



GOOD GOVERNANCE AND ECONOMIC DEVELOPMENT IN NIGERIA 2010 – 2015: A CRITICAL REVIEW

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Abstract

The study examines good governance and economic development in Nigeria between 2010 and 2015. Findings revealed that good governance brings development and good life while bad governance brings underdevelopment, poor standard of living and poverty that breeds crimes. Further findings revealed that in Nigeria where the state resources are not managed in a manner that is open, transparent, accountable and equitable, where civil society and government institutions are weak and the state is often repressible, good governance cannot thrive. The study relied on secondary sources of data as its veritable tool of analysis. The main objective of this study is to ensure good governance in both public and private sectors so as to have all round development that will meet the felt needs, yearnings and aspirations of citizens. The framework of analysis upon which this study is anchored is the system theory. The study concludes that governance can be promoted by entrenching the rule of law, improve efficiency and accountability in public sector, tackling corruption, creating enabling environment for investment and implementing sound policies that are people and development oriented. The study recommends that for development to take place in Nigeria there should be a visionary leader who will make good governance top priority and with ability to interact with his environment and harness both human and natural resources that will meet our socio-economic needs.

Keywords: Good Governance, Economic Development, Transformation, Nigeria

1. Introduction

Governance embraces all methods well or bad that societies use to distribute power, manage public resources and resolve contradictions that will pave the way for development to take place. UNDP (1997) posits that good governance is the effective management of a country's social and economic resources in a manner that is open, transparent, accountable and equitable. In the Nigeria experience however, good governance is difficult because the civil society is weak and the state is often repressive. However, to achieve sustainable economic development good governance is a must (Feldman, 2003). United Nations (1998) submits that good governance is the exercise of political, economic and administrative authority to manage the nation's affairs. The challenge for all societies is how to ensure its practice that will inevitably promotes, sustains and support holistic and integrated human and economic development. The role of government here is to mobilize, creates an enabling environment and provides welfare for its citizens regardless of creed, political ideology, class and social origin by taking certain decisions which will be in their best interest that will enable them live decent, happy, clean and autonomous lifestyles.



Good governance is a worthy goal not only in and of itself, but also a means through which a variety of other outcomes particularly economic growth and development are realized. In poorly governed countries, corrupt bureaucrat and politicians hinder development efforts by stealing public funds or misdirecting them into unproductive activities. Equally true is the fact that government with inefficient bureaucracy and weak institutions are unable to formulate and implement people and development oriented policies. However, former United Nations Secretary-General Koffi Annan noted that “good governance is perhaps the single most important factor in eradicating poverty and providing development anywhere in the world” (Hammer, 2009). According to Schumpeter (1961), economic development entails a fundamental transformation of an economy which includes altering the industrial structure, the educational and occupational characteristics of the population and indeed the entire social an institutional fabric while growth is measured by putting more people to work within an existing economic framework. Economic development therefore aimed at changing that frame work so that people work more productively and the economic moves towards higher value activity. Putting it succinctly, economic development is measured by sustained increase in prosperity and quality of life through innovation, lowered transaction costs, and the utilization of capabilities towards responsible production and diffusion of goods and services. It requires effective operation founded in norms of openness, tolerance for risk, appreciation for diversity and confidence in the realization of mutual gains for public and private sectors. The nexus or interface between governance and economic development is that the former is an essential precondition for the rapid development and transformation of the latter (Schumpeter, 1961)

Fayissa and Nsiah (2013) study the impact of governance on economic growth in Africa using fixed and random effects models found out that good governance or the lack of it contributes to differences in growth of Africa countries. Further findings revealed that without the establishment and maintenance of good governance, achieving the goals of new Partnership for African Development (NEPAD), eradicating poverty, promoting sustainable growth and development, integrating Africa into the world’s economy and accelerating women empowerment will be hampered. As noted by Fayissa and Nsiah (2013), Sub-Sharan African countries have had a mixed governance record in comparison with other regions of the world bogged down with manifestations of bad governance like corruption, nepotism, abuse of the rule of law, government in effectiveness and inability to meet the felt needs, yearnings, aspirations of citizenry Nigeria inclusive hence there is a clarion call on Nigerian government to entrench the culture of good governance in both public and private sectors as well as in all sections of government such as the executive, legislature and the judiciary, the media, trade union, corporate sector and even NGOs. In all of this, public accountability and transparency are critical elements as it is when all sections of society and organs of government conduct their affairs in a socially responsible manner towards achieving common goal that good governance and sustainable economic development can be achieved. This study therefore looks at the relationship between governance, living standard of Nigerian citizens and economic development in contextual manner.



2. Literature Review

Theoretical Framework:

The framework of analysis upon which the study is anchored is the systems theory. The view of organizations as open social systems that must interact with their environments in order to survive is known as systems theory. Organizations depend on their environments for several essential resources such as customers who purchase the products or services, suppliers who provide materials, employee who provide labour, management or shareholders who invest and government that regulates. This made Katz (2006) to state that public relations most essential role is to help organizations adjust and adapt to changes in their environment.

Theoretically, system can be considered either open or closed. Open organizations exchange information, energy or resources with their environments whereas closed system do not. In reality, because no social systems can be complete closely closed or open, they are usually referred to as relatively closed or open. The distinction between closed and open systems is determined by their level of sensitivity to the external environment. Closed systems are insensitive to environmental deviations whereas open systems are responsive to changes in an environment. The systems approach is an external standard that measures effectiveness based on long term growth or sustainability. Effective systems are characterized by a steady state that system theorists called homeostasis. An organization is able to maintain homeostasis which includes not just survival but also growth only then can such an organization be regarded as effective.

Rationale for Adopting this Theory:

Applying this theory to Nigerian situation at this time is important due to the clamour for restructuring that is going on presently in the country, general insecurity, low standard of living of citizens, poverty, unemployment, uneven distribution of state resources and bad governance. All these are evident because the system is not interacting well with its environment. However, good governance can be ensured if demands from environment by citizens which represent their needs are met and only a visionary leader can ensure this.

Conceptual Issues

The word "governance" came from Latin verb "gubernare" which means to steer. Based on its etymology, governance refers to the manner of steering, governing, directing and controlling a group or state. It is a complex process whereby some sectors of society wield power, act and promulgate public policies which directly affect human and institutional interactions as well as economic and social development (Lynn, 1987). Governance can also be seen as the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise the legal rights, meet their obligations and mediate their differences (Lynn, 1987). Governance is a structure and process that is designed to ensure accountability, transparency, responsiveness, rule of law, stability, equity and inclusiveness, empowerment and broad-based participation, it is about the culture and institutional environment in which citizens and stakeholders interact among themselves and participate in public affairs (Arrow, K (ed) 1962). Good governance on the other hand refers to the government that is committed to creating a system founded on peace and justice that protect the



individual human rights and civil liberties. It is measured by the following factors; popular participation, rule of law, transparency, responsiveness, consensus orientation, equity, inclusiveness, effectiveness, efficiency and accountability. It is a subjective term that describes how public institutions conduct public affairs and manage public resources in the preferred and best possible way that is responsive to the people needs.

Governance is the cooperation between politics, state civil society the government and non-governmental organizations, public and private institutions which can be mandatory or voluntary cooperation. It is mainly characterized by contracting rather than supervision, decentralization rather than centralization, administration is by the state rather than redistribution by the state, management based on market principles rather than management based on administrative departments, cooperation between the state and government sectors rather than being guided by the state therefore, governance is broader than government thus, from modern cooperation to colleges and basic level communities, all can function without government by the state but not without governance (Gboyega, 1986)

It is basic that power runs in different directions in management processes. For government by the state, power runs top-down as it exercises political authority, manages social and political affairs by issuing orders, making and executing policies. As an administrative process of interaction between the upper and lower levels, governance manages public affairs through cooperation, negotiation, partnership, establishment of identity and common goals. Its administrative mechanism does not rely entirely on the authority of collective network; its power is multi-dimensional ways rather than one-dimensional and top-down (Dalen and Zeigler According to Adebayo (1992) governance is the management of resources and organization of individuals and groups into formal and informal bodies, institutions and businesses through social, political and administrative and economic mechanisms while good governance implies the presence of the rule of law, safeguard of human rights and existence of honest, responsible and efficient government, accountability, transparency, predictability and openness, a competent management of country's resources and affairs in a manner that is open, equitable and responsive to people's needs as well as decentralization of political and economic powers.

Good governance refers to the exercise of power in a variety of institutions the objectives of which is to direct, regulate and control activities in the interest of people as citizens, voters and workers. It fosters human development through popular participation, social and economic equalities and its ultimate objectives are to create a civil society. Kukah (1998) clearly stated that good governance is meant governance that is responsible, accountable and transparent in policy formulation and implementation and as a policy framework, it presents demands to policy makers in their exercise of power. It encompasses an effective state that has enabling political environment for effective distribution of resources to improve the living condition of ordinary people. It is a mechanism through which citizens articulate their interests, exercise their legal rights, meet their obligations and mediate their differences. It is therefore a state of meeting expectations and the achievement of social well-being by mandated authority. According to Oyoubaire (1987), good governance is the use of power and authority to effect human conditions this enables the society to sustain and improve the quality of life and transforms the physical environment. It involves justice, equity, protection of lives and property, enhanced participation, preservation of the rule of law and improved living standard of the



populace. Good governance is all about performance capacity of government or leadership capability.

Development is a process that creates growth, progress, positive change or the addition of physical, economic, environmental, social and demographic components. The purpose of development is a rise in the level and quality of lives of the people and the creation or expansion of local and regional income and employment opportunity without damaging the resources of the environment. Development is visible and useful, its result is not necessarily immediate and it includes an aspect of quality change and the creation of condition for the continuation of that change (Easterly, 2001). Development can be defined as the process of economic and social advancement in terms of quality of human life. It can be measured in terms of culture, wealth, education, health care, opportunities and can be commonly classified by life expectancy, literacy level, standard of living, gross domestic products, value of goods and services divided by the number of people in a country. Development has been traditionally classified into first, second and third world countries or the global North and South (Kelley, 2003). Economic development refers to a nation's improvement in economic and political sectors as well as the social well-being of its people. It is the process whereby simple low income national economies are transformed into modern industrial economies. It is employed to describe a change in a country's economy involving qualitative and quantitative improvement.

National development refers to a country's ability to improve the social welfare of people by providing social amenities like quality education, power, and housing, pipe born water, roads, industry and employment. Its components are: economic development, socio-cultural empowerment and how they impact on human development. Economic development expressed in gross national product (GNP) can aid human development through expenditure from families, governments and institutions and according to Lewis,(1985) development must be redefined as an attack on the clear evils of our present world such as malnutrition, disease, illiteracy, poverty, unemployment and misery (Lewis, 1985).

Effects of Good Governance on Economic Development

Good governance is crucial to sustainable development and poverty alleviation especially in developing countries. International Monetary Fund (IMF) states that promoting good governance in all facets including ensuring the rule of law, improving efficiency and accountability in the public sector and tackling corruption can make economy prosper (IMF, 1997) Good governance leads to investment by creating sound business environment, it enhances sound policy implementation and minimizes persistence of bad policy. Eradication of poverty, job creation, high standard of living, availability of social amenities and meeting the socio-economic needs of citizens is basically a function of good governance made available by a visionary leader (World Bank & IMF, 1997).

The presence of good governance in politics and economic policy contribute to quality of life and sustains economic growth. In a paper presented to the 5th Economic Panel Meeting at Harvard University in April 2002, with the title "Growth Without Governance". World Bank economist Daniel Kaufmann and Aartkraary argued that high quality of governance has very strong positive impact on the capital income across countries. Using a set of worldwide governance indicators, these economists found that good governance certainly load to economic



growth but economic growth does not necessarily lead to quality governance in society (Kaufmann and Kraay, 2002).

Fayissah and Nsiah (2010) found that in African countries (Nigeria inclusive) the gap in economic growth between the rich and the poor countries have been mainly due to differences in the quality of governance in the respective countries. Thus, the general consensus among economists is therefore that good governance is a precondition for sustain economic growth as well as improve the quality of life of people while bad governance is the anti-thesis and reduces the warfare of nations.

The fundamental objective of good governance is that citizens should get proper standard of living and this could be facilitated by government organizations that are better placed to use the sovereign power of state to extract resources from society while economic development entails the use of this scarce resources gotten from society. Good governance is imperative here because it gives confidence to investors that the money they invest are safe from improper expropriation which is a necessary condition for ensuring sustained economy that will meet the social and economic needs of citizens (Todaro, 2000)

3. Methodology

The study made use of secondary sources of data to analyze the concept of good governance and economic development in Nigeria from 2010 – 2015. Data for the study were collected from textbooks, internet, encyclopedia, journals, periodicals, seminar papers, newspapers, magazines and quoted speeches, The essence of this methodology is to avail readers the privilege of assessing the views of authorities cited in the literature review because it outlines the step-by-step details of the procedures followed in carrying out the study.

4. Good Governance and Societal Transformation

World Bank defines good governance as the capacity of management and institutional reform conducted by state policy that improves coordination and delivery of effective public service, accountability of political actor and individual citizen in driving development policies. Good governance therefore connects political institutions and practices to user in socio-political and economic development. Econometric studies by Kauffmann *et al.* (2005) revealed that there is a nexus between good governance and economic growth but this is not possible in the face of weak institutions. Koffi Annan cited in Adejumbi (2014) “without good governance, rule of law, predictable administration, legitimate power and responsive regulation, no amount of funding, no amount of charity will set man on the path of prosperity.”

Rolland (2004) posits that to achieve good governance that will transform a society, proper democratic and electoral activities need be practiced. Indeed, the major challenge facing third world societies including those in Africa today is the creation of a political system without legitimacy in the eye of the majority and the actualization of true development. Without legitimacy in government born out of true democratic electoral process there can be no authority, stability and consequently no social and economic progress. The stereotype constructed is that Africa (Nigeria inclusive) is a region that works through a reverse logic of political disorder and irrationality, where politics is about barefaced stealing and a game of the belly, the law of the jungle replaces the dictates of the constitution. Good governance stands a far cry in such a



region where in Nigeria stands a perfect fit. It should therefore be clearly understood that mere existence of democracy does not automatically translates into good governance.

According to Ajene (2003) good governance implies the promotion of the best wishes of the majority represented in the actual policies and programs of constituted authority which best serves and promotes their wishes. The accommodation and tolerance of the yearnings and aspirations of the minority and discordant groups. The principle of consultation whereby the wishes of the majority are not simply assumed but a policy strategy which involves consultation with the widest spectrum of society for the purpose of obtaining consensus over policy at all times is pursued. The strict adherence to the rule of law at all levels of society; the adherence to the practice of accountability and transparency by leadership and others in political authority.

It should be noted that it is not just a mode of policy or a procedural arrangement but a holistic and consequential variables that is measurable in terms of real effects in the lives of the people. It is not about the form of governance but the result of governance. It is not the process or course of political rule but its effects; it is about effective and productive governance. At macro level, good governance denotes organizational effectiveness. At micro level, it is about engendering public welfare and promoting the greatest happiness of the greatest number of people. (Burkey, 2016)

What a society needs is not democratic government, but good government i.e. a government that will promote economic well -being, political stability, social order, communal harmony and efficient and honest administration (Huntington, 1969).

The Problem of Good of Governance in Nigeria

Nigerian state is corrupt and is managed by corrupt leaders who made it an instrument of capital accumulation leading to stagnation, poverty, instability and underdevelopment and abuse of democracy that makes good governance an illusion and bad governance becomes the never wanted alternative because where the desirable is not obtainable, the obtainable becomes the desirable. This made Julius Nyerere (1972) to state that “where the vote is human right and bread is privilege of the few, democracy is a mockery; it can never be an instrument of harmony because it is not an instrument of justice.” In Nigeria bad governance is responsible for unemployment, low standard of living, absence of infrastructure, malnutrition, poverty and crimes such as Boko Haram, child and drug trafficking, prostitution, banditry, Nigeria Delta Militancy and Kidnapping because maladministration and mismanagement or resources naturally leads to poverty, hunger, violence, malnutrition and low standard of living. In a country where leaders are not transparent, accountable to their subjects honest, flexible, sensible and formulate policies that are people and development oriented, citizens felt needs, yearnings and aspiration will forever elude them (Ake, 1985).

5. Conclusion and Recommendations

Findings reveals that the way Nigeria is governed despite their human and natural endowment is the reason for her present economic stagnation, lack, poverty, unemployment, hunger, low standard of living and general underdevelopment. Further findings revealed that Nigeria had had a robust economy and governance was people and development focused in the past but now, the reverse is the case. Analysis has shown that efforts by our leaders to diversify our economy from an oil dependent type have not yielded much result in the lives of the citizenry. The study



concludes that the wealth of the country still flows into the hand of few privilege Nigerians which has direct consequences for the overall development of the country.

Based on the findings of this study, the discussions involved and conclusion thereafter drawn, the recommendations are government should ensure that only men and women of proven integrity are given positions of responsibility in Nigeria. Ethical values of transparency and accountability should be upheld by all public office holders in Nigeria. No public office holder should be exempted from facing the full wroth of the law whenever it is discovered that such has embezzled public funds meant for the development of the entire country. Immunity clause should be removed so that public office holders can be punished for their misdeeds before leaving office. To overcome poverty, lack, hunger, economic stagnation, low standard of living, unemployment and general underdevelopment, Nigeria should be well governed. All government policies should be people and development oriented and for economic diversification to make sense and have positive impact in the lives of Nigeria citizens, good governance and visionary leadership should be encouraged. Public funds and revenues should be strictly monitored and suspicious amount of money properly investigated by government institutions responsible for it.

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