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IMPLICATIONS OF COST OF GOVERNANCE ON ENTREPRENEURSHIP DEVELOPMENT IN NIGERIA.

Onu,[1] Livinus Okpara (Ph.D)
Department of Business Management, Ebonyi State University, Ebonyi State, Nigeria

Okafor,[2] Lawrence Chima (Ph.D)
Department of Business Management, Ebonyi State University, Ebonyi State, Nigeria

ABSTRACT

Sustainable economic development in any country essentially is an outcome of good governance which encourages supportive entrepreneurship framework conditions. This study has examined the implications of cost of governance on entrepreneurship development in Nigeria. The study adopted the historical and descriptive research methods to analyze relevant data. Our findings agree with reviewed theoretical and empirical research outcomes that high cost of governance hampered entrepreneurship development, when successive government budgets starve the productive sector of the needed fund to engineer business formation and expansion. Entrepreneurship development is also imperiled when governments fail to build supportive institutions and change their society's incentive structure. There is therefore, an urgent need to intensify the war against bad governance which encourages rent-seeking behavior.

Key Words: Cost of Governance, Entrepreneurship, Entrepreneurship Framework Conditions, Global Entrepreneurship Monitor.

I. INTRODUCTION

The concept of governance evolved from the doctrine of social contract [expounded by Hobbes (1651), Locke (1689) and Rouseau (1762)] which, among others, conferred political legitimacy on government. The social contract nexus purported to define the terms on which society is to be governed: individuals consented to abdicate part of their rights to a sovereign authority (Government) which will make laws and set up administrative machineries for the good governance of the citizens (Lovett, 2011 and Weithman, 2011). The citizens promised to pay tax for the services of the sovereign who would make judicious use of the tax and other revenues accruing to it for the benefits of the citizens. For effective governance, Rawls (2001) advocated the theory of 'justice as fairness'. The theory was hinged on the concept of "criterion of reciprocity" and "justice between generations", and provided the framework for the legitimate use of political power: in accordance with a political conception of justice in a fair system of cooperation. Justice between generations or intergenerational equity, on the other hand, demands that present generation must be conscientious of the need of future generations in their current use or application or consumption of common wealth. He mentioned several institutional features that all liberal political conceptions will share: fair opportunities for all citizens (especially in education and training); a decent distribution of income and wealth; government as the employer of last resort; basic health care for all citizens; and public financing of elections.

In support of the social contract doctrine, Section 16 (1) of the 1999 Nigerian Constitution stated inter- alia: the states are required to (a) utilize the resources of the country to advance the prosperity of the country; (b) secure the economy such that the welfare, freedom and happiness of every citizen will be maximized while ensuring social justice and equal opportunities for all citizens and (c) provide shelter, food and other amenities for all citizens.

On the other hand, the Public Choice Theory (PCT) propounded by Duncan (1948) cited in Rowley (2008), is critical of the role of government officials as agents required to carry out government functions as agreed upon by the members of the society. The main assumptions of the PCT are that: people acting in the public market place may have some concern for others, but their main motive, whether they are voters, politicians, lobbyists or bureaucrats, is self interest, and that bureaucracy's goal is budget maximization. The theory is often used to explain how political decision making results in outcomes that conflict with the preferences of the general public. It captures government failure from its social contract responsibility and advocated the development of constitutional democracy but in an ethical context of consent.

On this note, we hypothesize that: It is inevitable for government to spend money on administrative expenditures to oil the wheels of governance, but that high cost of governance crowds out development in other important areas of the economy. What then is the evidence of this, and its implications for entrepreneurship development?

In Nigeria, some extant empirical studies seem to allude to high cost of governance. Ejuvbekpokpo (2012), reported that the total administrative expenditure as a percentage of Gross Domestic Product (GDP) has remained abysmally low, despite its high percentage in successive annual budget estimates which have been on the rise since 2008 (44.3%); getting to a scandalous level of 86.86% in 2012, and 91% in the 2015 budget (Iyoha, Gberevbie, Iruonagbe and Egherevba, 2015). Balogun (2014) concluded that more than 60% of all public expenditure in Nigeria goes to service the bureaucracies that consist of less than 3% of Nigeria's population. In effect, it would appear that increasing Cost of Governance (COG) does not proportionately translate into productivity, as is observed from the increasing low GDP growth figures in successive years.

However, the influence of cost of governance on countries' overall economic development has been researched mostly from the perspectives of Gross Domestic Product (GDP), economic growth and corruption (Iyoha, Gberevbie, Iruonagbe, Egharevba, 2015; Okeke and Eme, 2015; Balogun, 2014; Nkpoyen, Bassey, and Uyang, 2014; Agu, 2013; Ofuani, 2013; Ogunmade, 2013; Ejuvbekpokpo, 2012; Famutimi, 2012; Fluvian, 2006). Entrepreneurship as a controllable variable in countries' overall development has not been given adequate consideration, hence this paper. The objective of this paper therefore, is twofold: to review extant Federal Government budget allocations into revenue and capital expenditures and investigate how the outcomes of skewed allocation in favour of revenue expenditure have affected societal wellbeing using extant development indices, and conduct a comparative analyses of regional and global rating agencies with respect to Nigeria's entrepreneurship development vis-à-vis its economic development, relative to peer countries and against set bench marks.

Our analytic tool of societal wellbeing is encapsulated and embedded in such indexes as Organization for Economic Cooperation and Development (OCED)'s Human Development Index (HDI); World Economic Forum's Ease of Doing Business Index; Transparency International Corruption Perception Index (CPI) and Mo Ibrahim Index on African Governance (IIAG), among others. The Global Entrepreneurship Monitor (GEM), most recent report (2013 to 2016), is analyzed with respect to Nigeria's Entrepreneurship Development (ED) performance relative to its yearly increasing cost of governance. As a proxy for ED, we adopted the Global Entrepreneurship Development Index (GEDI) used by GEM in its yearly ED report in participating countries.

The rest of the paper is structured as follows: Section II briefly reviews related literature on the concepts of cost of governance and entrepreneurship development and their interaction. Section III provides a model specification of the relationship between COG and ED. Section IV analyzes secondary data on COG and ED, while section V succinctly discusses the implications of high cost of governance. The paper ends in section VI with conclusion and recommendations.

II. REVIEW OF RELATED LITERATURE

Cost of Governance (COG) as a concept generally deals with the administrative expenditure of government, but the composition and decomposition of this expenditure are arguable. Fluvian (2006) expounded the concept as any expenditure in maintaining government administrative structures, which includes both salaries and overheads. His justification for using total administrative expenditure as cost of governance stemmed from the fact that administrative expenditures are incurred in governing processes. Unlike the above author, Adewole and Osabuohien (2007) introduced the additional concept of capital administrative expenses. They defined cost of governance as costs associated with the running of government (both revenue and capital administrative expenditure). Their position substantially agreed with Drucker's (2007), that cost of governance is government budget allocated to both capital and recurrent expenditures on maintaining government administrative structures, which he noted appeared to be very enormous in Africa. However, we rather adopt a more integrative definition (premiumtimesng.com, Aug.24, 2015, accessed 28/08/2015) which factored in salaries, overheads, statutory transfers and debt service costs. The statutory transfers are to public institutions such as National Assembly, National Judicial Council, Independent National Electoral Commission (INEC), and Consolidated Revenue Funds (CRF) Pensions. A rich resume has been provided on the definition of cost of governance, but the challenge of efficiency which Drucker alluded to has remained a sore point in Nigeria.

On the other hand, entrepreneurship is a process of creatively and innovatively combining factors of production, given a viable and feasible economic opportunity, to add value to goods and services with a view to achieve socio-economic/personal benefits. Entrepreneurship is widely understood as a means of "growing the pie"—that is, increasing economic activity to create more jobs and produce more income for more people, rather than merely transferring wealth from one group to another (Ács, Szerb, and Autio, 2015).

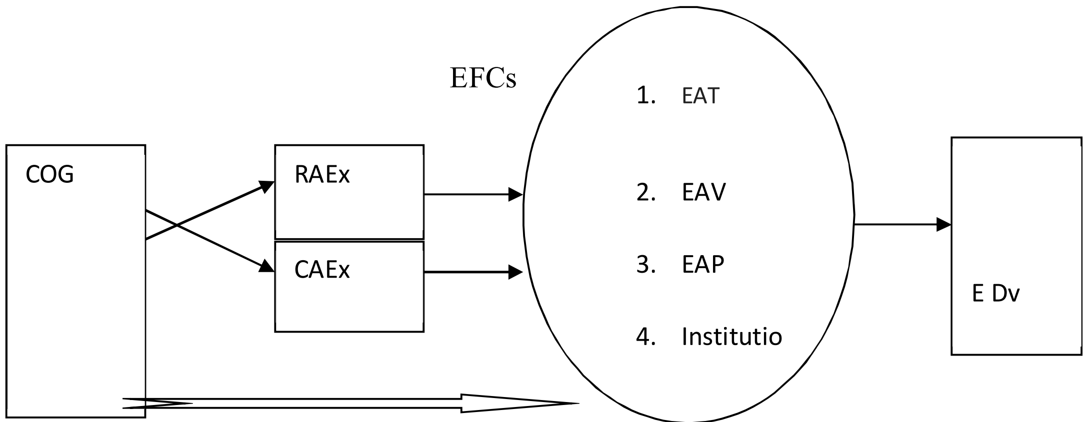
Recently, a more practical conceptualization of entrepreneurship is in the realm of opportunity identification, assembling of requisite resources to exploit the opportunity (often through new business formation or improvement in existing ones) and sustained profit making from the business. No doubt, the entrepreneur is faced with risks and uncertainty as they operate under conditions of imperfect information in a dynamic environment about their market or productive processes (Leibenstein 1995). That is why creativity and innovativeness on one hand, and supportive entrepreneurship ecosystem on the other hand, have become key success factors for entrepreneurship development. Every society's entrepreneurial position is accounted for by two situations: strong institutions and reward system. Acs (2010) posited that a country's "valley of backwardness," can only be eliminated when nations build better institutions and change their society's incentive structure, all of which requires good government and governance. This is embedded in the socio-cultural, economic and institutional environment that affects the local/regional entrepreneurship development.

Entrepreneurship promotion in developing economies including Nigeria is anchored on three factors: psychological, socio-cultural and economic. Psychological factors are founded on nature and nurture dialectics (Nkpoyen, Bassey, and Uyang, 2014). Ehigie (2003) stressed self-concept of achievement motive, perceived managerial competence, locus of control and business commitment as important psychological variables for perceived entrepreneurial success. Socio-cultural imperatives reside in the domain of the family and institutional frameworks. Cultural and institutional values may perceive entrepreneurship as rewarding and consequently supportive of it. This in turn would influence people's choice of career. The economic environment, either way, influences business formation, expansion and growth through Government policies (fiscal and monetary). Therefore, entrepreneurship is a dependent variable. Its performance is 'environment' determined.

Based on historical experience, the practice of entrepreneurship has become imperative for any meaningful development in societies. Between 1945 and 1980, nearly one hundred colonies in Africa, Asia, and the Caribbean gained their political independence and began creating a development strategy for their citizens (Acs and Virgil, 2011). Unfortunately, many of those countries have nothing to show either in significant per capita growth or economic development. As a matter of fact, moderate to extreme poverty remains a significant concern for many developing countries (Sachs 2005). Consequently, after failed attempts at development through import and export controls and the forces of globalization, developing countries began to focus on improving their business environments and creating economic spaces conducive to both domestic and foreign private enterprises. Indeed, in recent years, promoting entrepreneurship and the promulgation of small- and medium-sized enterprise policy have become important prescriptions for development (Ketkar and Acs 2013). In fact, Okeke and Eme (2014) had argued that it is axiomatic to posit that entrepreneurship is a major contributing factor to economic growth and development in any polity. It is therefore hypothesized that non implementation of entrepreneurship development strategies by developing countries may result in moderate to extreme poverty.

III. MODEL SPECIFICATION

Table 1: The relationship between Cost of Governance and Entrepreneurship Development



Moderating Variables: Socio-cultural and Institutional imperatives

Source: Conceptualized by the author

COG=Cost of Governance; RAEx= Revenue Administrative Expenditure; CAEx= Capital Administrative Expenditure; EDv= Entrepreneurship Development; EFCs= Entrepreneurship Framework Conditions; EAT= Entrepreneurial Attitude; EAV= Entrepreneurial Activities; EAP = Entrepreneurial Aspiration and Institutions.

Operationally, Cost of Governance (COG) is decomposed into Revenue Administrative Expenditure (REX) and Capital Administrative Expenditure (CEX). Conversely, Entrepreneurship Development is decomposed into three: the population's Entrepreneurial Attitude (EAT); Entrepreneurial Activities (EAC) and Entrepreneurial Aspiration (EAP). The moderating variables are socio-cultural and institutional imperatives.

Entrepreneurship Framework Conditions in turn is decomposed into Entrepreneurial Attitude, Activities, Aspiration and Institutional framework. The moderating variables are socio-cultural and Institutional imperatives. The ratio of the total budgetary expenditure allocated between revenue and capital expenditures in turn affects Entrepreneurship Development albeit, through the instrumentality of individuals' attitudes, activities and aspirations. These are in turn significantly influenced by government's tinkering with entrepreneurship supportive institutions by way of monetary and fiscal policies. It is further restated that High Cost of Governance (HCOG) has the tendency to starve the capital sector of required funding for development purposes. This in turn adversely affects Entrepreneurial Attitude, Activities and Aspiration.

IV. DISCUSSION

The Nature of Nigeria's Cost of Governance

Below is a table of Nigeria's total expenditure broken into recurrent and capital expenditure between 1999 and 2017.

Table 1: The Budget Expenditure Profile of Nigerian Government between 1999 and 2017

Year	Total Expenditure (N'm)	Recurrent Expenditure (%)	Capital Expenditure (%)	GDP GrowthAnnual (%)
1999	947,690	47.45	52.55	0.5
2000	656,059	63.50	36.50	5.3
2001	1018025	56.91	43.09	4.4
2002	1,018,155	68.44	31.56	3.8
2003	1,225,965	80.29	19.71	10.4
2004	1,384,001	74.62	25.38	33.7
2005	1,743,240	70.20	29.80	3.4
2006	2,694,880	49.02	50.98	8.2
2007	2,814,492	49.39	50.61	6.8
2008	3,540,430	70.34	29.66	6.3
2009	3,557,680	71.04	28.96	6.9
2010	4,608,600	60.04	39.96	7.8
2011	4,484,740	71.23	28.77	4.9
2012	4,697,210	86.86	13.14	4.3
2013	4,987,220	67.55	32.45	5.4
2014	4,640,000	76.27	23.73	6.3
2015	6,067,860	90.82	9.18	2.7
2016	6,078,000	71.04	28.96	2.07
2017	7,298,000	69.31	30.69	-

Source: Various Annual Publications of the Federal Budget Office

The table of the Budget Expenditure Profile of Nigerian Government between 1999 and 2017 is divided into the total expenditure in monetary terms, while the revenue, capital expenditures and GDP annual growth are in percentage terms. The Federal Government of Nigeria (FGN) Expenditure profile since 1999 has been rising. The exceptions were in years 2000 and 2011 whose figures were lower than the previous years. As a percentage of the total expenditure, the RAEx has continued to surpass the CAEx year-on-year from 1999-2017. In fact, the CAEx was below 10% of the Total Budget Expenditure (TBEx) in 2015; below 20% in 2003, and 2012 and above 20% but below 30% in 2004, 2005, 2008, 2009, 2011, 2014 and 2016. In 19 years under review (1999-2017), only for 3 years (1999, 2006, and 2007) has the CAEx reached 50% of the TBEx. Of all the years, the most scandalous was 2015 when the CAEx was a meager 9.18% of the TBEx whereas, the RAEx has not fallen below 60% except for 4 budget years (1999, 2001, 2006, and 2007). It is evident that high COG as reflected in the disproportionate budget allocation to RAEx crowded out meaningful investments in infrastructure and other capital projects which ordinarily have greater potential to engineer entrepreneurship activities like new business formations, growth and expansion.

Expectedly, the contribution of TBEx to Annual GDP Growth in percentage terms is significantly marginal. For 17 out of the 19 years under review (1999-2017) only for 2 years (2003 and 2004) was the TBEx's contribution to Annual GDP Growth above 10%. It would appear that the figure of 33.7% in 2004 is atypical and requires further confirmation. Indirectly, this poor performance is attributable to high cost of governance as reflected in the allocation to RAEx which continuously receives the lion share of the TBEx year-on-year. This poor performance could be attributable to the purposes for which the revenue expenditures are utilized. These include salaries and wages, statutory allocations, consolidated revenue funds (pensions and gratuity), interest payments on loans, among others. The bulk of these payments is for current consumption, most of which are spent on imported goods and for 'foreign tourism'. Furthermore, a large chunk of this fund ends up being stashed in individual foreign accounts. By so doing, the local economy is emasculated of the multiplier effects of these funds were they to be spent/invested locally.

In effect, it would appear that increasing COG does not translate into productivity due to the instrumentality of corruption, among others, as is observed from the increasing low GDP growth figures in successive years. The contribution of Public Administration to Real GDP stood at 2.36 % in Q4 2016, compared to 2.43% in Q4 2015 and 2.12 % in Q3 2016 (NBS, GDP Q4, 2016).

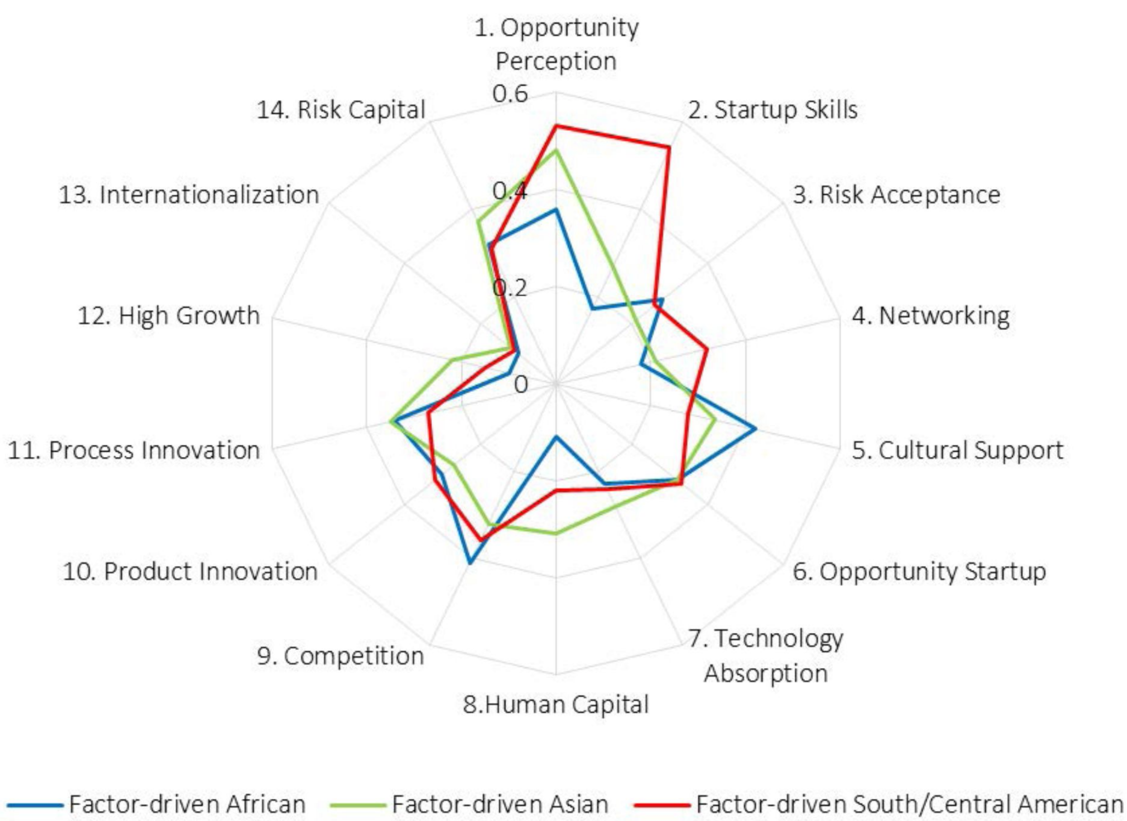
In nominal terms, the Public Administration sector grew by 8.43% in Q4 2016, higher by 10.19% points from the corresponding quarter of 2015 and lower by 4.91% points relative to Q3 2016. Quarter-on-Quarter, the sector grew by 17.36 %. The contribution of Public Administration to Nominal GDP stood at 2.72% in Q4 2016, lower than the 2.84 % recorded in Q4 2015 but higher than 2.56% recorded in Q3 2016. In real terms, the sector recorded a contraction of –4.15% (year on year) in Q4 2016, higher by 8.97 % points than the rate recorded in Q4 2015, and lower by 0.58 % points than that recorded in Q3 2016. Quarter on quarter, the sector grew by 15.91% in Q4 2016. For full year 2016, public administration contracted by -4.58% , which was nevertheless a huge improvement over the contraction of –12.28% in 2015. The contribution of Public Administration to Real GDP stood at 2.36 % in Q4 2016, compared to 2.43% in Q4 2015 and 2.12 % in Q3 2016.

Year-in-year out, substantial proportion of Nigeria's annual budget is allocated to government's administrative expenditures (Current and capital), but commensurate result is not filtered into the country's GDP. Available statistical data attest to this. In fact, Cost of Governance (COG) in Nigeria has been severely criticized as being unduly high and has increased dramatically over the years such that an increasingly reduced proportion of public revenue is available to support and implement the primary functions of government in areas of social and economic wellbeing, primary health care, basic education, security, employment, etc. (CBN, 2005). The unfortunate implication is a near negative contribution to the country's GDP as a measure of economic growth. Adewole and Osabuohien (2007) had argued that government administrative expenditure supports the GDP of any given society. But Ejuvbekpokpo (2012), reported that the total administrative expenditure as a percentage of GDP has remained abysmally low, despite its high percentage in successive annual budget estimates which have been on the rise since 2008 (44.3%), getting to a scandalous level of 86.86% in 2012, and 91% in the 2015 budget (Iyoha, et al. 2015). In effect, it would appear that increasing COG does not translate into productivity due to the instrumentality of corruption, among others, as is observed from the increasing low GDP growth figures in successive years.
Other researchers have also reported that Nigeria's governments at all levels have the predilection to disproportionately skew resources through annual budgets in favour of recurrent expenditures (salaries and overheads, statutory transfers and debt service costs), relative to capital projects, which ordinarily have greater economic potential and capacity to engineer economic development (Okeke and Eme, 2015 and Famutimi, 2012). Balogun (2014) concluded that more than 60% of all public expenditure in Nigeria goes to service these bureaucracies that consist of less than 3% of Nigeria's population.

The Entrepreneurial Ecosystem

Nigeria's relative performance in the enunciated 14 pillars of entrepreneurship is abysmally low. First of all, Nigeria is categorized as a Factor-Driven Economy as against technology or innovation. This is where countries compete primarily on the use of unskilled labour and natural resources and companies compete on the basis of price as they buy and sell commodities. Figure 2 below presents a composite emerging markets entrepreneurship performance among different categories of EFCs.

Figure 2: Composite Emerging Markets Entrepreneurship Performance



Source: 2017 Global Entrepreneurship Index.

Within the Factor Driven sectors of the world: Africa, Asia and South/Central America, Africa, which Nigeria is one, scores lowest among the sectors in the 14 pillars of entrepreneurship, except in cultural support, competition and risk acceptance. Abysmally low are process innovation, high growth and internationalization.

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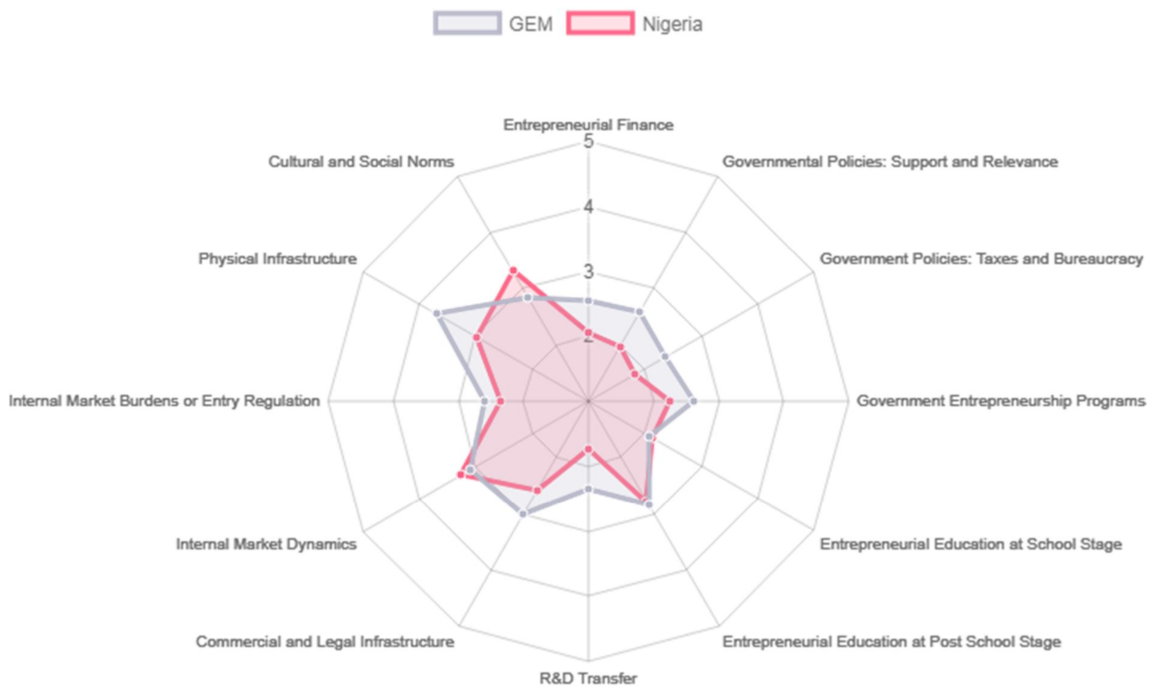
Figure 3: Comparative GEM performance of Nigeria

Most recent data: 2013

Expert Ratings: 1 = highly insufficient, 5 = highly sufficient



Source: 2017 Global Entrepreneurship Index.

In relative terms, contextualizing Global Entrepreneurship Development Institute (GEDI) Index on Entrepreneurial Development in Nigeria leaves much to be desired. Year in year out, Nigeria has never fared better both in regional and global contexts. In GEDI (2014) results, Nigeria was ranked 73 out of 120 countries with 31.6 points, lower than South Africa's rank of 50 and 40.3 points and even Gabon's 70 with 32.7 points. Though rated the most populous country in Africa, its showing entrepreneurially did not justify its size. While the absolute number indicated a country's ranking in position among the surveyed countries; the scores indicated a country's percentage score against total responses.

The situation worsened in 2015: Nigeria slipped to 84 out of 130 countries with 28.9 points behind South Africa's 52 with 40.0 points; Tunisia 63/35.5; Botswana 66/33.0; Namibia 69/31.9; Libya 73/31.0 and Algeria 79/30.2. Regionally, (Sub-Saharan Africa), Nigeria still lags behind South Africa, Botswana and Namibia in entrepreneurial Attitude, Ability and Aspiration. Also in the area of GDP; Nigeria ($2295) falls behind Gabon ($13,811); South Africa ($9655); Namibia ($6520) and Angola ($5262). Mention is not made of Singapore ($53266), a country that was said to have come and picked Nigeria's Palm Nuts in the early 1960s.

Nigeria's Performance on extant Governance Indices

Published since 2007, the IIAG was created to provide a quantifiable tool to measure and monitor governance performance in African countries, to assess their progress over time and to support the development of effective and responsive policy solutions.

Nigeria has been weighed and found wanting, regionally and globally, on various governance indices which have influence on countries' entrepreneurship performance. Using Ibrahim Index of Africa Governance (IIAG, 2017), such indices broadly stated include Safety & Rule of Law, Participation & Human Rights, Sustainable Economic Opportunity and Human Development Prior to this recent report, Nigeria's ranking on a global scale on other governance indices remained unsatisfactory: Ease of Doing Business Index 2013, 147 / 189; Global Competitiveness Index 2013-2014, 127 / 144; Economic Freedom Index 2013, 129 / 178; World Bank Poverty Index report as at 2014 indicated that Nigeria is hosting 7% of the world's 760 million poor people (www.vanguardngr.com, cited 28/08/2015) and Nigeria's HDI value for 2015 is 0.527— which put the country in the low human development category—positioning it at 152 out of 188 countries and territories. The perception of corruption worsened in Nigeria between 2016 and 2017. Transparency International (TI) Corruption Perception Index (CPI) report showed Nigeria's deteriorating corruption position as follows: In 2016, Nigeria was ranked 136 most corrupt countries in the world with a score of 28/100. But in 2017, TI ranked Nigeria the 148 most corrupt countries out of 180 surveyed with a score of 27/100 which is lower than the average in the Sub-Saharan region. In effect, Nigeria slipped 12 places backward. On the African continent, Nigeria ranked 32nd out of 52 countries. While, in West Africa, Nigeria was ranked the last but one, leaving only Guinea Bissau behind (https:www.premiumtimesng.com>news, accessed 24/02/2018).

Table 2: A summary of key entrepreneurship framework conditions as reported in Mo Ibrahim Index of African Governance (IIAG) 2017

Factor	Score 2016	Rank 2016	10-Year AAT	5-Year AAT	Comment
****Safety & Rule of Law**					
Accountability of Public Officials (EIU/BS)	38.1	17	+0.60	-1.78	Warning Sign
Corruption & Bureaucracy (WB)	19.0	33	+0.52	-2.40	Warning sign
Safety of the Person (EIU/AFR)	33.7	38	-0.51	-1.15	Increasing Deterioration
Crime (EIU/AFR)	32.5	44	-0.01	-0.45	Increasing Deterioration
Political Violence (ACLED/PTS)	39.7	47	-2.57	-0.40	Slowing Deterioration
*NATIONAL SECURITY	51.5	47	-2.56	-2.40	Slowing Deterioration
Government Involvement in Armed Conflict (UCDP)	22.2	52	-8.64	-11.13	Increasing Deterioration
Internally Displaced People (IDMC)	89.7	43	-1.07	-2.58	Increasing Deterioration
Political Refugees (UNHCR)	96.9	36	-0.32	-0.70	Increasing Deterioration
****PARTICIPATION & HUMAN RIGHTS**					
Civil Society Participation (BS/V-Dem/GI)	73.4	17	-0.28	-1.68	Increasing Deterioration
*RIGHTS	41.4	32	+0.23	-0.95	Increasing Deterioration
Freedom of Expression (BS/RSF/V-Dem/GI)	68.0	24	-0.51	-1.00	Increasing Deterioration
Freedom of Association & Assembly (BS/GI)	58.3	18	-0.62	-1.40	Increasing Deterioration
Civil Liberties (BS/FH)	35.4	32	-1.62	-2.10	Increasing Deterioration
Human Rights Conventions (UNOLA/OHCHR)	61.9	31	+2.11	-1.20	Warning sign
Human Rights Violations (EIU)	0.0	39	-0.70	-6.25	Increasing Deterioration
*GENDER	53.4	31	+0.79	+0.35	Slowing Improvements
Gender Equality (AfDB/WB)	51.3	31	+0.70	-0.50	Warning sign
Women's Political Participation (IPU/GI/WB)	22.5	50	-1.16	-3.68	Increasing Deterioration

****SUSTAINABLE ECONOMIC OPPORTUNITY**					
***PUBLIC MANAGEMENT**	**47.4**	**27**	**-0.02**	**-0.15**	**Increasing Deterioration**
Governmental Statistical Capacity (WB)	**66.7**	**21**	**+1.13**	**-2.18**	**Warning Sign**
Public Administration (AfDB/WB)	**53.1**	**31**	**-1.97**	**-1.70**	**Warning sign**
Fiscal Policy (AfDB/WB)	**50.8**	**37**	**-4.23**	**-10.90**	**Increasing Deterioration**
Business Environment	**39.6**	**34**	**+0.22**	**+0.58**	**Improving**
Investment Climate (HER)	**44.4**	**38**	**+1.23**	**0.00**	**Warning Sign**
****HUMAN DEVELOPMENT**					
***WELFARE**					
Social Safety Nets (BS)	**46.2**	**17**	**-0.84**	**0.00**	**Warning Sign**
***EDUCATION**	**43.7**	**32**	**+0.10**	**-0.18**	**Warning Sign**
Education Provision (AFR)	**38.7**	**24**	**+0.82**	**+0.10**	**Slowing Improvement**
Education Quality (BS)	**33.3**	**21**	**-1.86**	**0.00**	**Bouncing Back**
Educational System Management (WEF)	**28.2**	**30**	**-2.12**	**-4.73**	**Increasing Deterioration**
Human Resources in Primary Schools (UNESCO)	**71.4**	**27**	**+1.08**	**0.00**	**Warning Sign**
Primary School Completion (WB)	**57.7**	**25**	**-0.81**	**0.00**	**Bouncing Back**

The analysis above provides long-term findings as well as focusing on the short-term, in order to provide a more nuanced assessment of the performance and trajectories of countries, regions and groups. The intention of this analysis is to illustrate that whilst the IIAG can be used to view long-term trends, due to the changing nature of governance performance, it is important to assess both the long-term and short-term alongside each other.

Overall, among the 54 countries pooled, Nigeria is ranked 35 with a score of 48.1/100. The score is below the continent's average of 50.8 per cent. From the trend, which is self explanatory, Nigeria has not done well in some very critical governance indices which are overarching entrepreneurship factor conditions. Of grave concern are the increasingly deteriorating state of conflicts at -11.13; fiscal policy at -10.90; human rights violation at -6.25 and education management system at -4.73 respectively, among others.

Furthermore, sad though, globally, available statistics confirmed that, despite encouraging progress in recent years, Sub Saharan Africa still remains the least developed continent in all entrepreneurial pillars. It has been argued that the level and form of entrepreneurial activity, and therefore its impact on economic growth, will be greatly affected by the national economic context, notably, the quality of institutions (Acemoglu and Robinson, 2001; Aidis, Estrin and Mickiewicz, 2008).

V. IMPLICATIONS OF HIGH COST OF GOVERNANCE

In Nigeria, high cost of governance seemed to have constrained entrepreneurial development in so many ways: increasingly, small portion of the annual budget is left for capital projects which have direct economic generative capacity. Budget deficits occasioned by high cost of governance crowds out private sector funding of economic projects due to higher interest rate; influence of corruption results in misallocation and misappropriation of available resources; corruption also increases cost of doing business and reduces business competitiveness and also discourages direct foreign investment (DFI) (Ejuvbekpokpo, 2012; Agu, 2013, 2014; Iyoha, et al., 2015; CBN, 2005). It is equally hypothesized that consumptions, investments and savings of a substantial portion of the money voted for cost of governance is made outside the primary economy, with the implication of emasculating the productive capacity of such money. Such investments are either in imported goods and services, foreign medical tours and travels, portfolio investments or savings which lubricate these secondary economies. From the various statistical reviews, it is apparent that Nigeria is deficient in the core entrepreneurship environment factors which are meant to engineer entrepreneurship development. On the society, the adverse consequences include, but not limited to, decreasing standard of wellbeing of the people as measured by human development index (HDI); increasing rate of corruption, increasingly deteriorating state of conflicts, fiscal policy, human rights violation, education management system and national security challenges (e.g. Boko Haram).

VI. CONCLUSIONS AND RECOMMENDATIONS

Nigeria's federal government has the predilection to disproportionately skew resources through annual budgets in favour of recurrent expenditures, relative to capital projects, which ordinarily have greater economic potential and capacity to engineer economic development. Nigeria fares bad on key development indices such as HDI, CPI, Ease of doing business, etc. Nigeria has relatively failed to develop key entrepreneurship framework conditions, and this in turn retards the country's entrepreneurship development.

It is recommended that governments at all levels begin to balance budgetary allocation between revenue and capital expenditure to make more money available to invest in capital projects. It is recommended that Nigeria builds better institutions and change their society's incentive structure, all of which requires good government and governance. It is further recommended that government should invest in strong institutions to support entrepreneurship development and reduce the incidence of corruption. As institutions become stronger, destructive and unproductive activities decline (as they are effectively checked), and more entrepreneurial activity can focus on productive entrepreneurship, thus strengthening economic development.

More research is called for to explore the influence of COG on diverse, even indirect, aspects of the society's life e.g. rate of suicide, school enrolment, etc. due to the increasing level of frustration and abject poverty in the society..

Future research should focuses on how to engineer a process that ensures that a substantial percentage to the fund budgeted for cost of governance is invested in the local economy thereby increasing its contribution to the GDP.

A more robust econometric analysis is required to factor in more explanatory variables by further decomposing the recurrent and capital administrative expenditures

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