International Journal of Tourism & Hotel Business Management
(IJTHBM) (ISSN: 2642-021X) 2020
SciTech Central Inc., USA Vol 2 (S1)
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ECONOMIC GLOBALIZATION AND GROWTH OF THE NIGERIAN ECONOMY

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Published 21 September 2020

ABSTRACT

This paper investigates the relationship between Imports, Exports, Foreign Direct Investment and Gross Domestic Product in Nigeria. The paper applies the bounds cointegration tests and the Short and Long Run Dynamics Autoregressive Distributed Lag (ARDL) test for the study period. The Short and Long Run form of the model indicates that import is negatively related to Gross Domestic Product but is significant. The Short and Long Run impact of export on Gross Domestic Product is positive and significant, indicating that export increased growth of the Nigerian economy by 10.98 percent. Foreign Direct Investment was found to negatively influence Gross Domestic Product. This finding suggests that foreign Direct Investment is ineffective in driving actual growth in Nigeria. The findings of this paper indicate that Nigeria is not yet enjoying the full benefits of Globalization. This paper recommends that the authorities in Nigeria should formulate and implement policies that will reduce the level of import into the country and also undertake policy measures and reforms as well as providing sound macroeconomic policies, that will create a more stable and conducive environment for investment and the expansion of economic activity to strive ensuring that Foreign Direct Investment impacts positively on Economic Growth.

Keywords: Imports, Exports, Foreign Direct Investment, Gross Domestic Product, Nigeria.

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