

African Research Review

An International Multi-Disciplinary Journal, Ethiopia

Vol. 4 (1) January, 2010

ISSN 1994-9057 (Print)

ISSN 2070-0083 (Online)

Contextual Perceptions of Corruption in Contemporary Nigeria (Pp 309-321)

Afolabi, Gabriel K. - Dean, Faculty of Management & Social Sciences,
Babcock University, Ilishan- Remo, Nigeria

Abstract

Event around us in Contemporary Nigeria points to the fact that corruption is a cankerworm that has eaten into the fabric of every facet of our national life. Public officials demand payment of ransom before or/and after performing their legitimate functions. Business people shortchange their customers through unfair dealings, while law-enforcement agents demand bribes, and collaborate with fraudulent elements in the society. Employee theft is a common occurrence in many organizations. Studies show that people perceive causes of fraud equally without significant bias to gender or religion, but that level of education, age, and income, as well as changes in marital status, have to do with their perception of fraud. Conventional thinking on the scope and delimitation of fraudulent practices center on financial or economic – related matters. Experience and reality have however dictated broadening the scope to include certain social and “victimless” offences which society does not frown at but which have grave consequences on the nation’s socio-economic life. In the final analysis, the task of combating this malaise should be embraced by all the strata of society if the world is to become a better place for mankind. This Paper focuses on the conceptual framework of corruption, as well as causes and strategies to adopt in curbing this disease. It concludes on the need to adopt a multidimensional approach, which would involve both national and international agencies, in solving the problem.

Introduction

The issue of corruption and its effect on society is probably the most talked-about national malaise in contemporary Nigeria. It is a phenomenon that is prevalent in the developing countries as well as in the developed ones. Although every nation seems to have its peculiar nature of corruption, the level at which a nation is perceived to be corrupt is a function of several variables. It is indeed a reflection of how the nation is seen by the outside world. This informs why Nigeria's civil rights abuse during the era of her military dictatorship, was associated with the level of her stigmatization by the Western world as being one of the most corrupt nations.

The diversity of sources of these criticisms would tend to jolt even the most doubting of Thomases, as to the veracity of such criticisms. In this regard, the United States Secretary of State, General Colin Powell, the United Kingdom Channel 4 Television, James Wolfensohn of the world Bank, and even Nigeria's Peter Enahoro of "Peter Pan" fame, were among notable critics of hers, concerning her perceived corruption level. Apart from the reference to Peter Enahoro, Buhari (1989) was quoted in Agbaje (2004) as saying that "corruption and indiscipline have been associated with our state of under-development, and that these two evils in our body politic have attained an unprecedented height. The corrupt, inept and insensitive leadership has been the source of immorality and impropriety in our society".

The author also quoted from the work of Achebe (1981) in which the latter wrote that "anybody who can say that corruption in Nigeria has not become alarming is either a fool, a crook or else does not live in this country. Corruption in Nigeria has passed the alarming and entered the fatal, and the country will die if we keep pretending that she is only slightly indisposed".

In the transparency International Corruption Perception Index 1995 – 1997, Nigeria was named as the most corruption-ridden country in the world for two years running. The country was promoted in the 1998 edition as being the third most corrupt. Kolade (1999) however aligned himself with some other people's opinion to the effect that it took two to tango, and that if bribes were received, it must be because someone else was offering them. Similarly, if the advance fee fraudster was successful, it was because someone else was greedy enough to fall prey to his criminal actions, and that, that someone "would usually come from a so-called developed country, seeking business opportunities in the developing world".

He then concluded that any ranking of corruption perception that failed to recognize this dichotomy could not be valid.

Statement of the Problem

Granted the multifaceted nature of fraud and the diverse motivating factors that spur people into one fraudulent act or the other, it is quite imperative to determine the cause – and –effect relationships that permeate the entire scenario. This implies among other things, differentiating between error, irregularity and fraud, for a clearer understanding of the issue at stake (Adefila 2004). The problem statement in this Study is to determine what would constitute fraud, and then identify the various steps to take in checking the malaise.

Objectives of the Study

The general objective of the study is to reaffirm the destructive nature of fraud in an economy with a view to sensitizing financial managers, administrators, and policy makers on the need to provide effective, preventive, and control measures. The specific objectives center around examining the various forms of unfair dealings which constitute fraud, and their predisposing factors, with a view to minimizing, if not totally eliminating their effects.

Justification for the Study

According to Klitgaard (2000), “Systemic corruption distorts incentives, undermines institutions, and redistributes wealth and power to the undeserving. When corruption undermines property rights, the rule of law, and incentives to invest, economic and political development is crippled”. On the international scene, corruption gives a nation and her people a poor image in interpersonal and business relationships. Investors shy away from doing business with the corrupt nation, a situation which hinders the flow of much-needed external finances for the stimulation of a depressed economy. Entrepreneurs also suffer due to the high cost of doing business which is invariably passed on to consumers by way of high prices. The high cost arises from inflated contract values especially those of government, in order to accommodate illegal payments and settlements, kickbacks, and other forms of bribes.

As a result of the above variables, there is increased inflation and unemployment, decline in output and foreign reserves, resulting in increase in external indebtedness and deterioration in the standard of living of the people. Justification for this Study therefore lies in the fact that corruption

impacts adversely on the socio-economic development of this nation, and that no effort should be spared in reducing, if not eradicating the vice.

Conceptualisation of Corruption

Corruption, by its simplest definition is an abuse of public office for private gains. The term, which is used interchangeably with 'fraud', however covers a wider scope, as has been explained earlier on.

Some schools of thought have propounded certain theories to explain the corruption disposition behavior. Some justify corruption on the economic principle of profit maximization or rational consumerism. Others blame it on socio-cultural values which predispose the act to several interpretations of an accommodating nature. Corruption in this sense, will therefore not be seen as a despicable act but as a normatic endowment. Abstinence from the act, in this setting will be synonymous to committing anomie. Individual differences and psychological variables are also known to predict corrupt behaviour. This could be seriously linked to learned dysfunctional dispositions and ego massaging of a sadistic nature. An individual so disposed derives joy in inflicting pains on others, or when others are outwitted through his machinations.

Olopoenia (1998) as reported in Agbaje (2004) saw corruption within the context of relativity vis-à-vis the ethics or value of the individual observer. Thus the saying "what you don't have, you don't give" goes for one who is of low virtue and morally bankrupt, and therefore has an accommodating posture, or tolerance for corrupt practices.

Explaining the positive link between corruption and non-accountability, Agbaje (2004), stated that a system that is corrupt would definitely be unaccountable. He cited Gibbons' (1976) definition of corruption as "the use of public office in a way that forsakes the public interest, measured 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". Accountability was further explained in terms of stewardship vis-à-vis managerial responsibility, efficiency and economy of operations, and the use of resources put at the manager's disposal in the most efficient and economic manner.

Corruption can also be defined as a breach of procedure with the aim of obtaining some benefits for oneself and/or others. According to Adefila (2004), it is any activity that amounts to unfair dealing, and in so far the

range of such activities is infinite, no completely comprehensive definition may be coined. He referred to Henry Campbell Black's law dictionary definition of the term which is "a generic one embracing all multifarious means which human ingenuity can devise and which are resorted to by one individual to override the other by false suggestions or by suppression of truth, and unfair dealing by which another is cheated.

Obasanjo (2004) enumerated the various forms of corruption to include advance – fee fraud (known as 419), money laundering, unconventional and fraudulent trade practices, misappropriation or diversion of funds, kick backs, under – and over invoicing, bribery, false declarations, abuse of office, and collection of illegal tolls.

Other contextual meanings include the impairment of integrity, virtue or moral principles, and an unauthorized use of resources for private gain. The causal factors of all these could be attributed to cultural and social values, conflicting signals, and loyalties arising from societies undergoing significant economic, political or psychological transitions. Locating corrupt activities within the domain of public office, Agbaje (2004) listed pervasion of public rules and misuse of official power for selfish motive, and the frustration of electoral process to make free and fair election impossible.

Other dimensions of corruption according to him, are the deliberate refusal to declare one's assets on the assumption and expiration of public office, and using one's official status to prevent the administration of justice.

In a study designed to determine to what extent individuals' perception of fraud is influenced by some selected demographic factors, Adefila (2004) hypothesized with six variables namely: gender, age, education, religion, marital status, and social status. The following were his findings:

- that gender disparity, religious inclination, and educational attainment have no significant effect on peoples perception of the causes of fraud, but
- that marital status, disparities in income, and age would significantly affect the way people perceive the causes of fraud.

Causes of Corruption in Nigeria

Olujobi (1999) classified wealth producing resources into two broad areas namely tangible and intangible. The former consists of man, money, materials and machinery, while the latter are made up of time and

information. Citing the work of Drucker (1974) and Eason (1988), he referred to man as both the custodian of other resources, and also the only active agent of production. Conversely, man is regrettably “the only active agent of thievery of other organizational resources in his custody”.

The foregoing justifies dealing effectively with potential problems of employee theft in an organization. Reviewing extensively the works of other scholars on the causes of employee theft, the author arrived at the following conclusions:

- **Motivation** – Certain habits which predispose individuals to stealing include high personal debts, excessive gambling, peer group pressures, excessive use of alcohol or drugs, and living far beyond one’s means.
- **Equity** – Employees who are exploited by way of poor wage remuneration are likely to steal. It can be argued however that corruption cuts across remuneration barriers since among those who started being corrupt early in life, are some who still find it convenient to subsidize their living through fraudulent practices, when they attain higher socio-economic positions in life. It is also sad to note that some of the most corrupt individuals in Nigeria today are actually the very top public officers who are indeed very well remunerated.
- **Opportunity** – The propensity for an employee to steal is inversely related to the consequences of overt theft detection, if the culprit is made to face the music. Thus, if management is not seen as taking decisive action against employee thieves, employee theft would persist. A good control system capable of preventing corruption should therefore be put in place to facilitate detection and punishment of the crime. This position is based on the theory that human beings are naturally selfish and will exploit any situation to maximize personal benefits or advantage, at the expense of others, on a win/lose basis, provided they are not exposed. People will desist from breaking the law if the risk of pain is considered to be more than the pleasure of gain that may result from infractions.
- **Employee Perception** – “So long as thieves rationalize their actions as not being unusual, will they continue in sin. In the same vein, certain forms of employee theft are not regarded as such by the culprits. Such acts include unauthorized use of public/official facilities e.g. telephone

for personal purpose, obtaining false excuse-duty certificate in order to get away from work, and proxy clocking as a way of stealing company's time.

The scope of employee perception could be expanded to include other dimensions relating to employee theft. Given the backdrop of a proposition that people tend to steal when the variables that create an environment for theft to flourish are there, Olujobi (1999) argues from the perspective of organizational culture and structure. Referring to the works of Miller (1986), he suggested that some employees are "recycle thieves", being former employees of a company, dismissed for their nefarious activities, but not prosecuted. Such ex-employees according to him, later get employed by another company only to continue with their despicable acts. He reiterated that some bank staff whose appointments have been terminated or those retired on grounds of fraud still manage to secure appointments in other banks.

Furthermore, the author stated that theft cuts across organizational hierarchy. Referring to a three year (1991 – 93) Study of bank frauds in Nigeria done by Ebhodaghe (1997), he remarked that the 1,362 cases reported cut across the rank and file of employees as shown in the Table 1:

- **Management Attitude** – If management encourages godfatherism in the work place, or does not respond to crimes promptly and decisively, corruption will thrive in the organization.
- **Societal Value System** – Nigerians accord a lot of respect to material wealth regardless of how it has been acquired. Little attention is paid to morals, and it is often said that 'if you cannot beat them, join them'. Little attention is paid to morals, since it is generally believed that the end justifies the means. Getting a job is not a question of merit but of connections. The few among the citizenry who get themselves enriched through foul means, are also always under pressure from their friends and relations, to share out the loot thereby perpetuating the vicious circle.
- A major predisposing factor to corruption is identified as **uncontrolled access to resources**. By the special nature of their jobs, certain individuals have the greatest access to items that can be stolen easily. Among such staff are store keepers, buyers, electricians, engineers, plumbers, warehouse staff, and so on (Olujobi, 1999).

- **Age and Tenure of Service** – Citing the work of Van Buren (1985), Olujobi 1999 reported, “that most people in retail industry realized that the majority of employee theft involved younger employees – those young both by birth, and by tenure”. This position was corroborated by the theory that older employees are less daring than the younger ones, attributed to the former’s fear of loss of long service rewards, and the social stigma of being labeled a thief.
- **Integrity** – Integrity is often seen as the will and willingness to do what one knows one should do, or to stand openly against what one believes to be wrong. The latter part of this definition connotes greater conceptual value to the one who has the will, since his disagreement on certain issues may require disobedience, construable to mean disloyalty to the organization, culminating in a resignation or sack.

It is significant to add that integrity requires consistency or a pattern of behavior of an enduring nature, on the part of the individual.

The consequences of the lack of integrity on the part of our citizens are obvious. At the international scene, business ethics are compromised to the extent that nationals of other countries fear to do business with us. The situation is much the same in the domestic environment and our national psyche is being dealt a serious blow by the lack of integrity.

Certain behavioral aberrations resulting from the above are being rationalized with business maxims (Adewunmi, 1999) such as:

- greed makes the world go round
- telling lies to stay ahead of competitions makes sense.
- between consenting adults, there is no adultery
- idealism is fine but managers shall follow commonly accepted business practices in each market place.
- Rub my back and I rub yours
- he who pays the piper dictates the tune
- use what you have to get what you want

The author lists other predisposing factors to corrupt practices as follows:

- an irrational, strong and perverse urge to break rules, beat the system and out of control, even for the fun of it.
- might is right and the use of double standard,

- perception of society as not caring or providing equal opportunities for self-development.

Strategies to Combat Corruption in Nigeria

From the foregoing, it would be seen that the consequences of corruption are so grave that no effort should be spared in fighting it. Perhaps a review of some theoretical perspectives would suffice in starting this Section. Kennish (1988) asserts that employee crime is preventable and that its prevention is profitable. Prevention however according to him, can be accomplished by “merely hiring the right employee, and keeping that employee honest”. Employee honesty is a function of an enabling environment since “the most honest individual could be overwhelmed by temptation. In this regard, a good system of government will facilitate the process of removing the tendency to perpetrate fraud and corruption. Government has a duty of providing the enabling environment for the smooth functioning of every facet of the national economy, through appropriate legislations and provision of amenities, among other things.

Klitgaard (2000), citing the work of Huntington partitioned the fight against corruption into three stages. In the first stage, consciousness is raised about the existence and harms of corruption. This is the awareness stage. The second stage is that of systems analysis, to find out the modus operandi and effect of corruption. When consciousness raising and prevention fail, the third stage of anticorruption activities become inevitable.

Adefila (2004) classifies measures aimed at checking corruption into two namely: governmental, and management. He itemized governmental measures to include improved conditions of service, good governance, adequate punishment for the corrupt workers, provision of basic social amenities, and implementation of a good retirement plan for workers.

Management measures encompass sound internal control system, staff motivation, accountability, and filling organizational positions with only honest workers. In this context, officials and employees at the various levels of government, who manage the public resources allocated for government programmes, have the obligation to render a full account of their activities to the public. Allied to this principle is the need to practise compulsory competitive tendering principle in the award of government contract. This will make our contract prices to be fair and devoid of inflated inputs.

Selection of good employees is critical to good management profile in the workplace. It is pertinent to note that the manager should be a leader in all ramifications of the term, and should be knowledgeable in the subject matter of his specialization in order to be effective in checking corruption and irregularities. He should be incorruptible and lead by example. In his selection process therefore, appropriate screening steps should include reference checks on the curriculum vitae, handwriting and/or finger printing tests depending on the nature of the job, and in-depth interview which may be combined with a written honesty test. Proper training and orientation, of a continuous nature, should also be given to employees upon assumption of office.

The Influence of Anti-Corruption Agencies

Among the measures put in place in curbing corruption, is the establishment of anti-corruption agencies both at the national and global levels.

- i. **National Anti-Corruption Agencies** – Perhaps the greatest challenge facing the anti-graft agencies at the national level is that of transparency. Cognate to this attribute are the requirements for credibility, integrity, and effectiveness, among others. The foregoing are ably summarized by Pope and Vogl (2000) as follows:

a test for a government establishing an anticorruption agency is whether it would find the agency's actions acceptable if it were the political opposition rather than the party in power. An enduring formula, which seems fair and workable to everyone, whether in or out of government, needs to be found. This requires, for example, that the agency have significant powers of investigation, prosecution, and deterrence, independent of political parties and government leaders. Accountability is critical to the agency's success, as are checks on its power and the method used for selecting its leadership. Anticorruption agencies will fail if they can be subjected to political direction and used as weapon to attack critics of the government. Safeguards have to exist as well, to ensure the agency does not itself become a source for extortion and corruption.

The work of two anti-corruption agencies in Nigeria cannot be underestimated in the war against corruption. These are the Economic and Financial Crime Commission (EFCC), and the Independent Corrupt Practices

Commission (ICPC). It is often said in the lighter mood that the fear of the EFCC is the beginning of financial prudence.

ii. **Global Anti-Corruption Activities**

Burton (1999) commenting on global anti-corruption activities, mentions a number of significant international and regional initiatives devoted to fraud control, while however admitting that primary responsibility for tackling corruption and strengthening governance lies within the country concerned. He refers to such efforts as follows:

- the United Nations General Assembly's adoption in 1996 of an International Code of conduct for Public Officials and a declaration against Corruption and Bribery in International Commercial Transactions.
- the World Bank's awareness creation, and research into anti-corruption strategies and adoption in 1997 of new guidelines for its programmes.
- the IMF's publication of anti-corruption guidelines and confirmation of its readiness to take account of relevant governance issues including corruption when reviewing economic programmes and policies of its members.
- the British Government's support and active participation in anti-corruption initiatives, especially her signing of the European Convention on Corruption and the OECD convention on Combating Bribery in International Business Transactions, and
- Nigeria's membership and participation in the activities of Transparency International.

Among the global anti-corruption activities is Hong Kong SAR's clear, strict Prevention of Bribery Ordinance and strong Independent Commission Against Corruption, which has impressive legal powers and staff of about 1,350 professionals (Pope and Vogl, 2000).

Conclusion

Attempts have been made in this Paper to examine the various perspectives of the cankerworm known as corruption. Its various contextual dimensions, among interacting variables, make it rather difficult to define its meaning. Its adverse effect on our socio-economic life cannot however be over

emphasized. These are in the form of crippling levels of poverty, higher prices and fewer job opportunities, reduced productive investment, health, education, and social facilities, and so on.

The multifaceted predisposing factors examined in the Paper, inform the advisability of a multidimensional approach in solving the problem. In the fight against corruption, both national and international agencies have a role to play. Much however depend on the nationally coordinated anti-corruption agencies since the international ones appear to have limited impact.

References

- Adefila, J. J. (2004) Public Servants' Perception of the causes of fraud – A Case Study of Kwara State Public Service. *Babcock Journal of Management and Social Sciences*. Vol 3. No.1, Sept 2004.
- Adewunmi W. (1999) Professionalism and Ethics in Banking. *Management In Nigeria* Vol 35, No.1. Jan – Jun 1999.
- Agbaje, E. B. A. (2004) Corruption, Accountability and Good Governance – Reflections on governance In Nigeria's fourth Republic 1999 – 2003. *International Review of Politics and Development*. Vol. 2, No. 2, June 2004.
- Burton G. (1999) "Global Anticorruption Activities" *Management In Nigeria*. Vol. 35, No.1, NIM. Jan – Jun. Lagos.
- Kennish J. W. (1988) "Prevention Starts from the Top" *Issues in Security Management*. Butterworths, Boston.
- Klitgaard, R. (2000). Subverting Corruption. *Finance and Development*. IMF. June 2000.
- Kolade, C. (1999) Working for Business Integrity in Nigeria: The Role of the Professional. *Management In Nigeria*. Vol. 35, No.1 Jan – Jun 1999.
- Obasanjo, O. (2004) "Tackling Corruption and Promoting Transparency and Accountability" *National Economic Empowerment and Development Strategy*. National Planning Commission, Abuja, Nigeria.
- Olujobi A.O. (1999) Employee Theft: A Veritable Threat to Corporate Survival. *Management In Nigeria*. Vol. 35, No 1. Jan – Jun 1999.

Pope J, and Vogl F. (2000) Making Anticorruption Agencies More Effective.
Finance and Development IMF June 2000.

Table 1: Frauds in Commercial and Merchant Banks in Nigeria 1991 – 1993
(N³Million)

S/NO	NAME	1991	1992	1993	TOTAL
1.	Supervisors and Managers	66	132	127	325
2.	Officers, Accountants and Executive Assistants	60	66	58	184
3.	Clerk, Cashier, Typists, Technician & Stenographers	236	156	192	584
4.	Messengers, Drivers, Cleaners, Stewards and Security guards	51 24 30	54 - 19	51 - 40	156 24 89
5.	Temporary Staff				
6.	Uncategorized staff*				
Total		467	427	468	1,362
*Staff whose status were not disclosed.					

Source: Adapted from Ebhodaghe (1952) in Olujobi (1999).
Management in Nigeria Vol. 35, No. 1 Jan – June 1999.