

2026



DBN
Development
Bank of Nigeria

...Financing Sustainable Growth

DBN

JOURNAL OF ECONOMICS & SUSTAINABLE GROWTH

Volume 8
Issue 1



**Economic Globalisation and
Decent Work In Nigeria**

Economic Globalisation and Decent Work In Nigeria

OZIENGBE SCOTT AIGHEYISI
Institute of Health Sciences and Technology
(Formerly, *Institute of Health Technology*)
University of Benin Teaching Hospital
Benin City, Nigeria
oziengbaigheyisi@gmail.com

Abstract

The study examines the effect of economic globalisation on decent work in Nigeria during the period from 1990 to 2023. The autoregressive distributed lag (ARDL) approach to cointegration analysis is adopted to examine the effects of various elements of economic globalization namely non-oil exports, imports, FDI, interest rate and exchange rate on decent work, while controlling for the effect of financial depth. The study finds positive and significant long run effects of non-oil export, exchange rate, and financial depth on decent work in the country. The long run effects of imports, FDI, and lending interest rate were found to be negative and significant. These findings which are robust to alternative estimation technique reveal that decent work in the country is affected by globalization. Based on the evidence, to achieve creation of decent work in the country, greater investment in the nation's non-oil sectors to boost the quantity, quality and competitiveness of her non-oil output is recommended. Further recommendations are the establishment of more export processing zones to encourage exports; lowering of the lending interest rate to reduce the cost of loans or investment capital; maintaining the exchange rate at realistically competitive level to curb imports and boost export; maintaining high labour standards to ensure that jobs created by multinational corporations through which FDI inflows into a country are decent.

Keywords: Decent Jobs; Vulnerable Employment; Globalisation; International Labour Organisation; Eighth Sustainable Development Goal.

JEL Codes: F62, P33, P45

1. Introduction

1.1. Background to the Study

Achieving decent work globally is an important agenda of the International Labour Organization (ILO). According to the ILO, decent work sums up the aspiration of people in their work lives. It involves opportunities for productive and gainful employment, workplace security and social protection, opportunities for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men (ILO, 2006). Decent work holds strong relevance to achieving sustainable socio-economic growth and development. Hence the eighth of the United Nations Sustainable Development Goal is “promotion of sustained, *inclusive*, and sustainable economic growth, full and productive employment and decent work for all” (UN, 2023, p. 28).

Decent work is affected by numerous factors. Some of the factors identified by the ILO include microfinance, FDI, and economic globalization (ILO, 2005; ILO, 2015; ILO, 2022; ILO, 2025). The main aim of this paper is to examine the effect of economic globalization on decent work. Economic globalisation refers to the growing interconnectedness among economies across the globe, characterized by intensification of trade, cross border capital and information flows. The interconnectedness among countries have been intensified in recent times so much so that the world is now seen as a global village. Globalisation has been described as a two-edged sword which has brought prosperity to several countries, and poverty and misery to others. While the proponents of globalization such as the World Bank, the International Monetary Fund (IMF) and the multinational corporations argue that globalization engenders expansion in global output according to international trade theories, engendering improvements in consumption, income and employment in participating countries, the opponents argue that globalization adversely affects the poor countries as they are not strong enough to compete with the highly developed countries both domestically and globally.

Most of the previous related studies focused on identification of measures to improve employment or job creation with little or no regard to the quality of jobs advocated for, especially in the Nigerian context. A gap thus exists in the literature, which the current study intends to fill.

1.2. Statement of Problem

One of Nigeria's major problems is the low level of employment, characterized by high proportion of vulnerable employment. This implies that decent employment in the country is quite low. These problems are reflected by the nation's Labour Rights Index (LRI) for the last three years (2022, 2023 and 2024) which were 28.5, 29 and 37 respectively, indicating **total lack of access to decent work** (Centre for Labour Research, 2025). The International Trade Union Congress (ITUC), in its 2025 report, listed Nigeria among the ten worst countries for workers. In fact, the country was the only West African country on the list, and the second African country thereon (Egypt was also listed). The ITUC attributed these partly to sharp increase in intimidation and repression of workers and trade unionists, harassment of activists, violent suppression of peaceful protests and violation of collective bargaining rights, all of which contributes to proliferation of low-quality jobs and employment vulnerabilities in the country. The low employment rate, dominated by vulnerable employment and total lack of access to decent work pose serious challenges to the nation's prospect of achieving sustainable economic growth and development.

The ILO identified economic globalization as one of the factors affecting decent work. This study seeks to answer the question as to whether decent work in Nigeria is affected by economic globalization. To do this, answers shall be sought to the following questions: (i) Does non-oil export affect decent work in Nigeria? (ii) Does import affect decent work in Nigeria? (iii) Does FDI affect decent work in Nigeria? (iv) Does interest rate affect decent work in Nigeria? (v) Does exchange rate affect decent work in Nigeria?

The study is guided by the following null hypotheses: (i) Non-oil export does not affect decent work in Nigeria (ii) Import does not affect decent work in Nigeria (iii) FDI does not affect decent work in Nigeria (iv) Interest rate does not affect decent work in Nigeria (v) Exchange rate does not affect decent work in Nigeria.

1.3. Objectives of the Study

The main objective of the study is to examine the effect of economic globalization on decent work in Nigeria. Specifically, the study shall investigate the effect of specific elements of globalisation on decent work. To this end, the specific objectives of the study are:

- i. To investigate the effect of non-oil exports on decent work in Nigeria
- ii. To investigate the effect of imports on decent work in Nigeria
- iii. To investigate the effect of FDI on decent work in Nigeria
- iv. To examine the effect of interest rate on decent in Nigeria
- v. To examine the effect of exchange rate on decent work in Nigeria

1.4. Relevance and Justification

Decent work or quality job holds strong relevance for improved and sustainable welfare and socio-economic growth and development. Achieving it is key focus of the decent work for development (DW4D) agenda of the ILO, and the United Nation's eighth sustainable development goal. The identification of Nigeria as one of the countries with total lack of access to decent work by the Centre for Labour Research suggests that the country is faced with serious developmental challenge which may hamper her chances of achieving the eighth sustainable development goal if the issue is left unattended. The current study is justified by the need to identify factors affecting creation of decent work in the country, with a view to formulating and implementing policies that are germane to creating quality jobs in the country.

1.5. Organisation of the Paper

The paper is structured into five sections. The background, statement of problem, and other introductory issues have been presented in the current section. The next section (Section Two) contains the Literature Review. The Methodology of the study is presented in Section Three. The Empirical Findings are presented in Section Four. Section Five concludes the paper with some recommendations for policy considerations.

2. Literature Review

2.1. Brief Conceptual Review and Stylised Facts

Key concepts of the current study are decent work and economic globalization. These are briefly clarified, with some stylized facts in this subsection.

Decent Work

The concept was launched by the ILO in 1999 during the 87th International Labour Conference which held in Geneva. The ILO (2005) defines decent work as productive work that delivers a fair income for women and men, in conditions of freedom, equity, security and human dignity. According to Nizami and Prasad (2017), decent work calls for conditions which uplift material wellbeing of labour as well as their spiritual development. Decent work guarantees enhanced disposable income and purchasing power which are envisaged to fuel proliferation, growth and development of sustainable firms, especially smaller businesses which are able to hire more workers and improve their pay and work conditions (ILO, 2021). Decent work is a critical factor for sustainable economic growth and development. In the absence of decent work, poverty, inequality, discrimination, insecurity, social tension and social conflict, all of which are anti-sustainable development, exist (ILO, 2028). Thus, the 8th of the United Nations' Sustainable Development Goals is the achievement of the *decent work for economic growth* in all member nations by the year 2030. Decent work is so relevant that October 7 of every year is celebrated as World's Decent Workday.

Four pillars of decent work

Anker *et al.* (2003) outlined six key conceptual dimensions of decent work:

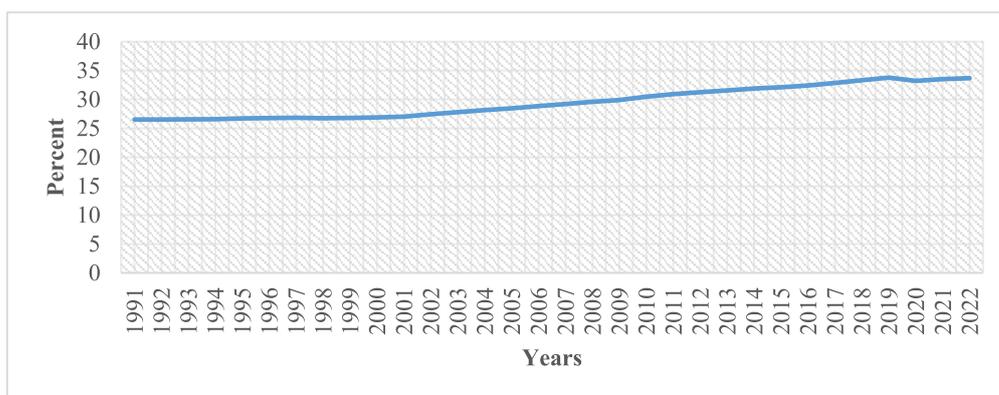
- a) Work Opportunity – This refers to the need for job creation for all individuals who are willing and able to work, as decent work cannot exist without employment.
- b) Freedom at Work – This dimension emphasizes that employment must be freely chosen. Workers should have the right to join trade unions, and practices such as forced labour, child labour, and slavery are deemed unacceptable in modern society.
- c) Productive Work – Employment should not only provide a decent standard of living for workers and their families but also support sustainable development and enhance the competitiveness of businesses and economies.
- d) Equity in the Workplace – This involves ensuring equal access to job opportunities without discrimination, promoting work-life balance, and guaranteeing fair and just treatment at work.
- e) Workplace Security – This dimension calls for reducing or eliminating job insecurity and protecting workers' health, retirement benefits, and livelihoods. It also includes providing financial and social protection during periods of illness or other unforeseen challenges.
- f) Dignity at Work – Workers should be treated respectfully and be involved in decisions affecting their working conditions. They must also have the freedom to express their concerns and advocate for their collective interests.

McGregor (2006; p.152) analysed ILO's definition of decent work and noted that decent work means:

jobs of acceptable quality (constructive, profitable, and gainful work) both within the formal and the informal sectors; decent remuneration (to fulfil basic economic and family needs); fair working conditions; fair and equal treatment at work (no discrimination); safe working conditions; protection against unemployment; access to salaried jobs or self-employment (promoting entrepreneurship and supporting small businesses by providing access to credit, premises, management training, business advisory services, and so on); training and development opportunities; and job creation.

The trends in decent work in Nigeria are shown in Figure 1. The percentage of decent employment in total employment during the 1990-2022 period was less than 35%. In fact, during the period, decent employment in total employment averaged approximately 30% annually. The implication is that only about 30% of the employees were decently employed, while the remaining 70% were in vulnerable employments. This provides an empirical validation for the listing of Nigeria among the 10 worst countries for workers by the ITUC in its 2025 report.

Figure 1
Trends in Nigeria's Decent Employment Data



Source: World Development Indicators

Economic Globalisation

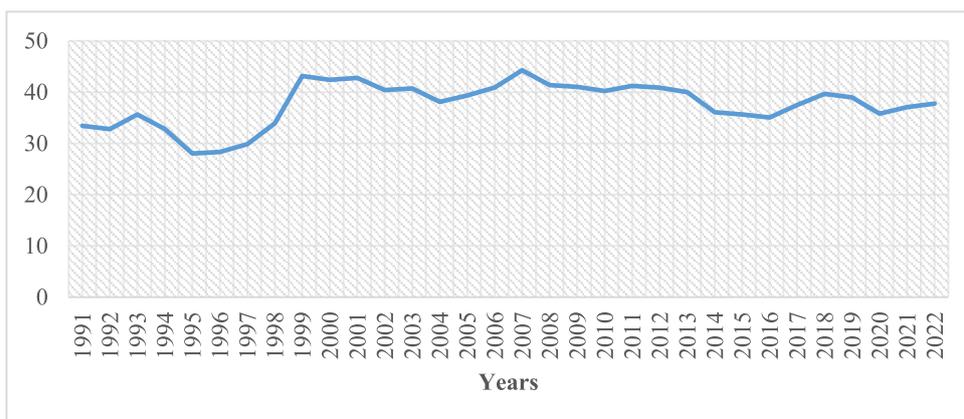
Decent work creation is affected by multiplicity of factors. One of the factors identified by the ILO is economic globalization, which has been defined as the growing interconnected among economies intensified by trade, capital flows and internet connectivity which eliminates geographical distances and reduces communication costs (McGregor, 2006). There have been intense debates on the growth and employment effects of globalisation in different economies. The proponents of globalization such as the Bretton Woods institutions (World Bank and the International Monetary Fund) and the multinational corporations (MNCs) argue that globalization characterized by trade and capital liberalization is beneficial for growth and employment (Loken, . The reasoning is that through trade, countries are able to access goods and advanced technologies which are not locally produced, to enhance their consumption and production

capacity and capabilities, thereby engendering enhanced output and job creation in the economy. Domestic firms are also able to access larger markets (foreign markets, through exports) for their products, which could, depending on the demand for their products, and other factors, boost their earnings and profitability and enhance their ability to pay fair wages to their employees. The recent growth in digital inclusion aided by increased internet connectivity has also contributed to growth in decent employment wherein individuals are able to get high paying online jobs in their home countries.

Those with opposing views (that is the opponents) of globalization argue that liberalization of trade and capital accounts, and deregulation of interest rate and exchange rates encapsulated in economic globalisation contribute to the backwardness of the less developed countries (LDCs) in terms of growth and generation of decent work, as the LDCs are ill-prepared for the vagaries of economic globalization. The resultant effects have been increased importance dependence owing to the low level of domestic output as a result of the weakness of the industrial sector (particularly the manufacturing sub-sector), capital flight, de-industrialisation, currency depreciation (which contributes largely to domestic inflation as the LDCs are highly import-dependent), lowering of labour standards to attract foreign investor, etc., all of which tend to adversely affect the creation of decent work.

Figure 2 shows the trend in Nigeria's economic globalization index as computed by the KOF Swiss Economic Institute. The index ranges between 0 and 100, and higher values on the scale indicates higher extent or level of economic globalization. For Nigeria, on average, the index has been less than 50 since 1991, implying that though the country has liberalized her trade and capital accounts to some extent, she has not been fully integrated in the global economy as there are still some restrictions or controls on cross border trade and capital flows. The question is whether increased integration with the global economy through the channels of trade (exports and imports) and capital flows (particular the flow of foreign direct investment) and the deregulation of interest and exchange rates would engender improvement in creation of decent work in the country.

Figure 2
Trends in Nigeria's Economic Globalisation Index (1991-2022)



Source: KOF Swiss Economic Institute

2.2. Theoretical Literature

Globalisation has its roots in the classical and neoclassical theories of international trade such as Adam Smith's theory of absolute cost advantage, David Ricardo's theory of comparative cost absolute, the Heckscher-Ohlin theory of resource endowment and several others. The core arguments of the theories is that trade and capital flows (which are core elements of international trade) results in expansion of national and global output as countries mobilise resources to produce and export goods for which they have absolute or comparative advantage, or that utilise resources for which they are more naturally endowed, while importing goods for which they have no absolute or comparative advantage, or the production of which they are not resource-endowed. Exports resulting from expansion in national output, and access to foreign goods which are not domestically produced, through importation, are envisaged to engender job creation and improved welfare. The theories are based on some limiting assumptions, many of which are not realistic. Apart from the assumptions of two-country, two-commodity, two-input and other assumptions, the theories assume that all countries participating in trade would benefit. This assumption or argument has been challenged by the anti-globalisation proponents who argued that considering that countries are at different levels of development, globalization which is characterized by liberation of trade, capital flows, interest rate and exchange rates, could be beneficial to advanced (highly developed, industrialised) countries, but tend to hurt the poor countries in the global south. This argument stems from the fact that poor countries have low competitive advantage and economic complexity and are therefore not in any position to compete with the rich countries in the global north. Consequently, globalization tends to further de-industrialise the poor countries as reliance on imports weakens their domestic currencies and increases their volatility, depletes their foreign reserves, adversely affect domestic (infant) industries, reduces domestic output (and export of same) and may increase domestic inflation.

Globalisation is also characterized by intensification of cross-border capital flows. This is hinged on interest rate differentials, exchange rate variability, resources availability and a host of other factors. Less developed countries (LDCs) are capital-deficient, and hence, require foreign capital (in the form of foreign direct investment or foreign portfolio investment) to augment the inadequate domestic capital so as to raise the level of capital stock and domestic investment in their economies (Agosin & Meyer, 2000). To attract foreign capital, LDCs take measures to enhance the attractiveness of their economies to foreign investors. The measures though may have helped to attract some amount of foreign capital, yet they are not without some drawbacks which have had adverse effect on key economic variables including creation of decent work. It has been argued that FDI helps in creating quality or decent jobs in developing or less developed economies from both worker's and countries' perspectives, collectively known as Developmental or Optimistic Perspective (Javorcik, 2015). From the workers' perspective, foreign firms or multinational corporations through which FDI flows into economy, pay higher wages and offer skills and capacity development training than most firms in the domestic economy. From country's perspective, FDI boosts aggregate productivity of host countries. These arguments are in sync with the "Climb to the Top" theory (Messerschmidt & Janz, 2023). The theory posits that governments are likely to follow international pressure of ensuring improved labour standards, by protecting labour rights particularly those that do not incur direct costs to foreign firms, such as collective bargaining rights.

However, the neoliberal economic theory argues, from the perspective of free market, that globalization fosters competition among countries to attract foreign investment and trade. The competition may results in what has become known as the "Race to Bottom" hypothesis, which argues that governments of LDCs, in their bids to attract foreign investments, tend to lower their

labour standards particularly for labour rights that bear immediate cost for foreign firms. This results in creation of more vulnerable employment or less decent jobs in the economies, as most of the employees of foreign firms or multinational corporations (through which foreign capital flows into the economies) attracted by the low labour standards are on contract employment, without formalisation and job security, and are far from decent.

The World System theory and the Structuralist/Dependency theory also provide theoretical linkages between globalization and decent work. The World System theory divides the global economy into core, semi-periphery and periphery nations and argues that globalization encourages flow of capital from developed (core) nations to developing and less developed (semi-periphery and periphery) nations, where labour is cheap, thereby creating more employment, which are however, characterized by vulnerabilities or lack of decency. The Structuralist/Dependency theories argue that globalization results in widening inequality (wage, income, consumption) between developed and less developed countries as foreign firms or multinational corporations, through the global supply chain, exploit cheap labour in less developed countries, thereby undermining decent work by encouraging low wages, poor working conditions and weak labour rights.

2.3. Empirical Literature

The relationship between export promotion and decent work in Indonesia was examined in the study by Osterreich (2013). Empirical evidence from the study indicated that the likelihood of decent work outcomes was negatively affected by export orientation, labour intensity, and female crowding. The study further found that FDI positively affected the likelihood of decent work outcomes.

Ha and Tran (2017) employed the ordinary least squares (OLS) technique and the fixed effect quantile regression to examine the effect of international trade on employment in Vietnam, using an unbalanced panel dataset covering the 2010-2015 period, for Vietnamese firms. The empirical evidence from the OLS regression indicated positive effect of international trade on firm's employment. However, results from the fixed effect quantile regression indicated that international trade negatively affected employment for firms in the low employment percentile, but positively affected employment for firms in the high the employment percentile. This suggests that firms which employ more labour tend to increase their demand for labour with greater participation in international trade.

Musti (2018) investigated the impact of globalization on employment in Nigeria during the 1970-2013 period. The study employed the autoregressive distributed lag (ARDL) technique to investigate the employment effects of economic, political and social globalisation on employment in the country. The study found that economic and social globalization positively, but marginally affected employment in the country, while political employment had no significant on employment. However, the long run effects of economic, political and social aspects of globalisation on employment were found to be significantly positive. Thus, globalization had been beneficial to employment creation in the country.

Mushtaq et al. (2022) examined the moderating role of human capital in the globalization-employment nexus using panel data from 1996 to 2019 for 26 Asian countries. They employed the (static) generalized least squares and the (dynamic) generalized method of moments for the data analysis. The empirical evidence indicated that globalization directly and indirectly, positively

affected employment through the human capital channel. Further evidence from the study are that industrial value-added and economic growth contributed positively to employment generation, while population dampened it.

Aderemi *et al.* (2022) examined the short run and the long run relationships between FDI and employment in selected countries of ECOWAS during the period from 1990 to 2019 using a panel ARDL model. The study found negative, but non-significant short run effect of FDI on employment. However, the long run effect of FDI on employment was found to be positive and statically significant, suggesting that FDI inflows in the region contributed to employment generation in the sampled countries. Studies by Javorcik (2014), Dao *et al.* (2023) found that FDI contributed positively to promotion or creation of decent jobs.

Wagner and Raess (2022) investigated the effect of Brazil's outward investment in developed countries of Europe, on labour standards (decent working conditions) in the home labour market. The study employed a mix of panel data and text analyses. The evidence indicated that integration with highly developed countries by way of outward investment therein could be a strong tool for improving labour standards in developing countries.

Figueiredo and Lima (2022) examined the effect of greater trade integration or trade liberalisation on child labour in Brazil using data from the country's demographic census for year 2000 and year 2010. The study found that increases in exports were associated with less child labour, while increases in imports were associated with more child labour. The study also found that locations within the country which were exposed to imports from China were more adversely affected as they experienced more poverty and child labour than locations which were less exposed to imports from China. The study by Blanco *et al* (2021) covering the 1991-2006 period also found that in Australia, growth in manufacturing imports from China engendered reduction in manufacturing sector employment by 5.3%-7.5% of the country's workforce in 1991. The largest impacts of manufactured imports from China on manufacturing employment in Australia were found for the manufacturing industries which were more exposed the Chinese manufactured imports during the period from 2001 to 2006 when manufacturing imports growth was strongest.

The ILO (2023) employed both qualitative and quantitative tools to investigate the role of exports in the promotion of formal and decent jobs in Jordan. The study found that exporting firms or enterprises (which are all formal enterprises as formalization or registration is an important requirement for firms to engage in international trade), were more likely to provide formal and decent working conditions for workers than non-exporting firms. The study also found that workers in exporting firms or enterprises were paid higher wages than those in non-exporting enterprises which served only domestic markets. The wage differential could be attributed to higher earnings resulting from expansion of markets for the products of exporting firms to foreign markets.

The employment outcomes effects of globalization in the Southern African Customs Union (SACU) were investigated in the study by de Jongh (2024) using the cross-sectional augmented panel ARDL modeling and the dynamic common correlated effect (DCCE) estimation. The study found that the economic and social dimensions of globalization positively affected the employment generation capacity of the Custom Union. The study further provided evidence that indicated that trade facilitation, foreign financial flows, technological knowledge spillovers, and tourism were instrumental to the Customs Union's labor market processes.

Nasser *et al.* (2025) investigated the impact of globalization on employment in India and Nigeria during the 1990-2023 period. The methodology adopted was the fixed effect modeling approach to analysis of panel data. The evidence indicated that though economic globalization boosted

economic integration, it adversely affected job security and worsened wage inequality, disparities or differentials. Further evidence were that technological advancement promoted employment quality, while FDI adversely affected it.

Jayadevan *et al.* (2025) examined the effect of interaction between gross national income (GNI) per capita and economic globalization on unemployment in 158 countries during the 1991-2019. The study found, *inter alia*, that the interaction, especially through trade and FDI tended to reduce unemployment in the countries. The implication of the finding is that the employment promoting effect of globalization in a country, through the elements of trade and capital flows, is enhanced by economic growth.

2.4. Contribution to Knowledge

A gap in the extant literature is the absence of country-specific studies which examined the effect of economic globalization on decent employment, particularly developing countries in sub-Saharan Africa. The current study contributes to the literature by examining the effect of economic globalization on decent work in a country which totally lacks access to decent work, such as Nigeria. Other specific contributions of the study to knowledge are the focus on the effects of non-oil exports, imports, FDI, exchange rate, lending interest rate, and financial depth on decent work in Nigeria.

3. Methodology

3.1. Theoretical Framework and Model Specification

The neoliberal, world system, and dependency theories which establish and explain theoretical linkages between globalization and decent work, provide the theoretical framework for this study. Thus, it is hypothesized in this study that decent work (DEW) in Nigeria is affected by economic globalization (ECGL). This is represented functionally as:

$$\text{DEW} = f(\text{ECGL}) \quad [1]$$

Economic globalization is disaggregated into its elements such as trade (taking non-oil exports (NOX), and total imports (IMP) into consideration) and foreign direct investment (FDI), while controlling for the effect of other variables which potentially affect decent work such as interest rate, exchange rate, and financial depth (CPS_GDP)). Equation 1 is therefore re-expressed as:

$$\text{DEW} = f(\text{NOX}, \text{IMP}, \text{FDI}, \text{INTR}, \text{EXRT}, \text{CPS_GDP}) \quad [2]$$

The stochastic form of the model is specified as:

$$\text{DEW}_t = \beta_0 + \beta_1 \text{NOX}_t + \beta_2 \text{IMP}_t + \beta_3 \text{FDI}_t + \beta_4 \text{INTR}_t + \beta_5 \text{LEXRT}_t + \beta_6 \text{CPS_GDP}_t + \varepsilon_{1t} \quad [3]$$

The variables are as previously defined, the β 's are static (long-run) parameters to be estimated, ε is the residual term, L stands for natural logarithm. NOX, IMP, FDI and CPS_GDP are respectively measured as non-oil exports, imports, FDI and financial sector credit to the private sector as percentages of the GDP, while DEW is measured as 100% minus the share (or percentage) of vulnerable employment in total employment, considering that decent work is the opposite of vulnerable employment (Aigheyisi, 2024, 2025).

The *a priori* expectations are $\beta_1 > 0$, $\beta_2 < 0$, $\beta_3 < / > 0$, $\beta_4 < 0$, $\beta_5 > 0$, $\beta_6 > 0$.

3.2. Justification of the *A priori* Expectations and the Included Explanatory Variables

It is hypothesized in this study that increase in non-oil export promotes creation of decent jobs. This may be attributed partly to the probable increase in earnings of exporting firms, resulting from expansion in markets for their products. Increase in imports (especially consumer or final goods imports) is hypothesized to adversely affect creation of decent work as a result of the precarious exposure of local firms or infant industries to international competition, wherein they are not strong players. There is no theoretical consensus on the effect of FDI on globalization. While the neoliberal economic theory and the developmental perspectives are optimistic of a positive effect especially in the formal sector of the economy, the dependency/structuralist and world system theories are pessimistic. The effect is therefore indeterminate and dependent on country-specific

conditions. High interest rate implies increase in cost of capital, and therefore discourages investment, which will likely affect creation of decent work adversely.

Theoretically, increase in exchange rate (or currency depreciation) boosts export earnings (as a country's export products becomes cheaper in foreign markets) and curbs imports (as imported products become more expensive in domestic markets). The increase in export earnings and decrease in imports favourably affect export firms and promotes creation of decent work. These effects are, however, dependent on the elasticity of demand for the nation's export in foreign markets and the elasticity of demand for imports in the domestic market.

Given the crucial role of credit in business growth and sustainability, it is expected that the depth of the financial system — measured by the ratio of private sector credit to GDP — will positively influence the creation of decent work.

3.3. Estimation Procedure

The stationarity of the variables was assessed using the Kwiatkowski-Phillips-Schmidt-Shin (KPSS) test, which specifically examines whether a time series is stationary. To analyze both short- and long-term relationships, the Autoregressive Distributed Lag (ARDL) model was employed. This method was selected due to its versatility—it can be used with datasets containing variables that are integrated at different levels, $I(0)$ or $I(1)$, provided none are integrated at order two [$I(2)$]. Additionally, it is well-suited for small sample sizes and provides reliable and efficient long-run estimates even when regressors exhibit endogeneity, a common feature of cointegrated variables (Harris & Sollis, 2003).

This method entails using ordinary least squares (OLS) to estimate an unrestricted error correction model (UECM) form of the ARDL model, expressed as follows:

$$\begin{aligned} \Delta DEW_t = & \beta_0 + \sum_{j=1}^P (\delta_{1j} \Delta DEW_{t-j}) + \sum_{j=0}^P (\delta_{2j} \Delta NOX_{t-j}) + \sum_{j=0}^P (\delta_{3j} \Delta IMP_{t-j}) + \sum_{j=0}^P (\delta_{4j} \Delta FDI_{t-j}) + \\ & \sum_{j=0}^P (\delta_{5j} \Delta INTR_{t-j}) + \sum_{j=0}^P (\delta_{6j} \Delta LEXRT_{t-j}) + \sum_{j=0}^P (\delta_{7j} \Delta CPS_GDP_{t-j}) + \psi_1 NOX_{t-1} + \psi_2 IMP_{t-1} + \\ & \psi_3 FDI_{t-1} + \psi_4 INTR_{t-1} + \psi_5 LEXRT_{t-1} + \psi_6 CPS_GDP_{t-1} + \varepsilon_{2t} \quad [4] \end{aligned}$$

Pesaran et al. (2001) provided two sets of asymptotic critical values for the F-statistic across various significance levels (from 1% to 10%). The first set, known as the lower bound, assumes all variables are level stationary [$I(0)$], while the second set, the upper bound, assumes they are stationary after first differencing [$I(1)$]. The decision rule is as follows: if the computed F-statistic exceeds the upper bound critical value at the chosen significance level (typically 1% to 5%), the null hypothesis of no long-run relationship is rejected, indicating that a long-run relationship exists and can be estimated. If the F-statistic is below the lower bound, the null hypothesis is not rejected, suggesting no long-run relationship, and only short-run dynamics can be analyzed using the basic ARDL model. However, if the F-statistic falls between the two bounds, the result is deemed inconclusive.

If existence of long run relationship among the variables is indicated by the bounds test, the short run (error correction) model for the effect of elements of economic globalization (non-oil export,

imports, FDI, etc.) and the other (control) variables is derived from the unrestricted error correction version of the ARDL model as:

$$\Delta DEW_t = \gamma_0 + \sum_{j=1}^p (\gamma_{1j} \Delta DEW_{t-j}) + \sum_{j=0}^p (\gamma_{2j} \Delta NOX_{t-j}) + \sum_{j=0}^p (\gamma_{3j} \Delta IMP_{t-j}) + \sum_{j=0}^p (\gamma_{4j} \Delta FDI_{t-j}) + \sum_{j=0}^p (\gamma_{5j} \Delta INTR_{t-j}) + \sum_{j=0}^p (\gamma_{6j} \Delta LEXRT_{t-j}) + \sum_{j=0}^p (\gamma_{7j} \Delta CPS_GDP_{t-j}) + \alpha ECT_{t-1} + \varepsilon_{3t} \quad [5]$$

The γ coefficients represent the estimated short-run impacts of the independent variables on the dependent variable. The ECT, or error correction term, captures the rate at which the system returns to equilibrium following a short-run disturbance from the long-run relationship. For the ECT to fulfill its role, its coefficient (α) should be negative and statistically significant. A negative and significant α also supports the existence of cointegration among the variables. The symbol ε denotes the error terms.

3.4. Data and their Sources

The study utilizes annual time series data spanning the period from 1991-2023. The data were obtained from different authoritative sources. Data on vulnerable employment (from which decent employment was derived), FDI, EXRT were sourced from the World Bank's World Development Indicators. Data on the other variables namely NOX, IMP, INTR, and CPS_GDP were obtained from the Central Bank of Nigeria's Statistical Bulletin (2023). The scope of the data is dictated by data availability as the data on vulnerable employment from which data on decent work or employment was derived is available for 1991-2023 period.

4. Empirical Findings

The results of analysis of the data are presented and discussed in this section. Apart from the presentation of the descriptive statistics, the time series properties of the variables are tested using the KPSS test for stationarity. This is done *inter alia*, to determine the suitability of the choice of analytical methodology adopted. Existence (or non-existence) of long run relationships among the variables are thereafter tested using the bounds test. The results of the model estimations are presented and their implications discussed.

Before presenting the empirical results, this study examines the trajectories of the key variables – specifically **FDI, IMP, NOX, CPS-GDP, INTR, and EXRT** – through graphical observation (see **Appendix – Figure A1 to Figure A6**). A detailed discussion regarding the trends in **Decent Work (DEW)** is provided in Section 2 of this paper.

(a) External Sector Performance

The analysis reveals that **Foreign Direct Investment (FDI)** contributed marginally to the national GDP during the period under review. Specifically, FDI as a percentage of GDP consistently remained below **3%** (Figure A1), suggesting a limited capacity to attract significant foreign direct investment.

Similarly, the contribution of **non-oil exports** to the GDP was notably deficient, accounting for less than **2.5%** (Figure A2), while the share of **imports** in the GDP (Figure A3) remained substantial.

(b) Financial Depth and Monetary Trends

Financial depth, proxied by the **Credit to Private Sector as a percentage of GDP (CPS-GDP)**, exhibited an upward trend beginning in 2005 (Figure A4). This shift is attributable to the banking sector reforms of the era, which facilitated the emergence of highly capitalized financial institutions with enhanced lending capacities. This marks a significant departure from the pre-recapitalization period, during which the financial sector lacked the depth necessary to adequately fund productive economic activities.

With respect to monetary conditions, lending interest rates (Figure A5) remained consistently high throughout most of the review period, primarily reflecting the adoption of contractionary monetary policy measures by the monetary authority. The national currency underwent significant depreciation, evidenced by the persistent rise in the nominal exchange rate of the Naira against the US Dollar (Figure A6).

4.1. Descriptive Statistics

The descriptive statistics of the variables employed for the study are presented in Table 1. The percentage of decent work in total employment averaged 29.65%, and ranged between 26.53% and 33.92% with a median value of 29.20%. This shows the predominance of low quality, vulnerable jobs (or the paucity of decent jobs) in the country. Though the coefficient of skewness and Kurtosis respectively indicate that the distribution of the DEW series is weakly, positively skewed and platykurtic, yet the p-value of the Jarque-Bera statistic being greater than 0.05 indicates that the distribution of the series tended to normality.

The contribution of non-oil export to GDP has been regrettably low, ranging between 0.31% and 2.22%, averaging 0.90% in the period under consideration. This sheds some light on the country's low non-oil exports earnings, highlights the dominance of crude oil in the nation's export baskets, and also reveals the near lack of competitiveness and inelastic demand for the nation's non-oil export products in foreign markets. The skewness of the distribution of the series is near zero (weakly positively skewed) as indicated by the coefficient of skewness which is less than one, and tend to a normal distribution as indicated by the Kurtosis (which approximates 3) and the p-value of the Jarque-Bera statistic which is greater than 0.05. Imports as a percentage of the GDP averaged 13.82, and ranged between 9.30% and 24.60%. The imports series is positively skewed, leptokurtic and not normally distributed as indicated by the coefficient of skewness, Kurtosis and the p-value of the Jarque-Bera statistic respectively. Net FDI inflow as a percentage of the GDP of the country has been quite low, ranging between 0.04% and 2.90%, with a mean (average) and a median value of 1.30 and 1.38 respectively. The series tended to be normally distributed as indicated the p-value of the Jarque-Bera which is greater than 0.05.

Lending interest rate in the country was quite high during the period, as it averaged 24.62% and ranged between 18.36% and 36.09%, with a median value of 23.32%. These were due partly to monetary tightening stance of the monetary authority. The coefficient of skewness, kurtosis and the p-value (> 0.05) of the Jarque-Bera statistic all point to a normally distributed series. During the period under consideration, the nation's currency underwent rapid depreciation as a result of numerous reasons including high import levels, low export levels, weak industrial base, low level of output, high rate of currency substitution, etc. The official ₦/US\$ exchange rate of the averaged 165.86 during the period, and ranged between 9.91 and 645.19. The series does not follow a normal distribution. Credit to the private sector as a percentage of the GDP averaged 13.27%, and ranged between 5.81% and 22.75%, with a median value of 10.58%. This reveals the dearth of credit in the country and shows the lack of depth of the nation's financial system. The series tends to be normally distributed as indicated by the p-value of the Jarque-Bera statistic which is greater than 0.05).

Table 1
Descriptive Statistics of Variables

Statistics	DEW	NOX	IMP	FDI	INTR	EXRT	CPS_GDP
Mean	29.65	0.90	13.82	1.30	24.62	165.86	13.27
Median	29.20	0.75	13.60	1.38	23.32	131.27	10.58
Maximum	33.92	2.22	24.60	2.90	36.09	645.19	22.75
Minimum	26.53	0.31	9.30	-0.04	18.36	9.91	5.81
Skewness	0.26	0.80	1.22	0.14	0.55	1.42	0.13
Kurtosis	1.50	3.23	5.65	1.83	2.58	5.18	1.29
Jarque-Bera	3.44	3.61	17.86	1.98	1.91	17.67	4.14
Probability	0.18	0.16	0.00	0.37	0.38	0.00	0.13
Observations	33	33	33	33	33	33	33

Source: Author's Estimation using EViews 9.

4.2. Correlation Analysis

The correlation between variables and their p-values (indicating the statistical significance) are presented in Table 2. It can be observed that DEW correlates positively and significantly with NOX, INTR, LEXRT, and CPS-GDP, but negatively and significantly with IMP and FDI. However, correlation analysis does not indicate the impact of the explanatory variables on the dependent variable. For this, we resorted to regression analysis.

Table 2

Pairwise Correlation Coefficients and their Probabilities

Sample: 1991-2023							
Included observations: 33							
Correlation	DEW	NOX	IMP	FDI	INTR	LEXRT	CPS_GDP
Probability							
DEW	1.00						

NOX	0.76	1.00					
	0.00	---					
IMP	-0.40	0.02	1.00				
	0.02	0.93	---				
FDI	-0.39	-0.32	-0.21	1.00			
	0.02	0.07	0.24	---			
INTR	0.38	0.25	-0.15	-0.27	1.00		
	0.03	0.16	0.40	0.13	---		
LEXRT	0.86	0.57	-0.44	-0.13	0.25	1.00	
	0.00	0.00	0.01	0.46	0.17	---	
CPS_GDP	0.89	0.72	-0.37	-0.18	0.33	0.75	1.00
	0.00	0.00	0.03	0.32	0.06	0.00	---

Source: Author's Estimations using EViews 9

4.3. Stationarity Test

The results of stationarity test (using the 5% significance level) for the variables used for the estimations are summarized and presented in Table 3. The results show that during the period covered by the study, DEW (the dependent variable) and NOX series were stationary at first difference (that is they were integrated of order 1), while the other series (IMP, FDI, INTR, LEXRT, CPS_GDP) were stationary at level (that is they were integrated of order 0). Thus, the variables are integrated of mixed order. Consequently, the ARDL bound test was employed to test for existence of long run relationships among them.

Table 3

Stationarity Tests

KPSS Stationarity Test							
Variables	Levels			1 st Difference			I(d)
	test Stat	Critical Value (5%)	Inference	test Stat	Critical Value (5%)	Inference	
DEW	0.635	0.463	NS	0.324	0.463	S	1
NOX	0.619	0.463	NS	0.419	0.463	S	1
IMP	0.366	0.463	S	-	-	-	0
FDI	0.237	0.463	S	-	-	-	0
INTR	0.263	0.463	S	-	-	-	0
LEXRT	0.132	0.146	S	-	-	-	0
CPS_GDP	0.090	0.146	S	-	-	-	0

I(d) stands for order of integration

Source: Author's computations using EViews 9.

4.4. Bounds Test

The results of the bounds test for long run relationship are presented in Table 4. The results show that the estimated F-statistic (10.92) is greater than the upper bounds critical value even at the 1% level of statistical significance. Thus the null hypothesis that no long run relationships exist is rejected at the 1% significance level. It is therefore inferred that the variables are cointegrated, that is they will converge in the long run.

The unrestricted ECM model which constitutes the base of the Bounds test has a high goodness of fit indicated by the R^2 value of 0.9187 which implies that 91.87% of the systematic variation in the dependent variable is explained the model. The fitness of the model is further confirmed by the adjusted R^2 of 0.8257 which implies that the model retains its goodness of fit after adjustment for loss of degree of freedom resulting from the addition of explanatory variables to the constant-only model. The F-statistic of 9.8823 which easily passes the test of statistical significance at the 1% level indicates that the explanatory variables are jointly significant in explaining the dependent variable. The Durbin-Watson (DW)-statistic of 2.0369 points to absence of problem of autocorrelation in the model.

Table 4

ARDL Bounds Test

Included observations: 31		
Null Hypothesis: No long-run relationships exist		
Test Statistic	Value	k
F-statistic	10.92	6
Critical Value Bounds		
	Upper	Lower
Significance	Bound	Bound
10%	2.12	3.23
5%	2.45	3.61
2.5%	2.75	3.99
1%	3.15	4.43

 $R^2 = 0.9187$; Adj. $R^2 = 0.8257$; F-stat. = 9.8823, $p(\text{F-stat}) = 0.0000$; DW-stat. = 2.0369

k represents number of explanatory variables

Source: Author's Estimation using EViews 9

4.5. Model Estimation Results

Considering that the variables are cointegrated, the short run dynamic relationship can be represented with an error correction model. The estimated error correction model is presented in Table 5 while the long run representation is presented in Table 6.

The estimated error correction model shows that the contemporaneous short run effect of non-oil export is positive and significant at the 1% level. A 1% rise in non-oil exports (as a percentage of GDP) is associated with 0.40% rise in decent work creation. The one-year lagged effect is negative, but weakly significant at neither passes the test of statistical significance at the 1% or 5% level, but manages to pass it at the 10% level. However, given that the contemporaneous effect is stronger, the combined (contemporaneous and lagged) short run effects is positive and significant. The short run effect of imports on decent work is negative and significant at the 1% level. A 1% rise in imports as a percentage of GDP is associated with 0.04% decrease in the share of decent employment in total employment in the short run. This underscores the (decent) job-destroying effect of some categories of imports, particularly final consumption goods.

The short run effect of FDI on decent work is negative but statistically not significant at any of the conventional levels. Similarly, (maximum) lending interest rate of the deposit money banks does not significantly affect decent work contemporaneously or with a one-year lag. Whereas the contemporaneous short run effect of exchange rate is positive but (weakly) significant (at the 10% level), the lagged effect is negative and significant at the 1% level. The strong of the negative lagged effect of exchange rate (gauged by the absolute value of the coefficient and its statistical significance) is stronger than that of the positive contemporaneous effect. Thus the combined effect of depreciation of the naira (increase in the exchange rate) on decent work can be said to be negative and significant. It can therefore be inferred that the short run effect of currency depreciation on decent employment share in total employment in the country, is negative. The short run contemporaneous effect of financial deepening (measured by credit to the private sector as a percentage of the GDP) is positive, but not significant, while the lagged effect is negative and strongly significant at the 1% level. The adverse short run effect of financial deepening on decent work may be attributed to potential inflation-inducement or the lopsided distribution of deposit money bank's credit which tend to be concentrated in a few businesses or sectors of the economy thereby engendering decrease in the share of decent employment (relative to that of voluntary employment) in total employment in the country.

The error correction coefficient has the expected negative sign, and it is statistically significant at the 1% level. This further confirms that the variables are cointegrated. The absolute value of the coefficient indicates that approximately 18.87% of short-run deviations from long run equilibrium is corrected annually to maintain equilibrium (long run) relationship. Thus the speed of adjustment to equilibrium is quite low.

Table 5*Short-run (Error Correction) Model*

Dependent Variable: DEW				
Selected Model: ARDL(1, 2, 1, 0, 2, 2, 2)				
Variable	Coefficient	t-Statistic	Prob.	
D(NOX)	0.402	5.586	0.000	
D(NOX(-1))	-0.104	-1.898	0.079	
D(IMP)	-0.042	-3.990	0.001	
D(FDI)	-0.062	-1.691	0.113	
D(INTR)	-0.004	-0.748	0.467	
D(INTR(-1))	0.010	1.742	0.103	
D(LEXRT)	0.153	2.029	0.062	
D(LEXRT(-1))	-0.187	-2.319	0.036	
D(CPS_GDP)	0.009	0.915	0.376	
D(CPS_GDP(-1))	-0.046	-4.842	0.000	
CointEq(-1)	-0.187	-4.340	0.001	

Source: Author's Estimation using EViews 9.

The foregoing is a discussion and analysis of the short run, dynamic relationships between the explanatory variables and the dependent variable in an error-correction framework. However, in this study, the focus is mainly on the long run effects which are more relevant for policy purposes. The estimated long run coefficients are presented in Table 6. The results show that non-oil export positively affects decent work creation in the long run, and the effect is significant at the 1% level. A 1% permanent change in the value of non-oil export (as a percentage of GDP) is associated with 1.18% rise in the share of decent employment in total employment in the country. Thus, non-oil exports play a crucial role in creation of decent work in Nigeria. This corroborates evidence from previous studies such as Osterreich (2013), Figueiredo and Lima (2022) and ILO (2023). Imports adversely affects creation of decent work in the country and the effect is significant at the 1% level. A 1% permanent rise in imports (as a percentage of GDP) is associated with a 0.35% decrease in the share of decent employment in total employment in the country. This may be attributed to the adverse effect of imports (particularly importation of final goods) on the production and profitability of local (infant) industries in the country, many of which are not globally competitive. This corroborates evidence from Blanco *et al* (2021).

FDI inflows also adversely affect creation of decent employment in the country in the long run. The effect is significant at the 1% level. A 1% permanent rise in net FDI inflows (as a percentage of the GDP) is associated with 0.33% decrease in the share of decent employment in total employment. This suggests that though FDI may have contributed to boosting productivity of local firms as a result of advanced technology spillover effect, the introduction of technology may have been labour-substituting in some local firms. The result also empirically validates the race to bottom hypothesis, as the government lowers labour standards to attract foreign firms (through which FDI is channeled into the economy). Several of the firms engage more contract workers whose engagements are characterized by no job formalization, no job security, low wages etc., instead of permanent workers, thereby reducing the share of decent employment in total employment (Udoka, 2015; Eluka, *et al*, 2016, Nasser *et al.*, 2025).

High interest rate negatively affects creation of decent employment. The effect is significant at the 10% level. A unit rise in interest rate is associated with 0.09% decrease in the share of decent employment in total employment in the country. This implies that higher interest rates resulting from

the monetary authority's tight monetary policy of raising the monetary policy rate had been inimical to creation of decent work in the country. It suggests that lower interest rate (resulting in low cost of capital) which favour domestic investment and production, and enhances firm's profitability, is crucial for creation of decent employment.

The long run effect of currency depreciation on decent work is positive and significant. A 1% rise in the exchange rate is associated with 0.87% rise in the share of decent work in total employment. The effect may be attributed to infant-industry protection against imports, and the theoretical expectation that in the long run, currency depreciation curbs imports (depending on the elasticity of demand for import as imports become more expensive in the domestic market thereby encouraging demand for, and expanding local production), and boosts exports (as a nation's exports products become cheaper in foreign markets depending also on the elasticity of demand for the nation's exports items in foreign markets, thereby enhancing export revenue). The resultant boost in exports and decrease in imports enhance output, and engenders creation of more decent work. The depth of the financial system is a significant contributor to creation of decent employment in the country in the long run. This is indicated by the positive and highly significant coefficient of the financial depth variable. Increase in credit to the private sector will enhance the capacity of private firms to create more decent jobs. The results show that a 1% rise in credit to the private sector (as a percentage of the GDP) is associated with 0.25% rise in the share of decent employment in total employment in the country. The results empirically supports the ILO's financing decent work (FDW) programme designed in Year 2020, and corroborates evidence from the study by Coulibaly and Yogo (2020) which found that improvement in financial outreach through banks' branch and private credit expansion enhanced creation of decent work especially in developing countries hit by macroeconomic instability.

Table 6
Long Run Coefficients

Dependent Variable: DEW				
Variable	Coefficient	t-Statistic	Prob.	
NOX	1.188	1.941	0.073	
IMP	-0.349	-4.846	0.000	
FDI	-0.333	-2.270	0.040	
INTR	-0.090	-1.954	0.071	
LEXRT	0.865	4.501	0.001	
CPS_GDP	0.248	5.242	0.001	
C	29.983	14.115	0.000	

Source: Author's Estimation using EViews 9.

4.6. Diagnostic Tests

Several diagnostic tests were performed to determine the reliability of the underlying unrestricted error-correction model from which the long run and the short run models were derived. The tests include the Jarque-Bera (J-B) test for residual normality, the Breusch-Godfrey (B-G) test for serial correlation, the Breusch-Pagan-Godfrey (B-P-G) test for heteroskedasticity, and the Ramsey's Regression Equation Specification Error Test (RESET). The level of statistical significance adopted for the various test statistic was the 5% significance level. The results of the test are summarized in Table 7.

The p-values of the test statistics for all the tests are greater than 0.05 as indicated. This implies that the residuals of the model are normally distributed; there is no problem of serial correlation; there is no problem of heteroskedasticity; and the specification of the regression equation is appropriate.

Table 7
Summary of Diagnostic Test's Results

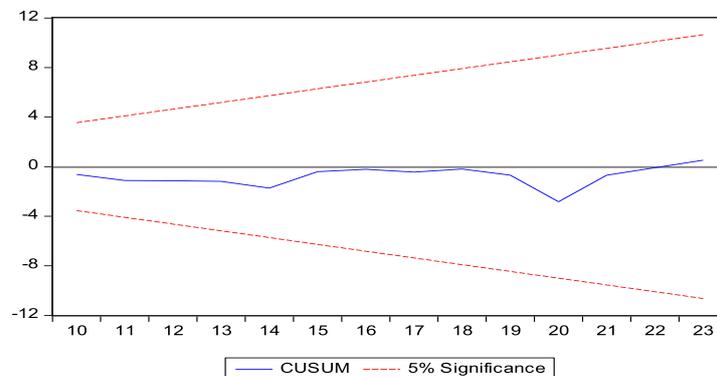
Tests	Test Stat	p-value	Inference
Residual Normality (J-B test)	0.3882	0.8236 > 0.05	Residuals are normally distributed
Serial correlation (B-G LM)	1.9960	0.1785 > 0.05	No serial correlation
Heteroskedasticity (B-P-G)	1.7972	0.1384 > 0.05	Residuals are homoscedastic
Ramsey's RESET	0.1314	0.7228 > 0.05	Model is appropriately specified

Source: Author's Estimations using EViews 9

4.7. Model Stability Test

The stability of a model enhances its usefulness for policy pursuit. The long run stability of the model was tested using the plot of cumulative sum of recursive residuals (CUSUM) which is an approach developed by the Brown *et al* (1975) for testing the constancy of regression parameters over time. The result of the model stability test is presented in Figure 3. The CUSUM plot lies between the 5% significance bands. This implies that the model is structurally stable and can be relied upon for policy formulation.

Figure 3
CUSUM



4.8. Robustness Check

The Stock-Watson's dynamic ordinary least squares (DOLS) estimator was employed to check the robustness of the long run estimates. The results of the DOLS estimate are presented in Table 8. As found in the ARDL-based long run estimates, the DOLS results also show that non-oil exports, currency depreciation and financial deepening positively and significantly affected the share of decent employment in total employment. Imports, FDI and higher interest adversely affected decent employment. Thus, our findings are quite robust to alternative estimation techniques.

Table 8*DOLS Estimation Model*

Dependent Variable: DECEM				
Method: Dynamic Least Squares (DOLS)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
NOX	2.415915	0.408234	5.917965	0.0020
IMP	-0.351894	0.047173	-7.459571	0.0007
FDI	-0.887464	0.089761	-9.886949	0.0002
INTR	-0.012446	0.023328	-0.533533	0.6165
LOG(EXRT)	0.404088	0.126623	3.191269	0.0242
CPS_GDP	0.159739	0.037191	4.295068	0.0078
C	29.97520	1.077255	27.82554	0.0000
R-squared	0.998754	Long-run variance		0.028308
Adjusted R-squared	0.992773	Durbin-Watson		2.241681
F-statistic	166.9777	Prob (F-statistic)		0.000009

Source: Author's Estimations using EViews 9

5. Summary, Recommendations and Conclusion

5.1. Summary and Recommendations

The study examined the effect of economic globalization on decent work in Nigeria using data spanning the period from 1991 to 2023. In doing this, the effects of various elements of economic globalization such as international trade (disaggregated into non-oil exports and total imports), FDI, interest rate and exchange rate on the creation of decent employment were examined. The effect of financial depth measured by financial sector credit to the private sector as a percentage of the GDP was also examined. Various econometric techniques including the ARDL approach to cointegration and error correction analysis and the dynamic OLS technique (DOLS) were employed for the data analysis. The study found long run effects of key elements of globalization on decent work. Specifically, non-oil export was found to affect decent work positively, while imports, interest rate and FDI were found to adversely affect creation of decent work. The effects of exchange rate and financial depth on decent work were found to be positive and significant in the long run. These suggest that currency depreciation, engendering decrease in imports, increase in exports, and infant industry protection, could contribute significantly to creation of decent work in the country. The findings also suggest that increase in the lending capacity of the nation's financial system would also enhance the capacity of the private sector firms to engage labour more decently.

Based on the empirical evidence, the following are recommended for policy considerations:

1. The country should channel more efforts into development of her non-oil sectors such as manufacturing, agriculture, and services, to boost production. There is also need to strengthen existing non-oil export processing zones as well as create new ones to enhance her non-oil export earnings. This is envisaged to engender the creation of more decent work therein.
2. The country should take measures to control her imports and reduce her dependence on imports particularly imports of final consumer goods, using appropriate import substitution strategies. These would, to a large extent, encourage local production and consumption, and enhance the capacity of firms in the country to engage labour more decently and gainfully.
3. The observed negative effect of FDI on creation of decent work calls for enhanced labour protection rights. It also calls for measures by the government and the organized private sector to enhance the skillset of local workers to avoid replacement of labour by technology which is one of the spillover effects of FDI inflows.
4. The monetary authority should adjust the monetary policy rate downwards to influence the lending interest rate of the deposit money banks. Low interest rate (low cost of capital) will ease access to investible funds and encourage domestic production by firms relying on loans from the financial institutions. This is envisaged to boost production, and all things being equal, contribute to the creation of more decent work in the economy.
5. There is the need for the government through the monetary authority to implement policies that are germane to enhancing the capacity of financial institutions to extend more credits to the private sector. Financial reforms, engendering deepening of the financial system, would potentially contribute to the creation of decent employment in the country.
6. There is also the need to maintain a stable exchange rate favourable to the country's trade. To this end, unjustifiable revaluation or appreciation of the domestic currency should be avoided.

5.2. Conclusion

Decent work in Nigeria is affected by various elements of globalization. It is promoted by non-oil exports, currency depreciation and financial development, but adversely affected by imports and net inflow of FDI and higher interest rates. In view of this, to actualise the expected beneficial effects of globalization on creation of decent work in Nigeria, efforts must be made by Nigeria's government to promote non-oil exports. This can be achieved by implementing measures to improve the productiveness and competitiveness of the nation's non-oil sectors such as agriculture, manufacturing and services sectors. At the same time, import substitution strategies, in as much as they are not detrimental to trade ties with other countries, or engendering retaliation from trading countries, and promotion of campaigns to encourage patronage of locally produced goods should be adopted to reduce imports. This may be achieved by boosting local or domestic production capacity (especially production of non-oil goods and services as hinted earlier, and achieving and maintaining optimal exchange rates for the domestic currency). Strong commitment by the government to labour protection rights, and skill acquisition and enhancement trainings by foreign firms through which FDI flows into a country are required to achieve the expected positive effect of FDI on decent work. The monetary authority may also consider implementing policies to reduce the cost of capital (interest rate), thereby deepening the financial system and ultimately enhancing access by firms to capital for production and employment.

5.3. Suggestions for Further Studies

Considering the relevance of decent work to sustainable development, the need to identify factors affecting it cannot be overemphasized. This study has attempted to identify some of the factors (particularly the globalization elements), and the findings are by no means, exhaustive. Apart from non-oil exports, imports, FDI, interest rate, exchange rate and financial development, decent work may also be affected by other variables such as inflation, government fiscal activities (taxation, expenditure, and debt), institutional quality, security, etc. There is need to empirically investigate and identify these other variables or factors, using appropriate methodologies.

Whereas the current study focused mainly on, and is limited largely to economic globalization and its effect on decent work, future studies may explore the decent work effects of other aspects of globalization such as social and political globalization. The limitations of this study therefore present a motivation for further studies.

References

- Aderemi, T. I., Omitogun, O. & Osisanwo, B. G. (2022). Effect of FDI Inflows on Employment Generation in Selected ECOWAS Countries: Heterogeneous Panel Analysis. *CBN Journal of Applied Statistics*, 13(1), 241-263.
- Agosin, M. R. and Mayer, R. (2000). *Foreign Investment in Developing Countries: Does it Crowd in Domestic Investment?* UNCTAD Discussion Paper, No. 146, February.
- Aigheyisi, O. S (2024). Macroeconomic Determinants of Vulnerable Employment in Nigeria. *DBN Journal of Economics and Sustainable Growth*, 6(1), 1-25.
- Blanco, A., Borland, J., Coelli, M., & Maccarrone, J. (2021). The Impact of Growth in Manufactured Imports from China on Employment in Australia. *Economic Record*, 97(317), 243-266.
- Brown, R. L., Durbin, J. & Evans, J. M. (1975). Techniques for Testing the Constancy of Regression Relationships over Time. *Journal of the Royal Statistical Society. Series B (Methodological)*, 37(2), 149-192.
- Coulibaly, A. & Yogo, U. T. (2020). The Path to Shared Prosperity: Leveraging Financial Services Outreach to Create Decent Jobs in Developing Countries. *Economic Modelling*, 87, 131-147.
- Dao, B. T., Khuc, V. Q., Dong, M. C., & Cao, T. L. (2023). How Does Foreign Direct Investment Drive Employment Growth in Vietnam's Formal Economy? *Economies*, 11(11), 266; <https://doi.org/10.3390/economies11110266>
- De Jongh, J (2024). Globalization and Employment Outcomes in the Southern African Customs Union: A De Jure and De Facto Analysis. *Global Journal of Emerging Market Economies*, 17(1), <https://doi.org/10.1177/09749101241259128>
- Eluka, J., Uzoamaka, Ndubuisi-Okolo, P. U. & Anekwe, R. I. (2016). Multinational Corporations and their Effects on Nigerian Economy. *European Journal of Business and Management*, 8(9), 59-67.
- Figueiredo, E. & Lima, L. R. (2022). Unintended Consequences of Trade Integration on Child Labor. *Journal of Economic Behavior & Organization*, 194, 523-541.
- Ha, V. H. & Tran, T. Q. (2017). International Trade and Employment: A Quantile Regression Approach. *Journal of Economic Integration*, 32(3), 531-557.
- Harris, R. & Sollis, R. (2003). *Applied Time Series Modelling and Forecasting*. Wiley.
- ILO (2005). *Facts on Microfinance and Decent Work*. International Labour Organisation
- ILO (2005). *Facts on Microfinance and Decent Work*. International Labour Organisation
- ILO (2006). *Decent Work FAQ: Making Decent Work a Global Goal*. <https://www.ilo.org/resource/article/decent-work-faq-making-decent-work-global-goal>
- ILO (2015). *Microfinance for Decent Work*. International Labour Organisation.
- ILO (2015). *Microfinance for Decent Work*. International Labour Organisation.
- ILO (2018). *Responding to globalization: The Decent Work Agenda*. <https://www.ilo.org/resource/article/responding-globalization-decent-work-agenda>

- ILO (2022, May 20). *Maximizing the Decent Work Contribution of Foreign Direct Investment*. <https://www.ilo.org/resource/maximizing-decent-work-contribution-foreign-direct-investment>
- ILO (2023). *The Potential Role of Exports in Promoting Formalization and Decent Job Creation for Youth in Jordan*, International Labour Organisation.
- Javorcik, B. S. (2014). Does FDI Bring Good Jobs to Host Countries? *The World Bank Research Observer*, 30, 74–94.
- Javorcik, B. S. (2015). Does FDI bring Good Jobs to Countries? *The World Bank Research Observer*, 30(1), 74-94.
- Jayadevan, C. M., Hoang, N. T., & Yarram, S. R. (2025). Interaction Effect of Economic Globalization and Income per Capita on Unemployment. *Economies*, 13(3), 72; <https://doi.org/10.3390/economies13030072>
- McGregor, M. (2006). Globalization and Decent Work (part 1): A Survey of General Principles. <https://journals.co.za/doi/pdf/10.10520/EJC52574>
- Messerschmidt, L. & Janz, N. (2023). Unravelling the 'race to the bottom' argument: Foreign direct investment and different types of labour rights. *World Development*, 161, <https://doi.org/10.1016/j.worlddev.2022.106097>
- Mushtaq, M., Ahmed, S., Falehvi, M., Aljuaid, M., & Sanuik, S. (2022). Globalization and employment nexus: Moderating role of human capital. *PLoS ONE* 17(10): e0276431. <https://doi.org/10.1371/journal.pone.0276431>.
- Musti, B. M. (2018). Impact of Globalisation on Employment in Nigeria. *International Economic Journal*, 32, 43-52.
- Nasser, M. J., Sisodia, G. S., Mohnot, R. (2025). *What they Don't Want You to Know about Globalization: It's impact on employment in Nigeria and India*. *Research in Globalisation*, 10, <https://doi.org/10.1016/j.resglo.2025.100281>
- Osterreich, S. T. (2013). Precarious Work in Global Exports: The Case of Indonesia. *Review of Political Economy*, 25(2), 273-293.
- Oziengbe Scott AIGHEYISI (2025). Microfinance, Foreign Direct Investment and Decent Work in Nigeria: Macro Level Evidence. *DBN Journal of Economics and Sustainable Growth*, 7(2). <https://www.devbankng.com/publications/dbn-journals/volumn-7-issue-2-2025/2946ca35-203b-4e1c-ad2c-0e8895ed666f>
- Pesaran, M.H., Shin, Y., Smith, R.J. (2001). Bounds Testing Approaches to the Analysis of Level Relationships. *Journal of Applied Econometrics*, 16(3), 289-326.
- Udoka, E. U. (2015). The Impacts of Multinational Corporations to the Nigerian Economy. *International Journal of Social Science and Humanities Research*, 3(2), 107-115.
- UN (2023). *Sustainable Development Goals Briefing Book 2023*. UN Office for Partnership.
- Wagner, P. & Raess, D. (2022). South to north investment linkages and decent work in Brazil. *Labour: Review of Labour Economics and Industrial Relations*, 37(1), 122-159.

APPENDIX

Figure A1

FDI as a Percentage of the GDP

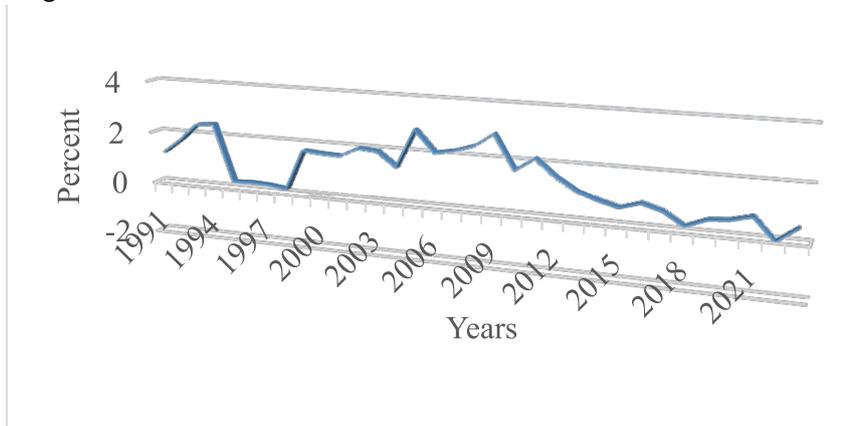


Figure A2

Non-oil Export as a Percentage of the GDP

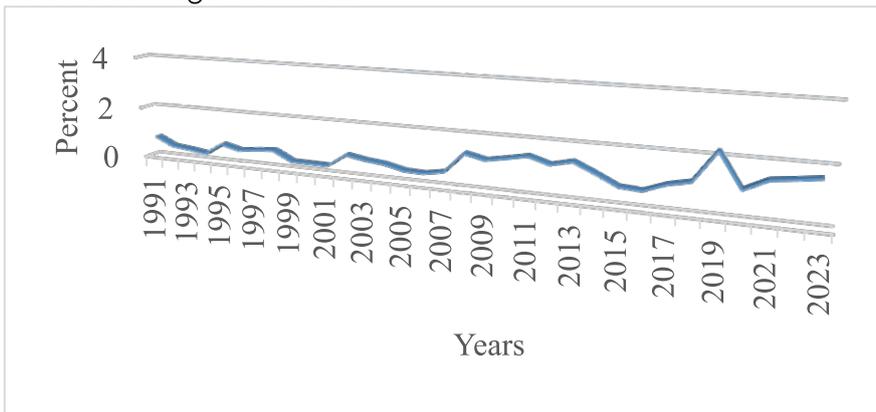


Figure A3

Import as a Percentage of the GDP

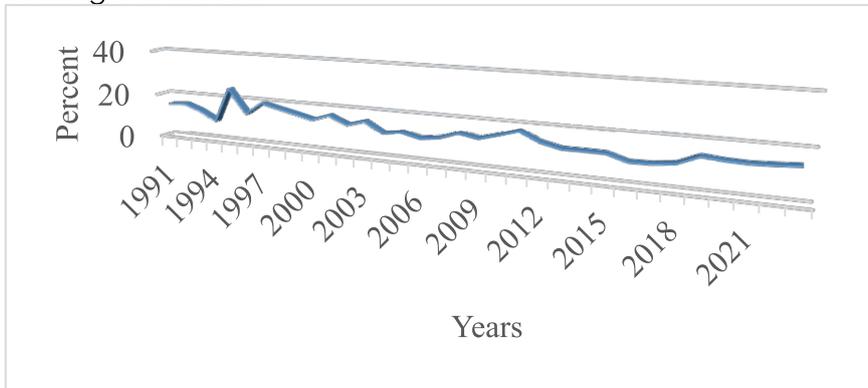


Figure A4

Credit to the Private Sector as a Percentage of the GDP

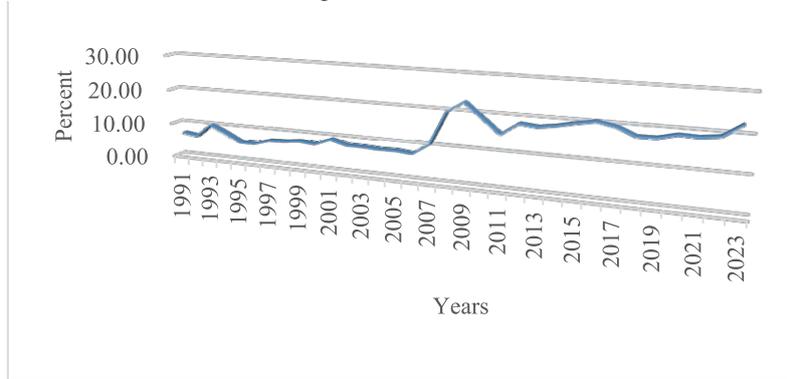


Figure A5

Maximum Lending Interest Rate

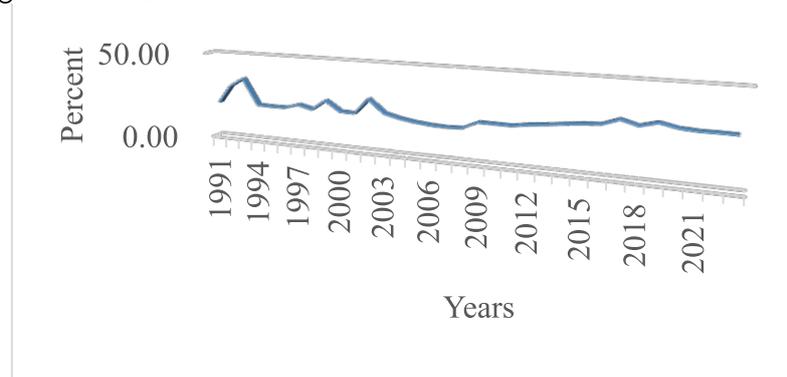


Figure A6

Nominal Naira/Dollar Exchange Rate

