

Challenges of Corruption and Economic Crime in the Nigerian Public Sector

¹Bassey E. Anam,
²Love Obiani Arugu &
³John Nma Aliu

¹*Institute of Public Policy & Administration, University of Calabar, Nigeria*

²*Political Science Department, Federal University Otuoke, Bayelsa State, Nigeria*

³*Department of Banking and Finance
College of Business and Management Studies (CBMS)
Kaduna Polytechnic, Kaduna*

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Abstract

Corruption is a bane in the performance of the Nigerian public sector. The study seeks to answer the question, what are the challenges of corruption and economic crime in the Nigerian public sector? It draws a theoretical background from the structural-functional theory advanced by Gabriel Almond. This theory suggests functional specification of a designate structure established for a particular set of activities. The study is qualitative in nature. Data are obtained mainly from secondary sources and examined through content analysis. The findings obtained helped in answering the research questions stated to guide the investigations. After assessing available literature, the study established that in complimenting the effort of EFCC and other anti corrupt institutions, there is need for a separate and specialized court or tribunal to handle financial crimes to avoid the incessant delays associated with the regular courts. This will help check the interference of government in the justice system, especially during the persecution of defaulters.

Corresponding Author:
Bassey E. Anam

Background to the Study

Corruption is pervasive in Nigeria and has negatively affected the performance of the public service. It has remained a bane to progress and economic performance. Corruption has fuelled political violence, denied millions of Nigerian access to even the most basic health and education services, thereby increasing the level of poverty especially in rural areas. Inefficiency, allocation of resources and utilization of public funds are aggravated by corruption and economic crimes. Due to corruption and economic crimes in the public sector, Ministries and Government Departments have not been able to perform efficiently and prosper utilization of the resources that have been assigned to their ministries.

A look at Nigeria's corruption perception index (CPI) and relative competition ranking (RCR) 1995 to 2014 provides with a background to confirm this argument. The index below has a band of 0 to 100. An index closer to zero signifies a very corrupt country. While an index closer to 100 signifies a country almost free from corruption. It is therefore clear from table 1 below that Nigeria is a very corrupt country and this adversely affects her economy.

Table 1: Nigeria's corruption perception index (CPI) and relative competition ranking (RCR) 1995 to 2014.

YEAR	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
CPI	0	0.69	1.76	1.9	1.6	1.2	1.0	1.6	1.4	1.6
RCR	0	54	52	81	98	98	90	101	132	144
YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
CPI	1.9	2.2	2.2	2.7	2.5	2.4	2.4	2.7		
RCR	152	142	147	121	130	134	143	147	144	136

Source: Anam (2014).

Admittedly, the price of corruption has been extremely high. The economic political, social and bases of the country have been severely eroded and degraded. It has brought us near the brink and almost rendered us helpless and hopeless. The Nigerian public service is a shadow of itself. Corrupt practice has killed initiatives, passion and the motivation to service. This institutional and structural breakdown adversely affects the operation of the entire economic system. However, one can commend the effort of the Economic and Financial Crimes Commission (EFCC) in fighting corrupt practices in the country. Yet there is still so much to be desired as the Nigerian public service performs below expectation.

The study is therefore conducted to examine the challenges of corruption and economic crimes in the Nigerian public sector. The study is qualitative in nature. Data are obtained mainly from secondary sources and examined through content analysis. The findings obtained helped in answering the research questions stated to guide the investigations.

Theoretical Discourse

The study adopts the structural-functional theory advanced by Gabriel Almond in explaining its variables. This theory suggests functional specification of a designate structure established for a particular set of activities. This goes to mean that a set of roles prescribed for an agency as justification for its existence. The operational powers of such structure, therefore, flow from these very purposes. The EFCC is an agency (structure) of government established to fight a specific form of corruption derived from its name, the economic crime and financial commission. This is to say, that the commission is saddled with the function of fighting financial crimes and related offences. The legal space and power of its operations should be adequate to allow operational success in that direction. This structural-functional theory provides a theoretical clue for an assessment of EFCC to determine its institutional capacity in addressing the menace of financial crimes in Nigeria.

Research Question

The study seeks to answer the question, what are the challenges of corruption and economic crime in the Nigerian public sector?

Corruption and Economic Crimes in the Nigerian Public Sector

According to section 2 of I. C. P. C. Act (2002) corruption simply connotes impropriety and encompasses all forms of reprehensible, indecorous and infamous conduct in the performance of some official and non-official, responsibilities. This means any acts which go out of any normal social behavior. According to Nye (1967), corruption is a behavior which deviates from the formal duties of a public role because of private clique pecuniary or status gain. It is behavior which violates rules against the exercise of certain types of duties for private gains- regarding influence.

Corruption is the effort to secure wealth or power through illegal means, private gain at public expense or a misuse of public power for private benefit (Lipset and Lend 2000). 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 intent to earn wealth through illegal means.

Economic crimes are crimes committed against property involving the unlawful conversion of the ownership of property (belonging to one person) to one's own personal use and benefit. Financial crimes may also involve fraud (Cheque fraud, credit card corporate fraud, securities fraud, and medical fraud), bank fraud, insurance fraud, health care fraud, theft; scams or confidence tricks, tax evasion, bribery; embezzlement, identity theft; money laundering and forgery and counterfeiting, including the production of counterfeit money and consumer goods. Economic crimes may also involve additional acts such as computer crime, elder abuse, burglary armed robbery and evident crime such as robbery or murder. It might be carried out by individuals, cooperation, or by organized crime groups, victims may include individuals, corporations, government, and entire economies.

The public sector consists of governments and all publicly controlled or publicly funded agencies, enterprises and other entities that deliver public programmes, goods, or services it is not, however, always clear whether any particular organization should be included under that umbrella. The public sector is broader than simply that of core government and may overlap with not – for – profit or private sector (Dube, 2011).

It is also part of the economy that is owned and controlled by the government and provides basic services to the citizens. It is the means by which the government relates and delivers amenities to the public. Such amenities include but are not limited to welfare, infrastructure, security, social justice, education, health care and a means of regulating or deregulating the economy (Okoduwa 2007). Individuals who work in government departments and agencies are known as public servants.

Corruption in the public sector is caused by many factors including lack of accountability among public servants, inequality in the distribution of resources, promotion of ethnicity and lack of nationalism, and lastly, weakness of government enforcement agencies. Common manifestations of corrupt practices are advance fee fraud, fraud, money laundering and embezzlement of government funds, among other things.

UNECA and UAC, 2012 observe that economic crime affect indigenous entrepreneurship, more so with trade liberalization. Proceeds of economic crimes and used to bring dump good in the markets which are sold at a price below cost price in the exporting country. The reason for selling at a very low price is that economic criminals (money launderers) import so as to transfer their money and not for profit motives. The situation depresses domestic production due to uncompetitive pricing of the imported product. Because the return on investment on domestic production and other legitimate business activity will almost inevitably be lower than the high return made by money launderers, domestic production is depressed by their activities. This situation affects small-medium scale enterprises which are the growth target the government is addressing.

Kar, (2011) opines that money laundering impacts on the poorest in the society and it's most destructive too. It is argued that for every dollar, which is given to developing countries in aid, ten dollars' flow back out in illegal funds. Half of the one trillion dollars of dirty money which flows across borders each year come from developing countries. The international monetary fund has registered inexplicable fluctuations in currency demands, potential risks to back soundness contamination effects on legal transaction and heightened unpredictability of international capital flow and exchange rates due to money laundering (IMF, 2012). Consequent to this development, foreign investment will decline because investors will be scared of an economic environment where illicit monies are allowed to play a significant role in the allocation of resources.

The role of Anti-corruption Agency in the management and liberation of human society from the shackles of corruption and its evil repercussion can never be overstretched. It can be argued on sustainable instance that corruption is the mother of all evil and social

problems. The paper commends the effort of EFCC in the fight against corrupt practices in Nigeria. Notwithstanding, the Nigerian case worrisome as there are still cases of corrupt practices in the public service and this affects the level of performance.

In Nigeria, public officers still abuse their office for private gain. Official accepts, solicits, extorts and collect bribe. Bribes are still offered by private agents to circumvent public policies and processes for competitive advantage and profit. There are patronages, nepotism, and theft of states asset and diversion of state resources (Anam, 2014).

There are more cases of anti-social behavior committed by individual and/or social groups, which entails conferring unjust or fraudulent benefits on perpetrators, the behaviour is strictly inconsistent with the laid down rules and moral ethos of the land. The repercussion of the behavior is the likelihood of subversion of communal wealth thereby leading to reduction of the capacity of the legitimate authorities, be it federal, state or local government to provide fully for the materials and spiritual well being of all members of the society in a just and equitable manner (Osoba, 200, Agara and Olarinmoye, 2009).

Corrupt practices and economic crimes common in Nigeria can be summarised to include,

1. Bribery: Where an official accepts money or some other consideration to engage in a particular course of action or interaction
2. Extortion: Where an official demands money and some other consideration to engage in a particular course of action or interaction.
3. Embezzlement: Where an official misappropriates public assets for personal use.
4. Fraud: Where an official makes false claims for benefits for which he or she is not entitled, or in order to avoid liability for payment, such tax or customs duty
5. Conflict of interest: When an official stands to profit incidentally from an official act. This could involve a planning decision which has the effect of increasing the value of property owned by the officials or the awarding of a government contract to a company in which the official has a financial interest.
6. Abuse of power: This is closely related to corruption, it is an aspect of corruption where most public office holders abuse the office they occupy, most public office holders abuse power for institutional ends, where there is no explicit personal gain for the offender. Example, the use of excessive force or fabrication of evidence by police, (sometimes referred to as "noble cause" corruption) or discriminatory practices by public sectors employers who are motivated by factors other than personal enrichment.

These have an adverse effect on the public service and national economy in general. The paper seeks to make useful suggestions in complimenting existing effort of the government to address the growing menace of corruption in the country.

Conclusion and Suggestion

The study was designed to examine the challenges of corruption and economic crimes in the Nigerian public sector. It is clear from the discussion above that corruption and economic crimes are the source of many socio-economic and political, problems that have militated against the attainment of economic devolvement, equity, social justice, political integration and stability as well as democracy in Nigeria.

The presence of corruption in Nigeria public sector has been attributed to ineffective and inefficiency of the administrators and this affects the outcome of public policy and economic development. Going forward and in complementing the effort of EFCC and other anti corrupt institutions, there is need for a separate and specialized court or tribunal to handle financial crimes to avoid the incessant delays associated with the regular courts. This will help check the interference of government in the justice system, especially during the persecution of defaulters.

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