Research Paper

IMPACT OF GLOBALISATION ON ECONOMIC GROWTH AMONG DEVELOPING COUNTRIES

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ABSTRACT

The paper examined the impact of overall, political, economic and social globalization on economic growth of 86 developing countries for the year 2015. This research employed causal research design with 86 countries using cross sectional approach. The data reliability and validity is tested using correlation and descriptive statistical means and standard deviation. The study used Gross Domestic Product and Foreign Direct Investments as dependent variables. Multiple regressions were used to analyze the casual impact of globalization on economic growth. The result indicated that overall globalization, political globalization and social globalization have a negative and non-significant impact on economic growth. However, economic globalization has a significant and positive impact on inward Foreign Direct Investments though it has a negative and non-significant impact on Gross Domestic Product suggesting a partial impact on economic growth. This means that more economic integration through globalization encourage Foreign Direct Investment. Therefore, policy makers should emphasis on economic integration that enables Foreign Direct Investment inflows to create more job opportunities and economic growth. Further studies should consider other related elements of Foreign Direct Investment attraction other than globalization. Also, future researchers should consider time series data in terms of panel survey which is considered more appropriate and relevant.

Key Terms: political globalization, economic globalization, social globalization, FDI, GDP
1. INTRODUCTION

Some of the world-famous historians attach globalization ‘big bang’ implication to 1492 and 1498, viewing the period after 1500 as inaugurating ‘a genuinely global period of world history’ (Bentley, 1996). These scholars are on the side of Adam Smith who believed that these were the two greatest and most vital events in recorded history (Tracy, 1990, p.3). Today some of the economic historians argue that the long-distance trade between countries has been overemphasized, that the international economy was integrated very poorly compared to 1800, and if there was a revolution in transportation that happened in the 19th century (Menard 1991, p. 228 and 272).

In a more recent report, The Economist, states that the forward march of globalization has paused since the financial crisis, giving way to a more conditional, interventionist and nationalist model (Ip, 2013). The Economist further went on saying that a simple measure of trade intensity, world exports as a share of world GDP, increased steadily from the year 1986 to 2008, however, have fallen flat since then (Ip, 2013). According to Aswathappa, (2015) in the year 2017 the global capital flow was topped by $11 trillion and cross-border investments was also well down in this peak period.

Many studies have undertaken in terms of globalization and its impact on economic growth. However, most researches have been done on Nigeria (Terungwa 2014; Feridun, Olusi & Folurunso 2006; Adesoye, Ajike & Maku2015; Nwakanma & Ibe 2014). very few researches have been done for more than 80 developing countries (Kentor 2001). Therefore, it is very important to fill this gap by doing research on the impact of globalization on economic growth of 86 developing countries and using the data for the year 2015 could contribute to close this gap. Thus, following research objectives are formulated;

- To investigate and examine the influence of overall globalization on economic growth.
- To investigate and examine the influence of political globalization on economic growth.
- To investigate and examine the influence of Economic globalization on economic growth
- To investigate and examine the influence of social globalization on economic growth

2. LITERATURE REVIEW

Daly, (1999) has defined Globalization ‘as global economic integration of many formerly national economies into one global economy, mainly by free trade and free capital mobility, but also by easy or uncontrolled migration’’. Modelski, Devezas and Thompson (2008), defined political globalization as ‘‘the expansion of a global political system, and its institutions, in which inter-regional transactions (including, but certainly not restricted to trade) are managed’’. Keohane and Nye (2000), defined economic globalization as ‘‘long-distance flows of goods, services, and capital, as well as the information and perceptions that accompany market exchange’’. Keohane and Nye (2000), Defined social globalization as ‘‘the movement of ideas, information, images, and people (who, of course, carry ideas and information with them’’.

2.1. Review of selected globalization theories

In deciding which globalization theories to adopt in this study, three studies considered as shown in table 1.
Table 1: Summary of theories on globalisation

<table>
<thead>
<tr>
<th>Theories</th>
<th>Key Contributor</th>
<th>Elements</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theory of modernization</td>
<td>Max Weber and Talcott Parsons</td>
<td>Socio economic development, economic development, Social, cultural and political stability, democratic development, Social forces (Education, information, technology), Economic stability, Industrial development.</td>
<td>Tipps (1973)</td>
</tr>
<tr>
<td>Theory of dependency</td>
<td>Raul Prebisch</td>
<td>External influences: (political, economic, cultural), Multinational corporations, international commodity markets, foreign aid, foreign investment.</td>
<td>Ferraro, (1996)</td>
</tr>
</tbody>
</table>

World-systems analysis has been constantly exposed to criticism over the years. Robinson (2011), has criticized world-systems theory by arguing that the ‘nation-state centrism’ and ‘state structuralism’ in world-system theory impede the theory’s ability to conceptualize the dynamics of globalization. At an earlier stage world system theory has been criticized for overemphasizing the world market while neglecting forces and relations of production (Dansabo, 2013). However, the theory also has strengths. The theory gives a base for more development of theories on how to overcome world-capitalism today and to attempt an explanation on how social revolution can end social class struggles (Bokombe, 2017). Wallerstein was one of the first to recognize ‘globalisation’ of the world and the international division of labour as the basis of global inequality (Bokombe, 2017). Wallerstein also acknowledges how dependency is not a one-way process, there is inter-dependency between the developing and developed countries (Ayokhai & Naankiel, 2016).

Modernization theory has been criticized for using not clear and inconsistent definitions of social status, over simplifying the processes of modernization and ignoring intervening variables such as ideology and value system (Morgan & Kunkel, 2007). Tipps (1973) argues that consequences of this limited perspective of the modernization theory become particularly evident if applied to the new states of Asian and African countries. Etudaiye (2014), further goes on saying Third World countries do not have a homogeneous set of traditional values; their value systems are highly heterogeneous. However, strengths of modernization theory can be defined in various aspects. Even though, the main studies of modernization theory were done by a psychologist, a social psychologist, a sociologist of religion and a political sociologist, other authors have extended modernization theory into other spheres (Reyes, 2001). Another strength of the modernization theory can be found in the analytical framework (Morgan & Kunkel, 2007).

According to Etudaiye (2014), One of the major current critiques of dependency theory is that the theory continues to base its assumptions and results on the nation-state. Ferraro (1996), criticize Dependency theory for placing too much emphasis on material and economic factors. Lall (1975) argues that the concept of dependency is defined “in a circular manner”; that is less developed countries are poor because they are dependent. Dansabo (2013) further argues that Both Modernization and Dependency theories did not look at the peculiarity of development problems in Africa and the two theories cannot stand as development concepts for all third world countries.
2.2. Empirical research on impacts of globalization on economic growth

Samimi and Jenatabadi (2014), examined the impact of economic globalization on economic growth of OIC countries. Their findings also suggest that the countries must receive the appropriate income level to be gained from globalization. The study of Kilic (2015) examines the effects of economic, social and political globalization on the economic growth levels of 74 developing countries between the period of 1981-2011. The results show that economic growth levels of selected developing countries were positively affected by both economic and political globalization and social globalization affected economic growth negatively. Another research done by Ying, Lee and Chang (2014), investigated the impact of globalization on economic growth of ASEAN countries from the period of 1970 to 2008, by using panel data analysis. Their test result shows that economic globalization has a significantly positive influence on economic growth. Their findings also show that social globalization has a negative influence on economic growth, whereas political globalization has a non-significant negative effect. Suci, Asmara and Mulatsih (2015), analyzed the impacts of globalization on economic growth of 6 ASEAN countries (Cambodia, Indonesia, Malaysia, Thailand, Philippines and Vietnam) using panel data analysis. their results show that overall index of globalization had positively and significantly impacted the economic growth in the region. Economic and political globalization also impacted economic growth positively, however, their findings show that social globalization does not impact economic growth. The study of Tsai (2006), examines whether globalization affect human well-being. data was collected from a three-wave panel data from the period of 1980-2000. the results from random effect modeling reveals major positive impact of political globalization but, both economic and social globalization do not provide favorable impact when development level and regional differences are operated as controls. Moreover, the results also show that Overall globalization index generate expected favorable impact on an overall human development index.

H1: Overall globalizations have significant and positive impact on Economic growth

Globalization refers to “as global economic integration of many formerly national economies into one global economy, mainly by free trade and free capital mobility, but also by easy or uncontrolled migration” (Daly, 1999). Sulaiman and Aluko (2014), analyzed the impact of globalization on the economic performance of developing countries regarding found that economic globalization has a significantly positive impact on economic growth of Nigeria. Suci, Asmara and Mulatsih (2015), found that overall index of globalization had positively and significantly impacted the economic growth in the region. Terungwa (2014), results show that Nigerian economy has not benefited from globalization. Barry (2010), found that globalization has a positive, but statistically insignificant impact on the economic growth of Sub-Saharan Africa.

H2: Political globalizations have significant and positive impact on Economic growth

Political globalization” refers to an increasing trend toward multilateralism (in which the United Nations plays a key role), toward an emerging ‘transnational state apparatus,’ and toward the emergence of national and international nongovernmental organizations that act as watchdogs over governments and have increased their activities and influence”(Moghadam, 2005). Kilic (2015) took the sample of 74 developing countries from the period of 1981-2011 and found that economic growth level was positively affected by political globalization. Suci,
Asmara and Mulatsih (2015), found that political globalization had positively and significantly impacted economic growth.

**H3**: Economic globalizations have significant and positive impact on Economic growth

Economic globalization refers to the increasing interdependence of world economies because of the growing scale of cross-border trade of commodities and services, flow of international capital and wide and rapid spread of technologies (Shangquan, 2000). Ying, Lee and Chang (2014), found that economic globalization has a significantly positive influence on economic growth. Kilic (2015), results show that economic growth level was positively affected by economic globalization. Suci, Asmara and Mulatsih (2015), found that Economic globalization positively and significantly impacted economic growth.

**H4**: Social globalizations have non-significant and negative impact on Economic growth

The social dimension of globalization refers to the impact of globalization on the life and work of people, on their families, and their societies (Gunter & Hoeven, 2004). Suci, Asmara and Mulatsih (2015) found that social globalization did not affect the economic growth. Ying, Lee and Chang (2014), results show that social globalization has a negative influence on economic growth. Kilic (2015), found that social globalization affects economic growth negatively.

### 2.3. Conceptual Framework

![Figure 1: Conceptual Framework](source: Author’s development)

### 3. RESEARCH DESIGN AND METHODOLOGY

**Explanatory** approach is relevant for this study. Since this context of research is comparatively connected to testify objectives and produce quantifiable data, explanatory research design is more suitable for this research and thus, the relationship between globalization and economic growth are easily identifiable (Fisher & Ziviani, 2004). In this study, research methodology is done by only using quantitative research method as this method can measure the corresponding effects on economic growth (GDP, and FDI). Quantitative research is used to collect data and analyze numerically by presenting the study using tables, graphs and statistics (Williams, 2007).

This research study is conducted using secondary data. This is because, the data for this study paper is going to be collected from KOF and world bank and the accessibility in
extracting these websites can be found on the internet and thus, its less time consuming (Staff, 2016).

Based on the total population of developing countries in the world, the target population of this research paper is 86 developing countries around the world. Data of 86 developing countries will be analyzed and the remaining 53 developing countries were rejected due to the missing data. The main data source for this paper is the KOF Globalization Index and world bank. Using the KOF, the index measures three dimensions of globalization: economic (ECO), social (sOC), and political (pOL) and the data for GDP and FDI is extracted from world bank (Data.worldbank.org). Sampling technique used in this study is census sampling. This technique is more suitable rather than using methods of probability sampling or non-probability sampling.

The data reliability and validity is tested using correlation and descriptive statistical means and standard deviation. Multiple regressions were used to analyze the casual impact of globalization on GDP and FDI. Descriptive statistics was used in this research to bring a clear and sensible picture of the sample data chosen. The strength of relationship between multiple independent variables with a dependent variable can be evaluated using multiple regression analysis (Saunders, Lewis & Thornhill, 2009). the significant of variables are determined using the F-statistic accordance to each independent variable in the regression analysis, in which the rule of thumb of significance is from 0.00 to 0.05 (Nareeman, Pauline & Hassan, 2013).

4. RESULTS AND ANALYSIS

To analyse the collected data, SPSS software was used attain the desired objectives of the study. Results were estimated using a sample of 87 countries. The aim of applying this approach (using SPSS) is to confirm the results and thus provide it more reliability. Table 2, presents the descriptive statistics of the variables used in the study.

Table 2: Descriptive Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>87</td>
<td>-29.83</td>
<td>6.93</td>
<td>1.2096</td>
<td>4.44941</td>
</tr>
<tr>
<td>FDI</td>
<td>87</td>
<td>.04</td>
<td>17.88</td>
<td>4.1481</td>
<td>3.86318</td>
</tr>
<tr>
<td>SociGlobalization</td>
<td>87</td>
<td>15.56</td>
<td>71.00</td>
<td>40.1317</td>
<td>15.50852</td>
</tr>
<tr>
<td>Globalization</td>
<td>87</td>
<td>31.54</td>
<td>76.11</td>
<td>53.1379</td>
<td>10.49721</td>
</tr>
<tr>
<td>EcoGlobalization</td>
<td>87</td>
<td>21.79</td>
<td>84.50</td>
<td>54.9928</td>
<td>13.19266</td>
</tr>
<tr>
<td>PolGlobalization</td>
<td>87</td>
<td>30.12</td>
<td>94.23</td>
<td>69.3760</td>
<td>15.87730</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>87</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Table 2 above shows the statistical mean and standard deviation for each globalization dimension as well as for FDI and GDP in the measurement construct. the average means value of FDI, GDP, overall, political, economic and social globalization, the means ranged from 1.2096 to 69.3760. Political globalization scored the highest mean value of 69.3760 with a standard deviation of 1.70222 followed by economic globalization with a mean value of 54.9928 and overall globalization with a mean value of 53.1379. FDI, Overall, Political, Economic, and Social globalization’s mean value is higher than its standard deviation. This means that the distribution is less dispersed. However, mean value of GDP is less than its standard deviation. This shows that the distribution is highly dispersed and not normal.
The Table 3 shows the correlation of all the variables measuring the strength and direction of the linear relationship between the variables.

<table>
<thead>
<tr>
<th></th>
<th>globalization</th>
<th>PolGlobalization</th>
<th>EcoGlobalization</th>
<th>SociGlobalization</th>
<th>FDI</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>globalization</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PolGlobalization</td>
<td>.441**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EcoGlobalization</td>
<td>.711**</td>
<td>-.157</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SociGlobalization</td>
<td>.901**</td>
<td>.209</td>
<td>.573**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FDI</td>
<td>.043</td>
<td>-.280**</td>
<td>-.323**</td>
<td>.013</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>GDP</td>
<td>.026</td>
<td>.056</td>
<td>-.022</td>
<td>.024</td>
<td>.146</td>
<td>1</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed)

According to the correlation table 3, overall globalization is positively correlated with FDI and the relation between the variables are very weak with the value of 0.043 (Mukaka, 2012). Overall Globalization is not significant with FDI with the value of 0.690 which is greater than 0.05 (Nareeman, Pauline & Hassan, 2013). Overall Globalization is positively correlated with GDP and the relation between the variables are very weak with the value of 0.026 (Mukaka, 2012). Overall Globalization is not significant with GDP with the value of 0.815 which is greater than 0.05 (Hassan, Nareeman & Pauline, 2013).

As per the correlation Table 3, Political Globalization is negatively correlated with FDI and the relation between the two variables are weak with the value of -0.280 (Mukaka, 2012). Political globalization is significant with FDI with the value of 0.009 which is less than 0.05 (Hassan, Nareeman & Pauline, 2013). Political Globalization is positively correlated with GDP and the relation between the variables are very weak with the value of 0.056 (Mukaka, 2012). Political globalization is not significant with GDP with the value of 0.607 which is greater than 0.05 (Hassan, Nareeman & Pauline, 2013).

Economic Globalization is positively correlated with FDI and the relation between the variables are weak with the value of 0.323 (Mukaka, 2012). Economic Globalization is significant with FDI with the value of 0.002 which is less than 0.05 (Nareeman, Pauline & Hassan, 2013). Economic Globalization is negatively correlated with GDP and the relation between the variables are very weak with the value of -0.022 (Mukaka, 2012). Economic globalization is not significant with GDP with the value of 0.839 which is greater than 0.05 (Hassan, Nareeman & Pauline, 2013).

Social Globalization is positively correlated with FDI and the relation between the variables are very weak with the value of 0.013 (Mukaka, 2012). Social Globalization is not significant with FDI with the value of 0.902 which is greater than 0.05 (Nareeman, Pauline and Hassan, 2013). Social Globalization is positively correlated with GDP and the relation between the variables are very weak with the value of 0.024 (Mukaka, 2012). Social Globalization is not significant with GDP with the value of 0.825 which is greater than 0.05 (Nareeman, Pauline and Hassan, 2013). This finding contradicted with the result obtained by Kilic (2015). Kilic’s correlation findings shows that political, economic and social globalization indices are positively correlated with economic growth.
Regression Analysis

Table 4: Impact of overall globalization on FDI (model summary)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.043a</td>
<td>.002</td>
<td>-.010</td>
<td>3.88218</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), overall globalization

Table 4 indicates how far the overall globalization had impact on FDI. Coefficient of determination- R square is the measure of proportion of the variance of dependent variable (FDI) (Aurangzeb & Haq, 2012). The above table shows the R squared value of 0.002 which shows that 0.2% of the FDI can be predict by independent variables which is overall globalization. it also means that the overall globalization is contributing to the FDI by only 0.2% which indicates that overall globalization has a little impact on FDI. the remaining 99.8% can be attributed by other factors such as wage rates, labor skills, tax rates, exchange rates (Yasmin, Hussain & Chaudary, 2003). The adjusted R square value is -0.010 which shows that the model is not a good fit model as the value is less than 0.60 (Geyer, 2003). The adjusted R square value should be greater than 0.60 for the model to be a good fit model (Geyer, 2003).

Table 5: Impact of overall globalization on FDI (coefficients)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant) overall globalization</td>
<td>3.299</td>
<td>.016</td>
<td>2.160</td>
<td>.040</td>
</tr>
</tbody>
</table>

a. Dependent Variable: FDI

Above table 5 shows the Beta value of overall globalization. Table 5 shows that, globalization have a negative and non-significant relationship with FDI since the t-values and p-values of globalization does not meets it set criteria. According to rule of thumb, t-value should be greater than +1.96 and p-value should be less than 0.05 to have a positive and significant relationship (Hassan, Nareeman & Pauline, 2013). However, as per the above table 5, t-values of the coefficient of beta of Globalization is less than +1.96 (Globalization t= 0.400) and p-values is greater than 0.05 (Globalization P=0.690) suggesting that overall globalization has a negative and non-significant impact on FDI (Hassan, Nareeman & Pauline, 2013). Therefore, hypothesis H1: ‘overall globalization has a significant and positive impact on economic growth” is rejected.

This finding is similar to the results of Barry (2010). Barry’s findings show that globalization has statistically insignificant impact on the economic growth of Sub-Saharan Africa. The reason why his findings match with this study results might be because of the same variables used in both researches to measure economic growth such as FDI (Barry, 2010). However, this finding contradicted with the result obtained by Sulaiman and Aluko (2014) and Suci, Asmara and Mulatsih (2015). Their findings show that economic globalization has a significantly positive impact on economic growth.

Table 6: Impact of overall globalization on GDP (model summary)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.026a</td>
<td>.001</td>
<td>-.011</td>
<td>4.47405</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), overall globalization
Table 6 shows how far both the overall globalization and FDI had impact on GDP. Coefficient of determination - R square is the measure of proportion of the variance of dependent variable (GDP) (Aurangzeb & Haq, 2012). The above table shows the R squared value of 0.001 which shows that 0.1% of the GDP can be predict by independent variables which is overall globalization. It also means that the overall globalization is contributing to the GDP by 0.1% and the remaining 99.9% can be attributed by other factors such as FDI, Net FII equity and Import (Jain, Nair and Vaishali, 2015). The adjusted R square value is -0.011 which shows that the model is not a good fit model as the value is less than 0.60. (Geyer, 2003). The adjusted R square value should be greater than 0.60 for the model to be a good fit model. (Geyer, 2003).

### Table 7 Impact of overall globalization on GDP (coefficients)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>.255</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.635</td>
<td>2.489</td>
<td>.026</td>
<td></td>
</tr>
<tr>
<td>overallglobalization</td>
<td>.011</td>
<td>.046</td>
<td>.235</td>
<td>.815</td>
</tr>
</tbody>
</table>

a. Dependent Variable: GDP

Above Table 7 shows the Beta value of overall globalization and FDI. Table 7 shows that overall globalization have a negative and non-significant relationship with GDP since the t-values and p-values of both globalization does not meet its set criteria. According to rule of thumb, t-value should be greater than +1.96 and p-value should be less than 0.05 to have a positive and significant relationship (Hassan, Nareeman & Pauline, 2013). However, as per the above table 7, t-values of the coefficient of beta of overall Globalization is less than +1.96 (overall Globalization t= 0.235) and p-values is greater than 0.05 (Globalization P= 0.815) suggesting that overall globalization have a negative and non-significant impact on GDP. Therefore, hypothesis H1: ‘‘overall globalization has a significant and positive impact on economic growth’’ is rejected.

This finding is similar to the results of Barry (2010). Barry’s findings show that globalization has statistically insignificant impact on the economic growth of Sub-Saharan Africa. However, this finding contradicted with the result obtained by Sulaiman and Aluko (2014). Their findings show that economic globalization has a significantly positive impact on economic growth.

### Table 8 Impact of Political, Economic and Social globalization on FDI (model summary)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.420a</td>
<td>.176</td>
<td>.146</td>
<td>3.56941</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), SociGlobalization, PolGlobalization, EcoGlobalization

Table 8 indicates how far the three dimensions of globalization (political, Economic, and Social) have impact on FDI. Coefficient of determination- R square is the measure of proportion of the variance of dependent variable (FDI) (Aurangzeb & Haq, 2012). The above table shows the R squared value of 0.176 which shows that 17.6% of the FDI can be predict by independent variables which is political, Economic and Social globalization. It also means that the globalization is contributing to the FDI by only 17.6% and remaining 82.4% can be attributed by other factors such as wage rates, labor skills, tax rates, exchange rates (YASMIN, HUSSAIN and CHAUDHARY, 2003). The adjusted R square value is 0.146 which shows that the model is not a good fit model as the value is less than 0.60. (Geyer, 2003). The adjusted R square value should be greater than 0.60 for the model to be a good fit model. (Geyer, 2003).
According to the Table 9, Political Globalization beta coefficient is -0.181 with a non-significant value of 0.099 which is higher than 0.05 (Hassan, Nareeman & Pauline, 2013). t-value of Political Globalization is t= -1.666 which is lower than +1.96. According to rule of thumb, t-value should be greater than +1.96 and p-value should be less than 0.05 to have a positive and significant relationship (Hassan, Nareeman & Pauline, 2013). Hence, Political globalization is found to have a negative insignificant impact on FDI. Therefore, the hypothesis, H2: ‘Political globalization have significant and positive impact on economic growth’ is rejected. this finding contradicted with the result obtained by Kilic (2015) and Suci, Asmara and Mulatsih (2015). there results show that political globalization have a significant and a positive impact on economic growth.

Table 9 shows that Economic Globalization beta coefficient is 0.396 and has the greater and positive impact on FDI as compared to political and Social globalization suggesting that Economic Globalization highly contributed to the FDI among the developing countries. According to the above table 9, Economic globalization is supported by the regression analysis of as the t-values and p-values meets it set criteria, where t-value of the coefficient of beta of Economic Globalization is more than +1.96 (t= 3.053) and p-value is lower than 0.05 (P= 0.003) Hassan, Nareeman & Pauline, (2013) suggesting that economic globalization has a significant and positive impact on FDI (Nareeman, Pauline and Hassan, 2013).This suggests that as Economic globalization increases, FDI net inflows increases and as economic globalization decreases, it will reduce FDI net inflows to the country. Therefore, the hypothesis, H3: ‘Economic globalization have significant and positive impact on economic growth’ is accepted.

This finding is similar with the result obtained by Kilic (2015) ,Ying, Lee and Chang (2014), Suci, Asmara and Mulatsih (2015) and Samimi and Jenatabadi (2014). Kilic (2015) and Ying, Lee and Chang (2014) and Suci, Asmara and Mulatsih (2015) results show that economic globalization have a positive impact on economic growth. Samimi & Jenatabadi’s result shows that economic globalization has statistically significant impact on economic growth.

According to the table 9 Social globalizations has beta coefficient value of -0.175 with a non-significant value of 0.184 which is greater than 0.05 and t value of -1.341 which is lower than +1.96 (Hassan, Nareeman & Pauline, 2013). According to rule of thumb, t-value should be greater than +1.96 and p-value should be less than 0.05 to have a positive and significant relationship (Hassan, Nareeman & Pauline, 2013). Hence, Social globalization is found to have a negative non-significant impact on FDI. Therefore, the hypothesis, H4: ‘Social globalization have non-significant and negative impact on economic growth’ is accepted. this finding is similar with the result obtained by Kilic (2015) and Ying, Lee and Chang (2014). their results show that social globalization impacted economic growth negatively.
Table 10 Impact of Political, Economic and Social globalization on GDP (model summary)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.064*</td>
<td>.004</td>
<td>-.032</td>
<td>4.51993</td>
</tr>
</tbody>
</table>

*Predictors: (Constant), SociGlobalization, PolGlobalization, EcoGlobalization

Table 10 shows how far the three dimensions of globalization (political, social, and economic) have impact on GDP. Coefficient of determination- R square is the measure of proportion of the variance of dependent variable (GDP) (Aurangzeb & Haq, 2012). The above table 10 shows the R squared value of 0.004 which shows that 0.4% of the GDP can be predict by independent variables which is political, Economic and Social globalization. it also means that the globalization is contributing to the GDP by a small percentage (0.4%) and the remaining 99.6% can be attributed by other factors such as FDI, Net FII equity and Import (Jain, Nair & Vaishali, 2015). The adjusted R square value is -0.032 which shows that the model is not a good fit model as the value is less than 0.60 (Geyer, 2003).The adjusted R square value should be greater than 0.60 for the model to be a good fit model. (Geyer, 2003).

Table 11 Impact of Political, Economic and Social globalization on GDP (coefficients)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PolGlobalization</td>
<td>.012</td>
<td>.033</td>
<td>.043</td>
</tr>
<tr>
<td></td>
<td>EcoGlobalization</td>
<td>-.012</td>
<td>.048</td>
<td>-.036</td>
</tr>
<tr>
<td></td>
<td>SociGlobalization</td>
<td>.010</td>
<td>.041</td>
<td>.036</td>
</tr>
</tbody>
</table>

*Dependent Variable: GDP

Table 11, shows that Political Globalization beta coefficient is 0.043 and has the greater and positive impact on GDP as compared to Economic and Social globalization. According to the table 11, Political Globalization beta coefficient is 0.043 with a non-significant value of 0.720 which is higher than 0.05 (Hassan, Nareeman & Pauline, 2013). t-value of Political Globalization is t= 0.359 which is lower than +1.96. According to rule of thumb, t-value should be greater than +1.96 and p-value should be less than 0.05 to have a positive and significant relationship (Hassan, Nareeman & Pauline, 2013). Hence, Political globalization is found to have a positive and non-significant impact on GDP. Therefore, the hypothesis, H2: “Political globalization have significant and positive impact on economic growth” is rejected. this finding contradicted with the result obtained by Kilic (2015) and Suci, Asmara and Mulatsih (2015). their results show that political globalization have a significant and a positive impact on economic growth.

According to the Table 11 Economic globalization has beta coefficient value of -0.036 with a non-significant value of 0.802 which is greater than 0.05 and t value of -0.251 which is lower than +1.96 (Nareeman, Pauline and Hassan, 2013). According to rule of thumb, t-value should be greater than +1.96 and p-value should be less than 0.05 to have a positive and significant relationship (Hassan, Nareeman & Pauline, 2013). Hence, Economic globalization is found to have a negative and non-significant impact on GDP. Therefore, the hypothesis, H3: “Economic globalization have significant and positive impact on economic growth” is rejected. However, this finding contradicted with the result obtained by Kilic (2015) , Samimi & Jenatabadi (2014), Ying, Lee and Chang (2014) and Suci, Asmara and Mulatsih (2015). their results show that economic globalization have a positive impact on economic growth.

According to the table 11 Social globalizations has beta coefficient value of 0.036 with a non-significant value of 0.805 which is greater than 0.05 and t value of 0.247 which is
lower than +1.96 (Hassan, Nareeman & Pauline, 2013). According to rule of thumb, t-value should be greater than +1.96 and p-value should be less than 0.05 to have a positive and significant relationship (Nareeman, Pauline and Hassan, 2013). Hence, Social globalization is found to have a positive and non-significant impact on GDP. Therefore, the hypothesis, H4: ‘Social globalization have non-significant and negative impact on economic growth’ is accepted. this finding is similar with the result obtained by Kilic (2015) and Ying, Lee and Chang (2014). their results show that social globalization impacted economic growth negatively.

5. CONCLUSION AND RECOMMENDATION

The study aim to analyze the impact of overall globalization on economic growth. It is found that Overall globalization have a negative impact on both GDP and FDI. Therefore, it is concluded that overall globalization have impacted economic growth negatively and it has a non-significant relationship with economic growth of the selected developing countries. It is found that political globalization have a negative impact on FDI. However, it has a positive impact on GDP. It is also found that political globalization have a non-significant relationship with economic growth. Therefore, it is concluded that political globalization have a negative impact on economic growth. It is found that economic globalization have a negative impact on GDP and a positive impact on FDI. Results also shows that Social globalization have a significant relationship with FDI and a non-significant relationship with GDP. Therefore, it is concluded that social globalization impacts economic growth negatively. It is found that Social globalization have a positive impact on GDP and negative impact on FDI. Social globalization also have a non-significant relationship with both GDP and FDI. Therefore, it is concluded that social globalization have negative impacts on economic growth of the selected developing countries.

Implications for practice

The policy implications of this study are quite straightforward. Integrating to the global economy is only one part. The other part is how to benefits and gain more from globalization. In this respect, the responsibility of policymakers is to attract more FDI in to the country to get more opportunities from globalization. Since this study found that economic globalization have a significant and positive impact on FDI, This means that more economic integration through globalization encourage FDI. Therefore, policy makers should emphasis on economic integration that enables FDI inflows to create more job opportunities and boost economic growth. The concentration then should not be on just attracting FDI but more importantly FDI that would help to improve the government expenditure and stimulate domestic investment to promote growth. Thus, the process of economic integration needs to go hand in hand with better and broader regulation and supervision.

Future research directions

Recommendation for future researchers is to examine other variables that are not used in this study. The other variables that can be used are employment, national income, education level, private investment, degree of openness to international trade, Government Consumption, Inflation, Human Capita, Domestic Investment, Financial Development Inflation rate, the quality of infrastructure, the quality of education, the preparedness of technology, and Government’s spending to provide a more accurate result. Further studies should also consider other related elements of FDI attraction other than globalization. Also, future researchers should consider time series data in terms of panel survey which is considered more appropriate and relevant.
References


