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EMERGING FACTS ON EFFECTS OF ECONOMIC GLOBALISATION ON THE MANUFACTURING SECTOR IN NIGERIA

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ABSTRACT
Economic globalization has created both challenges and opportunities for the manufacturing sector in Nigeria. This study investigates the emerging issues of economic globalization on manufacturing sector in the globalizing world as it affect Nigeria. Hence, this study adopts a time series econometric approach with a scope covering 1985 to 2021 in the investigation of the effects of globalization on the manufacturing sector in Nigeria. This study revealed that the manufacturing sector has benefited from economic globalization proxy by OPEN, FDI, EXCH and CEES between the period of 1985 and 2013 but negative shock between 2014 2021. Hence, unsteady state in the stimulation of manufacturing sector export growth in Nigeria. This study therefore suggest for continual benefits from economic globalization, there is need to fully implement African Continental Free Trade Area (AFCFTA) agreement, institutional reform and policies to encourage inflows of FDI into the country so as to sustain the positive effects of economic globalization on manufacturing sector.

Key Words: Economic globalization, Manufacturing sector, Nigeria, FDI and degree of openness.

1.0 INTRODUCTION:

Globalization has changed the competitive environment around the world. The competitive pressure has been further accelerated by the economic reform measures introduced by the Nigerian governments since the early 1980s. These have created both challenges and opportunities for the manufacturing sector in Nigeria.

Economic could be defined as the integration of the national economies through trade and capital flows between nations, made possible by trade liberalization, the removal of capital control and the advancement of technology (Gygli, Haelg, Potrafke, & Sturm 2019).

Globalization, therefore, is a process that transcends national borders, combines national economies, cultures, technologies and governance, and produces the complex relationships of interdependence. Globalization evolved from the notion of interdependence between the internal and external sectors of an economy.

Although In reality anyway, Globalization seems to be a new name for laissez faire economy and an attempt to unify normative principle of organization for all the countries of the world by largely accounting for developed economies integrating with less developed economies by means of foreign direct investment, reduction of

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trade barriers and in many cases, cross border immigration. Although the political, cultural, social and environmental aspects of globalization are no doubt important, the economic aspect is perceived to be at the heart of the globalization process (Obadan, 2006). However the concern of this study will be on the economic globalization.

Economic globalization fosters the advancement of a global mentality and conjures the picture of a borderless world bringing growing tendency towards the universal homogenization of ideas, cultures, value and lifestyle through trade, banking, communication, transport, etc. According to Nwanosike, Uzoechina, Onwuka, Uzoma, and Ebenyi, (2020), economic globalization is the reason behind migration and remittance inflow in Sub-Sahara Africa.

Economic globalisation refers to the rising of economic interdependence of national economies across the globe as a result of a rapid increase in cross-border movement of goods, service, technology, capital. This process of increasing economic integration between countries, directing it to the appearance of a global market place or a single world market revolving around globalisation of production, markets, competition, technology, corporation and industries. Zerrin and Yasemin (2018) Globalisation could be likened to water which has its positive and negative effects depending on its application or misapplication.

Thus it could be advantageous to the developed countries while it could be disadvantageous to the underdeveloped countries of the world Nigeria inclusive. Ali, Obayori, and Obayori, (2018) opines that globalization offers economies the potentials of eliminating poverty. This could be seen with the increase in prosperity in South Korea, India, Japan and South Africa through increase in their exportable goods and services. Kanter (1994) contends that the U.S.A. was able to attain its present status principally because of its global economic policies, which made it conducive for the implementation of “market capitalism” on a global scale. He argues further that this priority given to globalization on “market capitalism” in the U.S.A. has made it possible for the achievement of imperative economic growth, combined with relatively equal distribution of income and the absence of large scale unemployment. Advancement in technology, international trade/trade liberalization, human capital and education development, foreign capital inflow and investment, sound macroeconomic policies (fiscal, monetary, exchange rate and income) and capital formation are all advantages of globalization.

According to World Development Indicators (2007), in Danladi, Akomolafe, Babalola, and Oladipupo (2015), stated that globalisation has created opportunities and challenges for developing countries, nevertheless the experiences of China, India, Malaysia, Thailand, and some other countries have demonstrated that integration into the global economy could be a necessary and sufficient condition for long term growth and poverty alleviation. This however led to increase importation of consumer goods without a significant increase in manufactured export, thereby making the local industries especially the manufacturing sub-sector stagnant.

The free inflow of cheaper goods have hindered the growth of our manufacturing industries, leaving the protection of these industries shattered as most consumers prefer cheap and better products to an expensive locally produced goods due to high cost of production and high technological deficiencies in their production processes, (Uwazie, Nwanosike, Anayochukwu, Uzoechina and Uche, (2020). The rapid economic growth and prosperity in the Asian developing countries is derived from their ability to enhance manufactured exports and industrialization and produce goods in which they have comparative advantages.

This turns out to be cheaply produced and affordable by their trade partners. But in the case of Nigerian manufacturing industries, the ability to produce these goods is constrained by many domestic factors which include infrastructural inadequacies and macro economic instability leading to low level of output, high cost of production, low capacity utilization and unfavourable business environments. These adverse business conditions could make it difficult for Nigerian industries to take advantages of the opportunities offered by globalization.

According to Danladi, Akomolafe, Babalola, Oladipupo (2015), the manufacturing sector of Nigeria is majorly characterized by low capacity utilization which averaged 30% in the last few decades as well as low and declining contribution to the national output; which averaged 6%. It further possesses such characteristics as the dominance of substantial goods which are unable to compete internationally and as such leading to the accumulation of large inventories of unsold goods which in turn leads to declining and negative growth rate.

To him, all of these factors are as result of lack of enabling environment which includes; policy and polity instability, poor macro-economic growth, corruption and poor commitment of past government to industrial development. The existence of poor infrastructure arising from lack of funds due to the poor capitalization of the financial market has resulted in poor incentives implementation especially that of exports.

The manufacturing industries in Nigeria are faced with high cost of production as a result of adverse business conditions; multiple taxation by different levels of government and excessive dependence on imported raw materials, uneasy access to markets and low profit level which reduces their competitive strength and non-operational value-added feature of a manufacturing sector. The domestic industries face unfavourable competition with the influx of cheap finished products and the dumping of sub-standard goods from industrialized and other developing nations,(Ali, Obayori, and Obayori, (2018)

The monoculture nature of the economy seen in the neglect of the manufacturing sector serves as a constraint in maximising the benefits of globalization rather it has partly led to slow growth in non–oil export and poor development of the manufacturing sector of the economy. The Nigeria's sustainable development goal cannot be actualized in the absence of a vibrant manufacturing sector that is able to cope with the dynamic challenges and improvements of an increasingly globalized world. Thus, the concern of this research is an investigation of causal relationships between these two variables. Some studies have found positive effect of globalisation on manufacturing sector, while others found negative effects. This means that the existing empirical evidence in the Nigerian literature is not conclusive and thus requires further studies. Hence, the investigation of the effects of economic globalisation on the manufacturing sector in Nigeria. It is on this basis that this research set to provide answers to a number of questions as: How does economic globalisation influence the output of the Nigerian manufacturing sector? What are the effects of globalisation on the export of manufacturing sub sector in Nigeria?

It is anticipated that the study will raise the awareness of globalisation effects on the economic security of the manufacturing sector in Nigeria. It is also of immense help in broaden the awareness and understanding of how globalisation affects the context and challenges of the manufacturing sector reform in a resource-scarce country, particularly a country seeking to position itself in relation to globalisation. This study is a macro level analysis which will involve time elements, thus empirical investigation on the effects of globalization on the Nigerian manufacturing sector.

2. Review of Related Literature

The world system paradigm was observed by various authors as a "precursor" to globalization theories and as Arrighi (2005) opined that such analysis is a distinctive sociological theory that originated at least fifteen years before the use of globalization as a signifier that blazed across the headlines and explosive subject of academic research and publication. Its distinctive nature doesn't lie on its primitive age but rather on its principal progenitor, Wallerstein (2000) views globalization not as a recent discourse but as in line with the birth and spread of the world capitalism.

The key structure of this system is the division of the world into three great regions. The first is the core or developed centres of the system which is made up of Western Europe and later expanded to North America and Japan. The second is the periphery which is those regions that have been forcedly subordinated to the core through colonialism or other means in the formidable years of the capitalist world system which includes Latin America, Africa, Asia, the Middle East and Eastern Europe.

The third is the semi-periphery which are made up of those states that were previously in the core and are moving down in this hierarchy and those in the periphery and are moving up and advancing. Values flow from the periphery to the semi-periphery and then to the core as each region play a functionally specific role within an international division of labour that reproduces the basic structure of exploitation and inequality.

Another set of theoretical approaches to globalization refers to the process in terms of modernities and post-modernities. Some theories concluded we are living now in a post modern world while others argue that globalization has simply radicalized or culminated the project of modernity. Robertson (1992) early pioneer in globalization theory, the process represents the universality of modernity. In his 1992 study, Globalization: social theory and Global culture noted global interdependence.

On different dimension, Heckscher-Ohlin theory seeks to explain the pattern of international trade as determined by the relative factor of production existing in countries. This theory postulates that, trade arises from differences in comparative costs which in turn arise from inter-country differences in relative factor endowments means that countries should make use of locally abundant factors to produce export goods and import goods that are locally scarce, (Ugbor, David-Wayas & Nwanosike, 2015). By implication the emphasis of this theory is that countries should rely on factor endowment. This links international trade to economic globalization and movement of labour and capital.

Following empirical dimension, Gözgör, Bilgin and Zimme (2019) investigated the impact of economic globalization on public employment in Turkey using a panel dataset of 92 developing economies over the period 2000-2016. Findings showed a negative impact of economic globalization on public. Agu, Anichebe and Maduagwu (2016) highlighted the impact of globalisation on Nigeria manufacturing sector. The study used population size of 640 out of which a sample size of 246 was drawn using Taro Yamane Formula but only 230 questionnaires were retrieved. The instrument used for data collection was primarily questionnaire and interview.

The study found that trade liberalization has significant negative impact on the consumption of Nigeria made products and that globalisation is a sword of double edge that promotes and demote economic activities of any developing nation. The study recommended that government should reposition its policies in order to monitor the activities of these agents of globalisation as it affects the Nigerian manufacturing sector.

Similarly, Anjande and Ijirshar, (2017) examined the relationship between globalization and the manufacturing sector performance in Nigeria covering the period 1985 to 2015. The study used descriptive statistics and ARDL approach. The study found that long-run positive relationship between globalization and manufacturing output in Nigeria. However, the short-run influence of the globalization processes on the manufacturing performance was negative. The study also found that even if manufacturing output drift away from equilibrium in the short-run, it has the ability to adjust to long-run equilibrium at 66.47% each year.

The study therefore recommended that the Nigerian government should embark on regulated and favourable trade policies to avoid back slash effect and encourage foreign and domestic investors in the manufacturing sector by providing favourable environment that would help in conducting business activities without unnecessary risks.

Ali, Obayori, and Obayori, (2018) examined the effects of globalization on manufacturing sector in Nigeria using trade intensity index, portfolio investments and trade restrictions impact on the growth o f the manufacturing sector in Nigeria. Data collection covered the period of 1980 to 2016 and analyzed using Phillips-Perron unit root, Johansen co-integration and parsimonious error correction model (ECM). Thus, the study revealed that a percentage increase in trade intensity index induces 0.145 percent increase in manufacturing sector growth while trade restrictions exerted significant negative impact on manufacturing sector growth.

Therefore, the study recommended that policy makers should ensure that Nigeria leveraged on the gains of globalization by focusing on producing and exporting manufactured goods in which it enjoins comparative advantage and cost effectiveness. Maduka et al. (2017) uses Autoregressive Distributed Lag (ARDL) Model to examine the impact of globalization on economic growth in Nigeria. Using annualized secondary time series data from 1970 to 2015, the study reveals that trade openness; financial integration and foreign direct investment have significant positive impact on economic growth in Nigeria.

Adopting a varying methodology, Aras & Odebode (2019) examined the impact of globalization on manufacturing output in Nigeria using structural vector autoregressive (SVAR) approaches, from 2010Q1 to 2018Q4. The findings reveal that manufacturing output and transportation responded significantly to the foreign shocks emanating from globalization. The study established that the manufacturing output reacted negatively to exchange rate fluctuations, implying that exchange rate is very important to manufacturing sector in Nigeria.

Similarly, Zerrin and Yasemin (2018) the study showed the impact of globalization on economic growth in Turkey covering the period from 1980 to 2015 using the globalization index and its components (economic, social and political globalization indices). The findings showed that economic growth increase “economic” and “social” globalization in Turkey. Nyeche and Ekine (2018) examined the effectiveness of trade openness on the performance of the transportation sub-sector in Nigeria, using OLS method. The result showed that trade openness and exchange rates are negatively related to transportation GDP while FDI and export-import ratio exert insignificant influence on transportation GDP.

The existing evidence in the Nigerian literature on globalisation on manufacturing sector in Nigeria economy is not conclusive and thus requires an in-depth and further study. The need for this research is inevitable to unravel the puzzle posed by these studies which will be of immense benefit in this research.

3. The Methodology and Model Specification

The theoretical framework of this study is rooted in the Hecksher-Ohlin-Samuelson-Stolper (HOSS) framework which discusses the sectoral and factoral effects of increased cross-border trade on the structure of employment and output of a country, (Ugbor, David-Wayas & Nwanosike, 2015). According to the theory, greater interconnectedness among countries is expected to expand the sector that specialises in the production of goods using intensively that factor that is abundant in the country and contract the sector that produces commodities using the relatively scarce factor.

The method of analysis adopted in this study on empirical investigation on the effects of globalization on the manufacturing sector in Nigeria adopts the model employed by the work of Ali, Obayori, and Obayori, (2018) with slight modifications and as well as various literature review in choosing the relevant determinants of the model. The specification of econometric model is always based on economic theory or any available information relating to the phenomenon being studied (Gujarati, 2004). Thus, this research work employs the ordinary least square (OLS) framework to multivariate time series specified as follows:

This model is intended to capture the objective one of the study;

$$MOT = f(CEES, CAB, DOP, EXCH, FDI, GXP, INF) \quad (1)$$

$$MOT_t = \alpha_0 + \beta_1 CEES_t + \beta_2 CAB_t + \beta_3 DOP_t + \beta_4 EXCH_t + \beta_5 FDI_t + \beta_6 GXP_t + \beta_7 INF_t + \mu_t \quad (2)$$

Equation 2 is the econometric transformation of the model (1)

where:

MOT= Nigerian manufacturing output,
CEES= capital expenditure on economic services,
Current account Balance (CAB),
INF=inflation,
DOP=degree of openness,
EXΔ=Exchange rate,
FDI= foreign direct investment, Government expenditure and $\mu_{t=}$ error term.
Apriori expectations (2): β0›0; β1›0; β2›0; β3›0; β4›0; β5›0; β6›0 and β7›0.

Furthermore, to capture the objective two of the study, the mode is specified as thus;

$$MEX = f(CEES, CAB, DOP, EXCH, INF, GXP) \quad (3)$$

$$MEX_t = \alpha_0 + \beta_1 CEES_t + \beta_2 CAB_t + \beta_3 DOP_t + \beta_4 EXCH_t + \beta_5 INF_t + \beta_6 GXP_t + \mu_t \quad (4)$$

Equation 4 is the econometric transformation of the equation (3) which captures objective two where:

MEX = Nigerian manufacturing export,
CEES= capital expenditure on economic services,
CAB = current account balance, INF=inflation,
DOP=degree of openness,
FB=fiscal balance,
EXΔ=Exchange rate,
FDI= foreign direct investment and $\mu_{t=}$ error term.

Apriori expectations (4): β0›0; β1›0; β2›0; β3›0; β4›0; β5›0; and β6›0.

These variables were selected because of the fact that they are the most appropriate proxies for the concepts of this study in line with KOF globalization index 2020 revised edition.

4. PRESENTATION AND ANALYSIS OF RESULTS

To test for the stationarity of the data sets, we employ the Augmented Dickey-Fuller test for unit root. The augmented Dickey-Fuller test addresses this issue by introducing lags of Δy_t as regressors in the test equation. The test is robust with respect to unspecified autocorrelation and heteroschedasticity in the disturbance process of the test equation. However, the results for the test are shown below on Table 1.

From the below results, almost all the exogenous variables are integrated of the same order (i.e. I~1(1)) with the endogenous variable except CAB, CEES and MOT that are integrated at order zero (I~1(0)). Since CAB, CEES and MOT were stationary at levels the study did not go further to difference it.

Table 1: Unit root on variables and residuals of all the regressions

Variables	Criteria	Tab	**Order of Integration**
CAB	-4.101932	-3.552973	I(0)
DOP	-8.905705	-2.954021	I(1)
CEES	-4.475213	-2.971853	I(0)
EXCH	-5.406105	-2.954021	I(1)
FB	-3.479775	-2.954021	I(1)
GTR	-3.437965	-2.976263	I(1)
INF	-3.739944	-3.552973	I(1)
MOT	-3.331409	-2.986225	I(0)
GXP	-3.415458	-3.595026	I(1)

Source: Researcher's computation 2022

Table 4.2: Johansen Co-integration test

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None	0.540142	46.48816	47.85613	0.0668
At most 1	0.297065	20.85255	29.79707	0.3669
At most 2	0.174343	9.220333	15.49471	0.3454
At most 3	0.084082	2.898344	3.841466	0.0887

Trace test indicates no cointegration at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level

The variables were tested basically at 5% critical value but all the variables were stationary at the three critical values of 1%, 5% and 10%. The presence of unit root in a model is a necessary condition for co-integration and the Error correction Model. Hence, since the explanatory variables are integrated of different order with the endogenous variable, the study proceed to co-integration using Johansen Co-integration test as the most appropriate give the result in Table 1.

The result of the Johansen co-integration test conducted in Table 2 showed that there is no co-integration at 5% level of significance, which indicated that long-run equilibrium relationship does not exist between the dependent variable and the independent variables.

This can be seen by the trace statistics that its value is less than 5% critical value [i.e (46.48816> 47.85613)] and P-value of 0.0668. Given the result of the Johansen co-integration test, the study proceed in the multivariate regression analysis without Error correction Model.

Model I estimates examined the effects of globalisation on the output of the manufacturing sector in Nigeria. This study proxies the Nigerian manufacturing sector output with ratio of total manufacturing output (MOT) which acts as the dependent variable while the independent variables are: capital expenditure on economic services (CEES), current account balance (CAB), degree of openness (DOP), exchange rate (EXCH), foreign direct investment (FDI), government total expenditure (GXP) and inflation rate (INF). As stated in three in the previous chapter, the study has undertook the preliminary tests like unit root test for stationarity to avoid having a spurious result.

Estimation of equation and substitution of the coefficients into the regression function is expressed in equation 5:

$$\begin{aligned} MOT = {} & 70.44959 - 0.0034605CEES + 0.0063607CAB \\ & (70.44959) \quad (-1.155038) \quad (0.245394) \\ & + 120.7784DOP - 0.235157EXCH + 5.339154FDI \\ & (5.389245) \quad (-2.325311) \quad (3.532482) \\ & + 0.015507GXR - 0.263591INF \\ & (3.532482) \quad (-1.582158) \end{aligned} \quad (5)$$

This regression is used to ascertain the effects of globalisation on the output of the manufacturing sector in Nigeria. From the result, the coefficients of the independent variables are in conformity to the standard economic theory supporting them. For instance, the high R^2 of about 68% shows that the variations stand to explain each other to large extent. Thus, both variables of CEES, CAB, EXCH, FDI DOP, GXP and INF explained about 68% systematic variations on rate of manufacturing output growth rate of Nigeria proxied by ratio of total manufacturing output over the study period of 1980-2021. While the F-probability of 0.000 suggests that the overall model is significant hence the study can conclude that the model is robust and the results there-off are reliable.

Observably, CEES, CAB and INF were found insignificant at 5% level of significant. This implies that these variables did not impact significantly on the rate of manufacturing sector output in Nigeria proxied by ratio of total manufacturing output (MOT) over the study period of 1980-2014. This can be attributed to the high production cost, instability and inadequate raw materials observable in the other sectors that supply raw materials to the manufacturing sectors like Nigeria's agricultural sector. However, the degree of trade openness has a negative but statistical significant influence on manufacturing sector, such that a 1% increase in degree of trade openness will statistically decrease on the rate of manufacturing sector in Nigeria proxied by ratio of total manufacturing output, (MOT) by 3.8% level.

Ordinarily, increasing the level of trade with other countries of the world would create opportunities to export raw materials and import necessary inputs into the industrial process. This is not so in Nigerian case. The study further adopted the use of graphs to capture how globalization affects the rate of manufacturing sector in Nigeria. The graph is hereby presented in Figure 1;

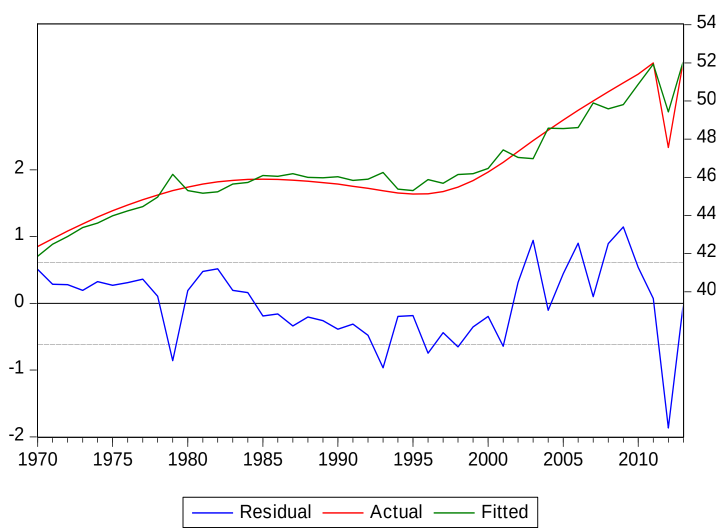

Fig. 1 The Regression Line for Model I Source: Researcher's 2022 computation using STAT 13

From the graph in Figure 1, residual drifts farther apart while actual drifts towards converging with fitted toward having significant impact on the rate of manufacturing sectors outputs in Nigeria. it could be seen that the response of the manufacturing sector to globalization is such that at the initial stage, the responses to shocks in manufacturing sector from globalization was sharp in increasing rate till it got to 2000 and moved down slightly in the year 2012. This increasing rate could be attributed to improvement in technology and privatization of the telecommunication in Nigeria within this period that accelerated growth and the rate of the manufacturing sector in Nigeria.

To ascertain the second objective which is the effects of economic globalization on the export of manufacturing sub sector in Nigeria, the study evaluated model II stated in the previous chapter. In this model II, the dependent variable is Nigerian manufacturing export (MEX) while the independent variables are: degree of openness (DOP), capital expenditure on economic services (CEES), exchange rate (EXCH), inflation rate (INF), current account balance (CAB) and government expenditure (GXP). As stated in the previous chapter, the study has undertook the preliminary tests like unit root test for stationarity to avoid having a spurious result as could be seen in section 4.1 above. Estimation of equation and substitution of the coefficients into the regression function is expressed below: The result of the OLS regression and its interpretation are therefore given in equation 6.

$$MEX = 5.407602 + 0.431987CEES - 4.84307CAB - 3.793546DOP + 0.044488EXCH + 0.028145INF - 0.000205GXP \qquad (6)$$

The result shows that there exist a significant and positive relationship between degree of openness and export manufacturing sector in Nigeria, given that it's absolute t-value (T calculated) of 2.2413 which is greater than 2, hence it is significant at 5% significant level. In the same manner, capital expenditure on economic services (CEES), exchange rate (EXCH) and current account balance (CAB) are all statistically significant except inflation rate (INF) and government expenditure (GXP).

Specifically, in the regression estimate it is observed that all the variables met their economic criteria with respect to their respective signs in line with our apriori expectations. For instance, degree of trade openness (DOP) had a negative relationship with the level of manufacturing output. This is attested to by the figure -3.793546, implying that a one percent (1%) increase in the degree of openness to the outside will generate a 38% decrease in the rate of growth in the manufacturing output in Nigeria. This result is not surprising as the structure of the Nigerian economy remains largely undiversified and import dependent including high import of manufactured goods.

It is worth noting that the biggest gainers from the current wave of economic globalization have been countries that are able to break into the global market for manufactures. Furthermore, the result revealed that the capital expenditure on economic services has a positive and significant effect on manufacturing output. Its coefficient is 0.431987, which implies that a 1% increase in capital expenditure on economic services (CEES) will statistically increase export manufacturing sector of Nigeria by 4.3% level. While, -0.000205 of government expenditure implies that a 1% decrease in government expenditure will decrease the export manufacturing sector by 0.02%.

Similarly, Exchange rate (*Exr*) was positive and shows to be a major determinant of the performance of the Nigerian manufacturing sub-sector. This is because, 1% increase in exchange rate which is a proxy of economic globalization will increase export manufacturing output by only 4.4%. In the same vein, government capital expenditure on economic services (*Gxp*) has a positive and significant effect on manufacturing output. Its coefficient is statistically different from zero at 10% level.

The result further shows that one percent (1%) increase in current account balance (CAB) leads to a correspondent increase in the export manufacturing output to the tune of 4.84307%. This analysis presupposes that the variable current account balance (proxy for economic globalization) impact positively on export manufacturing sector output in Nigeria during the period of study 1980 -2014. This conforms to our a *priori* expectation as specified above.

The study also used the orthogonalized graphs to capture how the manufacturing sector output responds to shocks from economic globalization. The graph is hereby presented in Figure 2;

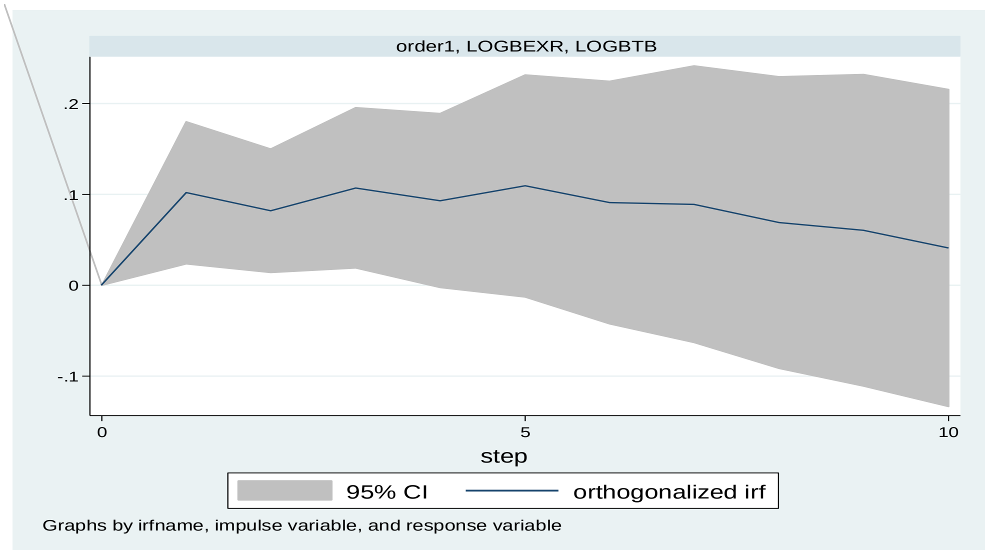

Figure 2: Export Manufacturing Sector response to Shocks from Economic Globalization

Source: Researcher's computation 2022 using STAT 13

Based on the impulse response in Figure 2, it could be seen that the response of manufacturing sector to economic globalization is such that at the initial stage, manufacturing sector response to shocks in economic globalization was sharp in increasing till it got to period 1. From period 1, the response moved down slightly till it got to period 4. The response went down from period 7 to the end (period 10) though it tried to stabilize at periods 8 to 9, but from there, it went down quite slightly. This implies that economic globalization transmits a lot of shocks to manufacturing sector in Nigeria thereby, making the response of manufacturing sector to economic globalization from 1985 - 2021 to be very significant..

This measures the goodness of fit of the estimated model. The $\mathbf{R^2}$ measures the proportion of total variation in the regressand explained by the regressors in regression model. From the regression result of model I, the $\mathbf{R^2}$ is **0.738738.** This means that the model explains about 94% of the total variation in manufacturing sector (Nigerian export manufacturing sector, MEX). While, from the regression result of model II, the $\mathbf{R^2}$ is **0.677911**. This means that the model explain about 92% of the total variation in manufacturing sector in Nigeria (ratio of total manufacturing output, MOT). We thereby conclude that the coefficients of determination **($\mathbf{R^2}$)** are statistically significant and a true goodness of fit for the models. As the regression result shows, there exists statistically significant impact of globalization on the output of the manufacturing sector in Nigeria proxy by ratio of total manufacturing sector output in Nigeria, (MOT) between the period under study.

5. SUMMARY OF RESEARCH FINDINGS

This study examines the effects of economic globalization on manufacturing sector in Nigeria from 1985 - 2021. The research findings are summarized as thus:

1. The various measures of economic globalization, except current account balance (CAB), positively affect manufacturing sector both in the short and long terms. From

equation 1, capital expenditure on economic services (CEES) has a positive short run impact on export of manufacturing g sector growth at four per cent (4%) significance level. This implies that increasing the level of economic globalization proxy by CEES would be beneficial to the manufacturing sector both in the short run and long term.

2. From model 2, it was found that foreign direct investment has a positive and significant impact on manufacturing sector both in the short run and long run capable of stimulating manufacturing sector export growth in Nigeria.

3. The findings further revealed that the manufacturing sector has benefited from economic globalization proxy by OPEN, FDI, EXCH and CEES between the period of 1985 and 2013 but negative shock between 2014 2021.

4. In addition, the findings from the analysis observed that economic globalization. Persistent preference of the average Nigerian for imported products as against domestic manufactured products. Infrastructural inadequacies such as frequent power failure, hike in fuel and diesel, lack of working capital due to escalating interest rates, and stringent borrowing conditions.

5. Though, there was high fluctuation in the growth rate of manufacturing sector during the period revealed. There is also cyclical trend in inflation rate and exchange rate. This result revealed that Globalization has affected on these rates (inflation and exchange rates) in Nigeria for the period under study.

6. The tests carried out in this study affirm that economic globalization proxy by OPEN, EXCH, and FDI has a positive effect on the manufacturing sector in Nigeria proxy by MOT and MEX.

5.1 POLICY IMPLICATION & RECOMMENDATIONS

From the research findings on the emerging issues of the effects of economic globalization on the Nigerian manufacturing sector, the following research policy recommendations were suggested:

i. Given the recent trend between manufacturing sector in Nigeria and the economic globalization, it is imperative for the Nigerian policy makers to formulate appropriate manufacturing and trade policies such that it will enhance the competitiveness of Nigerian manufacturing sector, support local manufacturing and increase nation's chances of enjoy emerging opportunities, and duly compete in the global market without depending on protective measures. To ensure continual benefits from economic globalization, there is need to fully implement 2020 tariff policy and African Continental Free Trade Area (AFCFTA) agreement.

ii. Benefits of economic globalization would imply that the country should ensure conduct of comparative advantage assessment in terms of manufactured exports. This required a vibrant manufacturing sector that is able to cope with the dynamic challenges and improvements of an increasingly globalized world. Therefore, policies that encourage inflows of FDI into the country should therefore be pursued and sustained. Doing this would require institutional reforms, maintaining strong and stable macroeconomic environment including improvement in infrastructure, security and sustained fight against corruption and kidnapping.

iii. This study acknowledged that though, economic globalization is good, but some protection or subsidization of the infant manufacturing industries would be required initially before exposing it to international competition. In essence, without protection for several industrial activities with strong learning and scale economics, such activities might never even develop at all, and deindustrialization might occur if existing firms are exposed to full, and sudden international competition.

iv. There need to re-position the Nigerian economy through diversification to salvage it from mono-economy (over dependency on oil sector), this ugly situation need to be corrected so that manufacturing sector can have it rightly position in the economy.

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