrease in the growth rate of per capita income. However, political globalization exerts a positive and significant long run effect on the growth rate of per capita income. Thus, a unit percentage increase in political globalization will propel economic growth by 81.29% in the long run. Setting all the dimensions of globalization equal to zero, the growth rate of per capita income will be 21.27% in the long run.

Impulse Response Function (IRFs)

The IRFs, in Figure 2, showcases how each of the variables respond to shocks in other variables. For instance, the growth rate of per capita income from the first period to the second period did not respond at all to any shocks in economic globalization but thereafter, it responded positively to shocks in EGLB by rising sharply from period two to period three. But from period three to period five, the effect becomes stabilized.

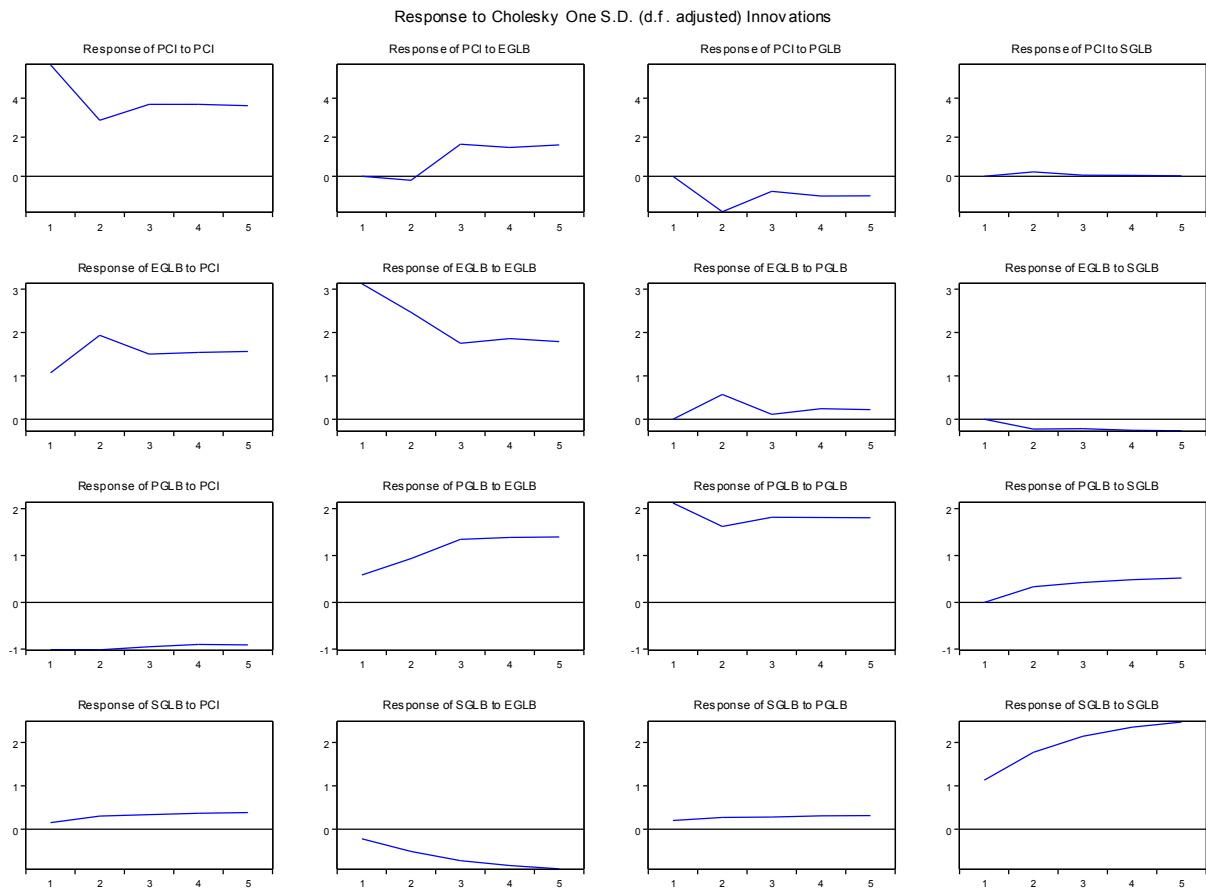


Figure 2: The Impulse Response Functions

In a similar manner, PCI responded negatively to shocks in political globalization from period one to period two, started to rise steadily between period two to period three and stabilize over period three to period five. It is observed also that per capita income did not respond to any shocks in social globalization over the five-year period of consideration.

Variance Decomposition

The variance decomposition presents how the forecasted error variance is being accounted for by the variables. The result is in consonance with the vector error correction result which indicated that VAR estimates.

Table 8: The Variance Decomposition of the Variables

Variance Decomposition of PCI:					
Period	S.E.	PCI	EGLB	PGLB	SGLB
1	5.706	100.000	0.000	0.000	0.000
2	6.643	92.408	0.096	7.376	0.119
3	7.810	89.106	4.493	6.309	0.092
4	8.820	87.349	6.337	6.238	0.075
5	9.717	85.776	7.977	6.185	0.062
Variance Decomposition of EGLB:					
Period	S.E.	PCI	EGLB	PGLB	SGLB
1	3.299	10.514	89.486	0.000	0.000

2	4.591	23.180	75.015	1.556697	0.248
3	5.144	26.986	71.348	1.287810	0.378
4	5.694	29.349	68.906	1.233583	0.512
5	6.179	31.291	66.916	1.174774	0.618
Variance Decomposition of PGLB:					
Period	S.E.	PCI	EGLB	PGLB	SGLB
1	2.417	17.140	5.853	77.007	0.000
2	3.234	19.336	11.581	68.037	1.046
3	4.078	17.587	18.151	62.527	1.735
4	4.780	16.333	21.570	59.806	2.290
5	5.399	15.640	23.586	58.060	2.714
Variance Decomposition of SGLB:					
Period	S.E.	PCI	EGLB	PGLB	SGLB
1	1.179	1.687	3.556	2.911	91.846
2	2.229	2.299	6.316	2.282	89.103
3	3.207	2.206	8.147	1.890	87.756
4	4.094	2.165	9.169	1.722	86.943
5	4.895	2.135	9.871	1.619	86.375
Cholesky Ordering: PCI EGLB PGLB SGLB					

Source: Output Extracted from Eviews 10

For PCI, it is observed that the variable explains 100% of its forecasted error variance in the first period, but started to decline up to 85.776% in the fifth period. Meanwhile, we observe a gradual increase in the effect of both economic and political globalizations. Economic and political globalization jointly explain about 14.162% of the forecasted error variance in PCI and this is quite low. Therefore, PCI is strongly endogenous in explaining itself both in the short run and in the long run; while economic globalization, political globalization, and social globalization are weakly exogenous in predicting PCI both in the short run and in the long run.

In the short run, economic globalization is observed to be strongly endogenous in predicting itself as it accounts for about 89.486% of its forecasted error variance in the short run; but its effects continually decline over time. In the long run, economic globalization accounted for about 66.916% of its forecasting error variance, with the growth rate of per capita income giving in some significant effect. In the first period, PCI accounted for about 10.514% of the forecasted error variance in economic globalization accounting for up to 31.291% in the long run. Thus, economic globalization is strongly endogenous in both short run and long run period; while per capita income is strongly exogenous in predicting EGLB only in the long run. Meanwhile, both political and social globalizations were weakly exogenous in predicting economic globalization.

Political globalization, in the short run, explains about 77.007% of its forecasted error variance which gradually declines over time down to 58.060% in the long run. Meanwhile, we observe a significant rising effect of PCI and EGLB in predicting PGLB. For instance, both PCI and EGLB jointly accounted for about 22.993% of the forecasted

error variance in the short run. This is still low, indicating that both variables along with social globalization were weakly exogenous in predicting political globalization in the short run. But in the long run, both variables jointly explain 39.226% which is fairly strong in predicting political globalization. However, social globalization still remains weakly exogenous in predicting political globalization.

Social globalization is observed to be strongly endogenous in predicting itself; and accounting for about 91.846% of its forecasted error variance in the short run, but accounts for about 86.375% in the long run. Though economic globalization explains up to 9.871% of the forecasted error variance in social globalization, such remains very low. Thus, economic globalization, political globalization, and per capita income were weakly exogenous in predicting social globalization.

CONCLUSION

Globalization have been viewed from the standpoint of economic, political, and social dimensions. Meanwhile, it concept have been viewed as being “a driving force in generating inequality in a country”[40]. This paper took its inspiration from this assertion and strive to examine the influence of globalization on the development of the Nigerian state. The study utilized the KOF globalization index to capture the three dimensions of globalization, while economic development was measured through the growth rate of per capita income. The analysis ranges from OLS estimation, unit root test, cointegration test, vector autoregression, variance decomposition, and the variance decomposition.

The OLS estimates indicated that economic, political, and social globalization exerts a significant effect on the growth rate of per capita income. Both economic and political globalization were observed to exert a positive effect on development while social globalization was on the contrary observed to exert a negative effect on development. The Augmented Dickey-Fuller unit root test reported that the growth rate of per capita income was stationary at level. Meanwhile, the three dimensions of globalization – economic, political, and social – were all stationary at first difference. The cointegration test validated the existence of a long run equilibrium relationship since both the Trace statistic and the Max-Eigen statistic reported an existence of cointegrating equation. Further, the short run dynamics indicated that economic globalization exerts a negative and significant effect on the growth rate of per capita income. Thus, it was reported that a unit percentage increase in economic globalization will reduce the growth rate of per capita income by 52.5% in the short run. However, both political and social globalizations exert no significant short run effect on development in the short run. The coefficient of the error correction mechanism (-0.424) is an indication that only 42.4% of the short run distortions are corrected annually so as to restore the model back to equilibrium.

In the long run, all the three dimensions of globalization exert significant effect on development. For instance, economic globalization exerted a negative and significant effect on development; indicating that a unit percentage increase in economic globalization will reduce the growth rate of per capita income by 179.55%. Similarly, political globalization posed a positive and significant effect on development, accounting

for about 81.29% increase in the growth rate of per capita income if it increases by a unit percentage. On the contrary, social globalization exerted a negative and significant effect on development; where a unit percentage increase in social globalization accounts for about 34.95% decrease in the growth rate of per capita income.

From the impulse response functions, it was discovered that the growth rate of per capita income responded negatively to political globalization in the short run but stabilizes over the short run. Also, the variable responded positively to shocks in economic globalization in the short run, but such shocks dies off in the long run. However, the variable did not respond to any shocks in social globalization both in the short run and in the long run. the variance decomposition displayed that the growth rate of per capita income is strongly endogenous in predicting itself in the short run and in the long run; but economic, political and social globalizations were weakly exogenous in predicting the growth rate of income per capita. The paper therefore concludes that though globalization maybe harmful in some extent, the positive effect of the concept is duly felt in almost all aspect of human lives – economic, political, social, and cultural – as the society becomes more modernized. Globalization can either be a driver of development or can be detrimental to development especially in the developing economies. This is often assumed on the premise that though globalization generates opportunities for some country's economic growth, it also triggers off poverty, inequality, and negative economic growth for others[41].

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