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## CORRUPTION, DEMOCRACY AND ECONOMIC DEVELOPMENT IN NIGERIA

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**ABSTRACT**

Corruption has a way of influencing social economic and political factors of any nation directly and (or) indirectly through the country's institutional framework. The basis of both 'grease the wheels' and 'sand the wheel' hypotheses of corruption lie in the interaction between corruption and institutional features, hence the need for democracy. This study empirically investigated the impact of corruption on economic development by incorporating the institutional feature (democracy) in Nigeria. The study used primary source of data. The population of the study was made up of staff of all 16 offices (including the Headquarters) of Independent Corrupt Practices and other related offence commission (ICPC) in Nigeria which amount to 752 members of staff whereas 261 members was chosen as sample. The findings of the research showed that public procurement corruption, nepotism, and democracy had a negative and significant relationship with economic development while bribery had a positive and significant relationship on economic development. Generally, corruption and democracy has brought about a negative effect on economic development in Nigeria. The study recommended that Nigerian leadership should be keen in holistically addressing corruption in the Nigeria public sector. Also, democracy in Nigeria is too costly, there is a need for referendum and a revisit to our constitution. Lastly, there should be an implementation of a serious and effective regulatory policy, stringent codes of conduct, political and bureaucratic transparency, an effective anti-corruption measure which is not targeted against oppositions, general restructuring of Nigeria political and democratic form of governance.

**Keywords:** *Corruption, Democracy, Bribery, Nepotism, Economic Development.*

**INTRODUCTION**

Corruption has a way of influencing social economic and political factors of any nation directly and (or) indirectly through the country's institutional framework. It leads to misallocation of resources by negatively affecting the performance of public officials and the deformation of public policies. World Bank (1997) posited that corruption is the major obstacles to social economic development; therefore, they gave priority to various anti-corruption initiatives in their strategies towards the improvement of the quality of governance. The World Bank estimates in 2004 gave an indication that about US\$1 trillion is paid on bribes out of an

aggregate amount of US\$30 trillion of world income. In the same vein, African Union gave US\$148 billion annually as an estimate for cost of corruption in Africa which is about 25% of Africa's Gross Domestic Product (GDP) (Elbahnasawy & Revier, 2012).

As noted in Africa, the corruption issues in Nigeria are not that different from other developing nations. Nigeria was able to estimate looted funds due to systemic corruption and gross inefficiency to about ₦1.067 trillion which was traceable to some arrested dignitaries such as Hon. Hassan Lawal (the former minister of works and housing), Hon. Dimeji Bankole (the former speaker of the house of

representatives) and his deputy speaker, Mr. Usman Nafuda (Country Reports on Human Rights Practices, 2012).

Many countries have transited into democracy which is defined as the government of the people for the people. Research shown in Wali (2012) that more than half of the population of the world now engages in democratic form of governance. The increased in global diffusion and acceptance of democratic form of governance melted a lot of authoritarian regimes and pave ways to democracy in Nigeria since 1999 after long waited years of military dictatorship. The return of Nigeria multi-party democracy raises citizens' hope since they are expecting nothing but good governance, the rule of law, institutional freedom, infrastructural and general economic development. Despite enough economic resources in Nigeria, there has been a failure in an attempt to promote sustainable economic development which is due to the perennial problem of corruption. Also, judiciary which is enabled by democratic form of governance that is expected to provide timely access to fair and impartial judicial activities and uphold the rule of law, consistently display qualities of independence and impartiality, integrity, accountability and transparency against the continuous cases of corruption in Nigeria has been found wanting due to

perceived corruption in this arm of government. This has decayed our democracy and by extension leading to fatal sustainable economic development (Wali, 2012).

The known corruption practices in Nigeria as stated in Egunjobi (2013) are bribery, public procurement corruption, nepotism, economic extortion, embezzlement, among others. All these have a way of affecting democracy negatively and have caused economic development to be negatively affected. Also, corruption in Nigeria is to some extent systemic because it affects the whole system of governance, while some see it as a corporate culture. This study tends to investigate the impact of corruption and democracy on economic development in Nigeria.

Although the study of the effect of corruption and democracy, on economic development has become prominent in research field majorly in the developed countries. Mauro (1997) concluded that corruption has both negative and significant effect on economic development because it leads to decrease in human capital investment. Wei (2000) concluded that corruption decreases private investment and human capital investment which is the channel through which it affects economic development. Ghulam (2017) concluded that corruption

is having positive and significant effect but its' economic development depends on the Institutional Performance which is democracy. Also, Thomas (2015) noted that the worst form of democracy is better than a dictatorship form of governance because democracy improves economic development and the quality of life of the citizens. All these empirical researches mentioned above were conducted on developed countries. In developing countries however, there are but few empirical work on corruption, democracy and economic development in this recent era where corruption is so rampant. For instance, there have been few known empirical studies conducted on corruption, democracy and economic development in Africa, majorly in Nigeria. Kwabena (2002) conducted research on African countries as a whole while Egunjobi (2013) in Nigeria, they both concluded that corruption decreases economic development in African countries.

Moreover, findings in Ambar (2015); Josh (2014); and Mauro (1997) showed a negative effect on economic development while that of Chambers (2005); Chris (2014); and Ghulam (2017) found a positive relationship between corruption, democracy and economic development. They noted that if controlled, corruption can serve as a lubricant in overcoming some of our worst problems, can also

grease the wheels of prosperity, mainly in the place where bureaucracies and organizations are inefficient and that if recovered looted funds can be appropriately re-invested into a country's economy, it will improve the economy of such country.

Therefore, the basis of both 'grease the wheels' and 'sand the wheel' hypotheses of corruption lie in the interaction between corruption and institutional features, hence the need for democracy. The exiting literature on corruption-development relationship indicates that the role of institutions was not properly investigated with a very few exceptions, and especially in the context of developing countries such as it is in Nigeria. Thus, it is very necessary to investigate the impact of corruption on economic development in Nigeria considering the role of democracy. The focus of the study in hand is to empirically investigate the impact of corruption on economic development by incorporating the institutional feature (democracy) in Nigeria by also considering corruption determinants such as bribery, Nepotism and Public Procurement corruption which is the point of departure from other researches on this subject matter in Nigeria.

## REVIEW OF LITERATURES

### Economic Development

Economic development is a medium through which a nation improves both the economic, political and social well-being of its citizen. It is also described as the major objective of the nations in the world, the objective is quite simple: to create the wealth of a nation. Many developing countries in the years back have experienced an improved growth rate of per-capital income but not evident in the living conditions of the major part of the country's population. Seers (1969) observes that the aim of development is for the per-capital income of the citizens to increase but this have not been the case as inequality, poverty and unemployment are still growing worse. Peet and Hartwick (2009) noted that the higher the per capita income of a country, the more the people of the country are developed and the higher the annual growth rate per capital, the more rapidly the country is said to be developing.

### Corruption

Association of Certified Fraud Examiner [ACFE] (2010) develops model for categorizing known frauds, which is known as fraud tree. They listed about 49 different fraud schemes grouped by categories and sub categories. The three

major categories stated by them were: Fraudulent Financial Statements; Asset Misappropriation; and Corruption. Corruption involves a number of schemes, such as bribery, extortion distortion, illegal gratuities, kickbacks, public procurement corruption, related-party activity and so on, which is committed mainly by an employee of any public organisation in other to gain undue advantage or benefit at the expense of the organisation damage (ACFE, 2010).

Corruption is a form of behavior that deviate from general belief, ethics, traditions, morality, law, civic virtue and so on, it can either be both monetary (Financial Corruption) and non-monetary for example Nepotism (Kelly, 2015). Corruption connotes different meaning to people depending on individual's ideology, discipline, cultural background, level of exposures and political leaning.

There are so many variables that drive corruption and have affected economic development greatly; some of these variables are public procurement corruption, bribery, nepotism. These variables are discussed below:

#### ***Public Procurement Corruption***

Public procurements are various kinds of acquisition that is done on public goods and services. Such procurement is expected to be carried out in accordance

with the laid down principles of the Procurement Act of 2007. According to Federal Republic of Nigeria Official Gazette (2007), it was” an act to establish the national council on public procurement and the bureau of public procurement as the regulatory authorities responsible for the monitoring and oversight of public procurement, harmonizing the existing government policies and practices by regulating, setting standards and developing the legal framework and professional capacity for public procurement in Nigeria; and for related matters”. Procurement Act of 2007 covers each procedure by designing tender for the evaluation and contract award. Public procurement corruption occurs when we have a clear misuse of public office, and that the person involve derive a direct identifiable benefit from the act and that such benefit must be a direct return from the act. Such a corruption is negatively affecting economic development, also distort market mechanisms and create inefficiencies by reducing competitiveness, foreign direct investment and trade (Soreide, 2002).

In Nigeria, “access to and manipulation of the government-spending process have become peoples’ major path to fortune.” (Salisu, 2000). There, in the public sector, corruption is largely dependent on the manipulation of the procurement

procedures, framework and generally, public financial. Public Procurement Act in 2007 (PPA) mandates the use of competitive processes in public procurement, criminalizes a wide range of procurement-related offences, and creates a procurement regulatory institution as stipulated by the intervention of the legislatures, yet procurement in Nigeria continues to be plagued by corrupt and unethical practices (Williams-Elegbe, 2012).

World Bank (2013) working paper noted that most of the corruption schemes are in fact a composite of different kinds of corruption, making it a difficult task to unravel. It is thus often the case that either demands made in form of extortion or offers in form of bribery for illegal payments are accompanied by bid rigging or other anti-competitive schemes and fraud in documentation, contract and financial management to cover up the bribery and bid rigging. The way of diverting financial resources through the procurement system is by raising the prices of items to be procured items (Okonjo-Iweala, 2012). In those years, it was found that the prices of common items in Nigeria were most times four times as much as in neighboring country such as Ghana (Okonjo-Iweala, 2012). Corruption schemes in public procurement are most times the same in “form, shape, nature, and

anatomical structure worldwide” and always have a negative impact on economic development (Ware et al., 2007).

### ***Bribery***

Hamra (2000) defined bribery as the offering, promising or giving an item of value so as to induce or influence a public official in the executions their official duties. Bribe can be in form of money, material items and other pecuniary or non-pecuniary benefits. Mauro (1997) found a negative relationship between bribery and economic development which later concluded that prevalence of bribery is a barrier to economic development; therefore, a reduction in bribery can have a cleansing effect on the economic environment in the conduct of economic activities. Hamra (2000) opined that bribery is a deterrent to trade, investment and commercial activities within the country and that bribery is taking much lower in countries with higher incomes because most employees will be well satisfied with what they earn.

No one can write-off the environments of the institutions that control a country's economy, it usually has a direct impact on its economic level in one way or the other. The noted hypothesis of “grease the wheel” has influences on bribery levels of an economy (Hanoteau, Julien, & Virginie, 2014). The levels of restrictions of

economic activities in a country will determine the corruption levels. Thus, when principles and the rules that are being put to place are stringent, people tend to find alternative ways, and may therefore resolve to bribing their way out, so that they can avoid following the required tight processes. Blackburn and Forgues-Puccio (2009) opined that bribing reduces the time which is required to access various services from government officials to enhance their businesses. Potential investors are always willing to pay higher and notable officials in various offices to avoid various restrictions that have always been put into place in getting various services.

Mauro (2002) noted that bribery is a big evil in a country's economy. His studies reveal that effects of the act of bribery on various businesses portray that bribery has great harm to businesses as compared to general benefits it might give. Giving of bribe by any organisation, business, or company may result in the reduction in the average amounts of investments. The general cost that was involved in the act of bribery may actually reduce the levels of investment.

### ***Nepotism***

Nepotism is described as that variety of practices that relates to favoritism, it simply means to hire and advance

unqualified or under-qualified family members based on familiar relationship. Taha-Barakat (2016) points out that nepotism is the acceptance of public employee to please or pressurize others on the violation of law to implement the request of their needs without any right and therefore it is considered a breach of the functional lead to looting right or the realization void and ultimately a waste of public money which is harmful to economic development.

Mulwa, Murimi, Mutugi and Mombo (2009) noted that nepotism connotes "showing of favoritism for family or friends based upon that relationship, rather than on an objective or fair evaluation of ability or suitability". It describes a situation like offering employment to a family member who might not qualified or even willing to do the job, despite the fact that there are people who are better qualified, willing and able to perform the job. It is the highly biased method of distribution of state resources where a public officer prefers his or her relatives and family members or friends in awarding contracts, job recruitment, promotion and appointment to public positions rather than others who might be much better and more ready to deliver a standard job. Nepotic tendencies don't consider merit and competency, it thereby results into downgrading of the quality in the public

service (Commonwealth Association for Public Administration and Management, 2010)

### **Democracy**

According to Council of Europe (2012) noted that democracy originated from the word "demos", which means people, and "kratos" which means power. Therefore, democracy can be seen as "power of the people": a way of governing which depends on people, that is, the government of the people, by the people, for the people.

Diamond (1999) opined that democracy requires the horizontal accountability of office holders to one another in order to limit the executive power, protect constitutionalism, legality, and the deliberative process. Wolterstorff and Cuneo (2012) pointed out that democracy involves commitment to the equal rights of citizens to full political voice-voice to be exercised within a well pronounced constitutional framework that imposes limits and guarantees on government, within a legal order that protects citizens against impairment of their rights to full political voice by their fellow citizens. Siegle, Weinstein, and Halperin (2005) posited that democracy connotes governance system in which leaders are selected through free and fair elections, with institutions that foster a shared



distribution of power, and citizens have extensive opportunities to participate in political life. This they argue explicitly requires a high degree of basic political freedoms, civil liberties and political rights.

Democracy also involves equality before the law, due process and political pluralism as well as strong institutions. Democratic institutions- constitution, laws, values, rules of the game and practices, formal accountability mechanisms and sanctions are also central to a democratic polity. The foundation of democracy therefore, is for strong institutions free from executive or political interference that guide political action and inaction of both the ruling class and the ruled.

In Nigeria, the major reason for political party financing is for personal interest and material benefits. This is the reason why notable and wealthy individual members of the society have constituted themselves into kingmakers or godfathers or national leaders in all the political parties. Thus, this “godfatherism” syndrome has made the fight against corruption in Nigeria more difficult and an exercise in futility. These godfathers have take-over virtually all the political parties through large donations and extravagant spendings, thereby expects the godson to pay back as quickly as possible when he/she gets into political office. The process of paying back

takes different dimension, some of which are: award of undeserving and unimplementable contracts; monthly material or cash reward from the state treasury; indirect control of the state pauses through allocation of certain sensitive political posts to the loyalists of their godfather (Ogundiya, 2009).

### **Relationship between corruption, democracy and economic development**

Corruption hampered the pace of economic growth even more in countries having weaker institutions such as democracy, political stability and governance (Ghulam, 2017). Corruption can also halt economic development through resource misallocation when decisions about public funds investment and private investment are made by the democratic office bearers. This misallocation is basically the result of the corrupt public office holder decision-maker criteria ‘potential for bribery’. These office holders may compromise on human development through a worsening public health care and education programs (Reinikka and Svensson, 2005), and allocating public funds to certain areas (military spending) that have more capacity to generate illegal money as compared to their counterparts required to improve the living standards of national residents (Gupta, de Mello, & Sharan, 2001). In addition, corruption may escort

to expensive concealment and detection of unlawful earnings, resulting in a deadweight loss of resources (Forgues-Puccio, 2010).

### **Theoretical Framework**

The theories for this study is centered around the sociological theory of corruption and the modernization theory, but this study will based on the sociological theory of corruption.

#### ***Sociological Theory of Corruption***

It was propounded by two sociologists which were Karl Marx and Wright Mills in the 18th and 19th centuries, which covers the areas of development social life, social relationships of individuals, groups institution (Kendall, 2000).

Karl Marx theory explained that human cultural values are very germane in a society and also noted that power and money are what shape the social structure of any society by developing struggles among different levels in the attainment of the best. He believes that the urge to attain wealth and power had negative effect on the society and also that the materialism and power make the difference in the society. The materialistic view is that people earn food, shelter, clothing and work for their living, this struggle is what brought about owners and labourers relationship, whereby the owners tend to

gain abnormal profit by paying the labourer lesser than their worth which led to exploitation in the society.

This exploitation is what further leads to political domination which create classes in power for those people who are economically strong, stable and gain so much power to control the country economy while the general masses are being exploited which in turn affects economic development negatively (Campbell, 1981).

Wright Mills theory, on the other hand, posited that people who have lots of power are in the position of making decision that has greater effect on economy (Stephens, Leach, Jones & Taggart, 1998). These people with their power and resources shape the society, elected as public office holders and exploit people through corrupt means and thereby affecting economic development negatively. Also, Kendall (2000) noted that a good society will only come into existence if the difference in powerful and powerless people are erased which will therefore bring about improved development.

#### ***Modernization Theory***

One of the best ways to view corruption is when individual behavior go against the moral principles that guide their official obligations, therefore, this theory view

corruption as the breach of ethical rules that bind the conduct of individual's official duties (Iyanda, 2012). Agubamah (2009) noted that there are several factors which would make successful way of fighting corruption difficult; these factors are the uniqueness of each society or country, the dynamic or changing nature of the socio political and economic interactions within the global community and the differences in the perception of the corrupt practices.

Modernization theory was propounded by Huntington in 1968, this theory was cited by Adefulu (2007) and he pointed that the process of economic and political development in modern societies has brought about corruption and political instability. Modernization theorist observed that the causes and incidence of corruption and corrupt practices in pre-colonial African communities in terms of the logic of patrimonialism, neo-patrimonialism, prebendalism and patroclicentelism. The main proportion common to all these theories centers on the view that extractive corruption in African developing countries is one of the unsalutary consequences of grafting modern political structure and processes on indigenous socio-political structure which functions on the basis of old values and responsibilities (Iyanda, 2012). Adefulu (2007) noted that corruption is an outcome

of political office holders' behaviours that deviate from the accepted values, norms and culture of the society, which also signifies ineffective political institutional structure presence that allows officials of the public to divert public funds for private use. Corruption is seen as the origin of menace, and it's justified as a political under-development and inclinations of traditional societies which engage gift giving that is believed to be almost common in patrimonialism societies.

## **METHODOLOGY**

This study will employ survey method of research design. The choice of this design is because it offers the researcher the opportunity to generate a large volume of data from different organization and institutions, thereby providing a valid generation of research findings (Akenbor & Okoye, 2012). The source of getting data for this study will be mainly primary source through the use of structured questionnaire and Focus Group Discussion (FGD). The population of the study was made up of staff of all 16 offices (including the Headquarters) of Independent Corrupt Practices and other related offence commission (ICPC) in Nigeria. This amount to 752 members of staff (ICPC Annual Report, 2020). The choice of this particular government anti-graft agency as the major case study is

because they are established during the advent of democracy in Nigeria, also because of their knowledge as regard corruption in the public service and the act that establish them stated clearly that they are to act and operate in order to protect the public service against corrupt practices. The sampling technique be adopted in this study was be stratified random sampling; therefore, the headquarters' office in Abuja and one office each will be picked from Nigeria 6 geopolitical zones to represent all the offices in Nigeria (totaling 7 offices across Nigeria), the selected state offices will be according to their individual Gross Domestic Product ranking as at 2020

according to National Bureau of Statistics [NBS] (2020) publications. Therefore, the state offices that will be considered are Lagos, Rivers, Enugu, Kano, Bauchi, Kogi and Abuja (FCT). The target respondents of the study will be selected using purposive sampling. The total number of samples taken out of 752 population, through the use of Taro Yamane method of selecting sample was 261, this cut across all the selected branches, including the headquarter. This is to ensure that only knowledgeable respondents were chosen. The study will adopt descriptive statistics and Ordinary Least Squares (OLS) regression as a method of data analysis.

**Table 1. Analysis of states chosen to represent each geopolitical zone in Nigeria according to individual Gross Domestic Product ranking as at 2020 according to National Bureau of Statistics [NBS] (2020) publications**

REGI ON	N/ E	N/ E	N/ W	N/ W	N/ W	N/ C	N/ C	N/C	S/S	S/S	S/ S	S/E	S/E	S/ W	S/ W	S/ W
STAT ES	BA U	AD A	KA D	KA N	SO K	AB J	BE N	KO G	AK W	ED O	RI V	EN U	IM O	LA G	OS U	OY O
BAU	X															
ADA																
KAD																
KAN				x												
SOK																
ABJ						x										
BEN																
KOG								X								
AKW																
EDO																
RIV											x					
ENU												X				
IMO																
LAG														x		
OSU																
OYO																

Source: Authors' Compilation 2022

**Model Specification**

The model employed for examining the effect of corruption and democracy on Nigeria economic development is specified thus:

$$ECOD = f(CORR, DEMO)$$

$$CORR = f(PPCO, BRIB, NEPO)$$

$$ECOD = f(PPCO, BRIB, NEPO, DEMO)$$

$$ECOD_i = \beta_0 + \beta_1 PPCO_i + \beta_2 BRIB_i + \beta_3 NEPO_i + \beta_4 DEMO_i + \varepsilon_i \dots \dots \dots (i)$$

ECOD = Economic Development

CORR = Corruption

PPCO = Public Procurement Corruption

BRIB = Bribery

NEPO = Nepotism

DEMO = Democracy

$\beta$  = Intercept/Constant

$\beta_1, \beta_2, \beta_3, \beta_4$  = Coefficients of the independent variables

$\varepsilon$  = Error term

Where:

**DATA ANALYSIS AND INTERPRETATION OF RESULT**

**Descriptive Statistics**

*Table 2: Descriptive Statistics*

	<b>ECOD</b>	<b>PPCO</b>	<b>BRIB</b>	<b>NEPO</b>	<b>DEMO</b>
<b>Mean</b>	4.208429	4.242912	4.023755	4.300383	4.065900
<b>Median</b>	4.400000	4.200000	4.200000	4.200000	4.200000
<b>Maximum</b>	5.000000	5.000000	5.000000	5.000000	5.000000
<b>Minimum</b>	2.600000	3.200000	2.800000	3.000000	2.600000
<b>Std. Dev.</b>	0.623950	0.659835	0.595020	0.519652	0.675467
<b>Skewness</b>	-0.672755	0.288647	-0.522051	-0.560423	-0.550866
<b>Kurtosis</b>	2.922434	2.209647	2.241391	2.865826	2.056541
<b>Jarque-Bera</b>	19.75350	10.41746	18.11380	13.85801	22.88020
<b>Probability</b>	0.000051	0.005469	0.000117	0.000979	0.000011
<b>Sum</b>	1098.400	1107.400	1050.200	1122.400	1061.200
<b>Sum Sq. Dev.</b>	101.2215	113.1994	92.05272	70.20996	118.6265
<b>Observations</b>	261	261	261	261	261

Source: Authors' computation (2022)

The descriptive statistics of the variables in the analysis as presented in table 2 showed that average value of Economic Development (ECOD) stood at 4.208 and

ranges from 2.60 to 5.0, Public Procurement Corruption (PPCO) had an average value of 4.243 and ranges from 3.20 to 5.0, Bribery (BRIB) had an average

value of 4.024 and ranges from 2.80 to 5.0, Nepotism (NEPO) had an average value of 4.300 and ranges from 3.00 to 5.0, and Democracy (DECO) had an average value of 4.066 and ranges from 2.66 to 5.0. It was discovered that bribery had the lowest mean of 4.024, this means it has a marginal contribution to Economic development compared to others. However, the mean value of Nepotism is the highest, this indicates a strong effect on economic development.

The skewness and the kurtosis in the analysis provides explanation about the deviation from normal distribution and

**Regression Result**

peakedness or flatter shape of the distribution. The result reveals that Economic development, Bribery, Nepotism and Democracy are less than zero, this means that these variables skewed from the right of the mean while only Public Procurement Corruption have a normal distribution. The kurtosis result indicates that Economic Development, and Nepotism display mesokurtic distribution, which is normal distribution with kurtosis approximately 3. Meanwhile others variables display a platykurtic distribution, which is a bit flatter than a normal distribution.

*Table 3: Regression Result*

**Dependent Variable: ECOD**  
**Method: Least Squares**  
**Date: 08/27/22 Time: 10:05**  
**Sample: 1 261**  
**Included observations: 261**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PPCO	-0.230095	0.061015	-3.771140	0.0002
BRIB	0.372276	0.067212	5.538798	0.0000
NEPO	-0.184469	0.068424	-2.695968	0.0075
DEMO	-0.116693	0.053486	-2.181752	0.0300
C	1.415382	0.351024	4.032156	0.0001
<b>R-squared</b>	0.297283	Mean dependent var		4.208429
<b>Adjusted R-squared</b>	0.286303	S.D. dependent var		0.623950
<b>S.E. of regression</b>	0.527116	Akaike info criterion		1.576180
<b>Sum squared resid</b>	71.13002	Schwarz criterion		1.644466
<b>Log likelihood</b>	-200.6915	Hannan-Quinn criteria		1.603629
<b>F-statistic</b>	-27.07510	Durbin-Watson stat		2.092279
<b>Prob(F-statistic)</b>	0.000000			

*Source: Authors' Computation*

**OLS Result (Table 3)**

$$\text{ECOD} = 1.4153 - 0.2301 + 0.3723 - 0.1845 - 0.1167$$

$$\text{S.E.} = (0.3510) (0.0610) (0.0672) (0.0684) (0.0535)$$

$$\text{T-Stat} = (4.03216) (-3.7711) (-5.5388) (-2.6960) (-2.1818)$$

The intercept value shows 1.4153 which means Economic Development has 1.4153 units increase when other variables are held constant. The result of Public Procurement Corruption indicates that a percentage increase in its activities within the country will bring about 23% decrease in Economic Development in Nigeria, and it is significant at 0.0002, since it is less than 0.05 (5%) level of significance. Also, the result of Bribery indicates that a percentage increase in its activities within the country will bring about 37% increase in Economic Development in Nigeria, and it is significant at 0.0000, since it is less than 0.05 (5%) level of significance. In the same vein, the result of Nepotism indicates that a percentage increase in its activities within the country will bring about 18% decrease in economic development in Nigeria, and it is significant at 0.0075, since it is less than 0.05 (5%) level of significance. Lastly, the result of democracy indicates that a percentage increase in its activities within the country will bring about 12% decrease in economic

development in Nigeria, and it is significant at 0.003, since it is less than 0.05 (5%) level of significance.

The R-Squared stand at 0.297, this shows that the explanatory power of the is seen as 29.7%, this means 29.7% change in Economic Development can only be explained, while leaving 70.3% unaccounted for, that is, there are many variables that accounted for changes in Economic Development that is not captured in this study. The F-statistics shows the robustness of the model by comparing F-Calculated to F-Critical in order to explain the impact of the whole explanatory variables on the explained variables, and this was displayed by looking at it from the angle of 5% level of significance which is 2.60, which is less than 27.075 calculated. Therefore, in term of overall significance, all independent variables that is, (Corruption and Democracy) revealed a significant relationship with the dependent variable (Economic Development), which have the prob (F-statistic) of 0.0000. The Durbin Watson value of 2.092, approximately 2.1 is an indication of the absence of auto-correlation in the model.

**Discussion of findings**

Table 3 reported ordinary least square result. In accordance with the result, Public Procurement Corruption has a negative and

significant relationship with Economic Development. This result indicates an inverse relationship between Public Procurement Corruption and Economic development. Therefore, continuous increase in corruption that involved in public procurement in Nigeria is having a devastating effect on Economic development by reducing the quality of the public infrastructures and services rendered, since the laid than principles of public procurement act 2007 are not followed most times, hence leading to not putting the right person in the right job. This finding is in agreement with the findings of Ware et al. (2007), and World Bank (2013) that concluded that corruption in the public procurement is having a negative effect on economic development. Bribery showed a positive and significant relationship with economic development. This result indicates a direct relationship between bribery and economic development. This is based on the premise that bribery may “grease the wheel of progress”, since it may ensure that companies that involves in it enjoys government favour and can also reduce the cost of waiting. Where policies formulations and implementations are weak, then bribery may be of great importance in order to scale through some processes. This is in agreement with the findings of Blackburn and Forgues-Puccio

(2009) but it disagrees with the findings of Mauro (2002) who noted that bribery is a big evil to any country’s economic development.

Also, Nepotism has a negative and significant relationship with Economic Development. This result indicates an inverse relationship between Nepotism and Economic development. Therefore, continuous increase in Nepotism as a major type of corruption in Nigeria will reduce Economic Development in Nigeria.

The more there is a preferential treatment of one individual over merit because of religion, tribe or ethnic relationship, the more its negative effect on economic development in Nigeria. This result is in agreement with the findings of Taha-Barakat (2016) and that of Mulwa, Murimi, Mutugi and Mombo (2009), they all concluded that Nepotism is having a devastating effect on economic development since people are only being appointed based a personal relationship and not by merit. This encourages low productivity, abscondment from duty, low performance and so on, which have negative effect on economic development.

Lastly, Democracy has a negative and significant relationship with economic development. This result indicates an inverse relationship between democracy and economic development. Therefore, the finding is an indication that the kind of



democracy being practice in Nigeria is having a devastating effect on economic development. This result is in agreement with the findings of Ogundiya (2009) who noted that reasons people venture into democracy is more of personal aggrandizement and material benefit which have a devastating effect on economic development.

## **CONCLUSION**

**AND**

## **RECOMMENDATION**

### **Conclusion**

The broad objective of this study is to investigate the effect of corruption and democracy on economic development in Nigeria. The empirical analysis and findings revealed that generally, corruption and democracy has brought about a negative effect on economic development in Nigeria. Nigeria's democracy without an iota of doubt has been facing irresistibly and intense challenges of various corrupt practices every aspect of the nation's economy. Without missing a word, corruption is more dangerous and devastating with weak economic base, friable political institutions and deficient control mechanisms within the country. It is quite understandable because corruption has become a thorn in the flesh of Nigerian politics in spite many mechanisms that had been institutionalized to curb corruption in the country which give all indication that

Nigeria might not yet matured for democracy. Thus, all efforts put in place by the various successive governments to eradicate or curb the virus/disease of corruption in Nigeria proved doubtful because of the weak political system, lack of good leaderships/public office holders with vision, that is, an absence of leaders whose take to their words during political campaign, leaders who does not possess principles and will, and who tends put integrity and character above wealth. The Nigeria as a country lack good structures with adequate autonomy and the will or strength to check not only corruption, but other abuses of power due to politics of godfatherism and complementary nature of political corruption, among others. Hence, the impact of corruption is no longer the hidden, but open disease of democracy, which in turn have a negative effect on Nigerian economic development.

### **Recommendation**

The findings in this research work showed that both corruption and democracy have a devastating effect on Nigeria economic development. Based on individual finding in this study, the following recommendation unfolds: the current Nigerian leadership should be keen in holistically addressing corruption in the Nigeria public sector, and it is hoped that in the long run, both the government led as

well as the citizen led measures against procurement corruption will produce tangible and notable results; there should be an adoption of best practice in all sector, this should be in forms of integrity, accountability, adherence to competence and meritocracy, discipline, professionalism, patriotism, removal of state of origin, and impartiality in the observance of the federal character principle in Nigeria; also, democracy in Nigeria is too costly, there is a need for referendum and a revisit to our constitution, some political post should be scrapped and the legislative arms of government should be run on part-time basis, so every legislatures should be known with a particular job or business; and lastly, there should be an implementation of a serious and effective regulatory policy, stringent codes of conduct, political and bureaucratic transparency, an effective anti-corruption measure which is not targeted against oppositions, general restructuring of Nigeria political and democratic form of governance.

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