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Globalization and the Nigerian Manufacturing Sector

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ABSTRACT
This study examined the impact of globalization on the manufacturing sector of Nigeria. In line with the objectives of the study, secondary data were obtained from World Bank Development Indicators (WDI) database covering the period of 1980 to 2013. The degree of openness, foreign direct investment, exchange rate and inflation rate were used to capture the causal relationship between globalization and the manufacturing sector of Nigeria, the impact of globalization on the manufacturing sector of Nigeria as well as the opportunities, challenges and risks of globalization and their implications for sustainable development in Nigeria. The study employs Vector Auto-Regression (VAR) model for this purpose. Findings showed that the results of the study significantly support the theoretical expectation that when a country interacts more with others, it raises the general production level and hence, manufacturing output. This implies that a positive relationship exists between globalization and the manufacturing sector of Nigeria. The study recommends that the Nigerian government should ensure continuous openness of its economy in a beneficial way and as well put up measures to stem up the confidence of investors in the activities of the manufacturing output. Also, it should ensure that the rate of inflation and exchange are steady in a manner that would encourage people to involve in the activities of the manufacturing sector.

1.0 The problem

The concept of globalization, its meaning, actors, processes and the implications for the developing world has received considerable attention for scholars and bodies in contemporary times. The International Monetary Fund (IMF) identified four basic aspects of globalization: trade and transactions, capital and investment movements, migration and movement of people, and the dissemination of knowledge. This study is aimed at showing the positive effects of globalization on the manufacturing sector of the Nigerian economy. According to the World Development Indicators (2007), "globalization has created opportunities and challenges for developing countries. While the experience of China, India, Indonesia, Thailand and some other countries have demonstrated that integration into the global economy is necessary for long term growth and poverty reduction, concerns have been expressed over equality of opportunity and unequal distribution of benefits".

A vibrant manufacturing sector has been acclaimed as a sure means of boosting economic growth and raising the standard of living. Nigeria as the giant of Africa has been regarded as the nation blessed with abundant resources; human and material. However, the underutilization of these potentials has amplified negative effects such as poverty, low level of standard of living etc. on the economy. In the modern world, the manufacturing sector is described as the basis on which the nation's economic efficiency is compared, ranked and determined. However, with the exploitation of crude oil in Nigeria in the early 1970s, the nation shifted from agriculture as a base for industrial development and placed a heavy weight on crude oil production. Not only has this jeopardized its economic activities, but also aggravated the nation's level of unemployment because other sectors such as the manufacturing sector have been neglected. Nevertheless, the well-known developed economies have over the years adopted some initial tactical and favourable measures in pursuit of their economic growth and development through massive diversification of their resources into the manufacturing sector to enhance their Gross Domestic Product (GDP) capacity.

Manufacturing activities declined in Nigeria in the 1980s, as most companies were affected as a result of the global economic meltdown that further led to the closure of the industries as unfavourable conditions lingered, particularly for those industries which depend on importation to survive and had to spend more foreign currency on imported raw materials and spare-parts, and as a result of this, the sector has been termed a 'neglected sector'. Earliest manufacturing industries in the country were producers of different types of goods which comprised soap, cotton, steel, vegetable oil, meat products, dairy products, sugar refined, soft drinks, beer, cigarettes, textiles, footwear, wood, paper products, soap, paint, pharmaceutical goods, agricultural machinery, household electrical appliances, radios, motor vehicles and jewellery. There was an economic recession in the 1980s caused by the fall of the world oil prices on the market and so also in the foreign exchange rate which affected the economic growth and development of the country.

Globalization has improved the manufacturing sector because economies have been opening their borders to ensure expansion of trades in their economies. Many other countries, have however been faced with enormous challenges of partaking in the benefits of globalization. Such challenges include structural deficiencies, inefficient and inappropriate economic policies and high existence of corruption in the country amongst others. All these internal problems reduce their strength and capacity to successfully compete in the global trend and they tend to reap the negative effects of globalization. Globalization is a dual sided phenomenon which has been beneficial to many countries and has not helped matters in the same or many other countries especially the developing countries. This is so because most developing countries have very weak capacities to take advantages of global markets as they are still grappling with the provision of basic necessities such as roads, railways, food, and water among others.

One of the motives why benefits of trade globalization cannot be translated into economic growth is the macroeconomic policy distortions resulting from trade which turned the country into an import dependent economy. Therefore, the broad objective of this study is to examine the impact of globalization on the manufacturing sector of the Nigerian economy. The study covers the manufacturing sector and it has been attested by globalization from the period of 1980-2013. This study will be structured into five sub-sections. Section two focuses on the background information relating globalisation and the Nigerian manufacturing sector. Section three focuses on the literature review on globalization and the manufacturing sector. Section four addresses the theoretical framework and methodology framework while section five covers the empirical analysis of data and interpretation of data findings. The final section presents the summary of the findings, conclusion and recommendations.

2.0 The Nigerian Manufacturing Sector and Globalization

The manufacturing sector of Nigeria could literally be assumed to have a vast potential for a spot for economic development due to abundant labour force coupled with the agrarian nature of the economy. However, the absorptive capacity for labour expected from agriculture and other spill over effects was soon proved mysterious. Sooner or later do import substitution industrialization and other incentives to attract foreign entrepreneurs failed, resulting in a weak and infantry manufacturing sector. This thus gives way for export promotion industrialization particularly in the early 1970s as Nigeria recorded windfall gains from crude oil sales. Moreover, the capital intensiveness of manufacturing sector as a result of induced technological advancement cannot be overemphasized. As such, manufacturing in Nigeria is tied to foreign exchange earnings for the purchase of capital equipment.

Despite the overwhelming theoretical evidence of causality between globalization and economic growth with manufacturing sub-sector at the heart of the arguments, empirical studies have been divergent. Thus, empirical evidence casts doubt on the impact of globalization on manufacturing sector even when horizontal spill over effects are considered.

According to Aluko M.A.O. et. al (2004), 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. There is also the existence of obsolete technology. The Nigerian manufacturing sector can be described in the past two decades as that which is experiencing de-industrialization. Hence, it is inevitable to determine whether an industry operating under the manufacturing sector can work well with the rigours and dictates of globalization.

The place of Nigeria in the globalizing world requires some in-depth study. Following the globalization trend, Nigeria liberalized its economy embracing the policies of structural adjustment programme (SAP) in the late 1980s. Nigeria is economically weak. This factor can be attributed to the inadequate domestic capacity to boost the country's productivity, the mono-cultural dependency, and the unfavourable terms of trade as well as the intense debt it is being faced with. Iyoha (2003) observed that SAP had a negative effect on the economy, making the economy weak in the global competition. The weak economy, due to the inadequate domestic economy capacity, social infrastructure as well as the mono-dependency and unfavourable terms of trade in its export trade, has been hindered to benefit the full achievement of the positive effects of globalization as a result of the negative effect of the economic situation on investment especially foreign investment.

In the pre-SAP period, the manufacturing sector recorded a growth rate of 8.4% of GDP in 1980 but it fell to 5.29% in 1989 while it ebbed lower to 4% in 1993. It recorded a negative growth rate for the entire period from 1994-2004 and a zero growth rate in 2005 (CBN, 2006).The exchange rate which was at #1.60 to US$1.00 in pre-SAP period plummeted exchanging at #4.6 to US$1.00 in 1986 and stands at #128.65 in 2006(CBN,2006). FDI flows to Nigeria amounted to$588million in 1990. This rose to $1.079million in 1995 but declined to $930million in 2000. With the worldwide FDI flow of $823.8 billion in 2001, Nigeria attracted only $1.1billion which is 0.13% of the world flow (UNCTAD 2002 in Onwuka and Eguavoen, 2007). This deficient share shows the country's marginalized status within the orbit of modern capitalism.

The World Bank (2000) estimating the degree of trade openness in Nigeria showed that trade openness was 26.2% in 1960, this rose to 66.7% in 1991, 75.2% in 1997 and 89% in 2003 but fell to 45% in 2006. With this level of openness, the ration of FDI to GDP ratio has consistently been declining despite the drastic cumulative increase in the global FDI flows. Appendix 1 of World Bank data shows that that the FDI to GDP ratio that was 7.3% in 1980 rose to 12.9% in 1986 but fell to 9.6% in 1993 and ebbed lower to 1.6 in 2006. This points out that despite the fact that the nominal value of FDI was on the increase, its contribution to GDP was falling. The figures of the FDI flow and the nature of Nigeria's trade structure which is mono-cultural dependence on oil, also shows that the FDI flow were only in the petroleum sector rather than the agricultural and the manufacturing sector that needs more of the technologies for the economy to reap much benefit from globalization of the world. The growth of GDP is not also encouraging. GDP growth rate which was 13.8% in 1985 fell to 1% in 1986, which was the early period of SAP. This rose to 49% in 1987 fell to 15.9% in 1991 which was the core period of SAP and globalization in Nigeria while in 2001, GDP growth rate was 13.2% and in 2006, the economy recorded a GDP growth rate of83.5%.

The above analysis points out that despite the high degree of openness which is one of the major channels of globalization, the economic growth of Nigeria has not been encouraging. They also point out that Nigeria has not really benefited in the globalization that have come to stay in the world especially in terms of its major driving sectors; agriculture and manufacturing.

3.0 Literature review

This section entails the empirical literature on the relationship between globalization and the manufacturing sector. This chapter would focus on the interrelationship and analysis on whether globalization has affected the manufacturing sector of Nigeria negatively or positively.

Evelyn N. Iyoko.et al investigated the causal relationship between globalization (characterized by FDI and Openness) and Economic Growth using co-integration techniques on time series data in Nigeria. The result of the study showed a unidirectional causality between FDI and Growth with FDI Granger causing growth while there was no causality between Openness and Growth. Rather, openness Granger causes external debt in Nigeria. The study encouraged that the country should imbibe some of the sketched contours of an appropriate development strategies for developing economies which includes debt reduction, domestic fiscal discipline, effective exchange rate policy and the diversification of the domestic base.

Friday Ebong et al. also conducted a research on Globalization and the Industrial Development of Nigeria using evidence from Time Series Analysis between the periods of (1960-2010). The research showed that among the dilemmas faced among developing countries is whether they should open their economies up to the globalization process or adopt a cautious approach to avoid risks. There are fears that globalization would lead to environmentally damaging production and consumption patterns, high labour unemployment rates and such other fears as loss of local control over domestic economic programmes, as well as de-industrialization. The work was analysed using the Engle-Granger two-step and Johansen co-integration tests as well as the vector auto regressions technique which was used within an error correction framework. Findings clearly showed that globalization had significant impacts on industrial development in Nigeria. Specifically, trade openness had a positive influence on industrial development. This suggested that increasing the level of trade with the rest of the world would create opportunities to export local raw materials and import necessary inputs into the industrial process. Hence, globalization has a positive effect on the Nigerian manufacturing sector.

In a similar study, Kareem, Bakare and Ologunla (2013) investigated the nexus between globalization and economic growth in Nigeria from 1970-2008. This study employed descriptive statistics, regression technique and correlation analysis in evaluating the relevant results. The result of the regression analysis shows that trade openness has positive and significant relationship with economic growth in Nigeria.

Indeed, Kwanashie (1998), Egware (1998) and Aninat (2002) observed that the increasing and unparalleled wave of globalization have led to much better products, much lower costs, enormous increase in productivity and great improvement in global quality of life or welfare. It is also said to go with rapid industrialization.

Olotu et al. (2001) used the Hicksher Ohlin model to analyse the time series data of the relationship that exists between globalization and employment opportunities in Nigeria. It was discovered that the activities centre on import competing firms and partly because of a strong theoretical view that propensities of export and imports would shift labour demand upwards. Empirical results showed that none of these affected labour demand positively. As if that is not all, the impact of the ratio of total trade to non-oil aggregate employment is negative. This implies that Nigeria is opening too much in the direction that is seriously undermining the employment condition of the country. Hence, openness should be cautiously carried out in the right direction. This implies that globalization has a negative effect on labour.

Oyefusi and Udoh (2004) in their analysis of openness, trade Liberalization and economic growth in developing countries came to the conclusion that openness to trade is a necessary path a developing country must tread if it is to attain sustainable growth and development. The study however argued that the ability of a nation to benefit from trade liberalization is largely dependent on appropriate domestic policies, adequate human capital, the capacity for strategic government intervention, and proper harnessing of the socioeconomic-cum political factors supportive of growth. From this conclusion, it may rightly be inferred that the lack of positive impact of globalization on Nigeria is due largely to the failure of the country to possess these preconditions.

Rasaki .O et al (2014) investigated if there is any nexus between globalization and economic growth using the Solow Growth model to analyse the time series data between the period of 1970- 2008. It was shown that inflation plays a very significant factor if the Nigerian economy is to enhance its economic growth and her volume of exports. Hence for it to be among the top countries of the world, the government should guide it's fiscal and monetary policies in other to enhance the industrial base of the country.

Tamuno and Edoumiekumo (2012) examined the impact of globalization on the Nigerian industrial sector, utilizing annual time series data covering the period 1970-2008. This study adopted time series analysis under the framework of co-integration test and error correction mechanism. Co-integration test result showed existence of long run relationship among the variables in the model. The result of the error correction model for short run dynamics showed that external debt, gross capital formation, nominal exchange rate and degree of openness have negative impact on the Nigerian industrial sector; while foreign direct investment has positive impact on industrial output in Nigeria. The study concludes that the Nigerian industrial sector has a weak base which makes it difficult to compete favourably with her foreign counterparts.

Others contend that globalization enables peace and prosperity and thereby increase in economic activities that reinforce peace in a virtuous cycle (Bhagwati and Srinivasan, 2002).

Finally, proponents of globalization claim that countries which are highly engaged in globalization process are likely to experience not only higher economic growth, but also greater affluence, more democracy, and increasingly peaceful conditions (Vadlamannati, 2009).

4.0 Theoretical Framework and Methodology

4.1 Theoretical Framework: Comparative Advantage Theory

Trade as a phenomenon is usually engaged in by economic agents as it is a profitable means. Different abilities and resources are usually put together to ensure that the process of profitable trade takes place. By this, people usually find it more profitable to trade things which are possessed by them in large quantities relative to their tastes or needs in return for things they urgently want as it is impossible for human beings to basically provide all their needs of even the simplest life; hence, the concept of comparative advantage. The comparative advantage theory states that countries should, and under competitive conditions, specialize in the exports of goods that it can produce at the lowest relative costs. This theory was propounded by David Ricardo.

The manufacturing sector of Nigeria is that which is specialized in the production of primary goods unlike some other countries of the world. Globalization on the other hand, summarizes the integration of the world through the transfer of goods and services which is proxied by openness. Linking the manufacturing sector of Nigeria with the comparative advantage theory, Nigeria should concentrate more on the production of its primary goods which it produces with least cost, considering the natural resources required; its availability and source, and import others which it cannot produce with least cost from the rest of the world.

The theory is based on the difference in production costs of similar products in different countries. Costs of production usually differ in countries due to geographical division of labour and specialization in production. Due to differences in climate, natural resources, geographical situation and efficiency of labour, a country can produce one commodity at a lower cost than the other. By this, each country specializes in the production of the commodity in which its comparative cost of production is least. Therefore, when a country enters into trade with some other countries, it will export those commodities whose comparative cost of production is least and import those commodities in which its comparative production costs are high.

4.2 Methodology

From the theoretical exposition above in section 3.1, it can be observed that manufacturing sector expansion in Nigeria is a function of globalization.

$$MO_{t-i} = \alpha_0 + \sum_{i=1}^{p} B_{i1} OPEN_{t-i} + \sum_{i=1}^{p} B_{i2} FDI_{t-i} + \sum_{i=1}^{p} B_{i3} EXR_{t-i} + \sum_{i=1}^{p} B_{i4} INFR_{t-i} + \varepsilon_t \quad \text{....eqn 4}$$

Where; M_o= Manufacturing output, OPEN= Degree of openness, EXR= Exchange rate, FDI= Foreign direct investment, INF= Inflation rate, µ= Error term

4.3 Estimation techniques

One of the objectives of this study is to examine the relationship between globalization and the manufacturing sector of Nigeria from 1980-2013. The method adopted is analytical. The analytical tools to be used are the Unit root test, co-integration test and the Vector Auto Regression (VAR) model.

Vector Auto-regression (VAR) Model

This is an econometric model used to explain the linear interdependencies among multiple time series. It shows the impact relationship between variables hence depicting the degree of responsiveness of one variable to another. The model is used to explain the response of current and future values of each of the variables to a unit increase in the current value of one of the VAR structural errors, assuming that this error returns to zero thereafter. The impulse response function is a practical way of representing the behaviour over a particular time period in response to shocks of a vector. It further provides information on how a variable responds to shocks or innovations in other variables. Also, it enables us to trace temporal responses of variables to its own shock and shocks in other variables as well as provide detailed information on the relative strength and stability of the manufacturing sector output. This response is carried out in other to examine the impact globalization on the manufacturing sector of Nigeria. The selected macroeconomic variables are degree of openness, inflation, foreign direct investment and exchange rate. This analysis is done over a period of time of which in this case is 20 years period. The stability of these macroeconomic variables is examined through the dynamic effect of a Cholesky non-factorized one standard deviation innovation from the degree of openness. Stability test is usually conducted to ascertain whether the specification of the model satisfies the condition of stability or not. In essence, the stability test is used to verify the overall stationarity of the VAR model. It therefore means that if the stability conditions are violated, the specifications of model are therefore not stable and as such not suitable for further analysis which implies that there is non-stability of the VAR specifications.

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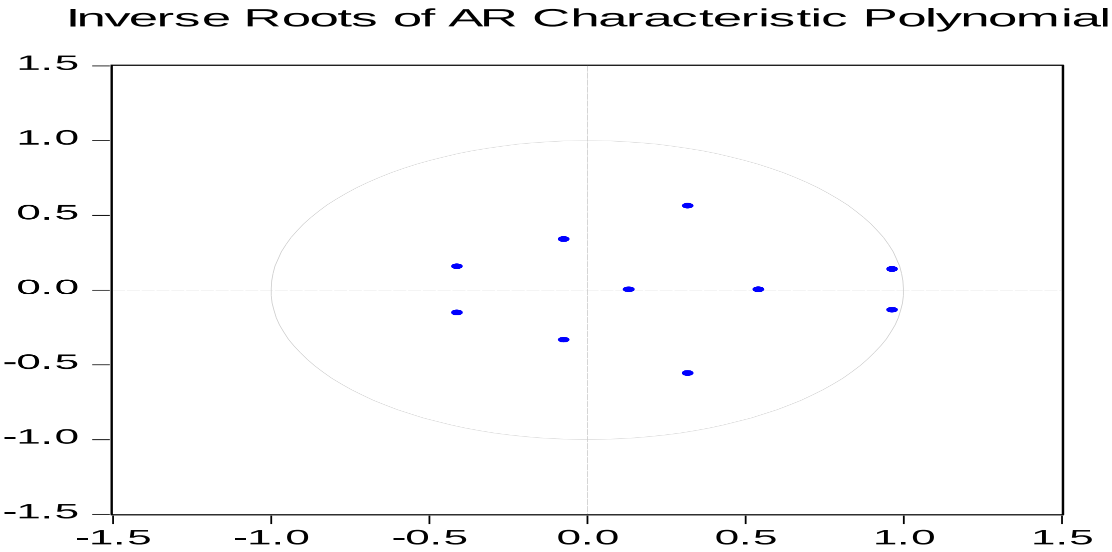
5.0 Presentation and Interpretation Of Results

4.3 VAR Stability Condition Check Using the Inverse Roots of Autoregressive Characteristics Polynomial

Fig 4.2: VAR Stability Test

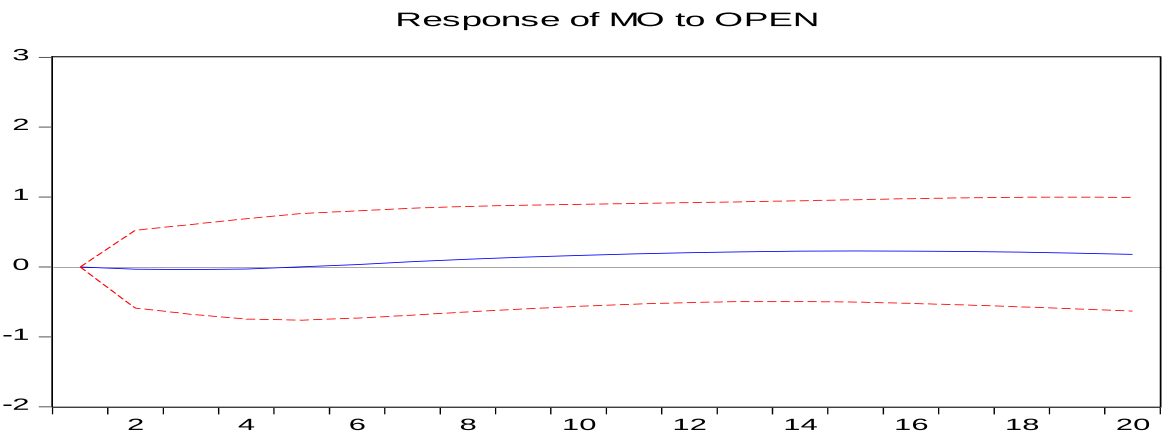


Source: Author's compilation

There should be (number of variables)×(number of model lags) roots visible on the graph. In this case, we have 10 roots shown which represents the product of the number of variables and the number of optimal lags chosen. The variables employed are; manufacturing output, foreign direct investment, degree of openness, inflation and exchange rate.while the number of model optimal lags used is gotten to be eight. Form figure 4.5, it is obvious that all the roots lie inside the circle thereby fulfilling the condition of stability. Given this result, it can be concluded that the VAR specifications are stable.

4.4 Vector Auto-regressive model

Fig 4.4: Response of manufacturing output to degree of openness

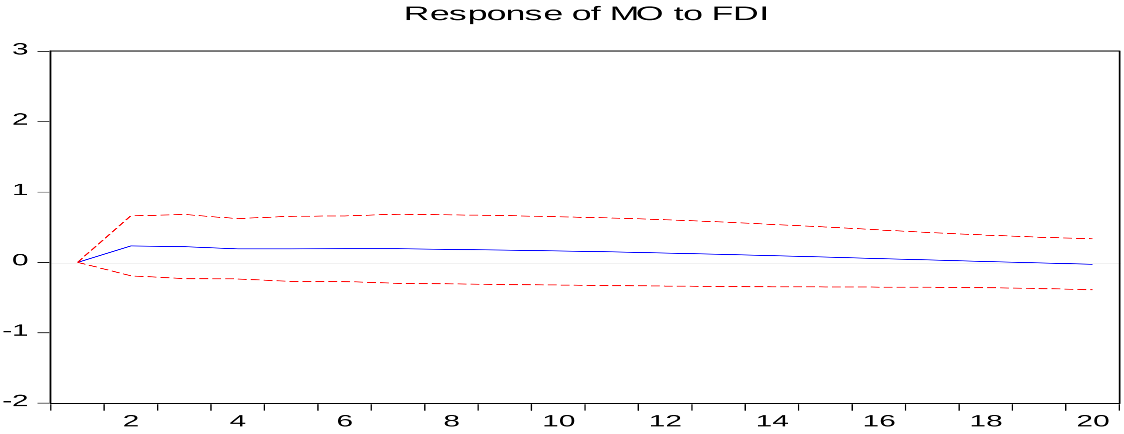


Source: Author's compilation from Eviews 7

Figure 4.4 shows the response of manufacturing output to openness. As observed in the figure, a one Cholesky standard deviation innovation to globalization as represented by degree of openness leads to a significant improvement in the growth of manufacturing sector output as the response hovers around the steady state level of 0.00. This improvement is observed between the initial period; period 0 to the 5th period of forecast. However, after this point, there is a relatively significant deterioration within the positive orthant of a steady state line. This continues up to the 14th period. However, it is observed that there is a return to equilibrium starting from the 14th period and extends beyond the 20-year forecast period of this analysis.

Overall, this presupposes that globalization has a significant impact on the growth of manufacturing sector output. This is in line with the a priori expectation that globalization would impact significantly on the manufacturing sector of Nigeria. This further corroborates with the work carried out by Alimi and Atanda (2011) on "Globalization, Business Cycle and Economic Growth in Nigeria" which found out that globalization and cyclical movements enhanced economic growth in Nigeria.

Fig 4.5: Response of manufacturing output to Foreign Direct Investment

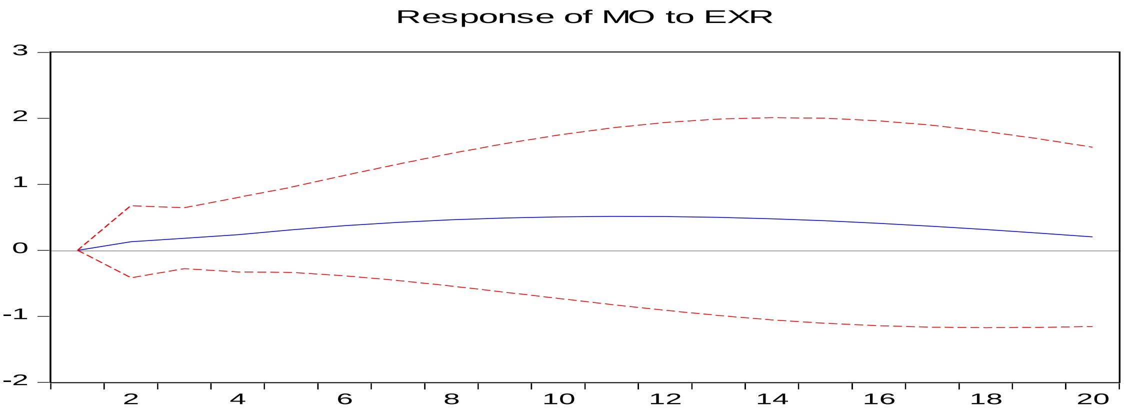


Source: Author's compilation E-views 7

Figure 4.5 shows the response of manufacturing output to Foreign Direct Investment. It is observed that the shock causes Foreign Direct Investment to shift infinitesimally from the origin between the 2nd and 3rd period which is accounted for by 1% change. From the 3rd period, there is a gradual restoration to equilibrium approximately up to the 17th period. Overall, the impact oscillates predominantly in the positive domain. The convergence to equilibrium marginally represents about 98.8% lower than the peak under consideration. This shows considerable convergence towards equilibrium as in figure 4.5 above. This presupposes that foreign direct investment has a positive impact on the manufacturing sector output of Nigeria as explained by the a-priori expectation that Foreign Direct Investment is expected to be positive because it is an investment by an investor from another country for which the foreign investor has control over the company purchased which brings about some great advantages.

This is in line with the work carried out by Hassan .O.M (2014) who used the Ordinary Least Squares (OLS) multiple regression technique to analyse the series data between the period of 1986-2011 to test the appraisal of the effects of globalization on the Nigerian economy. It was shown that Foreign Direct Investment had a positive relationship on manufacturing sector output.

Figure 4.6: Response of manufacturing output to exchange rate

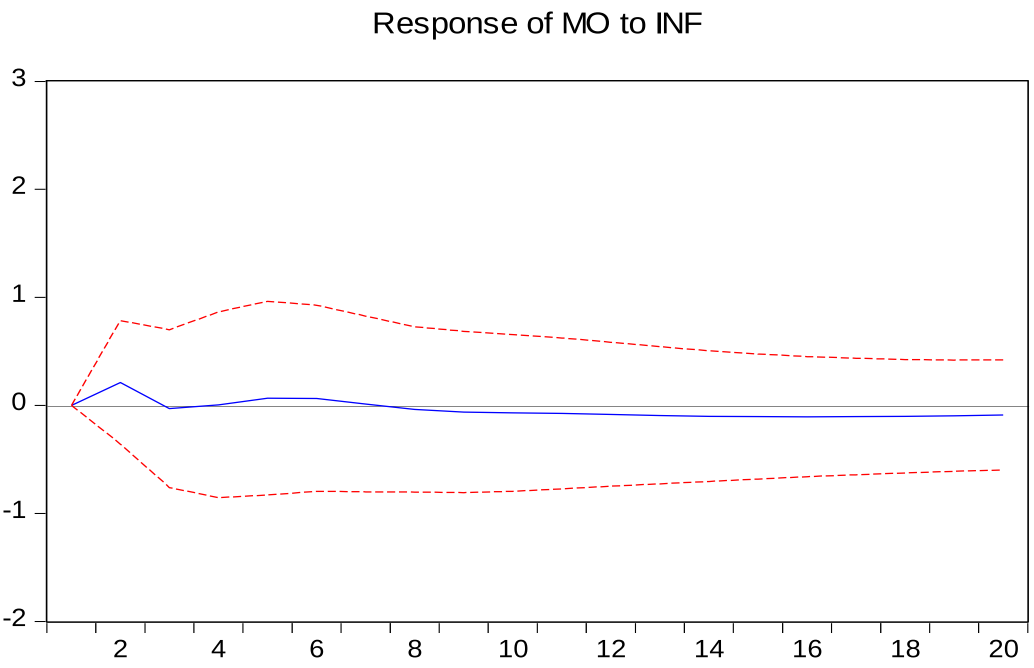


Source: Author's compilation using E-views7

Figure 4.6 shows the response of manufacturing output to exchange rate. From the graph, a one Cholesky standard deviation innovation to globalization as represented by exchange rate leads to a significant improvement in the growth of the manufacturing sector output. It can be observed that exchange shifts from its equilibrium position by an infinitesimal percentage in relation to that of manufacturing sector output. At the initial period, exchange rate jumps to about 1.2%. From the 2nd period, the response hovers between 0.1 and 0.5 up to the end of the forecast period. Overall, the impact is positive and the shift from equilibrium is marginal; representing about 57% around the peak period. This shows a considerable convergence to equilibrium in the period of study under this analysis. In line with the a priori expectation, it is true even though it is two-way thing as in the case of either depreciation or appreciation.

Empirically, it is also true as in the work carried out by Tamuno and Edoumiekumo (2012) who examined the impact of globalization on the Nigerian industrial sector, utilizing annual time series data covering the period of 1970-2008.

Figure 4.7: Response of manufacturing output to inflation



Source: Author's compilation

Figure 4.7 shows the response of manufacturing output to inflation innovation. From the figure, a one Cholesky standard deviation shock to inflation shows an infinitesimal jump between the initial period and the 2nd period; which is the peak. This accounts for about 21% marginal innovation. Roughly during the 3rd period it fell and petered out immediately in the 5th period and was steady till the end of the 7th period. From this period's onset, there was a continuous slide away from equilibrium up to the end of the 20th period. This accounts for about 13.6% response of the shock in exchange rate. This implies that there is a considerable convergence to equilibrium as in the case 4.1, 4.2 and 4.3 above. The economic implication of this is that an increase in the price of a finished manufactured product would initially bring about imbalances, as consumers would still be trying to adjust to the initial change. As time goes on, stability would set in and people would adjust to the changes in price levels. This can be seen from the graph above as there was an initial spike in the response of manufacturing sector output to the changes in price, but with time, there was a restoration to equilibrium due to adjustment. This is in line with the a priori expectation that an increase in price would initially affect manufacturing output which would later be followed by stability.

Overall, the results of the study significantly support the theoretical expectation that when a country interacts more with others, it raises the general production level and hence, manufacturing output. This is the major finding of this study.

5.0 Summary, Conclusion and Recommendation

This study set out to find out the impact of globalization on the manufacturing sector of the Nigerian economy between 1980 and 2013. In chapter one, which was basically the introductory chapter, considered the problem, objectives, as well as the significance of the study. Chapter two focused on conceptual framework, analysis of trend and review of relevant literature. An exposition of the theoretical framework and methodology was the focus of chapter three. Chapter four considered the analysis of empirical findings. In this regard, Foreign Direct

Investment, Exchange Rate, Openness and Inflation rate were used in capturing the impact and direction of globalization on the manufacturing sector output in Nigeria.

Specifically, from the presentation and analysis of results in the preceding chapter, the variables of OPEN, FDI, EXR AND INFR turned out to be significant enough to determine the direction of manufacturing sector output in Nigeria using the Vector Auto-regressive Model. This implies that the manufacturing sector has benefited from OPEN, FDI, EXR and INFR between the period of 1980 and 2013. An increase in these variables would therefore imply a positive impact of the Nigerian manufacturing sector output. In Nigeria, if policies supporting the opening of an economy are fully implemented, then not only the manufacturing sector would benefit from it but the Nigerian economy as whole. This is because the manufacturing sector of an economy is seen as one of the sectors that acts as the vibrant pushers of any economy's activities.

5.2 Recommendation

This study has contributed to research by identifying the impact that the manufacturing sector of Nigeria has derived in the era of globalization. Based on the findings of this research, it was observed that there exists a positive relationship between openness; the proxy for measuring globalization and the manufacturing sector of Nigeria which stands as benefit. Hence, a continual derivation from this benefit would imply that Nigeria should increase its interactions with other economically stable countries of the world. The Nigerian government should ensure continuous openness of its economy in a beneficial way and as well put up measures to stem up the confidence of investors in the activities of the manufacturing sector output. Also, it should ensure that the rate of inflation and exchange are steady in a manner that would encourage people to involve in the activities of the manufacturing sector.

A further massive gain and benefit of globalization would imply that the country should ensure conduct of comparative advantage assessment in terms of manufactured exports. Also, one of the visions of the country is to be among the 20 largest economies of the world by 2020. This would remain hollow and trivial in the absence of a vibrant manufacturing sector that is able to cope with the dynamic challenges and improvements of an increasingly globalized world. Hence, the manufacturing sector should be operated in a way and manner that can be adjusted for certain changes.

Finally, international experience shows that countries which succeed in attracting FDI have been implementing policies that provide foreign investors with favourable environment and helps to conduct business activities without incurring unnecessary risks. However, it implies that not only the provision of financial subsidies would help this but also, the implementation of general policy measures that ensures a stable macroeconomic environment.

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