# Good Governance and Economic Development in Nigeria

**Raymond Rahaj ADEGBOYEGA ***

**Kareem Abidemi ARIKEWUYO ****

## Abstract

Evidence has shown that when a country's overall governance quality and property rights system are weak, voluntary and market governance mechanisms have limited effectiveness. This may further generate economy-wide misallocation of resources and slower economic growth and make governance quality a major key factor for stable economic development which also prompted many international aid initiatives and domestic policies of developing countries to focus on improving public sector governance. This informs the need to carry out a study of this nature by examining the impact of governance quality on economic development in Nigeria. The study used the Autoregressive Distribution Lag (ARDL) method of analysis and granger causality test on secondary data collected from World Bank data base and CBN statistical bulletin between 1982 and 2019. The results from the analysis showed that even though all the variables do not have significant impact on GR, CC and FDI_GDP exhibit a positive relationship with the GR while MC_GDP, RQ and VOA have negative relationship with GR. Also, the approximate ECM coefficient of -0.89 indicates that any deviation from the long-term equilibrium between variables is corrected by about 89% each year. Consequently, this study concludes that successful good governance mechanisms depend on good legal framework which is the bedrock for entrenching good governance measures in any country. Therefore, the study recommends among others, the need to put in place some measures of good governance quality which form the basis for promoting sound macroeconomic plans.

## Introduction

The interventions of the state have made good governance an important issue in the development process. The financial crises which caused failures of corporate governance in financial institutions and corporations are just manifestations of a number of structural reasons why good governance has become more important for economic development and well-being (Repucci, 2011, Albassam, 2012b). This crisis has reinforced how failures in good governance can ruin corporations and adversely affect whole economy (Becht, Bolton & Röell, 2003).

The private market-based investment and foreign investments inflow processes which are highly important need to be underpinned by good governance because the allocation of capital has become more complex as investment choices have widened with the opening up and liberalization of financial and real markets. These developments have made monitoring of capital utilization more complex in many ways and call for enhancement of good corporate governance because poor corporate governance of individual firms can have economy-wide effects (Babic, 2003). Good governance is thus an ingredient that can create an environment that actively promotes economic growth and development (Kaufmann & Kraay, 2002; Bello & Lamidi, 2009; Setayesh & Daryaei, 2017; Adedokun, 2017). Therefore, human development has

*\* Ph.D., Department of Banking and Finance, Faculty of Administration and Management Sciences, Olabisi Onabanjo University, Ago-Iwoye, Nigeria. Email: dgbyga@gmail.com*

*\*\* Ph.D., Department of Business Administration, Southwestern University, Okun-Owa, Ogun State, Nigeria. Email: kareem.arikewuyo@yahoo.com*

been associated with quality of governance (Alkire, 2010; Pradhan & Sanyal, 2011, Albassam, 2012a), economic growth (Adams & Mengistu, 2008), and sustainable development (Alkire, 2010).

Despite the importance of good governance for economic activities, there are significant differences across the world regarding how good governance institutions are designed and there is no consensus as to what the best governance system is. Good governance issues in emerging markets vary from those in advanced countries due to still-limited development of private financial markets and poor access to financing, concentrated ownership structures and low institutional ownership. Also, the practice in import – dependent economy is difficult to emulate, despite the increasing liberalization and mixed economy system geared towards economic development, the governance structure still remains worrisome.

Albeit, today's world is known as a global village but no one can apply the new set of governance rules for every part of the world. It is the fact that due to diverse culture, different financial environment and heterogeneous legal framework of the countries, these codes may not be useful for every country. In today's corporate world, every country has to develop its own set of codes and rules of good governance. For example, in Nigeria where legal systems are rooted in British common law, the interests of shareholders are held to be paramount in most corporate decisions.

Basically, one of the greatest challenges to sustainable economic growth in developing countries, Nigeria in particular is lack of effective institutions and good governance (Fayissa & Nsiah, 2013; Al Mamun *et al.,* 2017). These factors have been hindering various efforts and reforms of the government to stimulate economic growth for sustainable development in Nigeria. The prevalence of weak institutions and poor corporate governance as well as poor ethical standards in most public and private organizations, hinder the attainment of the goals of economic policies in the country. Poor governance has adversely affected the quality of institutions to the extent that public and private institutions are used for selfish interests, thereby, making regulation and law enforcement ineffective.

This necessitated the gradual withdrawal of the state from production processes, which is expected to favour the emergence of efficient units in the corporate sector with consequential benefits to economic growth in general and growth in employment in particular. To enable macro economy to perform in this manner, individual corporate units at the micro level need to convert themselves into efficient units with an ability to turn out quality goods at acceptable prices. To do this, corporate boards need to be involved with functional management and structure their firms to deliver on expected lines. From this perspective, the economic reform process is seen as a catalyst, bringing in changes in the nature of good governance and introducing a new development strategy; and private corporations are endorsed as vehicles, even as primary agents, of economic development. The underlying position of this approach is improvement of the capital market and investment climate (Olson, Sarna, & Swamy, 2000) as one of closer alignments of the development strategies with that of private capital.

These developments have fundamentally altered the relationship between the state and private capital, necessitating a new set of rules of governance (covering the firm at the unit level, the state at the supra level and the global economy at a pan state level) to enable the state to meet its objective of economic development. These good governance mechanisms and controls are designed to reduce the inefficiencies that arise from hazard and adverse selection and a well-entrenched ethical standard which will impact positively on the operation of an organization as well as minimize corruption (Dahlström, Lapuente & Teorell, 2012) and abuse of power. Thus, good governance is a tool for socio-economic development. Since Nigeria is still undergoing the process of economic growth and transformation, the adoption of good governance ethics in the operations of both the public and private sectors would facilitate the sustenance of long term

development and growth.

As Rwegasira (2000) argues, the concept of good governance does not appear to be the best solution for developing countries due to various problems encountered. Thus, these problems require an elaborate solution before adopting concept of good governance (Mulili & Wong, 2011).

However, good governance has not received much attention particularly in the context of developing countries. This lack of attention is attributed to the insinuation that sustained economic growth ultimately depends on a thriving private sector and examples of corporate governance failure have been shown to be highly disruptive, even in developed economies. Also, there is a dearth of empirical studies on the relationship between good governance and economic development in developing countries, Nigeria in particular. In addition, the few studies in Nigeria take no cognizance of the diminishing returns of regulatory quality on economic growth in Nigeria. From the foregoing, this study examined the relationship between good governance and economic development in Nigeria.

The rest of the paper is divided into four sections. Section two reviews the literature while section three is on methodology. Section four deals with the analysis and section five contains conclusion and recommendations.

**Literature Review**

*Theoretical Review*

The fact that extensive academic literature has attested that market enhancing governance promotes economic growth than growth enhancing governance this paper contributes something new and interesting in the good governance study by using the efficient market model based on Pareto Efficiency theory for this study. Pareto efficiency, or Pareto optimality, is an economic state where resources cannot be reallocated to make one individual better off without making at least one individual worse off. Pareto efficiency implies that resources are allocated in the most economically efficient manner, but does not imply equality or fairness. This is a general phenomenon in Nigeria where the people in governments always making decisions just for the betterment of themselves and making the citizens worse off.

Basically, good governance rests on two foundations such as the state capacities (Lin, 2014) that constitute the critical governance capacities necessary for the acceleration of development and the importance of governance relative to other factors at early stages of development. The liberal economists who constitute the mainstream consensus on good governance argue that these critical state capacities are those that maintain efficient markets (Shao, 2016; Liu et al. 2017; Tang et al. 2018) and restrict the activities of states to the provision of necessary public goods to minimize rent seeking and government failure. Failure of many developing countries was attributed to too many activities undertaken which eventually resulted in the unleashing of unproductive rent-seeking activities and the crowding out of productive markets. The good governance argument identifies the importance of governance capacities that are necessary for ensuring the efficiency of markets. The assumption is that if countries can ensure efficient markets, in particular by enforcing property rights, a rule of law, reducing corruption and committing not to expropriate (Jiang, Fan & Zhao, 2017), private investors will drive economic development. This approach is one that implicitly stresses the priority of developing market-enhancing governance, and is currently the dominant paradigm supported by international development and financial agencies. Obviously, the above-mentioned approaches revealed that governance can be regarded as social infrastructure, which plays an important role in economic growth (Hall & Jones, 1999; Fayissa & Nsiah, 2013; Al Mamun, Sohag & Hassan, 2017) through systems and government policies. Economic development is likely to be more rapid if markets mediating resource allocation (in any country) become more efficient.

In contrast, heterodox institutional economists based their arguments on the assumption that rapid growth was associated with governance capacities quite different from those identified in the good governance model. Countries that did best in terms of achieving convergence with advanced countries had the capacity to achieve and sustain high rates of investment and to implement policies that encouraged the acquisition and learning of new technologies rapidly. Heterodox approaches argued further that markets are inherently inefficient in developing countries and even with the best political will, structural characteristics of the economy ensure that market efficiency will remain low till a substantial degree of development is achieved. Given the structural limitations of markets in developing countries, successful development requires critical governance capacities of states to accelerate accumulation (in both the private and public sectors) and ensure productivity growth (again in both sectors).

In between these two approaches, the liberal economic consensus observed that the failure of many state-led industrialization policies in developing countries had resulted in large non-performing industrial sectors in many of these countries. The new consensus argued further that economic problems in these countries were mainly due to their attempt to correct market failures through state interventions. It concluded that the costs of state failure were significantly greater than the costs of market failure and so government policy should only focus on making markets more efficient (Krueger, 1990, Shao, 2016; Liu *et al.,* 2017; Tang *et al.,* 2018).

In the nutshell, efficient markets require that the state will deliver public goods that the private sector cannot provide and the theory says that this requires an accountable and transparent government to convert a collective willingness to pay into efficient delivery of public goods and services. Efficient markets ensure maximization of investments and the attraction of advanced technologies to the developing country, thereby maximizing growth and development. Thus, by enhancing the efficiency of markets, good governance drives economic development. The prediction of the theory is that differences in the quality of governance measured by these characteristics will correlate with performance in economic development.

Based on the reviewed theories, it becomes imperative to examine the effect of governance on economic growth in Nigeria.

### *Conceptual Framework*

The governance literature and policy discussions essentially identify the importance of governance capacities that are necessary for ensuring the efficiency of markets. Policy makers also observed that economic development is likely to be more rapid if markets mediating resource allocation (in any country) become more efficient.

Basically, good governance focuses on the responsibility of governments and governing bodies to meet the needs of the masses as opposed to select groups in society. National governance can be defined as the manner in which power is exercised in the management of a country's economic and social resources for development, and covers, among others, aspects including a sound legal framework, prompt and efficient law enforcement processes, clear investment rules and appropriate oversight and accounting systems to monitor and implement budgetary policies. According to de Ferranti *et al.* (2009), governance is described as the overall manner in which public officials and institutions acquire and exercise their authority to shape public policy and provide public goods and services. Governance represents the overall quality (Olson, Sarna & Swamy, 2000) of relationship between citizens and government, which includes responsiveness, efficiency, honesty, and quality (Jiang, Fan & Zhao, 2017). So, good governance is based on four main principles: fairness, transparency, accountability and responsibility; and besides reducing the vulnerability to financial crises, these principles reflect the standards necessary to provide legitimacy to the corporate sector and to broaden and deepen access to capital (Organization of Economic Countries Development – OECD, 2004). This is bound to have

a positive, ultimate impact on growth (World Bank, 2006; Škare & Golja, 2014). It has also shown that countries can undergo better development and have higher living standards when the rule of law prevails (Haggard & Tiede, 2011), contracts are enforceable, barriers to entry into new business are low and monetary and fiscal policies are prudent and appropriate.

According to Fukuyama (2013), there are two dimensions to qualify governance as good or bad: the capacity of the state and the bureaucracy's autonomy. They both complement, in the sense that when the state is more capable, for instance, through the collection of taxes, there should be more autonomy because the bureaucrats are able to conduct things well without being instructed with a lot of details. In less capable states, however, less discretion and more rules setting are desirable. Another way to think about good governance is through outcomes. Since governments carry out goals like the provision of public goods to its citizens, there is no better way to think about good governance other than through deliverables, which are precisely the one demanded by citizens, like security, health, education, water, the enforcement of contracts, protection to property, protection to the environment and their ability to vote and get paid fair wages (Rotberg, 2014).

Also, good governance means strong government capacity, such as, local government that has enough resources, manpower and financial resources to improve the capital market and investment climate; to keep the bureaucratic system stable and maintain bureaucratic professionalization; to develop a good economic power structure and political power structure to promote system reform in all fields like science and technology; and to provide public services like medical treatment and education, which facilitates industrial upgrading and economic growth (Lin, 2014)

Similarly, good governance might be approximated with provision of public services in an efficient manner, higher participation given to certain groups in the population like the poor and the minorities, the guarantee that citizens have the opportunity of checks and balances on the government, the establishment and enforcement of norms for the protection of the citizens and their property and the existence of independent judiciary systems. In his own view, Lawson (2011) relates good governance to the concept of impartiality, which is basically when the bureaucrats perform their tasks by following the public interest rather than self-interest. Economic development is highly important because it has implications on people's lives (Adams & Mengistu, 2008; Chong & Calderon, 2000; Kaufmann & Kraay, 2002; Smith, 2007) in terms of easy accessibility to better education, healthcare and be more productive (Agere, 2000; Mimicopoulos, Kyj & Sormani, 2007).

The importance of good governance for development is very fundamental as it is the pre- condition for economic growth and development with a strong inter-link of property right, enforcement of contracts and presence of rule of law as antidotes to economic development (De Soto, 2001). As it has been argued extensively, improved good governance reduces the amount of wastage occasioned by misallocation of investment resources which are major constraints to sustained productivity growth and national development in developing countries (Oman, 2001). More so, business continuity involves an implementation of strategies to promote business development in the context of adding value to the countries present and future environmental, economic, and social requirements (Nwagbara, 2012). Enhancement of good governance may indicate sound shareholders' protection and may attract international investors, thereby influencing the economic growth of the society (Waweru, 2014). Hence, this creates financial stability, enhances both economic growth and development that eventually lead to a favorable treatment of all stakeholders (Claessens, 2003).

Evidence from literature has shown that developing economies lack executive institutions and trained personnel to enforce corporate laws as it relates to shareholders, management, employees and boards of directors and the general implementation of these laws (IFC, 2010). Also, financial institutions lack effective framework rules and appropriate financial regulations, including, infrastructure on how to make their financial participants conform to those rules within

the objective of maintaining efficiency in the financial sector (Bossone & Promisel, 1998). Thus, the failure of these mechanisms in place does not encourage good governance for local corporations for firm performance. On the other hand, the weak governance system in developing countries is often associated with lack of public governance, absence of rule of law occasioned by political instability.

On the other hand, as observed by Paredes (2005), the reason why the market-oriented model cannot be feasible in developing countries is that they lack both formal and informal institutions that can push for an effective market-based corporate governance system that is characterized by an enabling corporate law to safeguard mandatory shareholder protections. Focusing on Berglöf and Claessen's (2005) view, as a result of weaker environments on the market-oriented based approach in terms of strict laws and regulations, governments in developing economies are faced with lower standards to enforce market regulations that is geared towards reducing market failures and transactions costs and achieving social objectives.

Furthermore, judicial institutions like courts in the developing economies lack the will to enforce laws and contract as a result of their being under-financed, unmotivated or corrupt which do not provide them hindsight into the law applicable to 'refix' a failed corporate governance system (Fremond & Capaul, 2002). Hence, the presence of public institutions cannot be neglected in speeding up the pace of good governance as they are antidotes to economic development as presented by Rodik (2000).

Finally, the major problem with corruption in Nigeria has been lack of good governance in the form of accountability and transparency. This position is shared by Orubu and Awopegba (2003), that good governance must, at minimum include accountability of those in government to the governed, transparency, due process, the rule of law, and political systems that allow for popular participation in the decision making process. A non-adherence to these principles can therefore be seen as a clear route to corruption.

### Empirical Studies

A myriad of empirical studies has explored the impact of corporate governance and performance across the world (Sanni & Ahmed Haji, 2012; Har Sani Mohamad, Majdi Abdul Rashid and Shawtari 2012; Ahmed Haji, 2014; Ahmed Haji & Mubaraq, 2015; Shawtari, Har Sani, Abdul Rashid & Salem, 2015). But few empirical studies which have investigated the relationship between good governance and economic development are of mixed results and inconclusive.  Beck, Levine and Loayza (2000) document how the quality of a country's legal system not only influences its financial sector development but also has a separate, additional effect on economic growth. Kaufmann and Kraay (2002) argued that governance quality and economic growth are positively related. Lu and Yao (2004) study showed that rule of law exert a significant impact on economic growth. Braendle, Gasser and Noll (2005) found that business-to-government guanxi can harm the weak Chinese corporate governance system and further hamper its economic development. In their own studies Fan Wang and Ma (2011a), Lv and Zhu (2016) and Shao (2016) findings showed that marketization promotes economic growth. Gani (2011) found that voice and accountability have a significant and negative affect on economic growth. Arslan and Roudaki (2017) results showed that dynamic and flexible good governance system has impact on economic growth. In his own study, Maune (2017) results showed that there is a positive and negative but significant relationship between good governance and economic growth in Zimbabwe. Samarasinghe (2018) study finds that control of corruption is a critical factor for economic growth. Also, Liu, Tang, Zhou and Liang (2018) found that governance quality has a positive effect on economic growth.

It has been observed that very few studies examined the relationship between good governance and economic growth in developing economy; typically Nigeria analyzed few governance variables. One of the major reasons these studies have only considered a few governance variables has been lack of data for several indicators of "good" governance at a national level. Also, until recently, none of the financial sector variables have significant impact on growth because certain foundation including good governance is required for proper functioning of financial institutions and markets. This study has to be carried out by taking some of these missing link variables into consideration in order to fill this gap.

## Methodology

This study made use of secondary data collected from Central Bank of Nigeria statistical bulletin and World Bank database from 1982 to 2019. The study used both descriptive statistics and regression methods of analysis. Auto-Regressive Distribution Lag (ARDL) technique was used to determine the long and short run relationships among the variables. In addition, Granger causality test was used to determine the causality among the variables of the study. Economic development is the dependent variable of this study. Some scholars adopted the indicator per capita GDP (Shao 2016; Fayissa & Nsiah 2013; Al Mamun et al. 2017), whereas some scholars used the GDP growth rate (Adedokun 2017; Seldadyo, Elhorst & De Haan, 2007). Based on this, this paper utilizes real GDP per capita, which is a true measure of economic development deflated by inflation factor. The independent variable, good governance is measured by the following variables: foreign direct investment to GDP (FDI_GDP), stock market capitalization to GDP (MC_GD), voice and accountability (VOA), regulatory quality (RQ) and control of corruption (CC)

### *Model Specification*

In accordance with the theoretical framework the model of this study is derived from Rostow development process based on Cobb–Douglas production function which is in line with the specification used in several previous studies such as Fan Wang and Ma (2011a), Lv and Zhu (2016) and Shao (2016). Following Narayan and Smyth (2005) growth function and an augmented form of growth determinant together with the effect of good governance in Zimbabwe suggested by Maune (2017), the study specifies the growth function in the form of equation below:

$$GR = f\ (FDI/GDP,\ MC/GDP,\ VOA,\ RQ,\ CC) \qquad (1)$$

This can be rewritten in the form of:

$$GR = \alpha_0 + b_1\ FDI/GDP + b_2 MC/GDP + b_3 VOA + b_4 RQ + b_4 CC + \mu \qquad (2)$$

### *ARDL Model*

According to Pesaran and Pesaran (1997) and Pesaran and Shin and Smith (2001) (cited in Pahlavani, Wilson & Worthington, 2005), the augmented ARDL $(p, q_1, q_2, ..., q_k)$ model can be expressed in the following form:

$$Dy_t = c_0 + c_1 t + \lambda_{yx} Z_{t-1} + \sum_{i=1}^{p-1} \gamma_i \Delta y_{t-l} + \sum_{i=1}^{p-1} \gamma_i \Delta x_{t-l} + \delta_t w_t + u_t$$
$$t = 1, ......, n \qquad (3)$$

where, $yt$ is the dependent variable, $c0$ is the constant term, $xit$ are the independent variables, L is lag operator, and $wt$ is the $s \times 1$ vector of deterministic variables including intercept terms, dummy variables, time trends and other exogenous variables with fixed lags. The (conditional) unrestricted ECM version of the selected ARDL model can be obtained by rewriting Eq. (3) in terms of the lagged levels and first difference of $y_t$, $x_{1t}$, $x_{2t}$ ……$x_{kt}$, and $wt$ as follows:

$$Dy_t = c_0 + c_1 t + \lambda_{yx} Z_{t-1} + \sum_{i=1}^{p-1} \gamma_i \Delta y_{t-I} + \sum_{i=1}^{p-1} \gamma_i \Delta x_{t-I} + \delta_t w_t + u_t \qquad (4)$$

Where $\Delta$ is the first difference operator, t is the trends, the coefficient $\gamma_i$ is expressing the short run dynamics of the model's convergence to equilibrium and $z_t = ( y'_t, x'_t)$.

According to Pesaran, Shin, and Smith (2001) and Bahmani-Oskooee and Nasir (2004), for estimation, the economic growth Eq. (1) can be expressed in the UECM version of the ARDL model as follows:

$$D(LGR)_t = \alpha_0 + \alpha_1 (LGR)_{t-i} + \alpha_2 (L\ FDI/GDP)_{t-i} + \alpha_3 (L\ MC/GDP)_{t-i} + \alpha_4 (L\ VOA)t-i$$

$$+ \alpha_5 (RQ)_{t-i} + \alpha_6 (L\ CC)_{t-I} + \sum_{k=0}^{n} \alpha_7 \Delta (LGR)_{t-1} + \sum_{k=0}^{n} \alpha_8 \Delta (L\ MC/GDP)_{t-1}$$

$$+ \sum_{k=0}^{n} \alpha_9 \Delta (L\ FDI/GDP)_{t-} + \sum_{k=0}^{n} \alpha_{10} \Delta (L\ VOA)_{t-1} + \sum_{k=0}^{n} \alpha_{11} \Delta (L\ RQ)_{t-1}$$

$$+ \sum_{k=0}^{n} \alpha_{12} \Delta (L\ CC)_{t-1} + \varepsilon_t \qquad (5)$$

Where $\Delta$ is the first-difference operator and $u_t$ is a white-noise disturbance term. The parameters $\alpha_i$ (i = 1–4) explain the long run multipliers of the equation, while the $\alpha_i$ (i = 5–8) explains the short run dynamic coefficients.

In this study, the justification for using and ARDL are the followings: the ARDL can efficiently determines the cointegrating relation in small sample cases (Ghatak & Siddiki, 2001; Tang, 2003), can be applied irrespective of whether the regressors are I(1) and I(0), a large number of choices can be made including decisions regarding the number of endogenous and exogenous variables, if any, for inclusion, the treatment of deterministic elements, as well as the order of VAR, and the optimal number of lags to be used (Pahlavani et al., 2005; Pesaran & Smith, 1998). Moreover, the ARDL permits a diverse number of optimal lags for different variables; while Johansen's method requires a uniform number of optimal lags (Pahlavani et al., 2005).

**Empirical Result**

*Descriptive Statistics*

In Table 1, the large difference between maximum and minimum values of the series revealed evidence of significant variation in the trends of the variables over the sample period. All the variables except growth rate (GR) and foreign direct investment (FDI_GDP) are normally distributed. The positive Kurtosis indicates too few cases at the tail of the distribution. The Skewness coefficient indicates normal curves for all the variables with the values ranging between -3 and +3.

*Table 1. Descriptive Statistics Result*

|  | GR | CC | FDI_GDP | MC_GDP | RQ | VOA |
|---|---|---|---|---|---|---|
| Mean | 3.3950 | -0.6861 | 2.8489 | 11.2175 | -0.5450 | -0.4437 |
| Median | 3.6000 | -1.0150 | 2.4950 | 9.5895 | -0.7400 | -0.4250 |
| Maximum | 33.7000 | 0.0000 | 10.8300 | 51.0030 | 0.0000 | 0.0000 |
| Minimum | -13.1000 | -1.4300 | 0.6500 | 0.0100 | -1.3500 | -1.5500 |
| Std. Dev. | 7.4240 | 0.5706 | 2.2433 | 12.6929 | 0.4674 | 0.4244 |
| Skewness | 1.2867 | 0.3308 | 1.8052 | 1.1928 | 0.1350 | -0.4207 |
| Kurtosis | 9.1427 | 1.2480 | 6.4709 | 4.0396 | 1.4464 | 2.2724 |
| Jarque-Bera | 70.2288 | 5.5527 | 39.7137 | 10.7217 | 3.9369 | 1.9592 |
| Probability | 0.0000 | 0.0623 | 0.0000 | 0.0047 | 0.1397 | 0.3755 |
| Observations | 38 | 38 | 38 | 38 | 38 | 38 |

Source: Authors' Computation, 2020

## Correlation Test

The result in Table 2 shows that GR has weak correlation with all the independent variables with negative correlation to CC, RQ and VOA. CC has mild correlation with RQ and VOA, while RQ has mild correlation with VOA. This revealed that there is no problem of multi-collinearity with some variables of the study.

*Table 2. Correlation Matrix Results*

|  | GR | CC | FDI_GDP | MC_GDP | RQ | VOA |
|---|---|---|---|---|---|---|
| GR | 1.000000 |  |  |  |  |  |
| CC | -0.444870 | 1.000000 |  |  |  |  |
| FDI_GDP | 0.096639 | 0.152329 | 1.000000 |  |  |  |
| MC_GDP | 0.246044 | -0.432661 | 0.317971 | 1.000000 |  |  |
| RQ | -0.481841 | 0.662132 | 0.115405 | -0.441969 | 1.000000 |  |
| VOA | -0.385308 | 0.638625 | -0.039935 | -0.609555 | 0.641562 | 1.000000 |

Source: Authors' Computation, 2020

## Unit Root Test

The Augmented Dickey Fuller (ADF) unit root test results in Table 3 shows that all the variables except FDI_GDP and GR are integrated at order one, I(0). Since all series are integrated at different order, ARDL regression method was used for the analysis of this study.

*Table 3. ADF Unit Root Test*

| Variables | ADFTest Statistics | Critical Value ADF | Order of Integration | Remarks |
|---|---|---|---|---|
| CC | -7.685421 | -3.626784* | I(1) | Difference Stationary |
| FDI_GDP | -3.476141 | -2.943427** | I(0) | Level Stationary |
| GR | -4.946112 | -3.621023* | I(0) | Level Stationary |
| MC_GDP | -6.232542 | -3.626784* | I(1) | Difference Stationary |
| RQ | -6.441335 | -3.626784* | I(1) | Difference Stationary |
| VOA | -8.663114 | -3.626784* | I(1) | Difference Stationary |

1% = -3.6463, 5% = -2.9540, 10% = -2.6158. *, **, *** significant at 1%, 5% and 10% respectively

Source: Authors' Computation, 2020

### Lag Length Selection

In Table 4, the appropriate lag length for the series is lag 1 based on the minimum values of LR (sequential modified LR test statistic, FPE (Final prediction error), AIC (Akaike information criterion) and HQ (Hannan-Quinn information criterion) which is reflected in Table 4.

Table 4. Lag length Order Selection Criteria

| Lag | LogL | LR | FPE | AIC | SC | HQ |
|---|---|---|---|---|---|---|
| 0 | -345.6774 | NA | 347.0257 | 20.03871 | 20.26090 | 20.11541 |
| 1 | -286.5667 | 48.72658* | 22.35957* | 16.93114* | 19.42268* | 18. 15835* |
| 2 | -261.1746 | 34.82350 | 50.26146 | 18.06712 | 20.51124 | 18.91083 |
| 3 | -216.2949 | 97.95473 | 53.93695 | 18.08953 | 20.48622 | 18. 54973 |

* indicates lag selection by the criterion

Source: Authors' Computation, 2020

### ARDL Bound Test

The results of Table 5 indicate that the calculated F-statistic is higher than the Pesaran et al. (2001) upper bound critical value at 95% level of significance, so there is need to reject the null hypothesis which states that there is no co-integration. This suggests that the variables under consideration are co-integrated and they have the long-run relationship.

Table 5. ARDL Bounds Test

| Test Statistic | Value | K |
|---|---|---|
| F-statistic | 5.544579 | 5 |

### Critical Value Bounds

| Significance | I0 Bound | I1 Bound |
|---|---|---|
| 10% | 2.26 | 3.35 |
| 5% | 2.62 | 3.79 |
| 2.5% | 2.92 | 4.18 |
| 1% | 3.41 | 5.68 |

Source: Authors' Computation, 2020

### Long and Short Run Estimates

The results of equation (5) above and Table 6 below show that both CC and FDI_GDP exhibit a positive relationship with the GR while MC_GDP, RQ and VOA have negative relationship with GR. Also, all these variables do not have significant impact on GDP. Thus, in line with theoretical postulations, one percent increase in the control of corruption (CC) and foreign direct investment (FDI_GDP) increase growth rate by 2.8 percent and 1.1 percent respectively. But in contrast to the theoretical proposition, one percent increase in market capitalization (MC_GDP), regulatory quality (RQ) and voice and accountability (VOA) decrease growth rate (GR) by 0.22 percent, 12.01 percent and 1.94 percent respectively. These results show that there is a need for appropriate authorities to monitor market capitalization, regulatory quality and voice and accountability in the country. Although, VOA is insignificant but in line with Gani (2011) findings, voice and accountability have a negative effect on economic growth. The study results of diminishing marginal returns from governance quality on economic growth are in line with Liu, Tang, Zhou and Liang (2018) study findings. The approximately ECM coefficient of -0.89 indicates that any deviation from the long-term equilibrium between variables will be corrected by about 89% each year. Overall, there is need to overhaul all the mechanisms of good governance in Nigeria, most especially market capitalization (MC_GDP), regulatory quality (RQ) and voice and accountability (VOA).

*Table 6. Long and Short Run Estimates*

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| CC | 2.778007 | 8.379002 | 0.331544 | 0.7427 |
| FDI_GDP | 1.056651 | 0.749769 | 1.409302 | 0.1698 |
| MC_GDP | 0.217028 | 0.160464 | -1.352505 | 0.1870 |
| RQ | 12.008976 | 10.221084 | -1.174922 | 0.2499 |
| VOA | -1.940980 | 6.443926 | -0.301211 | 0.7655 |
| C | -2.398995 | 2.932452 | -0.818085 | 0.4202 |
| D(CC) | 2.459539 | 7.292020 | 0.337292 | 0.7384 |
| D(FDI_GDP) | -0.013641 | 0.579304 | -0.023546 | 0.9814 |
| D(MC_GDP) | 0.066630 | 0.134571 | 0.495127 | 0.6244 |
| D(RQ) | 10.632279 | 8.536904 | -1.245449 | 0.2233 |
| D(VOA) | 1.718468 | 5.712727 | -0.300814 | 0.7658 |
| CointEq(-1) | -0.885361 | 0.160196 | -5.526746 | 0.0000 |
| Cointeq = GR - (2.7780*CC + 1.0567*FDI_GDP -0.2170*MC_GDP -12.0090*RQ -1.9410*VOA -2.3990 ) <br> GR = -2.3990 + 2.7780*CC + 1.0567*FDI_GDP -0.2170*MC_GDP -12.0090*RQ -1.9410*VOA | | | | |

Source: Authors' Computation, 2020

## Post-Estimation Diagnostic Tests

In order to confirm whether the utilized variables are jointly significant in explaining the effect of corporate governance on economic growth in Nigeria, the study conducted Auto-correlation, Heteroscedasticity, Normality and Ramsey stability tests. The results confirm that the model is free from auto-correlation, homoscedastic but the variables are not normally distributed. Also, Ramsey RESET specification test reflected that the model does not suffer from the problem of omitted variables and linearity assumption at 5% level of significance. So, the model is stable for policy implication.

*Table 7.Serial Correlation LM, Homoscedasticity Jarque-Bera and Ramsey Tests Results*

| Test | F-Statistic | t-Statistic | Obs.*R-Square | Prob.Value |
|---|---|---|---|---|
| Breusch-Godfrey Serial Correlation LM Test | 0.918557 | - | 2.441821 | 0.4117 |
| Heteroskedasticity Test Breusch-Pagan-Godfrey | 1.601518 | - | 11.61540 | 0.1693 |
| Jarque-Bera | 10.20876 | - | 37 | 0.0061 |
| Ramsey Stability Test | 10.80562 | 3.287190 | - | 0.0028 |

Source: Author's Computation, 2020

## Granger Causality Test

The results of Table 8 show that there is unidirectional causality from FDI_GDP to CC, FDI_GDP to RQ, FDI_GDP to VOA and MC_GDP to VOA. All these indicate that there is a correlation between: the current value of FDI_GDP and past values CC, RQ and VOA. Also, there is correlation between the current value of MC_GDP and past value of VOA.

*Table 8. Granger Causality Test Results*

| | | | |
|---|---|---|---|
| FDI_GDP does not Granger Cause CC | 36 | 8.79208 | 0.0009 |
| FDI_GDP does not Granger Cause RQ | 36 | 4.09586 | 0.0264 |
| FDI_GDP does not Granger Cause VOA | 36 | 10.7432 | 0.0003 |
| MC_GDP does not Granger Cause VOA | 36 | 3.52449 | 0.0418 |

Source: Authors' Computation, 2020

## Conclusion and Recommendations

### *Conclusion*

The study examined the impact of good governance on economic growth in Nigeria. The results showed that even though all the variables do not have significant impact on GDP, CC and FDI_GDP exhibit a positive relationship with the GR while MC_GDP, RQ and VOA have negative relationship with GR. The study observed that good governance can be reshaped positively in order to promote economic development through enhanced regulatory quality adopted in developing countries. Therefore, the study concluded that successful good governance mechanisms depend on sound governance quality that can promote economic growth in Nigeria. By so doing, it will create room for good governance that can assist economic growth of firms and economic development of the country.

### *Recommendations*

From the foregoing there is the need to put in place some measures of good governance quality which forms the basis for promoting sound macroeconomic policies. These measures include:
- Good public service, marketization and rule of law should be put in place;
- Best Practices for Budget Transparency;
- Guidelines for Public Debt Management;
- The judicial arm of government should be made or empowered to function effectively so as to ensure that corrupt leaders are brought to book and made to face necessary sanctions and penalties which would serve as deterrents to others;
- Finally, pursing these measures as a target for policy tools at country level is an effective way for developing countries to drive their 'lagging economies' into prosperous good governance standards that can improve the living of the people.

## References

Adams, S. and Mengistu, B. (2008).Privatization, Governance and Economic Development in Developing Countries, Journal of Developing Societies, 2(3). 415 - 438.

Adeoye, A. (2009). Macro-economic level corporate governance and FDI in emerging markets: Is there a close relationship? Journal of Economics and International Finance, 1(2): 030-043, July, Available online at http://www. academicjournals.org/JEIF.

Agere, A. (2000). Promoting Good Governance: Principles, Practices and Perspectives (Managing the Public Service: Strategies for Improvement Series). London, UK: Commonwealth Secretariat.

Ahmed Haji, A. (2014). The relationship between corporate governance attributes and firm performance before and after the revised code: Some Malaysian evidence, International Journal of Commerce and Management, 24(2). 134 – 151.

Albassam, B. (2012a). The Influence of the Economic Crisis on the Relationship between Governance and Economic Growth.(Unpublished doctoral dissertation).Florida Atlantic University, Boca Raton, FL, USA.

Albassam, B. A. (2012b). Money Talks: The Influence of Economic Crisis on Global Governance, Mediterranean Journal of Social Sciences, 3 (2). 117 - 128.

Al Mamun, M. D; Sohag, K. and M. Kabir Hassan, M.K. (2017). Governance, resources and growth, Economic Modelling, 63: 238 – 61.

Ahmed Haji, A. and Mubaraq, S. (2015). The implications of the revised code of corporate governance on firm performance: A longitudinal examination of Malaysian listed companies, Journal of Accounting in Emerging

Economies, 5(3). 350 – 380.

Alkire, S. (2010). Human Development: Definitions, Critiques, and Related Concepts. Human Development Reports (Research Paper 2010/01). Retrieved 06-20-2011 from http://hdr.undp.org/en/reports/global/hdr2010/papers/HDRP_2010_01.pdf.

Andrade, A. and Rossetti, J. P. (2004). Governança Corporativa. São Paulo: Atlas.

Arslan, M and Roudaki, J. (2017). Corporate Governance, Socio-Economic Factors and Economic Growth: Theoretical Analysis, International Journal of Accounting and Financial Reporting, 7(1).311 – 332.

Aviral, K. T. (2010). Corporate governance and economic growth, Economics Bulletin, 30(4).1 – 17.

Babic, V. (2003). Corporate governance problems in transition economies. Winston-Salem: Wake Forest University, Social Science Research Seminar.

Bahmani-Oskooee, M. and Nasir, A. (2004). ARDL approach to test the productivity Bias Hypothesis, Review of Development Economics, 8(3). 483–488.

Becht, M.; Bolton, P. and Röell, A. (2003). Corporate Governance and Control. In George Constantinides, Milton Harris, and René Stulz, eds.

Beck, T.; Levine, R. and Loayza, N. (2000). Finance and the Sources of Growth, Journal of Financial Economics 58, 261-300.

Bello, M. L. and Lamidi, K. O. (2009). An assessment of poverty as a threat to Nigerian fledgling democracy. Lapai International Journal of Management and Social Sciences, 2, (2), 380-389.

Berglöf, E. and Claessens, S. (2005). Corporate Governance and Enforcement in, I. M. Millstein et al., "Enforcement and Corporate Governance: Three Views Global Corporate Governance ", GCGF, Focus 3, Washington, DC: The World Bank p. 53.

Berle, A.A. and Means, G.C. (1932). The Modern Corporation and Private Property. Chicago: Commerce Clearing House

Blair, M.M. (1995). Ownership and Control: Rethinking Corporate Governance for the Twenty-first Century. Washington, DC: Brookings Institution Press.

Blair, J. P., & Carroll, M. C. (2008). Local Economic Development: Analysis, Practices, and Globalization, Los Angeles: Sage.

Braendle, U. C.; Gasser, T. and Noll, J. (2005). Corporate Governance in China—Is Economic Growth Potential Hindered by Guanxi? Business and Society Review, 110(4).389 – 405.

Handbook of the Economics of Finance. Amsterdam: North-Holland.

Chenery, H. B. (1960). Patterns of industrial growth, The American Economic Review, 50(4), 624–654.

Chenery, H. B. and Syrquin, M. (1975). Patterns of development, 1950–1970, London: Oxford University Press for the World Bank.

Chenery, H. B. and Taylor, L. (1968). Development patterns: Among countries and over time, The Review of Economics and Statistics, 50(4), 391–416.

Chong, A. and Calderon, C. (2000). Casualty and Feedback between Institutional Measurement and Economic Growth, Economic and Politics, 12 (1). 69 - 81.

Claessens, S. (2003). "Corporate Governance and Development", Being a paper presented at the Global Corporate Governance Forum Donors Meeting, held in the Hague, The Netherlands, March 13, (GCGF-World Bank Washington DC 2003), p.1.

Claessens, S. and Laeven, L. (2003). Financial development, property rights, and growth, The Journal of Finance 58, 2401-2436.

Claessens, S. (2006). Corporate governance and development. World Bank Research Observer, 21(1).91-122.

Claessens, S. and Ueda, K. (2011). Banks and Labor as Stakeholders: Impact on Economic Performance, Available at SSRN: http://ssrn.com/abstract=1543287

Cohen, B. J. (1973). The question of imperialism: The political economy of dominance and dependence, New York: Basic Books.

de Ferranti, D. M.; Jacinto, J., Ody, A., & Ramshaw, G. (2009). How to Improve Governance: A New Framework for Analysis and Action. Washington, D.C: Brookings Institution Press.

Dahlström, Carl, Victor Lapuente, and Jan Teorell. (2012). The merit of meritocratization: Politics, bureaucracy, and the institutional deterrents of corruption, Political Research Quarterly 65: 656–68.

De Soto, H. (2001). The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else (Trans-world London).

Dos Santos, T. (1973). The crisis of development theory and the problem of dependence in Latin America, In

H. Bernstein (Ed.), Underdevelopment and development: The third world today: Selected readings (pp. 57–80), Harmondsworth: Penguin.

Douma, S.; George, R. and Kabir, R. (2006). Foreign and Domestic Ownership, Business Groups and Firm Performance: Evidence from a Large Emerging Market, Strategic Management Journal 27, 637-657.

Elkan, W. (1995). An introduction to development economics (2nd ed.). New York: Prentice Hall.

Evans, P. (1995). Embedded Autonomy: States and Industrial Transformation, Princeton, NJ: Princeton Univ. Press

Evans, P. and Rauch, R. (1999). Bureaucracy and growth: a cross-national analysis of the effects of "Weberian" state structures on economic growth, American Sociology Review, 64(5):748–65.

Fama, E.F and Jensen, M.C. (1983a). Agency problems and residual claims, Journal of Law Economics, 26:327–49.

Fama, E.F. and Jensen, M.C. (1983b). Separation of ownership and control, Journal of Law Economics, 26: 301 – 25.

Fan, G.; Wang, X. and Ma, G. (2011a). Contribution of marketization to China's economic growth, Economic Research Journal, 9: 4–16.

Fayissa, B. and Christian Nsiah. C. (2013). The impact of governance on economic growth in Africa, The Journal of Developing Areas, 47: 91–108

Ferraro, V. (2008). Dependency theory: An introduction, In G. Secondi (Ed.), The development economics reader (pp. 58–64). London: Routledge.

Fremond, O. and Capaul, M. (2002). "The State of Corporate Governance: Experience from Country Assessments", World Bank Policy Research Working Paper 2858.

Gani, A. (2011). Governance and growth in developing countries, Journal of Economic Issues, 45(1).19 - 40.. doi: 10.2753/JEI0021-3624450102

Ghatak, S. and Siddiki, J. (2001). The use of ARDL approach in estimating virtual exchange rates in India, Journal of Applied Statistics,11(2).573 – 583.

Ghatak, S. (2003). Introduction to development economics (2nd ed.). London: Routledge.

Hall, R. E. and Charles, I. J. (1999). Why do some countries produce so much more output per worker than others? Quarterly Journal of Economics, 114: 83 – 116.

Haggard, S. and Tiede, L.(2011). The rule of law and economic growth: where are we?. World Development, 39(5).673 - 685.

Har Sani Mohamad, M.; Majdi Abdul Rashid, H. and Shawtari, F. A. (2012). Corporate governance and earnings management in Malaysian government linked companies: The impact of GLCs' transformation policy, Asian Review of Accounting, 20(3). 241 – 258.

Harris, R. (2006). "The Transplantation of the Legal Discourse on Corporate Personality Theories: From German Codification to British Political Pluralism and American Big Business", 63 WASH. & LEE L. REV. 1421, 1424-25 (indicating normative qualities of a "real entity" theory).

Hein, S. (1992). Trade strategy and the dependency hypothesis: A comparison of policy, foreign investment, and economic growth in Latin America and East Asia, Economic Development and Cultural Change, 40(3), 495–521.

Hoff, K. and Stiglitz, J. E. (2000). Modern economic theory and development, In G. M. Meier & J. E. Stiglitz (Eds.), Frontiers of development economics: The future in perspective (pp. 389–485). Washington, D.C.: World Bank/Oxford University Press.

IFC (2010). Measuring Code Success-Implementation and Monitoring, 2nd High Level Policy Dialogue.

Jensen, M.C. (1989). Eclipse of the public corporation, Harvard Business Review, 67(5):61–74

Jensen, M.C. and Meckling, W.H. (1976). Theory of the firm: managerial behavior, agency costs, and ownership structure, Journal of Financial Economics, 3:305–60.

Jiang, Y,; Fan, X. and Zhao, X. (2017). Government governance and public happiness, Management World, 3: 172–73

Kaufmann, D., and Kraay, A. (2002). Growth without Governance, Economía, 3 (1), 169 - 229.

Krueger, A. O. (1990). Government failures in development, Journal of Economic Perspectives 4 (3): 9-23.

Kuznets, S. S. (1971). Economic growth of nations: Total output and production structure. Cambridge: Belknap Press of Harvard University Press.

Lawson, R. (2012). Book Review of Bo Rothstein: The Quality of Government: Corruption, Social Trust, and Inequality in International Perspective, Public Choice, 150 (3–4). 793 –795. doi:10.1007/s11127-011-9903-y.

Lin, Y. (2014). New Structural Economics: A Theoretical Framework for Rethinking Economic Development and Policy, rev. ed. Beijing: Peking University Press, pp. 19–96.

Liu, Jiandang, Xin Dai, Jie Tang, Dong Wang, and Zhijun Liang. (2017). The provincial governance quality in China: An empirical study of three dimensions, Paper presented at the 3rd International Conference on Creative Education (ICCE 2017), Kuala Lumpur, Malaysia, March 3–4

Liu Jiandang, Jie Tang, Bo Zhou and Zhijun Liang (2018). The Effect of Governance Quality on Economic Growth: Based on China's Provincial Panel Data, Economies, 6, 56; doi:10.3390/economies6040056

Lu, F. and Yao. Y. (2004). Legality, financial development and economic growth under financial repression, Social Sciences in China 1: 42 – 55.

Lv, .C. and Zhu. D. (2016). How does marketization reform affect long-term economic growth?—Based on the perspective of market potential, Management World, 269: 32 – 44.

Marris, R. (1968). The Economic Theory of "Managerial" Capitalism, New York: Basic Book

Maune, A. (2017). The Strength of Sound Corporate Governance on Economic Growth in an Emerging Market Context, International Journal of Economics and Financial Issues, 7(5).6 - 13.

Mayer, C. (1996). Corporate Governance, Competition and Performance, OECD Economic Studies, 6(27).7-34.

Mayer-Foulkes, D. A. (2009). Long-Term Fundamentals of the 2008 Economic Crisis Global, Economy Journal, 9 (4), 1-24.

Mimicopoulos, M., Kyj, L., Sormani, N. (2007). Public Governance Indicators: A Literature Review, New York, NY: United Nations publications.

Mitchell, L.E. (2006). The Relevance of Corporate Theory to Corporate and Economic Development: Comment on The Transplantation of the Legal Discourse on Corporate Personality Theories, 63 Wash. & Lee L. Rev. 1489, http://scholarlycommons.law.wlu.edu/wlulr/vol63/iss4/9

Mohammad, R. and Aboulfazl, S.(2007). Trade Liberalization and Economic Growth in Iranian Economy, Iranian Studies, 20(10). 45 - 61, April.

Mulili, B.M. and Wong, P. (2011). "Corporate Governance Practices in Developing Countries: The Case for Kenya", IJBA, 2(1): 19.

Nafziger, E. W. (2006). Economic Development (4th ed.), Cambridge: Cambridge University.

Ndulu, B. J., & O'Connell, S. A. (1999).Governance and Growth in Sub-Saharan Africa, The Journal of Economic Perspectives, 13 (3), pp. 41-66.

OECD (2004). OECD Principles of Corporate Governance: Organization of Economic Cooperation and Development.

Olson, M; Sarna, N. and Swamy, A.V. (2000). Governance and growth: A simple hypothesis explaining cross-country differences in productivity growth, Public Choice 102: 341–64.

Oman, C.P. (2001). "Corporate Governance and National Development", Working Paper No. 180 OECD Development Centre.

Pahlavani, M., Wilson, E., and Worthington, A. C. (2005). Trade-GDP nexus in Iran: An application of the autoregressive distributed lag (ARDL) model, Faculty of Commerce Papers, University of Wollongong, Australia. http://www.scipub.us/; and http://ro.uow.edu.au/commpapers/144 Accessed 05.09.06.

Pant, M. and Pattanayak, M. (2007). Insider Ownership and Firm value: Evidence from Indian Corporate Sector, MPRA Paper No. 6335.

Paredes, T.A. (2005). Corporate Governance and Economic Development (2005) Regulation, Spring Issue Washington U. School of Law Working Paper No.05-04-04. Available at SSRN: http://ssrn.com/abstract=710821

Penrose, E.T. (1959). The Theory of the Growth of the Firm, New York: Wiley.

Pesaran, M. H. and Pesaran, B. (1997). Working with Microfit 4.0: Interactive Econometric Analysis (Oxford: Oxford University Press).

Pesaran, M. H. and Smith, (1998). Structural analysis of cointegration-VARS, Journal of Economic Surveys, 12(5).471 – 505.

Pesaran, M. H., Shin, Y. and Smith, R. J. (2001). Bound testing approaches to the analysis of level relationships. Journal of Applied Econometrics, 16(5).289 – 326.

Pradhan, R. P. and Sanyal, G. S. (2011). Good Governance and Human Development: Evidence form Indian States, Journal of Social and Development Science, 1 (1). 1 - 8.

Repucci, S. (2011, March).Economic Crisis Responses from a Governance Perspective in Eastern Europe and Central Asia: Regional Report. United Nations Development Program (UNDP) (Regional Center for Public Administration Reform (RCPAR)). Retrieved 06-20-2012 from http://www.rcpar.org/mediaupload/publications/2011/20110325_Impact_of_Economic_Crisis_on_Governance_FINAL.pdf

Rotberg, R. (2014). Good Governance Means Performance and Results, Governance, 27 (3). 511 – 518. doi:10.1111/gove.12084.

Rodik, D. (2000). "Institutions for High-Quality Growth: What They Are and How to Acquire Them", 35 Studies in Comparative International Development, p.59.

Rogers, P.; Ribeiro, K.C.S. and Securato, J.R. (2008). Corporate Governance, Stock Market and Economic Growth in

Brazil, Corporate Ownership & Control, 6(2): 222-237, Winter.

Rostow, W. W. (1960). The stages of economic growth: A non-communist manifesto. Cambridge: Cambridge University Press.

Rwegasira, K. (2000). Corporate Governance in Emerging Capital Markets: Whither Africa? CGAIR, 8(3), 258-67. Available at <http://dx.doi.org/10.1111/1467-8683.00203> accessed on 20 July 2016

Sachs, J. D.; McArthur, J. W.; Schmidt-Traub, G.; Kruk, M.; Bahadur, C. Faye, M. and McCord, G. (2004), Ending Africa's poverty trap, Brookings Papers on Economic Activity 1: 117-240.

Sanni, M. and Ahmed Haji, A. (2012). The impact of corporate governance attributes on firm performance following the revised code: some Malaysian evidence, paper presented at the 2nd Accounting Research and Education Conference (AREC 2012). Kuala Lumpur.

Samarasinghe, T. (2018). Impact of Governance on Economic Growth, Munich Personal RePEc Archive (MPRA) Paper No. 89834. https://mpra.ub.uni-muenchen.de/89834/

Seldadyo, H.; Elhorst, J. P. and De Haan, J. (2010). Geography and governance: Does space matter? Papers in Regional Science 89: 625–40

Shawtari, F. A., Har Sani, M. M., Abdul Rashid, H. M., and Salem, M. A. (2015). Corporate governance mechanisms and unmanaged earnings: Empirical evidence from Malaysian government linked companies. Corporate Board: Role Duties & Composition, 11(2). 98 –110.

Shleifer, A. and Vishny, R.W. (1997). A survey of corporate governance, The Journal of Finance, 52, 737-783.

Short, H. (1994). Ownership, control, financial structure and the performance of firms, Journal of Economics Surveys, 8(3). 203 – 49.

Shao, C. (2016). Chinese-style decentralization, marketization process and economic growth, Statistical Research, 33: 63 – 71.

Škare, M. and Golja, T. (2014). The impact of government CSR supporting policies on economic growth, Journal of Policy Modeling 36(3): 562 – 577. http://dx.doi.org/10.1016/j.jpolmod.2014.01.008

Smith, B. (2007). Good Governance and Development, New York, NY: Palgrave Macmillan.

Tang, T. C. (2003). Japanese aggregate import demand function: Reassessment from 'bound' testing approach, Japan and the World Economy, 15(4).419 – 436.

Tang, Jie, Jiandang Liu, Dong Wang, Weiteng Lin, and Chang Su. (2018). Assessment system and empirical study on China's local governance quality, International Journal of Sustainable Development and Planning, 13: 773 – 89.

Tirole, J. (1988). The Theory of Industrial Organization, Cambridge, MA: MIT Press.

Tiwari, A.K. (2010). Corporate governance and economic growth, Economics Bulletin, 30(4). 2825-2841.

Todaro, M., and Smith, S. (2009). Economic development (10th ed.). Boston: Addison Wesley.

Wade, R. (1990). Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization, Princeton, NJ Princeton University Press.

Weiss, L. (1998). The Myth of the Powerless State, Ithaca, NY: Cornell University Press.

Williamson, O.E. (1975). Markets and Hierarchies, New York: Free Press.

Williamson, O.E. (1985). The Economic Institutions of Capitalism, The Free Press, New York 1985.

World Bank (2000). Entering the 21st century—World development report 1999/2000. New York: Oxford University Press.

Zingales, L. (1998). Corporate Governance, The New Palgrave Dictionary of Economics and Law. (MacMillan, London).