VOLUME NO. 3 (2013), ISSUE NO. 01 (JANUARY) ISSN 2231-4245

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

IJRCM

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.,

Open J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)],

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 2022 Cities in 153 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

http://ijrcm.org.in/

CONTENTS

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Insurance, Corporate Governance and emerging paradigms in allied subjects like Accounting Education; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Monetary Policy; Portfolio & Security Analysis; Public Policy Economics; Real Estate; Regional Economics; Tax Accounting; Advertising & Promotion Management; Business Education; Management Information Systems (MIS); Business Law, Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labor Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; Public Administration; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism, Hospitality & Leisure; Transportation/Physical Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Digital Logic; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Multimedia; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic and Web Design. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email address: infoijrcm@gmail.com.

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____________

THE EDITOR
IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF.**

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled '____' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

NAME OF CORRESPONDING AUTHOR:
Designation:
Affiliation with full address, contact numbers & Pin Code:
Residential address with Pin Code:
Mobile Number (s):
Landline Number (s):
E-mail Address:
Alternate E-mail Address:

NOTES:

a) The whole manuscript is required to be in ***ONE MS WORD FILE*** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
b) The sender is required to mentionthe following in the **SUBJECT COLUMN** of the mail:
New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)
c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
d) The total size of the file containing the manuscript is required to be below **500 KB**.
e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE**: The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS**: The author (s) **full name**, **designation**, **affiliation** (s), **address**, **mobile/landline numbers**, and **email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT**: Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.

6. **MANUSCRIPT**: Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.

7. **HEADINGS**: All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

8. **SUB-HEADINGS**: All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.

9. **MAIN TEXT**: The main text should follow the following sequence:

   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

   It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed ***5000 WORDS***.

10. **FIGURES & TABLES**: These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. It should be ensured that the tables/figures are referred to from the main text.

11. **EQUATIONS**:These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.

12. **REFERENCES**: The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parentheses.
- The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

THE MACROECONOMIC IMPACT OF TRADE ON ECONOMIC GROWTH OF NIGERIA

ANTHONIA T. ODELEYE
LECTURER
DEPARTMENT OF ECONOMICS
CALEB UNIVERSITY
LAGOS

ABSTRACT

It is generally believed in literature that trade plays a vital role in promoting and restructuring economic growth. The theoretical and empirical nexus between economic growth and trade have been discussed in economics for a long time following the theory; that sustainable trade is the main driver of economic growth. This paper examines the impact of trade on economic growth in Nigeria. It uses annual data for the period 1980--2010, employing OLS analysis with e-views 7.0 software. The result of the analysis is intuitive showing that that real gross domestic product, Export, Import, Exchange Rate and the degree of Economic Openness are significant in economic growth determination of the Nigerian economy. The empirical results of this study clearly emphasize the significance of trade on economic growth in Nigeria. The results also provide a theoretical justification of the model and observed data. The policy implication of this is that the government should have a change in the orientation of her policies as far as trade is concerned and should rigorously embrace more export promotion strategies.

JEL CODES
047, 049.

KEYWORDS
Exchange rate, Export promotion Globalisation, Macroeconomics, Trade, liberalisation.

INTRODUCTION

Trade has been regarded as the major driver of growth which can lead to steady improvement in human status by expanding the range of people's standard and preference. Since no country has grown without trade, it can therefore be said that it plays a vital role in restructuring economic and social attributes of countries around the world, particularly, the less developed countries (Adewuyi, 2002).

Trade is believed to stimulate economic growth due to its influence in integrating world economies and generating better markets. Nigeria, a typical developing country is lagging behind in reaping the benefits of trade, especially, the international trade judging by the degree of openness of the economy. Since the SAP era in 1986, government policies have been centered on increasing trade and increasing granting of flow of foreign capital to the domestic economy all with a view to foster fast economic growth and attainment of development. Unfortunately, oil and gas have been major sources of commodity sales in the international market while non-oil products especially agricultural and finished outputs have no significant contribution. This consequently is the motivation of this study analyzed.

Vicious circle of poverty has been a common phenomenon in the nation since the SAP era in the mid-1980s and more than 30 years after that; there has not been any significant reduction in spite of various government policies. The nation's gross domestic products (GDP) as well as real per capita income are also subject of concern as these are far less than what can cause considerable economic progress. In addition, diversification of the economy, development of the non-oil sector, especially agriculture has been a hard nut to crack and yet, government policies aimed at arresting the situation and proffering lasting solutions have proved abortive. The study focuses on the empirical review of literatures, methodology, presentation of empirical results and finally gives summary, conclusions and policy recommendations.

REVIEW OF LITERATURE

Conventional trade relates trade patterns to comparative advantage, and suggests that for nations that engage in trade, each will specialize in the production of goods in which it has a comparative advantage, i.e., in production processes with lower opportunity costs prior to trade than the other country. Each country thus exports goods in which it has a comparative advantage. Usually, comparative advantage is assumed to be derived from either exogenous technological differences (the classical Ricardian model) or different factor endowments (the Heckscher-Ohlin model). Hence, conventional trade theory associates international trade with a reallocation of resources within the national borders determined by exogenous differences across countries. This reallocation of resources generates efficiency gains that increase the level of aggregate national income.

It is, however, believed that higher degree of openness ensures better flow of foreign investment from developed countries to their developing counterparts. It is equally evident that the latter, especially the ECOWAS member states have not fully aligned their economies to allow the investment to stimulate satisfactory growth. This has being attributed to such factors as inability of West African countries to formulate investment friendly policies, political and social unrest, reliance on primary products for exports, institutional and structural imbalances, and weak infrastructural base (Fosu,1990; Obadan, 2004; Aluko, 2003).

The conceptual relevance of trade to the Nigerian economy was emphasized by Loto (2002), where the Mundel-Flemming model of open economy was adopted to examine the impact of globalization on the Nigerian economy. Openness indicator was defined as the total volume of trade divided by the GDP. It was identified significantly that Nigerian's volume of trade was too low and for the nation to benefit immensely from globalization, a shift from production and export of mono-product type of commodity (oil and gas) to non-oil mineral resources and other products of international standard must be thoroughly pursued.

Consequently, according to Aremu (2005) and Briggs (2005), international market failures such as asymmetric information and perception problems, market segmentation and marginalization owing to the relatively small transaction size of the Nigerian economy shows that a sound principle of commercial policy would be to strike some balances between the need for rapid expansion of liberalization with some certain or sequential approach to liberalization.

IMPORTANCE OF THE STUDY

Conducting a study on the effects of trade on economic growth is of great significance in this globalized era. It helps policymakers map out appropriate policies by determining the source of economic growth with respect to trade liberalization. The research will help to evaluate the performance of different trade policies that the Nigerian government has adopted Empirical analyses of the connection between trade and growth in Nigeria is not conclusive; hence this study intends to extend the frontier of knowledge in that regard. It will also assist in providing the framework of where work has been done by earlier researchers by which further research in foreign trade could be carried out

STATEMENT OF THE PROBLEM

Although Nigeria is blessed with abundant human and natural resources and should be flowing in mass of wealth, but the paradox presented by sub-Sahara Africa growth experience is best exemplified by Nigeria. The economy has severally been described as a difficult environment for business. With a population growth of about 3 per cent, it has been acknowledge that the current average output growth rate of less than 4 per cent will see the country been poorer in the next decade. A major challenge facing policy makers in the country is subsumed in the questions concerning the place and effectiveness of complementary macroeconomic and trade measures needed to put the economy on the path of sustainable growth.

In the past three decades, the trend of trade beyond the domestic border in Nigeria has risen to a considerable extent, but there has not been commensurable economic growth and development. In fact, Nigeria's benefit in international trade and globalization has been comparatively lower than other emerging economies. This study sets out to examine the effect of trade on the economic growth of Nigeria and assess the extent to which trade have impacted on the growth process of the Nigerian economy.

OBJECTIVES OF THE STUDY

This study specifically seeks to:

1. Assess the extent to which trade have impacted on the growth process of the Nigerian economy.
2. Examine the relationship between trade and economic growth.

HYPOTHESES

H_{1O}: Trade does not contribute to the growth of Nigerian economy.
H_{11}: Trade contributes to the growth of Nigerian economy.
H_{2O}: There is no relationship between trade and economic growth in Nigeria.
H_{21}: There is relationship between trade and economic growth in Nigeria.

RESEARCH METHODOLOGY

The theoretical framework in support of trade originates from the classical economic theory of international trade. The classical economists advocated trade among nations of the world to promote economic growth and development. Historically, the concept of trade across domestic borders had been emphasized by the mercantilists in the 15th to 18th century. It was further advocated by Adam Smith (1723-1790) and David Ricardo (1772-1823) in absolute advantage theory and comparative advantage theory respectively. The classical economists and their successors believed international trade and interrelations among nations are essential for economic progress, especially in a fast developing nation like Nigeria. The gains from trade could speed the pace of growth and attainment of sustainable development.

The theory of comparative advantage as propounded by David Ricardo (1820) buttresses the study of international trade. This theory is useful in the justification of exchange of goods, services and knowledge among different nations in the era of globalization. Specialization was specifically emphasized by Adam Smith. The principle of comparative advantage asserts that a country should, and under competitive condition will, specialize in the export of the products that it can produce at the lowest relative cost. This principle has been applied by economists to the exchange of goods (and services) among individual nations.

The neoclassical counterrevolution postulated that "by permitting market to flourish, privatizing state-owned enterprises, promoting free trade and export expansion, welcoming investors from other countries and eliminating government's regulations and price distortions in factors, product, and financial markets, both economic efficiency and economic growth will be stimulated" (Todaro, 2008). In other words, the theory emphasized the allowance of invisible hand of the market advocated by Adam Smith to be the dominant regulator of the economy that will boost international trade, invites foreign investors, and consequently, increase economic growth.

In Heckscher-Ohlin models, the comparative advantage takes the form of differences in resource endowment. The result obtained from the neoclassical models is that a country will have gains from trade liberalization with an increase in allocative efficiency. By lowering trade barriers, a country faces the international relative prices that induce the efficient allocation of domestic resources to sectors with comparative advantage, increasing aggregate welfare. However, Rodrik (1998), Devarajan and Rodrik (1999) and Krugman (1994) have challenged these results, arguing that the neoclassical models only capture increases in the level of income and that therefore trade liberalization may not lead to a persistent increase in the growth rate. They argue that, under conditions of economies of scale and imperfect competition, the welfare impact of trade liberalization can be negative.

Nevertheless, in a rather divergent view, models of endogenous growth suggest an active role for public policy in promoting economic development through the encouragement of foreign private investment in knowledge-intensive industries such as computer software and telecommunication.

The model of this study is adapted from earlier studies by Edwards (1998) and Obadan (2008) with some modifications. Real gross domestic product at constant prices is the dependent variable, while the explanatory variables are export value, import value, foreign exchange rate and economic openness. Economic openness is used as one of the variables to represent trade intensity and this shows the extent in which goods and services are allowed in a particular economy. The data employed in this analysis are secondary drawn from various issues of the Central Bank of Nigeria Statistical Bulletin over the period of 1980 to 2010.

MODEL SPECIFICATION

RGDP= F (EX, IM, EXRT, ECOP) **(1)**

Where:
RGDP= Real Gross Domestic Product
EX= Export Value
IM= Import Value
EXRT= Exchange Rate
ECOP= Economic Openness

The model is logged to show consistency, elasticity and degree of responsiveness as follows:

$$\text{LogRGDP} = \beta_O + \beta_1 \text{ Log EX} + \beta_2 \text{ LogIM} + \beta_3 \text{ LogEXRT} + \beta_4 \text{ LogECOP} + \mu \qquad (2)$$

PRESENTATION OF RESULTS

TABLE 1: ORDINARY LEAST SQUARE TEST RESULTS

Variable	Coefficient	Std Error	T Statitics	Probability
Log (import)	0.405118	0.008612	47.04368	0.0000
Log (openness)	-1.030277	0.009229	-111.6308	0.0000
Exchange_ rate	-0.171344	0.060006	-2.855451	0.0087
Log (export)	0.625763	0.011958	52.32925	0.0000
D01	-0.155144	0.045658	-3.397961	0.0024
C	0.471994	0.081200	5.812716	0.0000
Exchange_rate*D01	0.171147	0.05981	2.853373	0.0088
R-squared	0.999656	Mean dependent var		12.61564
Adjusted R -squared	0.999570	S.D. dependent var		0.604578
S.E. of regression	0.012539	Akaike info criterion		-5.724275
Sum –squared resid	0.003773	Schwarz criterion		-5.400471
Log likelihood	95.72626	Hannan-Quinn criterion		-5.618723
F-statistic	11619.93	Dubin Watson stat		1.712761
Prob(F-statistic)	0.000000			

SOURCE: Author's computation with E-views 7.0

Estimated values are imputed into equation 2 to become equation 3 as specified below:

LRGDP = 0.47 + 0.41LIMPORT – 1.03LOPENNESS – 0.17EXR + 0.62LEXP – 0.156D01 + 0.17EXR*D01 (3).

SUMMARY OF FINDINGS

Dummy variables are added to equation (2) to represent different exchange rate regimes (pre-sap and post-sap) before arriving at the above estimated model (3). The relationship between import and the gross domestic product is found to be positive. Therefore, a percent increase in importation will bring about 0.41% increase in the real gross domestic product value. Also, the import elasticity is found to be positive (0.41); though the result did not justify the a priori since import is found to be larger than export in Nigeria. Also, the relationship between openness and the real gross domestic product is negative. Therefore, a percent increase in openness in Nigeria will bring about 1.03 percent decreases in the real gross domestic product. The result shows that exchange rate impacts negatively on real gross domestic product in Nigeria with the value 0.17 thereby not satisfying the apriori expectation which may be due to the passitivity of the productive sector. Nevertheless, the relationship between export and real gross domestic product is found to be positive. Thus, a percent increase in exportation will bring about 0.62 percent increase in the gross domestic product. The dummy variable shows that the stable exchange rate period (pre-sap) has a negative impact on the growth of the economy with the value 0.156. This shows undervaluation of the gross domestic product which could have increased if the exchange rate was left to be determined by the market forces.

The interactive term between the dummy variable and exchange rate captures the effect of post-sap period on the economy. The positive relationship between the post-sap exchange rate and the gross domestic product in the result implies that an increase in the exchange rate will bring about 0.17 increases in the real gross domestic product. A priori expectation is that it should be a negative relationship but since post-sap era, the GDP has been on the increase because of the large exportation of crude oil to the extent that crude oil export constitutes about 95% component of Nigerian export.

The standard error is used to test the statistical significance of the parameters of the estimates, and the rule of thumb asserts that the standard error of the parameter estimates must be less than half of the coefficient of export. This implies that for the standard error of a parameter to be significant, S.E (b0) > bo/2 etc. From the results above, it was observed that all the variables are significantly different from zero. Using the t-test to ascertain the statistical significance of the parameter estimates, it was found that export and import are statistically significant at 1% while openness and exchange rate are not statistically significant at 1% but at 10% indicating that in Nigeria; export, import, openness and exchange rate are the major determinants of gross domestic product.

Both estimated R^2 and adjusted R-squared at 99% (very high) show that the model has a good fit, with approximately 99% of the real gross domestic product, being explained by import, export, openness and exchange rate while the remaining percentage (1%) is explained by factors not captured in the model. The F-statistics of 11619 reveals the overall significance of the explanatory variables at 1% level of significance, thereby suggesting that import, export, openness, exchange rate jointly determine the gross domestic product in Nigeria. The Durbin Watson statistics shows that there is no evidence of the error term being serially correlated; indicating that the models are free from autocorrelation, meaning that the estimated models are well specified and the results are well behaved.

TABLE 2: DIAGNOSTIC TESTS

Test statistics	Test Name	F-statistics
A. Serial Correlation	Bruesch Godfrey LM	0.19
B. Functional Form	Ramsey Test	2.85
C. Heteroscedascity	White test	4.83
D. Normality	Jarque Bera	1.93

SOURCE: Author's computation with E-views 7.0

Testing for the robustness of the results necessitated diagnostic tests to validate the classical regression assumptions.

From the above, the Bruesch Godfrey LM test implies that there is no presence of serial correlation in the model estimated above which was affirmed by the Durbin Watson test statistic. The Ramsey Specification test also implies that the above model specification is suitable for the study because the F-statistics is 0.19 meaning that the model is correctly specified. In addition, the heteroscedascity assumption is not violated using the White test giving F-stat to be 4.83. The Jarque Bera test also shows that the data follow the normal distribution criteria.

CONCLUSION AND POLICY RECOMMENDATIONS

The empirical results of this study clearly emphasize the significance of trade on economic growth in Nigeria. The analysis indicates that real gross domestic product, Export, Import, Exchange Rate and the degree of Economic Openness are significant in economic growth determination of the Nigerian economy. The results provide a theoretical justification of the model and observed data. Based on the findings of this research work, it is necessary to provide a set of policy recommendations that would be applicable to the Nigerian economy in the area of trade policies and implementation.

The government should encourage export diversification. Non-oil sector exports should be encouraged and concentration on oil sector export should be minimal. Nigerian government should also intensify efforts at diversifying her export base by using proceeds from oil revenue judiciously for this purpose. While she should strive to position herself more favourably in the oil market, conscious efforts must be made to revamp the commodity export's sector and harness the solid minerals for exports. In addition,the government should discourage the people from consuming foreign goods excessively by implementing the import substitution strategy and by encouraging the manufacturing industries to improve on their production so that their outputs would be competitive in the global market. Only the importation of capital goods that are essential should be encouraged since not all importations are necessary for economic growth in the Nigerian economy.

For now, devaluation of the naira should be de-emphasized. As much as the low exchange value of the naira would promote export and discourage import, it should be noted that not until the nation's exports become like those industrial goods and services whose foreign demand and domestic supply are elastic, the nation's economy stand little chance of gaining from an unguided exchange rate deregulation policy. This remains true so long as the economy depends on primary products whose foreign demand and domestic supply are inelastic. The government should put measures in place to stabilize our currency.

From the period under review, it is discovered that economic openness is negative, which implies that the nation observed more of import than export. The policy implication of this is that the government should have a change in the orientation of the policies as far as trade issue is concerned, and they should embrace more export promotion strategies. Lastly, Nigeria as Africa's giant should rise up to the challenge of "ever developing" by annexing all opportunities to combat underdevelopment. To this end, there must be co operation among the government, private sector and the people. Government functionaries also should be more transparent in policies formulation and implementations.

REFERENCES

BOOKS

1. ----------------- (2004), "Production for Export in a Developing Economy: Some Issues for Consideration", in Obadan, M. I. ed., Policies for Export Growth and Economic Development, African and Asian Perspectives (Ibadan: ICEG and NCEMA).
2. ------------------ (2008), "Economic Globalization, Markets and National Development: How Sensibly does the Poor Countries (Nigeria Included) Stand?" Inaugural Lecture Series 98, University of Benin, Benin City.
3. Obadan M. I (1983), "Prospects for Diversification in Nigeria's Export Trade" in Annual Conference of the Nigerian Economic Society, Heinemann Press, Ibadan pp. 33-53, unpublished e mass: press.
4. Todaro, M. P. and Smith, S. C. (2008), "Economic Development", India: Pearson Educational Ltd.

JOURNAL AND OTHER ARTICLES

5. Adewuyi G.O (2002), “Balance of Payments Constraints and Growth rate Differences under Alternative Policy Regimes” Nigerian Institute of Social and Economic Research (NISER) Monograph Series No. 10 Ibadan, Nigeria.
6. Aluko S. (2003), “Globalization and Africa Economic Development” A Selected paper for the 2003, Annual Conference Nigerian Economic Society, pp. 36-43.
7. Aremu, J.A. (2005), “Attracting and Negotiating FDI with TNCs in Nigeria”. Market link Communication
8. Briggs I.N. (2005), “Nigeria: Protecting Domestic Productions in Terms of Liberalization and the Short, Medium and Long Term Implications for Regional Integration”.
9. Central Bank of Nigeria (2010), Annual Reports and Accounts and Statistical Bulletin.
10. Dejaravan, R. (1998),” Chinese enterprises, Revue d’ Economique du Developpement”, 1999 (1-2), 183-207, Differences Banca Nazionale del Lavoro Quarterly Review, 128(1) pp 45-53.
11. Edwards, S. (1998), “Openness, Productivity, and Growth: What Do We Really Know?” Economic Journal, 108(1) pp 383-98.
12. Egwaikhide O. (1991). “Economic Growth through Export Expansion: Evidence from Nigeria”. NISER, Monograph Series No. 10, Ibadan.
13. Fosu, A K. (1990), “Export Composition and the Impact of Exports on Economic Growth of Developing Economies”, Economic Letters.
14. Krugman, A., (1994), “Why trade liberalization is good for growth,” Economic Journal 108 (450), pp.1513–1522.
15. Loto, M.A. (2002), “Globalization and Economic Development: the Nigerian experience and Prospects”, A paper for the Nigerian Journal of Economic and Social Studies, Vol. 44. No. 3 pp. 312-326.
16. Rajapatirana, S. (1995),”” Trade policies, macroeconomic adjustment and manufactured exports. The Latin American experience, World Bank Policy Research Working Paper1492: Latin American and the Caribbean Technical Department.
17. Rodrik, D. (1988), “Trade and Industrial Policy Reform” in Jere R. Behrman and T. N. Srinivasan (eds.), Handbook of Development Economics, vol. 3B, Amsterdam; North-Holland.
18. Rodriquez, F. and Rodrik, D. (1999), “Trade Policy and Economic Growth: A Skeptic’s Guide to Cross National Evidence”, Working Paper 7081, National Bureau of Economic Research, April

APPENDICES

TABLE 3: HETEROSKEDASTICITY TEST: WHITE

F-statistic	4.858753	Prob. F(19,11)		0.0051
Obs*R-squared	27.69946	Prob. Chi-Square(19)		0.0894
Scaled explained SS	12.29678	Prob. Chi-Square(19)		0.8726
Test Equation:				
Dependent Variable: RESID^2				
Method: Least Squares				
Sample: 1980 2010				
Included observations: 31				
Collinear test regressors dropped from specification				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.343348	0.164646	2.085370	0.0611
LOG(IMPORT)	-0.029919	0.011686	-2.560348	0.0265
(LOG(IMPORT))^2	0.001844	0.000427	4.314877	0.0012
(LOG(IMPORT))*(LOG(OPENNESS))	-0.002629	0.001071	-2.455865	0.0319
(LOG(IMPORT))*EXCHANGE_RATE	-0.000553	0.000202	-2.737135	0.0193
(LOG(IMPORT))*(LOG(EXPORT))	-0.001002	0.000744	-1.346883	0.2051
(LOG(IMPORT))*D01	0.000286	0.000860	0.332635	0.7457
(LOG(IMPORT))*(EXCHANGE_RATE*D01)	0.000529	0.000200	2.652441	0.0225
LOG(OPENNESS)	0.057979	0.029673	1.953947	0.0766
(LOG(OPENNESS))^2	0.002681	0.001433	1.871009	0.0882
(LOG(OPENNESS))*EXCHANGE_RATE	4.58E-05	2.03E-05	2.249378	0.0459
(LOG(OPENNESS))*(LOG(EXPORT))	-0.002915	0.002220	-1.313159	0.2159
(LOG(OPENNESS))*D01	0.005874	0.003086	1.903276	0.0835
EXCHANGE_RATE	0.000528	0.000252	2.099892	0.0596
EXCHANGE_RATE^2	2.68E-07	1.31E-07	2.043365	0.0657
EXCHANGE_RATE*(LOG(EXPORT))	-2.33E-05	1.47E-05	-1.582437	0.1419
LOG(EXPORT)	-0.033081	0.024413	-1.355053	0.2026
(LOG(EXPORT))^2	0.002013	0.000954	2.109449	0.0586
(LOG(EXPORT))*D01	-0.003057	0.001772	-1.725646	0.1124
D01	0.035838	0.027249	1.315195	0.2152
R-squared	0.893531	Mean dependent var		0.000122
Adjusted R-squared	0.709630	S.D. dependent var		0.000151
S.E. of regression	8.12E-05	Akaike info criterion		-15.74629
Sum squared resid	7.24E-08	Schwarz criterion		-14.82114
Log likelihood	264.0675	Hannan-Quinn criter.		-15.44471
F-statistic	4.858753	Durbin-Watson stat		2.840951
Prob(F-statistic)	0.005119			

SOURCE: Author’s computation with E-views 7.0

TABLE 4: BREUSCH-GODFREY SERIAL CORRELATION LM TEST

F-statistic	0.193410	Prob. F(2,22)		0.8255
Obs*R-squared	0.535648	Prob. Chi-Square(2)		0.7650
Dependent Variable: RESID				
Method: Least Squares				
Sample: 1980 2010				
Included observations: 31				
Presample missing value lagged residuals set to zero.				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOG(IMPORT)	-0.000356	0.009269	-0.038444	0.9697
LOG(OPENNESS)	-0.000180	0.009669	-0.018572	0.9853
EXCHANGE_RATE	0.006000	0.064858	0.092509	0.9271
LOG(EXPORT)	0.000823	0.012538	0.065638	0.9483
D01	0.003018	0.048275	0.062520	0.9507
C	-0.008658	0.085234	-0.101583	0.9200
EXCHANGE_RATE*D01	-0.006010	0.064833	-0.092698	0.9270
RESID(-1)	0.118651	0.225099	0.527109	0.6034
RESID(-2)	-0.087949	0.264565	-0.332428	0.7427
R-squared	0.017279	Mean dependent var		-1.52E-15
Adjusted R-squared	-0.340074	S.D. dependent var		0.011215
S.E. of regression	0.012983	Akaike info criterion		-5.612672
Sum squared resid	0.003708	Schwarz criterion		-5.196354
Log likelihood	95.99642	Hannan-Quinn criter.		-5.476963
F-statistic	0.048353	Durbin-Watson stat		1.937980
Prob(F-statistic)	0.999922			

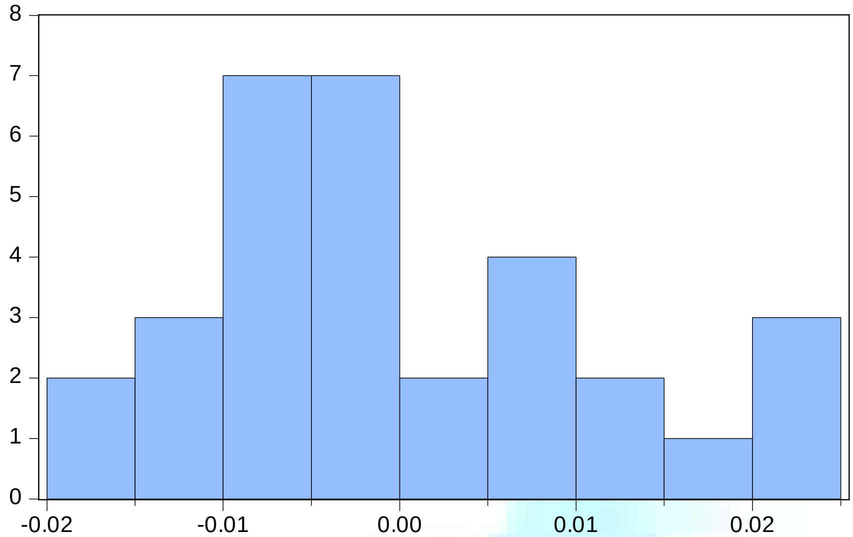
SOURCE: Author's computation with E-views 7.0

TABLE 5: RAMSEY RESET TEST

Specification: LOG(GDP) LOG(IMPORT) LOG(OPENNESS)				
EXCHANGE_RATE LOG(EXPORT) D01 C EXCHANGE_RATE*D01				
Omitted Variables: Powers of fitted values from 2 to 3				
	Value	df	Probability	
F-statistic	2.849178	(2, 22)	0.0794	
Likelihood ratio	7.140249	2	0.0282	
F-test summary:				
	Sum of Sq.	df	Mean Squares	
Test SSR	0.000776	2	0.000388	
Restricted SSR	0.003773	24	0.000157	
Unrestricted SSR	0.002997	22	0.000136	
Unrestricted SSR	0.002997	22	0.000136	
LR test summary:				
	Value	df		
Restricted LogL	95.72626	24		
Unrestricted LogL	99.29638	22		
Unrestricted Test Equation:				
Dependent Variable: LOG(GDP)				
Method: Least Squares				
Sample: 1980 2010				
Included observations: 31				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOG(IMPORT)	-1.613121	2.253860	-0.715715	0.4817
LOG(OPENNESS)	4.088827	5.734709	0.712996	0.4833
EXCHANGE_RATE	0.638885	0.966045	0.661341	0.5153
LOG(EXPORT)	-2.479076	3.487170	-0.710913	0.4846
D01	0.576373	0.870618	0.662027	0.5148
C	17.58827	19.72505	0.891672	0.3822
EXCHANGE_RATE*D01	-0.638052	0.965000	-0.661194	0.5154
FITTED^2	0.420664	0.459035	0.916409	0.3694
FITTED^3	-0.011793	0.012527	-0.941374	0.3567
R-squared	0.999727	Mean dependent var		12.61564
Adjusted R-squared	0.999627	S.D. dependent var		0.604578
S.E. of regression	0.011672	Akaike info criterion		-5.825573
Sum squared resid	0.002997	Schwarz criterion		-5.409254
Log likelihood	99.29638	Hannan-Quinn criter.		-5.689863
F-statistic	10058.61	Durbin-Watson stat		2.364427
Prob(F-statistic)	0.000000			

SOURCE: Author's computation with E-views 7.0

TABLE 6: NORMALITY TEST



Series: Residuals
Sample 1980 2010
Observations 31

Mean	-1.52e-15
Median	-0.003118
Maximum	0.023867
Minimum	-0.018068
Std. Dev.	0.011215
Skewness	0.553466
Kurtosis	2.481327
Jarque-Bera	1.930165
Probability	0.380952

SOURCE: Author's computation with E-views 7.0

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, Economics and Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail **info@ijrcm.org.in** for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail infoijrcm@gmail.com.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals