IMPORT DEPENDENCE, VALUE ADDED AND EMPLOYMENT IN THE NIGERIAN MANUFACTURING SECTOR

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Abstract: This study undertakes the impact of import dependence and manufacturing sector performance in Nigeria with specific interest on the impact of imported intermediate, capital, and manufactured goods (herein referred to as import dependence) on manufacturing sector performancec indicators (such as manufacturing output growth, capacity utilization, value added, employment rate and export adopted in the study) from 1970 to 2019 utilizing a secondary data. The study adopted Augmented Dicky-Fuller (ADF) for unit root test analysis, Autoregressive Distributed Lag (ARDL) bounds test for cointegration test analysis, while, Error Correction Mechanism (ECM) was used to provide empirical evidence for the relationship between manufacturing sector performance (dependenct variable) and import dependence (independent variable). The ARDL bounds cointegration test revealed evidence of long-run relationship between manufacturing sector performance and import dependence. It was discovered from the empirical findings among others that only import of capital contributed positively to all indicators of manufacturing sector performance adopted in the study, however, import of intermdiate goods was mixed in the sense that, it contributed negatively to manufacturing average capacity utilization (MACU), manufacturing value added (MVAD), manuafcturing export (MEXP) and contributed positively to manufacturing output (MOUP) and manufacturing employment rate (MEMP). But, import of manufactured goods contributed negatively to all indicators of manufacturing sector performance adopted in the study. Based on the findings, the study recommends that government should sell off compromise of all forms and make import only for capital and partially for intermediate goods that cannot be produced domestically, while, the importation of manufacutured goods should be discouraged at all cost in Nigeria. Thus conclude that on the average Nigeria's manufacturing sector is surrounded with doubting benefits and may not be good enough to set economic growth and developmental platform required in the economy.

Keywords: Value Added, Employment, Import dependence, Manufacturing Sector

1.0 INTRODUCTION

1.1 Background to the Study

A profitable and effective manufacturing sector is a life wire to any nation's sustainable economic growth and development. This is because of its employment and income generation capacity, besides export promotion. Activities in the manufacturing sector include mining, oil and gas exploration and production; petroleum refining; chemical, petrochemical, and pharmaceutical production; pulp and paper; agricultural production; food processing; electronics and home appliances e.t.c. (Sustainable Development Indicator Group SDIG, 1996). It is necessary for any country desiring sustainable growth to achieve robust manufacturing sector associated with growth in output, high value-chained products, greater linkages in the economy, a wider employment base, rising incomes and growing exports diversification, unfortunately, Nigeria is still far from achieving a robust manufacturing sector.

The manufacturing value added is one of the measures of the manufacturing sector performance. Labor-intensive and export-focused manufacturing will gradually add value to commodities before they are sold; boosts revenues, and raise average earnings per input (Anyanwu 2017). More so, manufacturing is mainly to enhance the productive capacity of the economy to produce more goods and services, promote value chain and generate employment in a country (Ekpo, 2014). Thus, low manufacturing share suffices in terms of manufacturing value added (MVAD), and data evidence show that MVAD has been consistently below 10% in Nigeria from 1970 to 2020 (World Bank 2020). Comparing the statistics with rest of the world, for example in 2018, the annual % growth of manufacturing value added (MVAD) account for 29% in China, Thailand (27%), Malaysia (22%), Indonesia (20%), Cameroun (15%), Benin (12%), South Africa (12%), Ghana (11%), and Nigeria (8.7%) (World Bank, 2020). The Asian and Pacific regions have been the biggest manufacturing regions in the world, driven by China (Stiglitz, 2017). The share of African's manufacturing value added (MVAD) was 16% in 2017 compared with Asia and Pacific that accounted for 25% in same period (Stiglitz, 2017). As a matter of fact, Nigerian export has been mainly of primary products which add little or nothing to the economic activities of the value-chain pyramid (NIRP, 2014). This results to substantial economic and social costs to Nigeria.

The level of employment in the manufacturing sector is another measure of performance of the sector. According to Klissen & Tatoma (2013) the strength of an economy is related to the performance of its manufacturing sector, especially by the changes in manufacturing employment. The share of manufacturing sector employment (% of total) in Nigeria is also low, accounting for 4.8% between 1981 and 1985, 4.1% between 1991 and 1995, 3.4% between 2001 and 2005, and below 6% between 2016 and 2019 (World Bank, 2019). This is a clear indication that employment generation in the sector is very low as reported by World Bank (2019). Kliessen and Tatoma (2013) affirm that when manufacturing employment declines, it may result to slow death of manufacturing sector with rise in imports.

This study, using data from 1970 to 2019, therefore is to examine the implication of import dependence of manufacturing performance in Nigeria with emphasis on manufacturing value added and employment.

1.2 Objectives of the Study

This study aims to:

1. Empirically examine the impact of import dependence on value added of manufacturing sector in Nigeria.
2. Empirically estimate the impact of import dependence on employment of manufacturing sector in Nigeria.

2.0 Theoretical Review

2.1 Meade's Neo-Classical Model of Economic Growth

The Meade model based on the work of Solow (1957) is designed to show the simplest path to growth of output in the economy (Jhingan, 2008). It is based on the following assumptions: (i) closed and opened economy (ii) there is constant returns to scale (iii) two commodities only are produced in the economy; (a) consumption goods and (b) capital goods (iv) machines are the only form of capital in the economy (v) all machines are assumed to be alike (vi) technology is transferable (vii) it is assumed that there is a constant money price of consumption goods (viii) there is full use of land, natural resources and (ix) the ratio of labour to machinery can be changed both in the short and long-run.

In the economy visualized by Meade, the net output produced depends upon three factors: (i) the net stock of capital available in form of machines (ii) the amount of available labour force (iii) the availability of land and natural resources.

Meade's model has been severely criticized by Kendrich due to its unrealistic assumptions; first the model did not give clear explanation of proportional marginal product of capital and labour. Second, it focused on inputs growth and neglected the contribution of sectorial activities on sectorial growth and contribution of sectorial growth to economic growth. This model also neglected the role of institutional factors in the development process.

2.1.2 The Dependence Theory/Dependence Paradigm

This theory was propounded by Raúl Prebisch an Argentine Economist. The theory was viewed as a possible way of explaining the persistent poverty of the poorer countries. Dependency theorists therefore viewed the world economy as being polarized with poor peripheral countries dependent on the rich countries at the centre. It is a situation in which the economy of a certain group of countries is conditioned by the development and expansion of another economy, to which their own is subjected. Its proponents argue that resources typically flow from a "periphery" of poor and underdeveloped states to a "core" of wealth states, enriching the latter at the expense of the former. It is a central contention of dependency theorists such as Andre Gunder Frank, Enrique Cardozo that poor states are impoverished and rich ones enriched by the way poor states are integrated into the "world system" (Manning, 2013).
The thrust of the dependency theory is the position that third world or peripheral countries are underdeveloped and poor because their economy were fused into the center capitalist economy through historical processes thereby leaving them dependent on the core economies (Randall & Theobald, 1998). For instance, most third world countries including Nigeria depend on developed countries for the importation of capital and intermediate goods used in the domestic production of goods and services within their local economy.

2.1.3 Emmanuel's Theory of Unequal Exchange.

The theory of unequal exchange was propounded by the French Economist Aghir Emmanuel and elaborated by Jan Otto Anderson. They followed the Marximian-Lenist's approach in attacking imperialism. The theory states that given different production techniques, the equilibrium rate of profit and hence growth of the economy is high in advanced countries and low in developing countries. Thus, there is a transfer of surplus value from low wage countries via terms of trade to high wage advanced countries. In broadest terms, the theory of unequal exchange implies that international trade operates as a mechanism for perpetuating international inequality and widening the gap between the rich and the poor nations (Emmanuel, 1972 & Otto 1976).

The theory of unequal exchange lies on the following assumptions: it is based on Marxian reproduction schemes; political, social and historical forces of imperialism and participating countries in international trade have different production technologies.

2.2 Review of Empirical Literature

Adejumo, (2013) examined the relationship between FDI and the value-added to the manufacturing sector in Nigeria using autoregressive lag distribution technique to examine the relationship between foreign direct investments and manufacturing value added, it was established that in the long run, FDI have a negative effect on the manufacturing sub-sector in Nigeria. The study affirms that the presence of multinationals in the host economy should be able to influence the private investment on their economy. Besides, these investments should be channeled to other sectors where comparative advantage exists, so as not to erode the capability or the wherewithal of nationals. The study suggests that foreign private investment should complement the production efforts of the labour force in the host country, in term of skills, technical know-how and wages.

Ebenyi, Nwanosike, Uzoechina, and Ishiwu (2017) examined the impact of trade liberalization on manufacturing value-added in Nigeria between 1970 and 2014. The study utilized OLS method, and Error Correction Model (ECM) and Autoregressive Distribution Lag models (ARDL). The findings from the study revealed that the Nigerian economy has not changed its export structure over the 1970 - 2014 periods. The only changes that have taken place to its exports were just a mere shift in exported product indicating a sign of export substitution from primary agro industry-based exports to primary mining industry-based exports (i.e crude oil). The study further discovered that heavy reliance of the Nigerian manufacturing firms on imported machinery and equipments is a reflection of the weak manufacturing base of the country. Also it can be adduced from the study that the inability of the Nigeria manufacturing sector to respond positively to the export potentials inherent in trade liberalization may be due to high cost of production in the country that put our manufacturing output in a disadvantageous position in international market.

Anyaegbuna (2017) investigated the impact of selected macroeconomic variables on manufacturing productivity in Nigeria. It employed data spanning 1981 – 2015 and used the Ordinary Least Square (OLS) technique in estimating the equations. The finding revealed that foreign direct investment (FDI) exerts a positive impact on manufacturing productivity. The result further revealed that consumer price index (CPI) is insignificant while domestic private investment (DPI), Exchange rate and credit to manufacturing sector are very important factors for determining manufacturing productivity in Nigeria. The study recommended that following the rising trend of the consumer price index, inflation should be targeted so as to checkmate its volatility and adverse effect on the manufacturing sector. In a bid to fill the knowledge gap however, this study shall update the scope of the study to capture the 2019 happening in the manufacturing sector.

Anumudu (2010) examined the effect of human capital on the productivity of labour in Anambra state and Enugu state of Nigeria. It employed the Ordinary Least Square (OLS) technique in estimating the equation. The finding clearly showed that human capital has a positive impact on the productivity of the labour in the manufacturing sector. The study further presented that media care, research, education and training were found to have a strong correlation to the level of productivity in both states. The result also showed that the impact of human capital on the productivity of manufacturing activities was highest in the Onitsha Aluminum manufacturing company. This study shall take care of key factors that drive manufacturing sector performance in order to provide evidence on the individual impact of import dependence on performance indicators such as output, capacity utilization, value added, employment and export.

Effiom and Okoi (2017) examined the relationship among human capital, technological development, infrastructure and the performance of the manufacturing subsector in Nigeria. It employed data spanning 1970 – 2015 and Autoregressive distributed lag (ARDL) model/Bounds test and Toda-Yamamoto causality test. The study used manufacturing value added as measures of the performance of the manufacturing sector. The study discovered that the human capita, infrastructure and technology do not lead to improvements in the performance of the manufacturing sector in Nigeria. To fill the gap however, the study shall explore major indicators that measure manufacturing performance and other key drivers/variables.

3.0 RESEARCH METHODS

3.1 Theoretical Framework

This study is based on the Meade's neoclassical model of economic growth and the Dependency theory. Meade's model is specified as;

$$Y = f(K,L,N) \quad 3.1$$

Where Y, K, L and N are as in equation 2.1, however Meade's model did not show clearly proportion of imported capital but recognized that capital is partly imported. On the other hand dependency theory emphasized clearly that poor countries depend on imported capital from rich countries. On this background, the researcher modified Meade's model by including import of capital and intermediate goods in Meade's model. The modified model is expressed as;

$$Y = K + L + IMPI + IMPC \quad 3.2$$

Where Y, K and L are as in equation 2.1, while IMPI captures the imported intermediate goods and IMPC captures imported capital goods,

3.2 Model Specification

Following the theoretical framework and in line with the specific objectives of the study, we develop an augmented Meade-Dependency theory by hypothesizing an aggregate production function in the manufacturing sector and the function is specified as follow;

$$Y = (K, L) \quad 3.3$$

In order to factor-in the demand side variables as components of dependency theory, we expand equation 3.3 to read;

$$Y = (K, L, IMPI\ IMPC, Z) \quad 3.4$$

Where K (Capital) and L (Labour) are theoretical in-built variables, IMPI captures the imported intermediate goods, IMPC captures imported capital goods, while Y represents the vector of dependent variables that captures the manufacturing value added (MVAD), and manufacturing employment rate (MEMP). On the other hand, Z represents the vector of control variables and other import determinant as suggested in Anyanwu (2016) and Adeyemi and Okwanya (2016). Equation 3.4 is the general form of the model of this study and it is linked to the broad objective of the study, however it shall be decomposed to capture the specific objectives of the study. The following functions below will address the specific objectives of the study and they are specified as thus;

3.3 Empirical Model Specification

Model for objective one

MVAD = f(GFCF, IMPI, IMPC, IMPMG,TRO, CPS, FDI, HUC) 3.5

MVAD = manufacturing value added
K = capital using gross fixed capital formation (GFCF) as proxy
IMPI = imported Intermediate goods
IMPC = imported Capital goods
IMPMG = imported finished goods
TRO = Trade openness
CPS = Credit to private sector
FDI = Foreign direct investment
HUC = Human Capital
The econometric form of equation 3.5 is presented as;

$$MVAD = \varphi_o + \varphi_1 K + \varphi_2 IMPI + \varphi_3 IMPC + \varphi_4 IMPMG + \varphi_5 TRO + \varphi_6 CPS + \varphi_7 FDI + \varphi_8 HUC + \pounds \quad 3.6$$

$\pounds$ = stochastic variable
$\varphi_1 ; \varphi_5 ; \varphi_6 ; \varphi_7$ and $\varphi_8 > 0$; $\varphi_2 ; \varphi_3 ; \varphi_4 < 0$

Model for objective two

MEMP = f(GFCF, IMPI, IMPC, IMPMG, HUC , AGE, GEXP, DOC) 3.7
MEMP = manufacturing employment rate.
K = capital proxied by gross fixed capital formation (GFCF)
IMPI = imported Intermediate goods
IMPC = imported Capital goods
IMPMG = imported finished goods
HUC = Human Capital
AGE = Age
GEXP = Government expenditure
DOC = Domestic consumption
The econometric transformation of equation 3.7 is presented as;

$$MEMP = \psi_0 + \psi_1 GFCF + \psi_2 IMPI, + \psi_3 IMPC + \psi_4 IMPMG + \psi_5 HUC + \psi_6 AGE + \psi_7 GEXP + \psi_8 DOC + \nu \quad 3.8$$

ν = stochastic variable
$\psi_1 ; \psi_2 ; \psi_3 ; \psi_4 ; \psi_5 ; \psi_6 ; \psi_7 ; \psi_7 > 0$; $\psi_2 ; \psi_3 ; \psi_4 < 0$

4.0 RESULT PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS

4.1 Result Presentation and Analyses

Unit root test (pre-test)

Table 4.1 Augmented Dickey-Fuller (ADF) unit root test for the dependent variables

VARIABLES	ADF test statistic	Critical 5%	Order	Remarks
MVAD	-6.926761	-3.506374	I(I)	Reject H_0
MEMP	-12.31472	-3.508508	I(I)	Reject H_0

Source: Authors Computation 2022 with E-views 9.

Table 4.2: Augmented Dickey-Fuller (ADF) unit root test for the independent variables

VARIABLES	ADF test statistic	Critical 5%	Order	Remarks
GFCF	-4.942595	-3.533083	I(I)	Reject H_0
HUC	-6.223082	-3.506374	I(I)	Reject H_0
IMPI	-7.692177	-3.506374	I(0)	Reject H_0
IMPC	-8.691401	-3.506374	I(0)	Reject H_0
IMPMG	-7.157988	-3.506374	I(I)	Reject H_0
DOC	-7.681375	-3.557759	I(I)	Reject H_0
TRO	-6.184016	-3.562882	I(I)	Reject H_0
CPS	-7.541546	-3.557759	I(I)	Reject H_0
FDI	-5.789164	-3.557759	I(I)	Reject H_0
AGE	-5.697325	-3.552973	I(I)	Reject H_0
GEXP	-5.031830	-3.557759	I(I)	Reject H_0

Source: Authors Computation 2022 with E-views 9

From the unit root tests in table 4.1 it was observed that all the dependent independent variables are stationary at order I(I). Again in table 4.2 it was observed that all the independent variables are stationary at order I(I) except IMPI, IMPC and IRSP that is stationary at order I(0). Given this result, this study therefore adopted ARDL bound test for co-integration test.

Table 4.3: ARDL Bounds Test (co-integration test) for Model one

Test- statistic	Value	K
F-statistic	7.450662	7
Critical Value Bounds		
Significance	I(0)	I(1)
5%	2.22	3.2

Source: Authors Computation 2022 with E-views 9.

Table 4.4: ARDL Bounds Test (co-integration test) for Model two

Test- statistic	Value	K
F-statistic	14.61210	7
Critical Value Bounds		
Significance	I(0)	I(1)
5%	2.32	3.5

Source: Authors Computation 2022 with E-views 9.

The result implies that there exists long run relationship between the dependent and independent variables in the models specified in this study.

Before we estimate the coefficient of ecm_{t-1} in order to determine the short run result and the speed of equilibrium adjustment, we shall first estimate the unit root of the ECM in the specified models through the residuals.

Table 4.5 Augmented Dickey-Fuller (ADF) unit root test for the residuals of all the Models

VARIABLES	Model	ADF test statistic	Critical 5%	Order	Remarks
resid01	1	-8.516128	-2.925169	I(0)	Reject H_0
resid02	2	-10.40375	-2.926622	I(0)	Reject H_0

Source: Authors Computation 2022 with E-views 9.

Since the residuals are level stationary variables that is I(0), we will then conclude that there exists a short-run relationship between the dependent and independent variables. Further we will then factor-in the ecm_{t-1} in our equations in order to ascertain the speed with which the dependent and independent variables will adjust to equilibrium level in the short-run.

4.2 Data/Result Analysis

The analysis of this study relies on short-run result.

Table 4.6 ARDL Estimated result for model one

Dependent Variable	MVAD		
Independent Variables			
Variable	Coefficient	t-Statistic	Probability
GFCF	3.950007	3.514210	0.0087
IMPI	-0.164291	-1.402425	0.1694
IMPC	0.128621	0.787408	0.4362
IMPMG	-3.300661	-1.033820	0.3081
TRO	1.002192	-0.679769	0.5010
CPS	2.002829	0.028745	0.9772
FDI	-2.043330	-5.697325	0.0000
HUC	2.900507	-2.137494	0.0028
ECM03(-1)	-0.107838	-2.079579	0.0370
MVAD(-1)	1.284495	-6.055298	0.0000
Other test statistic			
Variables	Values		
R-squared	0.604703		
F-statistic and Prob(F-statistic)	6.118966 (0.000035)		

Source: Authors Compilation 2022 with E-views 9.

Statistically the t-test result in table 4.11 shows that FDI, HUC, ECM03(-1) and MVAD (-1) are negative and statistically significant, while IMPI, IMPMG and TRO are negative and statistically not significant. GFCF on the other hand is positive and statistically significant, whereas GFCF is positive and statistically, IMPC and CPS is is positive and statistically not significant. Further the ECM03(-1) indicates that it will require about 10.7% changes for the dependent and independent variables to adjust to equilibrium in the short run. The R-squared shows that about 60.4%. changes in MVAD is caused by GFCF, HUC, IMPC, IMPMG, TRO, CPS and FDI. Economically, table 4.11 shows that a unit increase in GFCF, IMPC, TRO, CPS and HUC will increase Nigeria's MVAD by 3.95, 0.12, 1.00, 2.00 and 2.90 units respectively. While a unit increase in IMPI, IMPMG and FDI will decrease Nigeria's manufacturing sector value added (MVAD) by -0.16, -3.30 and -2.04 units respectively.

Table 4.7 ARDL Estimated result for model two

Dependent Variable	MEMP		
Independent Variables			
Variable	Coefficient	t-Statistic	Probability
GFCF	0.644509	2.035970	0.0015
IMPI	0.055224	-0.534630	0.5962
IMPC	2.061812	0.443728	0.6599
IMPMG	-3.091205	-0.060415	0.9522
HUC	3.794708	3.254331	0.0007
AGE	3.001799	-0.148954	0.8824
GEXP	0.012007	-0.170375	0.8657
DOC	2.546850	-5.031830	0.0001
MEMP(-1)	-2.033618	-12.28436	0.0000
Other test statistic			
Variables	Values		
R-squared	0.839874		
F-statistic and Prob(F-statistic)	20.98031 (0.000000)		

Source: Authors Compilation 2022 with E-views 9.

Statistically the t-test result in table 4.12 shows that whereas IMPI, IMPMG, AGE, GEXP and DOC are negative and insignificant to MEMP, GFCF and HUC is positive and significant to MEMP while IMPC is positive and insignificant to MEMP. The R-squared shows that about 83.9% change in MEMP is caused by GFCF, IMPI, IMPC, IMPMG, , HUC, AGE, GEXP and DOC. Economically, table 4.12 shows that a unit increase in GFCF, IMPI, IMPC, HUC, AGE, GEXP and DOC will increase Nigeria's MEMP by 0.64, 0.05, 2.06, 3.79, 3.00, 0.01 and 2.54 units respectively. While a unit increase in IMPMG decreases Nigeria's MEMP by -3.09.

4.2.1 Evaluation of the estimated result and research hypotheses

It is observed from the result that IMPI and IMPMG with respect to MVAD conformed to a-priori expectation. The implication is that imported intermediate and manufactured goods (IMPI and IMPMG) hamper Nigeria's manufacturing sector value added within the period of the study. This is in line with the import dependence theory adopted in this study which posits that import dependence significantly deters manufacturing sector value added in Nigeria. However, IMPC did not conform to a-priori expectation. Given the above result, we conclude that whereas IMPI and IMPMG significantly impede manufacturing sector value added in Nigeria, IMPC significantly does not impede manufacturing value added in the country.

On the other hand, IMPI and IMPC with respect to MEMP did not conform to a-priori expectation. Hence, imported intermediate and capital goods (IMPI and IMPC) promotes Nigeria's manufacturing sector MEMP. This is contrary to the import dependence theory. Meanwhile, IMPMG conformed to a-priori expectation in agreement with import dependence theory. We therefore, conclude that whereas IMPI and IMPC do not significantly obstruct manufacturing sector MEMP growth in Nigeria, IMPMG significantly impede manufacturing sector MEMP growth. The Durbin-Watson test for the presence or otherwise of autocorrelation in the model.

4.3 Discussion of Findings.

The discussion of findings herein tries to highlight the outcomes of the results from the models used to capture the objectives of the study. Hence, emphases were placed on economic criteria, Further, the results obtained were compared with the results of related empirical literatures reviewed and as well as

the theoretical postulations adopted in this study.

Despite the differences in research approach adopted by the previous study with respect to the study under review, the result empirically obtained in this study partly agrees with Ileoma and Okwanya (2017) which exert that openness has positive increasing effect on industrial output in Nigeria, regardless of this study pinned the openness to import of capital and intermediate goods. This finding is in tandem with the view of trade liberation activist contrary to the view of the theory (import dependence theory) adopted herein. However, with the findings of this study, opening Nigeria economy in respect of imported manufactured goods is detrimental to the economy and this is in line with the theory we adopted. Our result partly agrees with Jack, Nkwocha and Boroh (2016) who found that imports have negative implications on the overall socio-economic development of Nigeria's economy as reflected in its weak industrial base, food insecurity and dependence on foreign capital. Contrarily our result disagrees with Ngene, Nwele, and Uduimoh, (2016) who found that imported manufactured goods have positive significant impact on Nigeria's manufacturing sector output growth.

Again in the second model, the result obtained partially agrees with Aluko, Akinola and Fatokun (2014) who found that that globalization had strong adverse effects on capacity utilization in the manufacturing sector and that the problems associated with globalization and liberalization of trade hindered economic growth and sustainable development. Okunade (2018) also noted that capacity is grossly under utilised in virtually every productive firm in Nigeria. Our result also partially agrees with Mahua (2014) who found that the impact of import intensity on manufacturing sector contributed to employment in India that is with respect to imported intermediate goods (IMPI), imported capital goods (IMPC) but disagrees with respect to imported manufactured goods (IMPMG).

Our result in the fifth model to a good degree agrees with Mahua (2014) who found that the impact of import intensity on manufacturing sector contributed to export growth in India that is with respect to imported capital goods (IMPC) but disagrees with respect to imported manufactured goods (IMPMG) and imported intermediate goods (IMPI). In respect of imported capital goods (IMPC) the result obtained herein agrees with Jiranyakul (2012) who found that there exists a long-run relationship between manufacturing exports and imports of capital goods in Thailand and Umoh and Effiong (2013) who found that trade openness has a positive impact on manufacturing performance in Nigeria. However, our study result holds the contrary with respect to imported manufactured goods (IMPMG) and imported intermediate goods (IMPI).

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This study investigated the assertion of the import dependence theory in Nigeria's context, precisely with respect to import of intermediate, capital and manufactured goods and Nigeria's manufacturing sector performance. The manufacturing sector performance indicator considered in the study include: manufacturing sector value added, and manufacturing sector employment rate.

After statistical pre-test, ARDL bound testing was adopted to analyse the data. The result showed existence of both long and short-run relationships between the dependent and independent variables.
A priori, it was observed that IMPI and IMPMG impede Nigeria's manufacturing sector value added while IMPC was found to have contributed positively to Nigeria's manufacturing value added while IMPI and IMPC promote Nigeria's manufacturing sector employment rate, while IMPMG was discovered to have contributed negatively to Nigeria's manufacturing sector employment rate.

5.2 Conclusion

This study is aimed at determining the impact of import dependence and manufacturing sector performance in Nigeria with specific interest on the impact of intermediate, capital and manufactured goods on manufacturing sector performance indicators (value added, and manufacturing sector employment) from 1970 to 2020. Empirical findings revealed that only import of capital contributed positively to all indicators of manufacturing performance adopted in this study while import of manufactured goods contributed negatively to all indicators of manufacturing sector performance adopted. Whereas import of intermediate contributed negatively to MVAD, it contributed positively to MEMP. We therefore conclude that on the average Nigeria's manufacturing sector is surrounded with doubting benefits and may not be good enough to set economic growth and developmental platform required in the economy, this inference is drawn based on the fact that intermediate and manufactured goods to a large extent impact negatively on the sector.

5.3 Recommendations

Based on the findings and conclusions of this study, the following recommendations are made; firstly, Nigerian Government should encourage more importation of capital goods with the view of developing her institutions and thereafter reduce import in the future. Secondly, Government should end compromise of all forms and ensure only import of intermediate goods that cannot be produced locally. Thirdly, importation of manufactured goods should be discourage completely.

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