

7-1-2010

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### iRepository Citation

Maiyaki, A. A. (2010). The effects of corruption on the Nigerian economy. *Business Review*, 5(2), 111-126.  
Retrieved from <https://ir.iba.edu.pk/businessreview/vol5/iss2/7>

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**ARTICLE**

## **THE EFFECTS OF CORRUPTION ON THE NIGERIAN ECONOMY**

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### **ABSTRACT**

*The study aims at examining closely the effects of corruption on Nigerian economy. This is informed by the general belief that the menace of corruption has disastrous consequences not only on the economy but on all sectors of human endeavour. A number of related works were intensively reviewed and both the secondary data and primary data from secondary source were used. It was however, discovered that corruption has significant effects on the Nigerian economy. In effect, corruption slows growth, leads to inefficient investments in public projects, and slows down foreign investments. Hence, it was recommended that government should ensure that the civil servants are honest and trustworthy and virtues should be inculcated in people. Any discovered case of corruption should be exposed without minding the position of the culprit and be brought to book. This will serve as deterrent to others. Importantly, government should provide adequate pay package for public servant and their remuneration should be competitive with that of the private sector.*

**Keyword :** Economics, Corruption, Foreign Investments, Competitive Remunerations, Vigilant Outlook.

### **INTRODUCTION**

Corruption has become an endemic in all the countries across the globe, and that it is not peculiar to any continent, region or ethnic group. It cuts across faiths, religious denominations and political systems and affects both young and old, man and woman alike. Corruption is found in democratic and dictatorial politics; feudal, capitalist and socialist economies. Christian, Muslim, Hindu, and Buddhist cultures are equally bedeviled by corruption (Dike, 2005). Similarly, Nwaobi (undated) observes that Corruption respects no national boundaries and it deeper poverty around the globe by distorting political, economic and social life. And Husted (1999) also notes that Scandals have shaken governments in Belgium, Italy, Japan, and Spain. No country has been left untouched by its pernicious consequences. Corruption is a universal cancer, according to Eigen, Chairman of Transparency International (TI) the world's leading anti-corruption organization. He stressed that: "Our new index again shows that corruption is widely seen to be very high in many countries." (TI, 2000).

Today, corruption at the highest levels captures headlines everywhere, and people are becoming aware of its disastrous consequences. Corruption is now a key and prominent issue in the international press. For instance Dike (2005) posits that the International Olympic Committee (IOC) had to relieve some of its officials of their posts because they had taken bribes. And all the commissioners of the European Union (EU), resigned because they, too, had been found to be corrupt. In the United States, Enron Corporation, an energy giant and WorldCom, a telecommunication company, were charged with fraud. The companies manipulated their balanced sheets, profit and loss account and tax liabilities. Enron's accountant, Arthur Andersen, collapsed for greed and fraud as it was charged with obstruction of justice in connection to the Enron probe. Hence, corruption is one of the greatest challenges of the contemporary world. It undermines good government, fundamentally distorts public policy, leads to the misallocation of resources, harms the private sector and particularly hurts the poor.

It is presumed that the menace of corruption is really disturbing in most of the developing countries and Nigeria in particular. Consequently, the Nigeria-Plant.com (2006), observes that one of the major challenges that has faced the Nigerian over the years is the issue of corruption and its debilitating ancillaries bribery, graft, fraud and nepotism.

Transparency International, an independent global watch on corruption consistently ranks Nigeria among the most corrupt nations in the world, an inglorious record that has stunted growth in all areas of endeavour in the country (Ribado, 2003;). Similarly, in his study Dike (2007), confirms that there are many unresolved problems in Nigeria, but the issue of the upsurge of corruption is troubling. He stressed that although corruption is a global phenomenon it is however, becomes a pandemic in Nigeria to the extent that almost everybody is involved in the crime. In effect, the issue of corruption is prominent among the problems bedevilling the country. In view of the aforementioned extent, this study is set out to examine the effects of corruption on the Nigerian economy.

## **LITERATURE REVIEW AND THEORETICAL/ CONCEPTUAL ISSUES**

Corruption has attracted the attention of academicians and perhaps this is the reason that explains a wide range of definitions given to the topic (Salisu, 2000; Geo-JaJa and Mangum, 2000; Dike, 2007). Of significance are distinctions among what is considered a corrupt practice as defined in the official laws of various nations. Thus, Geo-JaJa and Mangum (2000) observe that corruption exists in varying degrees in all parts of the world, so has each country tried to enact or promulgate laws to deal with corrupt practices, no matter how they might define the term. This makes corruption a relative notion in that the norms and specifics of one society do not always agree or correspond to the norms of another society. Internal morality in some societies might be inconsistent with external morality, while in other societies standard might not exist to guide or enforce government official conduct. Thus, what might be abnormal in one

society might be the accepted norm in another society. In any context in which corruption is perceived, it is both a serious problem in its own right and a symptom of deeper crises for the whole world. It makes positive social and political changes difficult.

The literature includes many definitions of the concept of corruption. Some of them are restricted to situations in which one of the parties is a public official (LaPalombara, 1995; Oldenburg, 1987 see Husted, 1999), while others allow for corruption between two private parties as in the case of commercial bribery (Coase, 1979). Corruption has broadly been defined as a perversion or a change from good to bad. Specifically, corruption or corrupt behaviour involves the violation of established rules for personal gain and profit (Sen, 1999). Corruption is efforts to secure wealth or power through illegal means private gain at public expense; or a misuse of public power for private benefit (Lipset & Lenz, 2000; Lawan, 2008). Similarly, Nwaobi (undated) and Salisu (2000), defined corruption as the use of public office for private gain and this include bribery and extortion which necessarily involve at least two parties and other types of malfeasance that a public official can carry out alone (including fraud and embezzlement). Corruption can be described as a behaviour which deviates from the formal duties of a public role, because of private gains - regarding personal, close family, private clique, pecuniary or status gains. It is a behaviour which violates rules against the exercise of certain types of duties for private gains - regarding influence (Nye, see Dike 2005). This definition includes such behaviour as bribery (use of a reward to pervert the judgment of a person in a position of trust); nepotism (bestowal of patronage by reason of ascriptive relationship rather than merit); and misappropriation (illegal appropriation of public resources for private uses) (Banfield see Husted, 1999). From social perspective Osoba (1996), posits that corruption is an anti-social behaviour conferring improper benefits contrary to legal and moral norms, and which undermine the authorities to improve living conditions of the people. In the same direction Nwaobi (undated) maintains that corruption is usually entrenched and embedded in a social setting. Hence, Husted (1999) observes that the subject of corruption has also been of great interest to criminologists. Many of their studies have investigated the relationship of specific organizational structures and incentives to corruption. Dombrink (1988) examines the structure and culture of police departments throughout the United States and concluded that "police corruption control represents a range of strategies aimed at instilling professionalism, high morale, and commitment to innovation in police organizations." Barnett (see Husted, 1999) performed a similar task by looking at the structural and institutional causes of corporate crime.

However, in a broader sense, corruption can be seen as an arrangement that involves an exchange between two parties (the demander and the supplier) which (i) has an influence on the allocation of resources either immediately or in the future; and (ii) involves the use or abuse of public or collective responsibility for private ends (Macrae, see Salisu, 2000). It is obvious from this definition that corruption takes place between two parties and involves the exchange of valuables.

Husted (1999) argues that a model of corruption should explain the underlying causes or antecedents of this kind of exchange that influence the allocation of resources and involve the use of public responsibility for private ends. Most of the literature regarding causes of corruption however, focused on the economic and the political factors involved. Husted (1999) develops a series of hypotheses related to the causes of corruption based on both the existing corruption literature, which tends to focus on economic variables (economic development and income distribution) and a political variable (government size), and the cross-cultural management literature. In addition he introduces the concept of culture look at the way certain cultural values may affect corruption. For instance in an attempt to understand the causes of corruption, economists cite the level of economic development as an important contributor to corruption (Alam, 1995; Macrae, 1982 see Husted, 1999). This explains the reasons for differences in the level of corruption for countries that are at different level of economic development. The differences in the level of corruption not only exist across countries but also within countries (Alam, 1995). Thus, Husted (1999) hypothesised that the higher the level of economic development, the lower the level of corruption in a country. Interestingly, Mauro (1995) suggests that a reverse causality may exist. He finds that a high level of corruption deters foreign investment in a country, which in turn reduces economic development. One would expect that as corruption increases, economic development would be lower. Regardless of the direction of the causality, one should find a negative correlation between the level of economic development and corruption.

Similarly, there is a relationship between income inequality and corruption. In effect, corruption tends to preserve or even widen inequalities in the distribution of income (Husted, 1999), and on the other hand inequality in distribution of income can promote higher levels of corruption (Alam, 1995 see Husted, 1999). It appears that some sort of mutual causation may exist between income inequality and corruption. It is presumed that the existence of a more equal distribution of wealth reflects the existence of a middle class that can act to protect its interests through the organization of interest groups. And such groups consequently, tend weaken the proliferation of corruption. Again, Husted (1999) hypothesised that: the greater the inequality in the distribution of income, the higher the level of corruption in a country.

Another cause of the variation in corruption from country to country, which has been proposed by political scientists, relates to the size of government. According to this argument, the size of modern government with respect to the economy as a whole creates larger bureaucracies, and increases the temptation for bureaucrats to misuse funds and exercise discretion in the awarding of contracts. LaPalombara (Husted, 1999) excludes Scandinavian countries from his generalization, but concludes that a rough positive correlation does exist between how much of GDP a government gets and how much corruption exists. Hence, Husted (1999) hypothesised that: The larger the government's share of GDP, the higher the level of corruption in the country.

### **Nature and Characteristics of Corruption in Nigeria**

Corruption and the abuse of positions and privileges have long been features of Nigeria's economic and political landscape. Systemic corruption and low levels of transparency and accountability have been major sources of development failure. **Types:** corruption could manifest in many forms; hence, some studies have taken a holistic (broader) approach in the discussion of corruption by dividing it into many forms and sub-divisions (Dike, 2000). These are: political corruption; bureaucratic corruption and electoral corruption.

Tignor (1993) stressed that political corruption is widespread in contemporary societies, and is regarded by some analysts of the Third World as the single most important obstacle to economic development and political integration. Certainly the frequent regime changes which have occurred in Africa in the last several decades have been accompanied by charges of gross administrative malfeasance. Corruption takes place at the highest levels of political authority. It occurs when the politicians and political decision-makers, who are entitled to formulate, establish and implement the laws for the people, are themselves corrupt. It also takes place when policy formulation and legislation is tailored to benefit politicians and legislators. Political corruption is sometimes seen as similar to corruption of greed as it affects the manner in which decisions are made, as it manipulates political institutions, rules of procedure, and distorts the institutions of government (NORAD, see Dike, 2000).

Bureaucratic corruption occurs in the public administration or at the implementation end. This kind of corruption has been branded low level and street level. It is the kind of corruption the citizens encounter daily at places like the hospitals, schools, local licensing offices, police, tax offices etc. Bureaucratic petty corruption, which is seen as similar to corruption of need, occurs when one obtains a business from the public sector through inappropriate procedure (see NORAD, see Dike, 2000).

Electoral corruption includes purchase of votes with money, promises of office or special favors, coercion, intimidation, and interference with freedom of election [Nigeria is a good example where this practice is common. Votes are bought, people are killed or maimed in the name of election, losers end up as the winners in elections, and votes turn up in areas where votes were not cast]. For instance Nwobi (undated) argued that money exchange hands during April 12 and 19 2003 at the end of the first tenure of president Obasanjo. Corruption in office involves sales of legislative votes, administrative, or judicial decision, or governmental appointment. Disguised payment in the form of gifts, legal fees, employment, favors to relatives, social influence, or any relationship that sacrifices the public interest and welfare, with or without the implied payment of money, is usually considered corrupt (The Encyclopedia Americana, see Dike, 2000).

Other types of corruptions include: Bribery, fraud, unconventional and fraudulent trade practices, misappropriation or diversion of funds, extortion, favouratism, nepotism, kickbacks, under- and over invoicing, bribery, false declarations, abuse of office, and collection of illegal tolls. All these forms of corruption involve mismanagement and siphoning of state resources, receiving money or benefits for rendering services by a state agent from the beneficiary. Corruption may also involve allocation of public resources based on subjective and illegal basis with violate establish procedures.

Also highlighting different categories of corruption, Nwobi (undated) observes that many aspect of bribery and corruption include giving or accepting gratification either directly or through agent, fraudulent acquisition of property; fraudulent receipt of property. Offences committed through postal system, deliberate frustration of investigation, making false statement or returns gratification by and through agents, bribery of public officer; using office or position for gratification; bribery transactions; false or misleading statements to the commission and attempt (conspiracy) punishable as offences.

Again, Nwobi (undated) and Glickman (2005) identify another form of corruption as business bribery which is popularly known as 419 in Nigeria. He added that this fraud is known internationally by different derogatory names like white-collar animals, con artists, e-mail hucksters, spammers, tele-marketers and scam artists. This is obviously due to their cross border animal activities that seen to be breaking new ground almost by the minute. However, Nigeria remains a focal point because the global fraud now appears to be synonymous with the country.

### **Magnitude of Corruption in Nigeria**

It is presumed that corruption in Nigeria has become the order of the day to the extent that perpetrators do not feel that they commit serious crimes. And in most cases the masses facilitate bad system by considering the corrupt people as “accomplished” citizens. Corruption has become so deep-seated in the country that it has stunted growth in virtually all the sectors of the national economy and has been the primary reason behind the country’s difficulties in developing fast (Nigeria-planet, 2006). Eker (1981) argued that corruption is, of necessity, a furtive affair, and documentation is, therefore, exceedingly difficult. The proportion of cases that actually come to light in Nigeria is 'guesstimated' to be very low. Bribery and corruption are victimless offences, having regard to the mutual participation of both parties; hence the difficulty of detection. Moreover, most published offences tend to belong in the less distinguished class. Revelations of corruption on a grand scale are frequently suppressed before publication or soon thereafter, unless they serve a political purpose. Of the important cases that escape concealment, many are either dismissed and/or buried in investigatory committees. Similarly, corruption is rampant in the private sector of the economy. The reason why it is not obvious as much is as observes by Eker (1981) that, corruption in the private

sector is seldom advertised because of the need to maintain 'goodwill'. This results in the false impression that corruption is most rampant in official circles.

Despite the difficulty in obtaining data about corruption, some information about it, is however available:

An audit report revealed that Nigeria lost over N23billion in only ten federal ministries in 2001(Nwobi).

S/N	MINISTRIES	AMOUNT MISAPPROPRIATED
1.	Co-operation and integration in Africa	N10, 453, 241. 81
2.	Power and steel	N4, 394, 649, 602. 19
3.	Works and Housing	N2, 262, 797, 737. 01
4.	Defense	N1, 785, 877, 023.15
5.	Education	N1, 265, 272, 388.99
6.	Police Affair	N1, 209, 216, 325.05
7.	Information	N664, 124, 321.46
8.	Commerce	N640, 053, 177.72
9.	Health	N465, 103, 959.12
10.	Industry	N356, 064, 369.12
	<b>Total</b>	<b>N23, 860, 732, 145.20</b>

Source: Adapted from Nwobi

These amounts represent financial irregularities ranging from embezzlement, payments for jobs not done; double debiting of accounts, and inflation of contract figures to release of money without the consent of the approving authority (Newswatch, 2003). Details of the audit report revealed various forms of frauds. For instance, at the federal ministry of works and housing the report observed that cheques of the ministry amounted to N1.088 million were debited twice by the central Bank of Nigeria for the ministry of finance (Nwobi). Again the audit examination of revenue records at the Tin- Can Island port, Lagos Nigeria revealed that between July and September 2001, amounts totaling N134.769 million collected by some designated banks were not remitted to the of Central Bank of Nigeria. All these misappropriated funds are in addition to what more than 3,000 government officials have in Swiss totaling about \$90 billion and in Britain £75 billion (Nwankwo, 1999 see Nwobi).

Furthermore, reports discovered that the sum of US\$4billion was looted during a past regime and that the United Kingdom Financial Services Authourity indicted 15 British banks (Salisu 2001). Similarly, Salisu added that the ‘missing’ \$12.2 billion excess oil windfalls during another past regime are yet to be accounted for. It is because of the aforementioned evidences of corruption in Nigeria that Transparency International consistently classified Nigeria as one of the most corrupt country on earth. An attempt



has been made to compare Nigeria against some other countries with respect to TI ranking for eight consecutive:

Transparency International Corruption Perceptions Index for 1999 to 2006

<i>YEAR</i>	<i>RANK</i>	<i>COUNTRY</i>	<i>SCORE</i>	<i>STANDARD DEVIATION</i>	<i>SURVEYS USED</i>
<b>1999</b>	1	Denmark	10	0.8	9
	2	Finland	9.8	0.5	10
	3	New Zealand	9.4	0.8	9
	3	Sweden	9.4	0.6	10
	96	Azerbaijan	1.7	0.6	5
	96	Indonesia	1.7	0.9	12
	<b>98</b>	<b>Nigeria</b>	<b>1.6</b>	<b>0.8</b>	<b>5</b>
	99	Cameroon	1.5	0.5	4
<b>2000</b>	1	Finland	10	0.6	8
	2	Denmark	9.8	0.8	9
	3	New Zealand	9.4	0.8	8
	3	Sweden	9.4	0.7	9
	87	Azerbaijan	1.5	0.9	4
	87	Ukraine	1.5	0.7	7
	89	Yugoslavia	1.3	0.9	3
	<b>90</b>	<b>Nigeria</b>	<b>1.2</b>	<b>0.6</b>	<b>4</b>
<b>2001</b>	1	Finland	9.9	0.6	7
	2	Denmark	9.5	0.7	7
	3	New Zealand	9.4	0.6	7
	88	Indonesia	1.9	0.8	12
	88	Uganda	1.9	0.6	3
	<b>90</b>	<b>Nigeria</b>	<b>1.0</b>	<b>0.9</b>	<b>4</b>
	91	Bangladesh	0.4	2.9	3
	<b>2002</b>	1	Finland	9.7	0.4
2	Denmark	9.5	0.3	8	
2	New Zealand	9.5	0.2	8	
4	Iceland	9.4	0.4	6	
98	Angola	1.7	0.2	3	
98	Madagascar	1.7	0.7	3	
98	Paraguay	1.7	0.2	3	
<b>101</b>	<b>Nigeria</b>	<b>1.6</b>	<b>0.6</b>	<b>6</b>	
102	Bangladesh	1.2	0.7	5	
<b>2003</b>	1	Finland	9.7	0.3	8
	2	Iceland	9.6	0.3	7
	3	Denmark	9.5	0.4	9
	3	New Zealand	9.5	0.2	8
	131	Haiti	1.5	0.6	5
	<b>132</b>	<b>Nigeria</b>	<b>1.4</b>	<b>0.4</b>	<b>9</b>
	133	Bangladesh	1.3	0.7	8

<i>YEAR</i>	<i>RANK</i>	<i>COUNTRY</i>	<i>SCORE</i>	<i>STANDARD DEVIATION</i>	<i>SURVEYS USED</i>
<b>2004</b>	1	Finland	9.7	NA	9
	2	New Zealand	9.6	NA	9
	3	Denmark	9.5	NA	10
	3	Iceland	9.5	NA	8
	142	Chad	1.7	NA	4
	142	Myanmar	1.7	NA	4
	<b>144</b>	<b>Nigeria</b>	<b>1.6</b>	<b>NA</b>	<b>9</b>
	145	Bangladesh	1.5	NA	8
	145	Haiti	1.5	NA	5
	<b>2005</b>	1	Iceland	9.7	NA
2		Finland	9.6	NA	9
2		New Zealand	9.6	NA	9
4		Denmark	9.5	NA	10
152		Cote d'Ivoire	1.9	NA	4
152		Equatorial Guinea	1.9	NA	3
<b>152</b>		<b>Nigeria</b>	<b>1.9</b>	<b>NA</b>	<b>9</b>
155		Haiti	1.8	NA	4
155		Myanmar	1.8	NA	4
155		Turkmenistan	1.8	NA	4
158		Bangladesh	1.7	NA	7
158		Chad	1.7	NA	6
<b>2006</b>		1	Finland	9.6	NA
	1	Iceland	9.6	NA	6
	1	New Zealand	9.6	NA	7
	4	Denmark	9.5	NA	7
	5	Singapore	9.4	NA	9
	156	Sudan	2.0	NA	4
	160	Guinea	1.9	NA	3
	160	Iraq	1.9	NA	3
	160	Myanmar	1.9	NA	3
	163	Haiti	1.8	NA	3

Source: annual press release by Transparency International for various years [http://www.transparency.org]

Notes: Transparency International provides explanatory notes for the surveys thus: CPI Score relates to perceptions of the degree of corruption as seen by business people and risk analysts, and ranges between 10 (highly clean) and 0 (highly corrupt).

*Surveys Used* refers to the number of surveys that assessed a country's performance. A total of surveys and expert assessments ranging from 12 to 18 are used

from independent institutions, and at least three surveys were required for a country to be included in the Corruption Perception Index.

*Standard Deviation* indicates differences in the values of the sources: the greater the standard deviation, the greater the differences of perceptions of a country among the sources.

It is obvious from the above table that corruption is pervasive in the poor and developing countries of the world. Most of these countries are located in Africa, Asia, former Soviet Union and Latin America. Nigeria has been consistently perceived among the most corrupt nations as seen by business people, academics and risk analysts. For instance, all through the period of eight years investigated by this study, Nigeria was ranked among the 3 most corrupt countries exception of 2006. The CPI scores for various years indicate that Nigeria scores less than 2.0 except in one instance when it scored 2.2 and became 5th most corrupt nation. This is the better ranked Nigeria achieved in the period under review. And this development was probably as a result of the activities of Economic and Financial Crime Commission (EFCC) during the period. The comparisons of results of a particular country for various years should be based on the country's score, not its rank. A change in a country's rank does not necessarily suggest an improvement in the country's position. A country's rank can change because of the fact that now new countries enter the index and/or others dropout. A higher score suggests that respondents provided better ratings, while a lower score suggest that respondents revised their perception downwards.

On the other positive extreme, it is apparent from the table that Scandinavian and/or Nordic countries (Finland, Denmark, Iceland, Sweden) and New Zealand were ranked to have minimum level of corruption and in most cases score higher than 9.0. Investigation reveals that these countries located in the Northern part of Europe not only have common geographical and economic factors but also have historical, cultural and linguistic affinities (Redmond, 2007). Perhaps these ties and relationships of the countries play a role in their cleanliness as far as corruption is concern. It could be ironically noted that rich countries have less tendency to corrupt practices than the poverty ridden nations.

### **Causes of Corruption in Nigeria**

The causes of corruption are myriad; and they have political and cultural variables. Some evidence points to a link between corruption and social diversity, ethno-linguistic fractionalization, and the proportions of country's population adhering to different religious traditions (Lipset and Lenz, 2000 see Dike, 2005). And studies note also that corruption is widespread in most non-democratic countries. Thus, the political system and the culture of a society could make the citizens more prone to corrupt activities. Dike (2005) itemized other factors thus:

- 1) Great inequality in distribution of wealth;
- 2) Political office as the primary means of gaining access to wealth;
- 3) Conflict between changing moral codes;
- 4) The weakness of social and governmental enforcement mechanisms; and
- 5) The absence of a strong sense of national community.
- 6) Poor reward system and greed
- 7) Bad rules and Ineffective taxing system

In addition, obsession with materialism, compulsion for a shortcut to affluence, glorification and approbation [of ill-gotten wealth] by the general public, are among the reasons for the persistence of corruption in Nigeria (Ndiulor, 1999 see Dike, 2005). It has been noted that one of the popular, but unfortunate indices of good life in Nigeria, is flamboyant affluence and conspicuous consumption. Because of this, some people get into dubious activities, including 'committing ritual murder for money-making.' Similarly, Salisu (2000) categorises causes of corruption into: policy induced sources of corruption this could be through government trade restrictions and government subsidy among others. Secondly, natural resource endowments; Sachs and Warner (see Salisu 2000) argue that resource-rich economies are more likely to be subject to extreme rent-seeking behaviour than are resource-poor economies. And finally, cultural or socio-political sources; these factors include customs, family pressures on government officials and ethnicity constitute potential sources of corruption.

### **Effects of Corruption on Nigerian Economy**

The effects and consequences of corruption on the socio-economic development of Nigeria are enormous. In his study, Salisu (2000) use econometric analysis to evaluate the impact of corruption on Nigerian economy and found that corruption adversely affects the productivity of public investment and distorts the effects of industrial policy on investment. Similarly, Lipset and Lenz note that the effect on growth is in part, a result of reduced level of investment, as it adds to investment risk (Dike, 2005). This could probably explain the reason why international investors are in most of the times skeptical to invest in Nigeria

In addition, Mauro (see Dike 2005) observes that the negative effects of corruption on economic growth, among other things, reduce public spending on education. The effect of corruption on education comes from the fact that the government spends relatively more on items to make room for graft (Shleifer & Vishny, 1993; Lipset & Lenz, 2002 see Dike, 2005). And corrupt government officials would shift government expenditures to areas in which they can collect bribes easily. Large and hard-to-manage projects, such as airports or highways, make fraud easy. In addition, poverty and income inequalities are tied to corruption (Dike, 2005). Development projects are often made unnecessarily complex in Nigeria to justify the corrupt and huge expense on it. In effect

this could explain for dilapidated educational facilities and inadequate attention given to the sector by government. And another consequence of this type of corruption is that government investments are not done based on priorities and expected benefit of the projects but rather based on the selfish interest of the policy makers. In this vein, Geo-JaJa and Mangum (2000) observe that corruption crowds out productive investment and raise the cost of carrying out business. These economic consequences have political effects that are less quantifiable but have serious implications on the legitimacy of governments and the stability of nations (Geo-JaJa and Mangum, 2000). Not only that, the image of a corrupt nation could be seriously dented in the international community. In addition, the damages corruption has done to the polity are enormous. The menace of corruption leads to slow movement of files in offices, police extortion tollgates and slow traffics on the highways, port congestion, queues at passport offices and gas stations, ghost workers syndrome, election irregularities, among others. Corruption and mismanagement swallow about 40 percent of Nigeria's \$20 billion annual oil income (Boston globe, 2004). For a very long time, corruption has been acknowledged as the single most important obstacle to economic progress and democracy in Nigeria (Akinseye-George, 2000).

### **Corruption Control and Alleviation Strategies**

Considering the corrosive effects of corruption on economic development and the fact that corruption has eaten deep into the fabric of the society (Nigeria), then there is a necessary need for serious and effective control measures. These measures should not be restricted to merely constitution of committees without practical actions thereafter. A number of regimes have made attempts to combat the menace of corruption however, the evil continued unabated. For instance, the commissions or agencies that were established to fight against corruption include: War Against Indiscipline Council, Code of Conduct Bureau, Public Complaints Commission, Mass Mobilisation for Social Justice and Economic Recovery, and of recent Independent Corrupt Practices Commission and the popular Economic and Financial Crime Commission. Dike (2005) however argued that corruption in Nigeria cannot be effectively controlled by merely instituting probe panels and hence, suggested that the general public should be re-oriented to a better value system. The writer agrees totally with this view because it found out that corruption, cultural values and attitude have significant relationship (Husted, 1999). Based on these, it could be said that the launching of 'Nigeria Project' under the Federal Ministry of Information and Communication would likely result in the reduction of corruption in the country.

To win the war on corruption, adherence to ethical standards in decision-making must be the foundation of the nation's policies. Without ethics (set of moral principles or values or principles of conducts governing an individual or a group) in the conduct of the affairs of the nation (public and business), the apparent wars on corruption in Nigeria will not be successful (Dike, 2005). And again, to win the war on corruption

Nigeria has to fortify the institutional checks and balances among the country's major social forces and the separation of powers within the government (Dahl 1998 see Dike, 2005). The nation has to make sure that those entrusted to execute the war on corruption are men and women of virtue - those who recognize and always do what is right.

Other measures to be adopted in order to successfully campaign against corruption as highlighted by the former presidents of the World Bank and Ford Motors Robert McNamara (see Dike 2005) include among others:

- 1) Require direct, clear and forceful support of the highest political authority: the president or prime minister;
- 2) Introduce transparency and accountability in government functions, particularly in all financial transactions;
- 3) Encourage a free press and electronic media to forcefully report to the public on corrupt practices in the society;
- 4) Organize civil society to address the problems of corruption brought to light by the process of transparency and the activity of the media;
- 5) Ensure that enforcement is predictable and forceful; and

### **Conclusion**

After intensive examination of theories and empirical researches carried out on the topic under investigation, the following conclusions were drawn:

1. That people perceived high level of corruption in Nigeria
2. The corruption is actually pervasive in Nigeria more especially in the public sector of the economy.
3. There is significant relationship between corruption and the country's economic development. In other words, corruption adversely affects economic growth and development by slowing down investments.
4. Corruption leads to the reduction of the public sector projects and the quality of products, while increasing the cost of both.
5. Corruption could be effectively controlled.

### **Recommendations**

In view of the foregoing conclusions, the following recommendations are hereby offered:

1. The general public should be enlighten and sensitised on the evils of corruption. In addition the penalties should be intensified at various levels of government.

2. Government should ensure that the civil servants are men/women of integrity, honesty, trustworthiness. Hence, religious leaders should be involved in inculcating general virtues to people of all religions.
3. Corrupt individuals, no matter how highly placed in society, should be exposed, prosecuted, and if found guilty, jailed and ostracised. Illegally acquired property should be confiscated to serve as a deterrent to those intending to engage in corrupt practices. Leaders should avoid the situation of improper accountability after confiscating looted money/properties of the public.
4. Government should ensure adequate remuneration system in such a way that civil servant would have enough income to take care of his basic needs. In the same vein, government should pursue a serious economic reform side by side with the fight and campaign against corruption.
5. The results of public probes and commission of enquiries should be released to the public as soon as concluded. The practice of allowing the president or a governor to decide the fate of public probes should be constitutionally addressed, as the present practice encourages corruption.
6. The leaders should lead by example. And the recently lunched reorientation campaign by the minister of information and communication should be vigorously pursued and the exercise should be supported by the general public.

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The who wishes to fulfill his mission in the world must be a man of one idea, that is of one great overmastering purpose, overshadowing all his aims, and guiding and controlling his entire life.

- Bate



Take up one idea. Make that one idea your life - think of it, dream of it, live on that idea. Let the brain, muscles, nerves, every part of your body, be full of that idea, and just leave every other idea alone. This is the way to success that is way great spiritual giants are produced.”

**- Swami Vivekananda**