

## The Role of Leadership in Economic Growth and Development: A Comparative Analysis of Nigeria and South Korea

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### **Abstract**

*This paper provides a comparative analysis of economic growth in Nigeria and South Korea. Both countries had similar levels of per capita income in the 1950s, used national development plans since 1962, and experienced democratic and military regimes. Today, South Korea's per capita real income far exceeded those of Nigeria. This paper postulates that transformational leadership is one of the fundamental causes of the differences in per capita real income between both countries. This assertion is supported by examining and evaluating the leadership effectiveness in each country through their policy choices. The leaders in South Korea chose growth-enhancing policies while those leaders in Nigeria embraced ethnically biased distributional policies that contributed to ethnic resentment and regional division in Nigeria.*

**Keywords:** Leadership; Economic growth; Nigeria; South Korea; policy-actions

**JEL Classification:** K11, N15, O47, O50, O53

### **1. Introduction**

In the 1950s, Nigeria and South Korea had virtually the same levels of gross domestic product (GDP) and per capita real income. During the early years of their transitions, both countries used series of national development plans, and both countries experienced different democratic forms of governance and dictatorial military regimes. Today, South Korea's growth rates in both real GDP and per capita real income (in PPP) far exceeded those of Nigeria. There is no consensus among growth economists and policy analysts regarding the forces behind South Korea's outstanding economic performance over the past six decades. Similarly, there is no consensus among growth theorists about the fundamental or proximate causes of Nigeria's abysmal economic performance over the past six decades, despite its rich endowment in natural and human resources.

Over the past four decades, the climate-geography-endowments, extractive and/or inclusive institutions, and policy-governance hypotheses dominate the literature in explaining the poor economic performance of developing countries such as Nigeria. The climate-geography-endowments hypothesis, which predates any of the growth models, was abandoned because this simplistic climate/geography theory of underdevelopment connoted racist assumptions; but it has experienced a recent revival as a more elaborate approach to explain economic growth. The works of Sachs and Warner (1997), Diamond (1997), Gallup *et al.* (1998), Bloom and Sachs (1998), Landes (1998), Gallup and Sachs (2001), and Sachs (2001, 2003) attribute the differences in relative prosperity across countries to climatic/geographic and ecological factors such as fragility and low fertility of tropical soil, high evaporation and unstable water supply, disease burdens from malaria, tuberculosis, and the recent waves of HIV/AIDS and Ebola.

The focus on institutions as the conduit for economic growth stemmed from the early seminal work of Buchanan and Tullock (1962), but gained prominence because the studies by North and Thomas (1973), and North (1971, 1981, 1990, and 1993) laid the theoretical foundation for the power of institutions as a key determinant of economic growth and

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development in many of today's economies.<sup>2</sup> The current emphasis on the institutions hypothesis stemmed from the study by Acemoglu, Johnson, and Robinson (2001) which used different instrumental variables to proxy extractive and inclusive institutions in their growth regressions. Their research attributed the differences in the growth rates of income per capita in former European colonies in Africa and Asia to the differences in the institutions.

The policy-governance hypothesis is a potpourri of other views that emphasize the significance of choosing sound macroeconomic policies and de-emphasize the importance of climate-geography-endowments in economic growth. Some of the major proponents (especially a group of policy research economists<sup>3</sup> at the World Bank) of the governance hypothesis argue that even for countries in tropical climates such as Nigeria where disease burdens, fragile and low fertility of tropical soil, and high evaporation and unstable water supply impede the production of goods and services, sound macroeconomic policies chosen to foster openness to international trade and the reduction in excessive market distortions should, nonetheless, promote economic growth and development. According to this school of thought, Nigeria's poor economic growth performance could be attributed to its wrong policy choices. This view aligns perfectly with the "Washington Consensus," and the "Augmented" Washington Consensus, as well as the views of other major multilateral institutions (see Rodrik 2003, 2008).

This study contributes to the economic growth literature in many ways. First, it provides a comparative analysis of the role of leadership on economic growth and development in two countries to show that effective leaders with strategic pro-growth policies matter. Second, until recently, economic growth and development searchlights rarely focused on transformational leadership and its policy actions; therefore, the importance of this study is that it is a comprehensive assessment of the role of leadership in terms of the strategic development policy choices in two countries from different emerging and developing regions of the world. Also important is the fact that both countries had approximately similar national economic development plans and military-political backgrounds, but more importantly, growth economists and policy analysts proffer different fundamental and/or proximate causes for Nigeria's poor economic growth and South Korea's stellar economic performance over the same period. However, this study hypothesizes that the difference in prosperity between both countries is due to transformational leadership or lack thereof as well as the selection of strategic policy actions. Dynamic transformational leadership visions and policy choices could explain the difference in both countries' growth rates.

Third, this study contributes to the growth and development literature by putting forward the *leaders matter hypothesis* as an additional dimension with which to explain the differences in growth rates between two countries so that research scholars can begin to comprehend its linkage to the proximate causal factors put forward in the climate-geography-endowments, extractive-inclusive institutions, and governance hypotheses, and which many studies have emphasized. This study is particularly important because it showcases two countries that lacked the requisite institutions during their transitions, but the transformational leaders in South Korea formulated and implemented growth-enhancing policies since the 1960s in comparison to the leaders in Nigerian. To buttress this argument and/or assertion that growth is enhanced by transformational leaders who use strategic policies that could mitigate the adverse climatic and geographic conditions, natural resources curse, and infectious natural diseases, we provide a comprehensive compilation of leadership tenures

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<sup>2</sup> According to North and Thomas' works, the growth of the advanced economies of Europe occurred through the process of institutional development that resulted in the establishment of property rights and the expansion of markets that eventually culminated in the Industrial Revolution.

<sup>3</sup> See the World Bank Policy Research Working Paper series: Governance Matters I, II, III, and IV by Daniel Kaufman, Aart Kraay, Pablo Zoido-Lobaton, and Massimo Mastruzzi; and Martin (2006).

and the various policy choices of the leaders in Nigeria and South Korea in their attempts to stimulate economic growth. The empirical estimates of the tests of differences in leadership effectiveness indicate that leaders in South Korea are more effective than leaders in Nigeria with respect to the six major World Governance Indicators.

The rest of the paper is organized as follows. Section 2 reviews the recent literature on leadership and economic growth. Section 3 discusses the initial conditions prevalent in both countries at their independence in order to lay the groundwork for further analyses. Section 4 presents the theoretical argument based on historical evidence. Finally, Section 5 concludes and discusses some of the policy implications and recommendations.

## 2. Literature Review

Over the past four decades, economists, since North's (1971) seminar paper, have examined the impact of institutions on economic growth. This led many studies [e.g. Acemoglu and Johnson (2001), Bhagwati (2002), Olson (2003), Rodrik (2003, 2008)] to examine the causal relationship between democracy and/or democratic institutions and economic growth. While many studies concluded that causality runs from democracy or democratic institutions to economic growth, Glaeser *et al.* (2004) questioned the validity of the democracy to economic growth causal direction by citing countries such as Singapore, South Korea, Taiwan, and Argentina where rapid economic growth occurred under authoritarian leadership.

According to Glaeser *et al.* (2004), rapid economic growth occurred in South Korea and Singapore because of the prudent *policy choices* of their dictatorial leaders and not due to the democratic institutions, which occurred later. Arguably, the study by Glaeser *et al.* (2004) may have influenced subsequent studies [such as Olken (2005), Kagochi (2008)] to focus on impact of leadership on growth. For example, in their attempt to ascertain whether or not exogenous leadership transitions are associated with shifts in country growth rates, Jones and Olken (2005) used deaths of leaders while in office as a source of exogenous variation in leadership. They found robust evidence that individual leaders matter for growth because they affect policy outcomes, particularly monetary policy and play crucial roles in shaping the growth of nations; and that the effects of individual leaders are strongest in autocratic settings where there are fewer institutional constraints on a leader's power.

In order to explore and test the relationship between leadership style – military leadership vis-à-vis civilian leadership – and economic growth in Nigeria, Kagochi (2008) employed the conventional Cobb-Douglas production function. Using time series data covering the 1960-2001 period, Kagochi (2008) included investment, labor, and exports growth rates, and a dummy variable for leadership as the explanatory variables in the estimated regression equation. Based on the estimated regression results, Kagochi concluded that while labor growth had negative effect, investment and exports growth had positive effects on economic growth in Nigeria. More importantly, Kagochi concluded that “The study finds no evidence to suggest that military or civilian leadership, *ceteris paribus*, have positively influenced Nigeria's economic growth.”

Recently, the importance of leadership on growth led the Commission on Growth and Development to publish an eight-chapter edited book by Brady and Spence (2010). In their summary of the Commission's perspective based on the findings by Mkapa (2010), Kigabo (2010), Ying, *et al.* (2010), Acemoglu and Johnson (2010), Iyoha (2010), Cardoso and Graeff (2010), and Mahmud, *et al.* (2010), both editors conclude that “The principal claim is that political leaders' decisions matter and that at various stages in the process they appear to matter more. Successful leadership requires adaptation to the new problems. This can take the form of wise investments in education, the creation of new institutions, and, often, second-best politics/economic compromises, which keep politics stable and growth rate

positive. Our hope is that these studies will stimulate further advances in the theory of the political economy of economic growth and development and of the role of leaders and political leadership at various stages of the process.”<sup>4</sup>

While economists tend to focus on leadership at the micro and macro levels in which the emphasis is on determining its exogeneity or endogeneity in their empirical analysis, researchers in other disciplines tend to look at leadership from different micro perspectives. For example, in the management literature, the general consensus among many studies that have examined the impact of leaders (Chief Executive Officers) is that leaders (CEOs) have significant effects on firms’ performance [Johnson *et al.* (1985), Bertrand and Schoar (2003)]. Similarly, studies by sociologists have also looked at leadership’s influence with respect to social movements and change [Gemmill and Oakley (1992)]. For example, in an attempt to answer an empirical research question: When do leaders matter?, Nepstad and Bob (2006) explored leadership’s influence on movement dynamics by examining the Movement for the Survival of the Ogoni People in Nigeria, the Catholic Left-inspired Plowshares movement, the Zapatista uprising in Chiapas, Mexico, and the liberation movement in El Salvador. They argued that a common element of these movements was that their leaders possessed “leadership capital,” which entailed cultural, social, and symbolic components, and thus enabled these movements’ successful mobilization of aggrieved parties, activation of third-party supporters, and responses to repression. According to Nepstad and Bob (2006), scholars have for a long time neglected to pay attention to leadership; thus in their conclusion, they called for more comprehensive, systematic, and comparative investigation of factors that could influence leadership in domestic and transnational movements.

In this paper, we analyze and compare the role of leadership on economic growth in Nigeria and South Korea as an attempt to lend credence regarding whether or not leaders matter in the growth processes in both countries. In the next section, we explain some of the prevailing conditions and then lay the groundwork for objective comparison of leadership tenures and the policy choices of leaders in both countries before we tease out the theoretical framework.

### **3. Initial Conditions in Economic Growth and Development of Nigeria and South Korea**

Some of the main initial conditions include the importance of investment in both physical and human capital, the ethnic and regional disparities in the distribution of resources/income and wealth, the importance of industrialization and rapid export growth, and the nature of leadership/government policy decision-making. In the succeeding subsections, we examine each of these initial conditions.

#### **3.1 Physical and Human Capital Accumulation**

The early growth theories emphasize the importance of capital accumulation<sup>5</sup> in the growth and development process; and recent growth theorists now emphasize the importance of the initial levels of education or human capital as well as the investment in physical capital and/or its accumulation in economic growth and development. In the first decade after Nigeria gained its independence, the primary and secondary school enrollments, and the literacy rates could be described as abysmal. The early national leaders paid little or no attention to the importance of education in the economic growth process until the leaders of

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<sup>4</sup> For detailed discussions, see Chapters 1 through 8 of *Leadership and Growth* – an edited book by Brady and Spence (2010), which concludes emphatically that leadership matters in economic growth and development.

<sup>5</sup> For more detailed discussion, see studies by Robert Solow (1956, 1957, and 1988) and Paul Romer (1986).

the Western and Eastern regions of Nigeria introduced and adopted of the universal primary education (UPE) to the Southern part of the country.<sup>6</sup>

Iyoha (2010) points out that the “Northern region introduced free primary and secondary education and even adopted a program of awarding overseas scholarships to its indigenes,” but more importantly there was a dramatic increase as the percentage of the federal government budget devoted to education rose between 5% and 10% in the 1970s as compared to less than 1% committed by the colonial government (Central Bank of Nigeria 2002). The number of federally owned universities expanded from one to six during the period. Above all, the adult literacy rate still remained below 70% despite the proliferation of universities all over Nigeria in the past three or more decades. Similarly, investment in physical capital as share GDP was less than 15% between 1960 and 1970; and it rose rapidly after the civil war ended in 1970, rising above 30% between 1975 and 1979, and has not reached that level since then.

In contrast, South Korea had a well-functioning modern educational system before the Japanese colonial authorities introduced the universal primary education in Japanese [see McGinn *et al.* (1980, pp.81-98)]. As Booth (1999) points out, almost 45% of Korean youth were enrolled in primary school by 1945; and thereafter, both primary and secondary enrollments grew rapidly. By the 1960s when the pace of industrialization gained momentum, only 26% of male labor force and 48% of the female labor force had less than five years of education.

### **3.2 Ethnic and Regional Disparities in the Distribution of Resources and Wealth**

The distribution of resource-incomes and wealth has been at the center of discord in Nigeria since its independence. In the 1960s, the Eastern region of Nigeria relied on palm oil and rubber production for export earnings while the Northern part depended on groundnuts/peanuts and cotton, while the Western region relied on cocoa and rubber production. Before crude oil production dominated these commodities in the 1970s, Nigeria’s major commodity exports were in groundnuts from the Northern region, rubber and palm oil from the Eastern region, and cocoa and rubber from the Western region. Essentially, there were regional comparative advantage and specialization in these commodities, but more importantly, there was fairness in the distribution of commodity royalties<sup>7</sup> between the federal government and the originating regions. The discontentment with the distribution of resource income began with the oil boom of the 1970s when the military reduced oil royalties to the originating regions from 50% to 30% in the mid-1970s and to 2% under the Shagari’s administration in late 1970s and early 1980s, and finally to 1.5% under General Buhari’s government. Since many of the military/political leaders came from the Northern region of Nigeria, many Nigerians from other regions viewed this to be a strategically planned transfer of resources from the Southern to the Northern region of the country [see Iyoha (2010)].

The continued importance of crude oil royalties and rents in Nigeria’s economy reflects not only their importance as a flash point, but manifested into acute regional rivalry and ethno-religious conflict because both the military and political leaders from the Northern region of Nigeria showed extreme regional bias, and this has resulted in what some economists term “adverse redistribution” syndrome [see Iyoha (2010)]. According to Iyoha (2010), “oil hardened regional political identities.” The Nigeria’s crude oil case exemplifies what Sachs and Warner (2001) labeled the “natural resource curse,” which is the systematic tendency for narrowly specialized primary commodity exporters to grow more slowly than countries with more diversified exports. Arguably, the Nigerian experience shows that

<sup>6</sup> At independence, there were only three regions in Nigeria, namely: Eastern, Northern, and Western. These were the three federating units with each under regional leadership.

<sup>7</sup> The distribution of commodity royalties was 50-50 – this was what Nigerians dubbed the “derivation formula.”

leadership can be viewed as the causal factor of its natural resource curse – “*leadership-induced* natural resource curse”.

In contrast, South Korea is one of the most ethnically homogeneous countries in the world; however, regional conflicts still exist, but definitely not of the magnitude one finds in Nigeria. Studies point out that some regions in South Korea are special beneficiary of government development assistance in comparison to other relatively poor regions which remained underdeveloped and poor. Regional bitterness between the rich and poor regions culminated in the Gwangju massacre in May 1980.

### 3.3 The Importance of Industrial Policy and Rapid Export Growth

The proponents of the export-led growth hypothesis, such as Kravis (1970), Michaely (1977), Bhagwati (1978), Balassa (1978, 1985), Tyler (1981), Kavoussi (1984), Ram (1987), and Heitger (1987) argue that South Korea’s economic success was primarily due to its outward trade orientation and pro-market policies. Some groups of economists such as Frank *et al.* (1975) and Pack (1970) attribute South Korea’s rapid economic growth to its outward orientation but emphasized its strategic industrial policies, which brought about significant technological changes in targeted industries. Other groups of economists such as Amsden (1989, 1995), Rodrik (1994, 1995), and Wade (1990, 1994) downplay the importance of South Korea’s outward orientation on the ground that exports constituted a small portion of its GDP, therefore, it could not be the main engine of economic growth. According to Amsden-Rodrik-Wade, South Korea’s strategic industrial policies, formulated and implemented by its leaders, was central to its economic growth success.

In the case of Nigeria, different hypotheses – climate-geography-endowments, extractive economic institutions, import substitution, industrialization, and policy-governance – have been put forward to explain its problem of poor economic performance. Some growth economists attributed Nigeria’s poor economic growth to the ill-conceived industrial policy actions of Nigerian leaders, which imposed trade barriers in some key sectors of the economy.

### 3.4 The Nature of Leadership-Governance on Economic Growth and Development

Nigeria and South Korea are two developing countries from two different emerging and developing regions: Sub-Saharan Africa and Developing Asia,<sup>8</sup> respectively, but they share somewhat similar backgrounds with respect to their leadership and macroeconomic policy patterns after each country gained independence. For example, both Nigeria and South Korea were led by military dictators at different times. Similarly, both countries formulated and implemented various national development plans during periods of military dictatorship. The difference in these leaders was their strategic policy choices during their tenures. For example, Park Chung-Hee attained the leadership of South Korea through a military coup d’état when students’ uprising led to the resignation of the autocratic President Syngman Rhee in 1960. General Park Chung-Hee took over in 1961 during a period marked by political instability. Arguably, Park’s administration (1960-1979) laid the foundation for rapid economic growth in South Korea. As discussed earlier, one can argue that Nigerian leaders, by the virtue of their regional and ethnic differences, embraced regional income redistribution at the expense of laying any solid foundation for economic development and national transformation.

To highlight the similarities and differences between leaders of both countries and their policy actions, we provide in Table 1 the list of leaders who governed and their terms of

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<sup>8</sup> According to the World Bank, these are two among the six different emerging and developing regions and the others are: Central and Eastern Europe (CEE), Commonwealth of Independent States (CIS), Middle East and North Africa (MENA), and Latin America and the Caribbean (LAC).

tenure in civilian and/or military administrations in each country. As we can see in Table 1, no Nigerian leader stayed in office up to 10 years. In contrast, Syngman Rhee and General Park Chung Hee stayed in office for approximately 12 and 19 years, respectively. In addition, both countries experienced military coups d'état, thus both countries experienced periods of military dictatorship and democratic governance. While Nigeria had six successful military coups d'état, South Korea had half as much, but the important aspect of the military incursions in both countries was that two military leaders (Olusegun Obasanjo and Muhammadu Buhari – the current president) in Nigeria later became president after their tenure as military dictators whereas only General Park Chung Hee transitioned from being a military leader into a civilian president in South Korea, and he continued in office until his assassination on October 26, 1979.

Furthermore, to examine and compare the role and effectiveness of leadership in economic growth and development in Nigeria and South Korea, we provide in Table 2 some of the important policy actions taken by each leader during his or her tenure in office. Going through Table 1, one can see that the Northern region in Nigeria and the Gyeongsang province in South Korea produced most of their leaders, and that both countries experienced military incursions. Given the military incursions in both countries and the policy actions of leaders in Table 2, it is not difficult to conclude that both countries lacked strong inclusive institutional structures in the early years as two independent nations. A surprising coincidence was that both countries embarked on national development planning programs in the same year in 1962. Table 3 provides a summary of the essential objectives of the national development programs for both countries. Based on the information provided in Tables 1 and 3 below, one can conclude that every Nigerian leader, beginning with Tafawa Balewa, governed through one or more national development planning programs whereas in South Korea, the implementation of their planning programs started during era of General Park Hung Hee, who also happened to be the longest serving leader in South Korea. Given the commonalities with respect to the formulation and implementations of various national development plans and the absence of strong institutions in both countries, which arguably paved the way for military incursions, one would have expected that both countries would have similar growth and development paths.

Studies that have examined the outcomes of these plans agree that the series of five-year economic development plans (1962-1966, 1967-1971, 1972-1976, 1977-1981) laid the cornerstone of the “miracle on the Han River”. General Park Hung Hee’s visionary goal of self-reliance and entrepreneurial leadership transformed South Korea from an agricultural economy to both manufacturing and service based economy. According to Kim (2009), the Economic Planning Board (EPB) was established in 1961 under General Park Hung Hee’s dictatorial but visionary transformational leadership; and that the EPB quickly became the nerve center of Park's plan to promote economic development in South Korea although the first major goal was to establish a self-reliant industrial economy independent of the massive waves of aid from the United States, which kept South Korea afloat during the administration of Syngman Rhee, from 1948 through 1960.

Table 1: Leadership Trends in Nigeria and South Korea

Nigerian Leaders		Old Region	New Zone	Period of Tenure	Type of Government
1.	Sir Abubakar Tafawa Balewa	North†	North East	10/1/1957 - 1/16/1966	Civilian
2.	Nnamdi Azikiwe	East	South East	10/1/1963 - 1/16/1966	Civilian
3.	General Aguiyi Ironsi	East	South East	1/16/1966 - 7/29/1966	<b>Military<sup>a</sup></b>
4.	General Yakubu Gowon	North†	North Central	8/1/1966 - 7/29/1975	<b>Military<sup>b</sup></b>
5.	General Murtala Mohammed	North†	North West	7/29/1975 - 2/13/1976	<b>Military<sup>c</sup></b>
6.	General Olusegun Obasanjo*	West	South West	2/14/1976 - 10/1/1979	<b>Acting-Military</b>
7.	Alhaji Shehu Shagari	North†	North West	10/1/1979 - 2/31/1983	Civilian
8.	General Muhammadu Buhari‡	North†	North West	12/31/1983 - 8/27/1985	<b>Military<sup>d</sup></b>
9.	General Ibrahim Babangida	North†	North Central	8/27/1985 - 8/26/1993	<b>Military<sup>e</sup></b>
10.	Chief Ernest Shonekan	West	South West	8/26/1993 - 11/17/1993	Acting-Civilian
11.	General Sani Abacha	North†	North West	11/17/1993 - 6/8/1998	<b>Military<sup>f</sup></b>
12.	General Abdulsalami Abubakar	North†	North Central	6/9/1998 - 5/29/1999	<b>Acting-Military</b>
13.	Olusegun Obasanjo*	West	South West	5/29/1999 - 5/29/2007	Civilian
14.	Alhaji Umaru Musa Yar'Adua	North†	North West	5/29/2007 - 5/5/2010	Civilian
15.	Jonathan Ebele Goodluck	East	South South	5/5/2010 - 5/29/2015	Civilian
16.	Muhammadu Buhari‡	North†	North West	5/29/2015 - Present	Civilian

Note: *a, b, c, d, e, f* are the **six successful coups d'état**; \* and ‡ indicate former military leaders who later became civilian president, and † indicates the region/zone that produced most of the leaders in Nigeria.

South Korean Leaders		Region/Province	Period of Tenure	Type of Government
1.	Syngman Rhee	Hwanghae±	5/31/1948 - 5/3/1960	Civilian
2.	Heo Jeong	Gyeongsang†	5/3/1960 - 6/15/1960	Acting-Civilian
3.	Yun Bo Seon	Chungcheong	8/13/1960 - 3/24/1962	Civilian
4.	Park Chung Hee*	Gyeongsang†	3/24/1962 - 12/17/1963	<b>Military<sup>g</sup></b>
5.	Park Chung Hee*	Gyeongsang†	12/17/1963-10/26/1979	Civilian
6.	Choi Kyu Hah	Gangwon	10/26/1979 - 8/16/1980	Civilian
7.	Park Choong Hoon		8/16/1980 - 9/1/1980	<b>Military<sup>h</sup></b>
8.	Chun Doo Hwan	Gyeongsang†	9/1/1980 - 2/25/1988	<b>Military<sup>i</sup></b>
9.	Roh Tae Woo	Gyeongsang†	2/25/1988 - 2/24/1993	Civilian
10.	Kim Young Sam	Gyeongsang†	2/25/1993 - 2/24/1998	Civilian
11.	Kim Dae Jung	Jeollanam-do	2/25/1993 - 2/24/2003	Civilian
12.	Roh Moo Hyun++	Gimhae	2/25/2003 - 3/12/2004	Civilian
13.	Goh Kun**	Seoul	3/12/2004 - 5/14/2004	Acting-Civilian
14.	Roh Moo Hyun+*	Gimhae	5/15/2004 - 2/24/2008	Civilian
15.	Lee Myung Bak	Gyeongsang†	2/25/2008 - 2/25/2013	Civilian
16.	Park Geun-Hye	Gyeongsang†	2/25/2013 - Present	Civilian

*g, h, and i* are the **three successful coups d'état**, and \* indicates a military leader who transformed into a civilian government, \*\* indicates a prime minister acting as the president, ++ impeached president, +\* indicates a reinstated president, † indicates the region/province that produced most of the leaders in South Korea, and ± indicates a province that is now in North Korea.



**Table 2: Policy Actions of Nigerian Leaders**

Nigerian Leaders	Notable Policy Actions During Their Tenure
Sir Abubakar Tafawa Balewa (1957–1966)	Supported the construction of the first Port Harcourt Refinery by Shell B.P. in 1965. Established several industries (Funtua Seed Cotton Mill, Arewa Textile Mill) in the North.
Gregory J.T. Aguyi-Ironsi (1966-1966)	Promulgated decrees during his 194 days in office: Constitution Suspension and Amendment Decree No. 1, Circulation of Newspaper Decree No. 2, Unification Decree No. 34 abrogated the federal structure in favor of a unitary state, and Defamatory and Offensive Decree No. 44.
General Yakubu Gowon (1966–1975)	Established the Yakubu Gowon Dam in Kano. Established the Volkswagen and Peugeot Plants in Lagos and Kaduna. Responsible for the construction of dual road network across the country. Built the National Stadium and the National Arts Theater in Lagos. Carved out 12 States from the original 4 regions in 1967. Established the Nigerian Agricultural Bank with headquarters in the North. Seized the offshore oil and made it federal property without regard to state of location. Promulgated the Nigerian Enterprises Promotion Decree (NEPD) in 1972 to promote partnership with Nigerians
General Ramat Murtala Muhammed (1975–1976)	Created additional 7 states out of the existing 12 to make 19 in 1976. Set up the machinery for the movement of the Federal Capital Territory from Lagos to Abuja. Completed the Fertilizer Plant in Kaduna. Awarded the construction of the Kaduna Refinery to Chiyoda Engineering and Construction Company in 1976.
General Olusegun Obasanjo (1975–1979)	Initiated the construction of the Ajaokuta Steel Company, Delta Steel Company in Aladja, and established the Oshogbo Steel Rolling Mill, Nigerian Machine Tools Limited, Oshogbo, and the Katsina and Jos Steel Rolling Mills. Ensured the takeoff of the Warri Refinery in 1978. Reduced the 50 percent oil royalties and rents due to the state of origin from 50 to 30 percent. Re-promulgated NEPD in 1977. Completed the construction of the Kaduna Refinery, which was awarded in 1976.
Alhaji Shehu Shagari (1979–1983)	Established the Aluminum Smelter Company of Nigeria at Ikot Abasi in 1983 to make up for several industries located in the North by his administration. Completed an additional steel plant and 3 rolling mills at Ajaokuta. Reduced the share of oil royalties and rents to state of origin from 30 to 2 percent.
General Muhammadu Buhari (1984-1985)	Probed and detained several corrupt military governors and ministers. Reduced the share of oil royalties and rents to state of origin from 2 to 1.5 percent.
General Ibrahim Badamosi Babangida (1985–1993)	Increased the share of oil royalties and rents to state of origin from 1.5 to 3 percent. Established the Oil Mineral Producing Area Development Commission (OMPADEC) in 1992. Established the Federal Environmental Protection Agency in 1985, with headquarters at Abuja. Created two additional states (Akwa Ibom and Katsina) and several local government councils. Built Toja Bridge in Kebbi, established Jibia Water Treatment Plant and the Challawa Cenga Dam in Kano. Moved the seat of the federal government to Abuja on the 12 <sup>th</sup> of December 1991. Annulled June 12 election results. Commissioned Ajaokuta Steel Company. Introduced the SAP in 1986. Created 11 more states with a bias towards the North.
Chief Ernest Shonekan (August 1993 – November 1993)	Released political prisoners who were detained because of the annulled presidential election of 1993. Lifted the ban on journalists.
General Sanni Abacha (1993–1998)	Created six new states and 181 new local government councils with a heavy bias towards the North on December 5, 1996. Looted the Nigerian Treasury; initiated the vision 2010 economic blueprint for Nigeria; promulgated Decree No. 18 in 1994 to enhance the trial of the executives of failed banks.
General Abdusalam Abubakar (1998–1999)	Granted autonomy to the Central Bank of Nigeria (CBN) in the formulation and implementation of monetary policies. Established the Independent Electoral Commission (INEC) and facilitated the handover of power to a civilian administration in 1999.
Chief Olusegun Obasanjo (1999-2007)	Established the Niger Delta Development Commission and increased the 3 percent for oil-producing states from the federation account to 13 percent to enhance development and solve ecological problems. Introduced the Universal Basic Education Program (UBE) to enhance the literacy level of Nigerians. Introduced the Independent Corrupt Practices Commission to check fraudulent financial activities of Nigerians. Resuscitated the National Fertilizer Company (NAFCOM) in Kaduna and Port Harcourt.
Umaru Musa Yar'Adua (2007–2010)	Proposed a 7-point agenda: Power and energy; food security and agriculture; wealth creation and employment; transport service; <b>Land Reform</b> ; security; and education.
Jonathan Ebele Goodluck (2010–2015)	Instituted reforms in various sectors: agriculture, aviation, banking, education, politics, and railway. Promoted gender parity in politics by nominating women to cabinet positions.
Muhammadu Buhari (2015–Present)	Policy to fight corruption as top priority by instituting special prosecution courts in all 36 states. Revive the energy/electricity sector and other vital sectors of the economy.

Table 2 cont.: Policy Actions of South Korean Leaders South Korean Leaders

	Notable Policy Actions During Their Tenure
Syngman Rhee (1948–1960)	Enacted the <b>Land Reform Act in 1949</b> , which allowed Koreans with large landholdings to divest most of their land. Approximately 40 percent of total farm households became small landowners – the foundation and/or establishment of property right.
Yun Bo-Seon (1960–1962)	Formulated a five year development plan, which was not implemented until 1962.
Park Hung Hee (1962–1963)	Park made the reconstruction of a self-reliant economy and modernization his top priority.
Park Hung Hee (1963–1979)	Announced and implemented series of five-year economic development plans (1962-1966, 1967-1971, 1972-1976, 1977-1981), which laid the cornerstone of the “miracle on the Han River.” Implemented an export-oriented industrialization policy, which led to the rapid growth in the economy with vast improvement in industrial structure, especially the basic and heavy chemical industries. Park used the influx of foreign aid from Japan and the United States to provide loans to export businesses, with preferential treatments in obtaining low-interest bank loans and tax benefits. Implemented policies that facilitated the partnership between the government and businesses, who later became <i>chaebol</i> (multinational conglomerate). Implemented policies or measures that increased farm productivity and income by instituting the Saemaul Movement (“New Village Movement”) in 1971 in order to improve the quality of rural life, modernize both rural and urban societies and narrow the income gap.
Choi Kyu Hah (1979–1980)	No notable policy action
Park Choong Hoon (1980–1980)	No notable policy action
Chun Doo Hwan (1980–1988)	Implemented tight monetary/fiscal laws and low interest rates policy, which contributed to price stability and helped boom the economy with notable growth in the electronics, semi-conductor and automobile industries. Extended the policy of trade openness to foreign investments, which contributed to the increase in GDP as South Korean exports increased. Strengthened economic ties with Japan and the United States. Made policy efforts at cultural development by the construction of the National Museum of Korea, Seoul Arts Centre, and the National Museum of Contemporary Art. Accomplished international exposure by hosting the 1986 Asian Games, and the bid for the 1988 Summer Olympics in Seoul.
Roh Tae Woo (1988–1993)	Made open door policy with Communist nations the centerpiece of every foreign policy address. Took concrete actions toward reunification by way of direct communication with Kim Il-Sung of North Korea. Provided good public relations at home and abroad.
Kim Dae Jung (1993–2003)	Reformed the entitlement systems. Introduced the Temporary Livelihood Protection Scheme (TLPS) to provide benefits to those affected by unemployment. Later introduced the Basic Living Protection Scheme to replace the TLPS. Expanded the maternity period from 60 days to 90 days under the Employment Insurance Fund. Instituted labor market reforms that strengthened the welfare state under the banner of “productive welfare.”
Roh Moo Hyun (2003–2008)	Foreign policy emphasis on peaceful inter-Korean reconciliation, necessity of regional co-operation and stability. Peace and prosperity policy towards North Korea. Greater emphasis on redistributive social policy.
Lee Myung Bak (2008–2013)	Eliminate North Korea worries about “unification by absorption” and effort to help North Korea with economic development – Denuclearization and Opening up of North Korea to Achieve US\$3000 in Per Capita Income. Restoration of the Trans-Korean Railway and the Rans-Siberian Railway that would allow the importation of natural gas and other natural resources from the Russian Far East while the export of Korean goods via railway would contribute to the realization of an economic Commonwealth on the Korean peninsula.
Park Geun Hye (2013–Present)	Resolution of major issues through dialogue. Normalization of the Gaeoseong Industrial Complex with a forward looking approach. Reunification of separated families. Continued humanitarian aid and social and cultural exchanges. Emphasized inter-Korean co-operation in a global context. Dedicated to the settlement of North Korean refugees, especially students. Consensus building at home and abroad with respect to the trust building process on the Korean Peninsula and preparation for the era of a united Korea.”

**Source:** Parts taken from Iyoha and Oriahki (2008). And Compiled by the author from various sources:

<http://eng.unikorea.go.kr/content.do?cmsid=1785>

**Table 3: Summary of National Development Plans in Nigeria, 1962-Present**

National Development Plans	Objectives
First National Development Plan 1962-1968	Aimed to avoid balance of payment crises. Emphasized agricultural, transportation, and manpower development. Aimed to achieve a target saving rate of about 15% of the GDP by 1975, an annual investment of 15% of the GDP during the plan period, and a minimum GDP growth rate of 4%.
Second National Development Plan 1970 – 1974/75	Aimed at the reconstruction of damaged facilities during the 1967-1970 Civil War, rehabilitation and resettlement of persons displaced by the war including those demobilized armed forces personnel. Establishment of an efficient administrative service as well as an appropriate infrastructure in the new created states. Creation of job opportunities, production of high level of intermediate manpower, and the achievement of per capita GDP growth rate capable of doubling per capita real income by 1985. Promotion of balanced development between rural and urban areas as well as the improvement in the level and quality of social services provided for the welfare of Nigerians.
Third National Development Plan 1975 – 1980	Focused on agricultural research in the areas of food and cash crops for domestic feeding and export with raw material provisions for local industries. R&D on livestock and veterinary and on special agricultural development schemes. Reviewed the credit requirement of Nigerian Agricultural and Cooperative Bank. Installation and building of terminal plants and stations. Rural electrification. Development of inland waterways on River Niger and Benue. Adoption of Universal Free Primary Education. Construction of 60,000 dwelling units across Nigeria.
Fourth National Development Plan 1981 – 1985	Promotion of export-oriented industries, enhancement of local value-added through the development of small and medium scale industries. Emphasized local sourcing of inputs. Improved efficiency of government owned enterprises and the acquisition of technological skills. Increased real income for all Nigerians and the reduction in unemployment. Improvement in power generation and supply. Refinancing and rescheduling trade debts to pave way for international transactions for selected imports. Increased food production and the production of livestock and fish as well as the raw materials to meet the needs of the growing population with surplus for export. Development of technology for greater self-reliance. Strengthening the country's foreign earnings.
Structural Adjustment Program (also known as the Fifth National Development Plan): 1986 –1990	Aimed to restructure and diversify the productive base in order to minimize the economy's dependence on the oil sector and on imports. Emphasized fiscal and balance of payments viability. Lay the foundation for a sustainable non-inflationary growth and to reduce the dominance of unproductive investments in the public sector through improved efficiency of the public sector by promoting the growth potential of the private sector. Devaluation of the over-valued Naira. Market liberalization through the deregulation of interest rate and the removal of government subsidies on goods and services. Privatization of government owned enterprises in order to promote economic efficiency.
Rolling Plans: 1990 – 1999 and Vision 2010	Emphasized the transformation of Nigeria into a united, industrious, caring and God-fearing democratic society. Committed to make the basic needs of life affordable to all Nigerians, and making Nigeria Africa's leading economy. Called for attitudinal change of Nigerians.
National Economic Empowerment and Development Strategy – NEEDS (SEEDS and LEEDS) 2004 – 2007	NEEDS focused on wealth creation, employment generation, poverty reduction, and re-orienting values. NEEDS called for the reformation of government and institutions, growing the private sector, implementation of social character and reorientation of value. NEEDS called on all States and Local governments in Nigeria – SEEDS and LEEDS, respectively – to adopt and adapt the NEEDS document to suit peculiar objectives.
Vision 2020 and other Development Plans	Aimed at growing the size of Nigeria's economy from its 41 <sup>st</sup> position to the 20 <sup>th</sup> best economy in the world by the year 2020 and to be Africa's financial center of choice in 2020. Engendered peaceful and harmonious democracy by 2020 with the sustenance of a sound-stable and globally competitive economy with GDP of \$900 billion and per capita GDP of over \$4,000.

**Source:** Compiled by the author from various sources as Ibietan and Ekhosuehi (2013), Lawal and Oluwatoyin (2011), Ukah (2008), and Lewis (2007).

**Table 3 cont.: Summary of National Development Plans in South Korea, 1962-Present**

Five-Year Plans	Objectives
1962 – 1966 Economic Development Plan	Planned to expand electrical, coal energy industry. Emphasized the importance of infrastructure for establishing a solid foundation, agricultural productivity, export, neutralize balance of payments, and promote technological advancements. Initiated the initial steps toward the building of a self-sufficient industrial structure that was neither consumption oriented nor overdependence on oil through emphasizing such areas as electrification, fertilizers, oil refining, synthetic fibers, and cement.
1967 – 1971 Economic Development Plan	Aimed at shifting South Korea into heavy industries – Steel and Petrochemical industries – so that South Korea would be more competitive in the world market. Planned to build major highways for easier transportation. Emphasized the modernization of the industrial structure by rapidly building import-substitution industries, including steel, machinery, and chemical industries.
1972 – 1976 Economic Development Plan	Emphasized the Heavy Chemical Industrialization Plan (HCIP) and also the “Big Push” with attention focused on iron and steel, transport machinery, household electronics, shipbuilding, and petrochemicals. The developers of heavy and chemical industries sought to supply new industries with raw materials and capital goods and to reduce or even eliminate dependence on foreign capital. Planned to construct new (and critical) industries in the southern part of the peninsula, far from the border with North Korea in order to encourage economic development and industrialization outside the Seoul area so as to provide new employment opportunities for residents of the less developed areas.
1977 – 1981 Economic Development Plan	Stressed and fostered the development of industries designed to compete effectively in the world's industrial export markets through technology-intensive and skilled labor-intensive industries such as machinery, electronics, and shipbuilding. Aimed to increase/double investments in electric power generation, integrated machinery, diesel engines, and heavy construction equipment through the government's generous financial assistance program.
1982 – 1986 Economic Development Plan	Shifted the emphasis away from heavy and chemical industries, to technology-intensive industries, such as precision machinery, electronics (televisions, videocassette recorders, and semiconductor-related products), and information. More attention was to be devoted to building high-technology products in greater demand on the world market.
1987 – 1991 Economic Development Plan	Continued to emphasize the goals of the previous plan. Intended to accelerate import liberalization and to remove various types of restrictions and nontariff barriers on imports. Government pledged to continue phasing out direct assistance to specific industries and instead to expand manpower training and research and development in all industries, especially the small and medium-sized firms that had not received much government attention previously. Government planned to accelerate the development of science and technology by raising the ratio of research and development investment from 2.4 percent of the GNP to over 3 percent by 1991.
1992 – 1996 Economic Development Plan	Aimed to develop high-technology fields, such as microelectronics, new materials, fine chemicals, bioengineering, optics, and aerospace. Government and industry would work together to build high-technology facilities in seven provincial cities to better balance the geographic distribution of industry throughout South Korea.
1997 – Present	No new economic development plan identified.

*Source:* Compiled by the author from various sources: <http://countrystudies.us/south-korea/47.htm> and [http://www.cafrad.org/Workshops/Tanger21-23\\_04\\_09/Session9\\_3.pdf](http://www.cafrad.org/Workshops/Tanger21-23_04_09/Session9_3.pdf)

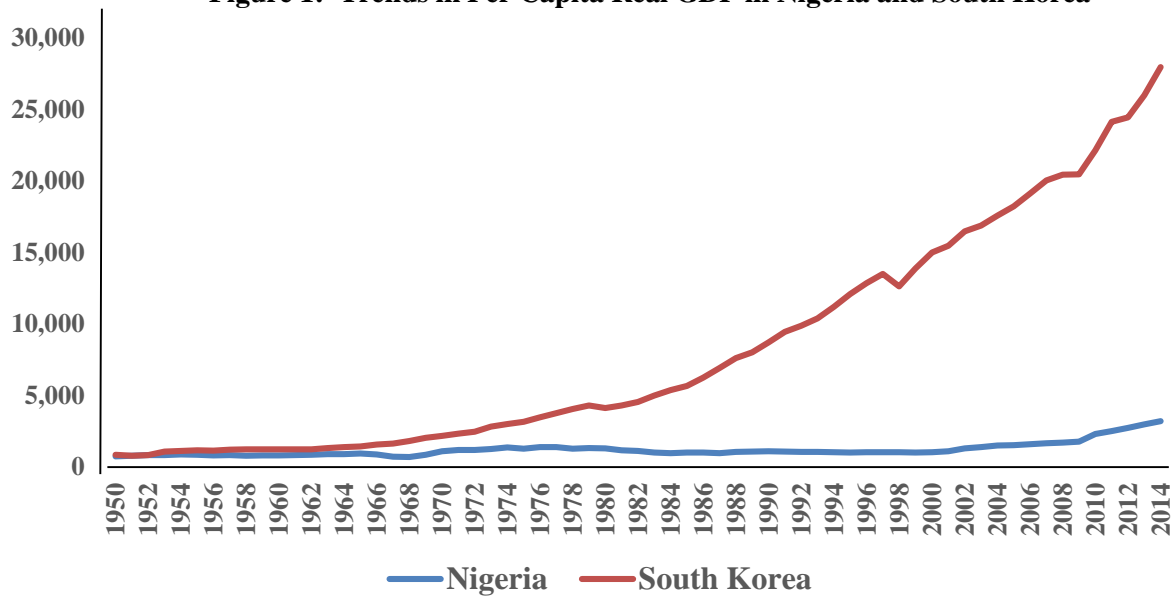
In contrast, studies by Lewis (2007), Ukah (2007), and Lawal and Oluwatoyin (2011) indicated that the national development plans for Nigeria contained worthy objectives, but with disappointing development outcomes. These studies also pointed out that many development projects in Nigeria under these plans were either abandoned by the next administration or they remained uncompleted for decades. One can argue that these development projects remained abandoned and uncompleted because every new administration wants to embark on new projects in order to provide new avenues for rent-seeking opportunities for themselves and their cronies.<sup>9</sup>

To further analyze what the perceived growth paths of both countries would indicate, we compare the per capita GDP growth paths since the 1950s. As indicated by their per capita GDP in Figure 1, one can see that both countries had similar growth and development paths in the 1950s prior to the formulation and implementation of any national development plan. While Nigeria's per capita GDP declined during the civil war period between 1967 and early 1970, and also during the military dictatorships of the 1980s and 1990s, but rebounded since 2000 to \$3,203 in 2014 – a value that may not reach the \$4,000 that the Vision 2020 development plan projected. On the hand, South Korea's per capita GDP increased from \$1,072 in 1952 to \$27,970 in 2014. A comparison of the per capita GDP for both countries in 2014 shows that South Korea's per capita GDP was about nine times more than Nigeria's per capita GDP even though both countries had similar backgrounds with respect to institutions, military incursions into leadership, and national development planning processes. Therefore, the central question is: What caused the observed divergence in growth between both countries?

Policy analysts and researchers have attempted to answer this question using various sophisticated econometric methods with accompanying policy recommendations. As one can see, the difference in per capita GDP widened more so since the beginning of the late-1970s and became more pronounced since the mid-1980s despite various policy recommendations from the World Bank and the International Monetary Fund. In this paper, the main proposition is that the difference in economic growth rates between both countries can be explained by their leadership and their policy actions. Simply put, transformational leaders of South Korea utilized prudent national development plans outlined in Table 3 to overcome the climatic and geographic challenges to put their country on a positive economic growth path since 1962.

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<sup>9</sup> This is consistent with Bardhan's (1997, p. 1341) argument that some African countries "in recent history became predatory in their rent-extraction not because they were strong, but because they were weak: the state could not enforce the laws and property rights that provide the minimum underpinnings of a market economy and thus lost respect: disrespect quickly led to disloyalty and thievery among public officials." According to Aidt (2003, p. F645), democratic institutions can play an important role in reducing the scope of corruption, but they are not panaceas.

**Figure 1: Trends in Per Capita Real GDP in Nigeria and South Korea**

Source: World Bank 2016

Furthermore, combing through the information provided in Tables 1, 2, and 3, one can argue that Syngman Rhee – the first leader of South Korea – laid the foundation for private property rights through the enactment of Land Reform Act of 1949. In contrast, land reform was not a major priority of Nigerian leaders until President Umaru Musa Yar'Adua made it one of his famous seven-point policy agenda during his short tenure (2007-2010) in office. In today's Nigeria, land reform and the enforcement of property rights still remain as one of the major hurdles to overcome. The policy actions taken by South Korean leaders, particularly under General Park Chung Hee, were profoundly outwardly-oriented during which the emphasis was on heavy chemical industrialization as well as those heavy industries designed to compete effectively in the world's industrial export markets through technology-intensive and skilled labor-intensive industries such as machinery, electronics, and shipbuilding. In comparison, the policy actions of Nigerian leaders were deeply inwardly-oriented, but more importantly, these policy actions lacked specificity and appeared to be regionally biased in favor of the region and ethnic origin of each leader. And according to Ogbeidi (2012), "virtually all the leaders came to power with the sole purpose of enriching themselves and their cronies rather than offering selfless services to the nation and its people." This gross mismanagement and pandemic corruption of Nigerian leaders is aptly captured in a recent study by Owoye and Bissessar (2014) in which they concluded that corruption is a symptom of leadership and institutional failure in African countries.<sup>10</sup>

Again, from a thorough examination of the historical evidence presented in Tables 1 through 3, one can deduce that leadership was instrumental in Nigeria's and South Korea's growth paths depicted in Figure 1. While the leaders in South Korea had visions of what their country could and should be, and communicated their visions to the various institutional group members and the entire country, leaders in Nigeria lacked the required visions, despite the enormous endowments of natural resources and accumulation of human capital. Essentially, the leaders in South Korea were strategic planners and executors who had the right visions and provided the innovative ideas for their economy to pursue, thus their prominence in today's international technological and automobiles markets.

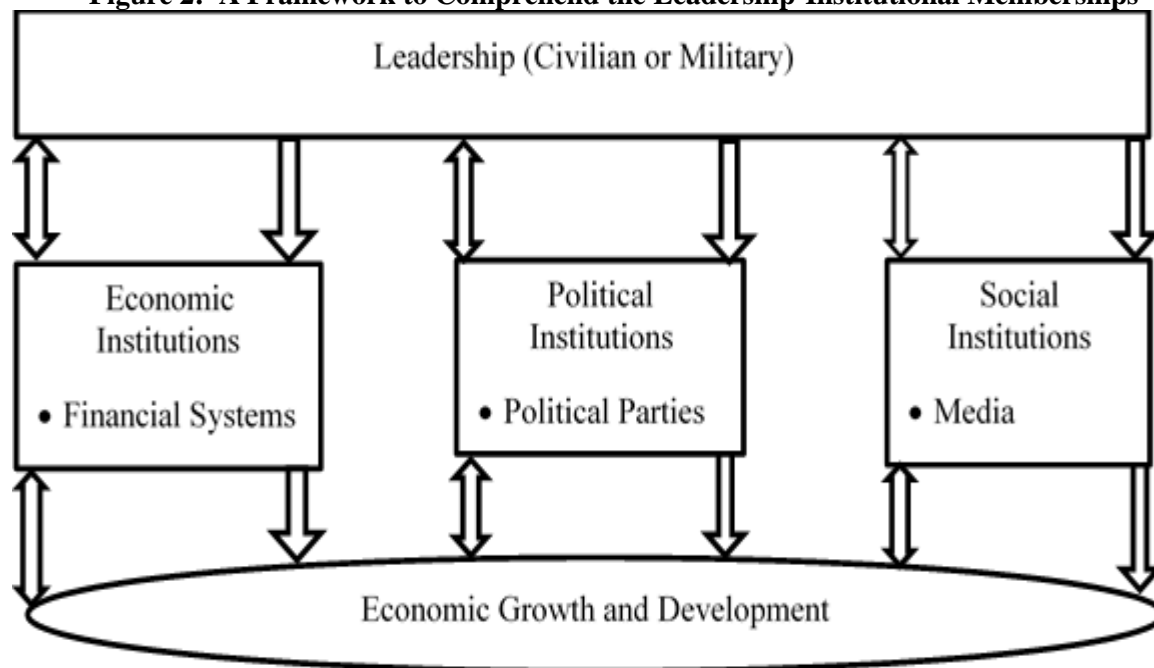
<sup>10</sup> For more on the literature on corruption and leadership self-enrichment in developing countries, see Shleifer and Vishny (1993), and Owoye and Bendardaf (1996).

#### 4. The Theoretical Analysis of Leadership and Group Membership

To comprehend the leadership and institutional membership model in this section and its application to the aggregate economy, it is important to point out that analysts in business management and research scholars agree that leaders actually influence organizational performance and the morale of their workers. This is aptly captured in Kim and Maubourgne's (1992) definition of leadership as the ability to inspire confidence and support among the people who are needed to achieve organizational goals. According to DuBrin (2013), "the ability to lead others effectively is a rare quality, which is even rarer at the highest levels in an organization because the complexity of such positions requires a vast range of leadership skills. This is one reason that firms in search of new leadership seek out a select group of brand-name executives with proven track records. It is also why companies now emphasize leadership training and development to create a new supply of leaders throughout the firm."

Block (1993) considered leadership as a partnership and shared responsibility between the leaders and their group members (or followers). This implied shared governance between the leaders and their group members in such a manner that power is approximately balanced. According to Block's (1993) view of leadership as a partnership, this entailed shared decision making in which control could shift from the leader to the group member depending on whose expertise is the most relevant at the moment of joint decision making; and in which there also exist the exchange of purpose or dialogue between both, ability of either the leader or the group member to say no without fear of future reprisals, joint accountability, and absolute honesty or transparency in all decision making processes.

To put Kim and Maubourgne's (1992), Block's (1993), and DuBrin's (2013) business definition of leadership and group members in the proper perspective at the national or aggregate level, this paper presents a schematic depiction in Figure 2, which could also be used to explain the leadership trends and policy choices before and after Nigeria and South Korea embraced democratic ideals. Applying Block's (1993) concept of leadership and group membership at the aggregate level, we consider the economic, political, and social institutions, shown in Figure 2, to be the institutional group members that national leaders must depend on in order to formulate and implement effective pro-growth policies. And according to Yukl's (2008) flexible leadership theory, top executives and other leaders can influence the financial performance of a business organization through efficiency, adaptation, and human capital; and that effective leadership performance requires a cooperative effort by the multiple leaders in an organization, and that they must be flexible and adaptive as the situation changes.

**Figure 2: A Framework to Comprehend the Leadership-Institutional Memberships**

If we follow the historical leadership trends outlined in Table 1 and the policy choices also outlined in Tables 2 and 3 for Nigeria and South Korea, it is possible to conclude that the relationship or the channels of interactions between the national leaders and the leaders and/or group members within each institution could be explained under two different regimes: military dictatorship and civilian administration, which both countries experienced. During military regimes, authority and policy formulations as well as implementations transmitted directly from their top military leaders without accountability, thus the absence of joint decision making or shared governance<sup>11</sup> and with no feedbacks from these institutions. In Figure 2, the downward one-way arrows convey this authoritarianism. In civilian administrations, effective leaders are open to joint decision making and shared governance as indicated by the vertical and horizontal bi-directional arrows. Essentially, leadership effectiveness depends on how the leaders in both countries interacted with their institutions. We observed, from the historical leadership trends presented in Table 1, that Nigeria was under military dictatorship for almost three decades while South Korea had less than a decade of military dictatorship.

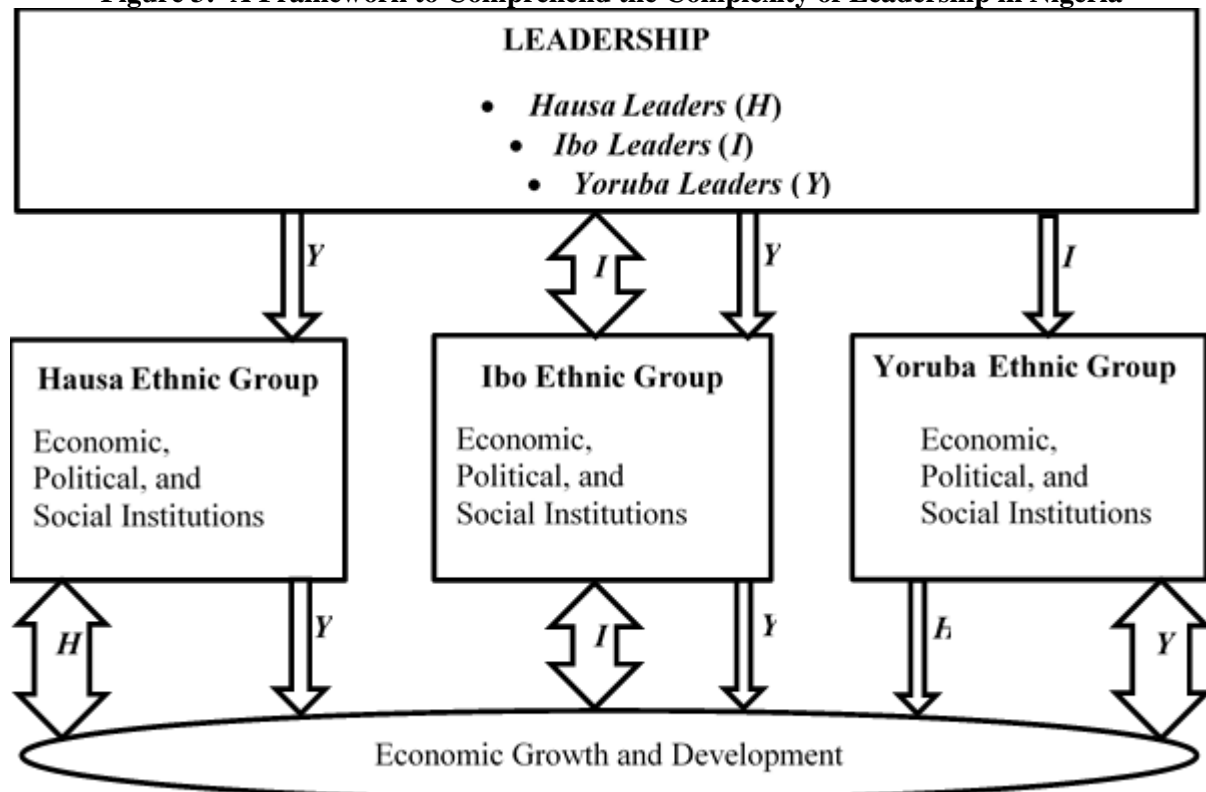
Furthermore, we can also examine the interactions between leadership and various institutions in Nigeria and South Korea from cultural perspectives. As pointed earlier, Nigeria is very diverse ethnically while South Korea is one of the most ethnically homogeneous countries in the world. In an ethnically homogeneous South Korea, national leadership and the group leaders from the major institutions see the unity of purpose, regardless of military or civilian leadership, thus a more active participatory system of governance. In a culturally diverse Nigeria where national leaders from different ethnic groups and parts of the country discriminate in their cabinet appointments, we see chaos in governance as other ethnic groups remain passive.

<sup>11</sup> According to the World Governance Indicators, "Governance consists of the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them."



To comprehend the complexity of governance in a culturally diverse Nigeria, we reproduce Figure 2. In Figure 3, we replace the three major institutions with the three major ethnic groups: Hausa, Ibo, and Yoruba in Nigeria to show the degree of complexity confronted by a civilian or military leader who comes from any of these ethnic groups. For example, whenever the civilian/political or military leaders emerged from any of the three identified ethnic groups, the enlarged bi-directional arrows indicate that this is when the economic, political, and social institutions from the ethnic region that produced the leader can actively participate in joint decision making with the national leader to promote an ethnically and regionally biased economic growth. Interpretatively, each ethnic leader in power promotes only one-third economic growth through ethnically biased redistributive policy choices highlighted in Table 2 for Nigeria. The marginalized two-thirds ethnic groups have no voice, thus they remain passive in governance and are unable to hold their leaders accountable for the growth-retarding policy choices that affect the other two ethnic regions. According to Kim and Maubourgne (1992), “To hear the unheard is a necessary discipline to be a good ruler. For only when a ruler has learned to listen closely to the people’s hearts, hearing their feelings uncommunicated, pains unexpressed, and complaints not spoken of, can he hope to inspire confidence in his people, understand when something is wrong, and meet the true needs of his citizens. The demise of states comes when leaders listen only to superficial words and do not penetrate deeply into the souls of the people to hear their true opinions, feelings, and desires.” This ethnic-governance explains the negative effect of ethnic fractionalization on growth because according to leadership theory, a leader in a culturally diverse environment must acquire the multicultural skills needed to be effective.

**Figure 3: A Framework to Comprehend the Complexity of Leadership in Nigeria**



Source: Constructed by Author

To capture the premise of the basic concept of leadership and institutional interactions depicted in Figure 2 or the cultural interactions in Figure 3, we express this algebraically as:

$$\Omega = f(\eta, EPS, \mathbf{Z}) \quad (1)$$

where  $\Omega$  represents (effective) transformational leadership,  $\eta$  measures the inherent leadership traits and styles (e.g. adaptability, efficiency, human capital, and ability to listen to and include or engage leaders of other ethnic groups in decision making),  $EPS$  represents the economic, political, and social institutions that enhance leadership effectiveness, and  $\mathbf{Z}$  is a vector of the complex environmental settings (e.g. adverse climatic and geographic conditions, disease burdens, and cultural diversity) in which leaders and their institutions must operate in. The effect of culture on leadership and ultimately on economic growth can manifest in broader characteristics (openness to new ideas, hard work, saving for the future, trust, social capital, and social capability) of culture that vary among countries.<sup>12</sup>

Based on the discussions in the previous sections, the main assertion is that a country confronted with various challenges can grow and also maintain sustainable growth and development under an effective transformational leadership ( $\Omega$ ), who may prefer to govern where strong institutions exist; and if such institutions do not exist, some transformational visionary leaders would prefer to be remembered for being instrumental in promoting sustainable economic growth and development through the establishment of strong and stable economic, political, and social institutions. We consider effective transformational leaders as strategic planners and executors who can interact and coordinate other variables in the aggregate production function, but whose contributions cannot be captured by subjective proxy or instrumental variable. It is difficult to construct an instrumental or dummy variable in a regression model to test the statistical significance or otherwise of transformational leadership. This should not nullify the historically important evidence about leadership provided in Tables 1-3; therefore, we use a more deductive theoretical framework so that one can begin to understand that transformational leadership is fundamental in terms of economic growth and development.<sup>13</sup>

To highlight the importance of  $\Omega$  on economic growth and development in Nigeria and South Korea or any other country, the theoretical argument begins with the specification of the aggregate Cobb-Douglas production function, which includes the major factors of production. Algebraically, this is expressed as:

$$Y = F(K, L, N, \Omega) \quad (2).$$

It is important to note that the aggregate production function specified in equation (2) can also be expressed in its multiplicative-interactive form as:

$$Y = AK^\alpha L^\beta N^\delta \Omega^{1-\alpha-\beta-\delta} \quad (3),$$

where  $Y$  is the level of aggregate output measured as per capita GDP while  $K$ ,  $L$ ,  $N$ , and  $\Omega$  are the factors of production [capital ( $K$ ), labor ( $L$ ), natural resources such as land ( $N$ ), and transformational leadership ( $\Omega$ )]. In equation (3),  $A$  is the normal total factor productivity,  $\alpha$ ,  $\beta$ ,  $\delta$ , and  $1-\alpha-\beta-\delta$  are the elasticities of  $K$ ,  $L$ ,  $N$ , and  $\Omega$  with respect to total output, respectively.

Economists generally assume away  $N$  and  $\Omega$ , thus the conventional Cobb-Douglas production function emphasizes only two inputs - capital and labor - in the production

<sup>12</sup>The idea that culture is a determinant of national wealth is an old one – Sociologist Max Weber (1864-1920) argued that the rise of a “Protestant ethic,” which celebrated hard work and the acquisition of wealth, led to an explosion of economic growth in northern Europe in the 16<sup>th</sup> century. For detailed discussion on culture and growth, see Chapter 14 of David Weill’s (2013) textbook on growth.

<sup>13</sup> Several studies have questioned the veracity of the proxies or instrumental variables that Acemoglu, *et al.* (2001) used for extractive and/or inclusive institutions [Jerven (2015) and Deaton (2010)]. Furthermore, both Jerven (2015) and Deaton (2010) pointed out that the overreliance on statistical significance or insignificance when historical evidence indicates otherwise may explain “why economists get it wrong” when they analyze economic issues in African countries.

process. In this section, the spotlight is on transformational leadership as a factor of production whose contribution to total output can be measured in terms of his/her effectiveness or ineffectiveness in coordinating the other three factors ( $K$ ,  $L$ , and  $N$ ), and whose contribution is very difficult to quantify, either by utilizing an instrumental variable or a dummy variable.<sup>14</sup> Whether or not the aggregate production function is expressed in its general form or in its multiplicative-interactive form or in its additive form ( $Y = AK^\alpha L^\beta N^{1-\alpha-\beta} + \delta Q$ ), the assertion is that  $Q$  is an important variable in the production function and that a transformational leader in any country, either in Nigeria or South Korea or elsewhere, is the sole coordinator of his or her country's scarce economic resources to achieve sustainable growth and development.

To further comprehend this theoretical argument, one can also consider the role of coaches in all sports worldwide. It is a common knowledge that during pre-game practices, a coach who is also the leader of the team engages in different game plans or strategy sessions, which are implemented during the actual game. And while at the sideline, he/she constantly co-ordinates and interacts with his/her players (part of the inputs to a winning or losing team). More importantly, a coach knows the strengths and weaknesses of his/her team and would strategically strive to strengthen the weakest link in the team in order to achieve and maintain a winning (growth) tradition. In many countries, the losing coaches are fired<sup>15</sup> from coaching and the winning coaches are adored. The role of leadership in a country's economic growth and development is analogous to this illustrative example of the role of coaches in sports.

Based on the historical evidence provided for both countries, we hypothesize that transformational leadership ( $Q$ ) is one of the fundamental causes of economic growth and development in developed or developing countries, which until now has not been adequately discussed and examined in the economic growth literature. The importance of transformational leadership on economic growth and development is also based on the assumption that leaders or presidents and/or prime ministers worldwide are analogous to the Corporate Executive Officers (CEOs) who, in the corporate world, must build the enabling business environment for profit maximization or loss minimization. Given this assertion, the spotlight once again is on  $Q$  because a transformational leader in any country should perform functions that are analogous to those of the CEOs who must coordinate the other factors of production in order to profit maximize or loss minimize. This assertion is also bolstered by Jones and Olken (2005) who concluded that leaders matter in economic growth and development.

From the historical evidence provided and discussed earlier, one could conclude that the disparity in per capita GDP displayed in Figure 1 could be attributed to the absence of transformational visionary leaders in Nigeria during its national development planning periods. In other words, the national development plans in Nigeria did not achieve the desired economic growth and development because their goals could be viewed to be overly broad and that Nigerian leaders were regionally biased in the planning and execution of these projects. In essence, the assertion is that a transformational leader matters in the economic growth and development of a country, regardless of whether the system of governance is autocratic or democratic. Simply put, a transformational leader can strategically coordinate a country's scarce economic resources to overcome adverse climatic and geographic conditions and disease burdens, albeit, within a system of very weak institutions and still achieve sustainable economic growth and development. South Korea as one of the Asian Tigers

<sup>14</sup> This author is aware of the Leadership Performance Index based on corporate survey, but not of leadership at the national level.

<sup>15</sup> This explains why in many fully functional democratic systems in developed countries, many nonperforming elected leaders, at the federal, state, and local levels, do not get re-elected, *ceteris paribus*. In other words, advanced democracies do not deify mediocre leaders as many developing countries such as Nigeria do.

provides a case study of a country led by strong and ruthless dictators at some point in the past six decades, but grew economically and technologically due to the strategic policy actions and foresight of the leaders.

To show the impact of  $K$ ,  $L$ ,  $N$ , and  $\Omega$  on total output ( $Y$ ), we take the partial derivatives of equation (3) with respect to each of its explanatory variables. That is:

$$\frac{\partial Y}{\partial K} = MP_K > 0, \quad \frac{\partial Y}{\partial L} = MP_L > 0, \quad \frac{\partial Y}{\partial N} = MP_N > 0, \quad \frac{\partial Y}{\partial \Omega} = MP_\Omega > 0 \quad (4).$$

Equation (4) shows the marginal product ( $MP$ ) of each input in the production process, and economic theory suggests that each factor of production contributes positively to output. Given the growth records of Nigeria and South Korea, it is not difficult to see that output growth was positive during the era of the founding leaders in both countries. This study asserts that transformational leadership is a coordinating-interactive variable in the aggregate production function, which means that different generations of leaders can coordinate these factors of production in both countries with positive or negative outcomes. It is possible that subsequent generations of leaders may embrace the growth-retarding or growth-enhancing policy actions of their predecessors, thus a country could be trapped in a path-dependent growth. Furthermore, it is also possible that subsequent generations of transformational leaders may use historical data evidence to make significant changes to a country's growth path, which may involve a significant change from growth-retarding policy actions of their predecessors to growth-enhancing policy actions.

With transformational leadership as a coordinator-interactive variable that can impact output negatively or positively, we therefore use the cross-partial derivatives to highlight the coordinator-interactions of  $\Omega$  with other factors of production for both Nigeria ( $NG$ ) and South Korea ( $SK$ ). That is:

$$\left. \frac{\partial^2 Y}{\partial K \partial \Omega} \right|_{NG} < 0, \quad \left. \frac{\partial^2 Y}{\partial L \partial \Omega} \right|_{NG} < 0, \quad \left. \frac{\partial^2 Y}{\partial N \partial \Omega} \right|_{NG} < 0, \quad \left. \frac{\partial^2 Y}{\partial \Omega^2} \right|_{NG} < 0 \quad (5),$$

and that

$$\left. \frac{\partial^2 Y}{\partial K \partial \Omega} \right|_{SK} > 0, \quad \left. \frac{\partial^2 Y}{\partial L \partial \Omega} \right|_{SK} > 0, \quad \left. \frac{\partial^2 Y}{\partial N \partial \Omega} \right|_{SK} > 0, \quad \left. \frac{\partial^2 Y}{\partial \Omega^2} \right|_{SK} > 0 \quad (6).$$

In equation (5) for Nigeria, one can infer from the historical evidence provided in Table 2 that  $\left. \frac{\partial^2 Y}{\partial K \partial \Omega} \right|_{NG} < 0$  explains the impact of the Nigerian Enterprises Promotion Decree of 1972 and 1977 – the nationalization and indigenization decree, which the military administrations of Gowon and Obasanjo promulgated and implemented. Economic theory suggests that distortionary policy actions such as these would have adverse impact on capital formation, and thus this may have led to capital flight as well as the decline in foreign direct investment. In addition, this is also reflective of the neglect and complete decay of Nigeria's infrastructure that may take decades to revitalize to its pre-independence level. Similarly, we infer that  $\left. \frac{\partial^2 Y}{\partial L \partial \Omega} \right|_{NG} < 0$  explains the era of military leadership in Nigeria during which the

intimidation-retaliatory policy actions of these leaders created an environment of instability and insecurity. Due to the fear of persecution in an unstable and insecure environment, many highly educated Nigerians fled to Europe and North America, especially during the 1980s and

1990s<sup>16</sup> – *military leadership-induced human capital flight* or “brain drain,” yet to be resolved by successive Nigerian leaders.

In addition,  $\left. \frac{\partial^2 Y}{\partial N \partial \Omega} \right|_{NG} < 0$  explains the negative influence of Nigerian leaders through the

mismanagement and misallocation of its natural resources. The misappropriation and/or misconduct in the oil producing and refining sectors in Nigeria is a good illustrative example of what can be considered the “*leadership-induced natural resource curse*.” Finally,  $\left. \frac{\partial^2 Y}{\partial \Omega^2} \right|_{NG} < 0$

shows that the absence of transformational leadership has a negative impact on economic growth and development in Nigeria [see Achebe (1984)]. For South Korea, equation (6) shows the opposite due to the foresight and the pragmatically strategic policy choices of their transformational visionary leaders even though these leaders (Rhee and Hee and their successors) were just as dictatorial as their Nigerian counterparts.

According to Ogbeidi (2012), Nigerian political leaders came to power with no vision but with abundant self-aggrandizement with the sole purpose of self-enrichment; therefore, we can infer from the historical evidence provided in Tables 2 and 3 that different generations of Nigerian leaders were not visionary transformational, thus they continued to follow the growth-retarding national development plans or the regional distributive initiatives of their predecessors while those strategic leaders of South Korea changed and improved on each subsequent five-year development and growth-enhancing plans. Algebraically, we can express both as:

$$\left. \frac{\partial^3 Y}{\partial K \partial \Omega^2} \right|_{NG} \leq 0, \left. \frac{\partial^3 Y}{\partial L \partial \Omega^2} \right|_{NG} \leq 0, \left. \frac{\partial^3 Y}{\partial N \partial \Omega^2} \right|_{NG} \leq 0, \left. \frac{\partial^3 Y}{\partial \Omega^3} \right|_{NG} \leq 0 \quad (7),$$

and that

$$\left. \frac{\partial^3 Y}{\partial K \partial \Omega^2} \right|_{SK} > 0, \left. \frac{\partial^3 Y}{\partial L \partial \Omega^2} \right|_{SK} > 0, \left. \frac{\partial^3 Y}{\partial N \partial \Omega^2} \right|_{SK} > 0, \left. \frac{\partial^3 Y}{\partial \Omega^3} \right|_{SK} > 0 \quad (8).$$

Equations (7) and (8) show that transformational leadership ( $\Omega$ ) is one of the fundamental causes of the difference in per capita GDP between Nigeria and South Korea.

Growth theorists may consider equations (2)–(8) as the simple explanation of productivity due to leadership effectiveness during different generations of leadership. Over the past two decades, Kaufman and his colleagues (Kraay, Mastruzzi, Zoido-Lobaton) have provided six achievable outcomes through which one can gauge leadership governance effectiveness in many countries, worldwide. In the next sub-section, this paper provides the statistical tests.

#### 4.1 Statistical Evidence of Leadership Effectiveness in Nigeria and South Korea

According to the World Governance Indicators developed by Kaufman and his colleagues, the six indicators that can be used to measure the effectiveness of national leaders with respect to effective governance are: control of corruption (CC), government

<sup>16</sup>During the military era of the 1980s and 1990s in Nigeria, those in the media, intellectuals, and many opposition members who were anti-military dictatorship disappeared, and those who are lucky escaped into exile in Europe and the United States. For example, Professor Wole Soyinka, the first African Nobel Prize Laureate in Literature in 1986 escaped to the United States during the 1990s during which General Sani Abacha proclaimed a death sentence against him “in absentia” – see [https://en.wikipedia.org/wiki/Wole\\_Soyinka](https://en.wikipedia.org/wiki/Wole_Soyinka).

effectiveness (GE), political stability and absence of violence/terrorism (PV), regulatory quality (RQ), rule of law (RL), and voice and accountability (VA). In this study, the overriding null hypothesis ( $H_0$ ) is that national leaders in South Korea are equal or less effective as national leaders in Nigeria with respect to governance and policy choices versus the alternative/research hypothesis ( $H_A$ ) that national leaders in South Korea are more effective than national leaders in Nigeria. Algebraically, this can be expressed as:

$$H_0 : \mu_i|_{SK} \leq \mu_i|_{NG} \text{ versus } H_A : \mu_i|_{SK} > \mu_i|_{NG} \quad (9),$$

where  $\mu$  represents the means and  $i$  is *CC*, *GE*, *PV*, *RQ*, *RL*, and *VA* in each country ( $\mu_i|_{SK}$  and  $\mu_i|_{NG}$  represent the mean in each  $i$  category for South Korea and Nigeria) over the 1996-2015 period, for which we have readily available data for both countries.

**Table 4: Estimated Results of  $H_0 : \mu_i|_{SK} \leq \mu_i|_{NG}$  versus  $H_A : \mu_i|_{SK} > \mu_i|_{NG}$ , 1996-2015**

Indicators	$\mu_i _{SK}$	$\mu_i _{NG}$	$\mu$ Difference	Estimated $t$ -ratios
a. Control of Corruption ( <i>CC</i> )	0.427	-1.126	1.553	36.81**
b. Government Effectiveness ( <i>GE</i> )	0.995	-1.023	2.017	31.48**
c. Political Stability and Absence of Violence/ Terrorism ( <i>PV</i> )	0.323	-1.789	2.111	21.29**
d. Regulatory Quality ( <i>RQ</i> )	0.816	-0.867	1.683	23.37**
e. Rule of Law ( <i>RL</i> )	0.909	-1.215	2.124	49.19**
f. Voice and Accountability ( <i>VA</i> )	0.665	-0.799	1.464	21.66**

*Note:* Obtained the data used in estimation from the World Governance Indicators, World Bank, and \*\* indicates statistical significance at  $\alpha = 0.01$ .

The estimated results reported in Table 4 show the estimated  $t$ -ratios to be greater than the table value of 2.46; therefore, we reject the null hypotheses that leadership effectiveness in South Korea is equal or less than leadership effectiveness in Nigeria in favor of the alternative research hypotheses. In all the categories of indicators, the estimated results show that leaders in South Korea are more effective than leaders in Nigeria with respect to growth – leaders matter.

## Conclusions and Policy Implications/Recommendations

The main argument of this paper is that the difference in economic growth rates of two emerging and developing countries who started with similar economic-socio-political conditions can be attributed to the their leadership and their policy actions – growth-retarding or growth-enhancing – that they embraced during their tenure in office. The comparative analysis of Nigeria and South Korea shows that dictatorial leadership is not a curse to sustainable economic growth and development if a dictatorial leader's policy actions promote clearly defined property rights and national economic growth agenda. South Korean leaders, beginning with the dictatorial Syngman Rhee's administration (1948–1960), laid the foundation for economic growth by enacting the Land Reform Act in 1949, which promoted property rights and ownership. Even though General Park Chung Hee's administration were equally dictatorial, the focus on national economic growth and development through the Economic Planning Board's carefully planned and executed projects continued with subsequent successors' administrations.

In contrast, the policy actions of Nigerian leaders appeared to be more regionally biased based on the regional ethnic origin of each leader and these policies lacked specificity and focus. In other words, policy actions were re-distributional and haphazardly implemented

with no clearly defined objectives. A careful examination of the information provided in Table 2 showed that the leaders from the Northern parts of Nigeria tended to favor the locations and relocations of some vital industries to the North, thus this may have heightened regional conflicts and inhibited regional co-operation as well as economic growth and development.

Furthermore, this comparative analysis of economic growth and development in Nigeria and South Korea demonstrates that strong institutions and democratic governance are not the necessary and sufficient conditions for a country to achieve sustainable economic growth and development. This argument is consistent with Sachs' (2003b) assertion<sup>17</sup> that "Institutions Don't Rule", more so when viewed from the past and recent experiences of many emerging and developing countries where autocratic leaders destroyed or weakened strong institutions, yet these countries such as South Korea, Taiwan, Singapore and others achieved positive economic growth and development. Based on the Nigerian and South Korean experience, we deduce that a transformational leader confronted with regional conflict, adverse climatic and geographic conditions with various disease burdens, natural resource curse, and ethno-linguistic fractionalization can achieve sustainable economic growth and development by implementing pragmatic and national development plans in an all-encompassing environment or institutional structures through his/her inclusive and strategic policy actions.

This conclusion is consistent with Chinua Achebe's (1984) contention that "the trouble with Nigeria is simply and squarely a failure of leadership. There is nothing basically wrong with the Nigerian character. There is nothing wrong with the Nigerian land, climate, water, air, or anything else. The Nigerian problem is the unwillingness or inability of its leaders to rise to their responsibility, to the challenge of personal example, which is the hallmark of true leadership." The empirical tests that confirm the ineffectiveness of leaders in Nigeria in comparison to leaders in South Korea support Achebe's assertion.

In terms of policy implications or recommendations, the central issue is whether Nigeria can learn and gain from the economic growth and development experience of South Korea, a country it once surpassed during the 1940s and 1950s. For Nigeria to be on the frontiers of sustainable economic growth and development in the 21<sup>st</sup> century, it is important to recognize that transformational leadership is essential in the formulations and the implementations of strategic industrialization policies at the national and regional-state levels; and not only that, it is also important to promote/conduct meaningful evaluations of development projects in order to foster accountability and total transparency in the implementations of development plans at all stages and levels of government. The importance of evaluations of national-regional development projects lies in the fact that identifiable policy errors can be corrected quickly in order to avoid costly implementations of projects plagued by policy mistakes. More importantly, this would minimize the formulations and implementations of worthless national development projects that appeared promising just because they have catchy names or acronyms.

Finally, Nigerian leaders must learn to adapt and embrace the immense economic growth opportunities or potentials and the challenges provided by globalization through the promotion of trade openness if they plan to broaden their domestic markets. Furthermore, Nigerian leaders can better serve their citizens if they consider the revitalization of their

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<sup>17</sup> One can also add other important assertions: "Diseases Don't Cure Themselves," "Adverse Climatic and Geographic Conditions Don't Self-Correct or Self-Regulate," and "Resource Curse Doesn't Happen by Accident." And that leaders play a significant role in curing deadly infectious diseases, controlling/managing adverse climatic and geographic conditions, and causing or ending natural resource curse. The recent Ebola outbreak, which did not cure itself illustrates the important role of leadership. The policy actions of leaders worldwide controlled the Ebola virus.

economic, political, and social institutions as top policy priority, particularly, if these leaders hope to achieve the security of properties and lives, the enforcement of contracts and property rights, and the promotion of a merit based bureaucratic system with little or no corruption and less regional or ethnic bias.

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