Effects of Governance on Economic Growth in Nigeria

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Abstract
The study investigates the effects of governance on economic growth in Nigeria from 1996 to 2021. The study adopts ARDL as an estimation technique, while the findings empirically show that the absence of violence and terrorism and political stability, and RGDPCC significantly and positively correlate in both the short and long run. This implies that improving political stability and tackling security issues can greatly promote the economic growth of Nigeria. The report suggests that the Nigerian government prioritise political stability and security measures from these findings. Enhancing a favourable atmosphere for investment and economic activity entails promoting social cohesiveness, tackling the underlying causes of conflict, and building security infrastructure so as to prove a more thorough grasp of the governance-growth relationship in a multiplicity of contexts.

Keywords: Governance, economic growth, Political Stability, ARDL

JEL Classification: O43, O40, P16, C32

Introduction
African economic growth has historically been retarded by poor governance, a pattern that became particularly apparent following the post-independence economic downturns of the late 1970s (Kwasi Fosu, 2021). Governance refers to the intentional and planned efforts by which societies pinpoint collective goals through policy formulation and implementation. However, good governance transcends the absence of corruption; it embodies government attentiveness, citizen involvement, respect for institutions, and peaceful power transitions (Azfar et al., 2018). Hughes (2017) distinguishes governance from good governance by listing the latter's focus on legitimacy, citizen attentiveness, service delivery, and fairness. Dzingirai (2017) buttresses that good governance makes sure that public resources are managed in an evident, accountable, and legal manner. Key features include inclusivity, accountability, rule of law, openness, and efficiency.

Contrariwise, poor governance promotes corruption, instability, and conflict, ultimately hindering growth and development.

In recent years, good governance has been pictured as a driver of economic growth, prompting African countries and local bodies to preference it. Customarily, development was determined by growth in either the GDP or the Gross National Product (GNP), but the current method appreciates a more general view. Development now emphasizes both quantitative growth and qualitative change, including freedom, equity, and human rights (Capra & Jakobsen, 2017). Glasser (2018) contends that real development emanates from people-driven movements, not ordinary state-driven programs, emphasizing empowerment and individual abilities. Nigeria, despite its vast economic potential, exemplifies the governance-growth problem. Persistent corruption remains a major obstacle to economic progress, eroding public trust, discouraging investment, and reducing public sector effectiveness. Weak institutions, especially within the legal and institutional framework, ineffective policy implementation and investment attractiveness.

Infrastructural deficits, particularly in transportation and electricity, disrupt production, hinder market access, and reduce living standards. Additionally, underinvestment in education and healthcare limits human capital development, limiting innovation, discovery, and economic competitiveness. Political instability, including coups, communal and religious conflicts, and electoral violence, further reduces investor confidence. Unequal policy implementation undermines effectiveness and weakens public confidence in government institutions. Addressing these challenges is important for Nigeria's economic transformation. In recent years, efforts to adopt democratic governance in Nigeria have increased, recognizing the importance of due process, rule of law, and accountability (Orsini & Ortega, 2020). Thus, promoting good governance is necessary for achieving sustainable and inclusive economic development.

This study's goal is to investigate how governance and economic growth are related in Nigeria, providing valuable insights for macroeconomists, political and development economists, academics, and policymakers. Furthermore, this study introduces "Voice and Accountability" (VAAC) as a key governance variable, addressing previous gaps in the literature and offering a more nuanced analysis of governance impacts. Focusing on the period from 1996 to 2021, which marks Nigeria's transition from military rule to democratic governance, this research provides a comprehensive case study of the interplay between governance and

development. Following this section is section 2 which comprises the literature review, then section 3 which entails research methodology, next section is section 4 which contains data presentation and analysis and finally section 5 which embodies conclusion and policy recommendation.

Literature Review

Like many concepts in the social, economic, and political sciences, "governance" is not new. The term was first used in France in the 14th century, where it referred to the "seat of government." However, it gained widespread popularity when the World Bank revitalized the term in its 1989 report. The World Bank's use of "governance" marked a new approach to development, emphasizing that economic prosperity is unattainable without a basic level of rule of law and democracy. At the same time, the apolitical nature of the term helped the World Bank avoid criticism for interfering in the political decisions of debtor countries (Bovaird & Loeffler, 2007). Institutions play an important role in reducing violence and disorder, forming a central topic in discussions on governance and economic growth. Despite differing views, all major theories agree that institutions significantly influence growth. High-quality governance, marked by political stability, reduced violence, effective policy, rule of law, and reduced corruption, improves institutional performance (Effiong & Okijie, 2021). Theories like social infrastructure, new growth theory, and the Solow model perspectives explain how institutions directly and indirectly drive economic growth (Samarasinghe, 2018; Neise, 2018).

Good governance promotes access to technology and boosts labour productivity by removing physical and psychological barriers like violence and corruption. Romer (2001) argued that this productivity rise in consonance with the Solow model’s concept of technological advancement, which ultimately drives growth through capital accumulation. Quality institutions also foster a conducive environment for investment in both human and physical money. The knowledge and abilities that employees gain are referred to as human capital. Conversely, increased physical capital investments increase increase per-worker productivity, while physical capital investment raises capital per worker, both routes promoting economic output (Romer, 2001; Neise, 2018). The new growth theory emphasizes technology and knowledge as important growth drivers, backed by research and development (R&D) enabled by institutions like strong property rights (Samarasinghe, 2018). Hall and Jones (1999) suggest that institutional and policy differences explain much of the productivity variation across countries. Similarly,

Acemoglu and Robinson (2008–2012) argue that constructive institutions and sound policies promote investment and output, contributing to growth.

Conversely, several studies have been carried out on this topic, these include; Ukwandu & Jarbandhan (2016) agreed with Nobel laureate Douglass North, who emphasized the significance of robust institutions for efficient government and economic growth. These institutions comprise economic activity that is governed by both official and unofficial laws that regulate economic action. Incentives that promote productive behavior fuel economic growth, while predatory or unproductive behavior leads to stagnation. For modern economies to thrive, political, legal, and economic institutions must be well-established. Formal institutions that promote growth and reduce transaction costs include property rights, representative government, and flexible legal frameworks. Transaction costs, which are inefficiencies in real-world institutions that must be overcome for economic activity to occur, form the basis of North's "new institutionalism" paradigm.

Fraj etal (2018) investigated the connection between governance and economic development. The common wisdom holds that better governance fosters economic progress, yet recent years have shown that weaker nations have seen greater growth. According to the study, which examined 50 nations between 1996 and 2012 using GMM regressions, governance is not a major factor in explaining economic growth. Flexibility in exchange rates stimulates growth in wealthy nations while destabilizing emerging market economies. Flexible exchange rate policies are supported by good governance, and the improvement of governance promotes economic growth in developing nations. The best exchange rate regime is determined by the nature of the exchange rate regime, which is vital for enhancing governance quality.

Arshad (2019) studied the contribution of high-quality institutions to economic expansion through foreign direct investment. The dataset covered 104 countries, and the study evaluated both the direct and indirect impact of high-quality institutions on economic expansion. The findings indicated that FDI inflows and institutional quality contribute to stronger economic growth, with better institutional quality enhancing FDI-driven growth in low- and middle-income countries.

Abubakar (2020) assessed the impact of institutional quality on Nigeria’s economic growth from 1979 to 2018 using annual data. The study employed the

Solow-Swan neoclassical growth model and Washington Consensus to determine the policy implications for improving institutional quality. The findings showed that economic growth responded positively to contract-intensive money and the effective governance index, with significant effects from domestic and foreign investment. The study highlighted the need for strong institutions to support both private and public enterprises for sustainable growth in Nigeria.

To discern the correlation between governance and economic growth in developed, emerging and of course, Nigeria in particular myriads of studies have been carried out. Thus, Olabiyi and Olowookere (2021) conducted a study on the factors influencing economic growth in Nigeria spanning from 1996 to 2019 with time series data. The study adopted the ARDL model as an estimation technique. It was found out that in the long-term, there were correlations among corruption control, investment, and government spending hindering economic growth. However, economic growth was positively influenced by increased voice, accountability, and revenue from natural resources.

Mahmood (2021) explored the connection between governance and economic growth. While conventional wisdom holds that better governance promotes economic progress, recent years have seen higher growth rates in some weaker nations. The study, which examined 50 countries from 1996 to 2012 using GMM regressions, found that governance is not a major factor in explaining economic growth. Flexible exchange rates encourage growth in developed countries but destabilize emerging economies. Ditto for Abubakar (2022) examined the role of democratic institutions in the relationship between Nigeria's economic expansion and fiscal decentralization. OLS, or Ordinary Least Squares, was used in the study as an estimation method. It found that subnational spending exceeded subnational revenue, and federally allocated subnational spending outpaced subnational revenue. A 1% increase in revenue and expenditure decentralization would reduce economic growth by 11% and 21%, respectively. However, democratic institutions had only a marginally positive and statistically insignificant effect, contributing to corruption among politicians and bureaucrats. The study calls for strong government institutions that are transparent, accountable, and respectful of the rule of law to ensure sustainability, efficiency, and timely service delivery.

Research Methodology

To explore the impact of governance on the progress of the economy in Nigeria, we therefore adapt a study by Olabiyi and Olowookere (2021), who explored

determinants of economic development in Nigeria: how much does governance matter? econometrics explicit as below:

$$LGDPCC_t = \alpha_0 + \alpha_1 CCOR_t + \alpha_2 VACCT_t + \alpha_3 NATR_t + \alpha_4 INV_t + \alpha_5 TGEXP_t + \mu_t \quad (1)$$

Where LGDPC denotes GDP per capita, CCOR denotes Control of Corruption, RLAW denotes Rule of Law, VACCT denotes voice and accountability, NATR denotes income of natural resources, TGEXP denotes total government expenditure, and ut denotes the error term. We therefore modified the current study as stated below.

$$RGDPPCI = f(CCO, PSAVT, VAAC, RL) \quad (2)$$

$$\log RGDPPCI_t = \alpha_0 + \alpha_1 \log CCO_t + \alpha_2 \log PSAVT_t + \alpha_3 \log VAAC_t + \alpha_4 RL_t + \mu_t \quad (3)$$

RGDPPCI = Real Gross Domestic Product Per Capita, CCO = Control of Corruption, PSAVT = Political Stability and Absence of Violence and Terrorism, VAAC = Voice and Accountability, RL = Rule of Law, U_t = Error Term.

$$\Delta lnRGDPPCI_t = \alpha_{01} + \sum_{i=1}^{n1} \alpha_{11} \Delta lnRGDPPCI_{i-1} + \sum_{i=0}^{n2} \alpha_{12} \Delta lnCCO_{i-1} + \sum_{i=0}^{n3} \alpha_{13} \Delta lnPSAVT_{i-1} + \sum_{i=0}^{n4} \alpha_{14} \Delta lnVAAC_{i-1} + \sum_{i=0}^{n5} \alpha_{15} \Delta RL_{i-1} + \beta ECM_{t-1} + \phi_{11} lnGDPPCI_{t-1} + \phi_{12} lnCCO_{t-1} + \phi_{13} lnPSAVT_{t-1} + \phi_{14} lnVAAC_{t-1} + \phi_{15} RL_{t-1} + \varepsilon_{t1} \quad (4)$$

Where ln is the natural log of the variables, RGDPPCI, CCO, PSAVT, VAAC and RL are as previously stated. The first difference operator is denoted by Δ. $\alpha_{11} \ldots \alpha_{15}$ represents the short run coefficients, $\phi_{11} \ldots \phi_{15}$ are the long run coefficients, $n1 \ldots n5$ are the lag length and ε_{t1} represents the white noise error terms. The null hypothesis in the equation is:

$$H_0: \phi_{11} = \phi_{12} = \phi_{13} = \phi_{14} = \phi_{15} = 0$$

This implies non-existence of long run relationship while the alternative hypothesis:

$$H_1: \phi_{11} \neq \phi_{12} \neq \phi_{13} \neq \phi_{14} \neq \phi_{15} \neq 0.$$

The choice to decline or fail to deny the null hypothesis (H_0) that the variables do not co-integrate. was developed by Narayan (2005). Comparing the value of F-calculated with the critical upper bound of Narayan's table case III allows one to test for long-term relationships between variables using the well-known F-test. Co-integration exists if the value of the F-statistic is larger than the upper bound values I (1) of the F-tabulated. It is inconclusive if it lies within the lower bound I (0) and the upper bound I (1); if the value is less than the lower bound, co-integration does not exist. Using the Akaike Information Criterion (AIC) and Schwarz Criterion (SC), the researcher thereby chose the ARDL model to investigate whether there is a long-term link between the variables. The ARDL technique is represented by the Error Correction Model (ECM) as follows:

$$\Delta lnRGDPPCI_t = \alpha_{01} + \sum_{i=1}^{n1} \alpha_{11}\, \Delta lnRGDPPCI_{i-1} + \sum_{i=0}^{n2} \alpha_{12}\, \Delta lnCCO_{i-1} + \sum_{i=0}^{n3} \alpha_{13}\, \Delta lnPSAVT_{i-1} + \sum_{i=0}^{n4} \alpha_{14}\, \Delta lnVAAC_{i-1} + \sum_{i=0}^{n5} \alpha_{15}\, \Delta RL_{i-1} + \beta ECM_{t-1} \quad (5)$$

The main goal of the error correction model is to illustrate how quickly a short-term shock may be adjusted back to the long-term equilibrium. A few diagnostic tests are necessary to make sure the model fits well will be conducted.

Presentation and Analysis of Results

This section provides an overview of the data utilized for the analysis, including descriptive statistics and a correlation matrix, to examine the influence of governance on economic growth in Nigeria. The data employed in this study consists of yearly series of times data ranging from the period of 1996 to 2021. Table 1 below displays the average, skewness, Jarque-Bera statistics, and p-values for the pertinent variables. The effects of governance on economic growth in Nigeria is explained.

Table 1: Descriptive Statistics

	RGDPCC	CCO	PSAVT	RL	VAAC
Mean	1668.319	11.34703	6.435392	13.97476	28.35389
Median	1912.883	12.50000	5.263278	13.41498	29.68217
Maximum	3200.953	18.93204	26.59575	21.15385	35.46798
Minimum	460.3242	0.529101	2.415459	4.477612	7.000000
Std. Dev.	876.0000	4.392309	4.860500	4.965771	6.083424
Skewness	-0.105052	-0.773057	3.142460	-0.199923	-1.892692
Kurtosis	1.718439	3.118212	12.98992	2.202112	7.337315
Jarque-Bera	1.827086	2.604811	150.9070	0.862878	35.90322
Probability	0.401101	0.271877	0.000000	0.649574	0.000000
Sum	43376.28	295.0228	167.3202	363.3439	737.2010
Sum Sq. Dev.	19184398	482.3095	590.6115	616.4720	925.2012
Obs.	26	26	26	26	26

Source: Author's Computation (2025)

Table 1 presents the statistical properties of the variables employed by this study. The emphasis here is on the mean, skewness, Jarque-Bera and its probability value for variables involved. The variables are Real Gross Domestic Product Per Capita (RGDPPC), Control of Corruption (CCO), Political Stability and Absence of Violence Terrorism (PSAVT), Rule of Law (RL) and Voice and Accountability (VAAC). In the case of the skewness, only the PSAVT is positively skewed while others are negatively skewed. Regarding the kurtosis that measures the peakedness of the distribution of the variables. Apart from PSAVT, VAAC and CCO that are leptokurtic, the other variables are platykurtic. Finally, the variables' normal distribution and statistical significance are shown by the Jarque-Bera statistics and their probability values. To establish a null hypothesis for normality, we made use of Jarque-Bera (1980) test and detected that RGDPCC, CCO, and RL are statistically significant while PSAVT and VAAC are not statistically significant.

Table 2: The Correlation Matrix

	RGDPCC	CCO	PSAVT	RL	VAAC
RGDPCC	1.				
CCO	0.5111	1.			
PSAVT	-0.4135	-0.2091	1		
RL	0.6422	0.6766	-0.1279	1	
VAAC	0.6048	0.1355	-0.6131	0.4567	1

Source: Author's Computation (2025)

There is a positive but moderate relationship between RGDPCC and CCO. The PSAVT exhibits a negative but weak relationship with RGDPCC. There is also a positive but strong relationship between the RL and RGDPCC and finally, there is a positive and slightly strong relationship between VAAC and RGDPCC.

The time series data employed in estimating the empirical model designed to proxy governance and economic growth in Nigeria are presented in the postscript. Before establishing any long-term relationship, it is essential to examine the peculiarities of the data through the Random Walk Test. This step is necessary because traditional econometric methods assume stationarity of time series data, and when the series are non-stationary, conventional analyses may yield misleading or spurious results. Hence, testing for stationarity is a crucial preliminary step prior to conducting cointegration bound tests and ARDL estimations. As emphasized by Granger and Newbold (1974), if the variables are not co-integrated, estimating regressions with non-stationary variables using the ordinary least squares (OLS) method can lead to unreliable and deceptive conclusions.

Table 3: Estimation of ADF Integrated Order Test Results

Variable	ADF	P-value (Level)	ADF	P-value (First Level)	Remarks
RGDPCC	-1.329719	0.5994	-3.386966**	0.0218	I (1)
CCO	-1.699279	0.4194	-4.169400***	0.0055	I (1)
PSAVT	-2.949459*	0.0539	-4.311791***	0.0000	I (0)
RL	-1.189684	0.6624	-5.589900***	0.0002	I (0)
VAAC	-4.900112***	0.0006	-4.580120***	0.0014	I (0)

*NB: I (1) Stability of the variables at first difference, ***, **, * are 1%, 5% and 10%.*
Source: Author's calculation (2025)

By analyzing the unit root tests using the trends of all the variables, the stationarity of the variables was ascertained through the Augmented Dickey-Fuller test. The results of the unit root tests are shown in Table 3. Considering the stationarity results, only PSAVT and VAAC are stationary at the levels, while other variables are stationary at 5% level of significance after first difference. The estimating method used in this research is the Autoregressive Distributed Lag (ARDL) Model is made possible by the union of I (0) and I (1).

Table 4: ARDL Bound Test Result

Test Statistic	Value	K
F-statistic	5.704365	4
Critical Value Bounds		
Significance	I0 Bound	I1 Bound
10%	2.45	3.52
5%	2.86	4.01
2.5%	3.25	4.49
1%	3.74	5.06

*NB: ***, **, *1%, 5% and 10% represent the level of significance*
Source: Author's Computation (2025)

Table 4 displays the bound test results. Two distinct requirements were used to conduct the cointegration test. First, the cointegration test's F-statistic for the equation was 8.427492. The dependent variable is the real gross domestic product per capita. (RGDPPC) and the explanatory variables are control of corruption (CCO), political stability and absence of violence terrorism (PSAVT), rule of law (RL) and voice and accountability (VAAC). This result exceeds both the lower and upper critical bounds at 1%, 5% and 10% level of significance. This indicates the presence of cointegration, meaning that there is a long run relationship among the variables. Thus, explanatory variables employed to capture GDP per capita will determine economic growth in the long run.

Table 5: ARDL Long-Run and Short-Run Results

Short-Run Coefficients				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(CCO)	-0.019551	0.012275	-1.592745	0.1372
D (CCO (-1))	-0.016767	0.010001	-1.676526	0.1195
D(PSAVT)	0.134170	0.030206	4.441771	0.0008
D (PSAVT (-1))	0.017314	0.012600	1.374088	0.1945
D(RL)	-0.002658	0.012578	-0.211285	0.8362
D (RL (-1))	0.013312	0.007507	1.773352	0.1015
D(VAAC)	0.030399	0.014855	2.046417	0.0633
CointEq (-1)	-0.353646	0.117467	-3.010605	0.0109
Long Run Coefficients				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
CCO	0.134399	0.046062	2.917798	0.0129
PSAVT	0.174765	0.094443	1.850478	0.0890
RL	-0.102460	0.042994	-2.383125	0.0346
VAAC	0.085959	0.022947	3.745893	0.0028
C	4.081099	0.611844	6.670162	0.0000

***Source: Author's Computation* (2025)**

Table5 examines the short-run and long-run impacts of governance indicators on Nigeria's real gross domestic product per capita (RGDPCC). The short-term, the Control of Corruption (CCO) depicts a negative but statistically insignificant effect on RGDPCC. Specifically, the immediate response is -0.019551 (p = 0.1372), and the one-period lagged response is -0.016767 (p = 0.1195), both insignificant at the 5% level. This implies that increases in CCO do not significantly affect RGDPCC in the short term. Political Stability and Absence of Violence/Terrorism (PSAVT) has a positive and significant short-run effect on RGDPCC. The coefficient is 0.134170 (p = 0.0008), indicating that a 1% increase in PSAVT leads to approximately 0.13% growth in RGDPCC. However, the lagged value is not significant (0.017314, p = 0.1945). The Rule of Law (RL) has a negative but insignificant short-run impact on RGDPCC. The immediate coefficient is -0.002658 (p = 0.8362), and the lagged coefficient is 0.013318, also insignificant. This suggests no short-term relationship between RL and economic growth. Voice and Accountability (VAAC) positively affects RGDPCC in the short run, with a coefficient of 0.030399 (p = 0.0633), significant at the 10% level, indicating a moderate effect.

The Error Correction Model (ECM) shows a coefficient of -0.353646 (p = 0.0109), meaning about 35% of short-run deviations from the long-run equilibrium are corrected yearly, indicating a stable long-term relationship. In the long run, CCO has a positive and significant impact on RGDPCC, with a coefficient of 0.134399 (p = 0.0129). This implies that effective anti-corruption measures foster economic growth over time. Similarly, PSAVT has a positive long-run effect, with a coefficient of 0.174765 (p = 0.0890), significant at the 10% level, showing that increased political stability enhances economic development. Interestingly, RL has a detrimental and substantial effect over time. (-0.102460, p = 0.0346), contradicting economic expectations. This may be due to weak or selective enforcement of legal frameworks in developing economies like Nigeria. VAAC continues to have a positive and significant long-run impact (0.085959, p = 0.0028), reinforcing the role of inclusive governance in supporting economic growth. Conclusion: Governance indicators, particularly political stability, voice and accountability, and control of corruption, have a positive and significant impact on Nigeria's economic development in the long run, suggesting that improved governance promotes sustainable growth.

Table 6: Regression Statistics and Diagnostic Tests

R-square	0.991217
Adjusted R-square	0.983166
F-statistic	123.1188 (0.000000)
Durbin-Watson Statistic	2.396319
Serial Correlation	1.519076 (0.1815)
Normality	0.236273 (0.888575)
Heteroskedasticity	0.819442 (0.5272)
CUSUM	Unstable
CUSUMQ	Stable

Source: Author's Computation (2025)

The model shows a strong fit, with an R-squared of 0.991217 showing that 99% of RGDPCC variation is explained by the explanatory variables, and an F-statistic of 123.1188 establishing their joint significance. The Durbin-Watson statistic (≈2) suggests no autocorrelation. Diagnostic tests show no serial correlation and constant variance, though residuals are not normally distributed. Stability tests reveal the CUSUM statistic within 5% bounds, confirming parameter stability, while CUSUMQ shows deviations near the end periods. Overall, the model is robust, statistically significant, free from autocorrelation, exhibits homoskedasticity, and remains stable over time, with minor instability towards the end.

The study begins by testing for stationarity using the Augmented Dickey-Fuller (ADF) test, as the analysis is based on time series data. Results indicate that the majority of variables have order one integration [I(1)], except political stability and absence of violence/terrorism (PSAVT) and voice and accountability (VAAC), which are not moving at level I (0). Given this mix of I (1) and I(0) variables, the test of bounds confirms a sustained partnership, leading to the use of the ARDL model for estimation. The high R- R-squared value of (0.991217) in the statistical results depicts that 99% of the difference in real GDP per capita (RGDPCC) is accounted for by the framework's explanatory variables. The F-statistic (123.1188) confirms joint significance, while the Durbin-Watson statistic (≈2.40) suggests no autocorrelation. Diagnostic tests reveal the absence of serial correlation but highlight that residuals are not normally distributed and exhibit heteroskedasticity. Stability tests (CUSUM and CUSUMQ) indicate overall model stability, though CUSUMQ shows some deviations toward the end of the period. From an economic perspective, the study offers insights into how governance factors affect Nigeria's economic performance in both the short and long term.

Short-run findings unveiled that control of corruption (CCO) and rule of law (RL) do not have significant effects on RGDPCC, implying that improvements in these areas may not yield immediate economic benefits. However, political stability and absence of violence/terrorism (PSAVT) show a positive and significant impact, emphasizing the importance of security and stability for short-term growth.

Similarly, VAAC has a favorable and noteworthy impact, underscoring the value of transparent governance and public participation in fostering immediate economic gains. Long-run results present a more complex picture. CCO is positively and significantly related to RGDPCC, highlighting the long-term benefits of reducing corruption for resource efficiency and sustained growth. PSAVT continues to exert a positive influence, affirming the enduring importance of political stability for economic progress. Additionally, VAAC continues to have a good and noteworthy impact, reaffirming the need for citizen accountability and engagement in long-term development. Remarkably, RL has a detrimental and substantial effect on RGDPCC in the long run, suggesting that strict legal adherence may not always align with the practical needs of a developing economy. This finding calls for aligning legal frameworks with the country's socio-economic realities to avoid unintended constraints on growth. In conclusion, the study underscores that effective governance, characterized by reduced corruption, political stability, public accountability, and context-appropriate legal systems, is crucial for Nigeria's economic progress. Targeted reforms in these areas could foster both short-term gains and sustainable long-term development

However, research on Nigeria's economy consistently highlights a strong link between governance quality and economic growth. Studies by Abubakar (2020), Arshad (2019), and Mahmood (2021) affirm a positive, symbiotic relationship, reinforcing the idea that effective governance drives economic progress. Recent empirical evidence supports this view, showing statistically significant positive associations between governance indicators and economic performance, aligning with prior findings while offering contemporary insights. However, Omri et al. (2021) present a contrasting perspective, arguing that governance has little to no impact on Nigeria's economic development. This divergence introduces valuable debate, urging deeper exploration of the complex governance economy nexus. Collectively, these studies provide a balanced foundation for policymakers, researchers, and stakeholders to critically assess governance's role in shaping Nigeria's economic trajectory, acknowledging both the dominant supportive

evidence and the minority dissenting view, thereby enriching the discourse and guiding informed decision-making for the country's development.

Conclusion and Policy Recommendations

The study concluded that political stability and absence of violence/terrorism (PSAVT) positively and significantly influence real gross domestic product per capita (RGDPCC) in both the short and long run, accentuating the critical role of security in fostering investment and economic activity. Voice and accountability (VAAC) also exhibit a positive impact, particularly in the long run, highlighting the benefits of inclusive governance and citizen participation. Control of corruption (CCO) shows a positive long-run effect, indicating that anti-corruption measures enhance resource efficiency and sustainable growth over time. Ditto for rule of law (RL) has a negative long-run impact, suggesting that rigid or selectively enforced legal frameworks may constrain economic growth in Nigeria. On this note, the study recommended that the Nigerian Federal Government, through the Ministry of Defence and the Office of the National Security Adviser, should prioritize investments in security infrastructure and conflict resolution programs to curb violence and terrorism, thereby fostering a stable environment for economic expansion.

Also, in line with the positive effects of voice and accountability (VAAC), policymakers in the National Assembly and the Independent National Electoral Commission (INEC) should implement reforms that strengthen electoral transparency and enhance citizen participation to promote accountability and sustainable growth. Furthermore, given the long-run positive correlation of control of corruption (CCO), the Economic and Financial Crimes Commission (EFCC) and Independent Corrupt Practices Commission (ICPC) should intensify anti-corruption measures through digital asset tracking systems and robust whistleblower protections to enhance resource management and attract foreign investment. Lastly, addressing the negative influence of rule of law (RL), the Federal Ministry of Justice and the judiciary should review and modernize legal frameworks to ensure flexible, context-specific enforcement mechanisms that align with prevailing socio-economic realities, thereby minimizing bureaucratic bottlenecks and fostering innovation and productivity.

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