

**THE IMPACT OF CORRUPTION ON SUSTAINABLE DEVELOPMENT IN NIGERIA: A  
COMPREHENSIVE VIEW**

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**ABSTRACT**

*Development scholars, not satisfied with the traditional economic measures of development in the 1960s, clamoured for more direct attacks on the widespread absolute poverty, increasing inequitable distributions and rising unemployment in less developed countries. The experiences of the 1950s and 1960s, when many developing nations reached the economic growth targets; defined as economic development in traditional economic literature, without change in the levels of living of the masses of people engendered such frontal attacks. Hence, the new economic view of development, where scholars like Amartya Sen, Dudley Seers, Denis Goulet, among others made immense contributions. Diverse theories of corruption abound, but the theories of redistributive corruption and extractive corruption were discussed. The paper attempts to examine the impact of corruption on the three key indicators of under development; absolute poverty, income inequality and unemployment, to arrive at a comprehensive view of corruption and sustainable development in Nigeria. Drawing conclusions from various empirical works, it was presented that there is strong positive correlation between corruption and poverty. A positive correlation between corruption and income inequality as well as corruption and unemployment. In essence, corruption has a strong native impact on sustainable development in Nigeria. The following recommendations were made: The country should adopt true Fiscal Federalism, Proper electoral reforms should be made, Build strong institutions as well as stipulates stringent punishment for those who commit economic and financial crimes.*

**Key Words:** Corruption, Sustainable Development, Economic Growth, Poverty, Inequality, Unemployment, Elite.

**INTRODUCTION**

Development experts classify problems and issues of National development into two broad divisions. One division has to do with domestic issues; such as Poverty and income inequality, population growth, human capital, agricultural transformation, environmental issues etc. The other division has to do with international and macro problems; such as International Trade, Balance of Payment, Foreign Aids, Finance and Fiscal Policy among others.

However, the problem of corruption encompasses both the domestic and international problems and issues mentioned above. Corruption did not only enforce under development, but also re-enforces the indicators of development in negative directions. "An absence of corruption encourages investment and efforts to expand the pie rather than merely fight over its distribution and thus encourages growth; to this extent, improvements in governance in general and reduction of corruption in particular could be means to accelerate the process of development" Tadaro & Smith (2012). It is widely accepted both locally and internationally that corruption is a major factor that inhibits national development in less development countries.

Corruption is a problem that mainly arises in the interaction between government and the market economy where the government itself is considered as endogenous. This has made corruption so complex to handle; Owing to problems such as, inadequate and unreliable data, weak institutions and some of the stakeholders engaged in anti-corruption fight being also part of the problem. Tackling the problem of corruption reasonably, will go a long way in addressing the issue of national development in Nigeria

## **B THEORETICAL AND CONCEPTUAL FRAMEWORK**

There is no universally accepted definition of corruption. Corruption is the abuse of public trust for private gain; it is a form of stealing or abuse of public office. "Public office is abused through rent seeking activities for private gain when an official accepts, solicits or extorts a bribe. Public office is also abused when private agents actively offer bribes to circumvent public policies and processes for competitive advantage and profit. Public office can also be abused for personal benefit even if no bribe occurs, through patronage and nepotism, the theft of state assets or the diversion of state resources" Alege et al (2014). Corruption occurs when public power is used for personal gains in a manner that contravenes the rule of the game.

### **Theories of Corruption:**

Different theories abound in the literature of corruption. But two of such theories shall be discussed in this paper. The theory of redistributive corruption and that of extractive corruption.

#### **The Theory of Redistributive Corruption.**

In this theory of corruption the state is said to be the weaker partner, in the state society relationship. "Here various social and economic groups, interests or individuals are organized and powerful enough to draw more benefit from the corrupt practices they engage in with the state as a weaker counterpart than is the state and the ruling elite" Inge Amundson (1999). The main beneficiaries are not the political elites, but state resources are depleted and distributed to various groups and interests, depending on the power configurations of the country. However, the distribution of resources only flows among power brokers and does not imply any equal or fair allocation. In this type of political economy, the loser in the system is the state and its regulating capacity. When private citizens, commercial businesses (Local and international) are able to buy national and public resources cheaply, to buy exemptions, privileges and impunity through use of kick-backs and mafia methods, the state will be eroded. The most hurt victims are the poor, because resources are privatized and redistributed according to the ability of the groups to influence policies.

#### **The Theory of Extractive Corruption**

According to this theory, the corrupted (the state or some state agents) benefits the most from corruption and the corrupter is more or less a passive player. Essentially the ruling elite is the strongest force in society, the elite or class uses the state apparatus as its instrument to extract resources from society, and it does so for the benefit of the rulers. The theory mainly applies where the state is the strongest force in society, and where the ruling elite has also developed into a dominant and ruling class, in control of the powers of the state.

The theory is rooted in the democratic settings of less developed countries that can best be described as neo-patrimonialism. In neo-patrimonial system there is no clear distinction between the public and private domain public office and position is seen as a personal right, as such it is treated as a private resource. In this system, politics is used to a large extent to distribute jobs, contracts, scholarships, among others to ones relatives, kinsmen, friends and political supporters. Furthermore, politics is about acquiring wealth and prestige. Corruption, embezzlement, theft and extortion are used to make private fortunes, and political power is used by power-holders to enter into profitable business and to establish monopoly rights, tax exemptions and other advantages for the ruling class. Nationalization, indigenization, privatization, the allocation of monopoly rights, land entitlements, subsidies, subsidized credits, import and export licenses and tariffs and a number of other public resources are likewise distributed according to the patrimonial logic. The poor are again the victims of this corruption and national development suffers adverse effect

Sustainable development is meeting the need of present generation without compromising the need of future generations. It is a pattern of development that permits future generations to live at least as well as the current generation.

The term development may mean different things to different people. Development in traditional economic literature means a sustained increase of the productive capacity of a country's economy over a long period of time. Simply put as economic growth. But experiences of the 1950s and 1960s when many developing countries reach this growth target; with dominant indicator of under development remained unchanged raised questions to this narrow definition of development. Economists and policy makers clamoured for frontal attacks on wide spread absolute poverty, inequitable income distribution and rising unemployment. This gave rise to the new economic view of development. The new and broader view therefore conceived development as a multi-dimensional process involving major changes in social structures, popular attitude and national institutions as well as sustained economic growth, reduction of inequality and the eradication of poverty.

Development experts, such as Amartya Sen, Dudley Seers and Goulet Dennis among others had done tremendous work, regarding this new economic view of development.

Amartya Sen views development from the point of the capacity to function. It is person capacity to function that really matters for status as a poor or non-poor. Sen opined that development has to be more concerned with enhancing the lives people lead and the freedom they enjoy. "To make any sense of the concept of human well-being in general, and poverty in particular, we need to think beyond the availability of commodities and consider their use, to address what Sen calls functioning, that is, what a person does (or can do) with the commodities of given characteristics that they come to possess or control. Sen then defines capabilities as the freedom that a person has in terms of the choice of functioning's, given his personal features (conversion of characteristic into functioning's) and his command over commodities (Todaro & Smith 2012 : 16).

This approach of Sen helps explain why development economists have placed so much emphasis on health, education, empowerment and social inclusion. Therefore, countries with high level of income but poor health and educational standard are referred to as countries without development.

To Dudley Seers: development must tackle the problems of absolute poverty, income inequality and unemployment. "the questions to ask about a country's development are therefore, what has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have declined from high level, then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result "development" even if per capita income doubled. (Dudley Seer 1969 cited in Todaro & Smith: 2012)

### **C IMPACT OF CORRUPTION ON SUSTAINABLE DEVELOPMENT IN NIGERIA**

This paper attempts to examine the impact of corruption on development in Nigeria employing the three central problems of development, which are absolute poverty, income inequality and unemployment. The elimination of corruption is important for development. The elimination of corruption combine with public empowerment engender development. This is because; the effects of corruption fall disproportionately on the poor and are a major restraint on their ability to escape from poverty.

#### **Corruption and Income Inequality**

Kwabena Ciyimah Brempong (2002) in the work "Corruption, economic growth and income inequality in Africa" arrived at the finding that increased corruption is positively correlated with income inequality. The study also reveals that corruption hurts the poor more than the rich in African Countries, as well as decreases economic growth.

The work of Jong-Sung You (2016); titled corruption and inequality (Gini index of net income inequality) and various indicators of corruption. It shows that income inequality is highly correlated negatively with

perceived levels of control of corruption and impartial public administration. That income inequality is strongly correlated positively with corruption. The study revealed that advanced democracies tend to have both low level of corruption and low levels of inequality. Whereas, many countries in Sub-Saharan Africa and Latin America tend to have both high levels of corruption and high levels of inequality.

Michael Bratton et al (2009) in their work also find a strong relationship between corruption and inequality in Africa, especially in Mali and Nigeria.

Abiloro, T.O. et al 2019, on their part find a strong relation between Corruption, inequality and negative development in Nigeria.

### **Corruption and Unemployment**

Various studies have shown the existence of a positive relationship between corruption and unemployment in Nigeria.

Enofa, A.O et al (2016), using the ordinary least square (OLS) routine of econometrics Methodology presented a positive relationship between corruption and unemployment in Nigeria public sector.

Galadima Ways (2019) in the work title "An examination of the course of unemployment among youths in Nigeria, presented the result that unemployment among youths in Nigeria is caused mainly by corruption in public offices. The study also attributed the decay in infrastructure in the country to corruption.

In Bechir Bouzid (2016), "Dynamic relationship between corruption and youth unemployment: empirical evidences from a system GMM Approach" the effects of corruption on youth unemployment has been revealed. Using a system GMM Approach that simultaneously account for the dynamic effect between perceived bribery among officials and the youth unemployment rates, the work finds that, after controlling for various macro- economic and institutional factors, the development of corruption practices tend to increase the unemployment rate among youth and educated job seekers.

Manzor Qadar et al (2014), using chi-square statistical methods finds association between corruption and unemployment.

Dope Adjor & Leleng Kebalo (2018), in their study indicates that corruption is the main cause of youth unemployment followed by level of education in SADC countries.

### **Corruption and Absolute Poverty**

One reason the masses of people remain poor in the midst of plenty in African countries, as adjudged by developed countries and the Bretton Wood institutions is corruption. Many studies have linked poverty in the less developed countries to various forms of corruption prevalent in the countries.

Ikharebon & Omoregie (2015), in their work presented as thus; it is therefore argued that the country is straddling two economic worlds at the same time to state the obvious, the country has found itself in the quagmire of a country too rich to be poor and at the same time too poor to be rich. It has made every Nigerian to be a victim of corruption.

To Sule Babays et al (2018), there is a correlation between political corruption and increased level of poverty in Nigeria. The main problem is that resources meant for provision of developmental services and projects for the public are diverted in corrupt. Practice which not only cause poverty but also increased it. The study present a direct positive correlation between political corruption and poverty in Nigeria.

Muhammad Yusuf et al (2014); examined the causality relationship between corruption and poverty by adding economic growth in Nigeria, using data from 1970 to 2011. VECM with Co-integration test was employed to test the causality. The results indicate a long run relationship between corruption, economic growth and poverty in Nigeria.

### **D. CONCLUSION AND RECOMMENDATION**

In summary; elimination of absolute poverty, reduction of unemployment to NAIRU level, and Bridging the income inequality gap is keen in bringing about national development in less developed countries.

Drawing conclusion from various empirical works, it is worthwhile to present that there is strong positive correlation between corruption and the three central indicators of under development, Vis-à-vis absolute

poverty, unemployment and inequality. The study therefore, concludes that corruption is the bane of national development in Nigeria.

The country should adopt true fiscal federalism, since its finding it difficult to overcome this muster, called “Corruption” with the present political configuration.

Proper electoral reforms to bring sanity to the political system should be made. Strong institutions should be built rather than strong personalities. Formulate laws and policies to ensure timely and stringiest punishment for those who commit economic and financial crimes.

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