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# Governance and National Development: The Nigeria Perspective

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**Abstract**
This paper empirically contributed to the debates on whether good governance promotes development. The paper specifically examined relationship between six governance indicators and national development of Nigeria using the time series data spanned 1996-2014. Data on governance indicators which include: Control of Corruption, Government Effectiveness, Political stability or absence of violence/terrorism, regulatory quality, rule of laws and Voice and accountability were collected from World Wide Governance Indicators. Data on National development proxies with per capital income were collected from World Bank. Multiple regression analysis was used to test the relationship between the variables. The findings of the regression results revealed that control of Corruption negatively correlate with national development (Natdev) but only significant at 10%. Similarly, regulatory quality positively and significantly correlates with national development both at 5% and 10%. However, government effectiveness had negative influence on national development but not significant. Political stability or absence of violence/terrorism negatively affect national development but not significant. Similarly, both rule of laws and Voice and accountability positive affect national development but not significant. In group, the result of the regressions analysis revealed that governance explains 76 directions in National development of Nigeria. Based on these findings, the paper recommends that government should tame corruption, ensure timely and impartiality in delivery judgment, end insurgents or terrorism in the north, militants activities in the Niger delta, kidnapping, violence and tensions as well as reduce the burden of licensing and registration of property through it appropriates various agencies in order to build strong institutions and good governance imperative for inclusive growth and national development.
**Keywords:** Corruption, Development, Governance, Poverty, Nigeria

## 1. Introduction

The debate on whether good governance promotes development has been on the front burners among policy makers, academicians and international bodies over a decade now. Tomasz and Aldona (2014) specifically indicated that countries with good governance appear to have higher standards of living than countries with bad governance. Similarly, World Bank (2015) stressed that building strong governance is not only important to achieve millenniums development goals but also inclusive economic growth and it sustainability. In response to this, Nigeria have made several polices over the years to strengthened it institutions and governance capacities. But the extent to which they have affected national development is yet to gain much empirical attention.

Heritage Foundation (2015) documented that studies indicated that public sectors in Nigeria remains highly bureaucratic and ineffective. High ranking government officials and politicians still found more subtle ways to defraud the treasury in spite of the establishment and the strengthened capacities of the Institutions saddled with the responsibilities to check corruption. Similarly, Uji (2015) noted that corruptions which is the heart of bad governance with it multiplier effects have historically been visible in Nigeria over the years. Several cases of corrupt practices and bad governance have been reported over the years in different regimes, institutions and sectors in the country (Economic and Financial Crime Commissions, 2010). The failure to ameliorate the widespread of this muster (corruption) appears have tarnished the country's image in the international circles. This has resulted in foreign nationals having the fear of entering into business transactions with Nigerians all over the world; consistent downward trend in foreign direct investment, and the relocation of some foreign companies like Dunlop and Michelle to other neighboring countries.

Most striking, national development which is transformation of the well-being of the populace seems to elude Nigeria partly because of bad governance. This is evidence in the rising poverty, rising unemployment and consistent reduction in life expectancy occasioned by deplorable conditions of road and rail networks, poorly equipped hospitals and schools at all levels as well as epileptic power supply (Work Bank, 2015). The low ranking of Nigeria on Human Development Index (United National Development Program, 2015) further indicated that National developments plans over the years which targeted at improving the well being of all classes of Nigerians have not be realized despite the huge money the country has earned from crude oil export.

Several studies have empirically investigated the impact of governance on national development (Tomasz & Aldona, 2014; Fuje, 2008; Hurryvansh, 2014). However, most of these studies used cross country data which may not be effective to formulate policy at individual country specific level. It has been adjudged that for policy on national development to be effective it must be country specific given the difference in cultures among countries (Uzma Zia, 2009). More so, several studies have focused on effects of governance on Nigeria development (Idris, 2013; Uji, 2015; Akintoye & Opeyemi, 2014). But these studies appear to be purely theoretical. Against the above knowledge gaps, this paper empirically investigates the extent to which governance matters for national development with specific reference to Nigeria. It draws data from World Wide Governance Indicators (control of corruption, regulatory quality, and government effectiveness, rule of law, political stability and absence of violence/terrorism, and voice and accountability) compiled by Kaufmann, Kraay and Mastruzzi to explained national development in Nigeria. Thus, the objective of the paper is to ascertain relationship between governance indicators and national development in developing countries.

## 2. Literature Review

### 2.1 Concept of National Development

According to kabir (2012) national development is the transformation of socio-cultural, economic and political systems of a country as a whole. Lukpata (2013) viewed national development as the state of maturity that transform diverse people of a country arising from the interplay of modern political, economic and social forces. Other studies that have also defined national development see it as continue improvement in the lives of its citizens (Payne & Reborn, 2001; Nafziger, 2006). Measures of improvement can be seen from the perspective of an increase in the gross domestic product, or social, such as life expectancy, literacy rates, and elimination of hunger and availability of healthcare (Nafziger, 2006). Kane and Peggy (1988) viewed national development as progressive and gradual reduction in income inequality and increase in the real per capital income, while Nafziger (2006) is of the opinion that national development is the sustain increase in the standard of life that involves high incomes, low unemployment rate, access to education, improved health care and social justice. Similarly, Alina (2012) opined that increase in material and spiritual wealth of the populace through better redistribution of income, improvement in health care, educational system are the indices for national development.

World Bank (2014) specifically opined that development is nothing but improving quality of life. Similarly, United Nations Development Programme (1997) indicated that the level of development of a nation reflects in the wellbeing, life expectancy, access to health, child welfare, income inequality, standards of living measured with per capital income and combined gross primary, secondary and tertiary enrolment ratio (level of illiteracy).

From the forgoing, this paper views national development as the provision of all necessary materials and equipment that will guarantee that man in every society make a living; sustain rise in the standard of living, increase in per capita income, decrease in income inequality and eradication of mass poverty which correlates with illiteracy, disease and early death. This can be achieved by overcoming the decay of public facilities, insecurity, over activity of repressive states, rapid industrialization, and creations of quality jobs and continues acceleration of inclusive economic growth.

### 2.2 National Development in Nigeria

Despite the attractive features of the developmental plans in Nigeria, the huge money generated from oil export prior to the sudden clash of oil price in the international market and consistent support from international bodies to halve poverty, reduce hunger and eliminate mortality death by the year 2015, the country still recorded a minimum achievement in national development (Andrew, 2013). The poor commitment of the national development plans is evidence in the incidence of rising poverty, hunger, and unemployment as well as underdeveloped transport infrastructure, poor quality health care delivery, low standard of education which has historically persisted in Nigeria over the past decades has not changed till date. Statistics revealed that Nigeria had consistently score low in human development index (World Bank, 2015). Human development index is measured with life expectancy, access to health and combined gross primary, secondary and tertiary enrolment ratio (level of illiteracy) of a country. It indicates the level of wellbeing, life expectancy, literacy rate, child welfare, education, income inequality and standards of living of a country often used to indicate the level of poverty of a country (United Nations Development Programme,1997)

In 2014 ranking on human development index, Nigeria was 152 out of 188 countries. The percentage of Nigerians living in absolute poverty rose astronomically from 27.2 percent in 1980 to 54.7% in 2004 to 60.9% in 2010 (Nigerian Bureau of Statistic (NBS), 2012). This means that the population of people in poverty which stood at 17.1million out of a total population of 73.7 million in 1980 drastically increased to 112.47 million out of a total population of 159.71 million in 2010. This incidence of poverty in the country is worse in rural areas (44.9%) than in urban areas (12.6%) (NBS, 2012). On the basis of region, North East region (50.2%) had the highest poverty rate, followed by North West (45.9%), South East (28.8%) and South West (16%)( NBS, 2012).

Several studies have revealed that the major causes of poverty in Nigeria to include poor quality of education, health care systems and low standard of living (World Bank, 2015). Education, health and standard of living contributed 29.8%, 29.8% and 40.4% respectively to the overall poverty level in Nigeria in 2014 (World Bank, 2015). Other factors contributing to poverty are high unemployment rate due to inadequate access to employment opportunity, poor power supply, poor access to portable water, poor access to credit facilities and non-existence social welfare for the poor.

### 2.3 Governance: Conceptual Definition

The concept of governance is traceable as far back as 400 B.C. when the King of India entered into treaties with his chief minister. He presented key pillars of the art of governance which emphasized on justice, ethics, and anti-autocratic tendencies with primary aim to protect the wealth of the State and its subjects; to enhance, maintain and also safeguard such wealth, as well as the interests of the subjects (Kaufmann, Kraay & Mastruzzi, 2010). Ever since, governance has occupied the mind of most policy makers and recognise as surest way to create sustainable development. This has hitherto made Organization for Economic Co-operation and Development (OECD), an international donor, since 1996 until date to use quality governance indicators as major criteria for giving out aids to recipient countries.

The concept of governance has been defined by International institutions and scholars. Governance consists of the traditions and institutions by which authority or power in a country is exercised in the management of countries economic and social resources for development (World Bank, 1992). Landell-Mills and Serageldin (1992) defined governance as the state's institutions and structures, decision making processes, capacity to implement and the relationship between government officials and the public. Manasan, Gonzalez and Gaffud, (1999) opined that governance is how government conducts business in its own sphere, interacts with civil society, encouraged and facilitated people participation in service delivery and evaluation and monitoring of government performance. Other definitions of governance in the literature are; the process whereby a society makes important decisions, determines whom they involve, and how they render account (Graham, Amos, Plumptre, 2003), the degree to which government lives up to its responsibilities by ensuring effective delivery of public goods and services, the maintenance of law and order and the administration of justice (Grindle 2004); and the degree to government respect human rights; enforce legal claims, facilitate effective access to judicial and administrative proceedings; provide access to information and protect the freedom of the press; transparent, open and accountable; and effectively fight against corruption and terrorism (Cheema 2005).

According to Graham, Amos, and Plumptre (2003) governance is not just about the interaction of government and its citizens, but it is concerned with the following, the ability of the State's ability to serve its citizens, the manner in which public functions are carried out, how public resources are managed and how public regulatory powers are exercised. It is on this premise that this paper adopts Kaufmann, Kraay and Mastruzzi (2010) definition of governance as a process by which governments are selected, monitored and replaced (Voice & Accountability, Political Stability and Absence of Violence/Terrorism); the capacity of the government to effectively formulate and implement sound policies (Government Effectiveness and Regulatory Quality); and the respect of citizens and the state for the institutions that govern economic and social interactions among them (Rule of Law and control of Corruption).

### 2.4 Indicators of Good Governance

Many international organisations have highlighted the indicators of good governance. According to the World Bank (2011), the principles of governance include: effectiveness and efficiency in public sector management, accountability and responsiveness of public officials to citizenry, rule of law and public access to information and transparency. United Nations Development Programme (UNDP, 2002) also indicated that rule of law, transparency, participation, equity, effectiveness and efficiency, accountability, and strategic vision in the exercise of political, economic, and administrative authority to be the indicators of governance. These elements are also eloquently captured by OECD when the international body highlighted that governance must include participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. Section 16 (1) a, b, c, and d, and Section 16 (2) of the Nigerian 1999 Constitution also capture the principles of good governance in which include transparency, responsiveness and accountability.

For the purpose of operationalisation, this study adopts Kaufmann et al (2010) indicators of governance which include: Voice and Accountability (VA), Political Stability and Absence of Violence/Terrorism (PV), Government Effectiveness (GE), Regulatory Quality (RQ), Rule of Law (RL) and Control of Corruption(CC). Both Voice and Accountability (VA) and Political Stability and Absence of Violence/Terrorism (PV) indicated how governments are selected, monitored and replaced with. Voice and Accountability (VA) specifically capture the degree to which the country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. They describe the degree to which government give people the rights, the means, and the capacity to participate in the decisions that affect their lives and to hold their governments accountable for what they do. The Political Stability and Absence of Violence/Terrorism (PV) indicated the degree of freedom from politically-motivated violence, including terrorism.

The Regulatory Quality (RQ) describes ability of the government to formulate and implement sound policies and regulations that permit and promote development. Government Effectiveness (GE) defines the quality of public service and civil service, the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

The rule of law capture the extent to which government agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Control of Corruption (CC) is the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

## 2.5 The Impact of Governance on Economic Development: Empirical Review.

Good governance appears to be the single most important factor in eradicating poverty and promoting development. Several empirical findings have revealed that there is a correlation between governance and poverty reductions. Tomasz and Aldona (2014) employed correlation analysis to analyzed the extent to which rural development in the European Union countries is associated with their institutional quality represented by “good” governance indicators of the World Bank (voice and accountability, political stability, government effectiveness, regulatory quality, control of corruption). The study showed that statistically significant relationship between the quality of national governance indicators and several measures of economic and social situation of rural areas. The study stressed that improving those dimensions of institutional quality result in higher quality of life and work in rural areas. Thus, they concluded that a better nation-state governance goes hand in hand with a better performance of rural economy.

Hurryvansh (2014) provide additional evidence on the relationship between the quality of institutions and economic growth in developing countries. Using a Barro-type growth model, the study also examined whether the growth performance of sub-Saharan African countries was a consequence of institutions of governance. A newly assembled data set consisting of six governance clusters, namely voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and control of corruption, was combined into an overall quality of institutional governance index (QIGI) based on equal weighting. The empirical results suggested that regulatory quality had a positive impact on growth which was at least as strong as that of physical capital. Moreover, the study revealed that government effectiveness, measuring the quality of public service delivery and the competence of bureaucrats, was the most robust predictor of economic growth. The study concluded governance may at best provide a partial explanation for sub-Saharan Africa's growth rates and thus development of institutions was crucial to the achievement of sustained economic growth in developing countries and these institutions could not operate effectively without good governance.

Bađun (2005) used econometric (panel) analysis relationship between quality of governance and economic growth on a sample of EU countries and Croatia, Bulgaria and Romania (EU accession candidate countries). From a comparison of the values of indicators of the rule of law, quality of the public administration, and the dynamics and nature of reform in the administration of justice and the civil service, the study indicated that those in whom power is vested in Croatia are more focused on rent-seeking than other EU countries. His study further revealed that institutional governance affected the current level of real per capita GDP in Croatia. The paper concluded that a rapid and effective reforms of the justice and public administration sectors, as well as fighting corruption and boosting democracy would have a positive effect on future economic growth.

Ahmad and Javad (2013) investigate the relationship between foreign direct investment, institutional quality and poverty in Middle East and North Africa (MENA) countries. The study conducted a random effect panel econometric technique on data from the 21 members of the MENA countries surveyed in 2000-2009 period. The study found among others that political stability in a country boosts the amount of foreign investment which in turn reduces poverty.

Kaufmann and Kraay (2002) had also empirically found that per capita incomes and the quality of governance (measured as the average of the six clusters of institutions) were strongly positively correlated across countries. Using an empirical strategy, they separated this correlation into a strong positive causal effect running from better governance to higher per capita incomes, and a weak negative causal effect running in the opposite direction from per capita income to governance. They pointed out that elite influence and state capture may account for the surprising negative effects of per capita incomes on governance.

Fuje (2008) assessed the role of institutions in explaining the slow growth of Africa. He explored one of the possible transmission channels — aggregate technical inefficiency — through which institutions affect economic growth. In doing this, the author adopted system generalized method of moments (GMM) using data from thirty-five selected Sub-Sahara Africa (SSA) countries from 1996 to 2005. He found that rule of law, government effectiveness, regulatory quality, political instability, and voice and accountability influenced the growth of SSA. However, control over corruption has no relation to growth in the continent. The study also used stochastic frontier analysis and found that only two aspects of governance: regulatory quality and government effectiveness matter in influencing technical efficiency. Political aspects of governance which include voice and accountability and political instability have no relation to technical efficiency. Therefore, the study suggested that Sub-Saharan Africa's poor economic performance (slow growth and aggregate technical inefficiency) can in part be attributed to bad governance.

Uzma Zia, (2009) explored linkages between governance and pro-poor growth in Pakistan for the period 1996 to 2005. The analysis indicates that governance indicators have low scores and rank at the lowest percentile as compared to other countries. The dimensions of pro-poor growth, which include poverty, inequality, and growth, demonstrate that the poor do not benefit proportionately from economic growth. It is found that poverty and inequality have worsened and the share in income and expenditure for the bottom 20 percent has also decreased, while inflation for this lowest income group is high as compared to the highest-income group. It is also observed that approximately 25 percent households reported that their economic status was worse than in the previous year, 2004-05. The results of the study show that a strong link exists between governance indicators and pro-poor growth in the country. Econometric analysis shows that there is a strong relationship between good governance and reduction in poverty and inequality. It is concluded that greater voice and accountability, political stability, regulatory quality, and rule of law can control corruption and the pro-poor policies, which ultimately reduce poverty and inequality in the long run. To face the challenge of good governance, Pakistan needs to formulate, and implement effectively, its governance policies to improve the governance dimensions, taking account of both higher growth and the aim of achieving the Millennium Development Goals, which require halving poverty by 2015.

The effects of bad governance in Nigeria though have received little empirical investigations, there seems to be consensus among policy makers, academies and international bodies that it has damages the image, reputation and enabling environment of a country in the eye of international community; bane of roads and rail networks development and heart of falling standard of education, poor health care service delivery and epileptic power supply as well as mass spread of poverty amidst rich natural resources.

## 3. Methodology

This study employed expo-facto research design which seeks to ascertain the relationship between two or more variables. It examines the relationship between governance and development of Nigeria for the period of 1996 to 2014. Six governance indicators (control of corruption, regulatory quality, and government effectiveness, rule of law, political stability and absence of violence/terrorism, and voice and accountability) were used to measured governance, the independent variables for this study. National development which is the dependent variable was measured with per capital income in local currency unit (LCU) Naira value. Data on scores of Nigeria on six governance indicators were sourced from Kaufmann, Kraay and Mastruzzi' World Wide Governance Indicators (www.govindicators.org). Data on national development proxy by per capital income were collected from World Bank.

## 4. Model Specification

The Model for this study was an adaption or modification of model formulated by (Fuje, 2008) to predict functional relationship of governance on national development in the period t = 1996 to 2005 across countries. The model was started as:

Natdev$= f(\text{ CC, GE; PV, RQ; RL, VA})$……………… …………………………...(1.1)

Econometrically, the model can be specified as:

$Natdev = \beta_0 + \beta_1 CC_t + \beta_2 GE_t + \beta_3 PV + \beta_4 RQ_t + \beta_5 RL_t + \beta_6 VA_t + \varepsilon_t$ ……. (2.2

Where

Natdev= national development proxies by per capital income.

CC =Control of corruption

GE = Government effectiveness

PV = Political stability and absence of violence/terrorism

RQ = Regulatory quality

VA= Voice and accountability.

$\alpha$ = intercept;

$\beta_i$ = slope coefficients

$\varepsilon$ = the error term; and

apriori expectations: $\beta_i$ (i = 1, …, 4) > 0, $\beta_5 < 0$, $\beta_6 < 0$

***Apriori Expectations***

The expected outcome of the estimated model in terms of signs - is shown in Table 1.1.

**Table 1.1 Operationalisation and expected outcomes of the variables**

| Variables | Operational definition of variables | Expected Outcomes |
|---|---|---|
| NatDev | | Not Applicable |
| CC | This is operationally defined as the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests. Estimate gives the country's score on the aggregate indicator, in units of a standard normal distribution, i.e. ranging from approximately -2.5 to 2.5. A country/territory's score of -2.5 means that a country is perceived as highly corrupt and 2.5 means that the country is perceived as very clean. | Negative |
| GE | This operationally defined as the extent to which quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Estimate gives the country's score on the aggregate indicator, in units of a standard normal distribution, i.e. ranging from approximately -2.5 to 2.5. A country/territory's score of -2.5 means that the country government is perceived as highly effective and 2.5 means that a country is perceived as very clean. | Negative |
| PV | This Operationally defined as likelihood of political instability and/or politically-motivated violence, including terrorism. Estimate gives the country's score on the aggregate indicator, in units of a standard normal distribution, i.e. ranging from approximately -2.5 to 2.5. A country/territory's score of -2.5 means that the country is highly political unstable and/or politically-motivated violence, including terrorism is rampart and 2.5 means that a country is perceived as political stable and there is absence of violence/terrorism | Negative |
| RQ | Regulatory Quality captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. Estimate gives the country's score on the aggregate indicator, in units of a standard normal distribution, i.e. ranging from approximately -2.5 to 2.5. A country/territory's score of -2.5 means that the country quality of regulatory is perceived as very low and 2.5 means that a country regulatory quality is perceived as very high. | Negative |
| RL | This operational defined as the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Estimate gives the country's score on the aggregate indicator, in units of a standard normal distribution, i.e. ranging from approximately -2.5 to 2.5. A country/territory's score of -2.5 means that agents have low confidence in and abide by the rules of society, court and other laws enforcement agencies ( rule of law) and 2.5 means agents have high confidence in and abide by the rules of society or rule of law . | Negative |
| VA | This operationally defined as extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. Estimate gives the country's score on the aggregate indicator, in units of a standard normal distribution, i.e. ranging from approximately -2.5 to 2.5. A country/territory's score of -2.5 means that voice and accountability is low and 2.5 means voice and accountability is high. | Negative |

## 5. Presentation and Analysis of Data

The study examines the impact of governance on national development with reference to Nigeria. This paper used data on national development stride proxy by per capita income and scores of Nigeria on worldwide governance indicators published in World Bank Worldwide governance indicators respectively for the years 1996 to 2014.

**Table: 1.2 Descriptive statistics**

| *Descriptive* | *CC* | *GE* | *PV* | *RQ* | *RL* | *VA* | *NatDev* |
|---|---|---|---|---|---|---|---|
| Mean | -0.95 | -0.86632 | -1.49211 | -0.73158 | -1.03158 | -0.69263 | 170318.1 |
| Standard Error | 0.10142 | 0.090703 | 0.17297 | 0.086644 | 0.109878 | 0.089934 | 38504.09 |
| Median | -1.13 | -0.98 | -1.72 | -0.77 | -1.16 | -0.75 | 105545.4 |
| Standard Deviation | 0.442078 | 0.395365 | 0.753957 | 0.377672 | 0.478949 | 0.392015 | 167835.4 |
| Sample Variance | 0.195433 | 0.156313 | 0.568451 | 0.142636 | 0.229392 | 0.153676 | 2.82E+10 |
| Kurtosis | 1.548501 | 1.91965 | 0.311683 | 0.662401 | 1.648048 | 1.834246 | -0.48463 |
| Skewness | 1.679921 | 1.816621 | 1.300886 | 0.807623 | 1.664362 | -0.06744 | 1.032598 |
| Range | 1.33 | 1.2 | 2.19 | 1.32 | 1.52 | 1.66 | 483782.2 |
| Minimum | -1.33 | -1.2 | -2.19 | -1.32 | -1.52 | -1.66 | 24100.54 |
| Maximum | 0 | 0 | 0 | 0 | 0 | 0 | 507882.7 |
| Sum | -18.05 | -16.46 | -28.35 | -13.9 | -19.6 | -13.16 | 3236043 |
| Count | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Confidence Level(99.0%) | 0.291931 | 0.261083 | 0.497883 | 0.249399 | 0.316278 | 0.258871 | 110831.7 |

*Source: Author's Computation*

From Table 1.2, it was observed on the average national development (Natdev) proxy by per capita income was 170318.1 in naira. This means that if every Nigerians were to have his/her share in the National cake; each will go home with 170318.1 naira on the average. Table 1.2 also revealed that control of corruption(CC), government effectiveness(GE), political stability and absence of violence and terrorism(PV) , regulatory quality (RQ), Rule of laws(RL) and Voice and accountability (VA) on the average had a scores of -0.95, -0.86632, -1.49211, -0.73158, -1.03158 and -0.69263 respectively. This means all the indicators of governance in Nigeria on the average were poorly perceived as all of them had negative signs.

**Regression Results**

In order to test the significance of the variables, a regression technique was adopted and the result is presented is below.

 

SUMMARY OUTPUT

| *Regression Statistics* | |
|---|---|
| Multiple R | 0.93751 |
| R Square | 0.878926 |
| Adjusted R Square | 0.755436 |
| Standard Error | 99274.33 |
| Observations | 19 |

| | *Coefficients* | *Standard Error* | *t Stat* | *P-value* |
|---|---|---|---|---|
| Intercept | 0 | #N/A | #N/A | #N/A |
| CC | -530169 | 257936 | -2.05543 | 0.060502 |
| GE | -131404 | 226559.4 | -0.58 | 0.571832 |
| PV | -150227 | 82002.16 | -1.83199 | 0.089955 |
| RQ | 427602.6 | 196924.5 | 2.171403 | 0.049001 |
| RL | 302273.7 | 296724 | 1.018703 | 0.326929 |
| VA | 71948.49 | 127342.7 | 0.564999 | 0.581694 |

The adjusted $R^2$ of 0.755436 revealed in the regression model indicated that about 76% of total systematic mean variation of the dependent variable (natdev) is explained by the explanatory variables (control of corruption (CC), government effectiveness(GE), political stability and absence of violence and terrorism (PV) , regulatory quality (RQ), Rule of laws(RL) and Voice and accountability (VA). The remaining 24% is explained by other elements not included in the model, but taken care of by the error terms. This suggests governance matters for national development. It implies that the estimated model can be relied upon in making policies related to the subject matters.

The regression revealed that control of corruption (CC) has a p-value of 0.0605025 >5% level of significant and t-value of -2.05543, government effectiveness(GE) has a p-values of 0.571832 >5% level of significant and t-value of -0.58, political stability and absence of violence and terrorism (PV) has p-value of 0.089955 >5% level of significant and t-value of -1.83199, regulatory quality (RQ) has p-value of 0.049001 <5% level of significant and t-value of 2.171403, Rule of laws(RL) has p-value of 0.326929 >5% level of significant and t-value of 1.018703 and Voice and accountability (VA) has p-value of 0.581694 >5% level of significant and t-value of 0.564999. The implication of these findings are that Control of Corruption (CC) negative correlate with national development (Natdev) but not significant. Similarly, Government Effectiveness (GE) had negatively influence national development but also not significant at 5%. Political stability and absence of violence and terrorism (PV) negative correct with national development but not significant. However, regulatory quality (RQ) positively and significantly correlates with national development. Similarly, rule of laws (RL) and Voice and accountability (VA) positive affect national development but not significant.

## 6. Conclusion and Recommendations

In recent years, governance has received special attention because of its power in explaining the considerable difference in the level of development across countries. It has become an important discussion particularly in Nigeria given the fact that most Nigerians are in poverty despite the huge natural resources the country is endowed with, as well as trillions of dollars earned from crude oil exploration and exportation.

This paper concludes on the basis of empirical findings that governance matters for national development. It confirms other empirical studied that indicated that weak institutional governance is a source of slow pace of development in Sub Sahara Africa relative to the other regions. The paper specifically revealed that governance explained about 76% direction in national development in Nigeria. The consistent poor scores on control of corruption over the years had negatively affected national development. Similarly, national development has been undermine by violence, terrorisms, militant and others indicator of political instability that have persisted in the country over the years. More so, the low scores on the level of government effectiveness (GE) negative drive national development. The near absence of autonomy or independent of civil services and excessive political interferences on civil services have rendered most ministries and other government agencies ineffective in discharging it responsibility. This scenario coupled with poor commitment of government in the implementation of its plans has made the level of caused infrastructural decay, under capacity utilization in the industrial sector, increase in incidence of poverty, general decline in the standard of living in Nigeria. Insincerity of purpose, lack of political will and lack of proper vision by the political leadership appear to crippled many policies and reform that ought to have uplift the country from its present level of development. Many government reforms and policies have not been unsuccessful, partially because of the little commitment to the implementation of the reforms, change of government and diversion of the expended funds met for the implementation of polices.

From the forgoing, this study recommends that for country to achieve inclusive growth and uplift the majority of people from poverty, it should focus on building strong institutions and governance. Institutions like Economic and Financial Crime Commission (EFCC) and Independent Corrupt Practices Commission (ICPC) should be empowered and given full autonomy to check corruption. Special court should be devoted for corrupts cases to speed up trial. Since corruption is alarming in the country to the extent that the no institution is exempted, the citizens should protest in event that EFCC may be under pressure by the ruling government to be selective in its dealing. Nigerian people should vote against leaders that have exercised public power for private gains and have historically mismanaged the country's resources in the time past.

Furthermore, the quality of legal systems should be improved by ensuring timely and impartiality in delivery judgment. Laws on property rights protection should be enforced with serious commitment. Arbitrariness in the application of rules and laws; excessive rules, regulations, licensing requirements, etc, which impede the functioning of markets and encourage rent-seeking which are inconsistent with development should be avoided at all cost. The police, army and other forces should be strengthening to defeat terrorism in the country, end kidnappings, reduce incessant robberies and minimize violence and tensions across the country. To sum it up, predictable framework to re-direct the commitment of government toward a consciousness of achieving great national development should be established.

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