

## EPISTEMOLOGY OF CORRUPTION AND ECONOMIC CRIME IN NIGERIA DISCOURSE

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### **Abstract**

*Corruption and all forms of economic and financial crimes in Nigeria are pervasive. All efforts by successive governments to either fight or reduce this humongous menace have proved abortive. It has penetrated all sectors of Nigerian society. Due to government insincerity in fighting corruption and economic crimes in the public sector, civil servants in the ministry of finance take advantage of looting the treasury. The study examined Epistemology of corruption and economic crimes in Nigeria. The objective of the study identified the forms of corruption and types of economic crime in Nigeria, ascertained the extent of corruption and economic crimes and assessed the causes of corruption and economic crimes in Nigeria. The significance of this study will be beneficial to civil servants in the public sector, relevant to law enforcement agencies, public office holders, researchers, bankers, accountants and the general public. The findings of the study is that the long time reign of corruption in the country has impacted negatively on economic growth in Nigeria and It has also decayed or deteriorated the country's cultural values. The study adopted the Modernization Theory and Game Theory. The study therefore, recommends that the Nigerian government should advance the use of anti-corruption agencies such as; Independent Corrupt Practices Commission (EFCC) to properly investigate corrupt practices and to apportion appropriate sanctions. There should be re-orientation process in education system in Nigeria that would lead to redemption or retrieval and salvaging or restoring of the country's national character and image.*

**Keywords:** Corruption, Economic Crime, financing crime.

### **Introduction**

Corruption practices did not begin today, the history is as old as the world. Ancient civilizations have traces of widespread illegality and corruption (Lipset and Lenz 2000). The price of corruption has been extremely high. The economic, political, social and moral bases of the country have been severely eroded and degraded. It has brought us near the brink and almost rendered us helpless and hopeless. It became imperative that something drastic had to be done to arrest the rot. This impelled the commitment of the president to tackle corruption head on. (ICPC ACT 2000).

Corruption is efforts to secure wealth or power through illegal means for private gain at public expense; or a misuse of public power for private benefit (Nnubia & Obiora, 2018). Corruption is like cockroaches, it co-existed with human society for a long time and remains as one of the problems in many of the world's developing economies with devastating consequences. Corruption as a phenomenon, is a global problem, and exists in varying degrees in different countries (Luna, 2002). Corruption is not only found in democratic and dictatorial politics, but also in feudal, capitalist and socialist economies. Christian, Muslim, Hindu, and Buddhist cultures are equally bedevilled by corruption (Dike, 2005).

Economic crimes has been described as the manifestation of a criminal act done either solely or in an organized manner with or without associates or groups, with an intent to earn wealth through illegal means, carrying out of illicit activities which violate the laws of the land and other regulating statutory provisions governing the economic activities of the government and its administration. It can erode the confidence in the system of a country; threaten the integrity of government, its programmes and institutions, thereby undermining national security, law and order.

Hence, the overwhelming presence of economic crimes can make such a country unattractive to investors (Okolie, 2006). Irrespective of the sophistication of the methods adopted by criminals, the common characteristics of the crime include cheating, lying and stealing. Corruption is a menace in the public sector, although is a global malaise, the extent of its reach in the public sector was tragically stupendous. All indicators showed that the spread of this cancer had become frightening. The menace of corruption leads to slow movement of files in offices, police extortion at tollgates and slow traffics on the highways, port congestion, queues at passport offices and gas stations, ghost workers syndrome, election irregularities, among others. Even that made people on the street recognizes the havoc caused by corruption, the funds allocated for their welfare disappearing into the thin air. Corruption is endemic in all governments, and that it is not peculiar to any continent, region and ethnic group. Corruption is found in democratic and dictatorial politics; feudal, capitalist and socialist economies.

According to Lewis (1994) and Beekers (2012), Nigeria is often classified as a neo-patrimonial state and these particular characteristics have serious implications on the social mechanisms enabling corruption in the country. Patrimonialism is defined as a social and political order where patrons secure the loyalty and support of clients by granting benefits from their own or state resources while neo-patrimonialism gives rise to a 'hybrid' state which often fails to guarantee the universal and fair distribution of public resources. Corruption in Nigeria manifest itself in different ways, both on a micro and macro level, and it occurs at all levels of society. According to the report by (Amundsen I, 2010), the types of corruption in Nigeria

are; rent-seeking, embezzlement, conflict of interest, bribes and kickbacks, nepotism and cronyism, corruption in provision of services, political patronage, and electoral corruption, among others.

The 1999 constitution of the Federal Republic of Nigeria provides the motto of the country which is Unity and Faith, Peace and Progress. This is because, every society needs to define its values and engage in activities that will sustain those set of values. However, there has been a lot of indiscipline in every face of life in Nigeria. Among them are; lack of integrity, corruption, the get-rich-quick syndrome and pursuit of easy money which has reduced the dignity of labour, religious intolerance, none respect for the country in terms of our institutions and national symbols. This necessitated the great need for value re-orientation. As quoted by Okoroafor and Njoku (2012), value re-orientation is aimed at inculcating good values that can help Nigeria out of her numerous predicaments which can refocus the nation toward greatness. The Nigerian government has therefore put in place several efforts to orientate Nigerians to imbibe and instill the culture of virtue and to shun immoral acts.

The government has made some efforts and different strategies to curb corruption in the country, For instance, the introduction of War Against Indiscipline (WAI) by Buhari (Nigeria President) to change the immoral attitude of Nigerians for better, the introduction of Economic and Financial Crime commission (EFCC) to check corruption in the country, and other agencies such as; Independent Corrupt Practices and Other Related Offences Commission (ICPC) to ensure ethical and moral values by restoring the good moral values inherent in the traditional society.

Economic and Financial Crimes serve as a disease to economic development in Nigeria that has huge earning from oil. In the works of Waziri (2009), corruption afflicts virtually all parts of the Nigerian society. It has eaten deep into Nigeria value system and is now threatening to spread to the culture as public adulation for wealth has increased. The society no longer asks questions as to how people came by their questionable wealth. Okolo (2007), financial crime has become really pervasive and the likelihood of corporate fraud occurring has also become more severe.

The pervasion of corruption in Nigeria has attracted criticisms from various quarters and has been widely reported. Nigeria economy was reported to have lost an estimated sum of £205 million (N105.4 billion) in tax revenues between 2005 and 2007 to the United Kingdom, the European Union and Ireland, as a result of corruption in the form of trade mispricing (Christian Aid, 2008; Otusanya, 2010). More so, the joint audit conducted by the central bank of Nigeria(CBN) and the Nigeria deposit insurance commission (NDIC) on the five indicted banks in 2009 revealed how corrupt practices have led to loss of huge funds in non-performing loan. It showed that the five banks had a total loan portfolio of N2.8 trillion.

Aggregate of nonperforming of these loans represents 40.81 per cent of the total loans (Otusanya, 2012).

With an upsurge in financial accounting fraud in the current economic scenario experienced, financial accounting fraud detection has become an emerging topic of great importance for academic, research and industries. In this age of high technology, fraud investigators can no longer be satisfied with just auditing or accounting skills, these investigators should be trained as forensic accountants and this training should include an extensive knowledge of accounting information systems (Bressler, 2006; Manning, 2005; Ramaswamy, 2005). The failure of internal auditing system of the organization in identifying the accounting frauds has led to use of specialized procedures to detect financial accounting fraud, collective known as forensic accounting (Kranacher and Stern 2004).

Ojaide (2000) submits that there is an alarming increase in the number of fraud and fraudulent activities in Nigeria emphasizing the visibility of forensic accounting services. Therefore, many foreign investors have lost several billions of dollars to fraudsters thereby leading to reduction and negative consequences on economic growth and development. Appropriate legislation was enacted to criminalize all corrupt conducts including unjust enrichment. Key institutions like Independence Corrupt Practices Commission (ICPC), Economic and Financial Crime Commission (EFCC) were established to fight corruption.

Okoye and Akamobi (2009), Owojori and Asaolu (2009), Izedomin and Mgbame (2011), Kasum (2009) have all acknowledge in their separate works, the increasing incidence of fraud and fraudulent activities in Nigeria and these studies have argued that in Nigeria, financial fraud is gradually becoming a normal way of life. As Kasum (2009) notes, the perpetuation of financial irregularities are becoming the specialty of both private and public sector in Nigeria as individual perpetrates fraud and corrupt practice according to the capacity of their office.

Ribadu (2004) asserted that corruption and economic crime cases are usually very complex and complicated. Some involve documents or subjects that are very technical requiring a well schooled investigator to unravel. Therefore, forensic accountants are required to compliment the effort of anti – corruption agencies.

Consequently, there is a general expectation that forensic accounting should be able to stem the tide of financial malfeasance witnessed in most sectors of the Nigerian economy. However, there has not been adequate emphasis, especially survey evidence on how forensic accounting can help curb financial crimes beyond the several anecdotal views that abound.

## **Conceptual Clarifications**

### **Corruption**

According to section 2 of I.C.P.C Act (2000), corruption simply connotes impropriety and encompasses all forms of reprehensible, indecorous and infamous conduct in the performance of some official and non official's responsibilities. This means any act, which go out of any normal societal behaviour. According to Nye, J.S. (1967), Corruption is a behaviour, which deviates from the formal duties of a public role, because of private (gains) regarding (personal, close family, private clique, pecuniary or status gains). It is behaviour, which violates rules against the exercise of certain types of duties for private gains regarding influence.

Banfield (1961) says that corruption includes such behaviour as bribery (use of a reward to prevent the judgment of a person in a position of trust; nepotism (bestowal of patronage by reasons of a scriptive relationship rather than merit); and misappropriation (illegal appropriation of public resources for private uses. Corruption is the efforts to secure wealth or power through illegal means private gain at public expense; or a misuse of public power for private benefit. (Lipset and Lenz 2000).

According to Gboyega (1965), "Corruption and Democratization in Nigeria", Corruption involves the giving or taking of a bribe, or illegal acquisition of wealth using the resources of a public office, including the exercise of discretion". According to section 46 of the Economic and Financial Crimes Commission defines economic crimes to means, "the non-violent criminal and illicit activity committed with the objective of earning wealth illegally either individually or in a group or organized manner thereby violating existing legislation governing economic activities of government and its administration and includes any form of fraud, narcotic drug trafficking, money laundering, embezzlement, bribery, looting and any form of corrupt practices, illegal arms deal, smuggling, human trafficking and child labour, illegal oil bunkering and illegal mining, tax evasion, foreign exchange malpractice including counterfeiting currency, theft of intellectual property and piracy, open market abuse, dumping of toxic and prohibited goods etc.

The word corruption is from the latin word corruptus, the past participle of corrumpere to destroy (com means intensive while rumpere, to break). Corruption is defined according to Oxford Dictionary, the process of being corrupt, or condition of being corrupt, a deformed or alter form of a word or phrase, dishonest or impurity.

### **Types of Corruption**

Corruption in Nigeria manifests itself in different ways, both on a micro and a macro level, and it occurs at all levels of society. Evidence on the forms of corruption, actors involved and its magnitude is however scattered across many academic

papers, newspaper articles, and reports from donors and civil society organisations, making it difficult to gain a clear understanding of the types of corruption that take place in the country.

**i. Systemic Corruption**

As opposed to exploiting occasional opportunities, endemic or systemic corruption is an integrated and essential aspect of the economic, social and political system, when it is embedded in a wider situation that helps sustain it. Systemic corruption is not a special category of corrupt practice, but rather a situation in which the major institutions and processes of the state are routinely dominated and used by corrupt individuals and groups, and in which most people have no alternatives to dealing with corrupt officials. Examples might include contemporary Bangladesh, Nigeria, Kenya, Cameroon and many others. (Michael Johnston: Fighting Systemic Corruption: Social Foundations for Institutional Reform.)

**ii. Sporadic (Individual) Corruption**

Sporadic corruption is the opposite of systemic corruption. Sporadic corruption occurs irregularly and therefore it does not threaten the mechanisms of control nor the economy as such. It is not crippling, but it can seriously undermine morale and sap the economy of resources.

**iii. Political (Grand) Corruption**

Political corruption is any transaction between private and public sector actors through which collective goods are illegitimately converted into private-regarding payoffs. Political corruption is often used synonymously with “grand” or high level corruption, distinguished from bureaucratic or petty corruption because it involves political decision-makers. Political or grand corruption takes place at the high levels of the political system, when politicians and state agents entitled to make and enforce the laws in the name of the people, are using this authority to sustain their power, status and wealth. Political corruption not only leads to the misallocation of resources, but it also perverts the manner in which decisions are made. Political corruption is when the laws and regulations are abused by the rulers, side-stepped, ignored, or even tailored to fit their interests. It is when the legal bases, against which corrupt practices are usually evaluated and judged, are weak and furthermore subject to downright encroachment by the rulers.

**iv. Grand Corruption**

High level or “grand” corruption takes place at the policy formulation end of politics. It refers not so much to the amount of money involved as to the level in which it takes place: grand corruption is at the top levels of the public sphere, where policies and rules are formulated in the first place. Usually (but not always) synonymous to political corruption.

v. **Petty Corruption**

Small scale, bureaucratic or petty corruption is the everyday corruption that takes place at the implementation end of politics, where the public officials meet the public. Petty corruption is bribery in connection with the implementation of existing laws, rules and regulations, and thus different from “grand” or political corruption. Petty corruption refers to the modest sums of money usually involved, and has also been called “low level” and “street level” to name the kind of corruption that people can experience more or less daily, in their encounter with public administration and services like hospitals, schools, local licensing authorities, police, taxing authorities and so on.

vi. **Legal and Moral Corruption**

Corruption is derived from the Latin verb *rumpere*, to break. According to this approach, corruption is where the law is clearly broken. This requires that all laws must be precisely stated, leaving no doubts about their meaning and no discretion to the public officials. A legal interpretation of corruption provides a clearly demarcated boundary between what is a corrupt activity and what is not. ‘If an official’s act is prohibited by laws established by the government, it is corrupt; if it is not prohibited, it is not corrupt even if it is abusive or unethical’. (John A. Gardiner, 1993. “Defining Corruption.” In: Corruption and Reform 7). The legal approach provides a neutral and static method of adjudicating potentially emotive and perception determined concepts of corruption. An understanding of corruption from law perspective serves to underline a deterioration of self-regulated behaviour and a dependence on the legal approach to determine right from wrong. The complexities of modern governance and a proliferation of corruption scandals have corresponded with a proliferation of complex corruption legislation.

Legislating for behaviour warrants focus upon the legality of an action and not the morality of that same action. Morality is increasingly being legislated for in the absence of and a loss of faith *in* self regulated behaviour. Although an act is committed within legal parameters it may lie outside moral boundaries. A corrupt act can be camouflaged by lawful justification. For example, ‘undue emphasis on narrow legalism has obscured more subtle yet costly manifestations of misgoverned’ where “‘legal corruption’ may be more prevalent than illegal forms’. (D. Kaufmann, September 2006, Corruption, Governance and Security. In: World Economic Forum. Global Competitiveness Report 2004/2005.)

From this perspective corruption encompasses undue influence over public policies, institutions, laws and regulations by vested private interests at the expense of the public interest. Cultural change, rather than legal change, may be necessary to impede corrupt behaviour. Non-corrupt actions may be within the letter of the law but do not account for the spirit of the law. The legal

approach diminishes the role of moral discretion and is constrained by clearly defined edicts.

**Corruption may be looked at from the following angles.**

- i. **Political Corruption:** It is the dysfunction of a political system or institution in which government officials, political, official or employees seek illegitimate personal gain through actions such as bribery, extortion etc.
- ii. **Corporate Corruption:** It is the abuse of power by corporate managers against shareholders or consumers. For example, EFCC investigated the cases of corruption that involved personal enrichment of shareholders and depositor's money by the bank executives.
- iii. **Putrefaction:** Literally means the decomposition of recently - living bio - matter. However, with the Nigeria State it could be used as an imagery to typify the existing decomposing state of our national fabric ravaged by corruption.
- iv. **Data Corruption:** An unintended change to data in storage or in transit corruption (linguistics) the change in meaning to a language or a text introduced by cumulative errors in transcription as changes in the language speakers' comprehension.
- v. **Bribery:** As an aspect of corruption, it takes place in many places such as in politics, business or even in sport. Bribery was defined as corruption in the administration of justice. The modern concept of bribery includes the voluntary gift or receipt of anything in value in order to carry out an official task.
- vi. **Police Corruption:** There are numerous forms of Police Corruption. They range from taking small gifts or payment from business people and the populace. In Nigeria, issue of corruption among the police cut across the all ranks. The junior policemen extort money in the open place along the major roads from especially the commercial motorists. To the extent that if these motorists refuse to give them it has resulted to cases of killing of innocent people. The cases of Senior Policemen Corruption are different ranging from misappropriation and embezzlement of police allocation and even collecting bribes from offenders and in some case set them free without prosecuting them in the law court.

In many occasions in Nigeria, Police have been subject of ridicule because of their atrocities during election. Police are used to harass the opponent and they also involve in the rigging of election. Extortion refers to obtaining property from others by wrongful use of actual or threatened force, fear, or violence or the corrupt taking of a fee by a public officer.



### **Causes of corruption in Nigeria**

Corruption is defined as an illegal act of using one's own position in one's own interests or to one's own personal advantage. Many people have argued that corruption has become embedded in our society.

#### **The major causes of corruption in Nigeria are the following:**

- i. Weak Government Institutions.
- ii. Poor Pay Incentives.
- iii. Lack of Openness and Transparency in Public Services.
- iv. Absence of key and Corruption Tools.
- v. Ineffective Political Processes.
- vi. Culture and Acceptance of Corruption by the Populace.
- vii. Absence of Effective Political Financing.
- viii. Poverty.
- ix. Ethnic and Religions Difference.
- x. Resource Scramble.

#### **Reasons why the fight against corruption in Nigeria is not working:**

- i. Insincerity of Government
- ii. Pre bargaining and Negotiation: highly placed officials caught of corrupt practices are made to part with some of their looted funds and are thereafter set free.
- iii. Low deterrent: the punitive measures for corruption practices need to be strengthened.
- iv. Lack of Virile Political and Social Movements to tackle corruption. The majority of the people are yet to be mobilized in the fight against corruption.
- v. Lack of access to public information. A lot of secrecy still pervades Government documents.
- vi. Insecurity of Informants. There is need to enact laws to protect informants as well as reward them.
- vii. Low public participation in Governance.
- viii. Corrupt Electoral System.
- ix. Nepotism.
- x. Systemic Disorder.
- xi. Weak Government Institutions

One of the major challenges that has faced the Nigerian Nation over the year is the issue of corruption and its debilitating ancillaries - bribery, graft, fraud and nepotism. The genesis of this dilemma can be traced to when oil took over from groundnuts in the North, cocoa in the West and rubber in the East and became the nation's main sources of National income. The earning from the sales of crude oil opened Nigeria to inflow of large sums of money. The military government at that time were involved in many gigantic projects especially infrastructures such as roads, bridges,

airports etc. Huge amount was spent on Festac 77. The result of this was huge contracts were awarded without regard for normal processes. Government also spent money on projects without much control paving the way for corruption to take place. Corruption in Nigeria undermines democratic institutions, retards economic development and contributes to government instability. Corruption attacks its foundation of democratic institutions by distorting electoral processes, preventing the rule of law and creating bureaucratic quagmires whose only reasons for existence is the soliciting of bribes. Economic development is stunted because outside direct investment is discouraged and small business within the country often find it impossible to overcome the startup costs required because of corruption. Kofi Annan equally asserted that “corruption hurts the poor disproportionately by diverting funds intended for development. Undermining a government’s ability to provide basic services and discouraging foreign investment and aid.

#### **Agencies established for combating corruption in Nigeria**

##### **i. Economic And Financial Crimes Commission (EFCC)**

The Economic and Financial Crimes Commission (EFCC) was formed in 2003. It is a Nigeria law enforcement agency that investigates financial crimes such as advance fee fraud (419 fraud), corruption, money laundering etc. It was established partially in response to pressure from the Financial Action Taskforce on money laundering (FATF), which named Nigeria as one of 23 countries non - cooperative in the International Community’s efforts to fight money laundering. The Agency has addressed financial corruption by prosecuting and convicting a number high profile corrupt individuals ranging from Nigeria’s former chief law enforcement officer to several Bank Chief Executives.

##### **ii. Independent Corrupt Practices And Other Offences Commission (ICPC)**

Independent corrupt practices and other related offences commission was inaugurated on September 29, 2000 by the Nigeria President, Chief Olusegun Obasanjo (GCFR). The commission is at the hub of Nigeria’s fight against corruption. The main duty of the commission is to receive complaints, investigate and prosecute offenders. Other duties include education and enlightenment of the public about and against corruption and related offences. The commission also has the task of reviewing and modifying the activities of the public bodies, where such practices may aid corruption.

The government’s campaign against corruption manifests also in the setting up of the Due process office. This office oversees and demands that standard processes be followed in the execution of government activities and projects, thereby blocking avenues for bribery and corruption. They investigate official act already done or to be done or with the corrupt intent to influence the action of a public official or any person involved with the administration of public affairs.

### **Economic Crimes**

Okolie (2006) described economic crimes as the manifestation of a criminal act done either solely or in an organized manner with or without associates or groups with an intent to earn wealth through illegal means, carrying out of illicit activities which violate the laws of the land and other regulatory statutory provisions governing the economic activities of the government and administration.

Ribadu (2004) opined that cases that involve economic and financial crimes are often intricate and involves papers and subjects that are technical and also requires an investigator that is well-schooled to unearth it. Adegbite and Fakile (2012) asserted that forensic accounting is a financial (monetary) move towards controlling and resolving crimes (economic and financial) in the economy of Nigeria. To them, in the financial statements forensic accounting provides investigative accounting. Stanbury and Paley-Menzies (2010) sees it as a science that is used in information assembling and presenting in a way that is acceptable by a court having jurisprudence that is not in favour of economic and financial crimes perpetrators. Howard and Sheetz (2006) asserted that the emergence of forensic accounting in recent times was in response to the development of the rising occurrence of frauds and malpractices in corporate management.

### **Types of Economic Crimes**

Economic crimes are indeed a serious threat to the public sector and therefore a threat to the nation since the public sector is the heart of the nation. The existence and prosperity of a nation can be held to ransom by the activities of economic crimes perpetration. Some forms of economic crime are advance fee fraud, fraud, money laundering and embezzlement of government funds; these are explained below.

#### **i. Advance Fee Fraud**

Advance fee fraud is a criminal offence defined and punishable under section 419 of the Nigeria criminal code. Statutory section 419 of the criminal code of Nigeria provides thus any person who by any false pretence and with the intent to defraud, obtain from any other person anything capable of being stolen is guilty of felony and is liable to 3 years imprisonment. The scam popularly known as “419” was initially subsumed under the category of criminal offences which have described as “obtained under false pretence” but now it under the EFCC Act. Syndicates as it is widely known outside our borders, initiate the scam with members in different parts of the world strategically located to implement their different tasks.

#### **ii. Embezzlement**

Embezzlement is defined as “the misappropriation of property or funds legally entrusted to someone in their formal position as an agent or guardian”. Systematic and/or grand scale embezzlement of public funds seriously undermines the capacity of the state to manage resources and deliver services

(Abel & Blackman 2014). This has been the case in Nigeria, where in spite of huge economic growth in the past years the government has failed to manage and re-distribute resources fairly (Human Rights Watch 2012).

Academic and newspaper articles as well as investigations conducted in countries such as the US and the UK provide an overview of how embezzlement takes place, which areas of public administration are affected, its magnitude and who is involved (Ikejiaku 2013; The Guardian 2012; US Department of State 2014). However there is little detailed information about the legal loopholes and institutional weaknesses that allow officials to embezzle public money while remaining unpunished.

iii. **Fraud**

Fraud arises from the exposure of illegal financial activities within the public and private sectors of the economy perpetrated by executives and all cadres, such illegal activities involve to a large extent, missing or misdirecting funds, over stating expenses, understating revenue, improper foreign exchange dealings within and outside the banks, embezzlement, illegal capital transfer, illegal currency manipulation and large scale banking and insurance fraud, which form the centre piece of fraud that have contributed in keeping investors away. Nigeria has remained underdeveloped, as it is certain that nation with high incidence of fraud cannot develop (Owojori and Asaolu, 2009). Fraud in developed economies is often reported in both private and public sectors. The problems in developing Third World nations particularly Nigeria is that fraud is common and affects a lot of citizen and in most cases perpetrators get away with the act. This is to say that, only in few instances are the nefarious act uncovered on time, investigated, prosecuted and adequate punishment given.

iv. **Money Laundering**

Money laundering is a process by which illegal resources or proceeds of crime are converted into apparently legal resources thereby concealing or disguising their criminal origin. Hiding wealth or sources of wealth is by no means a new phenomenon. What is perhaps new is the complexity of methods by which it is been committed as well as the international attention it generated in this century. Money laundering is a transformation process for the proceeds of criminal activities such as drug trafficking, armed robbery, prostitution, gambling, arms deals, fraud, embezzlement of public funds, obtaining by false pretences and many other acts which the law forbids.

**Theoretical Framework**

Modernization Theory and Game Theory was used for this study.

**Modernization Theory**

One of the theories of corruption is the Modernization theory. In the word of Huntington 1968, one of the theorists of modernization cited by Adefulu (2007) he

observed that: the process of economic and political development in modernizing societies tends to breed inequality, political instability and corruption which may be defined simply in terms of the use of public powers to achieve private goals. Earnestly worked after the (1955) Bandung Conference of the Non-Aligned movement. Modernization theorists explained that: the causes, scale and incidence of corruption and corrupt practices in pre-colonial African states in terms of the logic of patrimonialism, neopatrimonialism, prebendalism, and patro-clientelism and the main proposition common to all these theories of corruption centres on the view that extractive corruption in African (and elsewhere in developing countries) is one of the un-salutary consequences of grafting modern political structure and processes on indigenous socio political structures which function on the basis of old values and obligation.

In spite of the presumed benefits of mixed government pin pointedly Sklar (2003) as reported in Adefulu (2007) the incidence of corruption in Africa is seen as an outcome of the behaviour of public officials which deviates from the accepted norms, and which also signifies the absence of effective political institutionalization that makes it difficult for these officials to divorce their public roles from private ones, thus prompting them to subordinate their institutional roles to exogenous demands’.

### **Game theory**

One theory that explains the prevalence of public sector corruption is the game theory. This theory borrows from economic literature and seeks to provide rationales for corrupt decisions by public officials. In particular, Macrae (1982) suggests that corruption is part of a rational calculus and an integral and often deeply rooted method by which people take decisions. In this context, individuals face a "prisoner's dilemma", which "illustrates a conflict between individual and group rationality" (Kuhn, 2019). The individual fears a disadvantage if she refuses to engage in corrupt practices while other individuals do not refuse to do so in the same situation. As a result all individuals obtain some sort of benefit which, however, is always less than the benefit that each of them would have obtained if they refused to engage in corrupt practices. This is illustrated, for example, in the area of public procurement, where participants in corruption include private sector actors that are unsure of the actions of others. The fear of being outdone by competitors acting illegally or unethically thus motivates otherwise ethical companies to engage in procurement corruption. It should also be noted that various situational and psychological factors could play a role in fostering unethical behaviour, sometimes despite an individual's best intentions to act ethically.

### **Empirical Reviews**

Rotimi, Obasaju, Lawal & Ise Olorunkanmi (2013) argued that the futile attempt by the government to fight the cankerworm stems from the fact that the government

itself is greatly infected with the virus and an average Nigeria is seen as corrupt in most part of the world. It appears that corruption has become deep-rooted in Nigeria as a result of the fact that, people from other countries now see it as part of the tradition of the Nigerian society. Very little or no study has been done in the area of evaluating the impact of corruption on economic growth and cultural values in Nigeria. It is against this background that this study intends to fill the gap by addressing the relationship.

Odey and Ashipun (2013) noted that most of these policies made by the Nigerian government are still altered by the custodian of power and authorities in the state. In the same vein, Ughorojeh (2008) lamented that while all successive governments have been time and care to identify and condemn the evil corruption plaguing the Nigerian economy, not much efforts has been made to combat it. Similarly, Onoge (1983) noted that corruption has persisted in the country despite efforts to rout it out, noting that its rate and scale is increased enormously in the oil boom days.

Recently, the Nigerian government also set up strategy or fights against corruption under the leadership of Buhari (Nigerian President) with stringent penalties put in place for offenders. According to Odey and Ashipu (2013), ethics is intrinsically related to morality and it is also related to religion which is a product of people's culture. Thus, considering the intensity of government efforts in instilling discipline and eradicating corruption in Nigeria in order to transform and re-orientate the cultural values in Nigeria.

In the similar vein, several studies have also shown the negative effect of corruption on economic growth in Nigeria (Enofe, Oriaifoh, Akolo, and Oriaifoh, 2016) and Adenike (2013). Thus, the effect of corruption on economic growth in Nigeria cannot be overemphasized. Also, Guru and Abdul noted that corruption has a significant negative effect on economic growth and development. Adewale (2011) posits that although corruption is a universal phenomenon, its magnitude and effects are more severe and deep-seated in Nigeria.

### **Methodology**

The study used the descriptive (trends analyses) and analysis of variance (ANOVA) *a method for comparing variation between two or more mean measure in different situations and is used when the full sample is divided into several groups based on one or more non-metric independent variables and the dependent variables analyzed are in metric dependent variables*. Data used for this study consist of both primary and secondary data. Primary data was collected through the use of oral interview, While secondary data were sourced from; library, internet, journals, and from an international research institute 'transparency International'. The oral interview was used to obtain data on people personal opinions, and also character of the Data.

### **Discussion of Findings**

The longtime reign of corruption in the country has impacted negatively on economic growth in Nigeria and it has also decayed or deteriorated the country's cultural values.

The result shows that the Relatively Corruption ranking has significant difference between countries economic growth, Nigeria ranking is negative due to poor record on public sector Corruption. Other corruption indices such as Corruption Perception Index and Corruption Rank which are presented in an inverse form had positive impact on the growth of the Nigerian economy likewise corruption. This explains that the higher level of Corruption Perspective Index in the country retards or impairs economic growth. The short-run estimates revealed a negative but insignificant speed of adjustment implying that initial deviations (incident by corruption indicators) in Corruption Perspective Index does not significant adjust to the long-run in Nigeria at 5% critical level. However, it converges to long run equilibrium by 0.05% yearly.

The problems of the legislation and action planning as well as community sensitization refers to the best organizational model to combat corruption. The implementation of a risk management system and introduction of investigation and prosecution mechanisms can be effective in reducing corruption. The institutional approaches (EFFC, ICPC, etc) are still the most effective instruments in controlling corruption if they are properly applied without selective, judgment could yield a positive result. *Therefore, we can conclude that there is positive response on Corruption Perspective Index of country and Corruption Perspective Index par year.*

### **Conclusions**

The study concludes that the long-time reign of corruption in the country has impacted negatively on economic growth in Nigeria. It has also decayed or deteriorated the country's cultural values. The negative impact of corruption on economic growth and the decaying standard of Nigerian cultural values have necessitated the need for value reorientation in order to bring redemption to the country's national character and image.

### **Recommendations**

- i. The enforcement mechanisms and probability of being caught should be increased to discourage corrupt habit.
- ii. Therefore combined effort by the citizen and government is required for sustainable economy through high Corruption Perspective Index which in turn will encourage future investors.
- iii. Government should be proactive on over side that lead to low Corruption Perception Index and also be ready to be faced with the challenge to increase transparency and accountability in all government activities.

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