

## **1.0 Introduction**

Public debates recently in Nigeria have centred on the increasing rate of corruption resulting from inappropriate public finance planning and implementation mostly in some of the developing countries, Nigeria inclusive which in turn reduce the level of economic growth in the country. Corruption made itself visible when the institution of the government was founded due the behaviour of people appoint or elect to manage the government institutions (Anyanwu, 2002; Idomeh, 2006). Corruption has recently become a major issue in foreign aid and Nigeria nation as a whole. Corruption is an ancient practice that has been traced back to pre-biblical time and made itself known in the ancient civilizations of developed and developing countries. Political and social corruption is not a recent phenomenon that pervades the Nigerian state. Corruption is a social problem that has interested many scholars. Ruzindana (1999) sees corruption in Africa as a problem of routine deviation from affordable standards and norms by public officials and parties with whom they interact. The major concern for inter-nation aid policy during the last five decades has been to improve the living condition for the poor in the poorest countries of the world. But governments in poor countries are also the most corrupt country due to high level of poverty. Treisman (2000) and Paldam (1999) cited in Jens and Odd-Helge (2001) states that the level of GDP per capital holds most of the explanatory power of the various corruption indicators.

Corruption is a disease, which eats into the cultural, political and economic growth of any country and as well destroys the functioning of various organs of the government. Transparently international (2005) opine that “corruption is one of the greatest challenges of the contemporary world which undermines good government, fundamentally distorts public policy, leads to the misallocation of resources harms the private sector development and as well hurts the poor”.

The need to study corruption and economic growth in Nigeria has continued to generate passionate commentaries and academic interest due to the level of corruption in the country and its effect on economic growth. In Nigeria corruption is one of the reasons for many unresolved problems that have critically hobbled and reduce development (Ayobolu, 2006). It also remains a long-term major political and economic growth challenge for Nigeria (Sachs, 2007). International centre for economic growth (1999) states that corruption is a canker worm that has eaten deep in the fabric of the nation which ranges from petty corruption to political or systematic corruption. Abiodem (2007) in World Bank studies put corruption at over \$1 trillion per year accounting for up to 15% of the Gross Domestic Product of nation like Nigeria. Corruption is a canker worm that has reduced development in all sectors of the economy (EFCC, 2005). Corruption has been the primary reason behind the country difficulties in developing fast (ICPC, 2006). Ribadu, (2003) states that this is the reason why transparency international has consisted rating of Nigeria as one of the top three most corrupt countries in the world.

In Nigeria, the level of corruption, poor state of our electricity, transport sector, health sector, education sector and communications is the major problem of economic growth and it is a major handicap for doing business in the country. As part of fighting corruption and strengthening the economy, Nigeria government has over the years embark on series of economic growth reform through privatization, banking sector reform, anti-corruption campaigns and establishment of transparent fiscal standards such as ICPC, EFCC etc. The major aim of economic reform in Nigeria is to provide a conducive environment for private investors and FDI to flow (African economic outlook 2011).

## **1.1 Background to the Study**

Contrary to the prevailing practice among most social scientists and other students of society (like lawyers, historians and philosophers) who claim or make a pretense at objective, values-free analysis and explanation of any social phenomenon. I openly acknowledge that all attempts to explain social reality, or any aspect of it are necessarily informed by philosophical and moral presuppositions, explicitly or implicitly made by scholars concerned.

Consequently, a historical perspective of corruption in Nigeria begins with seeing corruption as a form of anti-social behavior by an individual or social group which confers unjust or fraudulent benefits in its perpetrators, is inconsistent with the established legal norms and prevailing moral ethos of the land and is likely to subvert or diminish the capacity of the legitimate authorities to provide fully for the material and spiritual wellbeing of all members of society in a just and equitable manner. It is important to note the following;

A. Corruption was not invented by, nor is it peculiar to Nigerians. On the contrary, it is a global phenomenon with deep historical roots, although it manifests itself with significant similarities and differences in different societies, depending on the particular system of power c distribution and the legal and moral norms operating therein.

B. Corruption, like all social phenomenon, is intelligible only in its total social context: its peculiar form, dynamics and degree of social and cultural acceptability or tolerance being critically related to the dominant mode of poverty distribution power configuration; and the underpinning moral and ethical values of operation in a given society.

C. Corruption in Nigeria is a kind of social virus which is a hybrid of traits and those derived from and nurtured in the indigenous Nigerian context.

## **1.2 Statement of Problem**

The causes of corruption are myriad; and they have political and cultural variables. According to Lipset and Lenz, there is a strong evidence points to a link between corruption and social diversity, ethno-linguistic fractionalization, and the proportions of country's population adhering to different religious traditions. And studies note also that corruption is widespread in most non-democratic countries, and particularly, in countries that have been branded neo-patrimonial, kleptocratic and prebendal (NORAD 2000). Thus, the political system and the culture of a society could make the citizens more prone to corrupt activities. However, the statement of this research problem is focus on the fact that corruption has degraded our nation and yet its not adequately considered or looked into as a serious fact to poor economic growth of the nation Nigeria, therefore the researcher seeks to address this issue and highlight the effects of corruption in Nigeria and call for adequate attention to its clarion call.

## **1.3 Objectives of Study**

This research work will evaluate corruption, its conceptual effects to the economic growth of Nigeria. Other forms of objectives are.

To review Nigerian corruption and its effect to the economy.

To alternate an option to how corruption can be adequately tackle and handle in our country Nigeria.

To call Nigerians to stand out, and shown corruption.

## **1.4 Research Hypothesis**

For the purpose of this research work, two relevant research hypothesis will be stated and tested for the

cause of this study.

$H_{null}$  There is no significance relationship between corruptions to economic growth of Nigeria.

$H_{alt}$  There is a significance relationship between corruptions to economic growth of Nigeria.

$H_{null}$  Corruption cannot be resolved in Nigeria as a result of the level attain to.

$H_{alt}$  Corruption can be resolved in Nigeria even though the level it has attain to

## 1.6 Significance of the Study

The significance of this work lies on the fact that with less corruption, the Nigerian economic growth stands to gain in its efforts towards development. This study attempts to answer the question; what is the correlation between corruption and economic growth, the cause of corruption and how the present state of corruption will be lessen.

This will form the basis upon which suggestions will be made as to how corruption can be eradicated.

This work stands to benefit:

- Nigeria as a whole. The research intends to bring forth ways to lessen corruption for the purposes of increasing economic growth.
- The research will be beneficial to schools (teachers and students) and will help them understand the consequence of corruption to our nation.

## 1.7 Scope and Limitations of the Study

This study focuses on Nigeria and on the impact of agricultural development on the economic growth of Nigeria.

The originality and reliability of any study or research work is based on the quantity and quality of available data. Though it is the duty and intention of any researcher to bring out and show everything the study is to have, but there are constraints which include, time, finance, difficulty in getting data, etc.

## 1.8 Research Methodology

This research work will employs simple econometric models like Augmented Dicker-Fuller test, granger casualty test and co-integration test to investigate the impact of corruption on economic growth in Nigeria. Therefore, secondary method of data collection is used.

## 1.9 Definition of Key Terms

**Corruption** may be conceptualized as the perversion or change from good to bad, right or wrong. It may be defined generally as the misuse or abuse of position, power or procedures for personal or group interest, need and wants. "It involves the violation or established rules, practices and procedures" personal and/or group interests.

The word "corruption" has varied meanings depending on the political culture and civilization of the people. It is effort to secure wealth and power through illegal means for private gain at public expense. Corruption has coexisted with human society for a long time and remains one of the problems in many or the 'worlds developing economics with devastating consequences. It involves the violation or established rules for personal gains and profits. It includes such behavior as bribery, nepotism and misappropriation of funds (sce Sen 1999, Nyc 1967, lipset and Lenz 2000).

**Granger causality** test is a statistical hypothesis test for determining whether one time series is useful in forecasting another, first proposed in 1969.[1] Ordinarily, regressions reflect "mere" correlations, but Clive Granger argued that causality in economics could be tested for by measuring the ability to predict the future values of a time series using prior values of another time series.

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