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Globalization and the Nigeria Service Sector Performance

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Abstract
The study explores the impact of globalization on the Nigeria service sector performance from 1981 to 2020. It used time series data sourced from the Central Bank of Nigeria Statistical Bulletin. The study adopted the ARDL model in analyzing the short and long term effect of globalization on the service sector.Globalization is proxy by foreign portfolio investment, global oil price, and trade openness, whereas, gross fixed capital formation serves as control variable. From the findings, it was discovered that the sector is driven by global oil price as process of globalization, complemented by gross fixed capital formation in both periods. There is indication also, that the service sector performance will adjust to stability from the error of instability generated by globalization in the short run by 19.21 percent at a period.Trade openness insignificantly retards the sector performance with negative impact. Arising from this circumstance, it is recommendedthat global agreements with emerging and developed economies should be one of symbiotic relationships that should be embraced to enhance sustained international development and mutual trust.Accordingly, it specifically encourages the Federal Government ofNigerian to go into agreement that would have benefits to the domestic economy as against opening itself for exploitation in the name of globalization.

Keywords: service sector, globalization, global oil price
JEL CLASSIFICATION: F6, F69, H11

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I. Introduction

Globalization is a geographical shift in economic activities across the globe; it is the geographic dispersion of industrial and service activities and the cross-border networking of companies. Today, the world is seen as a global village wherein exchange of goods and services are seen to be between two poles- the domestic and the rest of the economies. To some, this is a blessing whereas; others believe it to be a curse with much negative effects on the domestic economy with reference to international competition (Yousuo, 2018). In the words of Carbaugh (2011), globalization consists of increased interaction of product and resource markets across nations through trade, migration, and foreign investment. Put differently, it is international flow of goods and services, of people, and of investment in equipment, factories, stocks and bonds. The cross-border movement of multinational and transnational corporations are always accompanied with technologies of production, taste and style of living, managerial philosophies and diverse business practices, which were seen as the major force of economic globalization, and it large share of production in less developed countries is adding value to components for export that have insignificance effects on host economy‘s foreign exchange. However, it is worth mentioning that as firm sublet production processes to affiliates abroad, they transfer jobs, technologies, capital, and skills across the globe (Das, 2004).

It is not new in globalization literature that macroeconomic administrators of both small and large economies are always optimistic about their performances as they key into the train of globalization through trade and financial transactions. The continuous interaction of economic agents across the globe in relation to all forms of activities has drawn the attention of scholars who have delved into the socio-economic and political significance of such interaction. Nigeria has increasingly launched herself and still doing so in the globalization train, however, without addressing her current economic problems of unemployment, prices instability, balance of payments disequilibrium, poverty, income inequality, among others. Privatization, deregulation of key sectors of the economy, champion by the nature and processes of economic globalization are means of adapting to globalization in order to fit into the new global order. (Yousuo, 2018). However, several problems have arisen from regional to world agreements in the global market which ranges from trade to environmental degradation, economic liberalization not forgetting current account deficit and low output, capital flow to financial crisis, and extending to terrorism.

There is no doubt that the expansion of trade and the diffusion of techniques which globalization promises are necessary ingredients for restructuring the economy. The challenge, however, is whether Nigeria have taken advantage of the liberalization process, at the same time avoiding or minimizing the disruptive consequences of globalization in her economy by sustaining inequalities, poverty, low output, import inflation, and unemployment should we refer to the recent performance indicators of the various sectors (Central Bank of Nigeria, 2018).

A critical examination of the Nigerian economy shows that the contribution to world trade is low and with little contribution to the Gross Domestic Product as opposed to economy which trades on manufactured or finished goods (Nabine, 2009). Similarly, the impact of globalization processes, such as trade intensity index, portfolio investment stock and trade restrictions in relation to sectors have not been judiciously felt. This weakens the productive base of the sectors in more competitive global environment.

II. Literature Review

Empirical literature on globalization in Nigeria concentrate more on economic growth with scanty studies in sectorial analysis, and most of these studies shows degree of mixed effects of globalization on economic growth, manufacturing, financial subsectors without looking at the role played by the macroeconomic manager (Feridun, Olusi, and Folorunso (2006); Edoumiekumo, (2011); Gatawa, Aliyu and Musa (2013) Hassan (2013); Danladi, Akomolafe, Babalola, and Oladipupo (2015); Yousuo, (2018); Ali, Obayori, and Obayori, (2018)). The economy generally, has witnessed good level of resource inflows as a result of globalization in the last three to four decades. We cannot but expect some level of changes in the social welfare indices of the country arising from structural and sectorial adjustment to such inflows, Technological transfer, Aids and Grants via bilateral and multilateral agreements.

The importance of economic globalization on the growth and development of an economy cannot be overemphasized, hence the study.

Services have become the most dynamic sector of world trade most often, in a subtle manner. Globalization has positively impacted the service sector in varied dimensions especially in capital inflows and investment (Omojolaibi, Mesagan, & Stanley, 2016). The sector is driven by consumption, liberalization, investment and technology. WTO's General Agreement on Trade in Services (GATS) was first negotiated during the Uruguay Round between 1986 and 1995, which calls for the reexamination of service in trade. The GATS set out three modes as hereunder;

1. Consumption abroad, from consumer to supplier residence country
2. Commercial presence of an enterprise, organizations to consumer's residence country and
3. Movement of natural persons, individual service to consumer residence countryBhagwati (1984), Sampson and Snape (1985).

Thereafter, this international service trade has comprehended foreign direct investment and labour turnover as conventional cross border transactions.

The 2019 World Trade Report explores globalization of services and tries to answer these key questions which aid its impact as to; Why it is happening? How is it impacting on the economy, and seeking to ascertain where new policy approaches are being needed. The way services are transforming the global economy is a delayed reflection of the way services have already transformed national economies. During the 19th century, agrarian economies gradually evolved into increasingly industrial economies, a transformation so profound that it is termed the "Industrial Revolution". During the 20th century, industrial economies evolved into increasingly services-based economies, equally profound and more rapid transformation that could be termed the "Services Revolution". In the United States, for example, the services sector, which accounted for 43 per cent of GDP in 1950, had grown to 61 per cent by 1990, and eventually, almost 80 per cent today (BEA, 2019).

Services already accounted for 76 per cent of GDP in advanced economies in 2015 up from 61 per cent in 1980 (UNCTAD, 2017). In Japan, for instance, services represent 68 per cent of GDP, 72 per cent in New Zealand and almost 80 per cent in the United States (OECD, 2019). The emerging economies were not left behind this trend of globalization wherein, it turned to be the world's factory. The Chinese economy dramatically is shifting into services. Thus, now account for over 52 per cent of GDP a higher share than manufacturing up from 41 per cent in 2005. In India, services now make up almost 50 per cent of GDP, up from just 30 per cent in 1970. In Brazil, the share of services in GDP is even higher, at 63 per cent (World Bank, 2019). Between 1980 and 2015, the average share of services in GDP across all developing countries grew from 42 to 55 per cent (UNCTAD, 2019).

Some developing countries seem to have by-passed the industrialization phase altogether, leapfrogging directly from agriculture to services. In the Bahamas, for example, manufacturing accounts for 5 per cent of GDP whereas, services dominated by finance and tourism account for over 85 per cent. Similar trends were observed in economies as diverse as Bermuda and Sri Lanka. Services industries can offer many advantages for developing countries thanthe manufacturing.They are generally less capital-intensive, more mobile, and more accessible for female workers, and can be up and running more quickly (The Economist, 2011).

2.1 Conceptual Review

Globalization

Globalization is the spread of the financial flow of products, technology, information, job, etc. across national frontiers or boundaries. The trend creates interdependence of the economies of the world enhances cultures and promotes welfare of citizens. According to Albrow (199), the concept means all the process through which persons of the world are integrated into a single common entity. It adapts linkages and interconnectivity by which the entire world relates as one small village setting in a bondless system. Jones (1995) and Cerry (1995) have always affirmedthat globalization is bounded by a financial and economic web. Beyond the economic integration, the process of globalization encompasses this economic attribute to include political structures, character and cultural integration. There are several dimensions to globalization from which different nations always to key into to attract its benefits and improve the welfare of its citizens. Some of which include economic globalization, social, political. Each of these aspects tries to confer the benefits as stated above in the following manner.

Social globalization attracts services in international tourism, data information, international telephone, TV, transfers etc. political globalization attracts services in embassies, international organizations treaties etc. Service attracted through economic globalization includes trade, foreign direct investment, and income of foreign nationals, taxes and tariffs.

Globalization is made possible by the advent of technology, improved transportation system, international cooperation and integration. Much as complicated as globalization may seem, it has promoted world peace and prosperity of nations. In order to achieve this, rules and multilateral agreements were introduced violation of it may lead to sanctions and boycotts. Free trade and rule of law also developed through globalization for the purpose of preventing trade disputes and deepen better relationships among countries. The establishment of the international monetary fund in 1944 with 190 member countries and the United Nations in 1945 with 193 member countries was to promote globalization, world peace, economic property and welfare of member countries. The later formation of World Bank with 189 member countries in 1945, World Trade Organization in 1995 with 164 member countries and North Atlantic Treaty Organization (NATO) in 1949 with about 30 member countries were in recognition of the benefits that globalization offers.

According to Peterson Institute of International Economic (2021) listed, the effects of globalization to include more goods at lower prices, sealed up businesses, better quality and variety of products and choices, innovation, job opportunities/decline in inequality amongst others.

Services

The development of the three major sectors of the economy – primary, secondary and tertiary defines the overall fortune of any economy. No country can boost of economic development without an appreciable advancement in these and particularly, the service sectors. For the purpose of buttressing clear understanding of the subject matter, it is apt to indicate the content of the sectors as follows;

1. Primary sector – use of natural resources that bring about production and extraction of raw materials such as fishing, agriculture, mining and forestry etc.
2. Secondary sector – this could be referred to the industrial sector of the economy. The activities of the secondary sector have to do with the transformation of the materials from the primary sector (raw material) to products that are ready for use. The secondary sector usually defines the level of technological advancement of the nation and of the economy. The broader the secondary sector, the more advanced the economy.
3. The tertiary sector is the subject of this study. This is referred as the service sector and entails the services oriented processes which include welfare, health, tourism, banking, finance etc. The service sector attracts a large chunk of foreign exchange in the economy. The attractive force for this sector creates certain advantages such as the possibility of easy entry or start up, flexible hours of service, change adaptability and flexibilities amongst others. The service sector according to Ehigiator (2017), is an escalator for her economic growth. He further opined that the sector plays significant role even than the industrial sector. This argument is germane because without the service sector which activities include handling and transportation of goods upto the final consumer, products may remain even in the production line or the producer's warehouse with evacuation. No wonder the service sector is defined as companies involved in the provision of services of intangible kind to consumers and the growth of the sector are facilitated by consumers. As a result of wide range of service, it presupposes that this sector impact the economy substantially and in various ways. Having

explained the concept of globalization and services, it is therefore important to review studies previously carried out in the context of this research.

2.2 Empirical Review

Empirical literatures on the impact of globalization on service sector performance are presented in the following reviewed studies.

Akani (2012) examined the effect of globalization on Nigerian education. Considering the debauched leadership in the country which necessitated a scant financial attention to human socialization, Nigerian educational system has become synonymous with mediocrity and backwardness. The aftermath is that its recipients are not properly equipped to make the needful contribution that would positively turn around their immediate environment. And this has affected the quality of leadership, deepened social crises and increased the rank of the poor. He concludes that Nigeria cannot appropriate the benefits of globalization insofar as its educational system is not constituted to surmount the challenges of globalization.

Azkunaga, San-Jose &Urionabarrenetxea (2013) evaluated the issue of governance in the financial sector in the face of crisis, with neoliberal economic policy, liberalization and deregulation as characterized financial globalization. They employed the analysis synthesis method and the result reveals that corporate governance of new social environment under the influence of the investor's interest contributed to the present financial crisis across the globe. Hence, the need to monitor the over-emphasizing maximization of shareholder short-term value without relating the risk taken to achieve it becomes crucial in corporate financing.

Osamor, Akinlabi&Osamor (2013) examined the impact of globalization on performance of Nigerian commercial banks between 2005 and 2010 proxy's globalization with foreign private investment, foreign trade and exchange rate. The study utilized panel data econometrics in a pooled regression, where time series and cross-sectional observations were combined and estimated. The results of econometric panel regression analysis confirmed that globalization, have positive effects on the profit after tax of banks but the magnitude of such effects remains indeterminable. Based on these findings, the study recommends that banks in Nigeria should not relent in their interaction with their foreign counterpart in doing business in order to increase their foreign earnings.

Adediran, Adeyemo, &Alalade (2015) examined economic integration caused by globalization and its effect on capital market in Nigeria. The study established the nature of the relationship and level of significance of globalization and capital market on economic development. Globalization was proxy by trade openness. The capital market was determined in terms of proxy (by GDP) by price index. The growth ratio assessed the level of development using econometric model. The findings of the study suggested sound economic reform and financial policies as necessary tools to achieve sustainable development in Nigeria. However, there is need to increase exports, reduce imports and control exchange rate for Nigeria to achieve sustainable economic development.

Ohiaeri (2017) investigated the nature and direction of causality among foreign portfolio investments, capital flight and capital market performance in Nigeria using exposit-facto and descriptive research designs using time series data from secondary sources. The data were analyzed using Vector Error Correction models and co- integration test subject to the outcome of the preliminary tests for conformity with econometric assumptions. The study results disclosed a unidirectional causality between capital market performance in one hand and also between foreign portfolio investment and capital flight on the other hand at 5% and 10% levels of significance respectively. The study hereby concludes that there is significant symbiotic connectivity among the examined variables in Nigeria and consequently, recommends an urgent review of capital importation policy, a robust regulatory framework and a re-investment incentive to discourage indiscriminate repatriation of investment proceeds outside Nigeria.

Ozuomba, Onyemaechi, and Ikpeazu (2017) examined the effect of globalization on the Nigerian financial sector from 1983 to 2014. The data were analyzed using descriptive statistics, ordinary least square statistical technique, Johannes's co-integration and error correction mechanism. They used Augmented Dickey-Fuller statistics test for stationary. Proxies' globalization with degree of openness, foreign direct investment flows, external debt flows, nominal exchange rate and gross capital formation. The two null hypotheses tested were rejected based on overall significant of models using F statistics at 5 percent level of significance. The result shows that Nigerian financial sector as a whole has benefited from globalization. However, the foreign direct investment flows and Real Gross Domestic Product affected the performance of the Nigeria Stock Exchange and commercial banks positively while degree of openness, external debt flows, nominal exchange rate and gross capital formation affected the Nigeria stock exchange and Commercial Banks negatively. This shows that Nigerian foreign trade is low. External debt flow has a negative effect on the Nigerian stock Exchange and positive on commercial banks. Nigeria should discourage external loans. Gross capital formation and external debt flows affected the Nigeria stock exchange negatively. They recommended that the recent re-capitalization and debt recovery exercise and monitoring macroeconomic stability be encouraged to gain confidence by investors in the financial sector.

Nwafor, Odey and Effiong (2017) investigated the relationship between financial liberalization and domestic savings in Nigeria. In achieving this, contemporary econometric approach involving unit root test, co-integration test and error correction model were adopted to analyze the time series data from 1970 to 2015. The study used interest rate spread and financial liberalization index as measures of financial liberalization. It used credit to the private sector over GDP and the number of bank branches over the population to measure financial deepening and financial inclusion respectively. The findings revealed that per capita income and financial deepening were the two factors that affected domestic savings in Nigeria significantly as against interest rate which was widely viewed as the major factor affecting savings mobilization in Less Developed Countries. The study made some recommendations which include; increase in the existing level of per capita income which could be achieved by upward review of wages and salaries of workers every three years; monetary authorities should use moral suasion to encourage microfinance banks and commercial banks to establish branches in rural areas to help further reduce the population of unbanked Nigerians and ensure greater financial deepening; monetary authorities should ensure that interest rate is determined by market forces to reflect the true depth of the Nigerian financial system and thereby reduce the interest rate spread. The sustenance of CBN autonomy was equally recommended as a key to ensuring financial system stability.

Adeyanju and Dare (2017) empirically determined the impact of financial globalization on global economic Development in Nigeria as a case study. They used data for the financial globalization measured as balances in the foreign reserves as a share of Gross Domestic Products for the period of 21 years with variables like interest rates, exchange rates, inflation rate and stock market valuation. The Ordinary Linear Regression analysis technique was used to express the relationship between these variables in a behavioural form, the influences of all the independent variables except Interest rate are considered highly significant on the value of GDP. They concluded that, the impact of financial globalization on any country's economic development remains positive and crucial.

Shahbaz, Kandi, Mahalik, & Nguyen (2017) Used annual data from 1970-2013 for China and India, to examined the impact of globalization and financial development on economic growth by indigenizing capital and inflation and drawing comparisons between the two fastest growing emerging market economies. In the long-run, co-integration test results indicate that financial development increases economic growth in China and India. The results also reveal that globalization accelerates economic growth in India but, surprisingly, impairs economic growth in China as it increases competition for exports. The results furthermore disclose that acceleration in capitalization and inflation, as a proxy for aggregate demand, are positively linked to economic growth in China and India. Causality test results indicate that both financial development and economic growth are interdependent. In contrast, causality runs from higher economic growth to increased globalization in India, while the results do not support long-term causality between globalization and economic growth in China.

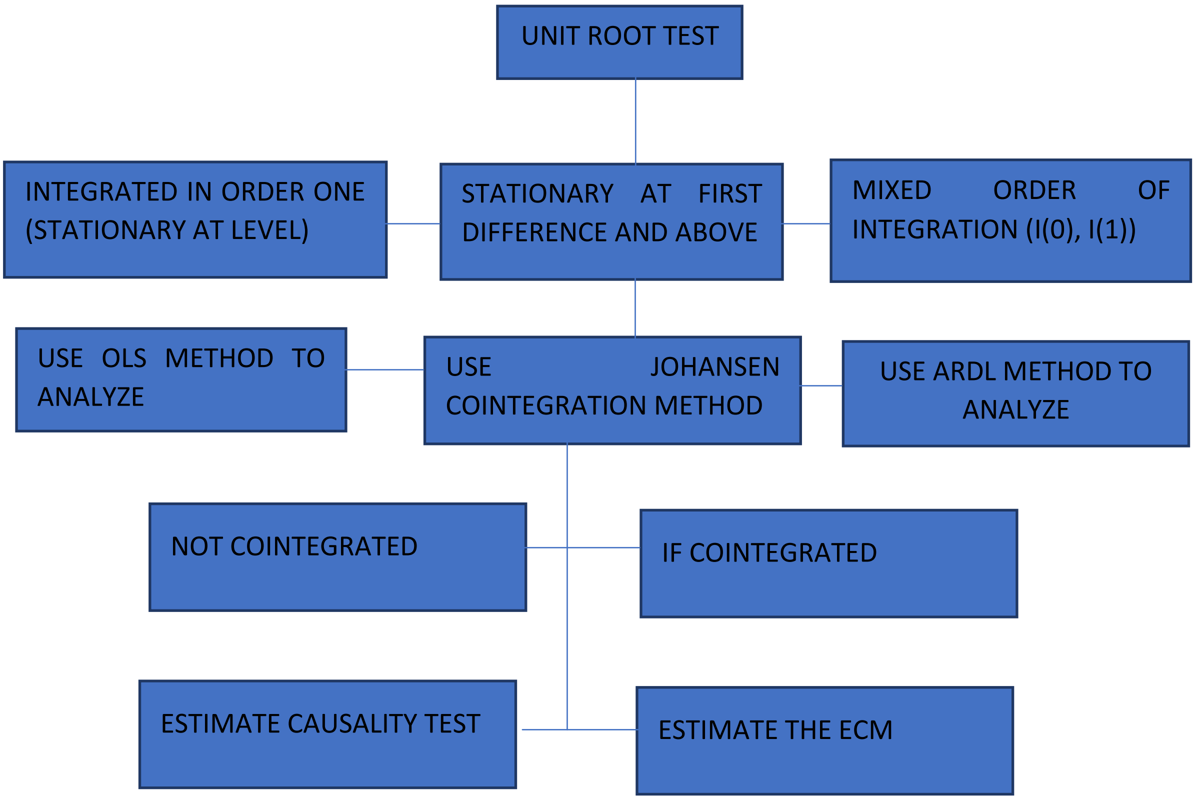
Similarly, Osagie, Adenomon and John (2020) looked at the effects of COVID-19 outbreak on the Nigerian Stock Exchange performance: Evidence from GARCH Models. The study considered the COVID-19 period from 2nd January 2020 to 16th April 2020, and the results revealed a loss in stock returns and high volatility in stock returns under the COVID-19 period in Nigeria as against the normal period under study. In addition, Quadratic GARCH (QGARCH) and Exponential GARCH (EGARCH) models with dummy variable were applied to the stock returns shows that the COVID-19 has had negative effect on the stock returns in Nigeria. They recommended that political and economic policy such as stable political environment, incentive to indigenous companies, diversification of the economy, flexible exchange rate regime be implemented so as to improve the financial market and to attract more and new investors to the Nigerian Stock Exchange.

The empirical contributions of scholars reviewed so far were subsectors specific dominating financial subsectors, and also fails to take cognizance of the fact that political stability or administrative ideology matters in the performance of the economy as it relates with the rest of the world economically. And the nature of the Nigerian economy with reference to her current account pioneer by crude production activities, hence, the effects of global oil price in determining the economic state of the economy was not accounted for my previous scholars. This is the gap we identified and filled in the discourse of globalization and economic performance as relates to the Nigerian economy in particular and the world at large.

III. Methodology

The adopted the ARDL model to examine the shirt and long-term effect of globalization on the performance of the service sector of the Nigerian economy. Data used for the study were sourced from CBN statistical bulletin of 2020 volume for the period ranging from 1981 to 2020. Method of analysis was employed based on the nature of the time series data defined by the outcome of the stationarity test of mixed order of integration. The ARDL model is assumed to be superior to the Johansen cointegration method in terms of sample size and efficient estimation of variable relationship as posited by Paseran, Shin & Smith (2001).Theoretical econometric posited that the outcome of the stationarity test tells the researcher whether to employed the ordinary least square, vector auto regression, error correction model, cointegration approach or

Johansen or bound testing methods. From the diagram below serve as a guide in choosing the appropriate method of analysis in econometric research:



Source: Yousuo (2021), Methodology Selection in Time Series Econometric Research

From the above figure, if the result of the root of variables shows that all variables are stationary then the classic least square is the most appropriate method of analysis otherwise Johansen's test. However, in the case of mixed variables stationary and non-stationary, then the appropriate method of analysis is ARDL or a related test method. Furthermore, in a situation where the related test coincides then we can evaluate the vector error correction model (Long run) and ARDL (short drive) otherwise you evaluate only the ARDL model.

3.1Model Specification

The variables considered in this study are divided into two groups; the explained and the explanatory variables. Variable's selection in econometric research is either by adoption, adaptation, derivation, intuition, or combination; in this study we select our variables by combination (Oluleye, 2017). The explained variable is performance indicator of the service sector while the explanatory variable which is globalization is proxy by global oil price, foreign private investments, trade openness, and official development assistance, and gross capital formation serve as control variables in the models.The functional relationship between globalization and service sector performance was specify following Yousuo (2018; 2021), with some degree of modifications as follow;

SSP = f (PI, GCF, GOP, DOPEN) …………………………………………… 1

$ISP = \beta_0 + \beta_1 FPI + \beta_2 GOP + \beta_3 DOPEN + \beta_4 GCF + \mu$ ……………………….. 2

Where SSP is service sector performance indicator, FPI is foreign portfolio investment, GCF is gross capital formation of the economy, DOPEN is trade openness measured by the ratio of total trade (import plus export) and GDP, and GOP is global oil price, μ is random term, assumed to be independently and identically distributed (iid). And the apriori expectations are $\beta_i, > 0$

IV. Result and discussion

Table 1 Stationary Test Results

Variables	ADF Level	CV 5%	ADF 1st diff	CV 5%	Order of Integration
GOP	-2.4013	-3.5331	-6.0320	-3.5366	I(1)
GCF	-3.1215	-3.5366	-4.8124	-3.5366	I(1)
FPI	-6.8606	-3.6329			I(0)
DOPEN	-2.3736	-3.5331	-8.0997	-3.5366	I(1)
SSP	-1.8471	-3.5629	-3.2695	-3.5684	I(1)

Source: Author's Calculation

The computed Augmented Dickey Fuller (ADF) statistics and their respective critical values show that the result for the level test shows that foreign portfolio investment variable is stationary; all the ADF statistics values are more than the computed critical values at 5% level. While the other variables (DOPEN, GOP, SSP, and GCF) turn stationary after first difference,hence, they have unit root problem. This means that the data has unit root, which happens to be the basic feature of time series data. The mixed order of integration of the variables calls for the adoption of the Autoregressive Distributed Lag (ARDL) model for the study. This model is solely developed to address stationarity/nonstationary with some degree of dynamism (Pesaran, Shin & Smith, 2001). This approach is also known as the Bound testing method of long run relationship analysis. According to Pesaran et al, the ARDL model is superior to the Johansen and Juselius (1990), in terms of efficiency and consistency in both large and small sample analysis of cointegration test.

Table 2 Bound Test Result

Null Hypothesis: No long-run relationships exist		
Test Statistic	Value	k
F-statistic	3.4651	4
Significance	I0 Bound	I1 Bound
5%	2.86	4.01

Source: Author's Computation

In this scenario the bound test result shows that the computed f-statistics of 3.4651 is higher than the I0 (2.86) bound but less than the I1 (4.01) bound of 5 percent critical level respectively. In other word the computed f-statistics falls in between the I0 and I1 bound, and as such the test is inconclusive/ indecisive on the existence of long run relationship as established by Pesaran et al (2001). And we can neither reject nor accept the null hypothesis, at this stage we either settle with ARDL estimation or proceed with the cointegration estimation. Hence, we proceed with the cointegration and long run equations estimate given the fact we cannot conclude yet but for the purpose of clarity and validation, and the estimated result are shown in table below.

Table 3 Short run Equation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(LFPI)	-0.003026	0.007260	-0.416727	0.6813
D(LGOP)	0.073099	0.020490	3.567610	0.0019
D(LGCF)	0.048601	0.024071	2.019073	0.0571
D(DOPEN)	-0.183741	0.095956	-1.914847	0.0699
CointEq(-1)	-0.192122	0.079194	-2.425964	0.0249

Cointeg = LSSP – (-0.0157*LFPI – 0.3805*LGOP – 0.2530*LGCF – 0.4303*DOPEN + 7.0091)

From the estimated short run equation, we discovered that global oil price is the only true determinant of the service sector performance in Nigeria using 5 percent significance level criterion. While gross capital formation and trade openness are significance at 10 percent level. The computed adjusted coefficient assumes the right sign and statistically significant. Hence, the estimated model met both the necessary and sufficient condition of cointegration or long run relationship even though the bound test result falls within the indecisive region. And that the service sector performance will adjust to stability from the error of instability generated by foreign investment in the short run by 19.21 percent at a period. Furthermore, global oil price has a significant positive impact on the sector performance. A unit change in global oil price will increase the average performance of the sector by 0.0731. More so, trade openness is having an insignificant negative impact on the sector performance, again this implies that the liberalization of the sector is unproductive due to underdevelopment of the sector in competing globally.

Table 4 Long run Equation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LFPI	-0.015748	0.037442	-0.420601	0.6785
LGOP	0.380483	0.160878	2.365039	0.0282
LGCF	0.252971	0.030391	8.323738	0.0000
DOPEN	-0.430320	0.573629	-0.750171	0.4619
C	7.009107	0.544125	12.881431	0.0000

Source: Author's Computation

The long run equation shows that global oil price and gross capital formation are positively significant. That a change in global oil price and gross capital formation will enhances the average sector performance by 0.3805 and 0.2530 respectively. On the other hand, foreign portfolio investment and trade openness are negatively insignificant at 5 percent level. This is also of great concern as the economy continues to loss out in the area of brain drain and educational tourism, and capital flight resulting from poor governance, ill equipped public tertiary institutions, and undefined academic calendar with degree of industrial unrest. Also, the level of capital flight in terms of low interest rate and increasing money laundry by political office holder is a contributing factor for the negative and insignificant impact of trade openness to the sector performance.

V. Conclusion and Recommendations

From the above findings, the service sector performance is being determined by global oil price and gross capital formation in both short and long term performance of the sector. Trade openness impact is on the sector is negatively insignificant. The estimated regression line also meets the two conditions; necessary and sufficient, of cointegration test, and generally stable.The findings of the study are also in line with Edoumiekumo (2011), on the relationship between the service and globalization. The significant state of the global oil price is a clear indication of the economy′s dependence on crude as a main commodity trade at global market. Theoretical postulation posited the role of the monetary authority in enhancing capital flow through her seasonal intervention, hence, the service sector performance through conventional monetary and fiscal policies tools. This could enable stability in the interest rate, boosting of tertiary institutions thereby curtailing brain drain and improve foreign students′ participation and exchange rate appreciation. The expectations of the people should be built on past experience with reference to the sector performance rather than untold benefits of globalization which ends up retarding the internal efforts of domestic investors.

The role of foreign private investors in growing any economy is minimal as such decisions are mostly profit driven at the expense of social welfare which is usually propelled by the level of existing infrastructure as a critical tool needed environment for such investment. The absence of such conducive environment undermines the domestic economy′s opportunity for technology transfer and capital inflow. This happens to be the situation Nigeria finds herself, which has since resulted to poor contribution of foreign investment as a process of globalization on the sector performance. The government on its part has failed the economy by resorting to economic rent seeking rather than wealth creation. Policies and treaties were formulated and signed for the benefit of few (compradors), and this has impinged the impact of globalization on the economy.

The study recommends the following policy measures:

1 The monetary authority should stabilize the exchange rate by encouraging capital inflow through contractional conventional monetary policy. This will drive portfolio investment and the capital market performance as well as the service sector in general. In addition, it will enhance the capital base of the economy, thereby, sustaining its positive impact on the sectors performance.

2 We strongly advised that global agreements with emerging and developed countries should be one of symbiotic relationships. Hence, the Nigerian government should go into agreement that would have benefits to the domestic economy rather than opening its economy for exploitation in the name of globalization. Our export should be welcomed in the global market without any degree of internal regulation at the expense of our trade balance.

3 More so, the call for diversification and export promotion (internationalization of firms) policy should center on manufactured goods rather than relying heavily on primary produces which negatively impacted on the performances of the real sectors.

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