Corporate Governance, Entrepreneurship and Economic Development in Nigeria

[1]Yerima Ishaya Jabil, [2]Sadiq Abubakar Ilelah and [3]Bulus Shadrach
[1&3]Department of General Studies
[1&3]Federal Polytechnic Kaltungo, Gombe, Gombe State
[2]Department of Public Administration
Abubakar Tatari Ali Polytechnic Bauchi

Corresponding Author's email: yerimaishaya2017@gmail.com
Phone number: 07038065110

Abstract

Corporate governance, Entrepreneurship and Economic Development are three vital tools in the development of any country which must not be underestimated. Their usefulness and unquestionable importance cannot be overemphasized. The study empirically examined the mutual link between Corporate Governance, Entrepreneurship and Economic development in Nigeria using primary data by employing structure questionnaires to obtain information from the respondents in selected banks in Gombe State as a population representative. In this research questionnaire were analyzed and interpreted using simple percentage table for tabular analysis and Spearman's Rank Correlation Coefficient for the testing of the formulated hypotheses to enhance robustness of the result. It was proved in the study that good corporate governance determines the success of an organization. In the analysis, corporate governance policy has really helped Nigerian entrepreneur to grow financially. In addition, it was also discovered from the study that corporate governance was seen as a panacea for Entrepreneurship Development in Nigeria. We therefore recommend that good corporate governance remains a solution tool for Entrepreneurship Development in Nigeria financial institution especially banks, organizational problems and the right policy that enhance increased productivity which ultimately brings about economic growth and development globally.

Keywords: Corporate Governance, Entrepreneurship and Economic Development, Productivity

I. Introduction

The importance of Corporate Governance to the absolute existence of entrepreneurship and economic development cannot be over emphasized. Large corporate entrepreneurship like banks have come to dominate economic activities globally (Mueller, 2003). At the same time, how these corporations are governed varies greatly around the world. Some countries have highly diversified economic activity with a multitude of both small and large firms, where as other economies are dominated by a few corporations, often controlled by one large or a few large owners or ownership groups. Often these owners also resort to some sort of control mechanisms such as pyramids, dual class shares or cross holdings (Baumol (2017) and Mueller (2019). Despite the importance of corporations for economic activities, there are significant differences across the world regarding how corporate governance institutions are designed, and there is no consensus as to what is the best governance system. Corporate governance is a number of processes, customs, policies, laws and institutions which have impact on the way a company is controlled (Cadbury, 1992 & Financial Times). An important theme of corporate governance is the nature and extent of accountability of people in the business and mechanisms that try to decrease the principle-agent problem (Bouven 1994). Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. In contemporary business corporations, the main external stakeholder groups are shareholders, debt holders, trade creditors, suppliers, customers and communities affected by the corporation's activities. Internal stakeholders are the board of directors, executives and other employees.

A related but separate thread of discussions focuses on the impact of a corporate governance system on economic efficiency, with a strong emphasis on shareholders' welfare; this aspect is particularly present in contemporary public debates and development regulatory policy [OGCD 2004]. There has been renewed interest in the corporate governance practices of modern corporations since 2001, particularly due to the high-profile collapses of a number of large corporations, most of which involved accounting fraud. Corporate scandals of various forms have maintained public and political interest in the regulation of corporate governance. In the U.S., these include Enron Corporation and MCI Inc. (formerly WorldCom). Their demise is associated with the U.S Federal Government passing the Sarbanes-Oxley Act in 2002, intending to restore public confidence in corporate governance. Comparable failures in Australia are associated with the eventual passage of the national reforms. Similar corporate failures in other countries such as Italy stimulate increased regulatory interest by the national authority.

In Nigeria, the bank consolidation exercise which was set in motion by the Central Bank of Nigeria (CBN) in July, 2008 was concluded on 31st December, 2009 with the number of banks reduced from 89 to 35. However, the conditions that necessitated the CBN reform package, of which consolidation was a part, had their origin in both the international financial markets and the local environment of banking in Nigeria. In the last decade or thereabout, the need for consolidation of banks' risk exposure, influenced both factors which include rapid innovations in financial markets and internationalization of financial flows, increased competitive pressures, occasioned by technological progress and deregulation. On the local scene, the chequered history of the Nigeria banking industry had been characterized in most part by waves of unhealthiness and instability exemplified by unstable macro-economic and fiscal policies, unethical and unprofessional practices, inappropriate corporate governance structures as well as inadequate supervisory commitment on the part of regulatory authorities. The unpleasant rounds of banks distress which eventually led to the death of 37 banks between 2001 and 2005 clearly captures the parlous state of the banking system in Nigeria before the consolidation of 2007 (Sanusi, 2007).

The scenario depicted above, no doubt, was sufficient to arouse curiosity in all well-meaning stakeholders in the Nigerian banking industry, especially the CBN, as to how the painful costs of an unsound system could be tackled. Negative indicators which needed immediate reversal included weak financial intermediation, spread of financial contagion to other sectors of the economy, disruptions to the payments system and losses to depositors in the banking system. Some of the objectives of the banking sector reforms were:

- Expanding the saving mobilization base in support of investment and growth through market-based interest rates.
- Improving the regulatory framework and procedures so as to forestall distress
- Less intervention in the market with a view to promoting a more efficient resource allocation
- Fostering competition in the provision of banking services.
- Laying the basis for minimal inflationary growth or conducive enabling environment (BalGombe, 2007). It should be noted, however, that the extent to which the above-stated objectives would be realized depends on the quality of corporate governance and establishment of best-practices culture in the post-consolidation banking environment.

Objectives of the study

The objectives of the study are to examine the impact of corporate governance on the entrepreneurship and economic development in Nigeria. Emanating from this, the study seeks specifically:

i. Examine the effect of corporate governance on entrepreneurship development in Nigeria.
ii. Analyse the effect of ineffective corporate governance on entrepreneur development of banks in Nigeria.
iii. Establish whether there is relationship between corporate governance and entrepreneurship and economic development in Nigeria.

Research Hypotheses

To reinforce the research objectives, the following hypotheses are formulated for the study:

Ho: Entrepreneurship developmental success does not depend on quality of corporate governance in Nigeria.

H2o: Ineffective corporate governance does not affect the entrepreneurship development of banks in Nigeria negatively.

H3o: There is no significant relationship between corporate governance, entrepreneurship and economic development in Nigeria.

II. Literature Review

Conceptual Review

The Concept of Corporate Governance

Corporate governance according to Clarke (2015) concerns the exercise of corporate entities. The Organization for Economic Cooperation and Development (OECD) (2018) provides a functional definition of corporate government as the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of right and responsibilities among different participants in the corporations, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and means of attaining those objectives and monitoring performance.

However, corporate governance has wider implications and is critical to economic and social well-being first, in providing the incentives and performance measures to achieve business success, and second, in providing the accountability and transparency to ensure the equitable distribution of resulting wealth. The significance of corporate governance for the stability and equity of society is captured in the broader definition of the concept offered by Cadbury (2018), which states that, corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is therefore to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim and main objective of corporate governance is to align as nearly as possible the interests of individuals, corporations and society. Owoh (2020) was of the opinion that corporate governance is concerned with a clear distinction between the top management's operational processes, and the highest-level policy based structure of an organization. Adding that, the governance structure formulates policies and gives general road-map for the on, while the top management breaks down these policies into implementable bits and follows-through same in the course of its daily operations.

According to Ghartey (2016), corporate governance is seen as the system by which governing institution and all other organizations direct and control their functions, and relate to their functions, communities and stakeholders to improve the quality of life of the communities and stakeholders. Central Bank of Nigeria (2002) defines corporate governance as the system by which enterprises are directed and controlled. That is, the way in which the affairs of corporations are conducted or managed by their boards and executives.

Principle of Corporate Governance

The Financial Times (2010) stressed that contemporary discussion of corporate governance tend to refer to principles raised in three documents released since 1990. The Cadbury Report (UK, 1992), the principles of Corporate Governance (OECD), 1998 and 2004), the Sarbanes-Oxley Act of 2002 (US, 2002). The Cadbury and OECD reports present general principles around which businesses are expected to operate to assure proper governance. The Sarbanes-Oxley Act, informally referred to as Sarbox or Sox, is an attempt by the federal government in the United States to legislate several of the principles recommended in the Cadbury and OECD reports. The principles are discussed below:

- Rights and equitable treatment of shareholders. Cadbury (1992) believed that organizations should respect the rights of shareholders and help shareholders to exercise those rights. They can help shareholders exercise their rights by openly and effectively communicating information and encouraging shareholders to participate in general meetings.

- Interests of other stakeholders OECD, (2004) believed that: Organizations should recognize that they have stakeholders, including employees, investors, creditors, suppliers, local communities, customers and policy makers.
- Role and responsibilities of the board. The Cadbury report of 1992also stressed that: The board needs sufficient relevant skills and understanding to review levels of independence and commitment to fulfil its responsibilities and duties.
- Integrity and ethical behavior. Sarbanes-Oxley-Act of 2002 also stated that: Integrity should be a fundamental requirement in choosing corporate offices and board members. Organizations should develop a code of conduct for their directors and executives that promotes ethical and responsible decision making.
- Disclosure and transparency. Cadbury (1992) stressed that: organizations should clarify and make publicly known the roles and responsibilities of board and management to provide stakeholders with a level of accountability. They should also implement procedures to independently verify and safeguard the integrity of the company's financial reporting. Disclosure of material matters concerning the organization should be timely and balanced to ensure that all investors have access to clear, factual information.

Parties to Corporate Governance

The most influential parties involved in corporate governance include government agencies and authorities, stock exchanges, management (including the board of directors and its chair, the Chief Executive Officer or the equivalent, other executives and line management, shareholders and auditors). Other influential stakeholders may include lenders, suppliers, employees, creditors, customers and the community at large. The agency view of the corporation posits that the shareholders foregoes decision rights (control) and entrusts the manager to act in the shareholders' best (joint) interests. Partly as a result of this separation between the two investors and managers, corporate governance mechanisms include a system of controls intended to help align managers' incentives with those of shareholders. Agency concerns (risk) are necessarily lower for a controlling shareholder. A board of directors is expected to play a key role in corporate governance. The board has the responsibility of endorsing the organization's strategy, developing directional policy, appointing, supervising and remunerating senior executives, and ensuring accountability of the organization to its investors and authorities.

All parties to corporate governance have an interest, whether direct or indirect, in the financial performance o the corporation. Directors, workers and management receive salaries, benefits and reputation, while investors expect to receive financial returns. For lenders, it is specified interest payments, while returns to equity investors arise from dividend distributions or capital gains on their stocks. Customers are concerned with the certainty of the provision of goods and services of an appropriate quality; suppliers are concerned with compensation for their goods or services, and possible continued trading relationships. These parties provide value to the corporation in the form of financial, physical, human and other forms of capital. Many parties may also be concerned with corporate social performance.

A key factor in a party's decision to participate in or engage with a corporation is their confidence that the corporation will deliver the party's expected outcomes. When categories of parties (Stakeholders) do not have sufficient confidence that a corporation is being controlled and directed in a manner consistent with their desired outcomes, they are less likely to engage with the corporation. When this becomes an endemic system feature, the loss of confidence and participation in markets may affect many other stakeholders, and increase the likelihood of political action. There is substantial interest in how external systems and institutions, including markets, influence corporate governance.

The Place of Corporate Governance in Banking

The organization of Economic Cooperation and Development (OECD), as cited by Anya, (2018), defines corporate governance as the system by which business corporations are directed and controlled. Not only does corporate governance structure specify the distribution of rights and responsibilities among different participants in the corporation (the board, managers, shareholders and other stakeholders), its spells out the rules and procedures for making decisions on corporate affairs. Not only that, effective corporate governance requires a clear understanding of respective roles of the board and of senior management and their relationships with others; for example, candor of shareholders, fairness to employees, good citizenship to the communities in which they operate, and commitment to compliance in their relationship with government and regulatory authorities.

The relevance of corporate governance in banking is lent credence by, as stated before, the liberation and volatility of financial markets, increased competition and diversification which expose banks to new risks and challenges, requiring the continuous innovation of ways to manage business and its associated risks in order to remain competitive. Greening and Bratonovic (2017) are of the opinion that corporate governance provides a disciplined structure through which a bank sets its objectives and the means of attaining them, as well as monitoring the performance of those objectives. They further summarize the relevance of corporate governance in banking operations as follows:

- Effective corporate governance encourages a bank to use its resources more efficiently.
- Financial risk management is the responsibility of several key players in the corporate governance structure, each of whom is accountable for a dimension of risk management.
- The key players involved in corporate governance are regulators/lawmakers, supervisors, shareholders, directors, executive managers, internal auditors, external auditors and the general public.
- To the extent that any key player does not, or is not expected to, fulfill its function in the risk management chain, other key players have to compensate for the gap created by enhancing their own role. More often than not, it is the bank supervisor who has to step into the vaccum created by the failure of certain players.

Bank Corporate Governance and Risk management Framework

The success of a bank's corporate governance and risk management framework rests mostly on the effectiveness of the regulatory framework in operation. More than just regulations designed to meet specific objectives, the regulatory environment embodies a general philosophy and principles that guide both the content and the implementation of specific regulations. At the system level, regulators' efforts are typically focused on maintaining public confidence in the banking sector and on creating an equitable market for financial institutions and providers of financial services.

Theoretical Framework

There are many theories of corporate governance propounded by different authors, but the prominent ones that would be examined in this paper are listed as follows:

Stewardship Theories

These theories posited that every managers or executives of an organization are stewards of the owners and both groups having common goals are accountable to the board who has the limited power to control as agency theories postulated (Davis, Schoorman & Donaldson 1997). In this relationship, the board plays a supportive role by empowering the executives to exercise absolute control in the organization and thus increase their potential for high performance (Hendry, 2002; Shen, 2003). Stewardship theories, however, provides opportunities for cordial relationship between board and executive that involve training, mentoring and shared decision making (Shen, 2003; Sundaramurthy & lewis, 2003).

Resource Dependence Theories

These theories opined that a board is a provider of needed resources to executives in order to help them achieve organizational goals and objectives (Hillman, Cannella, & Paetzold 2000; Hillman & Daziel, 2003). Accordingly the Proponent of these theories advocated for regular intervention by the board while at same time requesting for an adequate financial, human and intangible supports to the executives. By the same token, the board members who are professionally competent can use their expertise to train, re-train, coach and mentor executives in such a way that will help to improves organizational performance. In addition, boards members can also extent their networks of support of attract enormous resources to the organization. Finally in this theory, it was suggested that most of the decisions being made by the executives must be subjected to the approval of the board.

Stakeholder Theories

Stakeholder theories are largely hinged on the fact that clients or customers, suppliers and the surrounding communities also have a stake in a corporation and that such involvement can affect the success or failure of the organization. Therefore, managers or executives have special obligations to see to the facts that all stakeholders receive a fair return from their stake in the company (Donaldson, and Preston, 1995). Stakeholder theories suggests for some form of Corporate Social responsibility which is a duty to operate in ethnical ways even if it is done at the expense of a reduction of long-term profit for the organization (Jones, freeman & Wicks, 2002). In this context, the board has a responsibility to be the guardian of the interests of all stakeholders and not just the shareholders alone by ensuring that corporate practices factored the principles of sustainability for corporate survival. However, these theories are based on the assumption that shareholders are not only grouping with a stake in the organization otherwise the application and importance of the theory will be invalidated.

Agency Theories

The evolution of agency theory could be traced and dated back to Barle and means (1932) while some writers could trace it back to Adam Smith in 1716 and his influenced book "The Wealth of Nations". In respective of the evolution, agency theories arise from the distinction between the owners (Shareholders) of an organization or an organization designated as the principal and the executive employed to superintend or manage the affair of the organization called the agent.

Agency theory argues that the goal of the agent is different from that of the principals and that more often than not they are conflicting (Johnson, Daily & Elistrand, 1996). The Theory was predicated on the assumption that the principals underestimate agency loss, which is a lesser return on investment because they do not directly manage the organization. Apart from the fact that part of the return they could have had if they were managing the Organization directly goes to the agent, the agency financial rewards also helps the executives to maximize the profit of the owner (principal) (Eisenhardt, 1989). It is also argued that a board that is developed from the perspective of the agency theory tends to exercise, strict control, supervision and monitoring of the performance of the agent in order to protect the interests of the principals (Hillman & Dalziel, 2003). Consequently, the board is actively involved in most of the managerial decision making processes and is accountable to the shareholders. All the theories of corporate governance reviewed, special emphasizes is placed on agency theories whose application is profound as relevant to the subject matter under discussion in this paper.

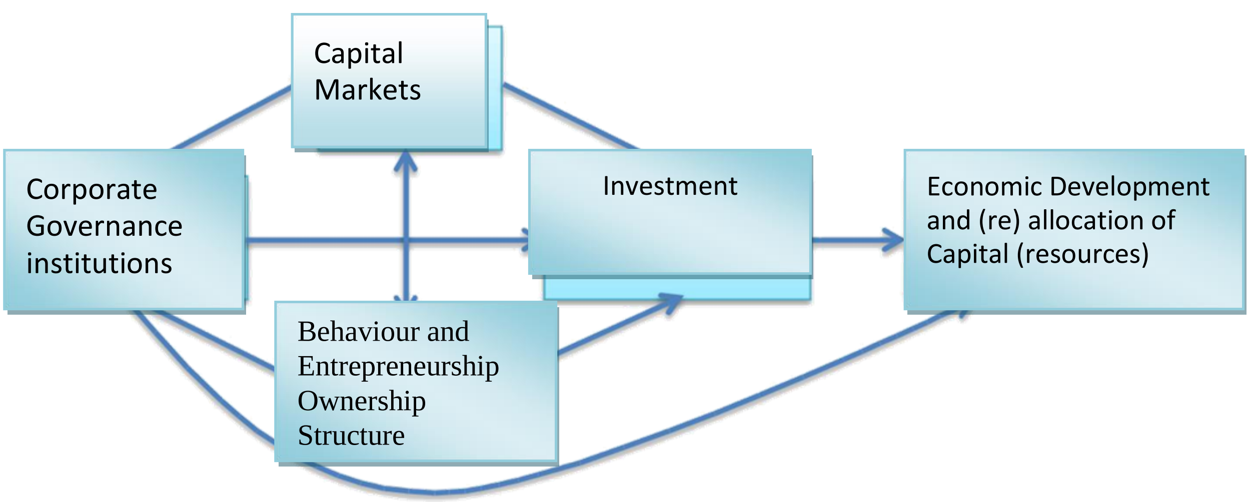
III. Corporate Governance, Entrepreneurship and Economic Development

This section addresses the question of how corporate governance institutions interact and influence entrepreneurship and how this ultimately affects economic development. Such institutions set the framework conditions within which primarily incumbent firms and their owners act, which in turn have significant implications for how firms are governed and ultimately how capital is (re)allocated. Corporate governance institutions display significant variations across the world, and much research in the economic literature suggest that these differences are important determinants of the long run economic performance of countries. One noticeable feature that differs across the world is corporate ownership and control. In Nigeria, corporate governance has a relatively dispersed corporate ownership structure, whereas corporate control is much more concentrated in other countries. These differences have been found to be important determinants of the economic performance of Nigeria. The economic effects of these differences in the economic systems have been subject to a significant debate, and the literature on corporate governance is vast. The raison d'être for the corporation is to supply financial capital to firms, which are too large for an individual or group of individuals to be able or willing to supply the capital. In corporations, ownership is often separated from control, which gives rise to a wide array of agency and information problems, which must be overcome for capital to be (re)allocated efficiently. Across the world, different institutional solutions have emerged to address these issues.

Berle and Means' (1932) classical book fixed the picture of the public corporation as being increasingly managed by professional managers and the large number of shareholder each having weak incentives to monitor them. The authors, however, described the American corporation as merely one out of many possible forms of corporate capitalism (Morck 2015). Outside Nigeria, corporations are primarily controlled by large dominant owners, and often the protection of investors is weak (La Porta 2118). In fact, in most countries, companies are controlled mainly by wealthy families (Morck 2015).

Furthermore, there is a long standing controversy as to what corporate governance institutions are the most efficient in promoting economic progress. Around the world, many different corporate governance institutions have arisen. Naturally, a wide range of varying factors, such as political and legal origin, drives differences between these. The research on such institutions and their economic consequences is extensive. However, in the literature, one can identify some stylized facts that can be used to categorise corporate governance institutions. The purpose of this section is to test our reasoning, on the links between corporate governance, entrepreneurship, and economic development and present some tentative findings with respect to these links. These are schematically illustrated in figure 1.

Figure 1: Corporate Governance, Entrepreneurship and Economic Development



Adopted from Mueller (2020)

Under most circumstances, we can expect corporate governance institutions to influence financial markets, ownership structure and composition, investment behaviour, entrepreneurship and ultimately economic development. These links are illustrated schematically in the figure above. It is, however, plausible to expect that there are feedback loops (Williamson 2015). As mentioned above, corporations can employ various control enhancing mechanisms, such as dual class shares, pyramids and cross holdings. Other institutions, such as banks, are allowed to be involved with firms that they lend money to and the extent to which minority investors are given legal protection. These institutions determine both how capital markets work and the structure of ownership. Family control of firms is, for example, supported by control enhancing mechanisms. In countries with strong protections of minority investors and high level of property rights protection, aggregate ownership concentrations are lower (Desai and Eklund, 2014). The structure of capital markets and ownership will in turn influence firm dynamics and entrepreneurship, which ultimately has consequences for the economic development of a country. If, for example, the capital markets and the ownership structure are less conducive to structural change, this may result in lower economic growth.

According to Fitzroy and Herbert (2019) each country has its own distinct type of corporate governance reflecting its history as well as its legal, regulatory, and tax regimes. But all over the world there are concerns with inadequate governance arrangements. Switzerland has had problems with Swissair and UBS, Sweden with ABB, Korea with Daewoo, Germany with Kirch, France with Vivendi, Italy with Parmalat, and, of course, the United States with Enron and World Com. Flaws in the way in which companies are managed have focused attention on corporate governance and the role of boards of directors. At the same time, globalization-with the adoption free-market system and the removal of trade barriers, together with technological advances in communication and transportation has led to higher levels of competitive intensity in both product and capital markets. As a consequence investors, both institutional and individual, have recognized that the quality of corporate governance affects the firm's competitive performance and hence its ability to attract investment capital. Fitzroy and Herbert (2006) states that there is a growing recognition in all countries that the expectations of shareholders have to be met when the firm relies on the financial markets for debt and equity. At the same time, boards of directors need to give consideration to the needs of other stakeholders such as customers, employees, suppliers, creditor and the community.

Presentation of Data and Analysis

The data collected are presented and analyzed below so as to have a better understanding of the impacts of corporate governance on the banking industry entrepreneurship development in Nigeria.

Respondents' Characteristics and Classification

The respondents' characteristics and classification as presented in section 'A' of this research work which stands as the personal data of the respondents are stated below:

Table 1: Sex distribution of respondents

Respondent	No of respondents	% of respondents
Male	58	58
Female	42	42
Total	100	100

Source: Field survey 2022

Table 1 above indicates that 58 or 58% of the total number of the respondents sampled were male which represents the majority, while 42 or 42% were female. This implies that the number of male in these organizations were more than their female counterpart.

Table 2: Age distribution of the respondents

Respondent	No of respondents	% of respondents
21-30yrs	40	40
31-40yrs	25	25
41-50yrs	25	25
51-60yrs	6	6
61yrs & above	4	4
Total	100	100

Source: Field survey 2022

Table 2 above shows that out of the total population of the respondents, majority with a total number of 40 or 40% were within the age bracket of 21-30years, 25 or 25% were within the age bracket of 31-40 years, 25 or 25% were within the age bracket of 41-50years, 6 or 6% were within the age bracket of 50-60years, while 4 or 4% were within the age bracket of 61 years and above. From the above analysis, it could be inferred that majority of the respondents were still young, agile, productive and mobile to run the affairs of these organizations effectively.

Table 3: Marital status of the respondents

Respondent	**No of respondents**	**% of respondents**
Single	50	50
Married	40	40
Divorced	10	10
Widow (er)	-	-
Total	100	100

Source: Field survey 2022

Table 3 above shows that a total of 50 or 50% of the respondents were single, 40 or 40%, were those who are married, 10 or 10% were those who are divorced, while none was widow(er). This is to say that, majority of the respondents are married, which means that they are responsible people.

Table 4: Educational Qualification of the respondents

Respondent	No of respondents	% of respondents
ND/NCE	25	25
HND/B.Sc	35	35
MBA/M.Sc	32	32

Others	8	8
Total	100	100

Source: Field survey 2022

Table 4 above which portrayed educational qualification of the sampled population reveals that, a total of 25 or 25% of the respondents were ND/NCE holder, 35 or 35% were HND/B.Sc Certificate holder, 32 or 32% were MBA/MSc certificate holder while 8 or 8% holds other certificates. This indicates that majority of the respondents are well educated.

Table 5: Work experience of the respondents

Respondent	No of respondents	% of respondents
0-5yrs	40	40
6-10yrs	45	45
11-15yrs	10	10
16yrs & above	5	5
Total	100	100

Source: Field survey 2022

As regards the work experience of the respondents from table 5 above, it was shown that, 40 or 40% of the respondents has between 0-5yrs experience, 45 or 45% has between 6-10years experience, 10 or 10% has between 11-15 years' experience while 5 or 5% has between 16 years and above experience. The above illustration shows that majority of the respondents had spent between 6-10 years in these organizations.

Presentation and Analysis of Data According to Research Questions

Respondents' response to the research questions in section B of this research work are presented and analyzed thus:

Table 6: corporate governance are essential ingredients for entrepreneurship development.

Respondent	No of respondents	% of respondents
Strongly Agreed	37	50
Agreed	50	43
Undecided	45	1
Strongly Disagreed	4	2
Disagreed	4	4
Total	100	100

Source: Field Survey 2022

In response to the question in table 6 above, majority of the respondents with a total number of 46 or 46% strongly agreed with the question, 40 or 40% agreed, 3 or 3% undecided 4 or 4% strongly disagreed while 7 or 7% disagreed. This revealed that for any economic development to record success, good leadership and corporate governance are required.

Table 7: Ineffectively corporate governance affects entrepreneurship development of banks negatively

Respondent	No of respondents	% of respondents
Strongly Agreed	41	41
Agreed	40	40
Undecided	5	5
Strongly Disagreed	6	6
Disagreed	8	8
Total	100	100

Field Survey 2022

As evident by table 7above, about 41 or 41% of the total population strong agreed, 40 or 40% agreed, 5 or 5% undecided, 6 or 6% strongly disagreed, while 8 or 8% disagreed. This shows that ineffective leadership and poor corporate governance effects the entrepreneurship development of banks negatively.

Table 8: There exist a significant relationship between corporate governance, economic and entrepreneurship development.

Respondent	No of respondents	% of respondents
Strongly Agreed	34	38
Agreed	44	49
Undecided	8	4
Strongly Disagreed	10	5
Disagreed	4	4
Total	100	100

Source: Field survey 2022

With regards to the question in table 8, whether there exists a significance relationship between corporate governance, entrepreneurship and economic development or not, 38 or 38% of the respondents strongly agreed, majority with a total of 49 or 49% agreed, 4 or 4% undecided, 5 or 5% strongly disagreed, while 4 or 4% disagreed. As majority of the respondents agreed, it shows that, there exists a strongly relationship between corporate governance, entrepreneurship and economic development.

Presentation and Analysis of Data According To Tests of Hypotheses

For an acceptable decision to be taken either to accept or reject the hypothesis to be tested, the hypotheses are be tested using the formula known as spearman's coefficient of rank correlation. In order to know the strength of the relationships between the pairs (rank 1 and 2), the spearman's rank correlation shall be converted to t – statistics using the formula below:

$$t = r \sqrt{\frac{n - 2}{1 - r^2}}$$

n = number of element (Pair observation)
t = student's t - distribution

However, the null and alternative hypotheses are:

H_0: The rank correlation in the population is zero.
H_i: There is a positive association among the ranks

Decision Rule:

The decision rule is to reject H0 if the computed value of t is greater than the tabulated value of t at 0.05 (5%) level of significance.

Hypothesis One

H_0: Entrepreneurship development success does not largely depend on quality of corporate governance
H_i: Entrepreneurship development success largely depends on quality of corporate governance

d d^2

Respondents	X	Y	RX	RY	RX – RY	(RX – RY)2
Strongly Agreed	37	47	4	5	-1	1
Agreed	50	40	5	4	1	1
Undecided	5	4	1.5	1	0.5	0.25
Strongly Disagreed	4	5	1.5	2	- 0.5	0.25
Disagreed	4	4	3	3	0	0
Total	100					2.5

Decision Rule:

Since the computed value of t (3.1303) is greater than the tabular value of t (2.353), null hypothesis shall be rejected while alternative hypothesis shall be accepted. This shows that Entrepreneurship development success depends largely on the quality of corporate governance in Nigeria banking industry.

Hypothesis Two

H_{20}: Ineffective corporate governance does not affect entrepreneurship development of banks negatively.

H_{2i}: Ineffective corporate governance affects entrepreneurship development of banks negatively.

d d^2

Respondent	X	Y	RX	RY	RX – RY	(RX – RY)2
Strongly Agreed	41	35	4	4	0	0
Agreed	40	49	5	5	0	0
Undecided	5	4	1	2.5	-1.5	2.25
Strongly Disagreed	6	4	2	1	1	1
Disagreed	8	8	3	2.5	0.5	0.25
Total	100	100				3.5

Decision Rule:

Since the computed value of t (2.529) is greater than the tabulated value of t (2.353), H_0 (null) hypothesis shall be rejected while alternative hypothesis (H_i) shall be accepted. This shows that ineffective corporate governance has really affected entrepreneurship development of Nigerian banks negatively since the bank consolidation. Therefore, effective corporate governance as a policy, strategy, instrument or system would help every organization to achieve profitability and liquidity goals.

Hypothesis Three

H30 There exist no significant relationship between corporate governance, entrepreneurship and economic development.

H31 There exist a significant relationship between corporate governance, entrepreneurship and economic development.

d d^2

Respondents	X	Y	RX	RY	RX – RY	(RX – RY)2
Strongly Agreed	34	37	4	4	0	0
Agreed	44	40	5	5	0	0
Undecided	8	6	1.5	1	0.5	0.25
Strongly Disagreed	10	8	3	2	1	1
Disagreed	4	9	1.5	3	-1.5	2.25
Total	100	16				3.5

Decision Rule:

Since the computed value of t (2.529) is greater than the tabular, value of t (2.353), null hypothesis (H_0) shall be rejected while alternative hypothesis (H_i) shall be accepted. By implication, this shows that there exist a significant relationship between corporate governance, entrepreneurship and economic development in Nigeria. It reveals that ineffective leadership and poor corporate governance has been an obstacle to entrepreneurship development of banks negatively. Likewise, the liquidation of many banks can be traced to the poor corporate governance.

Having tested the formulated hypothesis, it was proved from every angle that good corporate governance in every organization, especially in the banking industry and entrepreneurship development in Nigeria and the world at large remains one and only major alternative way to restore accountability, honesty fairness, etc which will in turn bring about increased production economic growth and development.

Conclusions and policy recommendations

The data for this research work was obtained through administered questionnaires and it was analyzed and interpreted with simple percentage table and Spearman's Rank Correlation Coefficient. The result of the research shows that, good corporate governance determines the entrepreneurship development success of an organization. In the analysis, good corporate governance policy would really helped Nigerian entrepreneur banks to achieve her profitability and liquidity goals. Finally, good corporate governance was seen as a solution tools for entrepreneurship development, organizational problems and right policy to enhance increase productivity that would ultimately bring sustainable economic growth and development in Nigeria.

We conclude, therefore, that good corporate governance remains a solution tool for entrepreneurship development, organizational problems and the right policy that will enhance increased productivity and thus economic growth and development globally.

Many factors were discovered responsible for poor corporate governance in Nigeria financial institutions in the course of conducting the research. For this reason, the following recommendations were made to help the Nigerian banks to grow and wax stronger operationally.

i. It was found that good corporate governance would help Nigerian banks to achievement her profitability and liquidity goals. Therefore, every organization is hereby advice not to handle corporate governance system with levity but with all seriousness to achieve greater result.
ii. In order to survive the present economic recession popularly known as economic meltdown, Nigerian government should introduce corporate governance policy into the Nigerian constitutions and the penalty therein, to encourage ethical behaviour in all the industries, particularly financial sectors.
iii. Training as one of the means of introducing and embracing any system or policy, should be made mandatory for the leaders and subordinates of every organization be it small or big where corporate governance would be learned.
iv. The anti-corruption agencies such as Economic and Financial Crime Commission (EFCC), ICPC and others should come out with a more serious campaign against unethical behaviour and social vices and the penalty therein.
v. As it was proved that, ineffective corporate governance hinders the development of large entrepreneurial banks, government should encourage and educate them by organizing seminars, workshops, public lectures, etc about the dangers of ineffectiveness and mismanagement of organization resources.
vi. The top management staff of banks every organization should do away with fraudulent acts and unethical behaviours.
vii. There should be more severe punishment for the leaders or top manager that involved in any fraudulent acts.

References

Aghion, P., and Howitt, P., (2016), "A Model of Creative Destruction*," Econometrica, 60, 323-351*.

Baumol, W. J., Litan, R. E. and Schramm, C. G, (2017), *"Good Capitalism, Bad Capitalism and the economics of growth and prosperity," Yale University Press.*

Clarke, T. (2015) Critical Perspectives on Business and Management: *5 Volume Series on Corporate Governance - Genesis, Anglo-American, European, Asian and Contemporary Corporate Governance London, and New York:*

Clarke, T. (2017) Theories of Corporate Governance: *The Philosophical Foundations of Corporate Governance - Genesis, Anglo-American, European, Asian and Contemporary Corporate Governance, London and New York: Rouledge.*

Colley, J., Doyle, J., Logan, G. and Stettinium, W. (2014*) what is Cooperate Governance: McGraw Hill, Dec. ISBN 0-07-144448-3.*

Collier, J. and Roberts, J. (2021) *An ethic for Corporate Governance. Business Ethics Quarterly, Vol 8, Pp 679-91.*

Dess G.G and Lumpkin G.T (2015) *Corporate Governance update for use with strategic Management creating competitive advantages, Boston: MC Graw Hill/Irwin.*

Dollinger, M.J. (2017) Entrepreneurship: Strategies and Resources, Upper Saddle River: Prentice Hall. Donaldson. T, and Preston, L. (1995) *The stakeholder Theory of Corporation; Concepts, Evidences Implications: Academic of Management Review, Pp 20,65.*

Desai, S. and Eklund, J. E., (2014), *Ownership and allocation of capital: Evidence from 44 countries, forthcoming in Journal of Institutional and Theoretical Economics.*

Demsetz, H. and Lehn, K. (1985), *"The structure of corporate ownership: Causes and consequences", Journal of Political Economy 93; 1155-1177.*

Denis, D. K. and McConnell, J. J., (2019), *"International Corporate Governance," Journal of Financial and Quantitative Analysis, vol. 38, no. 1, 1-36.*

Eliasson, G., (2015), *"The Birth, the Life and the Death of Firms – The Role of Entrepreneurship Creative Destruction and Conservative Institutions in a Growing and Experimentally Organized Economy", Ratio.*

Eklund, J. E. and Poulssen, T., (2014), *One share/one vote: evidence from Europe, forthcoming Applied Financial Economics.*

Federal Republic of Nigeria (1991) *Company and Allied Matters Decree with Amendments.*

Fiedler, F.E (1671) A Theory of Leadership Effectiveness, London: McGraw-Hill.

Fogel, K., Randall, M. and Bernard, Y., (2018), "*Big business stability and economic growth: Is what's good for General Motors good for America?," Journal of Financial Economics, vol. 89(1), 83-108, July.*

Galbraith, J. K., (1967), *"The New Industrial State," New American Library, New York.*

Ghartey, A. (2018) Corporate Governance: *How is the Accounting profession Responding to the International Demands for Greater Transparency for good Governance and Poverty Reduction. The Nigerian Accountant, July-Sept, vol. 35 (3): 29.*

Gugler, K., Mueller, D. and Yurtogly, B. (2018), *"Insider ownership, ownership concentration And investment performance: An international comparison", Journal of Corporate Finance 14; 688-705.*

Gulbury, A. (1996) *Corporate Governance: Brussels: Instithet Voor Besturders.*

Henrekson, M. and Jakobsson, U., (2001), *"Where Schumpeter was nearly right – the Swedish Model and Capitalism, Socialism and Democracy," Journal of Evolutionary Economics, vol. 11, 331-358.*

Hersey and Blanchard, K.H (2013) *Management of Organizational behaviour: Prentice Human Resources, Sixth Edition, Hall.*

Hill, J. and McGowan, P. (2019) *A qualitative approach to developing small firm marketing planning competencies, qualitative market research: An international Journal Vol. 2, No. 3 online.*

IFC (2017) International Finance Corporation Annual Report. *Organization for Economic Cooperation Development.*

Iwuama, B.C, Ogbebor, G.G, Ohen, R & Onwuegbe, O.C (1992) *Research Methods in Education, Benin City: World of Books Publishers.*

Jensen, MC. and Meckling (1976) *Theory of the firm: Management Behaviour, Agency Costs and Ownership structure, Journal of Financial Economics Vol 3 No4.*

Jensen, M. (1986), "Agency costs of free cash flow", *corporate finance and takeovers", American Economic Review 76; 323-329.*

Jensen, M. and Meckling, W. (1976), *"Theory of the firm: Managerial behavior, agency costs and ownership structure", Journal of Financial Economics 4; 305-360.*

Kazmi, A. (2017) Business *Policy and Strategic Management 6th Ed, New Delhi: Total McGraw Hill Publishing Company Ltd.*

Kreitner, R, Kinicki, A and Buclens, M. (2019) *Organizational Behaviour, Houghton: Mc GrawHill, 1st European Edition.*

La Porta, R., Lopez-De-Silanes, F., Shleifer, A. and Vishny, R. W., (1997), *"Legal Determinants of Finance, Journal of Finance, vol. 52, 1131-1150.*

La Porta, R., Lopez-De-Silanes, F., Shleifer, A. and Vishny, R. (1998), *"Law and finance", Journal of Political Economy 52; 1113–1155.*

Lawal, A.A. (1993) *Management in Focus, Lagos: Abdul Industrial Enterprises.*

Letza, S. Sun, X. and Kirkbride, J (2019) *Shareholding versus stakeholding: a critical review of Corporate.*

Machold S. (2014) Corporate Governance and Feminist ethics: *A conceptual Model working paper senses, University of wolver Hampton. UK, in Gombedele O. J.KIntroduction to Entrepreneurship Development, Corporate Governance and Small Business Management.*

Marshall, T (1991) *Understanding Leadership, Tonbridge: Sovereign World.*

Morck, R., Shleifer, A. and Vishny, R. (1988), *"Management ownership and market valuation: An empirical analysis", Journal of Financial Economics 20; 293-316.*