International Journal of Social Sciences and Management Research E-ISSN 2545-5303
P-ISSN 2695-2203 Vol 11. No. 3 2025 www.iiardjournals.org

World Level Globalization and the Economic Performance of Four Third World Economies From 1980 – 2024

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DOI: 10.56201/ijssmr.vol.11no3.2025.pg.367.383

Abstract
The study advances prior knowledge on globalization and business by empirically ascertaining how this phenomenon affects economic performance of third world economies from 1980 to 2024. The four third world countries were selected from Africa based on the size of their economies. These are Egypt, Algeria, Ethiopia and Nigeria. Descriptive research method was adopted in analyzing the historical trends in globalization in the selected countries. Information was extracted from KOF globalization index, Global Entrepreneurship Monitor and the global economy reports. Secondary data on net export value, balance of payment, GDP and self-employment were used in the analysis. The study which is anchored on the Modernization theory, seeks to establish the effect of globalization on economic performance. Data collected were analyzed using Linear Regression analysis. Result shows that global integration of goods and services markets has significant and positive effect on the performance of third world countries whereas global integration of financial markets does not have significant influence on performance of third world countries. It was concluded that world level globalization has both positive and negative effect on performance of third world countries. The researchers however, recommend that third world countries should review their trade treaties and other bilateral or multilateral agreements to ensure that their strength and weaknesses are taken into consideration and to eliminate exploitative clauses.

Keywords: *Globalization, Performance, Third World, Integration, Economy, financial market*

Introduction

Globalization, be it at the world, country, industry or firm level is aimed at increasing social and cultural interconnectedness, political, financial, market and economic integrations not only of countries but also of businesses on international platforms (Okon et al, 2024). The world is seen as a global village due to what is now known as world level globalization. Globalization at the world level begins with international economic relations among countries of the world. However, it cannot be said that globalization at this level is equally beneficial to all regions of the world. For instance, Edidem and Olufemi (2024) claim that globalization seeks to reinforce the dominance of the core capitalist states while recreating underdevelopment for developing countries. In fact, it is globalization that brought about the division of the world into the so called first, second, third and fourth world economies to portray the extent of industrialization. This has created economic dichotomy between the western world and the third world economies in favour of the west, as international financial powers are concentrated in small number of rich countries, specifically the so-called G7 countries of Japan, United States, United Kingdom, Italy, Canada, Germany and France. Similarly, there is no international mechanism for raising resources in relation to national progressive income tax, and no serious international commitments to provide social protection system or safety net for the poor and the downtrodden in the society (Griffin and Khan, 2022). Although globalization has been portrayed as having a very dark side, many sees it as a blessing in that it has helped many sectors of the world economy to grow significantly, yet, there is high degree of international inequality in income distribution (Obialor et al, 2022). First, there is a wide gap in technology availability between industrialized and less industrialized world; and second, there is a limitation to cross border labour mobility and capital flows. Thus, for this study, world level globalization is assessed based on two categories identified by Obaseki (2022) namely global integration of goods and services markets and global integration of global markets.

Global integration of goods and services markets or global integration of trade is made possible through trade liberalization. Globalization is in this sense is the removal of international barriers to trade by countries seeking to operate within the framework of multilateral trading system. The outcome of global trade is Foreign Direct Investment (FDI) by multinational corporations that have the monopoly of international capital. In this sphere, globalization create the preferences for the Most Favoured Nations and asymmetrical treatment of trading partners. Variables of trade integration are international trade policies, export and import values, balance of trade and international enabling environment (Kyove et al, 2021). For this study, global integration of trade is measured in terms of net export, that is balance of trade. On the other hand, global integration of financial markets has made it possible to conclude financial transactions within seconds. It refers to cross border flow of capital and other financial services. This is propelled by advancement in information technology that ease interaction among financial entities in all parts of the world. But volatility of the financial markets has made monetary and macroeconomic management to be problematic. Measures of financial integration are gross capital flows, financial openness, stock of foreign assets and liabilities, degree of dispersion of worldwide real interest rate, balance of payment and foreign exchange rate. The present analysis is based on the countries balance of payment.

Third world is used to refer to economically weak nations, thus, third world economies are those economies that have insufficient basic infrastructural facilities, high poverty level and growing rate of economic instability. Though the use of first, second, third and fourth worlds classification is derogatory to those who prefer the use of developed, emerging, developing and underdeveloped worlds, both third world and developing economies are used interchangeably throughout this work. In this era of globalization, third world economies are not still able to catch up with the rest of the world (Edidem and Olufemi, 2024). Third world countries are gradually reclining into poverty, economic stagnation, insurgency, terrorism and political crises with nothing to celebrate in the global economy. Thus, performance of third world economies can be hampered indirectly by globalization itself, which comes in the form of neo colonialism as canvassed for by International Monetary Fund (IMF), World Bank and other international financial institutions. These institutions claim to have created global free market for goods and services, which experts say is for the interest of the western world and to the detriment of third world countries. This study focused on four third world economies specifically in Africa based on largest economy rankings and nominal GDP growth rate (Edidem and Olufemi, 2024).

Performance can be assessed in different perspective such as political, economic, socio-economic, socio-cultural and technological measures. In this study, economic performance measures are considered the most appropriate as it provide quantifiable data to analyse the effect of globalization. Such quantitative macro performance indicators include Gross Domestic Product (GDP), employment figures, Consumer Price Index (CPI), consumption, level of entrepreneurship, government budget, investment, money supply, inflation rate and balance of payment. Thus, performance of third world countries in the study was measured on the basis of GDP and level of entrepreneurship. Entrepreneurship was seen as a function of self-employment (Incekara, 2013).

The decision to cover the period 1980-2024 is because, it is a period of economic fluctuations for Africa. For instance, the period between 1980 and 1990 was called the 'lost decade' due to steep decline in income per capita leading to the coined word Afro-pessimism. The period of the 1990s witnessed over dependent on foreign aid due to limited resources. However, the period from 2000s was a period of steady growth where African countries were returning to their lost glory of the 1960s and 70s which gave them the narrative 'Africa Rising'. This was short-changed by the global financial crisis of 2008 and 2009 and the impact of COVID-19 of 2019 and 2020 (African Development Bank (AfDP), 2010, 2021; International Labour Organization (ILO), 2021). How does globalization impact on the performance of these third world countries in terms of GDP growth rate and level of entrepreneurship in the period under review? Answering this question is central to this study.

Statement of the Problem

Globalization was meant to create a better world with countries seeking to cooperate with one another for prosperity and to promote peace. As with every technological invention, globalization benefits the society as a whole but at the same time harm certain groups. Effect of globalization is manifold and affects various aspects of the world economy to bring about overall economic performance and betterment. Globalization is seen as an instrument of the developed economies to retain economic power in order to continue to marginalize the developing and undeveloped economies in an attempt to exert intense influence. The impact of the exploitation is not far-fetched. Consequently, within these economies, there are high rate of income disparity and inequality, increased corruption, reduction in sovereignty, erosion of cultural identity, environmental degradation and repatriation of profit by multinational corporations. How would one explain a situation where citizens of third world countries are migrating on daily basis to western countries in search of a better life if not for poverty and under-development.

Several studies have analyzed the performance of third world countries using broad dimensions of globalization such as economic, political, socio-cultural and technological measures. It is important that specific economic measures such as global integration of goods and services markets and global integration of financial markets be analyzed to establish the direction of impact on third world countries' economic performance indicators such as nominal GDP and self-employment rate. Previous empirical studies reviewed are lacking in this dimension. In addition to this, there is paucity of studies on a comparative assessment of the impact of world level globalization on at least four major third world economies in Africa for a period of about 40 years to the best of our knowledge. Thus, this paper is aimed at contributing to bridge these gaps and enhance our understanding and knowledge of these important world level globalization variables.

Objective of the Study

The aim of this study was to examine the effect of world level globalization on the performance of four third world economies from 1980 to 2024. The specific Objectives are to:

(i) assess the effect of global integration of goods and services market on the economic performance of Egypt, Algeria, Ethiopia, and Nigeria from 1980 - 2024.

(ii) evaluate the influence of global integration of financial markets on the economic performance of Egypt, Algeria, Ethiopia, and Nigeria from 1980 - 2024.

Research Questions

(i) How does global integration of goods and services markets affect economic performance of Egypt, Algeria, Ethiopia, and Nigeria from 1980 – 2024?

(ii) How does global integration of financial markets influence economic performance of Egypt, Algeria, Ethiopia, and Nigeria from 1980 – 2024?

Research Hypotheses

(i) $H0_1$: Global integration of goods and services markets have no significant effect on the economic performance of Egypt, Algeria, Ethiopia, and from 1980 – 2024.

(ii) $H0_2$: Global integration of financial markets have no significant influence on the economic performance of Egypt, Algeria, Ethiopia, and Nigeria from 1980-2024.

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 World Level Globalization

Globalization had its first appearance in the early 20th century, but its current meaning grew in the second half of the century and became popular in the last decade of the 20th century as a result of the unprecedented international connectivity of the post-cold war world (James and Steger, 2014). The expanded global interaction is due to advances in transportation and communication technology. Proponents of globalization such as WTO, IMF, and the World Bank say that globalization has cause growth in international trade and exchange of ideas, beliefs and culture. According to James and Steger (2014), it is an economic process of interaction and integration associating with social, political and cultural dimensions. Globalization can be at the level of the firm, industry, country or world level. World level globalization encompass cross border flow of capital, goods, services and technology, leading to economic interdependence (Chand, 2024). It encompasses world share of export in the global GDP. Globalization at the world level is about international relations among countries of the world and their linkages (Obaseki, 2022). It is based on this level of globalization that the world is seen as a global village. World level globalization is indicated through cross border transactions in financial securities, cross border flow of resources between countries and expatriate population. Other indicators of world level globalization can be assessed in relation with world GDP. These include total balance of payment of all countries of the world, the stock of Foreign Direct Investment (FDI) in the world, aggregate turnover in world exchange market, share of world trade, global transaction in foreign exchange and total foreign output of multinational companies.

Kyove et al, (2021) points out that globalization has brought development to the world economy resulting in multilateral trading, communication and technological advancement and liberalization of trade. Viewed in this sense, it is futile for countries to isolate themselves from the rest of the world. Globalization is thus, the process by which international integration is made possible and where technology and information of other countries can be integrated (Aminu et al, 2013). It is characterized by economic openness, growing interdependence among nations and serves the purpose of economic interaction (Griffin and Khan, 2022). Obaseki, (2022) view of globalization as the integration of national economies through trade and financial interaction is the crux of this research which stems from economic openness and interdependence of nations. World level globalization is divided into two broad categories namely: global integration of goods and services markets, and global integration of financial markets.

2.1.2 Global Integration of Goods and Services Markets

In global market parlance, global integration refers to the degree of interconnectedness and interdependence of markets with each other. Such interconnectedness involves integration of financial systems, supply chains, goods and services, trade networks and capital flows across national borders (Incekara and Savrul, 2013). Goods and services markets integration falls under the context of integration of trade or trade networks. Trade liberalization brought about the globalization of world's goods and services markets. Multilateral trading system has been put in place and barriers to international trade have been removed by countries that seek to operate within this framework (Griffin and Khan, 2022). The multilateral trading system facilitates global integration of trade and accelerates Foreign Direct Investment (FDI) flows among participating countries. Multinational corporations become the channels through which FDI and international trade flow. The focus of globalization here is to achieve symmetrical treatment of all trading partners (Obaseki, 2022). This is embedded in the application of the Most Favoured Nations Preference which is a World Trade Organization (WTO) regulation based on low tariffs, free trade agreements, high import quotas and custom unions (CFI Team, 2024).

A tariff is a tax imposed on imports and export between participating countries. The imposition of such tax is to encourage the consumption of locally made goods while restricting availability of foreign goods. Import quotas set the limit or restriction on number of goods that can be imported into a country in a specified time period. The aim is to discourage consumption of foreign made goods while at the same time encourage consumption of domestic products. Free trade agreement is a treaty establishing a free trade area between cooperating nations in order to eliminate tariffs and import quotas. Customs union is a trade bloc that is established by way of a trade pact to encourage free trade between member countries (CFI, 2024; Aminu et al., 2013).

All these are to ensure that there is free flow of goods and services across borders. Variables of global integration of goods and services markets are trade policy framework, international enabling environment, export and import real values and as percentages of GDP and balance of trade. In this study, net export figures are used as a measure of global integration of goods and services markets which is the difference between export and import of a country (Krugman and Obstfeld,2017).

2.1.3 Global Integration of Financial Markets

Throughout economic history, financial globalization has been driven by practical commercial needs and opportunities due to rapid technological advancement. The past two decades have witnessed increasing interconnectedness of financial markets around the world. According to Hausler (2002) in Okon et al, (2024), it has brought considerable benefits to investors, savers, national economies and also change the structure of markets. It also creates new risks and challenges for policy makers and market participants. Aminu *et al.* (2013) claims that financial globalization is more difficult to track than globalization of trade of goods and services. The adverse effect of financial globalization is said to be reflected by shocks in the external sectors of weak economies (third world economies).

The four main factors and drivers of globalization of finance include advances in information and computer technologies, the liberalization of national financial and capital markets, the globalization of national economies, and competition among the providers of intermediary services (Hausler, 2002 in Okon et al, 2024). Advancement in information and computer technologies has facilitated the collection and processing of information for measuring, monitoring and managing financial risk by market actors and government of the countries, however, information technology has made it easier for market actors to transact with the new complex financial instruments.

Globalization of national economies has led to the establishment of many multinational companies that produced and distributed their products through a global network. Through globalization of national economies, economic activities such as production, investment and consumption are dispersed over many countries (Alfaro, 2006 in Obialor et al, 2022). Liberalization of national financial and capital markets has seen to the growth of capital movement across borders and decline in barriers to trade in financial services as well as rules governing entry to domestic capital markets by foreign financial institutions. Competition among the providers of intermediary services has witnessed the emergence of non-bank financial institutions providing financial services. Activities similar to those traditionally provided by the bank are now carried out by asset managers, insurance companies, software, hedge funds, security firms, food companies, mutual funds, specialty and trade finance companies and telecommunication (World Bank Report, 2024). Variables of global integration of financial markets are gross capital flow, balance of payment, stock of foreign assets and liabilities, financial openness and degree of dispersion of world-wide interest rates. Due to data accessibility, balance of payment is used as a measure of financial integration in this study.

2.1.4 Performance of Third World Economies (1980-2024)

A common description of third world is economically weaker nations. This third world economies are those economies that lack basic infrastructural facilities, have high poverty rate and experience economic instability. Third world countries are mostly developing countries in Africa and Asia (Owosu, 2015). Third world according to Owusu (2015) refers to all countries of Africa (except South Africa), Asia (except Japan), Latin America and the Caribbean. Edidem and Olufemi (2024), maintain that third world economies are gradually being plunge in economic stagnation, poverty, political crisis and terrorism with little contribution to the global economy. Globalization in the third world countries is seen as a neo colonial system of dominance imposed by IMF and other international organizations. Globalization to a large extent benefits developed nations of the world than developing countries (Edidem and Olufemi, 2024). This can easily be seen by comparing their share of world GDP with that of the developing countries. Performance of third world economies can be felt in the area of export diversification, import substitution, debt reduction and strengthening of entrepreneurship. For this paper, concentration is on GDP growth rate and self-employment as a measures of entrepreneurship within the period under review.

Prior to 1980, third world countries witnessed higher rate of growth in per capita income compared with developed countries. Hope was high that most of these countries were soon to achieve the status of developed countries. However, in the decade that followed, there was a reversal of this trend as there was a decline in GDP growth rate of the third world in general coupled with a consistent decline in their import capacity except with some notable exceptions in Asia. This decade (1980-1990) was known as the lost decade or

Afro-pessimism period because African countries witnessed much economic loses in terms of decline in per capita income and other indices. The 1990s was a period of over-dependent of third world countries on foreign aid due to the spill over effect of the Structural Adjustment Prorgamme (SAP) of the 80s. The wake of the new millennium brought a gradual reversal of the negative trends. In the period from 2000 to 2010, many African countries witnessed growth in GDP. It was also a period of implementation of Millennium Development Goals (MDGs) and New Partnership for African Development NEPAD). These developmental prorgammes gave Africa the slogan "Africa Rising". However, the end of the decade (2008 and 2009) brought misfortune to some of the third world countries due to the global financial crisis (African Development Bank (AfDB, 2010).

The period from 2011-2024 witnessed the implementation of global programmes such as Sustainable Development Goals (SDGs) and Vision 2050 Agenda but with little result. There still exists abject poverty, high rate of unemployment, poor infrastructural facilities and inadequate social amenities throughout the region. The region was not spared from the adverse effect of COVID-19 that erupted in China in 2019 and spread to other parts of the world mostly in 2020. The concentration of this review is on third world countries in Africa. Four largest economies in Africa behind South Africa in the latest IMF rankings were selected as the focus. These are Egypt, Algeria, Nigeria and Ethiopia (Michael, 2024).

Table 2.1 Performance Indicators of Selected Third World Economies as at 2022

	Nominal GDP (In billion US Dollars)	GDP per Capita (In US Dollars)	Average real GDP growth rate (%)	Self-employment (% of Total Employment)
Egypt	394	3,727	4.2	27.4
Algeria	195	4,301	2.0	31.0
Ethiopia	120.4	1,156	8.4	85.2
Nigeria	478	2,205	2.4	85.0

Source: Attaché Report (2023).

Table 2.1 shows that Nigeria had the largest nominal GDP and self-employment rate as at 2022 but second to the lowest in terms of GDP per capita and GDP growth rate. Egypt had the second largest nominal GDP, GDP per capita and GDP growth rate but lowest in terms of self-employment. Algeria had the third highest GDP growth rate and self-employment rate but had the least nominal GDP value and GDP per capita. Whereas, Ethiopia had the least nominal GDP value and GDP per capita, second highest self-employment rate but had the largest GDP growth rate. This implies that Nigeria and Ethiopia had upper hands over others when it comes to self-employment while Egypt and Algeria out performs them in the area of per capita income (Attaché Report, 2023).

2.1.5 GDP as a Measure of Performance

The Macroeconomic Performance Outlook (MEO) shows that third world countries particularly are dominating the list of world's fastest growing economics. According to African Development Bank (AfDB) (2024) real GDP growth projection for 2024 is 3.8% and it is expected to average 4.2% in 2025. These projections are higher than global projections for the same period. The continent is the second-fastest growing region in the world and is set to remain so as Asia is projected to remain the fastest. The current GDP (as at April 2024) of the four countries under review are: Egypt \$347bn, Algeria \$266bn, Nigeria 252bn and Ethiopia \$205bn (Michael, 2024).

2.1.6 Self-Employment as Measure of Performance

No country in Africa makes the list of world most entrepreneurial countries in 2024 except South Africa. This explains the level of entrepreneurship in Africa. With globalization, the business landscape has been altered and new opportunities opened for entrepreneurs. Globalization has impacted on entrepreneurship by creating access to new markets and customers, increasing competition and saturation of markets and spreading technology and innovation. According to Incekara (2013), third world countries' participation in globalization process helped them to utilize their comparative advantage, enhance their foreign capital and gain management experience, eliminate monopolistic tendencies and strengthen market competition. The level of entrepreneurship here is assessed in terms of the number of self-employment in each country. The following data is applicable to the four countries which is self employed as a percentage of total employment as at 2022: Egypt – 27.4%, Algeria – 31.0%, Nigeria – 85.9% and Ethiopia – 85.2%.

2.2 Theoretical Review

Modernization theory is used in this study to explain the interrelationship between globalization and performance of third world countries. Modernization theory was propounded by Waltwhite Rostow and popularized by Seymour Lipset. The theory was a dominant paradigm in the social sciences in the 1950s and 1960s and resurfaced in 1991 in the work of Francis Fukuyama (Acemoglu and Robinson, 2022; Fukuyama, 1992). The theory states that as societies are becoming more modernized, educated and wealthier economically, their political institution become increasingly liberal democratically. Modernization theory is used to explain the process that countries pass through in their transition from traditional society to modern society. It revolves around the principle that people can develop and change their society. According to Edidem and Olufemi (2024), modernization theory classifies countries into western and non-western cultures which in essence results to the dichotomy between developed and developing world.

Modernalization generally refers to the transition from traditional societies to modern one's, characterized by industrialization, urbanization, and changes in social, cultural, and economic structures. Globalization is the process of increasing interconnectedness and interdependence among countries, primarily driven by time. The theory rest on the assumption that the reason for under-development of economies is their domestic characteristics such as poor infrastructure, high population growth rate, political instability, and low levels of education. Modernization theory relates to globalization which is the integration of economic, social and political cultures. Thus, globalization is a tool used in spreading modernization in a cross border context. This theory is applicable to this work because third world countries can embrace modernization through globalization by following the steps of developed economies in the process of integration of trade and financial markets. Third world countries can be developed not only by integrating western culture but also by developing and where necessary modernizing indigenous culture and technology.

2.3 Empirical Review

Edidem and Olufemi (2024) examined the effect of globalization on third world development with emphasis on the Nigerian State. Documentary research methods were adopted in analyzing past data regarding globalization in Nigeria. Variables examined in the study were political and economic globalization as independent variables and foreign rule, terms of trade and global markets as dependent variables. The theoretical foundation of this study was modernization theory. Finding shows that the negative effect of globalization contributed to underdevelopment of Nigeria. It was also revealed that political globalization led to imposition of foreign rule in Nigeria, whereas economic globalization led to unequal terms of trade. Conclusion was that globalization impacted on Nigeria more negatively than positive. However, the researchers did not investigate specific economic variables like integration of trade and financial markets. Hence, the need for this current study.

Obaseki (2022) investigated the impact of globalization on the Nigeria economy. Specifically, the researcher sought to assess the effect of integration of goods and services markets and integration of financial markets on the Nigerian economy. The researcher used exploratory research method to examine available literature on globalization and presented related statistics from 1970 to 1999. Findings showed that Nigeria has not benefited maximally on the two dimensions of globalization examined due to over dependence on crude oil export at the expense of manufacturing export and underdevelopment of domestic financial markets. It was suggested that Nigeria should apply market friendly policies and good governance to benefit massively from globalization. This study did not rely on any relevant data in arriving at conclusions regarding integration of goods and services and financial markets. The present study seeks to examine available data on the subject from 1980-2024.

Incekara (2013) investigated the impact of globalization on entrepreneurship in developing countries. Data for investigation were extracted from KOF Index of globalization and Global Entrepreneurship Monitor. Graphs were used to compare data from developed, emerging and developing countries. The comparison revealed that globalization has more positive impact on entrepreneurship in developing countries. The present study focus on the link between world level globalization and the performance of four third world economies from 1980 to 2024.

Aminu et al (2013) investigated the impact of globalization on the performance of Nigerian economy from 1962 to 2009. The researchers applied Annual Average Growth rate (AAGR) technique to conduct a comparative analysis of growth in key sectors of the economy between pre-SAP and post-SAP periods. The sectors examined in the study are manufacturing, communication, agriculture, solid minerals and petroleum. It was found that globalization impacted positively on certain sectors of the economy such as transportation, communication and agriculture. It was also found that globalization had negative impact on other sectors like solid minerals, petroleum and manufacturing. Results also revealed that there was a positive impact of globalization on overall performance of the economy. Recommendation was that government and policy makers should make concerted effort to boost performance of those sectors adversely affected by globalization by reducing the level of openness of the economy. This study was limited in coverage by studying only one third world country. Thus, the present study sought to expand the scope of work to cover four third world countries.

Most of these studies were conducted in Nigeria and relied mostly on a single country data in arriving at conclusions regarding the impact of globalization. The present study sought to expand, the scope of work by studying four third world countries from 1980 to 2024. In terms of variables, none of these studies measured specific world level globalization proxies against some macro level performance indicators. The current study is an attempt to evaluate two contextual variables of world level globalization which are global integration of goods and services markets and global integration of financial markets.

3. Methodology

This review was conducted to examine the relevance of world level globalization and performance of third world countries (1980-2024). A descriptive research methods was adopted based on historical analysis of world trends regarding globalization. Documents providing evidence for this review include Global Entrepreneurship Monitor report, KOF globalization index and the Global Economy report. In addition to exploration of literature, simple linear regression was used in analyzing data. Hence, charts were further used to display economic indices of selected countries. Four third world countries were selected from the continent of Africa. Focus was on the largest economies in Africa. The selected countries were Egypt, Algeria, Ethiopia, and Nigeria which occupy second, third, fourth and fifth positions respectively in the latest African rankings. In terms of variables, the independent variable was world level globalization and its dimensions where global integration of goods and services markets and global integration of financial markets. Dependent variable was performance of third world economies which were GDP growth and entrepreneurship which has its own dimension as number of self-employed in the society.

3.1 Model Specification

PEF = f(WLG) - - - - equation 1

Where PEF is performance of third, world countries and WLG is world level of globalization.

PEF = f(GIG, GIF) - - - - equation 2

$PEF = a_1+b_1GIG+e_1$ - - - - equation 3

$PEF = a_2+b_2GIF+e_2$ - - - - equation 4

$PEF = a_1+b_1GIG+b_2GIF+e_1$ - - - equation 5

Where a_1 and a_2 are intercepts, b_1 and b_2 are regression coefficients, GIG is global integration of goods and services markets, GIF is global integration of financial markets and e_1 and e_2 are error terms.

4. Presentation and Analysis of Data

The data extracted from World Bank databank (2024) is presented in charts and analyzed in this section.

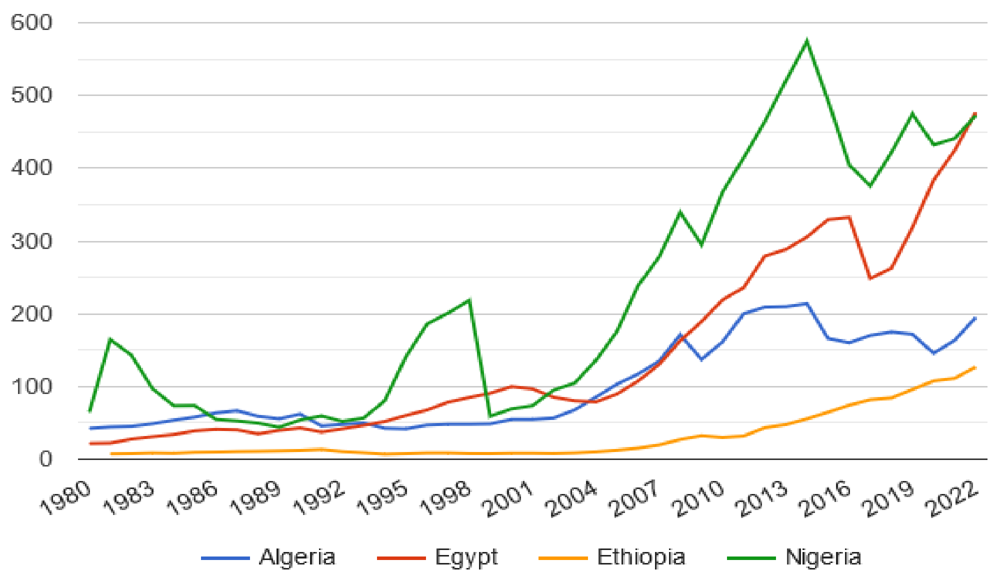

Figure 4.1 shows the GDP of the four countries at purchaser's prices measured in US dollars. The chart shows that the countries recorded very low or no growth rate between 1980 and

1990. Nigeria however, began with rapid increase in the early 1980s, but had a sharp fall in the middle of the decade. Egypt and Algeria had a slow but steady growth rate in the early 1980s. However, Egypt started recording fast growth rate beyond 2004. Whereas Ethiopia was stagnant throughout the first two decades under review but started recording growth from 2011. Generally, there have been fluctuations on the GDP of these countries especially Nigeria, Algeria and Egypt.

Table 4.1: Regression Analysis of Global Integration Goods and Services Market and Economic Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.437	.191	.171	16.89979

a. Predictors: (Constant), ExportTotal

ANOVA[b]

Model		Sum of Square	df	Mean Square	F	Sig
1	Regression	2825.099	1	2825.099	9.892	.003
	Residual	11995.319	42	285.603		
	Total	14820.418	43			

a. Predictors: (Constant), Export Total
b. Dependent Variable: PEFTOTAL

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	sig
	B	Std. Error	Beta		
1 (Constant)	288.068	8.290	-437	34.748	.000
ExportTotal	-1.314	.418		-3.145	.003

a. Dependent Variable: PEFTOTAL

Source: SPSS Window output (2024).

Table 4.1 shows R-value of 0.437 which suggest a weak positive relationship between global integration of goods and services markets and performance of third world countries from 1980-2024. The coefficient of determination (R^2) value 0.191 indicates that 19% variation in performance is accounted for by variation in global integration goods and services markets. The F-value of 9.892 and its corresponding R-value of 0.003 show that the model was a good fit in predicting country performance based on market integration. The constant value of 288.068 in the regression table is the predicted value of business growth when other variables are zero. Thus, the regression model can be presented as PEF = 288+(-1.314) GIG + e_1. The recreation coefficient of -1.314 implies that a unit increase in global integration of goods and services markets will result in 1.314 decrease in performance of third countries. Since R=0.437 and P<0.05, null hypothesis which states that global integration of goods and services markets does not have significant effect on economic performance of Egypt, Algeria, Nigeria and Ethiopia is therefore rejected.

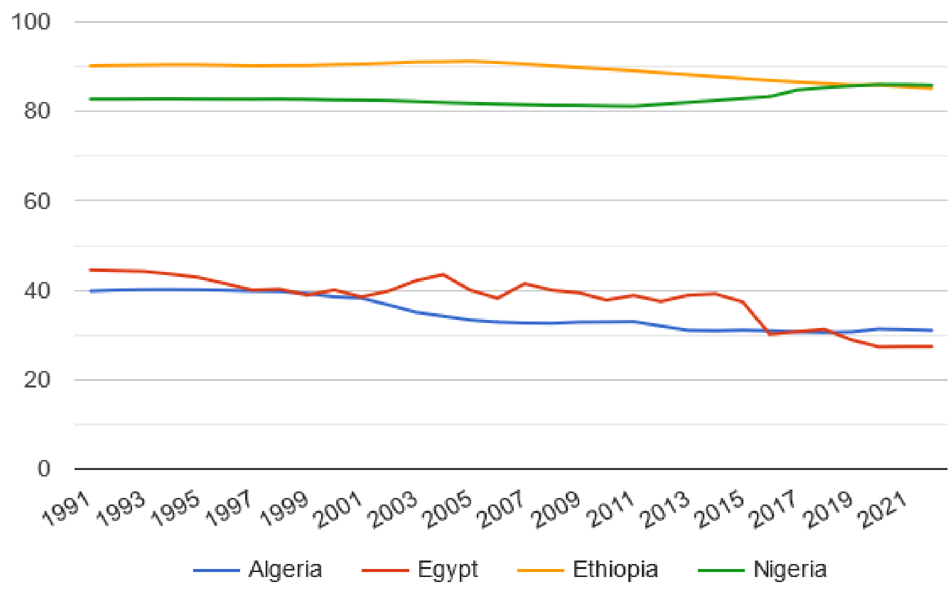

Figure 4.2: Self-employment (percentage of total employment) 1991-2021
Source: The Global Economy (2024)

Figure 4.2 is a graph showing self-employment as a percentage of total employment from 1991 to 2022. self-employment here is an index of entrepreneurship in the studied region. It is a type of employment where remuneration is dependent directly on profits derived from the goods and services produced. The rate of self-employed for Nigeria and Ethiopia remained almost constant throughout the period at about 80%. However, the rate of self-employment in Algeria and Egypt was close to 50% but was on the decline all through the three decades. There is positive improvement in self-employment rate throughout the period.

Table 4.2: Regression Analysis of Global Integration Financial Markets and Economic Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.126	.016	-.007	18.63417

b. Predictors: (Constant), FinTotal

ANOVA[b]

Model		Sum of Square	df	Mean Square	F	Sig
1	Regression	236.659	1	236.659	.682	.414
	Residual	14583.760	42	347.232		
	Total	14820.418	43			

c. Predictors: (Constant), FinTotal
d. Dependent Variable: PEFTOTAL

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	sig
	B	Std. Error	Beta		
1 (Constant)	265.685	4.068		65.309	.000
FinTotal	.384	.465	.126	.826	.414

b. Dependent Variable: PEFTOTAL

Source: SPSS Window output (2024).

Table 4.2 shows a weak and positive relationship between global integration of financial markets and performance of third world countries. However, only 0.2% variation in performance was explained by variations in the independent variable. Also, the model was not significant in predicting country performance with a P – value of 0.414 higher than the critical value of 0.05. The regression coefficient of 0.384 implies that, other factors held constant, a unit increase the independent variable will bring about a 0.384 units increase in the dependent variable. Since R=0.126 and P> 0.5, null hypothesis which states that there is no significant influence of global integration of financial markets on economic performance of Egypt, Algeria, Nigeria and Ethiopia from 1980-2024 is accepted.

4.1 Discussion of Findings

The study found significant effect of global integration of goods and services markets on performance of third world countries. However, the relationship was weak and regression co-efficient was negative (-1.314) suggesting a lesser benefit of globalization on these countries performance. The graph shows fluctuations in the countries' GDP and very low rate in the 1980s.This according to Obaseki (2022) and Aminu et al. (2013) was greatly due to the introduction of Structural Adjustment Programme (SAP) in 1986. The programme subjugated local factories to foreign factories and led to devaluation of naira, reduction of government expenditures among other things. No wonder the period was called the "lost decade". Also the period from 1991 to 2000 was a period with little or no improvement for Algeria and Ethiopia. Egypt witnessed a slight growth between 1995 and 2000 but Nigeria was ahead of Egypt with a GDP of over USD 200bn. This result was not impressive because the countries were suffering from various debt burdens (Edidem and Olufemi, 2024).

The 'Afro pessimism' perception was overcome in the next decade (2001-2010), where all four countries experienced steady growth particularly Nigeria and Egypt. However, the global financial crisis had an impact for Nigeria and Algeria with a little slowdown in the growth. The rising trend continued until 2015 and African countries were said to be returning to the lost glory of the 1960s and 70s. All four countries except Ethiopia witnessed a shock leading to decline in their GDP from 2015 and beyond. The impact of COVID-19 partly accounted for this. Thus, global integration of goods and services markets though significant does not have long lasting positive effect on the performance of third world countries. Developing countries still lack the capacity to compete with developed countries of the world. Although globalization has strengthened entrepreneurship in third world countries, the size of new business start-ups is so small that at times its impact is hardly felt (Alfaro,2006).

The analysis found no significant influence of global integration of financial markets on the performance of Egypt, Algeria, Nigeria and Ethiopia. The high self-employment rate of over 80% of total employment recorded by Nigeria and Ethiopia was partly due to global integration of trade. Although Incekara (2013) agreed in a study that globalization impact self-employment in the area of technological advances in manufacturing, transportation and telecommunication, small firms still remained local in scope and thus cannot create needed paid employment. This finding is contrary to Alfaro and Charlton (2006) who found suggestive evidence that global integration of financial markets is associated with high levels of entrepreneurial activity using variables such as entry and size. It is observed in the third world that while there is no barrier to entry, the size is usually very small due to financial capacity of entrepreneurs.

5. Conclusion

A concerted effort has been made to assess the performance of four third world economies (Egypt, Algeria, Nigeria and Ethiopia) in connection with world level globalization. Globalization has come to stay and its impact is felt in one way or the other in all parts of the globe. However, the direction or weight of the impact vary from country to country. Global integration of goods and services markets gives competitive advantage to the developed economies while creating avenue for exploitation of developing economies in terms of sourcing raw materials and cheaper labour. Similarly, global integration of financial markets provide liquidity, capital and participation that are necessary for economic growth and development. But this phenomenon has subjected third world countries to debt burdens and over-dependence on foreign aids to finance capital projects. These two dimensions of globalization (integration of trade and integration of financial markets) have relative impacts on GDP and self-employment in the four countries under review. Thus, it is concluded that world level globalization has both positive and negative effect on the performance of third world countries.

6. Recommendations

(i) Third world countries should review their trade treaties and other bilateral or multilateral agreements concerning market integration to ensure that their strengths and weaknesses are taken into consideration to eliminate exploitative clauses.

(ii) African countries in particular should pay attention to the supervision of their financial sectors and built their institutional capacity as minimum threshold for participation in global financial markets.

7. Business Implications for Nigeria

Since globalization at the world level impacts both positively and negatively on individuals, businesses, and national economies of third world countries, it behove policy makers and other stakeholders to create policies regarding monetary regulations and trade. Capitalizing on the positive impact of world level globalization will bring economic, political, cultural and indeed educational benefits to the country in terms economic growth and development. Nigeria should first pursue regional integration of trade and financial markets where it will have comparative advantage and play leading role in the integration process while spreading the tentacles of its financial prowess to the rest of the world.

At the individual level, the integrations will lead to improved standard of living and quality of life for individuals and families. This will be as a result of improvements in road network, transportation, healthcare, and education. To businesses, it has effect on product or service life cycle as product or service that is removed in one market may be highly sought for in other markets. To the economy, it will boost entrepreneurship, GDP, create jobs and promote technological advancement. Thus, globalization should be perceived not as an instrument to subvert indigenous knowledge but as a means to develop, use, popularized and transfer indigenous technology.

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