

Corruption as a Militating Factor to Economic Growth in Nigeria

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Abstract

The study is aim at evaluating corruption as a militating factor to economic growth in Nigeria. Corruption has retard economic growth and development of many countries all over the world especially the developing countries. This portends a great danger to both the developed and developing economies because of it bandwagon effect. Secondary data were sourced from the annual statistical reports of Central Bank of Nigeria (CBN) and World Bank Reports (WBR) on Nigeria and corruption reports from transparency international on Nigeria. The CBN report provided information for Nigeria economic growth which was proxy by GDP from 1996 to 2015 while WBR provided information on corruption perception on Nigeria proxy by Corruption Perception Index (CPI), Corruption Rank (CR), and Relative Corruption Rank (RCR). Hypotheses were formulated and data obtained from the proxy mentioned above were used for the analysis using the Ordinary Least Square (OLS) regression technique. The study found out that corruption and corruption ranking have significant relationship with economic growth and development.

Keywords: Corruption, Corruption ranking and economic development.

1.1 Introduction

The world is stratified in such a state that depict the level of economic advancement. There are three strata of world order: developed, developing and underdeveloped. Most underdeveloped countries are found among African countries. It has been argued that most underdeveloped nations are found to be highly corrupt. Nigeria fell within this categories. Corruption in Nigeria is becoming imbedded to the extent that is it becoming part of our daily living. Corruption has become so pervasive that one may think it part of the daily living in Nigeria. In all the facet of the economy, corruption is found and condoled unabated. From private to public establishments.

This has become entrenched and has lasted for decades. The first military incursion into political space was blamed on the corrupt practices among the political class. However, the military rule on its own has been adjudged the most corrupt form of government in Nigeria, as trillion of dollars earned from oil wind fall has not been accounted for by military men who occupied political space. Today, people are emulating corrupt persons and seeing them as their mentor. This ugly development became possible because corrupt persons in Nigeria have continued to showcase their loots from our common treasury with impunity and under the protection of the very government that is supposed to prosecute them.

According to Nageri, Gunu and Abdul (2013), corruption has been identified as one major obstacle militating against rapid growth and development of the Nigerian economy. Nigeria with enormous natural resources in natural and human resources is expected to meet up with all of its responsibilities to her citizens. Yet has fail to meet most of her responsibilities. Corruption is a metaphor for poverty and has direct link with criminality. A great majority of the Nigeria's population are riddled with poverty.

Poverty has pervaded the entire segment of the country. Surprisingly, democratic system of government has not done much to reduce the rapid growth of poverty in Nigeria. This has given rise to lot of questions. One will expect that the living standard of Nigerian will be above poverty line as a result of the oil earnings. Corruption has become a popular phenomenon in the nation's political system. It has indeed become a society-induced activity in the sense that, it now enjoys popular support from the people, invariably, corruption has been democratized. This happens as a result of the inability to capture and understand the generic meaning of corruption, which has further given it a toga of social recognition and acceptance in all the societies within the country. Although, corruption is a global phenomenon, it occurs in monarchy, democracies and military dictatorships; at all levels of development and in all types of economic systems from open capitalist economies to centrally planned economies. The fact remains that corruption differs widely in its forms, pervasiveness and consequences, in developed countries the effect may be less severe, while in developing countries particularly African continent where the effect may be too severe for citizens to bear, as demonstrated. In Nigeria, corruption affects every facet of human development. Little wonder, the Transparency International (TI), an NGO of international repute continue to rate and score Nigeria high among the corrupt countries in the world. The futile attempt by the government to fight the cankerworm stems from the fact that government itself is greatly infected with the virus and an average Nigeria is seen as corrupt in most parts of the world. It is against this background that this chapter examines the causes, types and effects of corruption. And the various ways of achieving

corruption free society through the recommendations capable of reducing the practice corruption (Tolu and Ogunro: 2012:1).

In 1996, the Corruption Perception Index (CPI), pioneered by Transparency International (TI), a Non-Governmental Organization (NGO) that examines the level of corruption around the world. Nigeria has been oscillating at the bottom ranking among the world most corrupt countries. Poverty in Nigeria has grown notwithstanding the huge oil deposits in Nigeria.

With the return of democracy in Nigeria, the Nigerian government has taken varied steps to forestall the repetition and entrenchment of corruption in Nigeria. Usman (2013) posits that, these measures include public service reform (monetization to reduce waste and reduction of over-bloated personnel, reform of public procurement); establishment of anti-corruption enforcement agencies (such as the Economic and Financial Crime Commission, Independent Corruption and other Practices Commission), yet corruption has become so recalcitrant. A typical example was the reform carried out by the former Central Bank of Nigeria governor Sanusi Lamido Sanusi, which have revealed mind bulging levels of bare faced theft by the management of several banks in Nigeria. This paper would explore why despite all the effort to curb corruption in Nigeria, it has continued to be a militating factor against the economic growth and development in Nigeria.

1.2 Statement of Problem

Nigeria as a country is highly endowed with enormous resource, especially accruing from oil revenue since oil was discovered in commercial quantity in Nigeria. One expects a corresponding increase in the level of economic development and welfare of the citizens. However, this is not the case. The economy has been nose-diving, poverty on increase, life-expectancy low and poverty induced crime has continue to rare its ugly head. With the introduction of regulatory agencies, corruption continues to pervade the country.

1.3 Objective of Study

The objective of the study is to determine why corruption has continued to be a militating factor on the economic growth and development of Nigeria despite the existence of agencies that saddled with the responsibility of checkmating corruption in Nigeria, corruption has remained a reoccurring decimal in our daily living. Secondly, the paper will examine the impact of Corruption Perception Index and corruption ranking of Nigeria economy.

1.4 Research Questions

1. To what extent has corruption hampered economic development?
2. To what extent has corruption ranking of Nigeria affected its economic growth?
3. To what extent has corruption perception index affected the economic growth?
4. To what extent has leadership style in the country encourage the war against corruption?
5. To what extent has corruption encouraged poverty alleviation in Nigeria?

1.5 Research Hypothesis

H₀₁: there is no significant relationship between corruption and economic development.

H₀₂: Nigeria corruption ranking has no significant effect on her GDP.

2.1 Literature Review

The literature review is divided into three phases: conceptual, theoretical and empirical. This is done in order to draw the meaning of the topic of discuss.

Conceptual frame work

Adeagbo (2015), stated that corruption is an age long history and being an international perplexing phenomena in human society. He tried to view the definition of corruption from perspectives of different scholars. Not surprisingly, there is seldom consensus as to what exactly constitutes this concept. Consequently, there is always a danger that several people may engage in a discussion about corruption while each is talking about a different thing entirely. Corruption is relative term, which has varied meaning and definition. As such we shall explore different definitions of the term corruption from different scholars. According to Tolu and Ogunro (2012), corruption is a behavioral attitude contrary to or at the variance with the set rules and agreed norms. The definition from its perspective addresses corruption as a “deviant attitude”, that means, a behavior which is not in tandem with the required norms. Ngouo (2000) defines corruption as the exploitation of public positions for private benefits. She also stated that the lack of any civil spirit among all categories of civil servants leads to corruption and misappropriation of public funds. Nageri, Gunu and Abdul (2013) see corruption as behavior, which deviates from the formal rules of governing the actions of someone in a position of authority. Andrig and Fjelstad (2001) see corruption as a “complex and multifaceted phenomenon with multiple causes and effects, as

it takes on various forms and contexts". According to them, one of the major difficulties in conceptualizing corruption is that while it is difficult to disappear it has a capacity to take on new forms (Andrig and Fjelstad, 2001). In a similar fashion, Tanzi (1998) maintains that while it is difficult to define corruption, the crisis associated with corruption is not difficult to recognize.

Gyimah (2002), opine that Corruption is a word that has been defined differently by both practitioners and academicians who study corruption. "It means different things to different people depending on the individual's cultural background, discipline and political leaning" (Gyimah, 2002:186).

Dahida (2013) states that corruption is insidious involving often the bribery and extortion cases, the giver and taker, both of who are unwilling to reveal the occurrence of corruption. It is also complex that our understanding of the extent of its impact especially remains limited. If corruption is a complex phenomenon, then a proper understanding of its impact must not only focus on the perpetrators but also on the specific conditions in which it occurs. Corruption can be classified. Grand or petty corruption is said to be more prevalent in societies with weak observance of the rule of law. Corruption can also be passive or active. No matter the category, it has its circumstantial consequences. Rule of law can be used to describe respect for laws and regulations. It is a complex concept as it could be a manifestation as well as a symptom of corruption (Dahida 2013: 77).

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It has been acknowledged that corruption and its practices are both endemic and systemic in both public and private sectors of Nigerian economy. The debilitating effects of corruption on the country are enormous. It affects the routine processes of governance both in public and private sectors, and it pollutes the business environment generally. It also undermines the integrity of government and public institutions (Omenka: 2013:39). Corruption therefore is a major set-back to the advancement of economic being of the country.

Many of the countries with manifestation of corrupt practices have not made progress in all facet of human endeavor. It retards growth and slows down the pace of economy growth. Corruption is still a problem to be continuously dealt with as there are still evidence of persisting attitudes of cynicism, selfishness, greed and narrow mindedness especially among the leadership class. From the above statement, its deduced that corruption is still a cankerworm that has eaten deep into the fabrics of the society. Documented evidence indicates that corruption is a serious problem in Nigeria one is at loss as to where to begin Adeagbo (2015). From the numerous white elephant projects to the bribes received by the police officer on the road or the clerk in government office, examples abound. Corruption in Nigeria has reached an alarming rate that it seems every effort made by successive governments to tackle the monster has been without any result to the extent that becoming, corrupt to an average Nigerian is almost unavoidable since struggling for survival has become the order of the day. It has become a culture that triggers people to stop at nothing in order to clinch to the seat of power so as to swim and bath in the ocean of life of corruption. Most pathetic is the fact that some men and women of God (as claimed) who should keep the menace at wide berth enjoy corrupt practices much more than corruption itself. Despite the fact that corruption was one of the reasons given by the military for over throwing the first civilian government (1960 - 1966) the succeeding military regimes of General J.T.U Aguyi Ironsi and General Gowon regime itself was seen to be very corrupt.

Corruption was advanced as the reasons why the regime of Gowon was toppled by Muritala Mohammad in July 1975. The successive military regime General Muritala Muhammad was then expected to make better effort at combating corruption. They made poignant efforts to investigate the activities of the past government, whom they said was riddled with corruption. The assets of those found to be guilty were seized by the government in power. The regime also established some anticorruption agencies before they left office in 1979. However, the successor Shegu Shagari (1979-1983) a civilian regime was also accused of avalanche of corrupt practices, this warranted the military juntas led by Gen. Buhari taking over power on December 31, 1983. The military government of General Buhari (1984-1985) launched the programme "WAI" (War Against Indiscipline) to, among others, combat corruption which recorded a remarkable success.

A special military tribunal was set up to recover public property from the erstwhile politicians and those found guilty were handed stiff prison sentences but Nigerians soon started blaming the new discipline order, then the regime was over thrown by Chief of Army staff Ibrahim Babaginda (IBB) who dismantled the previous regime anti-corruption programme hence his successors such as Shonekan, General Abacha and Obasanjo

constituted various committee such as War Against Indiscipline and Corruption (WAIC), Independent Corrupt Practices and other related offences Commission (ICPC), Economic and Financial Crimes Commission (EFCC) etc. to fight corruption all of which have little efficiencies. Corruption has turned down the moral preaching and belief that “honesty is the best policy,” instead many people especially those at the corridor of power the political office holder, have acquired wealth and property both in and outside country through corrupt means. Corrupt leaders tend to cling to power in the knowledge that their activities will not undergo the scrutiny of an open government. This desperate desire for self preservation ultimately results in very ruthless repression of individuals and groups that advocate for democracy and accountability.

At the individual level, allocation of jobs and the assignment of responsibilities and rewards are not based on merit or potentials but rather on who has the resources and willingness to grease the palms of those in-charge. Some commentators say that corruption is endemic in all governments and that it is not peculiar to any continent, region and ethnic group. It cuts across faith, religious denominations and political systems and affects both young and old. It was observed that corruption operates both in democratic and dictatorial political, feudal, capitalist, mixed and socialist economies. Christian, Muslim, Traditional, Hindu and Buddhist cultures are equally bedeviled by corruption. Ancient civilizations have traces of wide spread illegality and corruption. According to Lipset and Lenz (2000) cited in Adeagbo and Lawal (2011), corruption has been ubiquitous in complex societies from ancient Egypt, Israel, Rome down to the present. However, this does not mean that the magnitude of corruption is equal in every society; some countries are more corrupt than others. From the foregoing, corruption can be viewed as a global phenomenon, not peculiar to Nigeria alone, however, the nature is pandemic in Nigeria (and in many other African and Asian nations), having serious economic effect which need to be tackled for proper development of the nation. Consequent upon this, the objective of this study is to examine the effect of corruption on the Nigerian economy. The specific objectives include:

- i. To examine the meaning, nature, state and causes of corruption with specific regards to Less Developed Countries (LDCs), Nigeria in particular,
- ii. To examine if the national economy actually need to be reformed/transformed
- iii. To examine if corruption has a negative effect on National development.
- iv. To offer suggestions on how to curb the menace and transform the Nation.

2.1.1 Types of Corruption

Nageri, Dunu and Abdul (2013), out lined four types of corrupt practices in Nigeria. Which are as follows:

- a. **Moral Corruption:** This type corruption is exhibited in sexual pervasiveness, greed especially in interpersonal relationships, leaking of official secrete or defamation of character of a person to obtain undue favour, indecent dressing or appearance etc.
- b. **Economic Corruption:** This involves the production of fake or substandard products with the intension of making more benefit at the detriment of the user, piracy i.e. copying another person’s intellectual property to illegally enrich oneself (Plagiarism), fraud at all levels etc.
- c. **Political and Bureaucratic corruption:** this is a type of corruption where one in position of trust illegally, and unethically exploit the system by taking advantage of his position. For instance unauthorized use of official property for oneself no matter how little. It is therefore corruption against the state or its agencies by a person holding an official position in pursuit of private or personal profit.
- d. **Electoral Corruption:** This has to do with electoral frauds such as election rigging, manipulations, ballot stuffing, registration of under age, and many others.

However, Ettah (2012), added the following other forms of corruption in his work, which is shown as below:

- a. **Bureaucratic Corruption:** This can also be referred to as administrative corruption. It “exhibits many of the pricing characteristics of the economic free market”, in which the forces of demand and supply interact freely to determine price. The bureaucrat (the seller) and the client (buyer) usually involve in pricing different from the official (government) price (cost). Some services may be highly inelastic, while some, less essential, may have greater elasticity. Both the buyer and the seller are seeking private interest. Administrative corruption is daily encountered by people at places such as police stations, taxing and licensing offices, hospitals, schools, immigration offices, customs offices.
- b. **Electoral Corruption:** This involves the selling and buying of votes with money, or with promises of political offices or special favours by politicians. It involves, intimidation, killing, maiming, jailing and kidnapping of an opposition or his or her relatives. It is the twisting of the constitutionally-accepted political process, where votes are cast in private houses instead of legally-approved polls, where votes are returned in thousands from where no votes were cast; where electoral officials are bribed, or are forced at gun point, to alter election results, leading to losers being announced as, and becoming winners.
- c. **Political Corruption:** This involves the formulation and implementation of laws, by the politician and political decision - makers, to favour the already corrupt politicians. It involves the directing of the affairs of political institutions to favour the politicians at the detriment of the masses (Dike, 2004).

- d. **Nepotism:** This is the giving of special (unfair) advantages by one in a position of power to one's kinfolk and family members. It can also be seen as exempting of one's kinfolk or family members from due punishment.
- e. **Favouritism:** This is an act of unfairly treating one person better than others in the same category.
- f. **Extortion:** This is the extraction of money or other resources from people by the use of force and violence. It involves the use of power and office to extract money and other resources from people for whom the power and office suppose to protect. This is very common in the Nigerian Police, Road Safety, etc.
- g. **Embezzlement:** This is the stealing of monies under one's control, but does not belong to one. It involves the conversion of public funds to private or personal use, with subsequent neglect or abandonment of the responsibilities for which the funds were intended.
- h. **Fraud:** This is an act of cheating somebody in order to get money or goods illegally. It involves dealing with people in dishonest and deceitful ways in order to deprive them of their monies, advantages, goods, resources, and convert same to personal gains.
- i. **Bribery:** In this article, we regard bribery as an act of giving and taking anything tangible or intangible (service), sometimes, as agreed by parties involved, the giver and the acceptor, or as imposed on the giver by the acceptor, with the intention to pervert justice or twist the due process, either in the present or in future.
- j. **Religious Corruption:** In our exposé, we will focus on, but not limited to, religions that use the Holy Bible as their rule of faith. "Religious corruption" shall be used in this article in a broad perspective to mean preaching of the gospel and carrying out of other religious rites and activities by the leaders and members of religious groups or congregations with the expectation of making merchandize (2 Pet.2:3). "Religious corruption", therefore, involves false claim, by religious leaders and "channels" (that is, people who claim that the "LORD" usually gives them messages about future events and occurrences to other people) to have knowledge about the future, thereby prophesying about future deaths, calamities, fortunes and misfortunes, and the promise of being able to either waive or cause such events to be, with the expectation of getting money or other items from the person to whom the prophesies were spoken, at the time of the prophecy or in future. It involves speaking by intuition, experience, or outright lying, for pecuniary gains, yet claiming to hear or have heard from the "LORD".

2.2.2 Anti-Corruption Efforts in Nigeria

As exposed above corruption has been a bane in the economic development in Nigeria. This situation is made worse by the lack of strong institutions that could tackle the recalcitrant corruption in Nigeria. With the inception of democracy led by Chief Olusengun Obasanjo, in 2000, ICPC was established, this is followed by the establishment EFCC Act (2004) and the Money Laundering (Prohibition) Act, 2004 (Usman 2013). Usman (2013) stated that these Acts made comprehensive provisions to prohibit the laundering of the proceeds of a crime an illegal act, provide appropriate penalties and expands the interpretation of financial institutions, it also provides scope of supervision of regulatory authorities on corrupt activities among others. Since the coming on board of these anti financial crime agencies, their contributions to curbing financial crimes are enlisted as below:

Table 1.1: Showing Effort by the Anti-Graft Commissions at Combating Corruption in Nigeria

ISSUES/AGENCIES	EFCC	ICPC
Number of persons arraigned	(300)+	185
Number of convictions	(145)+	20
Value of assets/funds recovered	₦725 billion	₦3.9 billion

Usman: 2013

It is important to note that Nigeria has taken steps towards complying with the Extractive Industries Transparency Initiative (EITI), which includes conducting comprehensive audits of the petroleum sector (World Bank, 2006). The inception Yar'adua administration, the Public Procurement Act (PPA) and the due process office, i.e. the E-payment (since January, 2009) and the e-procurement (since 2008) to improve transparency in public procurements was introduced (Ademola, 2011). With the coming on board of Buhari Administration, he introduced the Single Treasury Accounts (TSA). The aim of the TSA is to reduce the proliferation of bank accounts operated by ministries, departments and agencies towards promoting financial accountability among governmental organs. The compliance of the policy in Nigeria created challenges for majority of the MDAs. Commercial banks in Nigeria remitted over 2 trillion naira worth of idle and active government deposits with full implementation of this policy in 2016. (treasury single account-wikipedia)

2.1.3 Causes of Corruption in Nigeria.

According to Omenka (2013) the major causes of corruption can be linked to the nature of the economy of a particular society. The impute of this is that the economic situation of a society play significant role to determine the behavioral pattern predominately found in such society. The nature of the Nigerian economy and the way it has been managed largely account for the mode of economic behaviour of the various actors in

Nigeria. The under-listed factor are some of the causes of corruption in Nigeria:

- (a) **Poverty:** the poverty rate in Nigeria is very high. According to National Board of Statistics (NBS) the poverty rate of poverty in Nigeria stood at 54 percent (NBS 2011). The level of poverty among Nigerian shape their attitude towards corruption. Therefore, people believe that corruption is heightened by the pervasive and chronic poverty, high level of material deprivation and other structural inequalities. Considering this Shamija, (2006:112) asserts that, corruption is a mechanism adopted by Nigerians to cope with or avert poverty, particularly in the urban centres where the high cost of living may be an inducement for corruption. For in example, a situation where workers' salaries or wages are under paid or are owed salaries or wages for a long period of time, such workers may be enticed to engaged in corruption to provide succor for their families and themselves.
- (b) **Cultural Foundations:** In certain quarters people may unwittingly get entangled with corruption due to cultural background. Bedford (2000) in his attempt to form opinion on Nigerian corruption, identifies tribal loyalties as the foundation of corruption. Therefore, our culture tendencies can aggravate some corrupt practices. Omenka (2013) subsisted that sharing of bribes and favours has become the order of the day; there is hardly the motivation to become honest. This has become a subculture where corruption is accepted to be the normal course of life with the obvious risk of it becoming institutionalized. The traditional culture has internalized the concept of the "big man" marked by ostentations wealth and numerous clients, retainers, and hangers-on. This attitude of trying to serve one cultural background has breed clannishness, nepotism and favouritism on the public office holder, who would be under intense pressure to satisfy the interest of his people. The resultant effect of such behavior is putting ineptitude, putting a round peg in square hole just because he is my brother. Meritocracy is killed. A situation where a less qualified person, who is unfit for public position is given a job in expense of qualified persons and the economy. This is one of the biggest cause of administrative corruption in Nigeria. Once in these positions all methods (whether legal or illegal) are employed to ensure that their kinfolk have what is referred to in Nigeria's parlance as "our share of the national cake", not minding whether it is fair or whether the imbalance so created is blatantly unreasonable (Ayua 2001). Secondly, public position are seen by relations of such officeholder to take their part of the national cake whether right or wrong.
- (c) **Inability of Government to sanction Corruption:** the inability of government to deal decisively with corrupt individuals encourages corruption. It is common practice for government to set panel of inquiries to investigate persons alleged to have committed act of corruption after which the matter is swept under the carpet. For instance, the move by EFCC and ICPC in fighting corruption has not yield expected fruitful results. Many high profile persons accused of corruption are seem walking free on the streets or on perpetual court trial. This is an incentive to commit crime. Where court judgment is obtained against a corrupt person, the penalty is so insignificant to discourage corrupt practices.
- (d) **Weak institutions of government:** another breeding ground for corruption in Nigeria is our weak institutions of government. Corrupt tendencies are further enhanced when governmental institutions are weak. For example a tax imposes confiscation rates may fuel bribe-taking behaviour, as tax payers will prefer to bribe and pay less tax. This brings to mind the administration of the pension scheme in Nigeria which was been characterized by emblezzement and outright misappropriation of funds (ThisDay, March 27, 2007).
- (e) **Lack of Exemplary leadership:** it is said that he who goes to equity must go with clean hands. Therefore, those in position of trust must exhibit transparency and integrity in the conduct of the affairs of the government. The citizens looks unto the leaders and their body language speaks volume. Lack of exemplary leadership is a problem that has lingered since Nigeria's independence. Both civilian and military leaders have had selfish motives for their decisions and policies instead of the interest of the nation. As Achebe (1983:1) quoted in Omenuko (2013) expressed: "The trouble with Nigeria is simply and squarely a failure of leadership... The Nigerian problem is the unwillingness or inability of its leaders to rise to the responsibility or the challenge of personal example which are hall marks of true leadership".

2.2 Empirical Review

To fully understand the context of the literature in a research of this type, various works of other researchers in similar topic is reviewed. In line with this, the following literatures were empirically reviewed: Adeagbo (2015), in his research: Corruption: The Bane of National Development in Nigeria, concentrated efforts on evaluating the effect of corruption on the Nigeria's economy. The study employs a self-designed questionnaire validated by experts to collect required data. The data so collected were analyzed using simple percentage and tabular. They found that corruption and good governance in Nigeria are two parallel lines that will never meet and that corrupt practices do impede the country's socio-economic development. The study also discovered that taming the surge

of corruption will help a lot in transforming Nigeria economy for better. Based on the above, he recommended among others that empowering the audit office by law to query irregularities from top to bottom with the rule of "no sacred cow" while a mechanism is put in place to protect the audit, melting of stiffer measures along with payback system for corrupt individuals, payment of employment stipends and allowances to young unemployed graduates on monthly basis till they are able to secure gainful employment, among others are proposed.

Omenka (2013), in his research "The Effect of Corruption on Development in Nigeria" *investigated the effects of corruption on Nigeria's developmental efforts. The work utilizes data through secondary sources and relies on the extractive theory as a framework of analysis to explore incidences of corruption and its effects on Nigeria's developmental strides. It identifies the causes of corruption to include poverty, pressure from families, community ethnic loyalties among others. The paper also understudies the Power Sector and Family Support Programme (FSP) to highlight the effects of corruption on government policies at development. Finally, it recommends among other strategies the implementation of stiff penalties such as execution of corrupt people, leadership recruitment by merit and the provision of basic amenities for the people as solution to the corrupt nature of the Nigerian society.*

Akangbe (2013), wrote extensively on corruption as a bane Under-Development in Nigeria: Issues and Challenges. He was of the opinion that corruption is widespread in most government in Nigeria not because the people are different from people from other part of the World, but because the society is conducive for it. He proffered the reasons for his exertion which include the Leadership styles that encourage corruption at all level, the motivation to earn income from among the civil servants is relatively stronger; exacerbated by poverty, under-employment and low wages. In Nigeria, accountability is generally weak, political competitions and civil liberties are often restricted. Laws and principles of ethics in government are poorly developed and the legal institutions charged with enforcing them (ICPC and EFCC) are ill- prepared. In concluding his research work he suggested that there is need for improvement in the socio- economic life of the people and leadership by example; punitive measures on corruption practices and value re -orientation as well as independence of enforcement agencies.

Nageri, Gunu and Abdul (2013), carried out a research on corruption and economic development evidence from Nigeria. The study investigated the impact of corruption on economic development in Nigeria. They used secondary data for the analysis of the result were they sourced from world bank reports on Nigeria and corruption reports from transparency international on Nigeria. The data were analysed using the Ordinary Least Square (OLS) regression technique. Hypothesis tested with respect to Corruption Perception Index (CPI) was not accepted implying that the tests were statistically significant, meaning that Corruption Perception Index (CPI), a proxy for corruption in this research negatively affects economic development. On the other hand, the hypothesis tested on the Corruption Rank (CR) of Nigeria and Relative Corruption Ranking (RCR) of Nigeria among countries under review was not accepted meaning that the relative position of Nigeria among countries under review and Nigeria's rank on corruption cadre is also statistically significant.

They found that corruption has a significant negative effect on economic growth and development. In conclusion they recommended that the Nigerian government should employ the strict application of anti-corruption codes as stipulated in the legislations that created the anticorruption agency without prejudice or double standard irrespective of the culprit's stature or position in the society. Transparency, accountability and the application of the rule of law in dealing with corrupt government officials and politicians can lead to improved CPI ranking, induce investment, and foster economic growth and development.

Usman (2013), carried a research on corruption in Nigeria: a challenge to sustainable development in the fourth republic. They made attempt to conceptualize corruption and sustainable development. The research was based on qualitative content analysis, historically influenced and cultural theory tool of analysis was also used. He was of the opinion that corruption in fourth republic in Nigeria was carried out with impunity with little or no effort at bringing the perpetrators to justice. Despite the establishment of the anti-graft commissions by the Obasanjo Administration, corruption has continued to escalate like wildfire. Therefore, he concentrated efforts to extrapolate the factors that were responsible for this high profile corrupt practices in Nigeria and this were traceable to historical and cultural factors of the components that make up the country. The amalgamation of Nigeria in 1914 by Sir Frederick Lugard placed the three major ethnic groups in the country advantaged over the minority ethnic groups. The minorities, who felt insecure in the hands of the major ethnic groups therefore, resorted to manipulations just as the major ethnic groups attempt to maneuver their ways. It is this suspicious attitude of the people that make up the country for one another, and for what a person in position is likely to be, that results in corrupt practices. It is therefore, the contention of this paper that unless this phenomenon is fought with every decorum it deserves by the Federal government of Nigeria, sustainable development will be a mirage with dare consequences on the economy, the citizenry and on our collective image globally. The anti-graft commissions should therefore be empowered to work assiduously without being molested or interfered with by the government. The paper contended that unless good. Another researcher Ettah (2012) carried out a research work on corruption and economic development in Nigeria: A materialistic observation. The examine the effects

of corruption on economic development in Nigeria. It highlights the probable root – causes of corruption, and the likely factors that give vent to its exacerbation in the Nigerian economy. The paper examines the apparent machinery through which corruption impairs economic development in Nigeria. To meaningfully curb corruption in Nigeria, a selfless, disciplined, and visionary leadership is inevitable. The Nigerian judicial system should make the courts to, indeed, function as “courts of justice”, and allow the law to be practically “blind” in its operations. More so, Nigeria’s mode of production should change from the one (the present), which engenders and supports income inequality among the people to the one characterized by equity and justice in the distribution of national output. For without which, anti – corruption strategies adopted in Nigeria will have very little or no effect, and corruption will not attenuate, but rather it will accentuate. And the yearning for meaningful economic development in Nigeria will aptly be equated with the yearning for hair by the lizard.

Tolu and Ogunro (2012), carried out a research on Combating Corruption in Nigeria. They see Corruption as a bane to good governance and obstacle to development of any nation. In their thought Nigeria in the last fifty years has been thriving and flourishing in corruption with little or no serious effort at combating it. Corruption has become a popular language in virtually every household in Nigeria. Consequent upon this, an average Nigerian is generally believed to be corrupt in one way or the other, thereby making Nigeria to be rated high at all times in corruption. This paper examines types, causes and effects of corruption in Nigeria. They used secondary data as its sources of information. It concludes that corruption must be vehemently deterred and genuinely fought so as to ensure good governance and sustainable development.

Agba (2010), rather took a divine option to combating corruption in Nigeria in his research titled: Combating Corruption for Sustainable Developmental Growth in Nigeria: Exploring the Paradigm of Divine Option. He blamed the precarious situation Nigeria has found herself in corrupt practices on the leadership insincerity. However, he opined that divine solution be sought as the way out of the quagmire.

2.3 Research Gap

Having reviewed empirically, the literature and works of other researchers in similar areas, it becomes imperative to point out the gap noticed among these works which the present research would seek to fill. Firstly, this work is a continuation of research on the corruption and its consequences. Most research on this area used primary data as the basis of forming research opinion. The few works which the researcher come across that used secondary data as specified in the methodology above, none has extended its scope to the year 2015 using but has extended its scope to year 2015. Secondly, most of the recommendations made by previous research work which the research consulted were vague and not certain. The research tries to make certain definite recommendations that will act as detriment to commit act of corruption.

3.1 METHODOLOGY

The Ordinary Least Square (OLS) regression technique was used. Secondary data were employed for the analysis of the data, which were sources from Central Bank of Nigeria statistical bulletin from 1996 to 2016, from where the GDP is source. GDP is the proxy for economic development. Also, secondary data were sources from Transparency International Corruption Index from the period, from where the ranking of Nigeria in corruption perception is determined. The dependent variable is the Nigerian economic development represented by the GDP of Nigerian economy in dollar denomination while the independent variable is the Corruption Perception Index, and in the same vein the Corruption Rank and the Relative Corruption Rank were also used as independent variables.

3.1.1 Model Specification

The model formulated for this work in its functional form can be expressed as follows:

$$GDP = F(CPI)$$

$$GDP = F(CR + RCR)$$

Where GDP=Gross Domestic Product, CPI=Corruption Perception Index, CR=Corruption Rank, RCR=Relative Corruption Rank.

The linear form of the model is expressed as:

$$GDP = \beta_1 + \beta_2 CPI$$

$$GDP = \beta_1 + \beta_2 CR + \beta_3 RCR$$

The econometric form of the model that includes the error term is expressed as:

$$GDP = \beta_1 + \beta_2 CPI + \mu$$

$$GDP = \alpha_1 + \alpha_2 CR + \alpha_3 RCR + \mu$$

Where μ is the error term.

The parameters for estimation are β_2 , α_2 , α_3 .

Year	GDP	CPI	CR	RCR
1996	4,032.30	0.96	1	54
1997	4,189.25	1.76	1	52
1998	3,989.45	1.9	5	81
1999	4,679.21	1.6	2	98
2000	6713.57	1.2	1	90
2001	6,895.20	1	2	90
2002	7,795.76	1.6	2	101
2003	9,913.52	1.4	2	132
2004	11,411.07	1.6	3	144
2005	14,610.88	1.9	6	152
2006	18,564.59	2.2	14	142
2007	20,657.32	2.2	32	147
2008	24,296.33	2.7	49	121
2009	24,794.24	2.5	43	130
2010	54,204.80	2.4	37	134
2011	63,713.36	2.4	33	143
2012	72,599.63	2.7	34	139
2013	81,009.96	2.5	32	144
2014	90,136.98	2.7	28	136
2015	95,177.74	2.6	32	136

Source: Transparency international and World Bank report on Nigeria.

GDP= Gross Domestic Product in billion dollars, CPI= corruption Perception Index, CR= Corruption Rank, RCR= Relative Corruption Rank.

Data Analysis and Results

Dependent Variable: GDP				
Method: Least Squares				
Date: 12/11/17 Time: 00:22				
Sample: 1996 2015				
Included observations: 20				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-50378.18	27845.47	-1.809206	0.0881
CPI	40314.00	18459.32	2.183937	0.0433
CR	60.29361	624.6380	0.096526	0.9242
R-squared	0.573747	Mean dependent var		30969.26
Adjusted R-squared	0.523599	S.D. dependent var		32016.33
S.E. of regression	22098.25	Akaike info criterion		22.98187
Sum squared resid	8.30E+09	Schwarz criterion		23.13123
Log likelihood	-226.8187	Hannan-Quinn criter.		23.01102
F-statistic	11.44119	Durbin-Watson stat		0.538753
Prob(F-statistic)	0.000712			

Source: E-View statistical analysis result, 2017.

From the above, $\beta_1 = -50378.18$, $\beta_2 = 40314$ and $\beta_3 = 60.29$. The results indicates that with the coefficient of the two independent variables being positive, it implies that the CPI has positive relationship with GDP and CR has positive effect on GDP. The significance of the results is however discussed under the hypothesis tests.

3.2 Test of Hypotheses

Hypothesis 1

Ho1: There is no significant relationship between the CPI of Nigeria and her GDP.

The result of hypothesis 1 is indicated by t-statistics (probability). From the analysis table above, P-value for CPI is 0.0433 which is less than the significance level of 0.05 (5%); therefore, the null hypothesis which states that there is no significant relationship between CPI and GDP is rejected and the alternative hypothesis that the two

variables relate significantly is adopted.

Hypothesis 2

Ho2: Nigeria corruption ranking has no significant effect on her GDP.

For the second hypothesis, the t-statistics (probability), i.e. the p-value from the analysis table above is 0.9242 which is greater than the significance level of 0.05 (5%); therefore, the null hypothesis which states that Nigeria corruption ranking has no significant effect on her GDP is accepted while the associating alternative hypothesis is rejected.

4.1 Summary and Conclusion

The study has an overview of corruption and its negative consequences on economic prosperity any nation especially Nigeria. A country with abundant wealth but too many squalor. From the literature we have reviewed above, corruption has been linked to the nose-diving of Nigeria economy, high rate of unemployment, increased in crime rate, low foreign direct investment, etc. Corruption has been a serious setback on the economic development of Nigeria. Ordinarily, it is expected that with the huge foreign exchange earned by the country through oil revenue, that country will be economically stable. However, this is not the case, Nigeria has gone into economic recession, unemployment is on increase, no stable infrastructure in place. Despite the introduction of the corruption fighting agencies like the EFCC and ICPC, corrupt still rare its ugly head. Therefore the specific aim of the study is to identify corruption as a militating factor to economic growth in Nigeria. Other secondary objectives include: to determine the relationship between the corruption perception index (CPI) and the gross domestic product (GDP) of Nigeria. Finally to examine the effect of Nigeria corruption rank (CR) and the nation's GDP. The study found out from the test of hypotheses one and two that CPI and corruption ranking of Nigeria has significant relationship with the GDP. The impact of this finding depicts that the higher the CPI and corruption ranking of Nigeria the worst off the GDP of Nigeria. As such Nigeria has been ranked amongst the worst corrupt Nations. This is the bane on the economic development of Nigeria, no investor will invest in a country populated by corrupt individual. Unemployment, dilapidation of public infrastructures, lack of basic social amenities, high crime rate, etc which is aftermath of corruption is prevalent in Nigeria despite the existence public agencies saddled with the responsibility of checking corrupt acts.

The EFCC, ICPC and other agents who has the mandate to fight this have been perceived as a political tool to witch-hurt opposition, as revealed in the literature. The law establishing these agencies empowers the executives to use them at will. This has hampered their efficiency because they are dependent on the instructions of the executive to perform their duties when high profile personalities are involved. This is not what a law enforcement agencies should be. The study concludes that corruption has negatively affected economic growth and development in Nigeria.

Based on the findings of the study, the following policy recommendations made:

- That the law enforcement agencies concerned with curbing corruption should be empowered by law without interference from any person or group of persons to carry-out their duties effectively.
- Since the CPI and CR have significant effect on GDP and international institutions rely on this report, the yardstick used by Transparency International to rank countries as highly corrupt or less corrupt should be put to public domain through systematic campaign by the national agencies charged with social re-orientation (National Orientation Agency) and religious organizations have enormous responsibilities here. If the consciousness of Nigerian are enlightened then the problems are solved. This will help in rebranding Nigeria and improve the image of the country abroad. This will have positive effect on both FDI, local productivity, lower crime rate, improve standard of living and indeed improve the GDP
- The existing laws which deals with corruption should be strengthened where necessary or repeal to give way for a better law which will be in line with the egregious corruption practices by private and public persons. The penalty for corruption should be made stringent. For instance, any person who has been adjudged as corrupt by competent court of law should be made to refund two times the value of what was stolen with interest rolling over from the first day the corruption act was committed.
- The anti-graft agencies should be equipped technologically with the data base information of Nigerians which can always be updated in order to encourage accountability of earnings and spending of Nigerians. Additionally, the agencies should be made to independent of government interference in discharging its duties.
- The salaries and wages of worker must be made as a priority. From the literature, it was discovered that poverty induces corruption. When an average worker is paid his wages, corruption becomes less attractive. Especially, the social welfare package of those in-charge with dispensation of justice should be made attractive to discourage corruption among such personnel, for instance: Judges, Police, ICPC staff, EFCC Staff etc. This is not to say that workers in other sector of the economy should be neglected.
- The government should be ready to take a bold step to serve as an example by practicing good governance, transparency, accountability with economic issues so that Nigerians will begin to believe in the system of

government. Unnecessary government spending on duplications of offices, and bureaucracies should be reduced to its bearable minimum. The fund should be used for developmental purposes to foster equal distribution of incomes, and the execution of developmental capital projects, etc.

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