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GLOBALIZATION AND ITS IMPACT ON ECONOMIC DEVELOPMENT IN NIGERIA

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Abstract

The advent of globalization has witnessed increased interdependence in the last few decades, with technology, policy and competition remains the driving forces of this process. Thus, the process exacerbates inequality between the world's regions and poverty particularly among developing countries. The research methodology employed for this work was exploratory methodology which is targeted at satisfying researcher's desire about specific social phenomenon. The work adopt both primary and secondary method of data collection. Theoretically, the study adopts dependency theory as its points of departure in shedding more light to the work. Findings from the investigation show that there is interconnectedness between globalization and economic development in Nigeria, which in turn increases the rate of unemployment and hinders economic developmen. The study therefore recommends among others that collective action is needed by less developed countries toregulates the activities of most of these western countries. Nigerian government should see globalization as a challenge and find means to counter the deleterious effects of globalization.

Keywords:
Competition,
Development,
Globalization,
Indebtedness, and Market.

INTRODUCTION

The process of globalization is both subversive and addictive. It is subversive because it undermines the status quo and challenges vested interests. It is addictive because choice, freedom, knowledge, and greater material gain, once tested, raise expectations for even more of the same, expectations that are not easily managed politically.

Globalization, though a complicated process, is an old concept as different parts of the globe has experienced its impacts on differing aspects of their economic, social, environmental and political lives. Consequently, everyone living in today's world has experienced the benefits of globalization in one way or the other: this implies that the expansion of foreign trade has meant that vaccines and antibiotics manufactured in one country can be used elsewhere in the globe to supplement medical cases and challenges.

As developing countries attempt to open up their economies in recent years, they are concerned about globalization and its different effects on economic growth especially as poverty, inequality, environment and cultural dominance are increasing every day (Samimi and Jenatabadi, 2014). As an important component of the developing world, Nigeria is faced with opportunities and costs of globalization. Although Nigeria is endowed with natural resources, these resources are not being utilized appropriately. It is pertinent to highlight that exploring new ways to harness the Nigeria's resource endowments more efficiently is important and necessary for the country to improve its economic situation and position in the global sphere.

In instances or situations where issues concerning globalization are brought up or analyzed, the link connecting economic development and globalization usually make important headlines. Ensuring economic growth and development is the aim of policy makers as it shows the success of a nation. Hence, the pattern of globalization, analyzing the consequence of globalization on economic development is very crucial. This stems from the premise that globalization has (and continues to have) a profound effect on the globe, and also in the way companies and even governments do business. According to World Bank data, trade accounted for more than 70% of global GDP in 2017, from less than 25% in 1960 (Trefler, 2019).

In this regard, the nature of globalization in the 21st century; fuelled by post-war economic booms, global movements for liberalization and freedom, and the emergence of dominant multinational corporations all resulted to the ever increasing connected world and interdependence among different economies of the world. Thus, governments and businesses have responded to each wave of globalization by harnessing the technological developments presented to refine their strategy and increase growth, bring new innovations, and also evolve and adapt to the changing world.

Since 1900, life expectancy has improved across countries of the globe, and globally, average life expectancy has now doubled (Ospina, 2017). Hence, suffice to state that globalization is among the issues and phenomena that have attracted much attention everywhere. The process has existed from the beginning of human existence and with its modernization/development at different times and stages since its effects has been growing enormously in these modern times. As developing countries attempt to open up their economies in recent years, they are concerned about globalization and its different effects on economic growth especially as poverty, inequality, environment and cultural dominance are increasing every day (Samimi & Jenatabadi, 2014). As an important component of the developing world, Nigeria is faced with opportunities and costs of globalization. Although Nigeria is endowed with natural resources, these resources are not being utilized appropriately. It is pertinent to highlight that exploring new ways to economic development can lead to massive socioeconomic development. The results have mostly shown positive correlation between globalization and these economic variables. Onwuka and Eguavoen (2016) noted that globalization results to increased investment and trade flows which enable countries to develop more rapidly and increase their stock of productive capital. And when such flows are in the form of foreign direct investment, they frequently improve contact to international best practices in terms of all round managerial and organizational know-how, skill development and organizational enlargement. The speed at which the effect of globalization is spreading is fast day by day and no nation can afford to be behind if such a nation is to maintain acceptable rate of growth and development (Peter, 2000). Bayo (2017) observed that the growing impact of two major distinct global trends, which has profound implication on the world economy, are rapid growth of information technology and the increased global trade integration. However, as opined by Dani (1999) David (1999) and Salimono (1999) globalization opens opportunities such as access to market and transportations of goods and services. It is however observed that advocates of globalization believe it has the panacea for the most world problems. It is in the light of this that this study interrogates the role of globalization and economic development Nigeria, identify the opportunities for wealth creation provided by globalization as well, as the problems and macro-economic volatility and instability in the income distribution and job security.

Conceptual Clarifications

Globalization

Peter (2017) views globalization as a process of integrating economic decision-making such as consumption, investment and saving all across the world. This means that globalization is a process of creating global market place in which increasingly, all nations are forced to participate. Among the features that characterize globalization include interconnection of sovereign countries through trade and capital flow; harmonization of the economic rules that govern the interaction or relationship between these sovereign nations; creating structures to support and facilitate dependence and inter connection; and creation of a global market place (David 2015).

The process of globalization is not restricted to the economic sphere only. The advancement in information technology has resulted in the opening and exposure of the people of the world to more than ever before, different and alternative views and as a consequence influences almost all aspects of human life. This may influence the stand of Salimono (1999) when he maintains that globalization is a process of harmonization of different culture and beliefs of the world into one. Garry (1998) views globalization as the harmonization of political system and enthronement of the culture of west. It is observed that decisions taken by countries operating under separate, sovereign and autonomous environment has bearing on others. The emergence of global market is increasingly weakening these autonomous units. Globalization is a multi-dimensional concept with political, socio-economic transnational and business undertones. It is simply the integration of national economics leading to near free movement of goods, services, capital, skill among companies which regards everywhere as their "home" market and serving customer with "globalized" tastes and preferences, using the same or slightly different projects and strategies (Orunmoluyi, 2000).

In other words, globalization is a process of increased integration of national economy with the rest of the world to create a more coherent global economy. This can be achieved through the creation of a global market place in which free markets; investment flows, trade and information are integrated. According to Awake (2002) globalization will heighten the level of interconnectedness between and among nations through a systematic integration of autonomous economies into a global system of production and distribution. It should be noted that globalization seek to eliminate trade barriers through unfitted integration and interaction of global capital and labour thereby leading to an unhindered exchange of goods and services across borders. Globalization is a process that affects firms, industries, economies and nations (Bayo, 2002). But the mere fact that a firm operates in a global world does not qualify it a global company. In concrete terms, globalization is the intensification of cross-border trade and increased financial and foreign direct investment flows among nations, promoted by rapid advances in liberalization of communication and information technology (Islam, 1999).

Economic Development

Economic Development according to World Bank (2016), can be viewed as the process of improving the quality of human life through increasing per capita income, reducing poverty, and enhancing individual economic opportunities. It is also sometimes defined to include better education, improved health and nutrition, conservation of natural resources, a cleaner environment, and a richer cultural life. Development whether sustainable or otherwise, has always carried normative and ethical connotation. It has both qualitative and quantitative aspects, meaning that it is all about the fulfillment of basic material needs and the achievement of human dignity, including meaningful participation in the affairs of the community (Makinde, 2005). This shows that it's an analysis of the economic growth of a nation. In the History of Economic thought as cited by Okereke and Ekpe (2019), the term economic development was conceptualized in respect to economic growth and industrialization in capitalist society by the classical school of economics in the early part of the 20th century. This meant that the specific economic development of countries in Latin America, Asia and Africa were not taken into consideration but rather, were seen as underdeveloped versions of western world and could in time; catch up with the European and North American standards. According to Rodney (1969), development have many sided process which at the individual level, it connotes increased skill and

capacity, greater freedom and creativity, self-discipline, responsibility and material well-being. This implies that economic development refers to the improvement in general standard of living of the people in a society.

According to Kuznet (2016), the main features of development are; the sustained increase in the supply of goods Advancement in technology, institutional and ideological adjustments must be made to affect the proper use of innovations generated by the advancement of human knowledge. Todaro (1979) gave the features of development as; capital accumulation, growth in population and, technological advancement. He maintains that for output and income to increase, accumulated capital are saved and invested which makes it possible for the growth of a nations' capital stock and expansion on output level. This implies that to sustain growth and development, technological advancement, size of the population and accumulation of capital is necessary for economic development. Moreover, economic development signifies the attainment of ideals of globalization such as the rise in productivity, social and economic equity, improved institutions and values. Thus, the central focus of globalization is development which is efficiently and effectively attainable by ripping not only a nation's economic benefit, but also by benefiting the country's economic advantage. And that development is a function of effective interaction in both internal and external environmental economic units. Naturally and otherwise no economy has ever developed independently, hence the service for globalization (Lawal, 2011).

Theoretical Framework

This paper utilized dependency theory as its framework of analysis. Major proponents of the Theory include; Walter Rodney, Samir Amin, Dos Santos, Icott Pars and Paul Prebisch. Dependency theory was developed as reasons for the divergence in the development level between wealthier and poorer nations. Historically, the theory was first used to explain the underdevelopment of Latin America. Prebisch, in 1949 had argued that Latin America is under-developed because it relied on the exportation of primary commodities, which resulted in unequal trade terms between Latin America countries and developed western countries. The main argument of dependency theory is that the incorporation of the statellites into the world capitalist system dominated and controlled by the metropolis has resulted in an unbalanced relationship that keeps the statellites countries dependent on the economies of the metropolis. The central assumptions of the theory include: (a) underdevelopment, which is different from Un-development, deals with active extraction of resources from periphery countries for the benefit of the core countries (b) the world is polarized into two: the highly industrialized wealthy core nations and less industrialized poor peripheries (c) The periphery countries are poor because they are forcefully integrated into the international division of labour where they functioned as producer's and suppliers of raw materials or repositories of cheap labour (d) Resource diversion is maintained through active collaborations of local elites and dominant states who share common interests (Namkoong, 1999). However, several variants of the dependency theory have been used to explain underdevelopment in other world regions, such as Africa (Rodney, 1972; Amin, 1974) and Asia(Ohno, 1998). The economic condition in Nigeria arises from globalization via colonialism by the Europeans. Despite this, Nigeria should still fight the global disease and target its economic growth to balance the globalization cycle and raise its people's quality of living. The theory of dependency argues that the causes of underdevelopment the dependence on industrialized countries while internal factors of developing countries are considered irrelevant or seen as symptoms and consequences of dependence. This theory is best used to understand the relationship between globalization, unemployment and democratic development in Nigeria because dependency theory assumes that our causes of poverty, unemployment, economic imbalance and insecurity are as a result of colonialism, imperialism which is an element of globalization.

IMPACT OF GLOBALIZATION ON ECONOMIC DEVELOPMENT IN NIGERIA

Globalization is a standardized mechanism that arbitrarily distributes advantages and losses to all nations, which leads to discrepancies and discord between industrialized, globalized countries and developing countries as Nigeria which acquiescence in the losses (Obadan, 2001). Globalization has had negative impact on almost every aspect of the

economy and particularly unemployment as a result of its unfair favoritism in many developed countries and the distortion of economies like Nigeria. Egole (2023) attributes rising unemployment, poverty and the dislocation of economies in developing countries, including Nigeria, to the adverse effects of globalization. Unemployment in Nigeria grew from 10.4% in January 2016 to 12.1% in May 2016 to 23.1% in July 2018, 25.5% in August 2019 and 37.7% in March 2022 with the unemployment rate increasing at a pace. It can be deduce the "Unemployment had continues to be a major challenge in 2023 due to the limited investment in the private sector, low industrialization and consequently the inability of the economy to absorb the 4-5 million new entrants into the Nigerian job market every year. Although the National Bureau of Statistics has recorded an increase in the national unemployment rate from 25.5per cent in 2018 to 33.3per cent in 2020, their export shows that this rate has increased to 37.7per cent in 2022 and will rise further from the present 41 per cent before the 4th quarter of 2023 (Egole, 2023). This increment in the unemployment rate is as a result of the consequences of globalization which includes lack of infrastructure in every sector of the economy, inadequate funding of the educational sector, corruption, and poverty among others (Ikechukwu, 2012). One can argue the fact that globalization has a negative impact to our infrastructural development in Nigeria as a result of heaven exploitation of our minerals resources by the imperialist.

In Nigeria, the influence of globalization ecstasy has made our political leaders mostly in Africa to assert that it is not there responsibility to create jobs whereas, job creations is one of the crucial roles of government. In other words, individuals with specific skills may become jobless when there are insufficient opportunities within a given society as the government does not make it as part of their priority to provide jobs for its people. For example textile companies in Kano and Kaduna numbering about 145 has created jobs for millions of people in 80s. However, with the negative influence of globalization most of these local industries are no longer in existence why because they can compete with the influence of globalization. Therefore, in an economy, where the financial industry is more buoyant than the productive segment, there is bound to be problems owing to the vacuum emanating from the economic mismatch. It is evident that globalization undeniably creates wealth. Still, it also intensifies inequality and poverty, particularly in Nigeria and other African states, thus, causing unemployment, which is ever-increasing among the youths.

On the other hand, deregulation of domestic markets, their opening to competition, privatization and the retreat of the state from economic management are also features of the current global order. However, this same process encourages rising inequality among nations (Onwuka & Eguavoen, 2007). The liberalization of the world economy, for instance, has proceeded in such a way that the growth prospects of developing countries, which Nigeria is inclusive, are being undermined. Tamuno and Edoumiekumo (2012) argued that economic policies pursued under globalization, such as liberalization and Structural Adjustment Programs (SAPs), actually had adverse effects on the Nigerian economy. Global force of colonial origin in favor of capitalism and democratic rule is seeking a new sociopolitical arrangement based on conflict resolution and the reconciliation of the various cultural identities of its peoples. Meanwhile, the authors argued that globalization had not benefited Nigeria owing to mono cultural export, huge debt profile and inability of the country to attract substantial foreign investments. Awake (2015), Garry (2013), Iyoha (2012), Saibu and Akinbobola (2018) postulated that globalization is a curse to developing countries. Also, some other studies such as Onwuka & Eguavoen (2018) Uwadiegwu (2015) are in tandem with the submission of this study. This partly explains the country's recourse to external funding in order to meet its development challenges. But external borrowing exposes Nigeria to indebtedness, which reached 39,661.72 (US$M) in 2022. The servicing of this debt depleted the national treasury by 1.2 billion dollars out of 10.7 billion dollars foreign exchange earned that year (Debt Management Office, September 30, 2022). Even more worrisome is the ratio of this debt to gross domestic product (GDP) and export earnings. In 2023 as of March 31, the total debt stock was 1788 billion naira, which corresponded to 1 per cent and 6 per cent of GDP and export earnings respectively. As of present the country external debt stand as at 42,671.70 (US$M), which was 39.40% per cent of GDP and 633 per cent of export earnings. This excludes another estimated N27.55 trillion 'Ways and Means' loans from the Central Bank and additional debt envisaged in the 2023 annual budgets of States and the Federal Government (Debt Management Office March 31,

2023). More so, it can be argued that financial market liberalization also exposes the country to volatility and shocks. Yet, access to credits is granted to the country under strict conditionality. Moreover, the shortfalls in servicing Nigeria's debt have led to Export Credit Guarantee Agencies (ECGA) to suspend insurance cover for export of goods, services and investment to the country. Nigerian importers are also required to provide 100 percent cover for all their order. As such, they are placed at competitive disadvantage to those who have access to ECGA covers and import credit facilities (Debt Management Office, 2022). This situation exacerbates the pains of the external debt and hampers the inflow of foreign resources needed for the stimulation of investment and growth. FDI inflows to Nigeria experienced a decline, dropping from $84 million in Q4 2022 to $48 million in Q1 2023. This represents a 43% decrease on a Quarter on quarter basis, NBS 2023). While, Worldwide FDI in 2023 show global flows tripled from very low level recorded in Q4 2022, reaching USD 440 billion. However, on a year-on- year basis, global FDI flows remained 25% below the level recorded in 1Q 2022 (UNCTAD, 2023b). However, that share is meager and it is explained by the peripheral position of the country in the financial and profit accumulations of industrialized nations and the country' marginalized status within the orbit of modern capitalism.

SUGGESTIONS FOR NIGERIA'S ACTIVE PARTICIPATION IN GLOBAL ECONOMY

One can deduced the fact that, despite the negative impact that Globalization posed to Nigeria economy development, globalization has it positive advantages which has greatly facilitate the movement of foreign direct investments by providing resources, capital and technology that support economic development. This paves way and improves employment, increases exports to a country and thereby improves the current account and therefore will help to the repayment of foreign debt. Globalization has helped to foster smooth modern day banking such as e-banking or mobile banking, Automated Teller Machine Services (ATM) and Internet banking. Through globalization, job opportunities are made available to people from different countries within the global. This has created an advantage for the concept of outsourcing. Access to higher learning institutions has been made easier. Today, you can move in search of the best educational facilities in the world without any hindrance. Technology is a powerful force that drives the world toward a converging commonality, therefore, due to globalization, there has been an improvement in technologies and increased managerial capabilities. Globalization has created and expanded foreign trade in the world. Things that were only found in developed countries can now be purchased here. This is done through international trade whereby our countries can export and imports goods within countries. This has allowed for quality products at a reduced cost. It has also led to reduction of tax of importation of goods. Globalization of markets in Nigeria is growing so fast. This has brought benefits which are economies of scale in production, reduced prices, distribution, marketing and management.

It is therefore, suggested, that if globalization is to succeed, it must improve the life of every inhabitant of global neighborhood without excluding Nigerians. Furthermore, for globalization to succeed it must also deliver right no less than riches and provides social justice and equity no less than economic prosperity and enhanced communication. This is why Yakubu (2017) observes that much as we are enthused about then technological and economic wonder of globalization, we must not as Nigerians, forget that vast areas of our continent still remain excluded and invisible. In spite of globalization for example, Africa is the only continent, according to Yakubu (1999), in which poverty has increased since the 1970s, and in which government use up 75% of their GNP to service debts. Economic globalization should not be driven by desire to make money. This is because profit motive rarely takes into account the poor and the disadvantage or the long term need of the planet. The global economy should be regulated and should not be dominated by corporations that recognize money as their only value. It should be noted that unregulated global economy is inherently unstable. Also an unregulated economy dominated by corporation having the desire to make profit will only increase poverty. Finally, collective action is needed to safeguard global ethic that will regulate globalization. Nigerian government should see globalization as a challenge and should find means to counter the deleterious effects of globalization.

CONCLUSION

This paper examines the concept of globalization and development; the opportunity opened by globalization to Nigeria and identifies the problem and tension posed by Globalization. It is pertinent to state that many developing countries have not been able to benefit from the opportunities of globalization and therefore as still faced with the same challenges they have experienced the IMF/World bank Structural Adjustment Programme (SAP) with the hope and aspiration that free trading activities, global competition, financial integration, foreign direct investment as well as global technology transfer could lead to economic growth and development. The merit of globalization for Nigeria lies in the capacity for wealth creation through export-led growth and the benefit of expanded international trade of goods, services, and access to new products and designed in the global markets. However, it has been observed that globalization, despite the opportunities provided, is associated with serious problem that has to be managed in appropriate ways using appropriate fiscal policies. Globalization gives rise to macro-economy instability that had characterized Nigeria government. As the world moves deeper into the concept of globalization, globalization in every ramification is becoming the order of the day. The market is becoming more competitive, complex and interdependent because of the nature of the market structure which is now globalized.

On the other hand, Nigeria has to work hard and see a means of diversifying it economic in order to fully participate in the globalized world. Therefore, globalization today cannot be achieved if all the obstacles that hinder economic prosperity are not removed. We need to rethink and review our global philosophies about globalization in order to have a clearer perspective about it. Despite the rosy picture painted by globalization, Nigeria still remains at the peripheral level with high rate of unemployment and poverty as a form of evidence.

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