

Effect of Corruption on Economic and Societal Development A Review of the Nigerian Economic and Political Environment: *The Executive Perspective*

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Abstract: *The study examined the effect of corruption on economic and societal development and also discussed the causes and effect of corruption. The study established the causes of corruption in Nigeria to socio-cultural and the political and economic situation of the country. The study revealed that corruption has been responsible for the instability of successive Nigerian administration since independence to date. Besides, it creates negative image and loss of much needed revenue for developmental purposes: it devalues the quality of human life: robs educational and health sectors of revenues; it slows down administrative processes thereby making the execution of government policies to be ineffective and efficient. The study recommends that, enlightenment of the citizen on the danger of excessive materialism, over ambitious, the culture of quick money and local and internet fraud. Besides, the property of any corrupt official should be judged accordingly and should also be jailed as a deterrent to others. Therefore, if certain reforms are not made, corruption is likely to continue to be a challenge regardless of the action directly aimed at fighting it.*

Keywords: Corruption, Development and Economic Growth.

INTRODUCTION

In the quest of civilization and revolution in Nigeria, the whole system has been in total error embedded in corruption and political ethnicity. We could go through the whole process without knowing the fundamentals in building a sustainable society. It has been a common and general knowledge that the cause of the corruption and economic crises in Nigeria is as a result of the abuse of entrusted power for private gain. Corruption like a killing disease has co-existed in the Nigerian society for long, and remains as one of the major challenge confronting the Nigerian society and across different cultures. Corruption corrodes the fabric of the society. Corruption undermines people's trust in political and economic systems, institutions and leadership. It can cost people their freedom, health, money, and sometimes lives. It is undoubtedly one of the greatest challenges in these recent times, a challenge that not only lead to impoverishment and stability of the society (Igbuzor, 2008).

In Nigeria, corruption is one of the unsolved puzzles that have robbed the nation's growth. It remains a major economic, social and political challenge for Nigeria. According to Fashagba (2010), Nigeria search for enduring economic, social, political and technological development as well as efficient and productive allocation of resources that has been undermined by corrupt practices. Corruption has been the major reason why the Nigerian society has not been developed. This can be drawn from transparency international consistent rating of the country as one of the top most corrupt country, but local and international. 45% of the Nigerian youths are engaged with internet fraud as a result of absence of employment opportunities, industrialization, and poor political and educational systems social and economic development. Besides Nigeria has other factors that have battered her political system. There are no other things than the war against political and economic crises. The Economic and Financial Crime Commission (EFCC) have been employed and adopted by the past regime and administrations to curb the evil practices, but all proved abortive, while economic recession is on the rise.

According to the daily times news (1999), "decades after decades, children are born to see and learn of this setbacks of development, why should we allow this to continue? We need to join hands on these corrupt behaviors in other to protect the past and future generations of the Nigerian society. Nigeria was grouped as the second and sixth position of the world most corrupt counties. The sequence of the above position above shows little improvement which is not significant for stopping the worrying of the patriotic Nigerians. The Instinet of corruption normally begins with ungratefulness and greediness. As stated by Malik (1994) the origin of corruption is that it is influenced by the quest for more material wealth. The wealth of this nation is been looked by few privilege individuals know as civil servants and politicians who are busy acquiring their ill gotten wealth by inflating contracts, diverting public assets into personal economy on different ways.

It is against this contest that this study examines corrupt activities in Nigeria. This study is structured in several sections: Introduction, conceptual clarification, theoretical framework, corruption causes, and examination on, effect of corruption, conclusion and recommendations.

Statement of Problem

The public sector is seen as the machinery of the government in achieving meaningful development in the area of infrastructures, capital projects, education, health care, employment and industrialization. The failure to achieve any of these developmental scourges is very important for need immediate attention. The effort of the independent corruption practice commission (ICPC) and the economic and financial crime commission (EFCC) has done little in cubing out offenders in the past years. According to NDDC report (2021), billions of naira is lost to fraudsters and other dubious persons annually. In the survey conducted between, 1999-2000 by PAR, an average of ten billion dollars is lost to corruption (BPP, 2018). The magnitude of this problems and its implication for corruption in the Nigerian political and economic environment has inspired the conduct of this study with a view to have all support in the fight against corruption.

Conceptual Clarification

It is important to attempt a clarification on some concepts which is ideal to the understanding of this study. These concepts are corruption, development and economic growth.

Corruption

Corruption has been defined by many authors and scholars in so many ways. Khan (1996) sees corruption as the act which deviates from the formal rules of conduct governing the actions of someone in a position of public authority because of private regarding motives, such as wealth and status. Gire (1990) defines corruption as a betrayal of trust resulting directly or indirectly from the subordination of public goals to those of the individuals. Thus, a person who engages in nepotism has committed an act of corruption by putting his internal interest over those of the external society.

According to Akara (2012) corruption in all ramifications in any society is the symptoms of the moral indiscipline and moral decadent that can only be arrested and the society regenerated, if only the society itself becomes aware of the conscious of its dangerous descent into the abyss of self extension. Corruption has really affected the public sector and has spilled to other sectors, businesses and households. In the view of year reports of the Nigerian Deposit Insurance Corruption (NDIC) and the various white papers issued in different local governments in Nigeria year in year out, many persons are initiated into different forms of sharp practices.

Gibbons (1976), conceives corruption from the perception of politics. He opined that corruption is the use of a public office in the way that forsake the public interest, form of personal advantage measures in terms of mass opinion , elite opinion or both in order that some form of personal advantage may be achieved at the expense of that public interest. Therefore, corruption can be seen as the deliberate diversion of state resources from the satisfaction of the general interest to that of selfish particular and greedy interest. The issue of corruption in the Nigerian society is perpetrated in a syndicate where both civil servants and political appointees are largely involved.

World Bank defines corruption as the abuse of public power for private benefit. From this definition it should be concluded that corruption cannot exist within private sector activities. In large scale organizations, this phenomenon clearly exists, for instance, in procurement of hiring. It also exists in private activities regulated by government. In many cases of corruption, the abuse of public power is not important for one's private benefit, but it can also be of benefit to one's party, class, family, friends or tribe.

Corruption and Development

Like most concepts in social sciences, there is no consensus among scholars as to its definition. According to Lawal and Tobi (2006), development has been one of the most ambiguous terms in social science discourse and it continues to generate debate among various scholars. Similarly, Olowu (1986) contends that development is probably one of the most depreciated terms in the social sciences. In spite of this however, consensus seems to have emerged. Development is now viewed as bi-focal involving both socio-economic transformation and improvement of material conditions of the people as a whole and an increasing effectiveness and institutionalization of political system (Olowu, 1986). For Todaro (1981), development is a multi-dimensional process involving major changes in social structures, popular attitudes and national institutions as well as the acceleration of economic growth, the reduction of inequality and the eradication of absolute poverty.

Seer (1977) sees development as not only capital accumulation and economic growth but also the condition in which people in a country have adequate food and job and the income inequality among them is greatly reduced.

Development can also, be described as the process whereby people of a particular society harness their resources with a view of having a meaningful development. From the above definitions, there seems to be a negative relationship between corruption and

development. Development is seen as the capacity of a government or system to manage resources effectively and efficiently in order to improve the lots of the people and then corruption can be thus regarded as obstacles to good governance and development. Therefore, corruption can be described as the deliberate diversion of state resources from the satisfaction of the general interest, to that of selfish (personal or particular) interest.

One of the success contributing factors to growth of the conglomerate is the economic drive and exploits opportunities in a developing economy through determine policies and capacity. The group's areas of investment are those sectors that are highly critical and crucial to any developing economy, especially in Nigeria. Hence, this vision is to eliminate corrupt activities and provide basic financial assistance and support, inward looking and backward integration strategies. For example, Usman Dangote understands the inherent constraints of operating in a developing economy and the basic needs of the society, and he structured his business an extended value chains, therefore ensuring the care and service that the organization has become known for (Ogbor, 2016). In view of the above, development is seen as the capacity of a government or system to manage resources effectively and efficiently in order to improve the lots of the people and then corruption can be seen as a negative effect and perceived as obstacles to good governance and development,

Theoretical Review

The theoretical position of this study derives mainly from Ekeh's (1975) Colonialism and the Two Publics in Africa: A Theoretical Statement. This study has been perceived as an attempt to explain fundamental social dynamics in Africa; which underlie and bedevil the political process. The works attempts to account for the amoral public realm in Africa.

According to Ekeh (1975), the historical root of most crises in Africa can be attributed to the alien nature of the states. He contended that the present states in Africa emanated not from within the society as was the case in most parts of western Europe but from outside, as an imposition of the colonial authorities. The process of setting-up this alien structure on largely artificial political structures which brought together formerly separate groups led to the development of public realm as two publics rather than one in addition to the private realm which was coterminous with the society. The civic public refers to the state/government institutions such as military, bureaucracy, political parties, courts, universities and legislatures, all of which were imported wholesale from Europe.

The primordial public was an emergent social formation that evolved out of the dynamics of colonial process to satisfy some of the personal and group demands, which could not be met by the colonial and post colonial states. An example is the ethnic groups. The major difference between the two public was in terms of morality. The primordial public is moral while the civic is mostly amoral. The former is moral because it reflects the base and elemental priority pledged to community membership and a strong sense of citizenship, loyalty and participation while the latter is amoral because it is superficial and largely baseless. It is a place of survival for people to tailor their activities within its amoral state towards fulfilling their expected moral obligations and benefiting/sustaining the primordial public which must not falter (Olutayo & Olutayo, 2009).

According to Joseph (1987), the two publics actually overlap. A second criticism put forward by Joseph (1987), is that the root of some of the problems identified by Ekeh (1975) lies in indigenous Africa political organizations. Put differently, they neither emerged nor were they wholly imported. Osaghae (1994) also criticized the theory on the grounds that it failed to explain the basis for material gain motivation of politics. According to him, any theory which fails to do this is an inadequate theory, considering the centrality of materialism in the legitimacy crisis in Africa (1994). Ekeh's (1975) argument that people plunder the civic public to enrich their kinsfolk has been criticized by Olutayo and Olutayo (2009). They argued that political actors in contemporary Nigeria plunder both the primordial and civic publics to enrich themselves and their nuclear families. In their very words, primordial is nothing but machines to get to power; returns no longer go to the villages (2009). However, despite the limitations of the theory, it is useful in the sense that it enables us to understand the prevalence of corrupt practices as well as the amoral nature of public realm in Nigeria and other developing societies or countries.

Factors Influencing Corruption

The causes of corruption in Nigeria to the nature of Nigeria's political economy, the weak institutions of government, dysfunctional legal system, culture of affluent and ostentatious living and extended family system pressures. Corruption in Nigeria can be attributed to the following factors:

- **Leadership**

When high public officers do not provide the right example, either because they engage in corrupt activities, or such acts are condoned with friends, relatives and political associates, it cannot be expected that the officials in public offices will co-ordinate differently. Thus, the society cannot be corruption free if the high officers do not provide the best example of honesty and accountability. In the Nigeria political system, the judiciary demands offenders pay fines instead of imprisoning them. Also ex ministers and past governors whom are reported to be corrupt, are reappointed to head other ministries in new administration. These do not aid and create good social and political atmosphere that would influence corrupt free society.

- **Regulation and Authorization**

In many countries and especially in the developing societies, the role of state is often administered through the adoption of many laws and regulation. In most of these societies, permits, licenses of various sorts are required to be engaged in many activities. Opening a business, loan request, investing, building a house, obtaining passport, admission into the university, employment, appointments etc require specific documents and authorizations. Often several public offices must approve the activity and several persons must be contacted. The existence of these regulations influences a kind of monopolistic powers to the officials who are in control of these exercises. These officials may use this public power to extract bribes for those who need the authorization. The existence of these regulations requires frequent contacts between citizen and bureaucrats. It may also require lengthy amount of time in acquiring the permit and dealing with the public officials. Therefore, huge fees are attached through the process of bribes, and individuals become agents/middlemen in the course of seeking for these permits and these can be said to be an act of corruption.

- **Transparency of rules, laws and processes**

In Nigeria, the lack of transparency in laws and regulations creates a positive ground for corruption. Rules are often confusing, the document specifying them are not publicly available, rules are changed without properly publicized announcement, laws bills are passed in a way that only trained lawyers can understand and are often conceptualized and confusing about important aspects, thus, leaving grounds for dynamic interpretations. Procedures on policy making and other activities for public projects are equally opaque so that it would be difficult to understand the process that was followed, before a decision is agreed upon. People have made efforts in the past administration to bring more transparency in all the accounts and the actions of the government, but all effort seems to be vague.

- **Pressure Group and Extended Family**

The influence or pressure of extended family system and community can be attributed to corruption in Nigeria, there is allegiance to the extended family, due to this, when one climbs up the social and political ladder, one is expected to and under pressure to commission contracts and job to people of one's community. Therefore, when one tend to these pressures, one might slips into corruption.

- **Value System**

Value system has equally contributed to corruption in many societies. It is such that society does not investigate the background of wealthy people in the society. Once a wealthy person comes up in a society, he or she is instantly recognized to the extent that cultural and traditional titles are given to him/her in all nooks and crannies” of this country. This is a state in which there is no man-hour value as economic reward. Besides, even the monthly meager salary is not even regular thereby giving room to workers to make ends meet by compromising their duties in order to meet up with the exigencies of their daily obligations.

- **Lack of Political Commitment**

The lack of political commitment to fight corruption by the political bodies is yet another factor responsible for corruption in Nigeria. The lukewarm attitude of those saddled with the responsibility of enforcing the law and bringing probity has rather aided corruption. The organs of government, namely: legislature, executive and judiciary as well as the police and other security agents sometimes treat cases of corruption with laissez-faire and lackadaisical attitude, especially if the culprits are highly placed and Influential. All the investigations in both public and private as well as the ones by both the National and State Houses of Assemblies in most cases fizzle out. Moreover, the prevalence of corruption has been attributed to lack of honest leadership.

- **Government Control**

Government control of the economy has also been attributed to the causes of corruption. Nigeria operates a mixed economy with almost government dominant. Both federal, state and local government engage in various areas of economic activities ranging from oil business, to transportation, public utilities and tourist industries. Politicians view state owned enterprises as major sources of wealth, power and means of rewarding party friends and relatives. They contended that inflation contracts, over-invoicing, collection of kick-backs and buying off of public companies at give away prices are primitive means of accumulation of capital that the emergent bourgeoisie in post-colonial countries. Legacy of colonialism is another factor responsible for corruption in Nigeria. This explains why after flag independence, the post-colonial state and government have remained alien to the Africa, Nigeria inclusive.

Effect of Corruption on Societal Development

A society that is faced with the challenges of corruption cannot be viable economically neither can the system generate enough support necessary for the survival of the democratic system. Corruption has deprived Nigerians of benefits of economic development and growth, because scarce resources that should have been employed for industrial and capital projects have gone into private foreign accounts. According to Tony Blair (ibid) this amount is equivalent to all the western aid given to Africa in almost four decades and also equivalent to 300 years of British aid for the continent. It stifles business that are unwilling to engage in this nefarious activity; it also eventually destroys the companies that yields to this practice, thus halting or at least delaying considerably, the march towards economic progress and ultimately sustained development (Gire,1999). It results in loss of much needed revenue, decrease in the level of foreign direct investment and loss of viable businesses by Nigerian banks. It diminishes national prestige and

respect; leads to brain drain, civil unrest, business failures and unemployment; election rigging, absence of law and order and failure of government institutions (Ribadu, 2003).

According to Ribadu (2006), corruption is worse than terrorism because it is responsible for primary collapse of infrastructure and institutions in Nigeria. It has adversely affected governance and the larger social structure. It has crippled the state's ability to deliver for its citizen's enjoyment of ever the minimum social and economic rights, including health and education. This results in retardation of economic development and the deterioration of public infrastructure that has been put in place. Similarly, Mauro (1979) argued that corruption reduces the quality of public infrastructures and services thereby affecting the quality of standard of living of the people.

The kick-backs and other forms of corruption will affect private investment and economic growth. It has made politics a big business in Nigeria. This is because anything spent to secure a political office is regarded as an investment whereby the people feel that they must be settled before casting their votes. It has also affected the electoral process and election funding in Nigeria. Therefore, corruption erodes the civil and political rights of the people; it worsened the problem of low level of political participation and political apathy because of disappointment, frustration and violence that normally attend electoral fraud and political corruption that characterized every transfer of political power. It subverts the democratic principle by denying the masses political sovereignty. It is those who could afford the expensive electoral competition could stand for elective offices. It also widens the gap between the state and the civil society. Below are some common examples:

- i. **Revenue Reduction:** corruption reduces revenue and increase public spending. Thus contributes to larger fiscal deficits, making it difficult for the government to run a sound administration. Corruption influences income inequality, because it allows well positioned individuals to take advantage of the government activities at the cost of the average citizens.
- ii. **Level of Public Wage/Salary:** over the years there have been speculations that the wages paid to civil servants are important in determining the rate of corruption. The rate at which high commissioner earns about fifty (50) times salaries and bonuses over lower ranked public servants or average industrial servants. One can conclude that, there may be corruption due to greed and corruption due to need state. In most cases, regardless of the wage level, some specific officials will be corrupt perhaps because of their own psychological or moral upbringing, or because the bribe on the table may be too attractive to resist. Therefore, there is a significant relationship between wage level and corruption.
- iii. **Market Allocation:** corruption reduces the capacity of the government to influence necessary policy control and impactions to correct market failures. When the government does not perform well, its regulatory control on, financial markets, transport activities, resource allocation and various industries, it loose part of its basis, and increase monopoly for privates business owners.
- iv. **International Trade:** the rise of international trade has created many situations where payment of bribes may be highly beneficial to the organizations that pay them, by giving access to profitable contracts over competitors. Huge bribes have been reported to have been paid to get access to foreign contracts or get access to foreign markets and businesses. When huge business operators begin to pay bribes to get foreign access and businesses, they put pressure on others that have little or no influence to do the same.
- v. **Privatization:** privatization is one factor closely linked with corruption. The public organizations has been a major stream and especially of political corruption in Nigeria. Privatization has created situation, whereby higher political individuals have the power to make certain decision, while others having information and data not available to the public so that they can use the process for their own benefits. Privatization has been used to describe the abuse associated with the transfer of the society's economic resources to private ownership. In Nigeria, some individuals have become wealthy because of this abuse. This has made many citizens skeptical about the future of the Nigerian system. Frequently, they have been used to finance the activities of the political parties and to provide jobs to the individuals of a particular political group. Privatization of non-natural monopolies is a necessary step to reduce this form of corruption, because it erases an instrument often used especially in political and economic corruption. This process can be adopted in the area of custom service administration.
- vi. **Spending Decision:** corruption is also influenced by public spending, it relates to the supply of goods, service and investment projects by the government. High public officials in charge of the distribution of these projects have lent themselves to regular acts of high corruption. Because of the discretion of that high positioned public officials regarding public expenditure and projects, can become very distorting, in size and composition of corruption. Public project is said to provide opportunities to the citizens or some person to get contracts. This has reduced the productivity of this expenditure and has resulted in projects which would not have been justified on objective criteria of investment selection. Therefore, there should be measures to reduce full political control that are more likely to accompany budget spending. The money received from crude sales and other factors should be channeled to specific account, so that transparency and effective control will be fully utilized.
- vii. **Penalty Systems:** penalty imposed on corrupt activities play a vital role in the probability that a crime will take place. Corruption could be reduced by placing a high penalty on those who are found guilty. Similarly, higher penalty may reduce the rate of corrupt activities, but may also lead to the demand of higher bribes on the corrupt act that still take

place. In Nigeria, there seems to be a huge gap, between the penalties specified in the laws and the penalties that are effectively imposed. The procedure on offenders and especially high political officials is often slow and cumbersome. Due to process and the need to provide incontrovertible evidence are highly hurdled. The accusers are often reluctant to come forward and to spend time and effort to undergo the process that requires punishment and penalty. Some countries have recently placed death penalty on individuals involved in high corruption. However, some acts of corruption may still go unpunished so that uncertainty prevails on the treatment of individuals accused of corruption. This may lead to the perception that penalties are applied selectively, especially when the act is politically motivated.

Summary

Many studies have revealed that corruption had been in existence for a long time, in recent time, it has attracted huge attention. The factors that promote corruption are those that influence corrupt activities (divert resource allocation, regulation and authorization, negative spending decision, penalty system, level of public wage, leadership etc). It is difficult to measure corruption, but it is possible to measure perception of corruption. Various corruption indices have been introduced by several organizations and have been adopted by several systems. Measures can be taken to reduce corrupt activities, because the fight against corruption cannot be done independently from the need to reform the role of the society. This is because a certain role of the society almost inevitably creates a fertile platform for corruption.

Conclusion

The study examined the effect of corruption in the Nigerian political and economic environment. It discussed the various definitions offered by several authors and also analyzed the causes of corruption in Nigeria. The study attributed the causes of corruption in Nigeria to culture and value system, lack of political commitment or will to fight corruption. The study also analyzed the impacts of corruption on societal development. Some of the factors identified were reduction in the quality of public infrastructures and services; making politics a big business; eroding the civil and political rights of the Masses and democratic principles. Corruption has been a major issue in economic transition, where political officers want to continue to directly influence the activities in all various sectors. Various officers and policy makers have found it difficult to accept the approach of broad base industrialized systems. The Nigerian society can do a lot of intensity of these problems influencing corrupt activities, but no single action will achieve more than a limited improvement and some of the required actions, and major change in existing policies and personnel.

Recommendations

- i. People found to be involved in any corrupt practices should be prosecuted and if found guilty should be judge accordingly, and their property should be confiscated by the government.
- ii. There is need for government as well as organized private sector to increase the wages and salary of their employees in order to improve their living condition as well as reduce poverty.
- iii. Nigerians should be re-colonized to a better value system. This is because Nigerians have for long been living on the survival of the fittest and grab-whatever- comes-your way mentality. Their re-colonization to a good value system would go a long way in the battle against corruption.
- iv. There is also the need for public enlightenment in discouraging excessive materialism and the culture of quick money.
- v. The wage structure and incentives of the lower officials should be addressed and salary differential should be bridge, which is a possible way to retain a more productive and honest individuals.
- vi. Honest and visible commitment by the leadership to fight corruption
- vii. Policy changes that reduces the demand for corruption by scaling down regulations and other policies,

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