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## FACTORS AFFECTING GLOBALIZATION: AN APPLICATION ON FRAGILE FIVE COUNTRIES


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### ABSTRACT

Globalization is a term that includes many aspects of political, economic, cultural and social. It is used to express change under different headings and interactions. This change, which has to be kept up by the countries in the new world order, causes the need for globalization to increase. Technological advances help the integration of innovative ideas and new production techniques between countries. As a result, new global economic and social structures are emerging around the world. Globalization causes connections between societies and labor, capital and market structures to reach an international dimension. The value judgments and characteristics of societies can adapt to each other with globalization and contribute to the development of social interaction between countries. In this study, the effects of carbon dioxide emission, foreign trade, energy, inflation, political stability and local credits on globalization were tested by panel data analysis for fragile five countries in the period 2000-2017. The financial, environmental, political and economic aspects of globalization are discussed within the scope of the analysis. The causal tests between negative and positive shocks and hidden cohesion test were performed. According to the results, there is a long-term relationship between globalization and Co<sub>2</sub>, inflation, foreign trade, local credits, political stability and energy shocks both in positive and negative shocks in fragile five countries. In addition, as a result of causality among negative shocks, there are two-way causality between globalization and Co<sub>2</sub> variables, and between globalization and foreign trade variables, there is one-way causality from inflation to globalization,

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from globalization to local credits, political stability and energy; As a result of the causality between positive shocks, two-way causality finding was obtained between globalization and local credit variables, there is one-way causality from  $CO_2$ , inflation and energy variables to globalization and from globalization to political stability.

### **STRUCTURED ABSTRACT**

The history of globalization, which is a widely discussed concept in the field of social sciences and has various definitions, dates back to many years, but its real development has been realized since the eighties. While globalization can be defined by some authors as freedom, democratization, human rights or imperialism, capitalism, and the conflict of economic-state power, some writers have argued that by the writers of international goods and capital as well as the transfer of ideas and people, culture and technology, and the creation and development of transnational arrangements; transnational world economies and societies. Globalization, as can be understood from its definitions, is an extremely broad concept and has many different dimensions. Today, it is emphasized that there are at least three elements of globalization, namely social, economic and political globalization. It can be said that globalization has achieved its current meaning through three phases. The first phase; The period from the late 19th century to the 1914s, the second phase; The period from 1914 to 1945-50 and the third phase; It is the period after 1945-50. In the first phase from the end of the 19th century to the 1914s, globalization is highly advanced, especially in economic terms. However, this situation was reversed in the second phase, which lasted from 1914 to 1945-50. Especially during this period, the Great Depression caused the global integration flows to be severely disrupted. In the post 1945-50 period, globalization gained momentum, particularly after 1980, and achieved an unprecedented level.

There are too many studies in the literature about globalization, but these studies have been examined either directly by using the globalization index or the concept of globalization with many dimensions under a single title. In this study, unlike other studies, globalization has been handled in different aspects and by using data with variable political, environmental, financial and economic dimensions, it has been tried to explain the subject from wide and different perspectives.

In this study, which covers the environmental, political, financial and economic dimensions of globalization together, panel analysis covering the years 2000-2017 was conducted. The relevant data were obtained from the World Bank, Political Risk Services and KOF Globalization. As described Fragile Five countries and Turkey where the group has been the subject of study. Carbon dioxide emission rate and energy use rate were used to represent the environmental dimension of globalization. Foreign trade, inflation and loans to the financial sector were used to explain its financial and economic dimensions. Political stability data for the political dimension were also obtained from the International Country Risk Guide. Globalization data was obtained from KOF Globalization Index (Economic) and used as dependent variable in the study. The analysis was started by looking at the horizontal cross-sectional dependence of the variables. LM Test and LM adj Test were

found to have horizontal cross-sectional dependence. In line with the results, unit root test, cointegration and causality tests were performed. Appropriate model estimation was made for the variables and coefficients were interpreted.

According to the LM test, the probability values of all variables were significant at 5% significance level, in an other saying, it is concluded that there is a horizontal cross-section dependency in the series. In cases where there is a cross-sectional dependence among the variables, second generation unit root tests are used. In this study, because of the horizontal cross-sectional dependence result, the unit root test was carried out with Panicca Test which is one of the second generation unit root tests. As a result of the unit root test performed in the series, the variables were unit rooted in  $I(0)$  and the series became stationary in the first difference,  $I(1)$  by taking the difference of the series to make the series stationary. After the variables became stable at  $I(1)$  level, Hidden Cointegration Test was performed to determine whether there was a long term relationship between them. In cointegration test result, there is a long-term relationship between globalization and  $CO_2$ , inflation, foreign trade, local credits, political stability and energy shocks both in positive and negative shocks in fragile five countries. In addition, as a result of causality among negative shocks, there are two-way causality between globalization and  $CO_2$  variables, and between globalization and foreign trade variables, there is one-way causality from inflation to globalization, from globalization to local credits, political stability and energy; As a result of the causality between positive shocks, two-way causality finding was obtained between globalization and local credit variables, there is one-way causality from  $CO_2$ , inflation and energy variables to globalization and from globalization to political stability.

The concept of globalization, which is expressed in different dimensions and meanings, has significant effects on economic indicators. Innovations and improvements in the economy in the developing process are handled with globalization. It is not enough to take steps to ensure the integration of countries with the world. In order to gain from the positive effects of globalization, it has become compulsory for countries to strengthen their economic and institutional structures. In order to gain from the positive features of globalization, it is essential that social, economic and political policies appropriate to developed countries are applied together and in harmony. The implementation of national economic policies with a strong productions structure will contribute to the development of countries.

In this study, although the course is parallel with the literature, globalization is handled with its financial, environmental and economic dimensions. Panel data analysis was used in the study on brittle fives. In the study conducted using current analysis and tests, it was found that meaningful results were obtained on variables. Horizontal cross-sectional dependence test was used to determine the unit root test and Panicca test was applied. Then, the relationship between the variables was examined with the Hidden Cointegration test. As a result of the fixed effects model, the greatest impact on globalization was observed in economic indicators such as inflation and foreign trade. These variables were followed by environmental factors and financial effects. The effect of variables used on globalization was determined by analysis.

**Keywords:** Globalization, Fragile Five Countries, Panel Data Analysis

## KÜRESELLEŞMEYİ ETKİLEYEN FAKTÖRLER: KIRILGAN BEŞLİ ÜZERİNE BİR UYGULAMA

### ÖZ

Küreselleşme siyasi, ekonomik, kültürel ve sosyal birçok yönü içinde barındıran bir terimdir. Farklı başlıklar ve etkileşimler altında değişimi ifade etmek için kullanılmaktadır. Yeni dünya düzeni içerisinde ülkeler tarafından ayak uydurulması gerekli olan bu değişim küreselleşmeye olan ihtiyacın artmasına neden olmaktadır. Teknolojik gelişmeler yenilikçi fikirlerin, yeni üretim tekniklerinin ülkeler arasındaki entegrasyonuna yardımcı olmaktadır. Bunun sonucunda dünya üzerinde yeni küresel ekonomik ve sosyal yapılar ortaya çıkmaktadır. Küreselleşme toplumlar arasında bağlantılar kurulmasına, işgücü, sermaye ve piyasa yapılarının uluslararası bir boyuta ulaşmasına neden olmaktadır. Toplumların sahip olduğu değer yargıları ve özellikleri küreselleşmeyle birbiriyle uyum sağlayabilmekte ve ülkeler arasındaki sosyal etkileşimin gelişmesine katkı sağlayabilmektedir. Bu çalışmada karbondioksit salınımı, dış ticaret, enerji, enflasyon, politik istikrar ve yerel kredilerin küreselleşme üzerindeki etkisi kırılğan beşli ülkeleri için 2000-2017 döneminde panel veri analizi ile test edilmiştir. Analiz kapsamında küreselleşmenin finansal, çevresel, siyasal ve ekonomik boyutu ele alınmıştır. Saklı eş bütünleşme testi ile negatif ve pozitif şoklar arasında nedensellik testleri yapılmıştır. Sonuçlara göre, kırılğan beşli ülkelerinde küreselleşme ile Co<sub>2</sub>, enflasyon, dış ticaret, yerel krediler, politik istikrarlılık ve enerji değişkenlerinin hem pozitif şokları arasında hem de negatif şokları arasında uzun dönemli bir ilişki olduğu görülmüştür. Ayrıca negatif şoklar arasında nedensellik sonucunda küreselleşme ile Co<sub>2</sub> değişkenleri arasında ve küreselleşme ile dış ticaret değişkenleri arasında çift yönlü nedensellik, enflasyondan küreselleşmeye doğru, küreselleşmeden yerel krediler, politik istikrarlılık ve enerjiye doğru ise tek yönlü nedensellik; pozitif şoklar arasında yapılan nedensellik sonucunda küresellik ile yerel kredi değişkenleri arasında çift yönlü nedensellik, Co<sub>2</sub>, enflasyon ve enerji değişkenlerinden küreselliğe doğru ve küresellikten politik istikrarlılığa doğru tek yönlü nedensellik bulgusuna ulaşılmıştır.

**Anahtar Kelimeler:** Küreselleşme, Kırılğan Beşli, Panel Veri Analizi.

### 1. Introduction

There are many definitions of globalization from simple to complex, from multidimensional to unidimensional and from unambiguous. The aim of this section is to clarify the concept and then to demonstrate the development process and form of globalization. In order to better adopt the concept of globalization, it is useful to give a few different definitions here (Hablemitoğlu, 2004: 34-35).

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Globalization is one of the most discussed and defined concepts in the social sciences. Although the history of globalization dates back many years, it has developed with the Second World War and the nineties. According to some scientists, globalization; freedom, democratization, human rights, but for some it is seen as a clash of imperialism, capitalism and economic-state power (Adabalı and Özcan, 2016: 41).

Globalization encompasses seemingly different but interdependent issues such as the development of international social, political and economic relations, better recognition of the expectations and beliefs of different cultures and societies, intensification of international relations. Namely, globalization is the spread of the spiritual and material values of countries across national borders and their dissolution in harmony and integrity. These values can be economic, social, cultural and political. The relations of markets with each other, the political system to be adopted, the universalization of ideas such as democracy, religion, human resources and environmental awareness are also evaluated within this framework. From this perspective, globalization, politics, culture, economy, law, human resources, health, environment, education etc. in the world occurs in areas such as (Akgönül, 2001: 135).

Globalization is the information technology-assisted spread of interaction, integration, international trade and investment among people of different nationalities, companies and governments. This process is also related to environment, culture, economic development and social welfare, political systems. The more general definition of globalization can be defined as the formation of national and supranational structures and processes that allow the penetration of economics, politics, culture and ideology of each country to the other (Kar and Günay, 2003: 3).

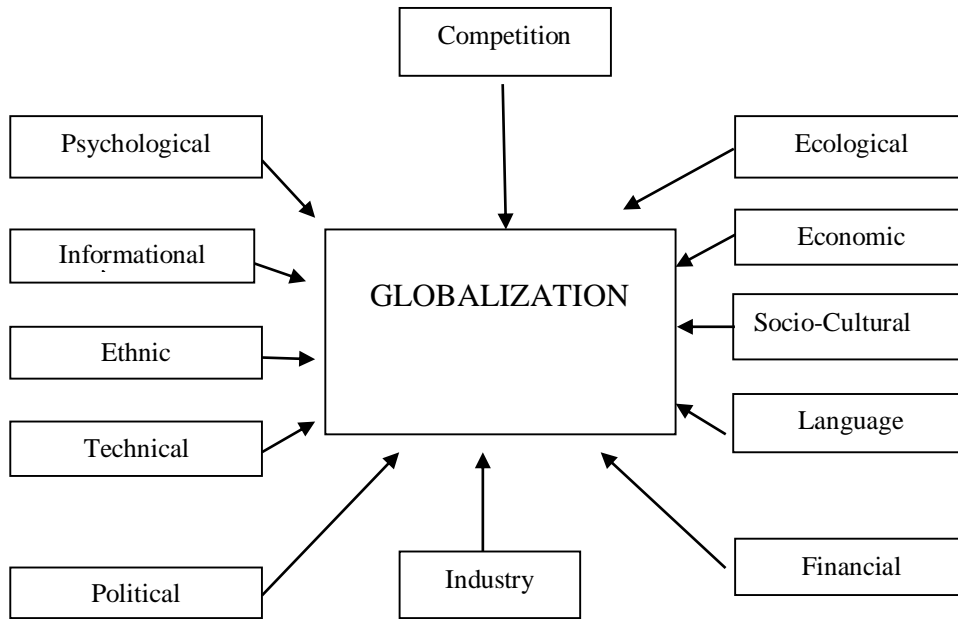
The United Nations defines globalization as the spread of ties between societies. More specifically, globalization is the integration of a country's local economic system into international markets and institutions through international liberalization, capital flows and foreign investment, information flows and technological exchanges, the use of factors of production on a global size rather than individual state economies (United Nations, 2004: 4-5).

Because of these broad definitions, it is not clear when globalization first emerged. Because globalization has a multi-faceted structure which is valid in many different fields such as cultural, political, economic and social. The definition of globalization may also change due to the cultural, political, economic and social events taking place in the world.

When relations between human communities in different geographies were established, the history of globalization dates back to the time. In terms of its meaning today, it can be said that globalization has passed through three phases and has taken its present form. These phases can be listed as follows: the period from the late 19th century to the 1914s, the period from 1914 to 1945-50 and the period after 1945-50. In the period from the end of the 19th century to the 1914s, it is seen that globalization is at an advanced level especially in the economic sense. In this period, the tariffs and barriers for international trade have fallen to almost no levels, integration of global markets has deepened, transportation costs and restrictions on the free movement of persons in the international arena have decreased to the lowest levels. This weather, which developed in favor of globalization, was reversed within the period that lasted from 1914 to 1945-50. Starting with World War I, continuing with the Great Depression and II. This period, which ended with the end of World War II, was a period in which the dynamics of globalization and global integration currents were severely disrupted. Political tendencies such as economic protectionism, self-sufficiency and extreme nationalism are typical features of this period. In the post-1945-50 period and especially after 1980, globalization gained momentum and reached an unprecedented level. There are various reasons for this. In economic terms, the pace of international capital flows and international trade volume have reached unprecedented levels. Global production processes have undergone a major transformation.

Especially II. In the post-World War period, political globalization gained momentum in order to ensure that such a great war never happened again. In addition, in this technological period, there has been a communication revolution that affected almost every part of the globe. Lastly, and especially after 1980, the demographic cultural and environmental directions of globalization began to be at the top of the world agenda ( Bayar, 2008: 26-27).

Globalization; It is an increasing integration of world economies and societies across borders, through the transfer of ideas and people, culture and technology, and the creation and development of transnational regulations, as well as the flow of international goods and capital (Altiner, Bozkurt and Toktaş, 2018: 121). Globalization, as can be understood from its definitions, is an extremely broad concept and has many different dimensions. With the help of Figure 1, the dimensions of globalization can be examined.



**Resource:** Šliburytė ve Masteikienė, 2010: 288

**Figure 1.** Dimensions of Globalization

Globalization is a highly complex and multi-form phenomenon affecting almost every aspect of social life. Initially, globalization was considered only as an economic phenomenon. Today, however, globalization has at least three dimensions. Economic, political and social globalization (Caselli, 2008: 384).

The concept of globalization, which exhibits a multidimensional structure, has been examined based on its environmental, financial and political effects. The effects of energy, local and private loans, and political stability variables on globalization were analyzed based on the so-called Fragile Five. The effect of globalization on countries has been investigated in different dimensions. In the first part of the study, information about the subject has been given and in the following part, literature study has been made. In the last part; Brazil, Indonesia, India, South Africa and Turkey were made to the panel analysis.

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## **2. A Brief Review of the Literatur**

Borensztein et al. (1998), Carkovic and Levine (2002), Köse et al. (2006) used financial variables such as direct foreign capital investments, foreign assets and the amount of liabilities to represent globalization. The common finding suggests that foreign direct investment increases production and employment, especially in countries with high levels of education, and reduces poverty, whereas the impact on income distribution is not clear.

The findings obtained from Salvatore's (2004) comparative analysis of the growth in per capita income between 1960 and 2000 in regions with different levels of development and globalization have brought a different dimension to the globalization discussions. The results obtained by the author based on the growth in per capita income reveal that countries can enter and grow without globalization and liberal policies, but that globalization and liberal policy practices will increase the economic growth of countries after a certain income level is exceeded.

Developing the KOF index, Dreher (2006) conducted a study covering 123 countries in the 1970-2000 period. In this study, it has been shown that globalization positively affects economic variables as well as economic and social and political globalization. It has come to the conclusion that this effect is more permanent especially in developed countries where there are no restrictions on capital and foreign trade.

Ahn emphasized in his study in 2008 that the free capital flow resulting from globalization increased the diversity and complexity of financing transactions, which made risk measurement difficult. The study argued that countries that could not complete their financial development or have financial deficits could experience uncontrollable crises due to globalization.

Heshmati and Lee (2010) investigated the relationship between globalization, growth and income distribution for the panel of 61 developed and developing countries in the period 1995-2001. The results showed that there is a positive connection between globalization and economic growth, but there is a negative relationship between income distribution and globalization.

In their study in 2010, Çelik and Erkan analyzed the relationship between the development and globalization of 88 selected countries during the period 1990-2005. As a result of static panel data analysis, a significant economic relationship was found between globalization and development. In particular, they found that the impact of technological globalization on the development of countries is more effective than economic, socio-cultural and political globalization processes.

Villaverde and Maza (2011) argued that the debate on the economic impacts of globalization was mainly due to the lack of a definite definition of globalization and the problem of measurement. The authors analyzed 101 developing and developed countries in the period 1970-2005; They stated that general, economic and social globalization had positive results in the economy.

In their study in 2014, Law et al. examined the effects of globalization on financial variables. In their study on 8 Asian countries, they carried out panel analysis using financial reforms, institutionalization and per capita income variables. They concluded that there is a causality among the variables used and that the developments in globalization will have positive effects on stocks.

Kandil et al. (2015) investigated the effects of globalization on economic growth and financial development for a total of 32 developed and developing countries by using the data for the period 1989-2012. According to the findings, it is concluded that globalization has a positive effect on growth and financial development, but there is no concurrency, and financial development positively affects growth and globalization.

Kazar and Kazar (2016) examined the relationship between economic growth, globalization and financial development by panel cointegration method for countries classified according to

income levels in 1980-2010. They found that financial development had positive effects on developed countries. As a result of the study, they showed that economic growth is an important factor in terms of globalization and that social and political globalization has positive effects on growth.

Muye (2017) questioned the existence of the relationship between the concept of globalization and financial and institutionalization for BRICS and MINT countries. It was found that there was an interaction between related variables in the period between 1984-2013.

### 2.1. Methodology and Data Set

In this study, which covers the financial, environmental and economic dimensions of globalization together, panel analysis covering the years 2000-2017 was conducted. The relevant data were obtained from the World Bank, Political Risk Services and KOF Globalization. As described Fragile Five countries and Turkey where the group has been the subject of study. Carbon dioxide emission rate and energy use rate were used to represent the environmental dimension of globalization. Foreign trade, inflation and loans to the financial sector were used to explain its financial and economic dimensions. Political stability data for the political dimension were also obtained from the International Country Risk Guide. Globalization data was obtained from KOF Globalization Index (Economic) and used as dependent variable in the study. The analysis was started by looking at the horizontal cross-sectional dependence of the variables. LM Test and LM<sub>adj</sub> Test were found to have horizontal cross-sectional dependence. In line with the results, unit root test, cointegration and causality tests were performed. Appropriate model estimation was made for the variables and coefficients were interpreted.

The presence of horizontal cross-section dependence was determined by Breusch-Pagan test when the time side of the panel was larger than the cross-sectional side; when both are large, they can be investigated with the Pesaran Cross test. In this study, LM test was used for 5 countries and 18 years.

This test deviates when the group mean is zero and the individual mean is different from zero. Pesaran et al. he corrected this deviation by adding variance and mean to test statistics. Therefore, the name of the test is expressed as the deviation of corrected LM test (LM adj). The LM test statistic is as follows (Breusch and Pagan, 1980: 241).

**Table 1:** Horizontal Section Results

Variables	LM Test		LM <sub>adj</sub> Test	
	Test Statistics	Probability	Test Statistics	Probability
Globalization	27.173	0.000	27.026	0.000
Co <sub>2</sub>	1.045	0.005	0.898	0.003
Foreign trade	3.295	0.001	3.148	0.001
Energy	14.658	0.000	14.51	0.000
Inflation	0.357	0.002	0.21	0.002
Political Stability	3.462	0.000	3.315	0.000
Local Credit	13.941	0.000	13.794	0.000



According to the table, the probability values of all variables are significant at 5% significance level, that is to say, there is a horizontal cross-sectional dependence in the series. For the countries studied, the cross-sectional dependence finding and the change or shock in one of the independent variables were correlated.

After finding the cross-sectional dependence, unit root tests were applied to the variables. According to the results of the cross-sectional dependence test, the unit root tests used differ. First generation tests are used in cases where there is no evidence of cross-sectional dependence. Second generation unit root tests are used, in cases where there is a cross-sectional dependence among the variables. In this study, because of the horizontal cross-sectional dependence result, the unit root test was carried out with Panicca Test which is one of the second generation unit root tests.

Panicca test, which is one of the second generation panel unit root tests and developed by Reese & Westerlund (2016), is the most recent panel unit root test in the current panel data literature. The Panicca test is based on common factor modeling and shows whether the series are stationary only at the level, and does not include information about whether they contain unit root in their differences. The null hypothesis of the test is “ $H_0$ : Series is not stationary”; The alternative hypothesis was “ $H_1$ : The series is stable (Reese and Westerlund, 2016: 971).

**Table 2: Panicca Results**

Variables	I(0)		I(1)	
	Test Statistics	Probability	Test Statistics	Probability
Globalization	-0.381	0.541	-4.121	0.000
Co <sub>2</sub>	-3.909	0.070	-4.013	0.001
Foreign trade	-4.106	0.491	-3.711	0.020
Energy	-1.132	0.631	-3.941	0.000
Inflation	-4.242	0.743	-4.121	0.010
Political Stability	-2.261	0.332	-4.031	0.004
Local Credit	0.283	0.610	-1.882	0.040

When the results of the unit root tests performed in the series are examined, it is seen that the variables are unit rooted in I(0). In other words,  $H_0$  hypothesis supporting this situation is accepted. To make the series stationary, a difference series was created by taking the difference of the series first. With this difference series, Panicca unit root test was applied to the variables again. As a result, the  $H_0$  hypothesis was rejected, the series became stationary in the first difference, I(1).

Co-integration is the statistical presentation of the long-term relationship between economic variables. There should be no cross-sectional dependence in the co-integration equation. If there is no horizontal cross-sectional dependence, the first-generation cointegration test is applied, and if there is a horizontal-cross-sectional dependence, the second-generation cointegration test is applied. In the study, hidden cointegration test which is one of the second generation cointegration tests was used.

**Table 3:** Hidden Cointegration Test

	t-Statistic	Prob
Negative Shocks	-2.081	0.018
Positive Shocks	-2.961	0.001

After the variables became stable at I (1) level, Hidden Cointegration Test was performed to decide whether there was a long term relationship between them. For this test, the variables were divided into positive and negative shocks. Co-integration between shocks was then performed. As a result of this test, the hypothesis  $H_0$ , which suggests that there is no long- term relation ship between both positive shocks and negative shocks, is rejected. As a result, there is a long-term relationship between both positive shocks and between negative shocks of variables globalization and  $CO_2$ , inflation, foreign trade, local credits, political stability and energy shocks for 5 countries covered

The well-known concept of Granger causality is based on the idea of investigating whether the historical values of one variable significantly get better the prediction of another variable. This is often formulated as a null hypothesis in terms of zero constraint applied to the underlying parameters in an autoregressive model. If the null value is rejected, this is interpreted as evidence supporting the existence of Granger Causality. The asymmetric causality test is based on a similar approach, with the exception that the causal effect of positive shocks may differ from the causal effect of negative shocks. Therefore, it is necessary to construct these shocks that can be obtained by using the cumulative sum of the basic shocks (Granger and Yoon, 2002: 186).

**Table 4:** Causality Between Negative Shocks

Causality Direction	Statistical Value	Prob
Co2 => Globalization	4.09 1	0.000
Inflation => Globalization	6.421	0.000
Globalization => Local credit	6.864	0.000
Local credit => Globalization	2.815	0.000
Globalization => Political stability	6.386	0.000
Energy => Globalization	8.271	0.000

The table presents the causality analysis results for the five countries discussed. As a result of unit root tests, after the stationary finding was obtained, variables were divided into negative and positive shocks. Then, asymmetric causality test was conducted for negative and positive shocks. As a result of the analysis conducted for negative shocks, the finding of two-way causality between globalization and  $CO_2$  variables and between globalization and foreign trade variables, from inflation to globalization, from localization to globalization, political stability and one- way causality from energy to energy were obtained.

**Table 5:** Causality Between Positive Shocks

Causality Direction	Statistical Value	Prob
Globalization => Co2	6.421	0.000
Co2 => Globalization	3.371	0.000
Inflation => Globalization	2.124	0.031
Globalization => Foreign trade	7.651	0.000
Foreign Trade => Globalization	2.251	0.024
Globalization => Local credit	11.321	0.001
Globalization => Political stability	7.702	0.000
Globalization => Energy	3.501	0.000

The table presents the causality analysis results for the five countries discussed. As a result of unit root tests, after the stationary finding was obtained, variables were divided into negative and positive shocks. Then, asymmetric causality test was conducted for negative and positive shocks. As a result of the analysis conducted for positive shocks, two-way causality was found between globalization and local credit variables, one-way causality was found from Co<sub>2</sub>, inflation and energy variables to globalization and from globalization to political stability.

The selected country groups are also an important factor in model selection. If the data is selected from a structure that constitutes a certain country group, a fixed effects model should be used. If different countries are selected from scattered groups, it would be more appropriate to use a random-effect model (Hsiao, 1986: 856). The constant effects model that is used in horizontal cross-section analysis is called the linear regression model (Greene, 1997: 613).

**Table 6.** Model Result Related to Variables

Variables	Coefficients	t-stat	Prob
Co2	0.161	0.08	0.009
Foreign trade	0.41	2.245	0.03
Energy	0.013	0.631	0.013
Inflation	0.864	3.645	0.001
Political Stability	0.034	1.961	0.035
Local Credit	0.001	0.081	0.03
Impact Specification			
R <sup>2</sup>	0.864	prob	0.00
adj. R <sup>2</sup>	0.81	prob	0.00

The table above gives the results of the model's two-way fixed effects model. The Hausman Test was used first in determining the model selection and H<sub>1</sub> hypothesis was accepted that the model showed constant unit effects. In order to determine whether the obtained model shows fixed unit effects or fixed time effects, F Test was performed. As a result of the test, it was concluded that the variables had fixed two-way effects. As a result of the analysis, while the inflation variable with the value of 0.86 had the most effect, the foreign trade variable followed the inflation with the value of 0.41.

#### 4. Conclusion

The concept of globalization, which is expressed in different dimensions and meanings, has significant effects on economic indicators. Innovations and improvements in the economy in the developing process are handled with globalization. It is not enough to take steps to ensure the integration of countries with the world. In order to benefit from the positive effects of globalization, it has become compulsory for countries to strengthen their economic and institutional structures. In order to benefit from the positive aspects of globalization, it is essential that economic, social and political policies appropriate to developed countries are applied together and in harmony. The implementation of national economic policies with a strong production structure will contribute to the development of countries.

In this study, although the course is parallel with the literature, globalization is handled with its financial, environmental and economic dimensions. Panel data analysis was used in the study on brittle fives. In the study conducted using current analysis and tests, it was found that meaningful results were obtained on variables. Horizontal cross-sectional dependence test was used to determine the unit root test and Panica test was applied. Then, the relationship between the variables was examined with the Hidden Cointegration test. As a result of the fixed effects model, the greatest impact on globalization was observed in economic indicators such as inflation and foreign trade. These variables were followed by environmental factors and financial effects. The effect of variables used on globalization was determined by analysis.

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