

# ***A Critical Examination of Globalization's Impact on the Economies of Sub-Saharan African Countries***

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**Abstract:** This essay critically examines the impacts of globalization on the economy of Sub-Saharan Africa. Through the method of literature review, this paper explores the impact of globalization on international trade, foreign investment, and local development trends, while also emphasizing the negative consequences, such as economic disparities and cultural shocks. The analysis delves into theories including Friedman's "The World is Flat" and Wallerstein's world systems theory, comparing their global perspectives with the realities in Sub-Saharan Africa. Case studies illustrate the dual nature of globalization: its contribution to economic growth and the emergence of socioeconomic obstacles. The essay provides policy recommendations to effectively utilize the advantages of globalization while mitigating its negative effects, aiming to achieve inclusive economic growth and save the local cultures and traditions in Sub-Saharan Africa. The significance of this paper is to claim that although there are negative impacts of globalization, the benefits it brings are more important and that globalization should occur in Sub-Saharan Africa.

**Keywords:** Globalization, World System Theory, Dependency Theory.

## **1. Introduction**

The advancement in technological innovations, such as the widespread use of the internet, mobile technology, and renewable energy, has significantly enhanced global connections. During the late 2000s, these developments significantly impacted the economic and social development of Sub-Saharan Africa's economic and social development. By studying Sub-Saharan Africa, which comprises forty nations, individuals need to comprehend the intricate impacts of global economic, cultural, and technological integration. Countries including Kenya, South Africa, and Nigeria, bustling with foreign commercial operations, have witnessed a notable interaction between globalization and local society and economy.

This essay aims to critically analyze the economic effects of globalization on Sub-Saharan Africa. The method of literature review will be used to analyze the effects of globalization on the region, specifically focusing on how globalization fosters international trade, and foreign investment, and its impact on local development. This problem of globalization in Sub-Saharan Africa has both positive and negative effects. On the one hand, it enhances economic expansion, but on the other hand, it creates obstacles in the socioeconomic development. These negative impacts include economic disparities, disruption of traditional markets, and the erosion of the local cultural environment.

Globalization has a binary role in Sub-Saharan Africa, with both benefits and challenges. Despite that globalization has certain negative impacts on Sub-Saharan African regions, the benefits are more crucial, making it essential for the region to embrace globalization.

The first section will explore the concept of globalization in economic aspects, focusing on its correlations with Sub-Saharan Africa, and analyzing major impacts on this region through different case studies. Then the essay will prove the claim that contact with globalization is crucial for Sub-Saharan African future development by presenting major positive and negative impacts caused by globalization, and critically analyzing their implications and future outlook. This paper provides some practical policy directions and examines the broader implications of this issue, particularly in light of Sub-Saharan Africa's continued integration into global economic system.

## **2. Globalization and Sub-Saharan Africa**

The emergence of global internet networks shortens the distance among people on the planet and signifies the development of interconnections and mutual dependency among different countries by mainly encompassing economic, cultural, and political aspects. In Sub-Saharan Africa, economic communicative globalization includes the integration of national economies with the global economic system through mechanisms such as trade, foreign direct investment (FDI), capital flows, and the expansion of technologies. Sub-Saharan Africa's growth has been enhanced by sustained high prices of natural resources, including oil, gas, minerals, etc. And the increase in agricultural commodity prices has boosted annual GDP growth [1].

Despite the economic growth driven by high commodity prices and increased agricultural output, the theoretical perspective on globalization has illustrated Sub-Saharan Africa's place in the global economic system. Thomas Friedman's concept in "The World is Flat" posits that globalization equalized opportunities for global market participation [2]. However, this view seems to contrast with Sub-Saharan Africa's saying that historical and structural issues have often caused disadvantages. Wallerstein's world systems theory presents a formal explanation of the industrial capitalist world economy and outlines a global economic hierarchy of core, peripheral, and semi-periphery nations. Between the 1600s and the late 1800s, regions such as northwest Europe maintained their dominant core position, while others, such as many of Sub-Saharan Africa, remained in the periphery [3]. Dependency theory, representing the flow of resources from the periphery nations to the core nations, examines the impact of historical legacies of colonialism on the current economic dependencies of the Sub-Saharan African region. It suggests that past colonialism has led to an economic reliance on former colonial powers, especially in raw materials and technological perspectives, contributing to the vulnerabilities of Sub-Saharan African economies and the dependencies in this globalizing world.

The significant progress of globalization can be traced back to the late 20th century, especially in the post-World War II era. With the emergence of international entities such as the World Bank and the IMF (International Monetary Fund), the world became interconnected in many aspects. Recently, Sub-Saharan Africa has developed from exporting raw materials to deeper engagement in global trade and supply chains; however, according to the World Bank, Sub-Saharan Africa must boost its global trade shares and expand its participation in global trade for the growth of its economy. Despite only making up a fraction of global trade relative to population, the region's economy still relies heavily on agriculture and exports for its gross domestic product. North America's exports make up 30% of the economy, and that of Sub-Saharan Africa makes up 53%, which shows how this region is vulnerable to external shocks [4].

## 2.1. Impacts of Globalization in Sub-Saharan Africa

Globalization has significantly enhanced trade and foreign direct investment (FDI) in Sub-Saharan Africa, with trade liberalization policies opening up broader markets. According to data from the World Bank, Kenya's economy achieved broad-based growth averaging 4.8% per year between 2015 and 2019, significantly reducing poverty from 36.5% in 2005 to 27.2% in 2019. This growth is largely attributed to the expansion of export-oriented industries such as agriculture and manufacturing, which boosted foreign exchange and job creation [5]. Countries like Ethiopia and Rwanda have become notable destinations for FDI, especially in infrastructure and telecommunications. Rwanda, for example, according to Lloyds Bank, has had a steady growth rate of 7% in the past decade, indicating a trend of increasing global investment interest [6].

In a technological aspect, the process of globalization has significantly contributed to Sub-Saharan Africa's economic growth and life qualities of its citizens. With the spread of mobile devices and internet access, Kenya's mobile service company, M-Pesa, has crossed 30 million customers using the service every month in Kenya [7], marking that the widespread use of the internet and mobile devices are highly adaptive by the indigenous citizens. Moreover, in the field of agriculture, the appearance of mobile devices has notably enhanced productivity, benefiting millions of smallholder farmers in the region.

Despite the fact that the Sub-Saharan African region had significant economic growth driven by high commodity prices and increased agricultural output, many nations in the region still heavily rely on exports, making them dependent on foreign nations and having a lower position in the global economic market. This reliance contrasts with Thomas Friedman's 'the World is Flat' theory, which suggests that globalization equalizes the opportunities for market participation [2]. Instead, it seems to be aligning with dependency theory and Wallerstein's World System theory, which emphasizes the persistent economic disparities and dependencies rooted in the region's colonial past. From this circumstance, it is clear to see how Sub-Saharan Africa remains in a challenging position under the global economic hierarchy, with most countries situated on the periphery and dependent on core nations for economic stability.

According to Oshikoya, African countries do not have the potential to effectively integrate into the global economic system. When others areas have economically benefited from globalization, African countries continue to be marginalized within the established global system [8]. Meagher argues that as a direct result of unsteady political and economic policies, African societies have not been effectively capitalizing on the net benefit of globalization. Together with the fact that some nations in Africa do not have a stable political and economic infrastructure, eventually, globalization seems to take advantage of Africa based on the reliance of exported goods in some African nations toward core nations, but Africa has not gained all the benefits of globalization since they have not become a highly autonomous position in the hierarchy.

Moreover, the process of globalization challenges indigenous cultural identities. By the historical legacies of European dominations, the trend of Eurocentric development is still affecting many parts of the world today. Some nations are aware of this and have started decolonizing development or alternative methods to resist Eurocentric development, such as Gandhian Economics in India and state-led development in China. It is still a crucial element in Sub-Saharan African nations, which have been significantly affected by European powers historically. The influence of Western culture reshapes local traditions and lifestyles, especially in urban areas where western consumerism is prevalent. This cultural shift not only impacts social structures but also affects local economies dependent on cultural industries, raising concerns about the preservation of traditional values and practices. According to Brigg, postcolonial theory raises concerns about the ability of marginalized voices to truly express themselves within Western knowledge systems. Such epistemic violence

means local perspectives are often lost or altered when translated into Western scientific language, emphasizing the need for indigenous perspectives to challenge the development agenda more thoroughly [9].

## 2.2. Case Studies

Nigeria, having the largest economy and population size on the African continent, illustrates the binary impacts of globalization clearly.

Globalization has significantly propelled Nigeria's oil and gas industries, drawing foreign investments and technologies that have increased Nigeria's national revenue [10]. Nollywood has been flourished by the model of Hollywood, as the second-largest film producer industry in the world, gains international recognition, and contributes to the economic growth of the nation. Nevertheless, Nigeria also faces challenges due to the process of globalization. The heavy reliance on oil exports has made its economy vulnerable to the shifts in the global market, which eventually creates economic instability. "Since crude oil accounts for over 80 percent of total merchandise exports, it has been the mainstay of the Nigerian economy for over three decades [11]." Moreover, the country's system, affected by globalization, grapples with significant income inequality, with wealth concentrated in the hands of a few, while a large portion of the population lives in poverty.

Kenya's experience with globalization offers a different perspective. Kenya's agricultural sector, which is the cornerstone of their economy, especially horticulture, has grown steadily under the influence of globalization, thus becoming an important export industry market. In the aspect of technology, the mobile service company M-Pesa, as aforementioned, had enormously enhanced economic growth due to the connection of foreign technologies by globalization. Nevertheless, Kenya has been facing challenges such as environmental degradation by the increase of industries and the reliance on import and export with foreign countries, which will be affected by foreign environment shifts. For instance, according to the World Bank, the economic outlook is subject to elevated uncertainty, including Kenya's exposure (as a net fuel, wheat, and fertilizer importer) to the global price impacts of the war in Ukraine [5]. Furthermore, similar to Nigeria, income inequality is still a crucial problem, with rapid growth in urban areas like Nairobi contrasting with the underdevelopment in many rural regions of the nation.

The influence of globalization toward South Africa is diverse. As the most industrialized country in Sub-Saharan Africa, South Africa has received significant foreign investments in sectors like mining, manufacturing, and a variety of services, making it an important nation in the global economy. Global market integration has created a competitive business environment in South Africa, encouraging innovation and infrastructure development. Moreover, the scholarship of Patrick Bond discussed South Africa as a sub-imperial power that draws heavily on the resources and labor of neighboring countries. For instance, South Africa's sub-imperial role has been central to its regional dominance; the establishment of Johannesburg as a financial hub and the push for financial market integration across Africa are noted as part of South Africa's strategy to dominate regional economies. Additionally, the document elaborates on South Africa's economic and political influence, stressing the country's efforts to exploit the resources and labor of its neighboring nations to reinforce its sub-imperial status [12]. Nevertheless, South Africa has one of the highest rates of income inequality in the world, which was significantly affected by its apartheid history [13]. Moreover, according to the World Bank, mining production fell while manufacturing production stagnated. As load-shedding and transport bottlenecks intensified, service and domestic trade became the key sectors for economic growth, but the labor market remained weak [14]. Although South Africa is highly industrialized, it follows the western development system and often ignores the importance of considering local environments while developing. As a result, there are growing concerns about the erosion of cultural

identity and the loss of indigenous cultures and languages under the influence of global media and entertainment.

### **3. Discussion**

#### **3.1. Critiques toward globalization**

The aforementioned case studies reveal the complexity of globalization in Sub-Saharan Africa and that this process possesses benefits and challenges for the region's economy.

According to Ibi Ajayi, globalization has brought significant trade, capital flows, and income growth to some regions, but it is an uneven process. This unevenness has led to increased inequality, both globally and within regions like Sub-Saharan Africa. The wealthiest nations have gained the most, with advanced information technology and cross-border mobility benefiting them, while many developing regions lag. In the regional aspect, income inequality between urban centers and rural areas is a crucial drawback to globalization enriching widespread development [15].

Moreover, as foreign investments and the adoption of foreign technologies boost many industries, they have been affecting the development of local industries and indigenous structures by ignoring indigenous voices, which has had impacts on local social structures and cultural identities. The foreign integration in Sub-Saharan Africa mostly focuses on the benefit of the economy instead of the local environment and land rights, making the region adopt a Western development model but not develop in the background of their own. For example, the harmfulness of agricultural industries compared with traditional agricultural practices, and the impacts on the natural environment eventually affect the service sectors such as African wildlife and animals' tourism.

Due to its reliance on foreign exports and investments, Sub-Saharan Africa finds itself at the lower end of the global market, with many nations experiencing economic instability due to unforeseen global shifts and a lack of domestic development. During the COVID-19 pandemic era, the pandemic significantly interrupted global supply chains. Sub-Saharan Africa's export-oriented industries, such as agriculture and manufacturing, encountered difficulties due to lockdown and restrictions in many markets due to the reduction of global demands. Investors became wary of the pandemic's uncertainty, leading to reduced investment flows toward the region, which is crucial for Sub-Saharan Africa's development and infrastructure. According to the World Investment Report 2021, global foreign direct investment (FDI) flows dropped by 35% to \$1 trillion in 2020. This reduction was particularly severe for developing countries, where greenfield project announcements fell by 42%, impacting sectors crucial for industrialization and economic growth [16]. For instance, the COVID-19 global situation significantly impacted tourism, international trade, and urban services activities, leading to a significant rise in South Africa's unemployment rate during the pandemic, similar to that of Kenya and Nigeria.

#### **3.2. The importance of globalization**

The process of globalization, though a challenging path for the Sub-Saharan African region, remains essential for future growth and development.

The experience of the globalization process in Sub-Saharan Africa is crucial. It offers a path to economic growth and development through increased access to international markets, foreign investments, and technologies. By positioning itself in the global economic system, the Sub-Saharan African region will benefit from many trades that were previously inaccessible. The integration into global supply chains enables the region to export its goods and services, attracting foreign direct investment (FDI) that can spur industrialization and infrastructure development.

The connection between Sub-Saharan Africa and foreign technologies and knowledge is also a crucial benefit of globalization. The technologies introduced to the region have significantly enhanced



productivity and efficiency in many fields. For instance, even though the aforementioned agricultural technologies could have negative impacts in the aspect of environmental protection, they lead to higher yields and better management of natural resources, addressing food security issues prevalent in many Sub-Saharan African countries [17]. Moreover, improved information and communication technology (ICT) infrastructure can connect remote areas, fostering inclusive growth and reducing the digital divide. Research has eventually shown that ICT penetration indirectly promotes per capita growth in the Sub-Saharan African region [18].

Globalization, by its basic definitions, encourages diversification in the area, moving economies away from dependence on commodities to a wider range of industries. This diversification is crucial for economic resilience, especially under global market fluctuations. Through the development of manufacturing, services, and technology industries in Sub-Saharan African countries, the result could be significant, such as creating more stable and sustainable economic foundations and more employment opportunities, which eventually will reduce unemployment rates and improve citizens' living standards. Except in the field of industries, globalization facilitates cultural exchange, bringing different ideas, practices, and innovations to the region. This exchange can lead to creative solutions to local problems, inspired by a blend of indigenous knowledge and global best practices. Moreover, exposure to diverse cultures can enrich the social fabric of Sub-Saharan African societies, promoting tolerance, understanding, and collaboration.

Overall, the process of globalization, though it might create some issues, is still a crucial practice that Sub-Saharan Africa should adopt, since the issues are inevitable and the benefits are essential for the future development of the region.

#### **4. Balancing Globalization and Local Needs**

While embracing globalization, Sub-Saharan African countries must find a balance that preserves local needs and priorities, which can be achieved through strategic policies that promote sustainable development and equitable growth.

To mitigate the effects of globalization, policies should focus on strengthening local industries. This involves the government providing support to small and medium-sized local enterprises (SMEs), which fosters innovation and ensures local businesses can compete in the global economic market. Through developing local industries, Sub-Saharan Africa can reduce dependency on foreign investments and exports, eventually enhancing local economic stability. To localize entrepreneurship, it will also stimulate domestic innovations by creating more jobs, and access to finance will also retain and form the local economic system. Moreover, ensuring benefits from globalization requires inclusive growth strategies. Governments should implement policies that reduce income inequality, for instance, by improving access to education, health care, and social services in rural areas. Through this method, investing human capital can create a more equitable society where every citizen can benefit from globalization. A specific case study and detailed research should be done to understand the local groups and regional impacts of globalization in sub-Saharan Africa. As a result, the research could lead to more targeted and effective interventions toward the issues. It will also enhance the collectiveness of the region's power in the global status in different dimensions, such as international politics and economies.

The Sub-Saharan African region should also establish a sound regulatory framework to protect local industries and indigenous businesses from international competition and sudden shifts in global situations. This could also ensure foreign investment's consistency. Moreover, advocating fair trade and support for cultural preservation will enable Sub-Saharan Africa to gain equal benefit from global trade networks and maintain local cultures and traditions. Regional cooperation can amplify the benefits of globalization for Sub-Saharan Africa. Countries can create larger markets, share resources, and address common challenges by working together. Regional trade agreements and collaborative

initiatives can enhance economic integration, making the region more competitive in the global economy.

To summarize, Sub-Saharan African countries can respond to the complexities of globalization by focusing on strategies such as economic domestication, strengthening education, supporting local entrepreneurship, establishing effective regulatory frameworks, advocating for fair trade, and preserving culture. All of which are useful for the future multi-faceted development of the region. By adopting strategic policies that balance global integration with local needs, Sub-Saharan African countries can harness the benefits of globalization while ensuring sustainable and inclusive development for their populations.

## 5. Conclusion

In conclusion, this essay reveals some of the nuanced impacts that globalization has had to the economies of Sub-Saharan Africa, including both the benefits and drawbacks. By analyzing the connection between globalization and Sub-Saharan Africa, together with the specific case studies, it seems to be clear that the process of globalization enhanced the economic growth significantly in the region, spreading technological innovations for citizens' living quality and promoting the nation's global influence. Besides the positives, globalization also presents some challenges, such as intensified income inequalities, dependency on foreign integration, and the loss of cultural identities.

In a broader sense, the implications of globalization on the future economic development of Sub-Saharan Africa are substantial. As the region increasingly interprets into global economic markets, the government, policymakers, and industrial and business leaders should make decisions in favor of both the growth of the economy and the voices of the indigenous communities, aiming for equality and prosperity for Sub-Saharan Africa.

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