

Globalization and the performance of the manufacturing sector in Nigeria

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ABSTRACT

Globalization is a modern Western ideology of colonization introduced to continue Western domination on African countries after the demise of the traditional colonization. Trade is one of the major instruments of modern colonization (globalization) introduced by the Western world, primarily with the main motive of advancing their own economy by exploiting Africans of their well endowed natural resources. In an attempt to examine the impact of globalization on the Nigerian industrial sector, the study adopted the OLS method of analysis using trade openness, net foreign direct investment and exchange rate as indicators of globalization. In line with the objectives of the study, secondary data were collected from World Bank Development Indicator data base and CBN Statistical Bulletin, covering the period of 1981 to 2019. The estimated model established that on a whole and in agreement with the aprior expectation, trade openness and foreign direct investment have a positive impact on the Nigerian economy. Based on the t-statistics of the individual variables, the study came to the conclusion that although globalization had impacted more positive on the Nigerian economy, there are still rooms for improvement. There is the need for Nigeria to focus more on exportable productivity since the more an economy exports to other countries of the world, the more revenue accrues to the economy.

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1. INTRODUCTION

Scholars and organizations have been paying special attention to the notion of globalization, players, practices, and connotation for developing countries in recent years. According to the International Monetary Fund (IMF), globalization includes four fundamental characteristics: trade and dealings, money and investment travels, movement and people mobility, and knowledge spreading. The emphasis and aim of every nation in the world are to achieve some set of macroeconomic objectives aimed at improving the standards of living of its citizens as well as growth and development of the economy. One of the means of achieving this is through international interaction with the global economies. Globalization is thus explained as the interaction and integration of people, corporations, and governments from all over the world (Konyeaso, 2016). While economic stabilization policies had been in place since the late 1970s, the official acceptance of economic globalization in Nigeria began with the beginning of the Structural Adjustment Programme (SAP) in 1986 during the government of General Ibrahim Babangida, according to Ifeanyi (2004) in Essien and Mozie (2012). During the pre-SAP period, the manufacturing sector grew at an annual rate of 8.4% of GDP in 1980, then declined to 5.29 percent in 1989 and finally to 4% in 1993. From 1994 to 2004, it had a negative growth rate, and in 2005, it had a zero rate of growth (CBN, 2020). The currency rate, which was 1.60 to \$1.00 in the pre-SAP period, plunged to 4.6 to \$1.00 in 1986, 128.65 in 2006, and around 365.00 as of 2018. (CBN, 2020). In 1990, Nigeria received \$588 million in foreign direct investment. In 1995, it was \$1.079 million, but by 2000, it had dropped to \$930 million. With a global FDI flow of \$823.8 billion in 2001, Nigeria only received \$1.1 billion, or 0.13 percent of the total (UNCTAD 2002, in Emmanuel and Eguavoen, 2007). This low percentage reflects the country's marginalization inside modern capitalism's circle.

The manufacturing sector's contribution to GDP has declined through time, from a high of 13% in the early 1980s to an average of 4% from 2008 to 2011 (Indexmundi, 2020). According to the Manufacturers Association of Nigeria (MAN), overall manufacturing production in Nigeria's formal sector was N6.84 trillion in 2010. It climbed by N1.3 trillion, or 19.37 percent, in 2011 to N8.17 trillion, and by N1.65 trillion, or 20.22 percent, in 2012 to N9.82 trillion. Food, Beverage, and Tobacco Activity output dominated the manufacturing sector in all three years, accounting for N4.93 trillion or 72 percent of total output in 2010. Regardless of activity growth of N488 billion (9.91%) in 2011 and N712.7 billion (13.15%) in 2012, the overall production share fell to 66.32 percent and 62.42 percent in 2011 and 2012, respectively. Textile, apparel, and footwear production accounted for the second-largest share of industrial output in 2010, accounting for 11.58 percent of overall output at N792.69 billion. In 2011, overall output of N1.19 trillion constituted 14.57 percent of total output, up N398 billion or 50.21 percent. This percentage grew even further in 2012, with output of N1.65 trillion accounting for 16.82 percent of overall output, thanks to a 38.81 percent increase in output. Manufacturing and non-metallic items accounted for N392 billion (11.58 percent of total) and N187 billion (5.73 percent) of manufacturing production in 2010, respectively. In addition, the manufacturing sector's output yield has been hampered by bad infrastructure caused by a shortage of cash due to the financial market's undercapitalization. As a result, the Nigerian manufacturing sector has been regarded as de-industrialized over the last two decades. As a result, determining whether a manufacturing-based industry can cope with the rigors and demands of globalization has become unavoidable. As a result, the intention of this study is to examine the role of globalization on the Nigerian manufacturing sector over the time period under consideration (NUFBTE, 1990).

1.1 Problem statement

According to existing research, globalization has benefited many economies' industrial sectors by allowing them to open their borders and allow commerce to flow freely within their boundaries. On the other hand, many other countries have had substantial issues reaping the benefits of globalization. Structure problems, ineffective and unsuitable economic plans, and a high level of embezzlement in the country are among the issues. All of these internal challenges make it difficult for them to compete successfully in the global movement, and they are more likely to suffer the dismal consequences of globalization (Lee & Vivarelli, 2004). In view of this, the study tends to answer the following research questions:

- How impactful is globalization on manufacturing sector performance in Nigeria?
- What is the impact of macroeconomic policy distortion on Nigerian manufacturing sector?

- What is the causality relationship between globalization and manufacturing sector?

2. LITERATURE SURVEY

Globalization is the interaction and integration of people, corporations, and governments from all over the world. Advances in transportation and communication technology have aided globalization. International trade, ideas, and culture are all on the rise as a result of stronger global ties. Globalization is essentially a business-to-business interaction and integration process with social and cultural ramifications (Konyeaso, 2016). According to Aluko and Alimi (2004), Nigeria's manufacturing sector is characterized by low and waning contributions to national productivity, which have averaged 6% in recent decades, as well as meager capacity deployment, which has averaged 30% in recent decades. It also contains traits like the domination of large items that are unable to compete on a global scale, resulting in the accumulation of large stockpiles of unsold commodities and, as a result, yielding a downbeat growth rate. According to him, all the highlighted factors are the result of a lack of an enabling situation, which comprises policy and political instability, low macroeconomic growth, fraud, and the previous government's lack of commitment to industrial development. Inadequate infrastructure has led in inadequate incentive implementation, notably for exports, due to a cash constraint caused by financial sector undercapitalization. Aside from that, there's the issue of out-of-date technology. Nigeria's position in the globalizing globe necessitates further investigation. Nigeria liberalized its economy in the late 1980s, following the globalization trend and accepting the policies of the Structural Adjustment Programme (SAP). According to Iyoha (2003) and Olotu (2011), SAP had a harmful impact on the economy, making it vulnerable to global competition. The weak economy has been hampered in fully realizing the positive gains of globalization owing to the negative impact of the economic condition on investment, particularly foreign investment, due to insufficient domestic economy capacity, social infrastructure, mono-dependency, and adverse terms of trade in its export trade. Akinmulegun and Oluwole (2014) conducted research on the evaluation of Nigeria's manufacturing industry in the globalization period. This study tries to investigate the manufacturing sector's role in Nigeria's economic growth in the globalization era. The Ordinary Least Square (OLS) econometric method was utilized to analyze data of important variables such as manufacturing production, trade openness, and current account balance. Manufacturing production is predicted to rise as globalization continues. Despite the fact that the Nigerian manufacturing sector profited from globalization, the study found the industry's degree of development to be severely low. In other words, globalization has little impact on industrial sector economic growth. According to the study, efforts should be focused on improving the country's macroeconomic, socio-infrastructure, and institutional environments, as well as establishing a strong link between home and international institutions, with the eventual goal of rightly channeling funds into the creative manufacturing sector.

In Konyeaso (2016), Onyeonoru (2003) looked at the impact of African economies' neoliberal globalization on Nigeria's industrial performance. The study's findings show that, contrary to the World Bank's statements, the process had a negative impact on manufacturing enterprises' economic performance during the study's period of globalization. In the work of Ali, Obayori and Obayori (2018), the result shows clearly that combinations of the underlying explanatory variables of globalization are reliable sources of predicting changes in manufacturing sector growth. Agu, Anichebe, and Maduagwu (2016) explored the influence of globalization on the Nigerian manufacturing sector. The data reveal that trade liberalization has a considerable depressing influence on Nigerian product consumption, whereas technology has a beneficial influence on product quality in the Nigerian manufacturing business. The study indicated that globalization is a two-edged sword that can both advance and degrade a developing country's economic operations. Using non-oil (Agricultural and Manufacturing) export as a reference point, Okpokpo, Ifelunini, and Osuyali (2014) investigated globalization as a powerful driver of economic growth in Nigeria. The study showed that globalization had no substantial impact on non-oil exports over the study period, using data from 1970 to 2011 and using OLS regression. According to the findings, globalization has not been a significant driver of non-oil export development in Nigeria. There are three schools of thought, according to Okpokpo et al. (2014) that clearly define the concept of globalization in terms of theory. Because they interpret and explain globalization differently in terms of the world system's economic division, it is up to the reader, economist, or analyst to decide which one is the most accurate. There are also a slew of other notions that can be related to globalization. The next sections go over some of these theories.

2.1 The Realists

They explain that, despite the fact that rising interconnection between economies and cultures may make them more dependent on one another, globalization has had minimal impact on the world's geographical split, i.e. nation-states. Globalization may be a threat to our social, economic, and cultural lives under this situation, but it lacks the ability to destroy the world political system.

2.2 The Liberals

Globalization, according to the Liberals, is a product or end result of a long-running restructuring of world politics. Liberals place a special emphasis on the aspect of globalization, which represents a technological and communications revolution. They believe that society's interconnection for economic and technological developments leads to a new pattern of global political interactions.

2.3 Marxist Theorists

Globalization, they believe, is simply the latest incarnation of multinational capitalism. It is a Western-led phenomena, according to them, that primarily favors the growth of international capitalism.

It's difficult to say whether theory represents the 'truest' or 'right' perspective on globalization. Within the International Political Economy (IPE) and other disciplines of International Relations, the nature and impact of globalization are still hotly debated (Gul, 2003).

3. RESEARCH METHODOLOGY

A four-step technique was used in the econometric methodology for this study. To begin, a unit root test was employed to examine the degree of integration among the variables under investigation. This is necessary since regression done with variables that are not stationary will yield spurious results. Second, a co-integration technique was applied to examine the casual long run connection amongst the variables. Third, the study ran a Granger Causality test between globalization and manufacturing sector value added in Nigeria. And fourth, OLS model was applied to find out the long-run impact of globalization on the manufacturing sector using trade openness, net FDI and exchange rate as proxies for globalization, while real GDP, credit to private sector and domestic interest rate will represent macroeconomic variables that could also affect manufacturing sector performance.

3.1 Model Specification

Time series data will be used for analysis. The data will be sourced from Central Bank of Nigeria (CBN) Statistical Bulletin, World Bank Development Indicator (WDI) and Indxmundi (2020).

The following variables will be adopted for the work:

Objective 1: Investigate the impact of globalization on manufacturing value added in Nigeria.

Dependent Variable:

- Manufacturing Value Added (MANV)

Independent Variables:

- Trade Openness (TOPN)
- Net Foreign Direct Investment (NFDI)
- Exchange Rate (EXCR)

Objective 2: Evaluate the impact of macroeconomic variable distortions on manufacturing value added in Nigeria.

Dependent Variable:

Manufacturing Value Added (MANV)

Independent Variables:

- Real Gross Domestic Product (RGDP)
- Credit to Private Sector (CREDIT)
- Domestic Interest Rate (DINTR)

The functional relationship will be established as:

$$\text{MANV} = f(\text{TOPN}, \text{NFDI}, \text{EXCR}, \text{RGDP}, \text{CREDIT}, \text{DINTR}) \quad (1)$$

The econometrics form is stated as;

$$\text{MANV}_t = \beta_0 + \beta_1 \text{LogTOPN}_t + \beta_2 \text{LogNFDI}_t + \beta_3 \text{EXCR}_t + \beta_4 \text{LogRGDP}_t + \beta_5 \text{LogCREDIT}_t + \beta_6 \text{DINTR}_t + \mu_t \quad (2)$$

Where MANV stands for Manufacturing Value Added, LogTOPN stands for Trade Openness, LogNFDI stands for Net Foreign Direct Investment, EXCR stands for Exchange Rate, LogRGDP stands for Real Gross Domestic Product, LogCRDT stands for Credit to the Private Sector, and DINTR stands for Domestic Interest Rate. The t stands for the error term, which includes all explanatory variables that were omitted in the model.

Objective 3: Determine the causality connection between globalization and manufacturing sector value added in Nigeria.

The Granger Causality test will be carried out to ascertain whether globalization contains any useful information for predicting manufacturing sector capacity utilization or whether it is manufacturing sector capacity utilization that contains useful information for predicting globalization.

The hypotheses to be tested include:

H₀₁: Trade Openness DOES NOT Granger cause Manufacturing Value Added

H₀₂: Foreign Direct Investment DOES NOT Granger cause Manufacturing Value Added

H₀₃: Exchange Rate DOES NOT Granger cause Manufacturing Value Added

4. DATA ANALYSIS AND DISCUSSIONS

The source of data for this study is the Central Bank of Nigeria, CBN (2020) Statistical Bulletin, World Bank Development Indicator (WDI) and Indexmundi. The time dimension for this study is from the years 1981 to 2020. Since the data is in secondary format, it would be measured as presented by the statistical recording source and analyzed using E-views 9 statistical software.

This section begins with the test for stationarity of the variables in the model employing the ADF unit root test. The ADF test consists of estimating the equation:

$$\Delta Y_t = \alpha + \beta_t + \delta Y_{t-1} + \sum_{i=0}^m \phi_i \Delta Y_{t-1} + \mu_t$$

Where α represents the drift, t represent deterministic trend with a lag length large enough to ensure that μ_t is a white noise error term (Gujarati, 2004).

Table 1. ADF Unit Root Test

Variables	ADF test statistics	5% Critical value	Order of integration
MANV	-11.59274	-2.954021	I(1)
TOPN	-4.255728	-2.957110	I(1)
NFDI	-8.532688	-2.951125	I(1)
EXCR	-3.669279	-2.951125	I(1)
DINTR	-6.518107	-2.951125	I(1)

Source: Authors Computation using Eviews, 9

Note: MANV is Manufacturing Value Added, TOPN is Trade Openness, NFDI is Net Foreign Direct Investment, EXCR is Exchange Rate, and DINTR is Domestic Interest Rate.

The result from Table 1 indicates that all our variables in the model are stationary at first difference. Since the outcome of the ADF unit root tests indicates that all variables are stationary at first difference, we can now apply the Johansen co-integration test in order to examine if the variables in the model co-move in the long run. The Johansen co-integration test indicates if the variables in the model have a long run relationship.

Table 2. Johansen Co-integration Test (Trace Test)

No of Co-integrating Equations	Trace Statistics	0.05 Critical Value	Probability
None	110.0656	69.81889	0.0000
At most 1	54.60063	47.85613	0.0102
At most 2	23.76673	29.79707	0.2105

Source: Authors Computation using Eviews, 9

Table 3. Johansen Co-integration Test (Maximum Eigenvalue)

No of Co-integrating Equations	Maximum Eigenvalue Statistics	0.05 Critical Value	Probability
None	55.46496	33.87687	0.0000
At most 1	30.83389	27.58434	0.0184
At most 2	15.64913	21.13162	0.2460

Source: Authors' analysis using Eviews 9

The result from the Johansen co-integration test reveals that there is at most 2 co-integrating equations at the 5% significance level under the Trace test and Maximum eigenvalue tests. In the Trace test, the co-integration is evident from the probability value as well as the Trace

statistics being greater than the 0.05 critical value. The same can be said under the Maximum eigenvalue tests where at most 2 co-integrating equation, the probability value became insignificant and the Maximum eigenvalue statistics became less than the 0.05 critical value. With the presence of co-integration into the model, it then becomes economically logical to estimate the long run relationship in the model employing the OLS.

Table 4. Ordinary Least Squares

Dependent Variable: MANV

Method: Least Squares

Date: 05/06/21 Time: 18:25

Sample (adjusted): 1983 2019

Included observations: 34 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MANV(-1)	-0.082001	0.144974	-0.565625	0.5776
MANV(-2)	-0.704078	0.119466	-5.893535	0.0000
TOPN	37.73581	21.07270	1.790744	0.0878
TOPN(-1)	-61.50295	15.52368	-3.961881	0.0007
INNFDI	-2.458355	1.631992	-1.506353	0.1469
INNFDI(-1)	-2.311860	1.466979	-1.575933	0.1300
EXCR	-0.156658	0.063240	-2.477219	0.0218
EXCR(-1)	0.047390	0.102157	0.463896	0.6475
EXCR(-2)	0.309040	0.084187	3.670869	0.0014
DINTR	0.300677	0.396143	0.759013	0.4563
DINTR(-1)	-0.259533	0.413781	-0.627225	0.5373
DINTR(-2)	-0.865045	0.347344	-2.490453	0.0212
C	39.54063	9.121172	4.335038	0.0003
R-squared	0.831849	Mean dependent var		4.418564
Adjusted R-squared	0.735762	S.D. dependent var		10.43991
S.E. of regression	5.366537	Akaike info criterion		6.481111
Sum squared resid	604.7941	Schwarz criterion		7.064719
Log likelihood	-97.17888	Hannan-Quinn criter.		6.680138
F-statistic	8.657295	Durbin-Watson stat		1.645105
Prob(F-statistic)	0.000012			

Source: Authors' analysis using Eviews 9

The foregoing finding indicates that current trade openness in Nigeria has a favorable influence on industrial value added. An increase in trade openness of 1% results in a 37.74% rise in manufacturing value added. The first-year lag in trade openness, on the other hand, has a significant negative impact on industrial value added. As a result, it's possible to conclude that the influence of trade openness on industrial output in Nigeria fluctuates. Net foreign direct investment shows a negative nexus with manufacturing value added. This is understandable as the profit from these investments may be ploughed back into the foreign country in the form of capital flight. The contemporaneous exchange rate has a strong negative connection with the manufacturing value added. And finally, domestic interest rate shows a positive association with manufacturing value added, even though not significant at the contemporaneous stage. This shows that the domestic interest rate has been favourable to the manufacturing sector. The adjusted R-squared value of 0.74 indicates that 74 percent of the variation in manufacturing value added is explained by the regressors in the model. The F-statistics value of 0.000012 indicates that all the variables combined have a significant relationship with manufacturing value added in the short run. The Durbin Watson value of 1.65 indicates that the regression is not spurious.

Table 5. Granger Causality Test

Pairwise Granger Causality Tests

Date: 04/30/21 Time: 14:46

Sample: 1981 2019

Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
INTOPN does not Granger Cause MANV	34	3.61956	0.0395
MANV does not Granger Cause INTOPN		0.07016	0.9324
INNFDI does not Granger Cause MANV	34	4.57501	0.0188
MANV does not Granger Cause INNFDI		0.19384	0.8249
EXCR does not Granger Cause MANV	34	6.80083	0.0038
MANV does not Granger Cause EXCR		0.81616	0.4520

Source: Authors' analysis using Eviews 9

At the 0.03 probability level, the result indicates that trade openness granger causes manufacturing value added and not the other way round. Also, at 0.01 probability level, we reject the null hypothesis of INNFDI not granger causing MANV and conclude that net foreign direct investment granger causes manufacturing value added. And finally, at 0.003 probability level, the null hypothesis of EXCR not granger causing MANV is rejected. We therefore conclude that exchange rate granger causes manufacturing value added.

Table 6. Breusch-Godfrey Serial Correlation LM Test:

F-statistic	1.023567	Prob. F(2,19)	0.3783
Obs*R-squared	3.306985	Prob. Chi-Square(2)	0.1914

Source: Authors analysis using Eviews 9

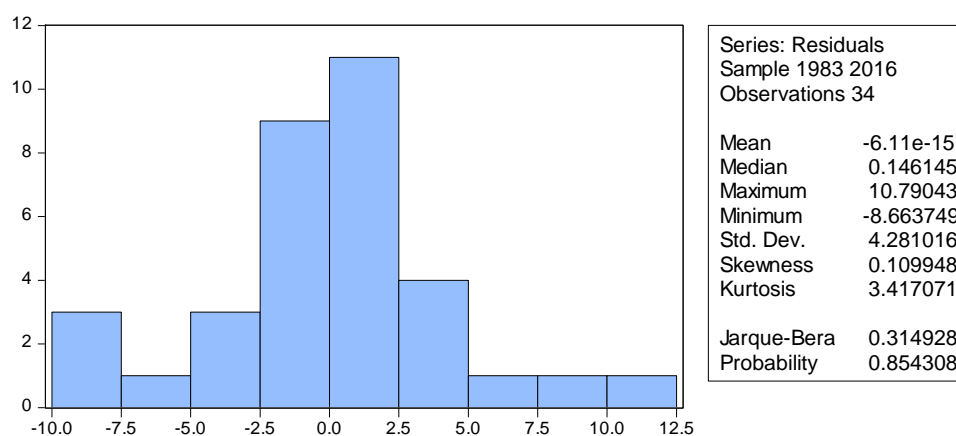
Table 6 presents the Breusch-Pagan (BP) serial correlation LM test in which the study employed to confirm the robustness of the serial correlation test of Durbin-Watson. The result validates the absence of serial correlation in the model.

Table 7. Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.976681	Prob. F(12,21)	0.4994
Obs*R-squared	12.17860	Prob. Chi-Square(12)	0.4314
Scaled explained SS	5.614840	Prob. Chi-Square(12)	0.9342

Source: Authors Computation using Eviews, 9

Table 7 also presents the Breusch-Pagan-Godfrey (BPG) test for heteroskedasticity in the model. The result reveals that the model is free from the problem of heteroskedasticity as the observed R-squared value is greater than 5 percent level of significance.

**Fig. 1.** Stability Test

Source: Authors Computation using Eviews, 9

The result of the stability test shows that model is structurally stable as the Jargua-Bera value is less than the probability value.

5. RESEARCH IMPLICATIONS

This study investigated the role of globalization on manufacturing value added in Nigeria between 1981 and 2019. It used ordinary least squares to do so. The ADF unit root test was employed to check for model stationarity in the empirical approach. The results reveal that all of the variables in the model are stationary at first difference at the 5% level of significance. Based on both the trace test and the maximum eigenvalue test, the Johansen co-integration test shows that the model has a long run connection. The OLS model was estimated with the presence of a long run connection in mind, and the outcome shows that trade openness has a strong positive blow on manufacturing value added. The outcome appears to back with previous results, as increased trade intensity is predicted to raise manufacturing productivity. However, the results suggest that net foreign direct investment has a negative impact on the manufacturing sector, contrary to expectations. This could be due to capital flight linked with foreign direct investment, indicating that Nigeria is not reaping the full benefits of most FDIs. According to the findings, the relationship between the exchange rate and the manufacturing sector is negative. This is also consistent with the mistake probability. Finally, the current domestic interest rate plays a favorable role on the industrial sector, according to the findings. This is also incongruent with previous expectations. What we can draw from this is that the local interest rate has so far favored Nigeria's industrial sector.

The findings of this study are consistent with Tamuno and Edoumiekumo (2012), who used co-integration and the ECM mechanism to examine the influence of globalization on the Nigerian industrial sector. The results of the co-integration test revealed that the variables in the model have a long-term relationship. The research was conducted between 1980 and 2000. The causation conclusion contradicts Acikgoz and Mert (2011), who used the Auto-Regressive Distributed Lag to investigate the causative relationship between economic, social, and political globalization and economic growth in Turkey from 1970 to 2008. (ARDL). They discovered that, whereas economic globalization and economic growth do not have a causal link, social globalization, political globalization, and economic growth do. This finding is consistent with Ebong (2014), who used the Engle-Granger two-step and Johansen co-integration tests, as well as the vector auto regression technique, to investigate globalization and Nigeria's industrial development from 1960 to 2010. His findings demonstrated that globalization has a substantial impact on Nigeria's industrial development. Trade openness, in particular, had a significant impact on industrial development. Our findings also demonstrate that trade liberalization benefits the industrial sector. This finding is consistent with Ebong (2014), who studied globalization and Nigeria's economic development from 1960 to 2010. Furthermore, the findings of this study are consistent with Ali, Obayori, and Obayori (2018), who conducted research on Globalization and Manufacturing Sector Growth in Nigeria. The findings clearly show that combinations of the underlying explanatory variables of globalization are reliable sources for predicting changes in manufacturing sector growth. Furthermore, the findings of this study contradict the findings of Okpokpo, Ifelunini, and Osuyali (2014), who studied globalization as a powerful contributor to growth in Nigeria using non-oil (Agricultural and Manufacturing) export as a benchmark. The study used data from 1970 to 2011 and used Ordinary Least Squares regression to find that globalization had no meaningful impact on non-oil exports during the

study period. In conclusion, as indicated above, the results of this study are in agreement with the findings of most empirical studies on globalization and the manufacturing sector.

6. CONTRIBUTIONS AND FUTURE RESEARCH DIRECTIONS

This research work will contribute immensely to the scientific community as it will serve as a great tool for policy makers towards strengthening the manufacturing sector in Nigeria. More so, there is good indication for further studies in the future. The work would benefit by including more African countries, and most importantly, by conducting a comparative analysis between Sub-Saharan African countries and other regions across the globe.

7. CONCLUSION

This study investigated the role of globalization on the manufacturing sector performance in Nigeria. The focus on globalization was informed by its central place in the policy advice offered to developing economies, including Nigeria to drive broad-based growth and development in these countries. The results showed that of all the proxies used for globalization, only trade openness showed a positive connection with manufacturing value added, while net FDI showed a negative relationship with manufacturing value added. This is in disagreement with the a priori expectation. However, macroeconomic variable components of real GDP and credit to private sector indicated a strong positive impact on manufacturing value added, in line with the error expectation. The implication of this is that macroeconomic components of real GDP and credit to private sector seems to steer up manufacturing sector performance, more than the components of globalization in Nigeria within the period under review. Therefore, in order to drive the productivity of the manufacturing sector, Nigerian government should lay more emphasis on improving the real GDP by creating more credit for the manufacturers at a reduced interest rate. This is because interest rate showed a negative impact on manufacturing value added, just as expected. Owing to the findings, it was concluded that globalization is good for turnaround in the manufacturing sector. But barriers in the form of restrictions to trade are constraints to the productivity of the manufacturing sector. It is therefore recommended that policy makers should ensure that Nigeria leverage on the gains of globalization by focusing on producing and exporting manufactured goods in which it enjoys a comparative advantage and cost effectiveness. Again, regulatory bodies should strive to limit the restrictions on capital goods in order to meet the macroeconomic objectives of boosting industrialization in Nigeria. The key players in the Nigerian capital market should strive to attract long term capital, foreign investment by restoring confidence through transparency and international best practices.

Regardless of the government's strategies, foreign corporations have always been at the forefront of competitiveness in international and local market places due to their advantages of economies of scale over domestic competitors. As a result, if the country wants to gain the benefits of globalization while avoiding its negative consequences, the government should give some protection or subsidies for the newborn and domestic industries to avoid de-industrialization. These were the circumstances in China and other Asian countries during the start of their development. Trade liberalization should be carried out in the areas where the country has a high comparative advantage compare to their trading partners. This will result in an increase of the market size for domestic output, consequently, increase effective aggregate demand and reduction in the rate of unemployment. Firms operating within the areas of the trade liberalization should be given access to foreign exchange and elimination of obstacles to their importation of raw materials.

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