

THE IMPACT OF GLOBALISATION ON ECONOMIC GROWTH: THE CASE OF VISEGRAD COUNTRIES

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ABSTRACT

The process of globalisation has been accelerating over the last few decades. The majority of scholars opine that globalisation and the opening of the global economy have more benefits than drawbacks. The objective of this paper was to assess the situation for the Visegrad group of countries, based on the fact that these countries have a history of closed economies due to their past, and to analyse the relationship between economic globalisation and economic growth in those countries from 1990 to 2019. The methodology utilised is quantitative in nature, and various econometric methods were used to assess the long and short-run relationships between the two variables with economic growth as the dependent variable. Two control variables were also included in the study, namely domestic investment and consumer price index (CPI). The results from the analysis confirmed the long-run relationship between all the variables, with economic globalisation being a significant and positive predictor of economic growth, while domestic investment also drives economic growth with both variables having similar coefficients of between 0.43 to 0.79. The short-run results via Granger causality tests indicated that economic globalisation causes economic growth while investment and economic growth have a bi-directional causality. From the results, it is clear that the economies of the four countries have been substantially opened over the last three decades, which has led to relatively high levels of growth. The countries have excellent locations within the European Union and have benefitted as a result.

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KEY WORDS

Domestic investment, economic globalisation, economic growth, Visegrad countries.

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Introduction

International globalisation and the impact thereof on growth and development has been a topic of debate over recent decades, and the concept has been under pressure especially given the ongoing

COVID-19 pandemic. According to Samimi and Jenatabadi (2014), the process of globalisation is complicated and has both positive and negative effects on the economy. Other aspects that are affected include

economic growth, poverty, and inequality. Developed countries and developing countries alike are also affected by globalisation in different ways. This paper aims to analyse the relationship between economic growth and economic globalisation in the Visegrad Group of countries in Europe. The concept of economic globalisation includes the international and regional flow of goods and services, capital flows, trade tariffs and barriers, immigration, and the spread of knowledge across borders (Gygli et al., 2019). This type of analysis is important for the Visegrad countries – due to their history of socialism and communism – in order to determine the level of openness of the respective economies in a global context. The primary research question is to assess the level to which the four economies have opened up since 1990.

From a theoretical point of view, there is no conclusive evidence of the relationship between globalisation and growth. According to Borensztein et al. (1998) and Grossman and Helpman (1991), globalisation could promote the more effective allocation of domestic resources and production factors, as well as the increased application of technology. Early studies on the relationship between growth and globalisation found that more open economies are associated with higher levels of growth. Such studies include that of Dollar and Kraay (2002), Sachs et al. (1995), and Edwards (1998). On the other hand, some researchers also found that globalisation could even have a negative impact on growth and development, especially in countries where weak institutions and political instability exist (De Melo et al., 2008). This opinion was supported by Rodriguez and Rodrik (2000) and Krugman (1993). The relationship between economic growth and economic globalisation is dependent and is affected by factors such as the type of country and locality, as well as country-

specific aspects. In analysing the above-mentioned relationship, this study makes use of the economic globalisation index of Samimi et al. (2011), which is a comprehensive index that takes into account various important economic factors such as flows of goods and services as well as capital, openness of international trade and other factors.

1. Literature review

The literature review consists of two components, namely definitions of concepts, and empirical results from previous studies. In terms of the definitions of variables used in the study, economic growth is the dependent variable, while GDP is used as the proxy for economic growth and is defined as the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products (World Bank, 2020). Dreher (2006: 1092) defines globalisation as a process of “*creating networks of connections among actors at intra- or multi-continental distances, mediated through a variety of flows including people, information and ideas, capital, and goods. Globalisation is a process that erodes national boundaries, integrates national economies, cultures, technologies and governance, and produces complex relations of mutual interdependence*”. The economic globalisation index is the primary independent variable as a predictor of economic growth. The index has values from 0-100 with country rankings. As stated in the introduction, the economic globalisation index includes factors such as long-distance flows of goods, capital and services as well as information and perceptions that accompany market exchanges (Gygli et al., 2019). Two other independent variables were included in the study as control variables, namely gross capital formation, otherwise known as domestic investment,

and the consumer price index (CPI). Domestic investment includes expenditure on fixed assets with changes in the level of inventories. Fixed assets could include capital improvements in plant, machinery, and equipment purchases, as well as the construction of roads, railways, schools, offices, hospitals, private residential dwellings, and commercial and industrial buildings. Inventories are stocks of goods held by firms to meet temporary or unexpected fluctuations in production or sales (World Bank, 2020). Lastly, CPI is an indication of changes in the cost to the average consumer of acquiring a basket of goods and services over a specific period (World Bank, 2020). In their study on globalisation, Grossman and Helpman (2015) state that globalisation is expected to contribute and drive economic growth for reasons such as (1) international knowledge spill-overs; (2) open economies allowing for access to larger markets; (3) increased competition; (4) improved specialisation and innovation with improved productivity.

In terms of empirical studies, this section is divided into general global studies, European and United States (US)-based studies, Asian studies, and lastly African studies. Dreher (2006) used the KOF Globalisation Index including 123 countries for the period 1970–2000. He found that globalisation was positively related to economic growth for most countries. Kilic (2015) also tested the impacts of globalisation on economic growth using panel data analysis for 74 developing countries from 1981 to 2011. The results revealed that economic growth is positively affected by economic globalisation, and causality tests indicated a uni-directional relationship between economic globalisation and economic growth. Gözgör and Can (2017) tested the causal relationships between the diversification of exports, economic globalisation and economic growth in an

unbalanced panel data framework including 139 countries from 1970–2010. The final results indicate a bi-directional causal relationship between economic globalisation and economic growth and a causality from the diversification of exports to economic growth.

In terms of US and European-based studies, Leitão (2012) analysed the interrelations between economic growth, trade, and globalisation in the US for the period of 1995 to 2008, using a panel data econometric technique. The study also confirmed that globalisation promotes economic growth. Chang and Lee (2010) assessed the relationship between a globalisation index and the economic growth for 23 Organisation for Economic Cooperation and Development (OECD) countries from the period of 1970 to 2006, using a cointegration analysis. The results indicated a weak relationship in the short term, but a significant long-term relationship whereby globalisation does indeed cause economic growth. Chang and Lee (2011) also assessed the effect of globalisation on economic growth using panel data analysis of former communist countries and European OECD members for the period of 1990 to 2006. The study divided Europe into two groups based on political regime characteristics, using 10 former communist countries (FCCs) and 18 OECD members. The results confirm that globalisation contributes to economic growth, and has a larger impact on GDP per capita in FCCs than in OECD countries. Also in Europe, Polasek and Sellner (2011) tested the effect of globalisation on economic growth for 27 European Union countries from 2001 to 2006 and concluded that globalisation does have a positive impact on economic growth, mostly via FDI. Gibescu (2010) assessed the role of gross fixed capital formation as a factor for economic growth in countries including Romania, Bulgaria,

the Czech Republic, Poland and Hungary for the period 2003-2009, using variables including economic growth as dependent variables and the gross fixed capital formation (GFCF) as the independent variable. The results indicated positive and significant relations between economic growth and gross fixed capital formation for Romania, Bulgaria, Czech Republic and Poland. Zerrin and Dumrul (2018) assessed the impact of globalisation on economic growth in Turkey from 1980 to 2015. The results indicate via a FMOLS cointegration method that economic growth increased due to economic globalisation in Turkey.

Moving to Asian studies, Samimi and Jentatabadi (2014) analysed the relationship and impact of economic globalisation on economic growth in Organisation of Islamic Cooperation (OIC) countries. The study used a dynamic panel data approach and found evidence that economic globalisation has a statistically significant impact on economic growth in OIC countries, especially in more developed and higher-income countries. Ying et al. (2014) also assessed the impact of globalisation on economic growth by using a panel data analysis for ASEAN countries between 1970 and 2008. The results supported the premise that globalisation has a significant and positive relationship to economic growth. The study used panel fully-modified OLS (FMOLS) and confirmed a coefficient or elasticity of 1.48 between economic growth and economic globalisation. Rao et al. (2011) analysed the relationship in Singapore, Malaysia, Thailand, India and Philippines, finding that as the level of globalisation increases over time, economic growth also increases to higher levels. Meraj (2013) analysed the long-run relationship between the trade gap which represented the level of globalisation and economic growth in Bangladesh from 1871 to 2005 using an ARDL model and Granger causality tests.

The results indicated that for Bangladesh, a developing country, globalisation has a positive impact on trade and economic growth. Afzal (2007) assessed the impact of globalisation on economic growth using a time series econometric model in Pakistan from 1960 to 2006. He concluded that a strong relationship existed between economic growth and the variables used to test for globalisation, namely the trade gap and financial integration. A study by Shaikh and Shah (2008) found similar results, showing that globalisation positively impacts economic growth in Pakistan. Ray (2012) analysed the role of globalisation and economic growth in India using a Granger causality methodology. The results from the econometric model indicate that factors such as domestic investment and trade openness have significant positive impacts on economic growth, and that causality is bi-directional in India.

Lastly, in terms of African studies, Umaru et al. (2013) assessed the relationship in Nigeria from 1962 to 2009 by analysing the impacts on the various economic sectors. The study found that globalisation has different impacts on different sectors or components. The impact on petrol, manufacturing and mining are negative, but it has a positive impact on agriculture, transportation and communication. Salifou and Haq (2017) assessed the relationships between tourism, globalisation and economic growth using a panel cointegration analysis for 11 selected West African states. Results from the econometric models including FMOLS and DOLS confirmed the positive impact of physical capital, tourism and the economic globalisation index on economic growth. Barry (2010) assessed the relationship between globalisation and economic growth in 41 Sub-Saharan African nations by utilising panel data from 1995 to 2005. The results show that globalisation has a positive im-

impact on economic growth in Sub-Saharan Africa and that the impact of globalisation is especially highly positive and significant for countries with scarce natural resources. The author recommends that, in order to maximise the benefits of globalisation, African countries should stabilise their macro-economic environment via good policies and implementation. Meyer and Sanusi (2019) assessed the relationship between domestic investment, employment and economic growth in South Africa, making use of quarterly data from 1995Q1 to 2016Q4 and utilising the Johansen cointegration and Vector Error Correction Models (VECM). The results indicate a long-run relationship between domestic investment, employment and economic growth, with causality running from economic growth to investment, but not vice versa. The results also demonstrate that investment has a positive long-run impact on employment. The empirical evidence further suggests bi-directional causality between employment and economic growth, while evidence of uni-directional causality, from investment to employment, is also found. In conclusion, the majority of sources listed in the literature review confirmed the positive impact of globalisation on economic growth, especially for developed countries such as the Visegrad countries. The relationship in developing countries is not so clearly established.

2. Methodology

In order to achieve the objectives of the research paper, a quantitative research approach was followed. The study implemented time-series econometric methods to assess the relationship between different variables using secondary data for the period from 1990 to 2019 from the World Bank data set and KOF Globalisation Index (2019). A pooled panel econometric methodology was selected to assess the

relationships between selected variables for the Visegrad countries. In this process, a number of econometric models were utilised to assess long and short-run relationships, which included (1) correlation coefficients to determine the short-run relationships between variables; (2) unit root tests to determine the level of stationarity of the variables and model selection; (3) a Granger causality test to assess causality between all the variables; (4) long-run relationships between the variables using either an ARDL or of Fisher-Johansen test leading to regression analysis using FMOLS and DOLS equations; (5) and model stability diagnostic tests. All variables were converted into the natural logarithm format to simplify the analysis of coefficients. The panel data set was created for the four Visegrad countries with a total of 126 observations. The primary objective of the research was therefore to analyse the relationships between economic growth, the economic globalisation index, domestic investment – also known as gross fixed capital formation – and lastly the consumer price index (CPI). Table 1 represents a summary of the variables used in the econometric model.

Table 1. Summary of variables used in the econometric model

Variable	Abbreviations (in brackets the logarithm format)	Definition
GDP at constant prices in US\$	GDP** (LGDP)	GDP at purchaser's prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products (World Bank, 2020).
The Economic Globali- sation Index	ECONGLOBI (LECONGLOBI)	Economic globalisation characterises long distance flows of goods, capital and services as well as information and perceptions that accompany market exchanges (KOF Globalisation Index, 2019).
Domestic Investment or Gross fixed capital formation	INV (LINV)	Gross domestic investment consists of outlays on additions to the fixed assets of the economy plus net changes in the level of inventories. Fixed assets include land improvements (fences, ditches, drains, and so on); plant, machinery, and equipment purchases; and the construction of roads, railways, and the like, including schools, offices, hospitals, private residential dwellings, and commercial and industrial buildings (World Bank, 2020).
Consumer Price Index	CPI (LCPI)	The consumer price index reflects changes in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals (World Bank, 2020).

Source: Own elaboration.

When pooled panel data econometric models are utilised, the following basic equation is used as proposed by Brooks (2014):

$y_{it} = \alpha + \beta x_{it} + u_{it}$ (1)

Where y_{it} is the dependent variable, α is the intercept term, β is a $k \times 1$ vector of pa-

rameters to be estimated on the explanatory variables, and x_{it} is a $1 \times k$ vector of observations on the explanatory variables, $t = 1, \dots, T$; $i = 1$. The model from the function described in equation (1) can be listed as follows:

Main Model 1: $LGDP_t = \alpha_1 + \sum_{j=1}^k \beta_{1j} LGDP_{t-j} + \sum_{j=1}^k \lambda_{1j} LECONGLOBI_{t-j} + LINV_{t-j} + LCPI_{t-j} u_{1t}$ (2)

Where α_n is the constant, β_n , λ_n are the coefficients, K is the number of lags and u_{1t} and u_{2t} are the stochastic error terms which are also known as shocks in the model. The unit root tests for level of stationarity was conducted using the Im, Pesaran and Shin W-stat test; the ADF – Fisher Chi-square test; and the PP – Fisher Chi-square test. If the variables are stationary at $I(0)$, a normal panel VAR analysis is conducted, whereas if variables are stationary at $I(1)$, the Fisher Johansen panel co-integration test for a long-run relationship is conducted. If a mixture of variables were determined, the only option is a panel ARDL method as estimation.

3. Results and discussion

This section starts with a descriptive summary of the raw data from the panel data set per country. The Visegrad countries consist of four countries, namely the Czech Republic, Hungary, Poland and Slovakia. Table 2 is a summary of the raw data per country. The country with the largest economy in terms of GDP at constant prices is Poland with a real economy of US\$637 billion, with an average annual growth rate of 6.3% since 1990. Slovakia has the smallest economy, but coming from a low base has achieved the highest annual average growth rate of the Visegrad countries since 1990. In terms of the

economic globalisation index, the Czech Republic has the highest index of 84.5, but this country also has the lowest rate of increase in the index. Although Poland has the lowest globalisation index, the country recorded the highest rate of increase in the index with over 3.2% per annum over the last 29 years. One of the reasons for the

rapid increase in economic growth in Poland is the high levels of domestic investment over the last 29 years. Poland has by far the highest levels of investment as well as the highest growth rates in investment. Lastly, in terms of CPI, Poland also achieved the highest increase in CPI, due to the rapid growth in the economy.

Table 2. Descriptive comparative summary

Countries	GDP (Constant prices in US\$ billions) (Annual growth indicated in brackets in %)		Economic Globalisation index (annual % increase indicated in brackets)		Domestic Investment (US\$ billions) (Annual growth indicated in brackets in %)		CPI (Annual growth indicated in brackets in %)	
	1990	2019	1990	2019	1990	2019	1990	2019
Czech Republic	144.50	248.20 (1.4)	56.83*	84.50* (1.7)	33.12	67.11 (3.5)	32.56*	113.25
Hungary	89.75	167.10 (2.9)	50.59	82.95 (2.2)	14.78	39.75 (5.8)	9.23	121.64*
Poland	226.66*	637.50* (6.3)	38.57	73.95 (3.2)*	33.34*	147.75* (11.8)*	6.98	114.11
Slovakia	39.85	116.50 (6.6)*	48.57	83.75 (2.5)	9.34	27.32 (6.6)	25.55	115.72

Source: Own elaboration.

Table 3 is a summary of the correlation coefficients. LGDP has positive relationships with all of the independent variables with LINV having the highest t-stat, and with LCPI, both variables have statistically significant relationships with LGDP. Although

LECONGLOBI has a positive relationship with LGDP, the relationship is not statistically significant. Both LINV and LCPI have positive and significant relationships with LECONGLOBI. Lastly, LINV and LCPI are positively and significantly related.

Table 3. Correlation coefficient analysis

Variables	LGDP	LECONGLOBI	LINV	LCPI
LGDP	1.0000			

LECONGLOBI	0.0654	1.0000		
	[0.7124]	-----		
	(0.4776)	-----		
LINV	0.9640	0.1937	1.0000	
	[39.4207]	[2.1452]	-----	
	(0.0001)*	(0.0340)*	-----	
LCPI	0.3393	0.7750	0.4677	1.0000
	[3.9187]	[13.3226]	[5.7481]	-----
	(0.0001)*	(0.0001)*	(0.0002)*	-----

Notes: () indicates the p-value and [] the t-statistic; while * indicates 5% statistically significant.

Source: Own elaboration.

Secondly, the unit root tests for the panel data were conducted to test for the level of stationarity of the variables so as to decide on the final long-run estimation model. Table 4 reports the results from the Levin, Lin and Chu test, the Im, Pesaran and Shin W-stat, as well as the ADF - Fisher Chi-square test. The results indicate that all variables are non-stationary at levels I(0), while all

variables become stationary at 1st difference; they are therefore, stationary at I(1). Based on the unit root test results, it could be concluded that the Fisher/Johansen panel cointegration test should be utilised to assess the long-run relationships between the variables for both models, as all variables are stationary at the same level.

Table 4. Panel unit root tests

Variables	LGDP		LECONBLOBI		LINV		LCPI	
	I (0)	I (1)	I (0)	I (1)	I (0)	I (1)	I (0)	I (1)
Levin, Lin and Chu test	0.8593	0.0001*	0.9886	0.0001*	0.4217	0.0001*	0.0651	0.0104**
Im, Pesaran and Shin W-stat	0.7834	0.0005*	0.9981	0.0003*	0.5368	0.0005*	0.1823	0.0001*
ADF - Fisher Chi-square test	0.9989	0.0001*	0.9984	0.0001*	0.9237	0.0001*	0.0941	0.0061*

Notes: Null hypothesis: Unit root. * indicates 1% statistically significant, ** indicates 5% statistically significant.
Source: Own elaboration.

The Fisher Johansen panel cointegration tests including the Trace test and the Max-Eigen test are listed in Table 5. Regarding this test, the null hypothesis is rejected, meaning there is a long-run relationship between variables. The results show that, for both the Trace test and the Max-Eigen test, a long-run cointegration relationship exists between the variables at a 1% significance level. It could therefore be stated that a long-run equilibrium relationship exists amongst the variables.

Table 5. Fisher Johansen panel cointegration test

Hypothesised No. of CE(s)	Fisher Stat.** (from trace test)	Prob.	Fisher Stat.** (from max-eigen test)	Prob.
None	77.63	0.0001*	36.91	0.0005*
At most 1	48.35	0.0267**	30.63	0.0087*
At most 2	26.64	0.0456**	14.23	0.0780

Note: *indicates that the test statistics are significant at the 1% level. * Probabilities are computed using asymptotic Chi-square distribution.

Source: Own elaboration.

Based on the positive results of the Fisher Johansen test, this long-run relationship needs to be confirmed, and the strength of the various relationships by the determination of a regression analysis with coefficients should be determined. The two types of estimation methods utilised are the Fully Modified Ordinary Least Squares

(FMOLS) and the Dynamic Ordinary Least Squares (DOLS) models. A consideration of various forms of residual-based panel method results indicate that these models generally outperform single-equation estimation techniques (Pedroni, 2000). The results of both methods need to be compared when deciding on the final results

(Tintin, 2009).

Firstly, the results of the FMOLS model as listed in Table 6 are discussed. With GDP as the dependent variable, the results indicate that both economic globalisation and domestic investment are significant and positive predictors of changes in GDP. The model predicts that a 1% increase in economic globalisation could lead to an increase of 0.79% in GDP, while a 1% increase in investment could result in a 0.43% increase in GDP. Interestingly, the model indicates that CPI has a negative but insignificant impact on GDP. Similar results have been estimated using the DOLS method. Both economic globalisation and domestic investment had a positive and

significant impact on GDP coefficients of 0.43 for both predictions. Again, CPI did not have a significant relationship with GDP, but in this case the relationship or impact was negative. Similar results have been reported by Dreher (2006), Salifou and Haq (2017), and Zerrin and Dumruk (2018) regarding the positive relationship between economic globalisation and economic growth. In addition, Gibescu (2010) and Salifou and Haq (2017) also found that a positive relationship exists between globalisation, domestic investment and economic growth.

Table 6. Model 1: FMOLS and DOLS results Dependent variable: LGDP per capita

Independent variables: LECONGLOBI; LINV; LCPI				
Method	Variables	Coefficient	t-statistic	P-value (prob)
FMOLS	LECONGLOBI	0.7908	3.8359	0.0002**
	LINV	0.4272	4.4907	0.0001**
	LCPI	-0.0284	-0.4436	0.6582
DOLS	LECONGLOBI	0.4346	2.0405	0.0454*
	LINV	0.4306	3.9830	0.0002**
	LCPI	0.1966	1.7462	0.0855

Note: *indicates that the test statistics are significant at the 5% level and **indicates that the test statistics are significant at the 1% level.

Source: Own elaboration.

Table 7 is a presentation of the pairwise Granger causality test results for the short-run. Key results from the analysis are that increased economic globalisation causes changes in GDP; while domestic investment and GDP have a bi-directional causality and CPI causes changes in the GDP. More results confirm that domestic invest-

ment and economic globalisation have bi-directional causality while CPI causes changes in domestic investment. Kilic (2015) also reported that economic globalisation causes economic growth, while Gözgör and Can (2017) found that a bi-directional relationship exists between the two variables.

Table 7. Pairwise Granger causality tests

Null Hypothesis:	Obs	F-Statistic	Prob.
LECONGLOBI does not Granger cause LGDP	88	2.4202	0.0226*
LGDP does not Granger Cause LECONGLOBI		1.6418	0.1284
LINV does not Granger cause LGDP	88	2.0661	0.0409*
LGDP does not Granger cause LINV		3.7439	0.0010*
LCPI does not Granger cause LGDP	88	3.1620	0.0040*
LGDP does not Granger cause LCPI		0.6169	0.7608

LINV does not Granger cause LECONGLOBI	88	1.8791	0.0768**
LECONGLOBI does not Granger cause LINV		2.2829	0.0310*
LCPI does not Granger cause LECONGLOBI	88	0.4183	0.9063
LECONGLOBI does not Granger cause LCPI		1.0143	0.4333
LCPI does not Granger cause LINV	88	2.5185	0.0180*
LINV does not Granger cause LCPI		1.0878	0.3817

Note: * indicates 5% statistical significance; ** indicates 10% statistical significance.

Source: Own elaboration.

In terms of residual diagnostics, the model passed the Jarque-Bera normality test and the serial correlation test.

Conclusions

Globalisation, and especially economic globalisation, is of vital importance in order for most economies to grow. Evidence from the literature also indicates that under certain conditions, globalisation could also have a negative effect on the economy when weak institutions and political instability exist. Various factors contribute to the level of success of globalisation including trade openness with exports, financial market integration, trade tariffs and regulations, the environment for attraction of investment, immigration of skilled people, and the spread of knowledge leading to improved allocation of resources and production factors. Conversely, one of the negative implications and consequences is an increase in the dependence of developing countries on developed countries or regions. The objective of the study was to analyse the relationship between economic globalisation and economic growth in the Visegrad group of countries from 1990 to 2019, which was achieved by conducting a comprehensive literature review as well as using a pooled panel econometric methodology. The results from the analysis confirmed the long-run relationship between all the variables, with economic globalisation being a significant and positive predictor of economic growth, while domestic investment also drives economic

growth with both variables having similar coefficients of between 0.43 to 0.79. This result is interesting as it indicates that, for the four developed countries, economic globalisation or openness has a larger impact on the economy than domestic investment. Short-run results via Granger causality tests indicated that economic globalisation causes economic growth, while investment and economic growth have a bi-directional causality.

A limitation of the study is that more predictive or independent variables could have been included in the study, but it was not possible to include a large number of variables in the model. Future studies will introduce other important variables such as trade openness, macro-economic conditions, and FDI. Different regions and countries could also be included in future studies by comparing developed and developing countries and even sub-regions within a country. The results clearly indicate that all four of the Visegrad countries have successfully opened their economies within the European Union as well as the rest of the world after the fall of communism at the end of the 1980s. This opening of the economies has resulted in well-developed economies that are competitive on a global scale. These countries can even improve their economic environment by means of effective macro-economic policies, including both monetary and fiscal components. Finally, the study confirmed the importance of economic globalisation to economic growth in developed countries.

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