

Globalization and the South: Implications for Trade, Financial Integration and Foreign Direct Investment in Emerging African Economies

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Abstract: *This paper analysed the effects of the wave of globalization on trade, financial integration and foreign direct investment (FDI) in the context of African economies. The study selected three African economies: Nigeria, Kenya and South Africa to illustrate the purpose of the study. Adopting a content analysis approach, the study synthesizes secondary data from the period 2000–2024 obtained from the World Bank, IMF, and UNCTAD with a qualitative review of contemporary academic and policy discourse. Results suggest that although globalization promoted trade openness and capital flow over the years till date, the impacts on development were not totally positive. Although there have been changes to trade policy, the export profile has changed a little bit but the dependence on primary commodities remains and this limits industrialization. Financial integration has facilitated access to foreign capital but also has resulted in increased external debt and vulnerability to global economic shocks. FDI, with all its potential benefits, is so far a volatile and resource based activity, with very limited spillover into local economies. The evidence in this study implies that globalization is not a sufficient condition for sustainable growth, but its beneficial effects are conditioned on having strong domestic institutions and a diversified economy, as well as a coordinated policy. The paper contends that in the absence of deliberate policies to enhance productive capabilities and governance, globalization may deepen structural dependence, not broad-based development in Africa.*

Keywords: globalization, trade liberalization, financial integration, foreign direct investment, emerging African economies

INTRODUCTION

The structure of international trade, finance, and investment has been transformed by globalization, which has intensified economic interdependence and made trading of goods, capital, and technology across borders easier (Yazawa and Nam, 2024). This change in dynamics gives Africa's developing economies

a mixed picture of opportunities and constraints, the first being the opening up new paths for growth, while the second is reinforcing long-term structural weaknesses. In recent history, African economies have become more integrated into the global system due to increasing trade openness and participation in global value chains. Despite this integration, exports from many African countries consist predominantly of primary commodities, thereby constraining industrial diversification and value addition within their domestic boundaries (Fosah, 2023). Globalization has also facilitated the accelerated pace of adoption of market-based reforms on the continent like trade liberalization, deregulation and financial sector reforms and it is shaping the perspectives of global institutions toward much more direct engagement with change across the continent (World Bank, 2020; International Monetary Fund, 2021). Even with the intended performance and market position gains, results vary depending on the strength of institutions, quality of execution, or the organization of the economy. Therefore, the impact of global integration on the development of the African continent is ambiguous, characterized by uncertainty, and requires further empirical and conceptual research.

Trade between nations, a facet of globalization, has had very apparent effect on the economic performance of emerging economies on the African continent – Okungbowa and Okoh (2023). By removing trade barriers and promoting openness, it seeks to enhance efficiency, stimulate competition, and increase access to global markets. Recent studies provide evidence of a positive and causative relationship between trade and economic growth for a large number of African countries, particularly in the presence of supporting factors such as foreign direct investment and good domestic policies (Logan et al., 2025). Regional mechanisms, including the AfCFTA, are meant to further activate trade diversification by fostering trade among states of the continent and contributing to strengthen the regional economic integration and are likely to result in substantial growth in exports and real output (World Bank, 2020). Structural obstacles such as fledgling industries, a lack of diversification in the economy, and vulnerability to shocks in global commodity prices dampen the ability to realize such gains fully. These restrictions raise doubts if trade truly promotes long-term sustainable development or it merely contributes to further integration into the current dependencies of the world economy.

In addition to trade, financial globalization has been instrumental in directing capital flows and financial development in Africa. The liberalization of financial markets has enhanced the access to foreign sources of funds such as foreign direct investment (FDI), portfolio investments, and finance related to development. FDI, in that sense, has become an engine of economic growth as it brings capital, it enables the transfer of technology, and it fosters the application of sophisticated management methods that enhance productivity while it also integrates African economies in global value chains (Ratombo, 2025). Financial globalization, however, is no guarantee of economic growth, either in the short-term or the long-term. Some studies have highlighted the growth benefits of rising capital inflows, while others have stressed adverse effects including financial instability, capital outflows, and increasing external debt (Li, 2025; Eichengreen et al., 2021). Moreover, since FDI is often concentrated in extractive industry such as oil and mining, its positive impact on development is not widespread, but to some extent fostering development within particular economic enclaves, while neglecting inclusive forms of growth. Such trends are indicative of the two-sided nature of financial globalization as it has tremendous potential payoffs but unpredictably exposes African economies to significant risks.

Foreign investment in particular foreign direct investment (FDI) are central to Africa's engagement with the global economy and have significant effects on the shape and direction of economic development. Studies suggest that there is a significant correlation between flows of FDI and trade openness, institutional quality, and macroeconomic stability, and more FDI is attracted by the countries that were more transparent in their economic policies (Abdi, 2024). Analysis of African markets between 2000 and 2024 indicates that FDI contributes to growth by facilitating capital accumulation, technology transfer and productivity enhancement particularly when the host country has conducive local investment conditions (Gavrila-Paven, 2026). Yet old problems such as profits being repatriated, weak regulation and an absence of links between foreign firms and local producers prevent wider benefits. Consequently, the impact of FDI on the development is varied in the continent. Within this framework, this research paper evaluates the impact of globalization on trade, financial integration, and foreign direct investment in emerging African economies. The study covered the period 2000 to 2024. This period is characterized by intense influence of globalization on African states. Previous studies have examined the impact of globalization on economic growth; trade; financial liberalization and FDI in Nigeria. There seem to be paucity of studies that jointly examined the implications of globalization on trade, financial liberalization and FDI in Nigeria. A study of this nature is therefore imperative to ascertain whether or not globalization has a positive or negative effect on trade, financial liberalization and FDI in Nigeria.

LITERATURE REVIEW

Conceptual Literature

This paper draws on a constellation of ideas that collectively help explain the molding of intense global economic relations by the political economies of emerging African states. Globalization is the process of deepening integration of national economies into the world economy facilitated by trade, capital flows, and technology transfer. Under this definition trade liberalization is the process of removing tariffs and non-tariff barriers to trade. Financial integration is defined as the degree of openness of a country's financial market to foreign capital through portfolio investment, loans, and development finance, among others. FDI is a form of international investment which is pooled over time and which promotes accumulation of capital, progress in technology and increase in output. These processes are widely regarded as the main channels through which globalization impacts development in low and middle-income countries (UNCTAD, 2023; World Bank, 2022).

The relationship between these variables is grounded in the notion that globalization is a vehicle for trade liberalization, financial integration, and increased FDI. It is trade liberalization that creates incentives to expand export potential and access to markets, but in a number of Sub-Saharan African countries this has meant deepening dependence on primary commodity exports rather than encouraging structural change in the economy (Rodrik, 2021). Financial openness does enhance access to foreign capital, but it also raises exposure to economic volatility, external shocks, and debt risks particularly for countries with weak financial regulation (Kose et al., 2020). Despite FDI being widely associated with growth and development, in Africa it predominantly targets extractive industries. This specialization curtails potential positive spillovers and perpetuates an 'islands' or enclave economies (IMF, 2023).

Globalization has varying impacts on different countries. What effect it has on a nation is determined by local factors such as the quality of its institutions, how it is governed, and whether the nation has a diversified economy. Strong institutions allow countries to take full advantage of globalization, while in countries with weak institutions; globalization can cause hiccups such as unequal and unstable economies. Extant literatures attest that good governance and policy environment enhances a country's capacity to take advantage of globalization for sustained development (Asongu & Odhiambo, 2020; World Bank, 2022). Therefore, national regimes are at play and often decisive in how global integration develops within national borders.

This conceptual perspective conceptualizes globalization as a process that shapes trade, finance and investment, and thereby influencing economic growth and structural transformation of developing African countries. However, the end results are determined by the interplay between global forces and national capabilities.

Theoretical Literature

Two strands of research with opposing perspectives have shaped academic debate on globalization. The first school of thought – Neoclassical theorists consisting of David Ricardo and J. S. Mill contend that globalization enhances growth and employment opportunities. It has led to increasing wealth in developing countries and not to bigger poverty in developing countries (Brittan 1998). A typical example of this improvement in the economic situation in developing countries can be seen in the case of Asian countries. The improvement in economic growth in Asian countries resulted in a reduction in the hitherto skewed distribution of income between developed and developing countries. These positive developments notwithstanding, countries still grapple with poverty and risks marginalization if they do not participate in the international trade system. This school of thought opines that free trade is beneficial to developing countries by expanding their activities via trade. On the other hand, the second school of thought - the Classical theorists, contend that trade relations between nations presents a mechanism through which wealthy nations exploit poorer nations via extraction of economic surpluses. There are arguments that although trade between nations may not necessarily impact a nation negatively, its impact maybe too weak to provide the essential stimuli that would generate growth. This school of thought suggests that nations should look inwards for solutions to their development challenges.

REVIEW OF RELATED LITERATURE

The debate over globalization and its impact on the economies of developing countries has been the focus of much scholarly discussion with regard to trade, finance and investment in Africa. Studies suggest that although world regions may have become more integrated economically under globalization, structural inequalities between the developed and developing parts of the world have been maintained. Many African countries are still at the margins of global value chains, with the bulk of their exports in unprocessed raw materials and increasingly using imports of manufactured goods for the bulk of their needs as the United Nations Conference on Trade and Development (2023) has noted. This situation impedes industrialization and perpetuates economic reliance. There is also evidence to suggest that while trade has increased as a result of globalization, the basic composition of African exports has not significantly changed being

dominated by primary commodities (Fosu & Gafa, 2020). This means that globalization has more often solidified its most dysfunctional economic patterns instead of transforming African economies.

Globalization and Trade Balance

Empirical evidences on the effects of globalization on trade balance include that from Iyoha and Okim (2017). They analyzed the impact of trade on economic growth both from a theoretical perspective and using econometric evidence from ECOWAS countries. In particular, an attempt was made to econometrically test the hypothesis of a positive relationship between trade and growth in ECOWAS countries during the 1990-2013 period. This was done using panel data regression analysis. Utilizing data for the 15 ECOWAS countries, a log-linear regression equation of per capita real GDP is fitted on exports, the exchange rate, investment, human capital, and inflation and population growth. For completeness and to test the robustness of the econometric results, 4 estimators (pooled OLS, Fixed effects model, Random effects model, and dynamic panel regression model) were utilized. The dynamic panel data estimator is preferred as it is able to handle the problems arising from “endogeneity” or reverse causality. All the 4 estimated regression equations had high coefficients of determination and F-statistic. In all the equations, exports, exchange rate and investment were significant determinants of per capita real income growth. Exports were consistently positively related to growth, thus confirming the hypothesis of trade having significant positive impact on economic growth in ECOWAS countries.

Eromosele and Laguo (2022) investigated the impact of globalization on trade balance in Nigeria from 1981 to 2021. the study proxy globalization with trade openness, and exchange rate, with economic size serving as control variable. Time series data were employed. The ARDL was used in the analysis and the results show that trade openness and exchange rate as proxies for globalization has a significant effect on trade balance in Nigeria. Additionally, the results reveal the existence of long run relationship between trade balance and globalization and that Nigerian trade balance will adjust to equilibrium by 38.32 percent from the errors of instability created by globalization within a trade cycle. The study then recommends a sustainability of the current trade policies and possible measures to appreciate the domestic currency in the international exchange market, to enhance its effects on trade balance.

Globalization and Finance

Exploring the impact of globalization on the Nigerian financial development is in fact an issue of substantial importance for governments and regulatory authorities. This is because financial development through domestic reforms can intensify trade and capital flows, and thereby can lead to higher economic growth. Globalization further reduces international transaction costs and would establish a correspondence between the financial and real sectors of a global magnitude. The authorities and countries are increasingly being more concerned with improving their financial inclusiveness, having a better management of the banking system and maintaining an overall financial stability.

Ajayi and Musyimi (2022) examined the impact of globalization on Nigerian financial development with particular reference to foreign direct investment, trade openness, exchange rate, government expenditure, interest rate and inflation. The study employed the autoregressive distributed lag (ARDL) model. Major findings from the study show that foreign direct investment, trade openness and government expenditure

have a positive and significant impact on financial development in Nigeria while exchange rate, interest rate and inflation rate have a negative significant impact on Nigerian financial development. It is recommended that Nigeria must face the challenges of globalization. For a country to belong to the race, major changes and restructuring are imperative, hence, Nigeria must develop the internal structure and the will to adopt those policies that brought about the benefits from globalization.

Falahaty and Law (2012) investigated the linkage between globalization and financial development in Middle East and North African (MENA) countries over the period 1991-2007. Using the Panel Vector Auto-regressive (PVAR) and Fully-Modified Ordinary Least Squares (FMOLS) approaches, they reported that globalization positively affects financial development and economic growth in the MENA region, while globalization does not play any role in driving institutional quality. Their findings also suggest that governments should play a major role in designing appropriate economic policies to derive the optimal results from globalization in the MENA region.

Garcia [Garcia 2012] focused on the relationship between financial globalization and financial development in transition economies and concluded that financial globalization positively and significantly enhanced the growth process of financial system in these countries. However, the reverse is the case when the overall development process of the financial system was put into consideration. It thus implies that financial globalization did not result into a better performance of the basic financial system in these transitions economies.

Researchers studying trade liberalization argue that integration in world trade can contribute to economic growth by raising efficiency, stimulating competition and providing access to larger markets. However, a number of recent results indicate that in Africa the positive benefits of such openness are largely contingent upon the internal economic and institutional conditions of the country. There is also evidence that countries with diversified production structures and well-functioning institutions gain more from trade integration while those concentrated on primary commodity exports gain less (Rodrik, 2021). Also, the liberalization of trade generally directed by global organizations such as the World Trade Organization has exposed domestic industries to tough competition from abroad and has in some cases led to industry decline and job loss. This embodies the perception that trade liberalization in isolation would never guarantee sustainable development in the absence of complementary industrial policies (United Nations Conference on Trade and Development, 2022).

Studies of the financial aspects of globalization have found advantages as well as dangers. One consequence might be more investment and better access to financing, and hence more rapid growth. But at the same time dangers such as a imbalance in the economy are arising, money is moving swiftly out of range, susceptibility is increasing as global markets shudder. Foreign investment has supported economic growth for countries in Sub-Saharan Africa but has also increased debt and undermined economic stability, the International Monetary Fund (2023) asserts. There is evidence that very volatile capital flows can damage financial systems, particularly in countries with weak regulation (Kose et al., 2020). In sum, financial globalization can facilitate but also undermine development.

Globalization and Foreign Direct Investment

Foreign Direct Investment (FDI) is popular area of research in the studies of developing countries because it can be the potential source of economic growth. While FDI is generally considered having positive effects on capital accumulation, technology transfer and employment generation on economic growth, a number of empirical analyses indicate that its effects in Africa vary with countries and sectors. As the World Bank (2022) observes, FDI inflows into the continent have been overwhelmingly in the extractive sector, and therefore the prospect for diversified developmental spin-offs has been restricted. Besides, knowledge spillovers and sectorial growth are limited due to weak linkages between foreign firms and the domestic economy. Some scholars argue that FDI could at best contribute to growth in the presence of strong institutions and good policies that are able to nurture domestic capacities and foreign investment, it may also be detrimental to growth by causing a flight of capital and human resources in economies that have insufficient institutional capacity to support investment and domestication of those capabilities (Asongu & Odhiambo, 2020). This literature highlights the way the specific context in which global integration occurs shapes what happens and how it occurs for African economies.

Logan et al (2025) examined the impact of globalization and foreign direct investment (FDI) on economic growth in Nigeria over the period 1960–2019. Economic growth was measured using real gross domestic product (RGDP), while FDI was proxied alongside control variables including net imports, net exports, and exchange rates. Time-series data were employed, and the model was estimated using the Ordinary Least Squares (OLS) method. The stationarity of the variables was assessed using the Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) unit root tests. Results from the correlation matrix indicate that trade openness and net exports exert a negative influence on economic growth, whereas FDI, net imports, and exchange rates show a positive impact on RGDP. Residual cointegration tests confirm the existence of a long-run equilibrium relationship among the variables. OLS results further reveal a significant long-run relationship between FDI and RGDP, but no significant relationship between trade openness and economic growth. The residual-based error correction model indicates a rapid adjustment from short-run deviations to long-run equilibrium at a speed of 89%. Granger causality tests show no causal relationship between trade openness and economic growth, while a unidirectional causality runs from FDI to economic growth in Nigeria. Based on these findings, it is recommended that the Nigerian government diversify its international trade and strengthen governance and regulatory quality to promote globalization and attract greater FDI inflows.

A cursory look at the above literatures shows that there seem to be paucity of studies that have jointly examined the nexus between globalization, trade, finance and FDI flows in Nigeria. This, however, forms the gap which this study intends to fill.

METHODOLOGY

This paper adopts the content analysis approach for its methodology. The choice of this methodology is premised on the fact that it allows the empirical findings to be placed in the context of more general theoretical and policy debates on globalization and development. The synthesis of these viewpoints allows the study to develop a more sophisticated analysis of the relationship between global economic trends and

national-level contexts shaping development outcomes. For robustness, the analysis adopts a triangulation approach and corroborates findings from several sources of information and indicators to ascertain findings stability (Kose et al., 2020). However, the study recognizes constraints related to the reliance on secondary data, including constraints on capturing informal sector of the economy as well as differences in institutional arrangements across countries. Despite these complicating factors, the methodology overall offers a strong, believable foundation for unweaving the intricate links between globalization and economic performance in the emerging African economies.

To specify the model of this study, we state the variables and the functional relationship between them;

$$TOPEN = f(IMPRT, EXPRT, FSD, FDI, GDPPC, EXTDBT) \dots\dots\dots (1)$$

Where TOPEN = trade openness which captures globalization

IMPRT = Import Levels

EXPRT = Export levels

FSD = Financial Sector Developments which captures financial liberalization denotes combination of, access to, and efficiency of institutions to open up the finance sector to provide financial services at low cost. It is measured by four sub-indices – financial market diversity, market liquidity, market efficiency and the institutional environment.

FDI = denotes foreign direct investment flows in the economy (foreign direct investment net inflows, as percentage of GDP)

GDPPC = Gross domestic product per capita.

EXTDBT = External debt profile.

This model for this paper is specified thus:

$$TOPEN = a_0 + a_1 IMPRT + a_2 EXPRT + a_3 FSD + a_4 FDI + a_5 GDPPC + a_6 EXTDBT + e_t \dots\dots\dots(2)$$

Where $a_0, a_1, a_2, a_3, a_4, a_5$ and a_6 are parameters of TOPEN; IMPRT, EXPRT, FSD, FDI, GDPPC and EXTDBT

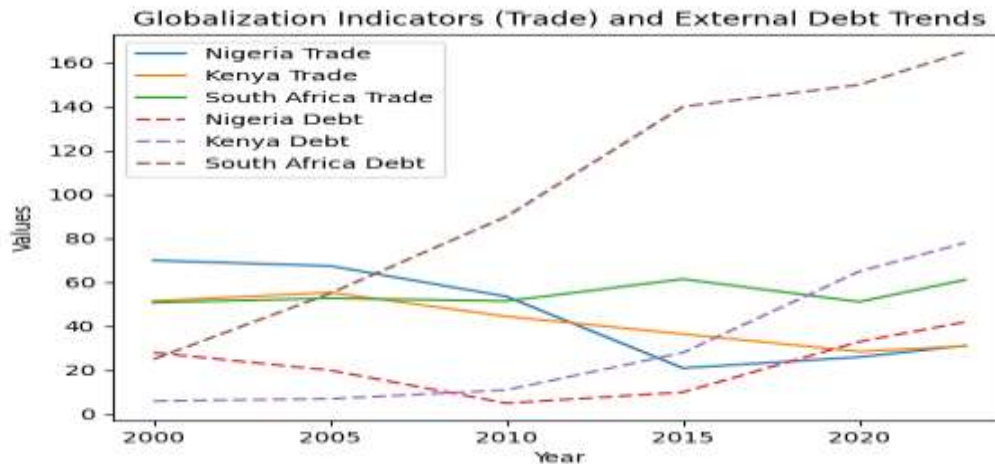
The study relies exclusively on secondary data which were obtained from reputed sources such as World Bank, International Monetary Fund and United Nations Conference on Trade and Development on the variables for the countries considered in the study. The study covers the period 2000-2024 which makes it possible to capture the intensification and transformation of the influence of globalization on the African states. Descriptive statistics are used to analyze the quantitative data, particularly trends and cross-country comparisons, and the evolution of trade openness, financial inflows and investment over time is also visualized by means of line charts. This methodological approach facilitates the detection of latent structural regularities and allows for empirically grounded interpretation of relationships, which is consistent with the best practice guidelines in development economics (UNCTAD, 2023; World Bank, 2022; IMF, 2023).

RESULTS AND DISCUSSION**Results****Table 1: Key Indicators for Selected African Economies (Nigeria, Kenya and South Africa)**

Nigeria						
Year	FDI Inflows (US\$ Bn)	Trade GDP	(%)	GDP Growth (%)	GDP Per Capita (US\$)	External Debt (US\$)
2024	1.08	30.5		3.5 – 4.0	1,100	42 - 45
2023	1.87	31.2		3.0	1,600	42
2022	0.95	26.0		3.3	2,100	41
2021	0.70	24.8		3.6	2,000	38
2020	1.03	26.0		-1.8	2,000	33
2015	3.06	21.0		2.7	2,600	10 – 11
2010	6.10	53.6		8.0	2,200	4 – 5
2005	4.98	67.5		7.0	1,200	20*
2000	1.14	70.0		5.3	550	28
Kenya						
Year	FDI Inflows (US\$ Bn)	Trade GDP	(%)	GDP Growth (%)	GDP Per Capita (US\$)	External Debt (US\$)
2024	0.5	37.4		4.5 – 5.0	2,100	80 - 85
2023	0.75	31.0		5.4	1,950	78
2022	0.76	28.5		5.2	2,100	74
2021	0.45	30.2		7.5	2,050	70
2020	0.72	28.5		-0.3	1,930	65
2015	0.62	36.5		5.0	1,500	25 - 30
2010	0.18	44.5		8.4	1,100	10 – 12
2005	0.02	55.4		5.9	520	7
2000	0.11	51.5		0.6	420	6
South Africa						
Year	FDI Inflows (US\$ Bn)	Trade GDP	(%)	GDP Growth (%)	GDP Per Capita (US\$)	External Debt (US\$)
2024	2.5 – 3.0	58.0		0.5 – 1.0	6,200	160 – 170
2023	5.2	61.2		0.6	6,000	165
2022	9.1	64.5		2.0	6,500	160
2021	40.9*	56.4		4.9	6,800	155
2020	3.1	51.2		-6.3	5,600	150
2015	1.5	61.5		1.3	6,200	140
2010	3.6	51.5		3.0	7,000	90
2005	6.2	52.8		5.3	5,400	55
2000	1.0	50.8		4.2	3,000	25

Source: Compiled from World Bank (2025), UNCTAD (2024), World Bank International Debt Statistics (2024), and International Monetary Fund (2025)

Figure 1: Comparative Analysis: Globalization and External Debt from Selected African Economies (Nigeria, Kenya and South Africa)



Source: data-explorer.oecd.org

This Chart Illustrates Trade openness (Proxy for globalization) and External Debt trends for Nigeria, Kenya and South Africa (2020 - 2024)

DISCUSSION

Table 1 and figure 1 above clearly shows that while the degree of economic integration in emerging African economies has increased under globalization, the effects on development have been uneven and constrained by structural impediments. In Nigeria, Kenya and South Africa, measures of trade openness, foreign direct investment and levels of external debt suggest that greater integration with the global system has not in any straightforward way contributed to sustained growth or significant structural change. Rather, the findings suggest a more complex interaction between global economic forces and the capacity of national institutions to respond to them agreeing with arguments advanced by Dani Rodrik and more recently, from analyses of the United Nations Conference on Trade and Development.

The processes of trade liberalization vary significantly among the countries considered in the study. In Nigeria, trade openness has collapsed from above 70 per cent of GDP in 2000 to less than 30 per cent in 2024, suggesting a relative retrenchment in global trade relative to the preceding decades. This drop reflects a continuous dependence on goods, particularly crude oil which makes the country exposed to volatility of prices in the international market. These results are consistent with Fosu and Gafa (2020) claim, who that despite increased integration into the world economy, the export structures of African countries have remained largely stagnant. On the other hand, trade openness in Kenya is moderate and relatively stable, indicating that the country has been slowly opening up to the world markets without experiencing any drastic changes. The trade liberalization in South Africa is exceptional with a high trade openness above 50 percent at all times, which relates to the fact that South Africa has a more industrialized

economy, and is more deeply integrated into global value chains. Its recent slow and mostly flat GDP growth suggests that deep trade integration does not guarantee rapid economic growth. This reinforces the conclusion that trade liberalization, by itself, is not the stimulant for development without other associated industrial policies (UNCTAD, 2022). In summary, even though one can easily see that South Africa is indeed better integrated into global trade, Nigeria and Kenya represent how limited economic diversification greatly reduces potential benefits from open trade policies.

Financial globalization has led to a striking and disturbing increase in external debt in all three countries. In Kenya, external borrowing grew from a mere \$6 billion in 2000 to over \$80 billion in 2024. This is indicative of a heavy borrowing pattern to fund development projects. Nigeria's debt has also swelled, climbing from roughly \$28 billion in 2000 (before debt relief initiatives) to upwards of \$40 billion in recent years, notwithstanding the fact that foreign direct investment has been very minimal. By contrast, South Africa has a higher but more stable external debt level, reflecting a more profound integration into the global financial system and more efficient institutions. Such patterns echo findings of the International Monetary Fund (2023), that acknowledge that, "Financial globalization increases capital availability and makes countries vulnerable to debt-related risks and external economic disruptions." The contrast suggests that Kenya is at risk of debt-fuelled growth, Nigeria is borrowing but not attracting investment inflows and South Africa is more able to accommodate and absorb external finance. In general, financial globalization has increased the availability of capital but also increased the dependence on debt, particularly in countries with weaker fiscal management and institutional capacity.

Foreign direct investment (FDI) remains volatile and regionally disparate. In Nigeria, FDI inflows have dropped from a peak of US\$6 billion in 2010 to around US\$1 billion by 2024, indicating dwindling investors' confidence and underlying structural problems. Kenya sees small but consistent inflows that suggest inertia rather than meaningful change. South Africa receives greater FDI in general, with a marked spike in 2021 as a result of single corporate restructuring; this is not indicative of a bouncing upward trend. Generally, FDI has not been transformative in these countries, as it tends to be in extractive industries with limited links into the rest of the domestic economy. As a result, its influence on industrialization, employment, and technological advancement is limited.

Overall, these findings suggest that despite the fact that globalization has intensified economic integration in developing African states; this has not been associated with significant structural transformation. Trade liberalization has been poorly correlated with export basket diversification, financial integration with rising external debt burdens, and foreign direct investment with inclusive growth. These patterns reinforce the argument that the benefits of globalization are determined largely by endogenous factors including the quality of institutions, the design and implementation of policies, and the diversity of the economy. Without such foundations, integration in the global system may serve to reproduce dependency rather than generate long-term, sustainable development.

CONCLUSION

This paper concludes that globalization has led to greater convergence of emerging African economies with global norms through trade, financial flows, and foreign direct investment. But none of these trends have reliably translated into sustainable or transformative growth. Access to international markets and capital has improved, but long-term progress is stunted by entrenched structural problems such as dependence on export of primary commodities, rising external debt, and weak economic diversification, according to evidence from Nigeria, Kenya, and South Africa. Reforms of trade have failed to alter considerably the ways in which countries export, financial integration has increased exposure to debt and external volatility, and foreign investment continues to focus on a few industries that are only loosely connected to the rest of the economy. These results imply that the benefits of globalization are not automatic or necessarily widespread but depend much on the institution quality, the policy stance, and the underlying economic structure within the country. Consequently, in the absence of deliberate strategies to develop productive capabilities, promote diversification and sustain prudent financial oversight, globalization could exacerbate rather than ameliorate Africa's economic dependencies in and contribute to inclusive, sustainable growth in the continent's emerging economies.

Recommendations

In the light of the foregoing therefore, this paper makes the following recommendations:

- Promotion of Economic Diversification and Reforms in Industrial Policy

Across Africa, countries should develop focused policies to move away dependence on the raw goods export market. Building manufacturing facilities, agro processing, and creating higher-skill technology jobs improve economic stability by making it less reliant on the volatile world market prices. Within strong regional supply chains, open trade routes are strategic assets rather than sources of risk. These activities enable local economies to be connected to the global system, at the same time as they keep their autonomy.

- Implementing Better Debt Management and Financial Governance Systems

Amidst growing external debt, there is a need for stronger debt sustainability frameworks for policy-makers, consistent with the guidance of International Monetary Fund and World Bank. Promoting transparency of borrowing practices, fiscal discipline, and investments with long-term returns are also necessary. They can contribute to prevent debt crises and allow for integration into the global financial system that supports sustainable development rather than exacerbating economic risks.

- Enhancement of the Quality and the Developmental Contribution of Foreign Direct Investment (FDI)

Instead of focusing solely on bringing in foreign direct investment (FDI), governments should focus on making sure that such investments really serve their broader development objectives. Regulations should incentivize foreign firms to partner with local industries, to transfer technology, and to hire local workers. Regulation can be designed to channel FDI into areas of higher developmental potential, and not so heavily into extractives, consistent with the recommendations of UNCTAD.

- Developing strong institutions and policy coordination

The findings indicate that the internal configuration mediates the globalization effect. Governments have to strengthen their institutions, improve the rules and make different sectors work together. Trade, money

flows, and development are better run if there is sound governance. Then globalization can promote equitable and sustainable economic growth rather than deepening dependency on external potentials.

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