

# Globalization and the imperativeness of local development in Nigeria

## DAUDA AYODELE MORAKINYO

ORCID: 234-8035476400

Department of Business Administration  
Osun State University, Osogbo, Osun State, Nigeria  
e-mail: dauda.morakinyo@uniosun.edu.ng

## NURENI ADEKUNLE LAWAL

Department of Entrepreneurial Studies  
Osun State University, Osogbo, Osun State, Nigeria  
ORCID: 234-8030876980  
e-mail: nureni.lawal@uniosun.edu.ng

## AREMU AKINTUNDE AKINTAYO

Department of Entrepreneurial Studies  
Osun State University, Osogbo, Osun State, Nigeria  
ORCID: 234-8039308278  
e-mail: aremu.akintayo@uniosun.edu.ng

## AYINLA JAMIU RAHEEM

Department of Entrepreneurial Studies  
Osun State University, Osogbo, Osun State  
ORCID: 234-8033866221  
e-mail: ayinla.raheem@uniosun.edu.ng

## THEOPHILUS TOBI ONEWO

Department of Business Administration  
Osun State University, Osogbo, Osun State, Nigeria  
ORCID: 234-7066357523  
e-mail: theophilus.onewo@uniosun.edu.ng

**Keywords** globalization, local contents, positive, negative, Nigeria

**Abstract** **Purpose** – The study seeks to determine how Nigeria can increase its positive impacts rather than negative ones, such as neo-colonialism, on the imperatives of globalization in the areas of the local economy, sociocultural factors, customs, among others.

**Methodology/approach** – This study employed a qualitative research design, gathering and analysing qualitative data from contemporary and archival sources.

**Findings** – It was found that a number of factors, including Nigeria's share in global trade, investment, and finance in terms of the total quantum of inward and outward flows of resources, can be used to determine and measure the contribution of

the Nigerian economy to the global economy and the benefits accruing to the economy from Nigeria's interactions with other nations. The competitive advantage of Nigeria in the global economy is dependent on what Nigeria has to offer to the rest of the world.

**Practical implications** – This study provides sufficient insights into how Nigeria can increase the positive outcomes rather than the negative ones, particularly in terms of the development of local content and production.

## Introduction

Globalisation represents the expanding economic, political, technical, and cultural links that connect people, communities, businesses, and governments throughout the world. It is the outcome of advancements in communication, transportation, and information technology. The expansion of multinational firms (companies with activities or assets in several nations) and transnational corporations (companies that view themselves as competing on a global scale) is another aspect of globalisation. In this period of globalisation, the function of the international organisations that regulate international commerce and finance is becoming more and more significant.

Consequently, globalization itself tends to depict a situation or scenario where there is a global/international interface of activities done separately or independently at various times and at different locations. In relation to the banking industry, it therefore means an international and global affiliation of monetary and banking transactions carried out at different periods and in various places around the globe, without underplaying the relevance of telecommunications and information technology (computer) equipment.

Globalisation, in the same vein, has been described as “flexible specialization” at the lowest level of business structure in the world today. Although it is difficult to come up with an agreed definition of the term, a description of how the process works will provide a clearer understanding. According to Shafaeddin (1999), globalisation is “the development of a global network in the form of international consortia, cross-licensing agreements, and joint ventures, the purpose of which is either to lower production costs by determining the cost of production factors, material inputs, and intermediate products, or by enlarging the market’s potential to take advantage of economies of scale. A multinational corporation tries to sell its goods in a variety of markets with the main objective of taking advantage of economies of scale across the board. A global company that uses a network will interact inside the company to get intermediate inputs. Technology alliances and supply contracts for input and intermediate items are subcontracted, but the markets for finished goods are still competitive.”

This paper, therefore, looked into the areas of local economy, sociocultural factors, customs, and other related aspects. The paper also examined the causes of globalisation in recent decades, the challenges of globalisation in Nigeria, factors affecting globalization, and appropriate strategies for globalisation.

## Globalization imperatives: The local economy

Nigeria is richly endowed with the two most valuable natural resources: energy and land, although nature has gifted mankind with a variety of natural resources. The generation of all other resources available to humans depends primarily on these two resources; hence they might be considered the fundamental natural resources. This section aims to highlight the significance of globalisation and the potential it presents in relation to the two natural resources known as land and energy.

Energy is the ability to do work, to produce movement instead of controlling it, to move or stop something, whether it is an object or a person. Energy is needed for a task to be accomplished. The pursuit of obtaining, using, and wasting as little energy as possible occupies a man's whole existence (Otokiti, 2004).

According to Qicheng et al. (2020), man-made energy may be categorised as either animate or inanimate energy. Animate energy comes from living things like plants, bacteria, animals, molds, fungi, and so on, whereas inanimate energy comes from non-living things like fossil fuels, like coal, oil, gas, and minerals.

Land, on the other hand, in its embodiment, can be analysed as follows:

- Two-dimensional,
- Three-dimensional.

### Two-dimensional perspective

Natural resources were associated with land before the invention of machines. Pre-industrial man's attempts to make use of nature were mostly restricted to the earth's surface. It was only two-dimensional. Soil, agricultural, and animal husbandry management were its most practical manifestations. As a result, the people's main employment was agriculture. Other human activities included raising livestock and fishing, which were mostly restricted to rivers, lakes, and coastal areas. Only minerals that were accessible on the surface were used sparingly. The land area under his control, where property ownership in the form of landed rights held economic and political power, served as an adequate indicator of this man's control over natural resources. Until now, land and natural resources, have been set up to now.

### Three-dimensional perspective

Man's activities are no longer restricted to the surface of the planet as a result of the "machine age" and the increased use of inanimate energy. He expanded his boundaries both aloft and downward. He started looking for and using minerals in the earth's deeper layers. His borders were pushed lower when he started to extract minerals from the earth, including metals and fossil fuels. Additionally, he expanded his horizons by using solar energy more effectively, extracting nitrogen from the air, discovering radioactive elements, and developing hydropower. With the addition of a thin layer of soil, land ceased to resemble the surface and took on a three-dimensional shape. Its intimate ties to agriculture and animal care came to an end. Surface area units have lost usefulness

as a reliable indicator of natural resources, because minerals, particularly coal, petroleum, iron, copper, and related energy and machine resources, have become disproportionately more important relative to the area explored. Today, the term “land” refers to the entirety of nature. It is extremely active and never stationary in this sense. It changes in response to evolving cultural norms, better information, and shifting human attitudes.

### **The imperativeness of globalization and the place of socio-cultural factors:**

The challenge to developing countries is daunting. Nigeria, for example, has always operated an open and externally-dependent economy. The logic of the colonial economy was basically to produce primary commodities for export (Asika, 2007). The international division of labour dictated what commodities would be part of this trade system. The Nigerian economy was rooted in the agricultural sector and was structured to import manufactured consumer goods, intermediate goods, and capital. Globalization is not a process that only integrates economies, it also integrates cultures, technologies, governance, social, and environmental systems. The hallmark of globalization is the promotion of the free market, private enterprise, technology, and so on, as a “survival of the fittest” theory (Asobie, 2002). Therefore, globalization of sociocultural factors must include the following:

- i. Increased openness to international trade and development.
- ii. Elimination of barriers to global financial flow.
- iii. International diffusion of knowledge and technology.
- iv. International market integration.
- v. Openness to information and factor optimisation of factors of production.
- vi. Exposure of domestic economies to the influence of improved world economies.
- vii. Increased movement of goods, commodities, investment, and services across geographical boundaries.

IBM (1999) opines that one of the factors of the present globalized world, is that globalisation is about the major changes in the governance, direction, and structure of organisations and countries across the globe. Globalisation, in its broadest sense, therefore implies that borders are no longer obstacles to economic activities. According to Anderson (2004), the globe is still dealing with a long-standing issue whereby affluent nations are growing richer while poorer countries are becoming poorer. Despite the fact that globalisation is a process of heightened interconnectedness, no nation can isolate itself and hope to prosper. The claim is that interdependence may now benefit all countries thanks to globalisation. The growing economic interdependence of nations is demonstrated through trade and financial flows. However, it has been asserted that dependency comes with increased danger and unpredictability. Interdependence, more broadly, refers to prospects for generating employment outside of national borders and potential for benefits in the common good. Convergence has been a topic of discussion in the globalisation debate. The difference between member countries’ welfare levels may close as a result of the global economy. In fact, there would be a significant trend towards convergence in an interconnected system. However,

comprehensive empirical research reveals that absolute divergence in production per person is a defining aspect of global economic history in the area of well-being.

Although the position of mainstream economics is that the economic benefits of internationalization outweigh the economics costs for most countries, developing countries are yet to feel the impact of the process, Nigeria, in acceptance of this position, adopted the Structural Adjustment Programme (SAP) around 1986, with the hope that it would be in a position to benefit from the process. All indications point to the fact that, given the dependent nature of the economy, it cannot benefit from the process. Third world countries with very weak internal structures, incapable of competing within the world economy, are generally not in a position to benefit from the process.

A lot has changed in the structure, operations, and environment of the economies of African countries. Over the last fifteen years, most African countries have pursued reform and restructuring programmes, including:

1. Privatization.
2. Deregulation of interest rates and foreign exchange rates.
3. Reduction in deficit spending.

Martin (1993, 1995) stated that, as a result of policy reforms, the market was being deregulated in 1993, followed by internationalization in 1995. The implementation of the privatization and commercialization programme has also impacted positively on the performance of the market, as the programme has deepened and widened the market. Democratization, deregulation, and internationalization have made the market much more vibrant and competitive.

Globalization has been taken to mean the increasing integration of national economies with that of the world. In general, the advantages of globalisation are comparable to those of specialisation and market expansion through commerce. Globalisation raises productivity and the average living standard by facilitating a greater international division of labour through the creation of employment opportunities and a more effective use of savings, while increased consumer access to foreign goods enables them to enjoy a wider variety of goods and services at lower prices. By enabling a nation to access more financial savings and heightening business competitiveness, globalisation may also bring forth other advantages. However, outlines of what constitutes the concept of globalization are beginning to emerge, but the precise ways in which it will affect each country, region, and economic bloc are not clear.

The globalization phenomenon has also affected the nature and content of economic cooperation: some social/scientific elements have become commodities on the same footing as goods, and they have been put the General Agreement on Trade and Tariff (GATT) discipline during the GATT VIII negotiations. These are trade in services, Trade-Related Intellectual Property Rights (TRIPs), and Trade-Related Investment Measure (TRIMs). Countries with strong economies and technology have been integrated. On the other hand, relatively weak economies stand to be marginalized.

## Globalization imperatives: Causes of globalization

Globalisation is an international phenomenon that may signify different things to different individuals, and even to the same people in different ways. According to UNDP (2001), globalisation is a multifaceted process that has seen an unparalleled rate of expansion in the extent and intensity of interconnection on a purely global scale, for instance:

- (i) Globalization with regard to increasing interconnectedness and interdependence among the world's nations, particularly in business.
- (ii) Globalization with regard to institutions, e.g., education, industry, among others.
- (iii) Globalization with regard to families and systems.
- (iv) Globalization in relation to fostering the advancement of a global mentality.

The following eight elements explain why globalisation has increased over the past several decades:

- (a) Technology is developing, particularly in the areas of communications and transportation.
- (b) Governments are lowering barriers to international trade.
- (c) Institutions offer services to make doing business internationally easier.
- (d) Consumers are increasingly aware of foreign products and services.
- (e) The level of competition has increased globally.
- (f) Some great economic powerhouses have enhanced their political ties.
- (g) More nations work together on global concerns.
- (h) Agreements and collaboration between nations have expanded.

## Challenges of globalization in Nigeria

Looking into the gains and losses, if Nigeria embraces globalization or refuses it, certain actions are necessary if Nigeria is to embrace globalisation:

- (a) Transition from a generator-driven economy to sustainable energy generation.
- (b) Rejuvenation of a poor telecommunication system.
- (c) Improvement in public awareness and stabilisation of foreign exchange rates.
- (d) Addressing the growing tastes and needs of individuals, society, and other countries.
- (e) Improvement in macroeconomic factors such as deregulation, liberalisation of trade, development of the capital market, outward-oriented reforms, and correction of international market imbalances.

## What does Nigeria stand to lose?

Here, the question is: What does Nigeria stand to lose if she does not embrace globalisation? Thus:

- (a) Reduction in investment that could have accrued.
- (b) Decline in exports of locally manufactured goods as a result of inadequate awareness.
- (c) Decrease in foreign exchange earnings and private investment.

- (d) Absence of innovation and continued use of crude methods.

## Factors affecting globalization

There are various factors affecting globalization, among the factors are:

- (a) Decline in barriers to the free flow of goods and capital.
- (b) Technological change, e.g., microprocessors, telecommunications, the Internet and the World Wide Web, transportation technology, etc.
- (c) Changes in world output, trade, and consumption patterns.
- (d) Foreign Direct Investment (FDI).
- (e) Multinationalism.
- (f) Change in the world economic order.
- (g) Dynamic changes: population, output, multinational enterprises (MNEs), and the world economic order.
- (h) Also, the relationship between globalization and:
  - (i) Job creation.
  - (ii) Improved labour policy.
  - (iii) Threat to national sovereignty.
  - (iii) Challenge to managing national business.

## Appropriate strategies for globalization in Nigeria

These are the needed strategies for globalization in Nigeria. The following constitute the key strategies:

- (a) Orderly, properly sequenced, and sensible implementation of outward strategies
- (b) Pragmatic financial liberalization.
- (c) Ongoing reform of domestic export products.
- (d) Increasing national production and export capability through the expansion of the private sector.
- (e) Promotion of manufactured goods for export.
- (f) Raising the level of domestic investment.
- (g) Development of adequate infrastructure and services.
- (h) Human capital development focused on export.
- (i) Development of technology.
- (j) Attraction of Foreign Direct Investment (FDI) inflows.

## Discussion on how Nigeria can increase more of the positive outcomes in globalisation

Nigeria has been pursuing a trade liberalisation strategy since 1986 in an effort to gain from the integration of the global economy. Unfortunately, its industrial sector still has to contend with

some formidable obstacles from overseas competition, and the severity of these obstacles is endangering its very existence.

According to data from the Central Bank of Nigeria (CBN) published in 2004, the environment in which Nigerian manufacturers operate is marked by low aggregate demand, high production costs, inadequate infrastructure, low investment, poor electricity supply, declining bank lending, and fierce competition from foreign rivals as a result of rising globalisation. As a result, from 1998 to 2003, the industrial sector's capacity utilisation was below 40% (CBN, 2004). However, Tsuani (2005) confirms that the increased cost of production arising from poor infrastructure has crippled manufacturing activities in Nigeria. Also, policy inconsistencies and poor macroeconomic management have contributed significantly to the failure of many enterprises in Nigeria (Nwoye, 2006). All these factors have created the high unemployment rate experienced in the country.

The increased integration of the world's financial, goods, and service markets has made the position of Nigeria—like all LDCs—in the global economy a matter of policy significance. The quick liberalisation of international commerce and money flows has maintained the trend of globalisation. Nigeria must have competitive macroeconomic and structural policies that are aligned with trading partners' economic management in order to attract the advantages of an open economy and fully benefit from the globalisation and integration process. These factors are crucial because it has been established that international specialisation, which is supported in part by factor endowment, is what drives globalisation. They also influence how well domestic policies compete internationally and how much markets are allowed to control the distribution of resources.

The paper examined the imperatives of globalisation in the areas of local content: how Nigeria can maximise the positive aspects than negative, such as neo-colonialism. The study traced the roots and the areas of local economy, sociocultural factors, and customs among others.

It was discovered that a number of factors, including Nigeria's share of global trade, investment, and finance in terms of the total quantum of inward and outward flows of resources, can be used to determine and measure the contribution of the Nigerian economy to the global economy and the benefits accruing to the economy from Nigeria's interactions with other countries. Additionally, the competitive advantage of Nigeria in the global economy depends on what it has to offer. In other words, effective demand for the resources from Nigeria will, in time, create employment opportunities both within and beyond the borders of the country.

Based on this, the following are hereby recommended as ways to maximise the impact of globalization:

- Power generation and vocational education should be two key priority areas in order to reap the full benefits of globalisation within a fair amount of time.
- Through effective fiscal, monetary, and exchange-rate policies, African nations must give top priority to enhancing competitiveness and consolidating macroeconomic stability. Government involvement is crucial when developing macroeconomic education.
- Developing a comprehensive plan to increase agricultural commerce between the US and Africa under AGOA, with the aim of bolstering infrastructure and communication networks.

- Using tax incentives in the US to promote value-added, job-generating American investment in Africa.
- Removing barriers to the Export-Import Bank, OPIC, and the US Trade and Development Agency (TDA) in their lending, risk-covering, and feasibility-study activities in industries like agriculture and agro-allied business, electronics, and textile and apparel, in AGOA-eligible SSA countries.
- Promoting collaboration between American and African ports and airports to increase cargo and transportation links between the two continents through interactions between technical staff from American and African ports, chambers of commerce, freight forwarders, customs brokers, and negotiations with shipping firms and airlines for direct flights.
- Providing technical support that helps African nations and their corporate sectors build the capacity to take part in AGOA more actively. Specific training for African businesspeople on increasing access to AGOA benefits, capacity building for African entrepreneurs on production strategies, quality and standards, formalising cooperatives, conducting market research and market development, and capacity building to support the diversification of African products and value-added processing are all possible areas in which such technical assistance could be provided.

## Conclusion

In conclusion, Nigeria's journey towards trade liberalization since 1986 has been met with formidable challenges, ranging from subdued demand and soaring production costs to inadequate infrastructure and tough competition from international players in an increasingly globalized market. These hurdles have stunted industrial progress, resulting in underutilized capacity and soaring unemployment rates. To leverage the positive aspects of globalization, Nigeria needs to prioritize competitive macroeconomic policies, infrastructure enhancement, and policy coherence. The nation's edge in the global arena lies in efficient power generation, vocational training, and bolstering agricultural trade through initiatives like the African Growth and Opportunity Act (AGOA). Collaboration between American and African ports, along with the removal of barriers to lending and risk management activities, coupled with technical support for skill development, is vital to maximizing Nigeria's gains from globalization. By focusing efforts in these areas, Nigeria can position itself for optimal benefits from globalization, fostering sustainable economic growth in the process.

## References

- Anderson, P. (2004). *Inflation targeting: Lessons from four countries*. *Economy Policy Review*, 3(3), 9–110.
- Asika, N. S. (2007). *Introduction to international business: Scientism in management theory and philosophy – Nigeria experience*. Lagos: Nigeria.
- Asobie, H. A. (2002). Globalization: A view from the South. Paper presented at the 20th Annual Conference of the Nigerian Society of International Affairs (NSIA), "African Responses to Globalization: Periscoping the 21<sup>st</sup> Century", University of Nigeria, Nsukka, April 11–12.

- Bekaert, G. (1995). Market integration and investment barriers in emerging equity markets. *The World Bank Economic Review*, 9(1), 75–107.
- Central Bank of Nigeria (CBN). (2004). Globalization and Nigeria economy. *CBN Economic and Financial Review*, 38(2), 17–33.
- IBM. (1999). *Integrate and automate globalization – IBM garage practice*. By Steven Atkin, and Lisa McCabe, IBM Chief Globalization Architect, Distinguished Engineer.
- International Monetary Fund (IMF). (1996). *Global financial markets: Moving up the learning curve*. International Capital Markets, September.
- International Monetary Fund (IMF). (1998). Proceeding of the Annual Meetings of the IMF and the World Bank *IMF Survey*, 27(2), 337–352.
- Martin, A. (1995). *Nature and concept of globalization*. World Resource Institute, Washington, D. C.
- Neumann, M. J. M. (1996). *Monetary targeting in Germany* (Discussion Paper 96–115). Bank of Japan, Institute for Monetary and Economic Studies (IMES), March.
- Nwoye, M. (2023). Nigeria run faulty academic curriculum. *Vanguard Media Limited*.
- Obadan, M. I. (2003). Monetary policy framework in Africa: The Nigerian experience. *Nigeria Economic Society Journal*, 3.
- Ojo, M. O., & Obaseki P. J. (1998). Challenges of globalization for macroeconomic policy and management in Nigeria *CBN Economic and Financial Review*, 36(4), December.
- Otokiti, S. O. (2004). *World resources and business*. Lagos: Pumak Nigeria Limited.
- Qicheng, X., Xin, Z., Teng, T., Jibao, Z., Zhiyuan, F., & Qinyang, L. (2020). A comprehensive review on classification of energy management strategy, and control algorithm for hybrid electric vehicle. *13(20)*, 5355.
- Shafaedin, S. M. (1999). Policies and strategies for dealing with the problems of globalization. In: *Proceedings of the One-Day Seminar of the Nigeria Economic Society on Globalization and Economic Development in Nigeria*.
- Tsunami. (2005). *Tsunami and true face of globalization: What have we learned?*
- United Nations Conference on Trade and Development (UNCTAD). (1997). *International monetary and financial issues for the 1990s: Research papers for the Group of Twenty-Four*, 8. New York and Geneva.
- United Nations Development Programme (UNDP). (2001). *National Productivity Council (NPC), Report on utilization and conservation of energy: Sectoral reports energy audit studies* (NPC New Delhi, 1983), 121, 29–30.

## Citation

- D.A. Morakinyo, N.A. Lawal, A.A. Akintayo, A.J., Raheem, T.T. Onewo (2025). Globalization and the imperativeness of local development in Nigeria. *Acta Politica Polonica*, 1 (59), 21–30. DOI: 10.18276/ap.2025.59-02.