Globalization and its Impact on Poverty Reduction in Nigeria

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Abstract
This paper examined the impact of globalisation on poverty reduction in developing countries with a focus on Nigeria. The increased interactions between different countries led to situations where the economy and development of most countries were no longer only in the hands of the ruling government but highly influenced by international organisations where international rules and legislation reign. This situation made globalisation to be perceived as a highly controversial process. It remains in the domain of academic exercise as to whether globalisation and its components can bring about a reduction in poverty in developing economies. The researcher gathered data from secondary sources to conduct a qualitative study based on documentary evidence. The findings of this study showed that despite the interactions of the Nigerian government with the global community which are evident in the flow of Foreign Direct Investments, trade liberalization, as well as the implementation of economic policies like deregulation and privatization, Nigerians have hardly felt the positive impact of these economic decisions especially as it concerns the reduction of poverty. It was recommended, amongst others, that the government should implement policies that encourage the diversification of the economy thereby expanding the production and manufacturing sectors to discourage the mono-economy we are running. This is the only way that FDIs and other capital flows can be put into proper use.

Keywords: Capital flow, foreign direct investment, globalisation, poverty, trade liberalization.

Introduction
Over the past three decades, the world has grown to become smaller with an increased level of interdependence between countries brought about by globalisation. Hence, there have been increased interactions between different countries which has led to situations where a country's economy and development are not only in the hands of the ruling government but are highly influenced by international organisations where international rules and regulations reign. This particular situation has made globalisation to be perceived as a highly controversial process which has come under much criticism in its current neo-capitalist form and therefore, a surprise to economists and policymakers who are highly convinced of the benefits which globalisation can bring to the developing world.

Nigeria, like most countries, embraced globalisation with the hope of also gaining from the numerous benefits of development which it holds for the entire society as expressed in the views and arguments of the proponents of this economic practice. Accordingly, the proponents of openness argue that more of it will translate into real and sustainable development. As such, a receptive economy will maximize the benefits inherent in globalisation. They also argue that globalisation which envelopes such policies as deregulation, privatization, commercialization, and massive movement of capital for private investment, is a natural and inevitable historical movement which will increase wealth and improve living standards, especially among third-world countries. However, there are strong opponents to the economic philosophy of globalisation. They argue that globalisation is nothing but a mere change in the nomenclature of imperialism. Their thesis is that globalisation is meant to continue the process of economic ravaging of the world (especially the third-world countries) by the Western World (Stephen *et al*., 2016). Today, information sharing has reached levels we never dreamed possible.

Upcoming artists and other 'like-minded' individuals could never share their interests, projects, and perspectives around a similar idea. Globalisation and international commerce thus imply the exchange of ideas and perspectives on a global scale.

Since the end of the Cold War, the globe has seen enormous changes. Since the 1980s, the world economy has been influenced by economic policies to promote capitalism on a global scale through trade liberalisation, foreign direct investment (FDI) and financial capital flows, as well as the relaxation of government regulations, particularly in the financial, goods, and labour markets (Ornaran in Umaru et al., 2013).

There is a growing opinion that the global economic crisis was primarily caused by the exploitative tendencies of capitalism rooted in the United States, which succeeded in establishing a massive structural imbalance between savings and investments in the global economy. This rising imbalance may also be seen as increasing inequities between wealthy and underdeveloped nations in the framework of contemporary exploitation-globalisation. These undesirable changes in the forms of capitalism and subsequent globalisation have unwittingly resulted in an unforeseen worldwide collapse in stock prices and markets, credit contraction, and a decrease in output, all of which have had a negative impact on employment, trade, and GDP growth (Benn, 2009).

Since the mid-1980s, there has been an increase in capital flows among industrial nations and, more importantly, between industrial and emerging countries. While these capital flows have been linked to high growth rates in some developing countries, several countries have experienced episodic growth rate declines and significant financial crises during the same period, resulting in significant macroeconomic and social costs (Prasad *et al*., 2003). As a consequence, there has been a heated discussion in both academic and policy circles concerning the impact of financial integration on the core sectors of most emerging countries, including Nigeria. Given these sets of arguments, this work is to assess the economic viability of globalisation and the extent it has helped in reducing the level of poverty in Nigeria.

Research Questions

i. What is the impact of trade liberalisation on the level of poverty reduction in Nigeria?

ii. How has capital flow (Foreign Direct Investment-FDI) impacted the level of poverty reduction in Nigeria?

Theoretical Framework

Two ideological foundations that involved three theories were deemed appropriate in explaining the interactions of development in Nigeria and globalisation. The application of these three theories in this discourse is significant in the sense that they are set against each other, yet both have been at the centre of the dialectic of developed and/or underdeveloped state of third world countries.

Modernisation Theory: This theory stems from the 18th-century writings of Adams Smith. This theory argues that for a system to be on the path of development, it must be seen to move away from the traditional stage to modernity (Gwynne, 2009). It further posits that societies transit from the lower stage to a higher one. At the core of the transformation is the willingness to accept change. The central theme of this theory is that any society desirous of development must submit itself to some structural differentiation. This will involve changes in either technology or values.

Thus, the theory believes that every society has three stages: traditional, transitional and modern. Accordingly, the problem of most developing countries especially Africa was seen as one of finding the best way of moving from the traditional stage of development to modern. Advocates and proponents of modernization theory equated modernity with Westernization. The economy of African countries was conceived as being divided into traditional and modern sectors which were frequently assumed to be synonymous with the rural and modern sectors respectively. Therefore, within each country's development was the question of modernisation of the traditional sector which in turn was seen to be dependent on the diffusion of Western culture and technology.

Modernization theory offers a useful framework for evaluating the influence of globalisation on poverty reduction in Nigeria, highlighting the transformational potential of economic development, technological transfer, and sociopolitical modernity. It contends that globalisation promotes integration into the global economy by providing access to foreign capital, innovative technology, and international commerce, which may encourage industrialisation, job creation, and income rise. Nigeria may use global exposure to embrace contemporary governance techniques, improve public service delivery, and grow human capital, all of which are critical for poverty eradication.

In addition, globalisation increases urbanisation and economic diversity, allowing for rural-to-urban migration and lowering rural poverty. However, modernisation theory stresses significant difficulties like inequality, reliance on foreign markets, and the possible destruction of local traditions, all of which might hinder the fair distribution of globalisation's advantages.

In summary, although modernisation theory emphasises globalisation's ability to promote poverty reduction and socioeconomic advancement in Nigeria, its success is dependent on competent governance, egalitarian policies, and smart risk management. This balance guarantees that globalisation has a favourable impact on Nigeria's sustainable development.

Dependency Theory: This is a framework of analysis shared by Prebisch (1962) and Singer (1950). This idea seeks to explain why underdevelopment continues in some nations. While most scholars argue that underdevelopment is caused by countries pursuing bad economic policies or the presence of authoritarian regimes and corrupt leaders, dependency theorists argue that the way periphery countries integrate into the global economy and the inequality that exists in the international system has hampered the growth of underdeveloped countries.

Dos Santos (1970) in his book titled "The Structure of Dependency" identified three types of relations of dependency: Colonial dependency, industrial-financial dependency and industrial-technology relations. Colonial dependency is based on trade and exploitation of natural resources while industrial-financial dependency has to do with the constant borrowing of money from the IMF and World Bank to facilitate and promote industrialisation in developing countries. Industrial-technology relations, on the other hand, was a post-2nd World War socio-economic experience where multinational corporations were at the forefront of transferring physical technological equipment (technological transfer) to developing countries that were mostly exporting primary products to Europe and were faced with infrastructural challenges.

According to the dependence theory, this systematic exploitative practice has existed for millennia and continues to this day. The Marxist theory of development provides the foundation for the majority of dependence theory's arguments.

Dependency theory is essential to the study of globalization's influence on poverty reduction in Nigeria because it highlights uneven power relations in the global economic system. It contends that globalisation often promotes reliance, with developing countries like Nigeria relying on industrialised economies for trade, investment, and technology. This reliance stifles local economic progress, promotes resource exploitation, and exacerbates poverty. The idea emphasises how global economic policies and neoliberal frameworks might prioritise foreign interests above local development, limiting Nigeria's capacity to execute long-term poverty reduction methods. Thus, dependence theory serves as an important lens through which to evaluate the results of globalisation.

The World System Theory: Immanuel Wallerstein, a sociologist, proposed the global system theory (1974). The global systems theory is a modified form of the dependence theory; both theories rely heavily on Marx's theory of development. In terms of the minor distinction between the two theories, dependency theorists claim that underdevelopment occurs as a result of an uneven flow of resources from "poor" peripheral nations to the "rich" core of prosperous states.

Wallerstein (1974) opined that the modern capitalist world system is the web of production and consumption relations that has linked poor and rich countries since the emergence of capitalism. World systems theory lends weight to the claims of dependency theorists. However, it emphasises that there is a third group of countries known as the semi-periphery, which serves as a buffer zone between the affluent core and the periphery of poorer nations. These three economic zones are known as the core, periphery and semi-periphery, and, according to Wallerstein, all nations in the global economic system fall into one of the three categories listed above.

The World-Systems Theory is pertinent to this research because it offers a framework for examining Nigeria's place in the global economic hierarchy. As a peripheral country, Nigeria's integration into the global economy often results in uneven exchanges, with resources flowing from the periphery to core countries, sustaining reliance and restricting local economic progress. This theory explains how globalisation affects poverty reduction efforts by underlining structural restrictions such as exploitation, inadequate industrialisation, and dependency on foreign assistance, which limit Nigeria's potential to accomplish long-term poverty alleviation.

Finally, it is worth noting that both dependence theory and global system theory are considered constructive criticisms of modernisation theory. The modernisation thesis is based on the assumption that all nations can emulate the West. As a result, both dependence and global systems theory claim that modernisation theory was founded on a false assumption by ignoring the importance of the colonial past (Arat, 1988). Furthermore, while modernisation theory would argue that world trade and open international borders are critical to the development of a peripheral country, dependency and world systems theory argue that in today's economic system, free trade and open national borders are detrimental to the growth of peripheral countries because they involve exploitation, corruption, and economic mismanagement. Both ideas believe that in order for peripheral nations to grow, they must have fewer contacts with core countries.

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Review of Related Literature

Globalisation

Within the context of this present study, the independent variable is globalisation with sub-variables like trade liberalisation and capital flow/foreign direct investment (FDI), while poverty is the dependent variable. Expectedly, if the developing countries share in the gains of globalisation depending on which aspects they draw such gains from, it is supposed to lead to a reduction in the level of poverty. By implication, the Human Development Index (HDI) of that society is expected to have a boost or improvement. Hence, the conceptual framework of this research as compiled by the author:

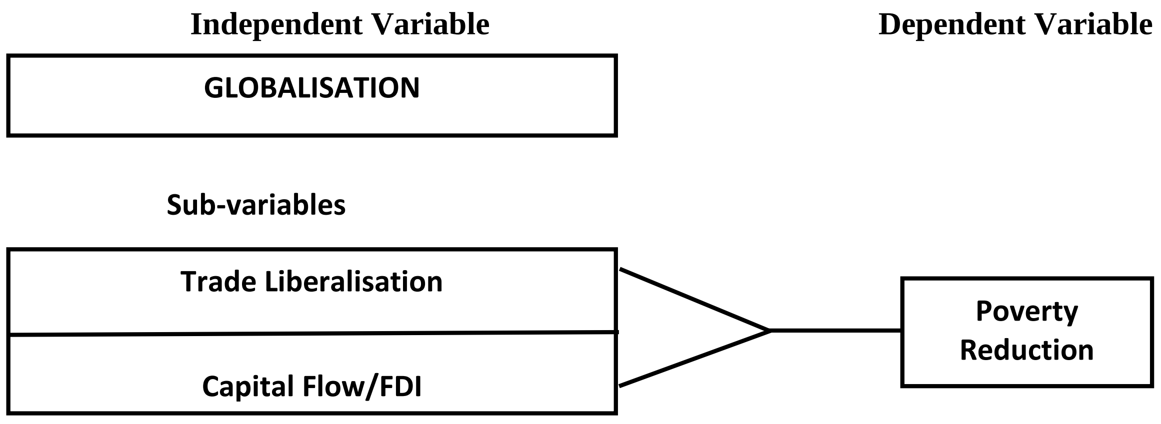

Figure 1: Research Conceptual Framework
Source: Author’s Compilation 2023.

The idea of globalisation is likely the most often used word by researchers and international leaders to explain the growth and underdevelopment of different sections of the globe. As a consequence, it has become a hotly debated idea and a recurrent topic in the North/South conversation. While it is used to explain the growth of Northern nations, it is also used to justify the underdevelopment of Southern countries (Omotola, 2003). Globalisation, in general, refers to the increased connection between individuals and institutions throughout the world. It refers to the increasing interactions in global commerce, domestic and international investment, capital markets, and the government's involvement in national economies (Ojo, 2004). Obadan (2004) defines globalisation as the growing connectivity and interdependence of the world's regions, nations, governments, businesses, institutions, communities, families, and people. It promotes the development of a "global mentality" (elitist mentality) and conjures up the image of a borderless society by leveraging information technology to facilitate greater financial and economic cooperation.

Figure 2: Aspects of Globalisation
Source: Source: (Samimi *et al*., 2011)

Trade Liberalisation

Liberalisation of trade is one of the most controversial issues in international finance and economics. There are several reasons in favour of free trade and tariff reduction, as well as whether or not obstacles will benefit the economy. According to Olaifa et al. (2013), several theoretical and empirical research have been conducted to determine the relationship between free trade and growth (Chaudhry et al., 2010; Ersoy & Deniz, 2011).

Liberalisation may simply be defined as a move away from direct governmental and regulatory constraints towards market-driven behaviour for pricing and resource allocation. Commerce liberalisation entails reducing barriers to international commerce and fostering free trade (Nwakoh, 2017). DeRosa (2012) defined trade liberalisation as the increased integration of international markets for products, tradeable services, and financial assets. In practice, it also refers to the growing integration of markets for significant inputs to production (not simply movable physical capital) as well as labour in its different forms: basic labour, skilled labour, and professional services. Trade liberalisation is therefore a multifaceted term that may be understood as the formation of a multitude of links and interconnectivity between States and the communities that comprise the contemporary World, also known as the global village. It is also a process by which events, decisions, and actions in one area of the world have a big impact on individuals and communities in very distant parts of the globe. Trade liberalisation includes:

i. the reduction of tariffs
ii. the reduction and/or elimination of quotas
iii. The reduction of non-tariff barriers.

Capital Flow/Foreign Direct Investment

Capital flow is a key component of the world economy's drive towards economic integration or globalisation. Foreign money has been welcomed as a development catalyst to augment local resources since it is viewed as an essential component of economic progress (Nkoro & Furo, 2012). Capital flows have been explored in a variety of ways, including their impact on development, associated causes, policy tools to mitigate their negative consequences, and the type of capital flows (Koepke, 2015). In a relatively narrow academic topic, some papers discuss the causes and implications of extraordinary capital flows. For example, research on "sudden stops" indicates that as global variables deteriorate, countries suffer severe adjustments, currency devaluation, bankruptcies, and economic constriction (Forbes, 2012). On the other hand, research on "surges" shows that capital inflows are associated with asset price inflation, currency appreciation, commodity price booms, and a greater likelihood of "stops," especially in emerging countries (Forbes, 2012).

Poverty

Due to its social pre-eminence, the concept of poverty has been given greater attention in the academic space. Sumner (2003) defined poverty as the inability to fulfil the basic requirements to attain a decent life and therefore obtain adequate nutrition, housing and clothing. Bradshaw (2007) defined it in its most general sense as the lack of necessities. Asikhia (2010) defined poverty as the condition that limits an individual’s ability to provide for himself and his loved ones, noting that this condition manifests in the lack of food, clothing, shelter, etc. All the scholars agree that poverty is largely a state of deprivation, lack and denial of necessities of life. By this definition, the majority of people in Nigeria are poor (Atakpa, 2024), are being, deliberately or inadvertently, denied and are unable to satisfy these necessities of life.

For the purpose here, poverty is also defined by a sense of helplessness, dependence and lack of opportunities, self-confidence and self-respect on the part of the poor. Indeed, the poor themselves see powerlessness and voicelessness as key aspects of their poverty (Narayan *et al*., 2000). Further, the acknowledgement of the multidimensionality of poverty is reflected in the range of both quantitative and qualitative methodological approaches adopted to conceptualize and measure poverty (Handley, *et al*., 2009).

Empirical Literature

Adigun & Oke (2021) investigated the poverty-reduction effect of foreign direct investment (FDI) in Nigeria between 1992 and 2016 sectoral FDI inflows, and factors impeding FDI inflows into the economy, making economic growth and development difficult to attain. Secondary data were obtained from the World Development Indicator (WDI). To investigate the influence of foreign direct investment on poverty reduction, an ordinary least squares (OLS) regression analysis was used. The Augmented Dickey-Fuller Test (ADF) unit root test was employed to test for stationarity in the data series and ARDL was then applied due to the amount of stationarity in the variables. The regression result revealed that there is little correlation between foreign direct investment and poverty reduction, and the ADF result revealed the presence of stationarity among the variables in the data set, while the ARDL result confirmed that foreign direct investment (FDI) has a significant negative effect on poverty reduction in the short run at the 5% level of significance. The research found that foreign direct investment, which is both an engine of economic development and a critical tool for poverty alleviation, is often allocated to industries with little influence on poverty reduction. The report advised that the government strengthen efforts to stimulate the influx of foreign direct investment into sectors with strong poverty-reduction potential, develop favourable legislation, and improve the country's ease of doing business. FDI inflows should be diversified from the oil industry to the non-oil sector to increase job opportunities and reduce poverty.

Ogundipe (2022) investigated the impact of trade freedom on poverty reduction in Nigeria. A variety of tests were used to evaluate the data's qualities, including co-integration, the unit-root test, and descriptive statistics. The Auto-Regressive Distributed Lag (ARDL) approach was employed in this research to investigate the variables' short- and long-term impacts. The findings showed that trade is statistically significant in affecting Nigeria's poverty rate in both the long and short run. However, a country's economic system's capacity to benefit from economic globalisation was also determined by its domestic macroeconomic policy, market structure, early economic status, institutional quality, and level of political stability. According to the expected conclusion, trade will help the poor in the long term. Based on the study's results, recommendations were made to increase commerce and reduce poverty in Nigeria. To safeguard its home market, Nigeria may adopt a limited trade liberalisation policy. In contrast, the government should promote technology imports to boost local industry and implement a soft trade liberalisation strategy based on the removal or reduction of technological obstacles to international commerce.

Madueke *et al*. (2022) used the Autoregressive Distributed Lag (ARDL) model approach on time series data gathered from 1985 to 2020 to investigate the influence of foreign direct investment on poverty reduction and its implications for sustainable development in Nigeria. A unit root test using Augmented Dickey-Fuller (ADF) revealed that the Poverty Head Count Ratio (PHCR), Gross Fixed Capital Formation (GFCF), and Real Exchange Rate (REXR) are integrated of order 1(1), whereas Foreign Direct Investment (FDI) is integrated of order 1(0). The findings suggested that FDI had a detrimental influence on poverty reduction in Nigeria, and the ARDL Bounds test results indicated a long-run link between all variables. Finally, the lag value results showed that gross fixed capital development had a considerable influence on Nigeria's poverty headcount ratio. In light of these results, the research concluded and urged that FDI regulations be rigorously scrutinised in order to promote FDI growth in Nigeria and attain Sustainable Development Goal (SDG) 1. To eliminate poverty in Nigeria, the government should boost gross fixed capital production

Fagbemi & Olufolahan (2022) used the ARDL bound test and the Granger causality test based on the Vector Error Correction Model to investigate the combined impact of capital inflows and financial growth on poverty reduction in Nigeria from 1980 to 2017. Capital inflows were divided into three categories (FDI, portfolio investment, and remittances), and the report evaluated each one separately. Empirical results showed that the interaction term of capital inflows and financial development resulted in a significant decrease in poverty headcount in both the long and short run, highlighting the importance of the indirect role of both capital inflows and financial deepening in the poverty-reduction channel. The results supported the concept that capital inflows and financial development may work together to increase incentives and inclusive institutions for extending credit to creative small businesses or people, hence enhancing the poverty-reduction impact. Additional data demonstrated that the causal relationship between capital inflows, financial development, and poverty alleviation was unidirectional, extending from both foreign capital inflows and financial deepening to poverty. As a result, the research concluded that ensuring that financial sector growth corresponds with increased inclusivity and capital inflow rates is crucial for Nigeria's better performance and poverty-reduction drive.

Methodology

Research Design

In this study, both the historical and descriptive research methodologies were applied, with data drawn from secondary sources. The historical method of analysis is considered as a whole field of the human past, as broad as life itself. Historical research, therefore, is a systematic and critical investigation of events, experiences and developments of the past. This method involves observing evidence, which is for and against events, experiences and developments for the basic reason of generalization. Historical study examines previous patterns in attitude, event, and fact. More forcefully, historical research may be seen as encompassing the whole field of human history as vast as life itself, yet the data must be examined through historical lenses as part of the process of social evolution rather than as separate attitudes, events, or facts (Osuala 2005). In adopting this research methods, the impact of globalisation on the level of growth in Nigeria from 2015-2022 was investigated, with particular emphasis on how trade liberalisation, capital flow/foreign direct investments, global competition and technology transfer and development influenced poverty and unemployment.

Method of Data Collection and Instrumentation
The data for this study were sourced from already existing documents. This implies that the instruments that were considered here are government and other official documents, published text, journals and other credible online sources.

Method of Data Analysis
The data collected for this study were qualitatively analysed. Qualitative analysis is essentially normative oriented, which by its native, is critical in perspective. It is also largely based on speculation and logic. Thus, it attempts to understand historical development and explain socio-political conditions in totality, and address social problems not only objectively but also historically. Therefore, the analysis of data for this study was essentially descriptive and in-depth

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Trade Liberalisation and Poverty in Nigeria

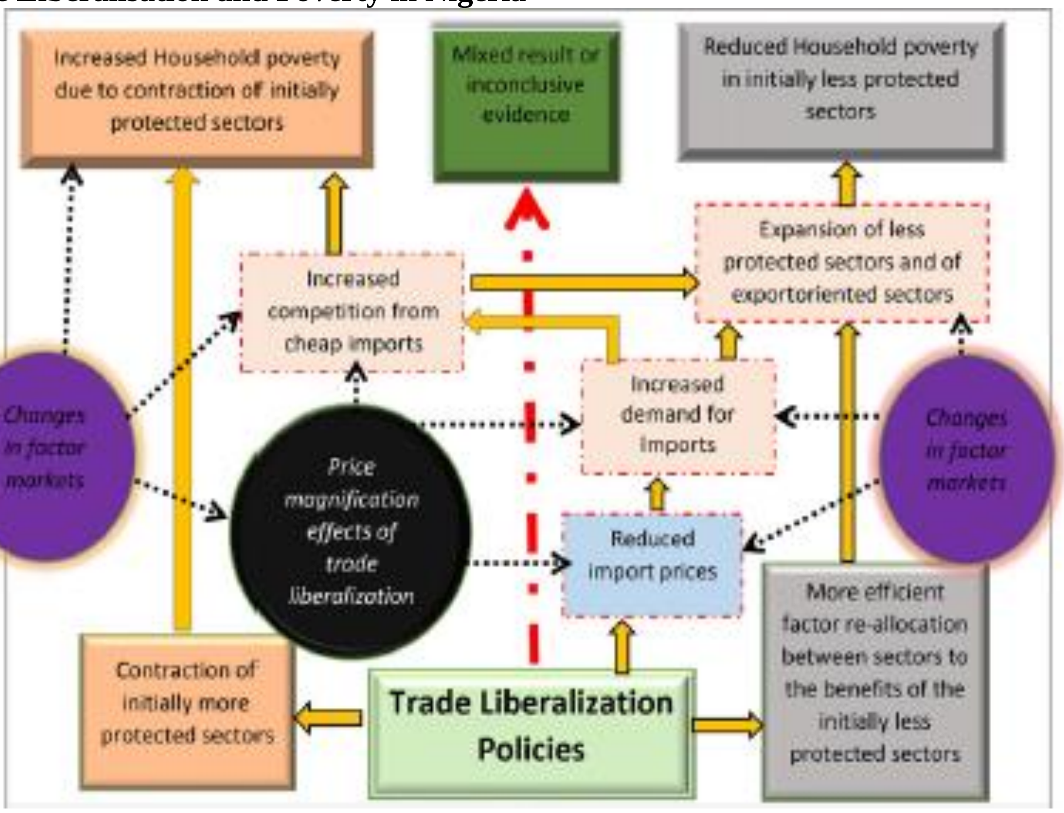

Figure 3: Trade Liberalisation Policies and Poverty Conceptual Framework
Source: Aredo, Fekadu and Kebede cited in Onakoya *et al*. (2019).

Some possible deleterious effects may arise from opening up the economy to international trade. Imported inflation may creep into the economy as a result of greater exploitation of the environment which may lead to environmental degradation. In addition, the devaluation of the domestic currency may cause citizens to spend more on purchasing a few goods from abroad, thereby further worsening the terms of trade. The conceptual model upon which this analysis is predicated is depicted in Figure 3. The introduction of these trade liberalization policies in the economy resulted in both beneficial and deleterious consequences. The right side of Figure 3 shows the benefits that arose from the implementation of these policies. The policies however allowed for more efficient factors which could be the proper allocation of raw materials between the initially protected sectors, leading to the expansion of these same protected and export-oriented sectors.

Foreign Direct Investment and Poverty Reduction in Nigeria

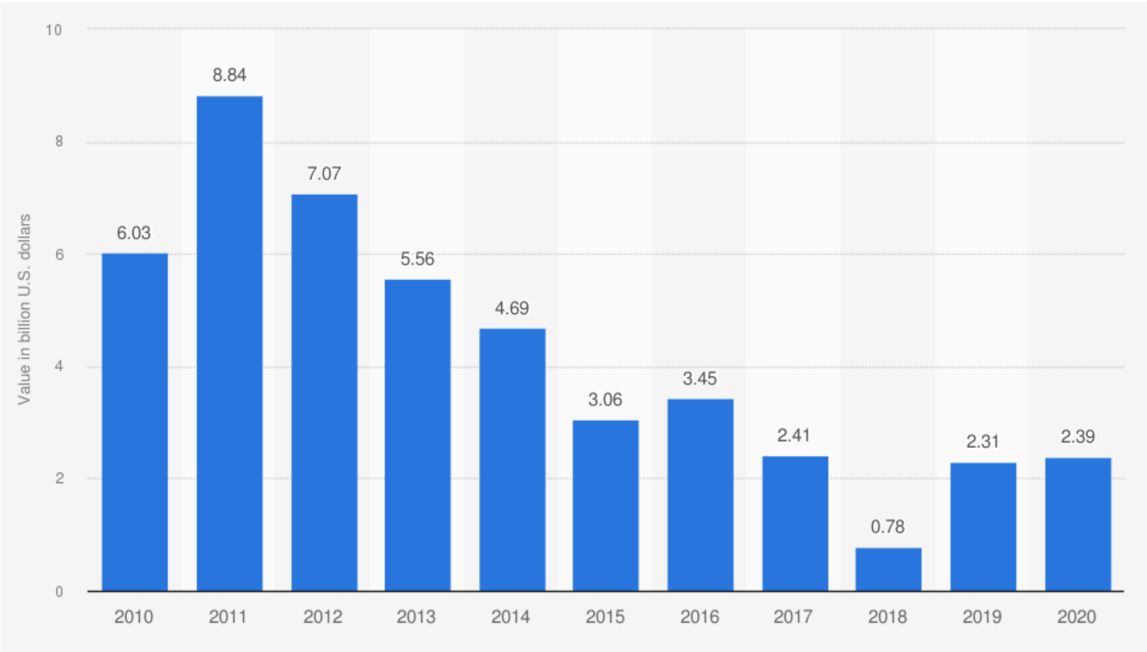

Figure 4: Foreign Direct Investment Inflows in Nigeria from 2010 to 2020 (In Billion US Dollars).
Source: World Bank (2021).

The data in Figure 4 shows the flow of FDI into Nigeria from 2010 to 2020. The data shows that the highest flow of FDI in Nigeria was 8.84 Billion US Dollars in 2011. However, as indicated in Table 4.1, the worst level of FDI flow into Nigeria was in 2022 with $-0.19B which represents -0.04% of GDP. This is an indication that this aspect of globalisation has not been significant in Nigeria, and this has affected the level of poverty negatively. The argument about whether FDI contributes to the GDP of the country has been affirmed by the data from Table 1 which featured the inflow of FDI and its percentage contribution to GDP from 1999 to 2022. For instance, in the years that higher inflows of FDI (in Billion US Dollars) were recorded, there were corresponding rises in the percentage of GDP in the country. This narrative has been made evident in 2009 where the FDI inflow of 8.56b attracted 2.90% GDP as well as in 2011 where the FDI inflow of 8.84b contributed to 2.13% GDP.

Table 1: Nigeria Foreign Direct Investment Historical Data

Year	Inflows, US $	% of GDP
2022	$-0.19B	-0.04%
2021	$3.31B	0.75%
2020	$2.39B	0.55%
2019	$2.31B	0.49%
2018	$0.78B	0.18%
2017	$2.41B	0.64%
2016	$3.45B	0.85%
2015	$3.06B	0.62%
2014	$4.69B	0.82%
2013	$5.56B	1.07%
2012	$7.07B	1.52%
2011	$8.84B	2.13%
2010	$6.03B	1.64%
2009	$8.56B	2.90%
2008	$8.19B	2.41%
2007	$6.04B	2.17%
2006	$4.85B	2.04%
2005	$4.98B	2.84%
2004	$1.87B	1.38%
2003	$2.01B	1.91%
2002	$1.87B	1.97%
2001	$1.19B	1.61%
2000	$1.14B	1.64%
1999	$1.00B	1.69%

Source: NBS (2022).

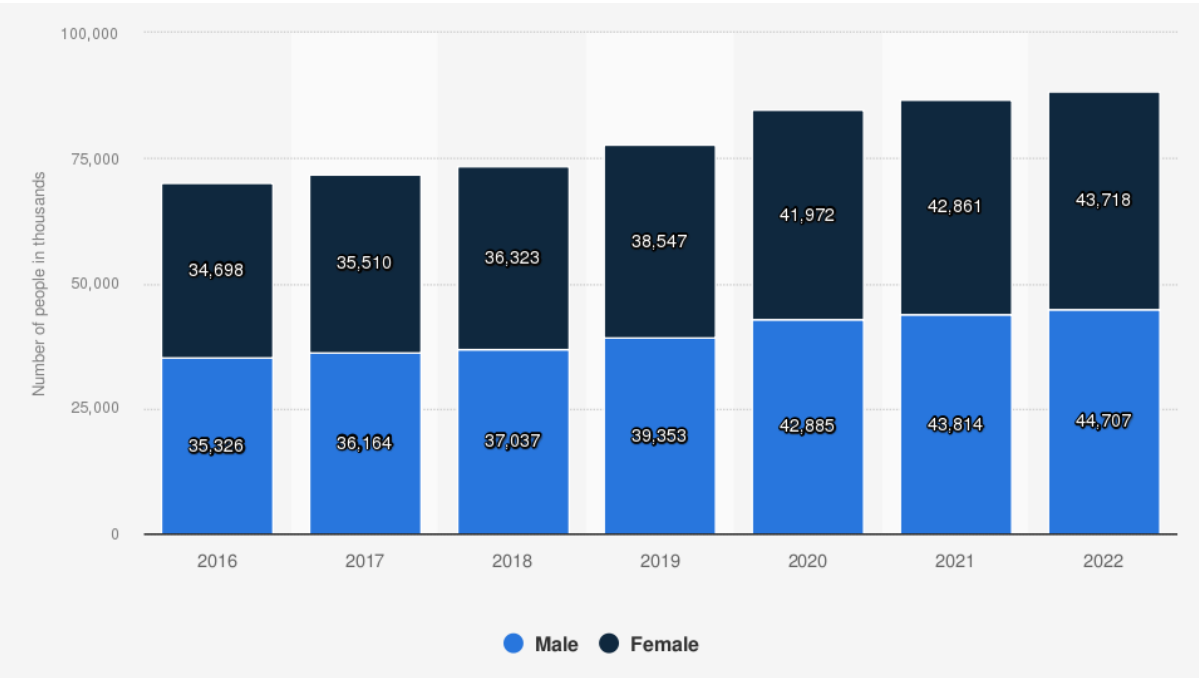

Figure 5: Number of People Living in Extreme Poverty in Nigeria from 2016 to 2022 by Gender

Source: World Bank: 2023.

Figure 5 shows the number of persons by gender living in poverty from 2016 to 2022 in Nigeria. There is an indication that poverty in Nigeria throughout this period has been on a steady rise. Data made available from World Integrated Trade Solution (WITS) in 2021 featuring Nigeria's total trade from 2010-2021, revealed that Nigeria's total trade increased steadily from 2010 to 2014, with a peak of $453 billion in 2014. However, total trade declined in 2015 and 2016, with a low of $257 billion in 2016. Total trade then began to increase again in 2017 and 2018, with a peak of $582 billion in 2018. However, total trade declined again in 2019 and 2020 due to the COVID-19 pandemic (World Integrated Trade Solution, 2021). Overall, the time-series analysis indicates that Nigeria's economy experienced steady growth in the early part of the decade, but faced significant challenges in recent years due to the recession and COVID-19 pandemic. The analysis also shows that FDI inflows (as seen in Figure 5) and total trade have been volatile over the period, with fluctuations influenced by various economic and geopolitical factors.

Data Analysis and Evaluation of Research Questions

Evaluation of Research Question 1

What is the impact of trade liberalization on the level of poverty reduction in Nigeria?

Based on available data, trade liberalization has brought an increase in the level of poverty in Nigeria. This is because the Nigerian economy is not well established to withstand the stiff competition with developed economies. Besides, the policies within which trade liberalization operates are not controlled by the Nigerian government but by the international Western organisations which skew them to the disadvantage of developing nations that they wish to keep perpetually in an aid and loan-seeking position.

Evaluation of Research Question 2

How has capital flow (Foreign Direct Investment-FDI) impacted poverty reduction in Nigeria?

The flow of capital from donor countries to Nigeria was expected to contribute to the GDP of the country by way of stimulating the growth rate. Poverty as one of the key performance indicators of the economy is expected to change either in the positive or in the negative. The many years of FDIs in their various forms have only led to slight contributions to the GDP but without a significant push for the level of poverty in the country. Disappointingly, the lofty growth rate figures have failed to translate to real-time economic improvement especially as it affects the poverty rate in the country. Little wonder that Nigeria made it to the poverty capital of the world.

Discussion of Findings

Globalisation is capable of impacting both negatively and positively on a country’s poverty level, as well as the poverty eradication process. It should be underlined that globalisation is a very uneven process, with unequal distribution of advantages and costs (Atakpa, 2015). This imbalance creates polarisation between the few nations and groups who benefit and the many other countries and groups in society that lose out or are marginalised. Globalisation, polarization, wealth concentration and marginalization are therefore linked through the same process. In this wise, the evaluation of the first research question led to the finding that trade liberalization has brought an increase in the level of poverty in Nigeria due to the weak economy. This finding was in line with the study of Ogundipe (2022) who looked at the effects of trade liberation on reducing poverty in Nigeria. The author stressed that the outcome demonstrated that trade is statistically important in determining Nigeria's poverty rate over the long and short runs. However, a country's economic system's potential to gain from economic globalisation also depends on its domestic macroeconomic policy, market structure, early economic state, institutional quality, and degree of political stability. The implication of the authors’ finding was that Nigeria’s poverty level may improve over time but will depend solely on the domestic macroeconomic policy of the government as well as the market structure.

The evaluation of the second research question led to the finding that the flow of capital through Foreign Direct Investment (FDI) has not brought about a reduction in the level of poverty in the country, even in the long run, as the poverty level in the country continued to soar higher, despite the claim by an economist that there is significant growth level in the GDP. The many years of FDIs in their various forms have only led to slight contributions to the GDP but without a significant push for the level of poverty in the country. Disappointingly, the lofty growth rate figures have failed to translate to real-time economic improvement especially as it affects the poverty rate in the country. This finding is supported by Olowookere *et al*. (2020), who looked at how the various elements of foreign capital inflows contributed to reducing poverty in Nigeria, one of the main objectives of sustainable development. They found that poverty reduction is a major factor driving inflows of foreign capital, including FDI, FPI, and remittances, into Nigeria. Furthermore, FDI, FPI, and remittances; the bulk of the components of foreign capital inflows—all made significant contributions to the decline of poverty in Nigeria. This suggests that foreign investment has the potential to reduce poverty in Nigeria. The work's conclusion is further supported by Fagbemi & Osinubi (2020), whose research on the relationships between foreign direct investment (FDI) and the development of human capital in Nigeria from 1981 to 2018 did not support the evaluation's conclusion because it showed that FDI had a significant short-term impact on human capital but a negligible long-term effect. However, according to the asymmetric relationship, empirical data shows that over time, a given rate of increase in FDI inflows may lead to a notable rise in the degree of human capital development, indicating that the amount of FDI entering the economy matters. This also suggests that better human capital may be highlighted since FDI inflows necessitate strong technical expertise and a more trained workforce to deal with or adapt to more modern technology.

Conclusion

The goal of this paper was to examine the impact of globalisation on the level of poverty in Nigeria. Specifically, the researcher was interested in examining the impact of trade liberalisation on the level of poverty in Nigeria; and to explain how capital flow (Foreign Direct Investment-FDI) has impacted the level of poverty in Nigeria. It was observed that Nigeria, like most countries, embraced globalisation with the hope of also gaining from the numerous benefits of development which it holds for the entire society as expressed in the views and arguments of the proponents of this economic practice. Accordingly, the proponents of openness strongly argue that more openness will translate into real and sustainable development. As such, a receptive economy will maximize the benefits inherent in globalisation. They also argue that globalisation which envelopes such policies as deregulation, privatization, commercialization, and massive movement of capital for private investment, is a natural and inevitable historical movement which will increase wealth and improve living standards, especially among third-world countries. However, others have argued that globalisation is nothing but a mere change in the nomenclature of imperialism. Their thesis is that globalisation is meant to continue the process of economic ravaging of the world (especially the third-world countries) by the Western World.

To evaluate the research questions that were stated for this study, the researcher sort for data from credible secondary sources like published text, magazines, and government documents, amongst others. The findings of this study revealed that trade openness and foreign direct investment have not contributed positively especially, in the short run to the reduction of poverty in Nigeria. This is because the Nigerian economy is not well established to withstand the stiff competition with developed economies. Besides, the policies within which trade liberalization operates are not controlled by the Nigerian government but by the international Western organisations which skew them to the disadvantage of developing nations that they wish to keep perpetually in an aid and loan-seeking position.

Recommendations

Given the findings of this study, it was recommended that:

i. The government should implement policies that encourage the diversification of the economy thereby expanding the production and manufacturing sectors so as to discourage the mono-economy that we are running. This is the only way that FDIs and other capital flows can be put into proper use. Moreso, it will boost our export products to other countries and therefore encourage our foreign earnings. This way, Nigeria will also benefit from the trade openness and liberalisation policy.

ii. Nigeria must set in motion comprehensive development strategies/policies/programmes to optimally position her economy to reap the dividends of globailisation and eradicate poverty. Homegrown economic policies at the national front are imperative. Therefore, homegrown economic policy formulation and strong commitment to their implementation and monitoring is the point of departure.

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