

**IMPACT OF GLOBALIZATION ON INDUSTRIAL GROWTH IN NIGERIA  
(A CASE STUDY OF COCA-COLA PLC)**

**BY**

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**BEING A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF  
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## **DECLARATION**

I, Gadongs Micheal Dalyop with Matric Number Nou142251844, hereby declare that this research project titled “Impact of globalization on industrial growth in Nigeria” was conducted by me and this project is a product of my own personal research effort. It has not been published anywhere by any person, Institution or organization or used for any previous application for a degree or other qualification. Sources of information and data used have been duly acknowledged by means of references.

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## APPROVAL PAGE

I, certify that Gadongs Micheal Dalyop with matriculation Number Nou142251844 has conducted research project titled “The impact of Globalization on Industrial Growth in Nigeria” as meeting the regulation governing the award of Bachelor of Science (B.SC.) degree in Accounting. This project has been Read, corrected and agreed by my supervisor as meeting the requirement or acceptance standard of scholarly presentation.

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## **DEDICATION**

I dedicate this research work to God Almighty the Creator of Heaven and Earth.

## **ACKNOWLEDGEMENTS**

I, wish to express my profound gratitude to God Almighty for his protection and guidance.

The task of this research work would not have been possible without the help of some people. Therefore, my sincere gratitude goes to all those who contributed to the success of this research work.

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## **ABSTRACT**

*Industrialization is the bedrock of Economic development, hence the focus by successive Nigerian Government on favorable policies to industrialized the Nigerian major sectors. The performance of the industry is how to design strategies and policies relevant to regional and global competition given the small market of the economy especially in the area of industrial products. This study significantly investigated the impact of globalization on industrial Growth in Nigeria. To this end a survey research was design utilizing the random sampling techniques. One hundred and twenty (120) respondents were drawn from Cocoa-Cola Company in f.c.t Abuja to constitute the sample. Data was obtained through questionnaires and analyzed with statistical package for social science (SPSS 17.0) in frequency and percentage tables. The study found that shortage of capital intensive methods has significant effect on globalization process in industrial growth. Also found that globalization has helped to reduce cost of business operations, enhanced rapid improvement of customer service and business delivery system. As part of recommendations, Government should create an enabling environment to allow industries grow and compete favorable in the global market.*



## **CHAPTER ONE**

### **1.0 INTRODUCTION**

Over the past few decades, there have been gains and benefits from increased border transaction and massive flow of investments, technology and information between and among countries. 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 rather they tend to reap the negative effects of globalization. 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”. By integrating the world into a global economy through trade liberalization, commercialization and privatization, globalization can undermine industrial growth in Nigeria as it exposes local businesses and industries to competition from global corporation who often have better financing, technology, advertising and market.

### **1.2 BACKGROUND TO THE STUDY**

Globalization has benefited the advanced countries at the expense of the developing countries. To the Marxists, this is not surprising as they hold that globalization is a product of the capitalist. They argued that the capitalist system epitomizes exploitation, it involved class conflict and it is a system of unequal relation marked by an unequal exchange. It is a system where one group

must benefit at the expense of the other. Thus globalization being of such a system is bound to be exploitative. Several scholars has traced the origins of globalization in modern times, others trace its history long before the European age of discovery to the new world. Some even trace the origins to the third millennium. Since the beginning of the 20<sup>th</sup> century, the pace of globalization has intensified at a rapid rate, especially during the post-cold war era. The term globalization has being in use since the mid-1980's and since the mid 1990's. However, the main originators of globalization can be traced to the classical economists that showed that trade can be beneficial to their nation. Globalization developed through the Pre-capitalist era to the period of industrial revolution in England and evolved into what we are seeing today. The above quote underscores the government especially in developing countries to know the manner they pursue domestic economic policies. They should gear all the effort towards restructuring their economy to global economic changes in such a way that they will benefit from globalization.

In 2000, 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. Further, environmental challenges such as climate change, cross-boundary water and air pollution and over fishing of the ocean are linked with globalization. Globalization processes affect and are affected by business and work organization, economics, socio-cultural resources and the natural environment.

The most Drastic evidence of globalization is the increase in trade and the movement of capital stocks, bonds, currencies and other investment from the period of 1950 - 2001. The volume of world's export rose by 20 times and by 2001, world trade amounted to a quarter of all the goods and services produced in the world. In the early 1970's only \$5 billion to \$10 billion in national

currencies was exchange daily, by the early part of the 21<sup>st</sup> century, more than \$15 billion worth of yen, Euros, dollars, pounds and other currencies were traded daily to support the expanded levels of trade investment which is as a result of globalization.

### **1.3 STATEMENT OF THE PROBLEM**

One could say that the crises in Nigeria's tertiary institution arising from corruption, mismanagement as well as the devastating effect of the defunct structural adjustment. The present socio-economic and political condition of Nigeria on ground suggests that we have a long way to go in the global competition of the 21<sup>st</sup> century. Also the Nigeria economy is made weaker by mono-cultural dependence and unfavorable terms of trade in its export trade as well as excruciating debt burdens. This problem can really make Nigeria not to benefit from the ongoing globalization process. The challenge is for Nigeria to use their enormous resources to build a strong, consistent self-sustaining economy which will be competitive in the world market.

### **1.4 RESEARCH QUESTIONS**

- i. To what extent will globalization affect our economy in relation to other countries?
- ii. To what extent does lack of adequate technique used in labour force affects industrialization process in industrial growth?
- iii. What are the possible solutions to the identified constraints affecting globalization process in industrial growth?

## **1.5 OBJECTIVE OF THE STUDY**

The main objective of this study is to investigate the impact of globalization on industrial growth in Nigeria.

- i. Investigate how low labour force has affected globalization process in industrial growth
- ii. Examine how lack of adequate technique used in labour force has Affected globalization process in industrial growth
- iii. Examine and proffer solutions to the identified constraints affecting globalization process in industrial growth.

## **1.6 STATEMENT OF HYPOTHESIS**

H0<sub>1</sub>: Globalization does not possess any impact on Nigerian economy

H0<sub>2</sub>: Lack of adequate techniques used in labour force affects globalization process in industrial growth.

## **1.7 SIGNIFICANCE OF THE STUDY**

The study examines the impact of globalization on industrial growth. This study would provide an econometric assessment of the performance of trade in relation to gross domestic product. The study would also identify the factors that are responsible for the poor performance of the trade policy and recommend possible ways of resolving the challenging factors. The findings of the study will be in valuable benefits to the government and stakeholders in policy implementation. Purchasing personnel, Economist, business manager, financial analysis will benefits from the

findings and recommendations of this study. The findings of the study will be a reference point to students and researchers who are new to the subject matter or want to make further research on it.

## **1.8 SCOPE AND LIMITATIONS OF THE STUDY**

This study examines the impact of globalization on industrial growth in Nigeria. However, the scope of this study shall be limited to the Nigerian economy. This study therefore attempts to examine changes in the industrial and trade structure of the Nigerian economy in the context of the current wave of globalization between 1970 and 2002, in particular the manufacturing sub sector. The comparison of the industrial and trade structure between 1970 and 2002 will reveal the results of government's efforts to made industries efficient and competitive through a serious of deregulation packages since 1986.

## **1.9 LIMITATIONS OF THE STUDY**

The researcher encountered some constraints which includes;

The major constrain to this study is the difficulty in getting the relevant data's for these research.

Financial and logistic impediment in fact, the financial cost of movements and transportations to secure relevant information. On the part of the researcher , financial resources was a serious obstacle for photocopying, typing of the work, and buying of some text books but through friends and work colleagues supports the researcher was able to overcome.

Improper record limitations; it is true to say that in this country data banks or adequate information are not kept up to date and in cases where these records are kept, they are not arranged in expected order. Many subjects or important information will be missing from the record, the researcher has to use experience in gathering some of the materials.

Weather; the regular rainfall during the period of this study was another limiting factor that hindered the researcher free movement from covering a wider range.

## **1.10 DEFINITION OF OPERATIONAL TERMS**

**Diversification:** This is when an organization expands into new areas of business or expands a commercial organization into new areas

**Economy:** an economy as described is the circular flow of goods and services from producers to consumers, and the corresponding flow of labour and capital into the production process.

**Economic Growth:** This study defined economic growth as the increase in the capital of an economy to produce goods and services, compared from one period of time to another

**Globalization:** this is when an organization adapts to industrial methods of production and manufacturing, with all the accompany social changes

**Technological Advancement:** This is when an organization adopts and applies devices, machines, and techniques for manufacturing and productive processes.

## **CHAPTER TWO**

### **LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK**

#### **2.1 INTRODUCTION**

Globalization remains one of the most controversial subjects of our time, according to several authors and ideological applications. Globalization is the close interaction between national economics through trade investment and capital flows made possible by technological development and advancement in telecommunication world to a global village. Globalization evolves over the years but rapidly intensified after the end of the world war.

According to Giddens (1990) Globalization can be defined as the intensification of worldwide social relation which link distance localities in such a way that local happenings are shaped by event occurring many miles away and vise-versa, in respective of ongoing controversy and measure of ambiguity in its uses, it often depicts transformation of the relations between states and institutions groups and individuals, it described the growing economic, political, technological and cultural linkages that connect individuals, business and government around the world.

Globalization slowed during the world war as a result of protectionist policies applied to defend ideological interest by the major protagonist. The main driving forces of this process are technology, policy and competition and its subordinate domestic economics to global market condition and practices. Developed nations are the beneficiaries of globalization as their share of world trade and finance has expanded as the expenses of developing countries. Thus, the process worsened inequality between world's region and providing in the developing world. Nigeria has

not benefited from globalization due to mono culture export, inability to attract increased foreign investment and huge indebtedness. But globalization can be domesticated in the country through diversification of exports debt reduction and expanded development co-operation with other countries. The Nigerian state also needs to be strengthened as bulwark against the dictates of foreign capital. All these accomplished, Nigeria could join the link of countries enjoying the benefits of globalization

## **2.2 CONCEPTUAL FRAMEWORK**

Globalization is the process through which an increasingly free flow of ideas, people, goods, services and capital leads to the integration of industrial societies and has brought rising prosperity to the countries that have participated (Aminat, 2012). Put more succinctly, globalization refers to increase global connectivity, integration interdependence in the industries, social, technological, cultural, political, and ecological spheres (Wikipedia, 2013) thus under the globalization process, most industries witness rapid integration of productive and investment decisions across the globe.

According to Olusoji and Olaniyan (2010), globalization is quantitative and qualitative expansion of transporter flow of activities and ideas. These include financial flows, or cultural flows. In industrial term, globalization is there closer integration of the countries and peoples of the world and the breaking down of artificial barriers to the flow of goods, services, capital, knowledge and people across national borders. It is a process of creating a global market place of investment. To Slade (2012) globalization means an unrestricted flow of merchandise. Services, investment, ideas, but not people between nations, it implies internationalization of corporate strategy in production, marketing, and research.



According to Fafowora (2013), globalization is the process of the intensification of economic, political, social and cultural relations across international boundaries. It is principally aimed at the transcendental homogenization of political and socio-economic theory across the globe. It is aimed at “making global being present worldwide at the world stage or global arena”. It deals with the “increasing breakdown of trade barriers and the increasing integration of world market.

Ohuabunwa (2011) opined that globalization is an evolution which is systematically restructuring interactive phases among nation by breaking down barriers in the areas of culture, commerce, communication and several other fields of Endeavour.

Globalization according to Ohiorhenuan (2012), is the broadening and Deeping linkages of national economies into a worldwide market for goods and services, especially capital. Tandon (2013) opined that globalization seeks to remove all national barriers to the free movement of international capital and this process is accelerated and facilitated by the supersonic transformation in information technology.

Ohiorhenuan (2012) reported that globalization is aimed at universal homogenization of ideas, cultures, values and even life styles. Gordmier (2012) supported Ohiohnuan (2012) argument that globalization is principally concerned with the expansion of trade over the oceans and airspace, beyond traditional alliances which were restricted by old political spheres of influence.

Diagne and Ossebi (2012) described globalization as a basic change in the way in which major actors think and operate across the globe. Madunagu (2013) also connoted globalization is the rapid expansion through giant multinational companies of capitalism and their “blood sapping principles” of “liberalization”, “commercialization”, “privatization and undemocratic and

property- based democratization’’ to several areas of the world including where it had hitherto been resisted or put in check.

Kwanashie (2010) defined globalization as ‘‘a process of integrating economic decision-making such as the consumption, investment and saving process all across the world. It is a process of creating a global market in which increasingly all nations are forced to participate’’.

Another definition advanced by Ojo and Obaseki (2012) is that globalization is ‘‘the integration of national economies through trade and financial transactions; a process that has tended to reduce the ability of domestic economic policy to achieve its objectives without due consideration of the countervailing effects of competing policies adopted by other nations’’.

According to Afonja (2013) globalization liberally ‘‘means the removal of barriers between countries so that the world becomes a global villages’’. He further argued that it is a process of increasing interconnectedness of individuals, groups, companies and countries from the above definitions, it is evident that globalization is the term used to describe the growing worldwide interdependence of people and countries. In this idea, globalization is a relative concept since it is related to value judgment and ideology in the sense that whereas it enriched other nations and for others it has impoverished them.

According to Akande (2000) and UNDP (1999) the key feature that underlies the concept of globalization is the erosion and irrelevance of national boundaries in markets that can truly be described as global. Capital flows are being denationalized as a result; national sovereignty is becoming highly irrelevant. The main thrusts for the ever growing irrelevance of national boundaries in the financial markets are technological and economic development.

Adeboye (2011), in his views on Globalization and industrialization process posited that those who win are those who trade in goods and service characterized by increasing returns. The pace and structure of Globalization and industrialization are usually dictated by the winners. While in the past, Globalization and industrialization process were dictated by colonialism and gunboat diplomacy, in recent years, it is driven by more subtle ideology propagated by the international financial institutions and the World Trade Organization (WTO) However, much of the financial flow – over 60 percent – is speculative rather than developmental. Thus, in this regard, Globalization has always led to the de- industrialization of losers at the expense of winners.

Historically, the concept of globalization began to strive shortly after the end of world war II when the allies led by the United State decided to support a worldwide “open” trading and investment systems. There is no doubt that progress has been made in the world since then and this of course is the evidence of the benefit of the system. There has been a constant growth of the globalization of businesses world over as a result of progress and advances made in the areas of information and communication technology. This has brought about increases in the trade of goods and service worldwide. This in turn has led to increased investment and competitions (Woods, 2012).

## **2.3 CONCEPT OF GROWTH**

Critical theory is a broad theoretical orientation that includes a variety of different approaches and perspectives, which often contrast analyses of contemporary phenomena. Despite this diversity there are two primary ways of identifying and defining critical theory and its concerns. The first and perhaps most widely recognized version of critical theory is that it associate with the body of work developed by members of the Fankfurt School’ or the institute for Social

Research, established in Frankfurt, Germany in 1923. Critical theory a phrase originally coined by thinkers (including Theodor Adorno, Max Horkheimer, Herbert Marcuse, Leo Lowenthal, Franz Neumann, and Jürgen Habermas) of the Frankfurt School, whose research spanned a wide range of areas such as art and music, political economy, technology, the public sphere, and the rise of fascism. As Held (2004) point out, however, the term ‘school’ may connote too unified an image of what was in fact a variety of concerns, approaches, and projects. Nonetheless, the Frankfurt theories did possess a certain unity of purpose – namely, the attempt to move society towards rational institutions ‘which would ensure a true, free and just life’ (Held, 2014) – gave the school’ its distinct character.

The Frankfurt School theorists were heavily influenced by the philosophies of Kant, Hegel, and especially Marx, but theirs was a critical, unorthodox Marxist orientation that came to reject the determinism of socialism. Frequently, then the Frankfurt theorists made a move from political economy to the realm of culture- art, psyche, and leisure, for instance viewing culture both as a site of integration into the social order and a place in which one could still hear the faint heartbeat of utopia. This is a tendency counter to that of orthodox Marxism, which relegated cultural questions to superstructure or derivative status vis-à-vis the economy.

In particular, the Frankfurt School theorists challenged orthodox Marxism’s dogmatic adherence to historical materialism and its positivist views of economics, politics and science, advocating instead a self-reflective version of ‘immanent critique’ is a philosophical approach according to which theory and its prescriptions for social transformation are regarded as inseparable from the historical, social and material contexts of their own genesis. In other words, immanent critique involves critically questioning the norms and values found within existing social arrangements

and institutions, in order to expose contradictions and tensions between ideas and practices which often lead to unacknowledged forms of oppression.

Once such contradictions and tensions are exposed, historically possible opportunities for emancipation and social change can then be identified and put into practice. It is important to keep in mind that the Frankfurt School theorists had witnessed not only the defeat of the post-First World War socialist uprising in Germany in particular and across Europe more generally, but also the rise of fascism in Spain, Italy and Germany, totalitarianism in the Soviet Union, and, in Adorno, Horkheimer, and Marcuse's exile in America, a new form of domination centered around mass culture and consumption (Anderson, 1976) For these theorists, there was nothing 'self-evident' about history and society, and progressive revolutionary struggle was neither automatic nor inevitable, this position ran counter to the optimism of socialist orthodoxy, which considered socialism an inevitable development out of capitalism.

These thinkers engaged in imaginative and speculative endeavors, seeing such theorizing as important in going beyond appearances and the given or 'naturalness' of facts. As Marcuse (1973: 145) argued, 'the real field of knowledge is not the given facts about things as they are, but the critical evaluation of them as a prelude to passing beyond their given form'. Developing Hegel's distinction between what exists and potentiality, or what might yet come into being, the Frankfurt thinkers kept in mind the possibility of a rational future, of going beyond that which existed but doing so in a way that developed out of actually existing society systems. Critical theory is also defined in a second, broad designation. Christ Brown (1994) suggests that critical theory should be understood as a generic term that refers to an assortment of approaches- ranging from Frankfurt School theory to postmodernism, post structuralism , and feminism which share the view that the dominate discourage of modernity emerging from Enlightenment social and

political thought are in a state of crisis. This crisis is the result of powerful critiques of modernity's adherence to the positivistic model of scientific practice, which neglected the rich diversity of experience and the importance of norms and values in favour of a narrowly instrument view of rationality and knowledge.

Here, as with the Frankfurt School, critical theory is directed against traditional theory's attempt to imitate the natural sciences and treat social phenomena as immutable 'facts' detached from experience. Defined in this broad sense, critical theory questions the assumption of modern positivism, pursues alternative modes of thinking, and opens up transformative possibilities for social and political theory and practice. The implications of critical theory are significant as far as the theory is not regarded merely as the attempt to verify reality 'as it is', but to reevaluate current conditions and forge new forms of social life consistent with the goal of emancipation.

Critical theory is especially concerned with addressing the forms of systematic exclusion associated with the social, economic and political status quo, insofar as the established system often replicates entrenched power relations which have detrimental effects on systematically excluded groups. Such exclusion becomes even more deleterious as power relations assume an increasingly global scope.

Schulte (1996) argued that globalization has too often 'perpetuated poverty, widened material inequalities, increased ecological degradation, sustained militarism, fragmented communities, marginalized subordinated groups, fed intolerance and depend crises of democracy'. Consequently critical theory seeks to provide for more inclusive and open forms of social, economic, political, and cultural participation, from the local to the global level.

Critical theory also has burgeoned beyond its Frankfurt School affiliations, leading to diverse and vibrant modes of analysis in which the phrase ‘critical theory’ tends to be used in a very broad sense, and it includes thinkers whose interest, approaches, and conclusion differ widely. Yet what brings together various critical theorists despite differences in their areas of focus in their attempt to move beyond unreflective and supposedly value-neutral’ conceptions of political life and social actors, and to develop immanent potentials for emancipation. There is an important shared assumption amongst critical theorists today that we can take up and improve this world, that despite the existence of what Costoriadis (1997) has called the ‘phantasms of full, rational mastery’ in modernity, there is another rational utopian path to be trod towards positive social change under the conditions of globalization.

Critical theory therefore contributes to the study of globalization in that it offers an illuminating normative framework for examining the potentials for the both emancipation and oppression immanent in the new forms of interconnectedness characteristic of the contemporary global condition. Because critical theory is committed to the reconstruction of society for the purpose of emancipating it from unnecessary constraints on human freedom, it retains a utopian vitality towards opening up unrealized possibilities for the future. Yet this utopian dimension is firmly grounded within an understanding of the contemporary social reality and its immanent contradictions. Even though critical theory is immersed in the complexity and problems of the world in which we live, it refuses to relinquish power of moral and political imagination needed to advance the transformation social and political possibilities of our global age.

## **2.4 Empirical Review**

Studies on industrial development and trade in Nigeria are very few, probably because of patchy data available on this important issue. Although, increased attention has been developed to the need for industrial development in recent years, adequate statistics for valid arguments and firm conclusion are still scanty. Theoretical and empirical studies on industrialization and globalization in Nigeria have focused mainly on sources of industrial growth and the linkage effects of different sectors of the economy. Among these studies include – Ajakiaye (2000). Ayodele and Falokun (2003). Olofin and Iyaniwura (2003). Egwaikhide (2005). Falokun (2006) and Adeboye (2011).

The work of Ohiorhenuan (2001) was an attempt at clarifying the concept of industrial linkages vis-à-vis the developing economies as against the developed economies. Also, in line with this study, is the study conducted by Olofin and Iyaniwura (2003). The study was an attempt at ascertaining the degree and nature of the inter-sectorial relationship existing in the Nigerian economy before the emergency of the oil as a dominant sector using the measures of direct and indirect dependence. Ajakaiye,(2000). In a similar study by Falokun (2006), two key sectors of the economy that the government can stimulate through its export diversification and expansion programmes in order to bring about rapid industrial transformation of the economy were identified. The study findings however show that the economy is still largely dependent on the external sector for the supply of intermediate inputs. The study concludes that the productive base of the Nigerian economy is still largely dependent on the crude petroleum export for the generation of revenue.



In a related study for Indonesia, Hayashi (2002) examined changes in the structure of industry and trade, employing an Input-analysis. Based on the results of the analysis of the study, it was suggested that further deregulation measures should be introduced continuously and consistently. The study concluded that much attention is needed to be paid to the GATT/WTO regulations. Egwakhide (2005) presented a review of studies on Nigeria's import substitution industrialization. Evidence from the study shows that the implementation of this model of development aggravated the problem of balance of payments, as it increasingly relied on foreign inputs, technology and expertise for production. It is inferred from the study that while it was easy for Nigeria to achieve the early stage of import substitution industrialization, it was exceedingly difficult to proceed to the more difficult stage of producing capital goods. This was ascribed to the inappropriate industrial policies of that period which were not sufficiently discriminatory.

However, there have been several attempts towards making the whole world a global village through trade and industrial activities. But these attempts in world trade have resulted into trade blocs. A good example was the transformation of the European Economic Community into the European Union (EU) in 1995 with the basic motive of intra-community trade. Also, there was the emergence of the Economic Community of West African States (ECOWAS), the East African Union (EAU), and the like. Also, there was the emergence of the Organization of petroleum Exporting countries (OPEC) which controls the quantity of crude oil production, and by implication achieve stabilization of oil prices (Aaron. 2001) However, despite these several attempts to globalize the world economy, the world was polarized into different trade blocks by the industrialization countries. The attitude of these nations raises the suspicion that there is a possibility of transforming the trade blocs into cauldrons of hostility that can culminate in

economic war, nurtured on a culture of national self-interest and a mutual hostility (NISER, 2000, Yusuf, 2004).

These developments underscore the predominance of keen competition in the world market especially on industrial products to the disadvantage of developing countries that are less competitive. This trend shows little motivation for meaningful integration since the developing nations' markets are essentially complementary to a large extent and less competitive. It should be noted that the manufacturing sectors of economies from the south have vanished with Union States of America and European's market penetration in the current round of Globalization (Chete and Adeoye, 2002; Adeboye, 2011). Thus, developing countries' export concentration is very high. They not only trade in low value-added goods and services, but also depend on one or a few export commodities for their export earnings.

Ayodele and Falokun (2003) in their work examined the structure of the Nigerian industrial sector with emphasis on the manufacturing subsector. In their analysis, it was observed that, industrialization is central to economic growth and development. This is because the excess labour resources in the county are expected to be absorbed by the desired positive developments in the process of industrialization.

The study further addressed a major research issue on the extent to which Nigeria is ready for effective industrialization within the ongoing globalization process. Following from this, the study came up with certain facts which are apparent from the implications of the implementation of SAP policies. These include- the unstable political economy, the weak base for competition at the international market for manufactured products which had been further eroded by excessive cost of production and poor quality of its products and the gross erosion of the naira value due to

the depreciating exchange rate. The study concludes that the imperative for energizing the industrial transformation in Nigeria lies in detecting the causes of these anomalies and subsequently eliminating them in order to create a conducive industrial environment for effective industrialization.

As noted earlier, Nigeria faces the challenge of growing intensity of competition at regional and global level. Some of the expected aspects to guide the competition include the anticipated reduction of barriers or free trade as a result of WTO agreements and the growing global technology and improved work organizations. Several problems may arise from regional or world agreements. At global level, for instance, the requirement of common policies and strategies on agricultural and industrial development may be in conflict with interest of individual country's competitive policy given the different levels of industrial development (Ogunkola and Agah, 2005; Ohiohenuan, 2007; Giwa, 2008). Furthermore, the less industrialized country within is likely to face more stiff competition Oyejide (2002). Olomola and Adeoye (2003) argued, Nigeria and other African countries face more stiff competition for industrial goods from the more industrialized countries. This renders development of the manufacturing sector a difficult task. Similar arguments can generally be given at other regional global level where less industrialized countries are in trade with more industrialized economies. The implication of the Nigeria's export – oriented industrial policy therefore faces problems related to stiff competition. This stiff competition arising from the Globalization and industrialization process forms the major issue to be addressed in this study. After independence, Nigerian government saw the need to industrialize the economy as a way of reducing the heavy dependence on the external sector for the supply of manufactured products, capital goods and equipment.

This therefore instigated the adoption of an import substitution industrialization strategy. Subsequently, government put in place certain industrial policies and incentives to attract investors to invest in Nigeria's industrial sector. Such policies include-granting of pioneer status, tax holidays to newly established firms, low utilities tariffs to all firms, export license waiver, among others, applicable within the manufacturing sector (Ayodele and Falokun, 2003). Despite all these incentives, Nigeria's dependence on the external sector did not reduce as expected making the import substitution industrialization impotent.

This however paved way for export promotion industrialization strategy in the mid (1980's). Following the heavy reliance of the economy on the crude on the manufacturing sector witnessed a persistent decline. For instance, the manufacturing sector that grew at 7.2 percent in 1970 declined to 5.6 and 5.4 percent in 1975 and 1980 respectively. It rose to 10.5 percent in 1985 when its value added was 8.7 percent of GDO and later declined to 8.1 percent in 1990 the value added also decline to 8.2 percent thereafter, the manufacturing sector decline persistently to 6.8, 6.5, 6.3 percent in 1995, 1996, 1997 and 1998 respectively (Table 1). In fact, the growth rate of manufacturing was negative between 1993 and 1995.

The observed phenomenon could be ascribed to low productivity growth in the manufacturing sector. Chete and Adenikingju (2002) analyzed that the sector recorded a negative growth in total factor productivity growth between 1962 and 1985. The analysis further show that the positive growth in manufacturing value added within that period was ascribed to the growth in factor accumulation the boom period rather than an enhanced efficient.

**Table 2.1 The Manufacturing Sector: Value-Added Annual Growth Rate (Per cent)**

<b>Year</b>	<b>Value-Added</b>	<b>Annual Growth Rate of Manufacturing Sector</b>
1970	Na	7.2
1975	Na	5.6
1980	Na	5.4
1985	10.25	10.5
1990	6.47	8.1
1995	6.92	7.3
1996	5.69	7.5
1997	6.16	-7.4
1998	7.15	-7.1
1999	6.11	-6.8
2000	6.42	0.9
2005	6.96	0.7
2006	7.24	0.3
2007	6.68	3.6
2008	5.33	3.6
2009	4.84	4.2
2010	3	4.4

**Source Underlying Data from CBN bulleting (2010)**

In essence, the oil boom era witnessed relative neglect of natural resource-based manufacturing such as food processing and textiles to relatively low value-added durable goods such as assembly industries. Therefore, the policies and actions pursued during the oil boom era

provided a weak base and unhealthy pattern for further growth in the manufacturing sector in Nigeria (Adeboye, 2011). In general, the performance of the manufacturing sub-sector in the 1990s has progressively worsened.

For example, the capacity utilization has reduced from 75.4 percent in the 1975-1979 period to an all-time low of about 30 percent in the late 1990s (Fabayo, 2003). The manufacturing value-added (MVA) has also been declining by almost one percent annually between 1980 and 1996, a sharp contrast to the situation in the 1970s when the MVA grew at about 12 percent annually (NISER, 2003). The economy recorded the lowest index of manufacturing between 1983 and 1986. The subsector later witnessed a modest revival and growth the SAP era. Thus reform favoured domestic resource-based industries. It also led to increased industrial efficiency as measured by the domestic resource ratio (Fabayo, 2003). The next section presents a vivid descriptive analysis of the structural changes that have taken place to trade and the industrial sectors of the economy.

### **2.2.2 Changes in Trade Structure**

Table 2.1, above shows the sectorial share of exports for Nigeria during 1970 to 2010 period. In order to make the analysis more current and to reflect the true structure of exports in Nigeria, data on the perception of manufacturers gathered by the Nigerian Institute of Social and Economic Research (NISER) are also used for the analysis.

This is contained in Table 2.3. Based on the figures on Table 2.2, in contrast to the primary industry (made up of agriculture and mining sectors). The manufacturing industry dramatically decreased its share in the total exports over time, from 7.43 percent in 1970 to as low as 0.30 percent in 1980 surprisingly, its export share increased marginally between 1981 and 1982,

thereafter, it declined continuously. Although, the share of manufactured exports (which were mainly insecticides and chemicals) increased marginally between 1981 and 1982, the mining sector still dominated. The share decline in the share of manufactured exports recorded especially from 1986 to date could be ascribed to inappropriate and wrong sequencing of industrial policies. The industrial policies put in place during these periods were not sufficiently discriminatory (Egwaikhide, 2005) thus, industrial policies were haphazardly implemented. The few manufacture products processed for exports during these periods were mainly chemicals and insecticides.

The implication of the observed scenario is that the structure of exports has not changed away from oil. This unimpressive characteristic of Nigerian exports seems to be firm evidence that the policy reforms (e.g reduction of import duties, simplification of trade procedures and devaluation of naira) adopted by the government since 1986 have negatively affected the promotion of manufactured exports. While the manufacturing sector decline over the years in terms of its contributions to exports, the mineral resources-based industries, still predominated.

This really shows the level of monolithic nature of Nigerian export, with crude oil export dominating. The above observation reveals that the Nigerian economy has not changed its export structure over the 1970- 2010 period, indicating a sign of export substitution from primary agro industry- based exports to primary mining industry exports (Adeboye, 2011).

In order to further corroborate what have been discussed earlier, the perception of the manufacturing operators across the three categories of manufacturers (these include, raw materials, finished and capital goods producers) are analyzed. The average responses of the responding manufacturing firms between 1998 and 2002 are presented in Table 3. According to

the Table, the manufacturing firm's ability to export did not change significantly. Thus, less than 20.0 percent the responding manufacturing firms across the three major groups of producers indicated that they engage in export activities. In fact, the responses of these manufacturing firms have not justified the various policies and export incentives put in place to promote exports, most especially manufactured exports. Possible reasons that could prompt responses as depicted on Table 3 include the un-competitiveness of Nigeria's Products, a non-enabling trade environment, low quality of products and infrastructure which are major problems facing manufacturers in Nigeria (Adeboye, 2011)

**Table 2.2**

<b>Years</b>	<b>Agricultural Product</b>	<b>Mineral Products</b>	<b>Manufactured Products</b>
1970	29.95	57.83	7.43
1971	18.93	73.76	3.73
1972	11.99	82.09	2.6
1973	10.98	83.17	2.8
1974	4.76	92.62	1.16
1975	4.68	92.69	1.09
1976	4.06	93.68	8.72
1977	4.92	92.77	1.1
1978	6.81	89.09	0.8
1979	4.32	93.83	0.4
1980	2.4	96.06	0.3
1981	1.62	96.89	0.65
1982	1.05	98.61	1.03



1983	3.61	96.39	0.56
1984	2.29	97.28	0.43
1985	1.64	95.76	0.52
1990	4.57	93.81	0.62
1995	5.23	92.91	0.2
2000	5.75	91.16	0.24
2001	0.51	99.48	0.25
2002	0.42	99.53	0.01
2003	0.37	99.2	0.4
2004	0.44	99.33	0.19
2005	0.34	99.09	0.31
2006	0.33	99.58	0.08
2007	0.33	99.57	0.09
2008	0.17	98.79	0.23
2009	1.6	97.65	0.36
2010	2.17	96.12	1.58

- **Manufactured products Consist mainly chemicals and insecticides.**
- **Mineral products Consist mainly petroleum.**
- **Series on manufactured exports stopped at 1998.**

**Source: CBN Annual and statement of Accounts, 27 various years.**

**Table 2.3:** Percentages Distribution of Responding Firms by Ability to Export (1999-2010)

Response	Finished Goods				Intermediate Goods				Capital goods				Average
	99	'000	'001	99	'000	'001	99	'000	'001	99	'000	'001	
Yes	18	10.7	16.2	20	14.5	14	3.5	19.8	19	17	14	15.6	
No	82	89.3	83.8	80	85.5	87	97	80.2	81	83	86	84.4	
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	

**Source: NISER Survey of Manufacturing Business conditions.**

**Table 4** Present the sectorial the share of imports during 1970-2010 periods. The table indicates that the share of manufactured imports increased dramatically throughout the period under review. The trend implies that the Nigerian economy has not succeeded in the implementation of import-substitution industrialization strategy especially periods before 1985. As state earlier, while it was easier for Nigeria to achieve the early stage of import substitution industrialization, it was exceedingly difficult to proceed to the more difficult stage of producing capital goods due to inappropriate and wrong sequencing of industrial policies. Thus, during this period, the consumer goods import grew rapidly relative to capital and raw materials. In the subsequent period, its import share of capital goods (machinery and equipment) increased tremendously from 34.19 percent in 1985 to 42.4 percent in 2001. This upward trend in import share in all categories of goods continues up till year 2010. The large import sector is the manufactured goods. Similarly, the share of imports for chemical, machinery and transport equipment and miscellaneous manufactured articles showed an upward trend during the period under review.

**Table 2.4: Sectorial share of Manufactured Imports (Percent)**

<b>Years</b>	<b>Chemical s</b>	<b>Manufactured Goods</b>	<b>Machinery &amp; Transpt. Equip</b>	<b>Miscel. Manuf. Articles</b>
1970	11.69	29.88	37.36	5.24
1975	8.95	27.09	41.97	7.48
1980	10.04	21.79	40.13	7.09
1985	15.69	22.82	34.19	3.18
1986	17.36	20.67	38.07	4.12
1987	16.89	25.11	38.23	3.8
1988	19.8	23.1	40.2	4.5
1989	21.6	20.6	42.8	4.07
1990	20.01	22.01	40.73	4.07
1995	17.1	23.5	42.09	4.6
2000	18.1	23	41.8	4.9
2001	17.09	24	42.4	3.8
2002	25.2	22.3	31.2	4.5
2003	26.3	23.2	27.5	4.1
2004	23.8	28.1	23.4	3.1
2005	22.7	29.2	23.99	4.2
2006	22.9	29.7	23.4	3.9
2007	22.8	29.4	23.7	4.09
2008	22.7	29	24.1	4
2009	22.7	29	24.1	4

2010	22.17	28.86	23.85	4.66
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**Source: CBN Annual Statistical of Accounts, for various years**

It should be noted that heavy reliance of the Nigerian manufacturing firms on imported machinery and equipment's is a reflection of the weak industrial base of the country. This situation in the Nigerian manufacturing sector; Thus because of the implication of the heavy dependence on import of production machinery for foreign exchange demand, there is need to quickly revitalize the industrial base of the economy and promote backward and forward linkages among all categories of industries in the Nigerian manufacturing sector.

Judging from these findings, the result of the import substitution strategy was reflected in the increasing share of imported manufactures in the period 1970 to 2010. However, this increase in the import share of manufactured finished goods and machinery and poor inflow of foreign investment due to low savings in the domestic economy and poor inflow of foreign investment as a result of a poor enabling environment, deficient infrastructural facilities, weak raw materials base, high cost of energy, poor technological base, business ethics shortcomings and unsettled past private debts.

Although, Nigerian trade structure showed a high dependence on manufactured imports during the period 1986 to 2010 especially in chemical and machinery and equipment industries, the manufacturing sector still witnessed decline in growth and value-added in most of the periods under review. While the reforms favoured domestic resource-based industries, it produced an inverse impact on import intensive, low value –added units. The reform also led to increase industrial efficiency as measured by the domestic resource ration (Adeboye, 2011). in sum the

structure of imports has not changed significantly over the period 1970-2010 despite series of strategies and policies put in place by the government. In fact, over 70 percent of the total imports were still manufactured goods, most of which consisted of industrial raw materials, spare parts, machinery and equipment's and capital goods (Adeboye, 2011).

### **Changes in Industrial Structure**

Unlike the agricultural sector, the industrial sector of the Nigerian economy is still structurally weak. There were a few manufacturing activities before independence in 1960. The in-flow of foreign exchange occasioned by agricultural exports and later, by oil exports provided sufficient savings, and hence, funds for investment in this sector. The investment climates in the 1970s were favorable. Consequently, investment in the industrial sector during the period was high. The sector recorded an annual average growth rate of over 10 percent between 1970 and 1985. It produced only consumer goods with high import content averaging over 60 per cent in 1985 and 50 percent in 1990 (manufactures Association of light machinery therefore, posed a challenge to both the government and industrial policy formulations.

Generally, industrial development in Nigeria has been based on import substitution strategy, especially periods before 1990s. this was informed by the philosophy of the time and that economic development involves structural transformation from a predominantly agricultural economy to an industrial one. The brand of import substitution adopted merely involved a relocation of the production Centre with little or no change to the other aspects of the production function. The industrial plants were designed to run on imported raw materials, thereby handicapping efforts aimed at exploring, developing and utilizing local raw dependent on the ability of the other sectors to provide the foreign exchange needed for the importation of raw materials and spare parts.

Judged by international standards, the size of the Nigerian industrial sector is small in 1975, and 1990 respectively (MAN Half yearly Economic Surveys). Manufacturing accounted for 7.9 percent of GDP in 2000 (table 5). There was not much improvement on 7.2 per cent achieved in 2002. Textiles, beverages, cigarettes, soaps and detergents accounted for about 60 per cent of local manufacturing output. The other sectorial outputs are foodstuffs, vegetable oil processing, shoes, cement, flour milling, types, paper and packaging, glass makings, fertilizer, steel rolling and manufacturing as well as pharmaceuticals. All the large firms have the maximum level of foreign equity of 40 per cent or 60 percent that was permitted before the revision of the Nigerian Enterprises Promotion Decree in 1989. The largest foreign investments are from the U.K. But as balance of payment problems worsened during the 1980s, coupled with weakening currency, the willingness of foreign shareholders to provide operational support (or new investment) in Nigeria declined. Disinvestment and capital flight became the order of the day.

The problems facing this sector have been severe since 1982 prior to the 1980s, growth had been greatest in 1998, only five sub-sectors were able to exceed 1992 production levels. Growth in the manufacturing index in 1999 was driven by growth in the production of synthetic fabrics. Overall capacity utilization in manufacturing rose from 25 percent in 1985 to 38.3 percents in 2000 and to 41.3 percent in 2007, before declining again in 2009 to 40.4 percent (CBN, 2010). Manufactures using locally sourced inputs have been the most successful in achieving higher rates of capacity utilization. Conversely, those industries relying heavily on imported inputs fared much worse. Generally, however, the installed machineries are old and require replacements.

The shrinking of the country's foreign exchange earnings was the primary cause of the collapse of manufacturing activities in the mid (1980's), in view of the high dependence on imported raw materials and equipment. Inevitably, manufacturing was hard –hit by import rationing that resulted from the contraction of government import licenses and foreign credit lines in 1996-2000

**Table 2.5** Sectorial Share in Real Gross Domestic Product (per cent)

<b>Year</b>	<b>Agric</b>	<b>Petroleum</b>	<b>Mining &amp; Quarr.</b>	<b>Manufac.</b>	<b>Build &amp; Const.</b>	<b>Wholesale &amp; Retail</b>	<b>services</b>
1980	34.7	1.4	1.3	9.9	17.2	13	22.4
1990	35.8	12.5	1.3	11.2	3.8	13.6	22
1991	37.7	12.8	1	8.4	3.5	14	22.6
1992	37.8	15.2	0.9	7.8	3	13	21.6
1993	40.3	15.1	0.5	8.6	1.9	13	20.3
1994	42.7	13.8	0.3	8	1.8	14	20.3
1995	41.5	12.5	0.3	8.4	2	13.6	21
1996	41.5	12.3	0.3	8.6	2	13.8	21.4
1997	40.5	13.2	0.3	8.2	2	13.4	22.4
1998	39	12.9	0.3	8.1	1.9	12.7	25
1999	38.6	13.4	0.3	8.5	1.9	12.5	24.7
2000	38.3	13.4	0.3	7.9	1.9	12.5	25.7
2001	37.8	13.1	0.3	7.3	2	12.6	27
2002	38.3	12.6	0.3	7.2	2	12.5	27.4

2003	38.8	12.6	0.3	6.6	2	12.2	27.5
2004	39	13.1	0.3	6.5	19	11.9	27.3
2005	39.4	12.8	0.3	6.3	2	11.7	27.4
2006	40.1	11.6	0.3	6.2	2.1	11.6	27.8
2007	41.3	9	0.3	6.3	2.1	11.8	29.2
2008	40.6	11.5	0.3	6	2.1	11.5	28
2009	40.4	11.6	0.3	6	2.3	11.3	28.1
2020	41.2	9.7	0.4	5.5	2.6	11.3	29

Source: CBN Annual and Statement of Accounts, Various years

With the introduction of second Tier foreign exchange Market (SFEM) in September 1986, import licensing was abolished but companies had to face a new set of problems. The devaluation of the Naira greatly increase their import expenses, driving up average cost, which was already high due to low capacity utilization and poor infrastructure. The escalation of cost was passed on to consumers in the form of higher prices. Moreover, the liberalization of trade that came in the wake of SAP exposed hitherto well protected industries to stiff competition from foreign goods. This was compounded by inflation, weak real income and low purchasing power, which, culminated in consumer resistance. The impact of these was a rise in inventory levels, a problem that has persisted till now. Consequently, manufactures/industrialist were compelled to rationalize product lines, modes of production and to undertake radical shift of emphasis towards local sourcing, based in many cases on agriculture.

However, most of the companies lack the economies of scale, technical know-how and the financial resources to make such ventures successful. Thus heavy production costs tend to make using locally sourced raw materials more expensive than their imported counterparts.



Contractions in the industrial sector mean increases in the rate of unemployment, inflation and external trade in-balance

Moreover, it is reasonable to expect that at initial stages of development, agriculture may be dominant as contributor to GDP. However, as the manufacturing should increase. In other words, a country where the contribution of agriculture to GDP is higher than that of manufacturing can be considered less developed than another where the contribution of manufacturing is higher than that of agriculture. Against this backdrop, table 6 presents a comparative analysis of Nigerian economy with those of developing countries in Africa, Asia and Latin American as well as with those of advanced countries of Asia, Europe and North America in year 2010. Figures from this table reveal that Nigeria, Cote D'Ivoire and Kenya are less developed than any other country in the table. This is because the contribution of agriculture to GDP exceeded those of manufacturing in these countries. It should be noted that whereas the contribution of manufacturing in Cote D'Ivoire and Kenya are in double digits, that of agriculture to GDP in Nigeria is 41.0 percent; the corresponding figures for Cote d'Ivoire and Kenya are 29.0 and 20.0 percent respectively. Thus, it is clear from the above analysis that Nigeria is less developed than Cote d'Ivoire and Kenya.

**Table 2.6** Comparative Analysis of structure of real GDP in 2010 (percentage shares)

Regions	Countries	Sectorial Group		
		Agriculture	Manufacturing	Other Activities
Africa	Nigeria	41	6	54
	Cote d'Ivoire	29	19	52
	Kenya	20	13	67
	South Africa	3	19	78

Asia	Indonesia	17	26	57
	Malaysia	11	33	56
	Japan	1	22	77
Latin America	Mexico	4	21	75
	Venezuela	5	14	81
Europe	Germany	1	23	76

Source: underlying data on Nigeria obtained from FOS National Accounts of Nigeria, 2010

while data on other countries are obtained from world development indicators, World Bank, 2011

It is also importance to note that the contribution of agriculture to GDP in South Africa which is in the same continent with Nigeria was in the single digit of less than 4.0 percent. The same goes with other developed countries like Mexico, Venezuela, Germany and Japan. Even among the oil producing countries (Nigeria, Indonesia, Mexico and Venezuela) as presented in the table, Nigeria has the highest contribution of agriculture to GDP than manufacturing. The implication countries have been more successful in developing their manufacturing sector. It is apparent that Nigeria is lagging behind both oil and non-oil producing countries in the process of industrialization. In short, Nigeria has experienced little or no transformation of its industrial structure, with the primary industry dominating. This observed phenomenon could be as a result of low volume of investment and productivity in the manufacturing industry. The structural changes that brought about the few level of growth recorded in the manufacturing industry could be attributable to series of deregulation measure since 1986. The challenges for Nigeria at this point is to articulate policies and programs that will accelerate the pace of manufacturing and

industrial activities so as to catch up with countries like Malaysia, Indonesia and South Africa especially in the medium term.

The analysis so far shows that the Nigerian economy is built on a structure of high import dependency. An increase in domestic demand induces a large increase in imported intermediate, finished and capital goods through direct and indirect linkage. This industrial and trade structure with heavy reliance on imported inputs has resulted in the increasing deficit on current account, which is one of the most serious problems the Nigerian government is facing in recent years. Given the rapid international trend towards the trade liberalization and globalization, an economy without strong basic industries can neither enjoy the emerging opportunities nor sufficiently compete in the international market. It is therefore essential for the Nigerian government to formulate appropriate industrial and trade policies aimed at fostering competitive basic industries or supporting industries without adopting protection measure.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 RESEARCH DESIGN**

The research design adopted for this research work is ex-post facto. As Dixon-Ogbechi (2002) posits, ex-post facto research design is a systematic empirical study whereby the researcher does not control or manipulate independent variables because the situation to be studied already exist or has already taken place. Essentially, it is more concerned with data gathering. Hence, Asika (2002) stated that in ex-post facto research, hypotheses are either accepted or rejected after statistical tests must have been carried.

#### **3.2 POPULATION OF THE STUDY**

A population is refers to as the total human existing in a specified area, such as an organization, city, country, or continent at a given time (Odukoya and Oladunjoye, 2007). The desired population for this study was the entire manufacturing companies in Nigeria.

#### **3.3 SAMPLE SIZE AND SAMPLING TECHNIQUE**

Sample size is defined as a limited number of elements selected from a population, which is a representative of that population (Nwadinigwe, 2002) though the desired population for this study is entire manufacturing companies across the Nigerian landscape, but due to the large number of manufacturing companies only 120 employes were randomly selected from 2 manufacturing companies, Coca-cola plc and Dangote plc. These two companies were chose because of their large roles in the globalization process. The selected companies were considered

for this study because of their years of operation, experience and huge number of workforce and easy access to information on globalization.

### **3.3.1 SAMPLING TECHNIQUES**

The type of sampling technique used in selecting the companies was the random sampling technique. This techniques was used to avoid subjective bias arising from sentiments and also allows each population element an equal chance of being selected.

### **3.4 PROCEDURE OF DATA COLLECTION**

The researcher visited the selected companies and seeks for permission from the authority of the companies. Thereafter the researcher administered the questionnaire to the respondents (staff) for primary data collection. The researcher collected the questionnaire at the end with the assistance of managers.

A total of 235 copies of questionnaire were administered among the staff of the companies. Out of the 235 copies of questionnaire administered among the staff, only 60% (i.e 120 copies) of the questionnaire were returned, well completed and valid. Therefore, a total of 120 questionnaires were used for the purpose of analysis in the study. Secondary data were obtained from central bank of Nigeria (CBN) bulletins, annual and financial reports of some manufacturing companies in FCT Abuja.

### **3.5 DATA ANALYSIS AND PROCEDURE**

Statistical package for social sciences (SPSS) was used for data analysis. Descriptive statistic was used to analyze and present data in frequency and percentages tables. Regression analysis

and simple percentage ratios was used for research hypothesis testing. This was to determine the extents which the independent variable relates with the dependent variable to arrive at a valid conclusion. In statistics, regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables.

### **3.6 RESEARCH INSTRUMENTATION**

The research instrument for this study was a well-structured validated questionnaire. Questionnaire is a vital research instrument that is used to collect data whenever the sample size is large. The questionnaire for the respondents contained question items split into two section A and B. section A will be designed to collect data on the respondent's demographic variable while section B will be designed to collect data on the general issues of the globalization and industrial growth.

#### **3.6.1 VALIDATION OF THE RESEARCH INSTRUMENT**

Validity is defined as the extent to which the instrument measure what is purpose to measure (Nwadinigwe, 2002). In validating the research instrument (questionnaire), the research used the content validity to determine the degree to which the instrument (questionnaire) full assesses or measure the construct of interest. The research used rational analysis i.e took 15% of the sample size to determine whether all the questions fully represent the degree which globalization impact on the industrial growth. The 15% of the sample size (i.e 18 respondents) reviewed all of the

items for readability, clarity and comprehensiveness and come to some level of agreement as to which items should be included in the instrument.

### 3.6.2 MODEL OF SPECIFICATION

This study model on globalization and industrial growth a starting point from the formulations of Bonfiglioli (2005) and the Cobb –Douglas specification for the aggregate operations function.

Aka (HL) 1-a) ..... 3.1

Where K is the aggregate globalization, L is the capital intensive and H is labour intensive. The term A represents the efficiency in the use of factors, and corresponds to the notion of industrial growth (1). To grasp the relevance of this specification to the objective proposed in this study, the researcher incorporate some other variables that capture globalization and industrial growth such as shortage of capital intensive methods, low labour force, and lack of adequate technique specify the following fraud regression model.

$1 = \Delta Y/y = f(SCI, LLF, LAT)$  ..... 3.2

Where

SC1 = Shortage of capital intensive methods

LLF = low labour force

LAT = Lack of adequate technique

Equation 2 could be expressed in a linear form as

$\beta_0$  is the intercept term or constant variable in the models.

Equation 2 could be expressed in a linear form as

$1 = \Delta Y/y = \beta_0 + \beta_1 (SCI) + \beta_2 (LLF) + \beta_3 (LAT)$  ..... 3.3

Econometrically, to include random term, the model is expressed as

$$1 = \Delta Y/y = \beta_0 + \beta_1 (\text{SCI}) + \beta_2 (\text{LLF}) + \beta_3 (\text{LAT}) + T \dots\dots\dots 3.4$$

Where T = Error Term

$\beta_1, \beta_2, \beta_3$  are the partial slope coefficients or parameters of the independent variable, SCI, LLF, and LAT respectively.

This model implies that the industrial growth will negatively or positively be related to shortage of capital intensive methods low labour force, and lack of adequate techniques.

In line with Cobb-Douglass growth model it is expected that shortage of capital intensive methods, low labour force, and lack of adequate technique.

In line with Cobb-Douglass growth model it is expected that shortage of capital intensive methods, low labour force, and lack of adequate techniques; theoretically determine the level of industrial growth in the Nigerian manufacturing industry



## CHAPTER FOUR

### DATA ANALYSIS, FININGS AND DISCUSSION

#### 4.0 INTRODUCTION

This chapter introduces presentation of data gathered from the administered questionnaire among the 120 respondents used as sample for this study. The gathered data presented in tabular form. Statistical package for social sciences (SPSS 17.0) was used to analyze the data in frequency and percentage tables. The data were also interpreted and the chi square statistical test was used to test the stated hypotheses.

#### 4.1 DATA ANALYSIS

Table 1: Respondents Demographic Information

Parameter	Frequency	Percentage
Sex:		
Male	89	74.2
Female	31	25.8
Age (years):		
21-30	71	59.2
31-40	35	29.2
41-50	11	9.1
Above 50	3	2.5
Educational Qualifications:		
FSLC	-	-
SSCE	-	-
HND/BSC	75	62.5

Postgraduate & others	38	31.7
Professionals	7	5.8
Position at work:		
Top Manager	11	9.1
Senior Manager	42	35
Junior Manager	67	55.8
Years of experience:		
0-5 years	33	27.5
6-10 years	48	40
11-15 years	19	15.8
16-20 years	11	9.1
20 + years	9	7.5

Source table 1-4 field survey (2018)

Table 1 shows responses according to respondent's socio – demographic information. Out of the 120 respondents used as sample of this study, 89 respondents representing 74.2% are male while 31 respondents representing 25.8% are females. 71 respondents representing 59.2% were within age group 21-30 years while the lowest (2.5%) were above 50 years. In term of level of education, 75 respondents representing (62.5%) indicated they are first degree holders (graduate), while the lowest (5.8%), indicated they have other qualification. 67 respondents representing 55.8% indicated that they are junior managers, while the lowest (9.1%) said they are top managers. Concerning years of experiences, 48 respondents representing 40% indicated. At them between 6-10 years, while the lowest (7.5%) said they have worked above 10 years

#### 4.1.1 PRESENTATION AND ANALYSIS OF QUESTIONNAIRE

Table 2: Response respondents according to benefits of Globalization

Parameters	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
The company is interested and support the adoption of modern technology and industrialization	35 (29.2%)	82 (68.3%)	3 (2.5%)	-	-
The purpose for adoption of modern technology and industrialization is widely communicated and understood throughout the organization	36 (30%)	84 (70%)	-	-	-
Globalization has helped to reduce cost business operations	37 (30.8%)	76 (63.3%)	2 (1.7%)	3 (2.5%)	2 (1.7%)
Globalization has enhanced rapid improvement of customer service and business delivery system	45 (37.5%)	75 (62.5%)	-	-	-
Globalization has impact in industrial growth	48 (40%)	68 (56.7%)	4 (3.3%)	-	3 (2.5%)
Globalization enhanced effectiveness and efficiency of the company	19 (15.8%)	65 (62.5%)	2 (1.7%)	-	-
Globalization enabled the company to compete with competitors	45 (35.8%)	75 (62.5%)	2 (1.7%)	-	-

Shortage of capital intensive methods has significant effects on industrialization process in industrial growth	31 (25.8%)	89 (74.2%)			
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Table 2 shows responses of respondents according to benefits of globalization. Out of the 120 questionnaire administered for the purpose of this study, 82 respondents representing 68.3% agree that their companies are interested and support the adoption of modern technology and industrialization, while the lowest (2.5%) were undecided.

All the respondents (i.e 30% and 70% representing strongly agree and agree respectively) agreed that the purpose for adoption of modern technology and industrialization is widely communicated and understood throughout the organization 76 respondents representing 63.3% indicated that globalization has helped to reduce cost of business operations, while the lowest (1.7%) disagreed. 37.5% and 62.5% of the respondents strongly agreed and agreed respectively that globalization has enhanced rapid improvement of customer service and business delivery system.

60 respondents representing 56.7% agreed that globalization has impact on industrial growth while the lowest (2.5% strongly disagreed 54.2% of the respondents agreed that globalization enhanced effectiveness and efficiency of the company, while the lowest (8.3%) strongly disagreed 62.5% of the respondents agreed that globalization enabled their companies to compete with competitors, while the lowest (1.7%) were undecided. All the respondents agreed that shortage of capital intensive methods has t effects on industrialization process in industrial growth as indicated by 25.8% and 74.2% respectively

Table 3: responses of respondents according to implementation process of Globalization

Parameters	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
The cost of acquiring modern infrastructure is very high.	39 (32.5%)	62 (51.7%)	3 (2.5%)	11 (9.2%)	5 (4.2%)
It is very costly to maintain modern infrastructure in the company	19 (15.8%)	65 (54.2%)	5 (4.2%)	21 (17.5%)	10 (8.3%)
The cost of training personnel to handle modern infrastructure is very high.	35 29.2%)	60 (50%)	6 (5%)	11 (9.2%)	8 (6.7%)
Low labour force is a major challenge to industrialization process	63 (52.5%)	30 (25%)	15 (12.5%)	7 (5.8%)	5 (4.2%)
It is difficult to obtain payment using modern infrastructure for marketing	70 (58.3%)	23 (19.2%)	7 (5.8%)	15 (12.5%)	5 (4.2%)
It is difficult to arrange for delivery with on-line purchase	33 (27.5%)	85 (70.8%)	2 (1.7%)	-	-
Low labour force contribution to the low industrialization process in industrial growth.	45 (37.5%)	75 (62.5%)	-	-	-
Low labor force contributes to the low industrialization process in industrial growth	45 (37.5%)	75 (62.5%)	-	-	-

Table 3 shows responses of respondents according to implementation process of Globalization out of the 200 questionnaire administered, 62 respondents representing 51.7% agreed that the cost of acquiring modern infrastructure is very high, while the lowest (4.2%) strongly disagreed 65 respondents representing 54.2% agreed that it is very costly to maintain modern infrastructure in their companies against (8.3%) that strongly disagreed. 60 respondents representing 50% agreed that the cost of training personnel to handle infrastructure is very high, while 6.7% disagreed. 63 respondents representing 52.5% agreed that low labour force is a major challenge to industrialization process, while the lowest (4.2%) strongly disagreed. 58.3% of the respondents strongly agreed that it is difficult to obtain payment using modern infrastructure for marketing while 4.2% strongly disagreed. 70.8% of the respondents agreed that it is difficult to arrange for delivery with on-line purchases and all respondents agreed that low labour force contributes to the low industrialization process in industrial growth is indicated by 37.5% and 62.5% respectively.

Table 4: Responses of respondents according to constraints in the implementation of the industrialization system

Parameters	Strongly Agreed	Agreed	Undecided	Disagreed	Strongly Disagreed
There is high level of cyber-crime to make industrialization successful.	26 (21.7%)	68 (56.7%)	9 (7.5%)	12 (10%)	5 (4.2%)
Security of documents is a threat to the success of industrialization	37 (30.8%)	83 (69.2%)	-	-	-

utilization.					
Lack of adequate technique used in labour force affects industrialization process in industrial growth	65 (54.2%)	30 (25%)	15 (12.5%)	7 (5.8%)	3 (2.5%)
The information communication and technology (ICT) Facilities are inadequate for successful use of industrialization for production and marking of products.	28 (23.3%)	60 (50%)	13 (10.8%)	5 (4.2%)	14 (11.7%)
Nigerian market is yet less informed about online marketing to make industrialization succeed f or an organization.	21 (17.5%)	78 (65%)	5 (4.2%)	11 (9.2%)	5 (4.2%)
Industrial products require specification and inspection which industrialization cannot meet.	25 (20.8%)	57 (47.5%)	11 (9.2%)	9 (7.5%)	18 (15.%)
The low level of employees' education in the company affects the use of industrialization for operational activities.	70 (58.3%)	23 (19.2%)	7 (12.5%)	15 (12.5%)	5 (4.2%)
Inadequate m managerial skills of the owners/managers of some	63 (25.5%)	30 (25%)	15 (12.5%)	7 (5.8%)	5 (4.2%)

companies affect effective use of industrialization for product ion and marking of products.					
Lack of government direction on Globalization affect the effective use of industrialization in the manufacturing sector.	65 (54.2%)	30 (25%)	15 (12.5%)	7 (5.8%)	3 (2.5%)
Lack of government support affects the full utilization of Globalization.	26 (21.7%)	68 (56.7%)	9 (7.5%)	12 (10%)	5 (4.2%)

Table 4 shows responses of respondents according to constraints in the implementation of the industrialization system. Out of the 120 questionnaire administered 68 respondents representing 65.7% agreed that there is high level of cyber-crime to make industrialization successful.

While the lowest (4.2%) disagreed. 30.8% and 69.2% of the respondents strongly agreed and agreed respectively that security of documents is a threat to the success of industrialization utilization 54.2% of the respondents strongly agreed that lack of adequate technique used in labour force affects industrialization process in industrial growth, while 2.5% strongly disagreed 50% of the respondents agreed that the Information Communication and Technology (ICT) facilities are inadequate for successful use of Industrialization for production and marketing of products, while 4.2% disagreed. 78 respondents representing 65% agreed that Nigeria market is yet less informed about online marketing to make industrialization success for an organization, while the lowest (2.5) disagreed. 97 respondents representing 48.5% agree that industrial products require specification and inspection which industrialization cannot meet, while the



lowest (4.2%) disagreed. 58.3% of the respondents agreed that the low level of employees' education in their companies affect the use of industrialization for operational activities, while 4.2% strongly disagreed. 52.5% of the respondents agreed that adequate managerial skill of the owners/managers of some companies affect effective use of industrialization for production and marketing of products, while 4.2% strongly disagreed. 54.2% of the respondents agreed that lack of government direction on globalization in the manufacturing sector, while 2.5% strongly disagreed. 68 respondents representing 56.7% agreed that lack of government support affect the full utilization of globalization, while the lowest (4.2%) strongly disagreed.

## **4.2 DISCUSSION OF FINDINGS**

Findings of the study show that shortage of capital intensive methods has significant effect on globalization process in industrial growth in Nigeria. This achieved the specific objective of the study which is examine how shortage of capital intensive methods has affected industrialization process in industrial growth in Nigeria.

Findings of the study show that low labour force contributes to the low globalization process in industrial growth in Nigeria. This achieves the specific objective of the study which is to investigate how low labour force has affected industrialization process in industrial growth in Nigeria.

Finding of the study show that lack of technique used in labour force affects industrialization process in industrial growth in Nigeria. This achieved the specific objective of the study which is to examine how lack of adequate technique used in labour force has affected globalization process in industrial growth in Nigeria.



## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

This chapter provides summary of major findings and also make necessary conclusion based on the finding of the study. The study also states the usefulness of the study and makes necessary recommendations for the study. The study also states other areas where other researcher can still look into order to buttress the finding of the study.

#### **5.2 SUMMARY**

The study examines the impact of globalization on industrial growth in the Nigeria economy. Chapter one of these studies provided the introductory part by giving a background of the study. The chapter discussed the statement of the research problem. The chapter also highlighted the research questions and hypothesis raised based on the purpose of the study. The limitations and significant of the study were also stated.

Chapter two reviewed related literature on impact of globalization of industrial growth in developing economy. Theoretical and Empirical of industrial and trade development was also extensively reviewed. This study evaluated the industrial and trade performance in Nigeria – the changes in industrial and trade structure.

Chapter three discussed the research methodology. The chapter stated the type of research designed (cross-sectional descriptive research design) adopted in the study. A sample size of 200 respondents was randomly selected from the population of the study. A questionnaire was administered among the respondents for the purpose of data collection.

Chapter four presenting data gathered from the administered questionnaires among the 200 respondents. The gathered data were presented in tabular form. Statistical package for social sciences (SPSS 17.0) was used to analyse the data in frequency and percentage tables. The data were also interpreted and the chi square statistical testing the research hypothesis.

### **5.3 SUMMARY OF FINDINGS**

Sequels to the finding of the study, the following conclusion drawn based on the finding of the study;

- Companies are interested and support the adoption of modern technology and industrialization and the purpose for adoption of modern technology and industrialization is widely communicated and understood throughout the organization.
- Globalization has helped to reduce cost of business operations. Globalization has enhanced rapid improvement of customer and business delivery system.
- The cost of acquiring modern infrastructure is very high and that it is costly to maintain modern infrastructure in their companies.
- The cost of training personnel to handle modern infrastructure is very high and the use of modern infrastructure in marketing leads to too many orders than could be effectively handled.
- It is difficult to obtain payment using modern infrastructure for marketing and it is difficult to arrange for delivery with on-line purchases.
- There is a highly level of cyber-crime to make industrialization successful and security of document is a threat to the success of industrialization utilization.
- Nigeria does not have the stable power supply to effectively industrialize for production and marketing of products and the information communication and technology (ICT)

facilities are inadequate for successful use of industrialization for production and marketing of products.

- Nigeria market is yet less informed about online marketing to make industrialization succeed for an organization and industrial products require specifications and inspection which industrialization cannot meet.
- Low level of employees' education of their companies affect the use of industrialization for operational activities and inadequate managerial skills of the owners/managers of some companies affect effective use of industrialization for the production and marketing of product.
- Lack of government direction on globalization in the manufacturing sector and lack of government affect the full utilization globalization.
- There is significant impact of globalization on economic growth and implementation process of industrialization determine the effective and efficiency of the globalization in the Nigeria manufacturing sector,

## **5.4 CONCLUSIONS**

For enhancing the globalization several important points:

- Leaders are tasked to ensure the organization adoption of industrialization is at an optimal level; they are expected to communicate the usefulness of industrialization adoption throughout the organization.
- Employees should be properly trained and educated, in order to maximize benefits of globalization to enhance rapid improvement of customer service and business delivery system.

- Studies and surveys, such as those used for the present study, from one method for giving organizations the skills, tools and information necessary to understand the industrialization system. As global market continue to evolve, organization merge, and the competitive landscape continue to change, organization have to be flexible and adaptable to these events.
- Organizations should put in place market parameters that will enable them to be informed about online marketing to make industrialization successful and to make industrial products meet require specification and inspection.
- Key stakeholders at every level should have the same focus and concern if they want to be effective and successful in an organization. Organization should know or realize that globalization is the mean by which organization achieves the corporate mission and goals.
- Organization should continue to monitor, maintain and implement positive industrial strategy within the organization; this could contribute to increase in organization efficiencies.

## **5.5 PROPOSAL FOR FURTHER STUDIES**

This study examined the impact of globalization in industrial growth using the Nigeria economy. The study used a sample of one hundred and twenty (120) employees from Cocoa-Cola manufacturing company in Abuja. It is suggested that further studies can still be carried out on globalization within the study by using a larger sample size of further studies to be carried out and examine the impact of globalization on other sectors.

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**NATIONAL OPEN UNIVERSITY OF NIGERIA ABUJA,**  
**SCHOOL OF MANAGEMENT SCIENCES,**  
**B. SC. DEGREE IN ACCOUNTING**

Dear Respondent,

I am a B.Sc. Student of the above institution carrying out a research on the impact of globalization on Industrial growth in Nigeria.

Kindly Indicate your response by ticking in the boxes provided against each question that best access your feeling.

Use the Linkert Scale 1-5 to indicate your response to each of the question in Section B Strongly Agree = 1 Agree = 2, Undecided = 3 Disagree = 4, strongly Disagree = 5.

It will be appreciated if your response is faithfully and sincerely answered to be posed questions.

Yours responses will be treated confidentially for this research Academic Purpose only.

.....

Gadongs Micheal. Dalyop

.....

Date

## Section A: Socio – Demographic

Please Indicate your opinion by ticking ( ) in appropriate box

1. Sex ☐ Male ☐
2. Age: 21- 30 ☐ 31 – 40 ☐ 41 – 50 ☐ Above 50 ☐
3. Education: FSLC ☐ SSCE ☐ HND/BSE ☐ Postgraduate ☐
- Others ☐
4. Position at Work: Top Management ☐ Middle Management ☐ Junior Management ☐
5. Years of Experience: 0 -5 ☐ 6 – 10 ☐ 11 – 15 ☐ 16 – 20 ☐ 20+ ☐

## Section B: Globalization in Nigeria

Instruction: Use the following scale to indicate our response to each of the question

Strongly Agree = 1

Agree = 2

Undecided = 3

Disagree = 4

Strongly Disagree = 5

S/N	Benefits of Globalization	1	2	3	4	5
6	The company is interested and support the adoption of modern technology and industrialization					
7	The purpose for adoption of modern technology and industrialization is widely communicated and understood throughout the organization					
8	Globalization has helped to reduce cost of business operations					
9	Globalization has enhanced rapid improvement of customer					

	service and business delivery system					
10	Globalization has impact on industrial growth					
11	Globalization enhanced effectiveness and efficiency of the company					
12	Globalization enabled the company to compete with competitors					
13	Shortage of capital intensive methods has significant effects on industrialization process in industrial growth					
	<b>Implementation process of Industrialization</b>					
14	The cost of acquiring modern infrastructure is very high					
15	It is very costly to maintain modern Infrastructure in the company					
16	The cost of training personnel to handle modern Infrastructure is very high					
17	Low labour force is a major challenge to Industrialization process.					
18	It is difficult to obtain payment using modern Infrastructure for marketing					
19	It is difficult to arrange for delivery with on-line purchases					
20	Low labour force contribute to the low Industrialization process industrial growth					
	<b>Constraints in the implementation of the Industrialization system</b>					
21	There is higher level of cyber-crime to make industrialization successful.					

22	Security of documents is a threat to the success of industrialization utilization.					
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Thank You!