CORRUPTION, ECONOMIC DEVELOPMENT AND SOCIAL WELFARE IN NIGERIA

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Abstract: This study assessed the impacts of corruption on economic development and social welfare in Nigeria. Mixed-methods research design, combining both quantitative and qualitative methods to collect and analyse data. The study collected secondary data from reputable sources such as the World Bank, International Monetary Fund (IMF) and Nigerian Bureau of Statistics (NBS). National bureau of Statistics estimates the entire population at 230,700,000 as of 2024, through the use of Taro Yamane formula, the population size was reduced to 400 sample size. A survey questionnaire of 400 was administered to the respondents in Nigeria to gather data on their perceptions of corruption and its impact on economic development and social welfare of which 291 returned. Findings of the study shows that corruption reduces economic growth by discouraging investment, reduced productivity, increased business cost, led to inefficient allocation of resources, diversion of government funds for private used, exacerbates poverty and inequality, reduced access to healthcare, education, and infrastructure, deters foreign investment, increased mortality rates, and finally increased social unrest by creating inequality. The study concluded and recommended that government should strengthen anti-corruption institutions, increase transparency and accountability, improve access to basic services and promote public participation.
Keywords: Corruption; Economic development; Social welfare; Nigeria

1 INTRODUCTION

Corruption is a pervasive and complex phenomenon that affects many countries around the world, including Nigeria. It is a major obstacle to economic development, social welfare, and good governance Transparency International [1]. Corruption can take many forms, including bribery, embezzlement, nepotism, and cronyism. In Nigeria, corruption is endemic and has been a major challenge to the country's development since independence Oyinola [2]. The impact of corruption on economic development is well-documented. Corruption can lead to a decline in economic growth, reduce investment, and increase poverty Mauro [3]; Gupta et al., [4]. In Nigeria, corruption has been linked to the country's poor economic performance, including low economic growth, high inflation, and high unemployment CBN [5]. Corruption has also been implicated in the mismanagement of the country's natural resources, including oil and gas HRW [6]. Corruption also has significant social welfare implications. It can lead to a decline in the quality of public services, including healthcare, education, and infrastructure Kaufmann et al. [7]. In Nigeria, corruption has been linked to the country's poor social welfare outcomes, including high infant mortality rates, low life expectancy, and poor education outcomes UNDP [8]. Corruption has also been implicated in the unequal distribution of wealth and income in the country, leading to high levels of poverty and inequality NBS, [9]. The aim of this study is to assess the impact of corruption on economic development and social welfare in Nigeria. Specifically, the study aims to: examine the relationship between corruption and economic development in Nigeria, investigate the impact of corruption on social welfare outcomes in Nigeria, analyse the political economy drivers of corruption in Nigeria and identify policy interventions that can be implemented to tackle corruption and promote economic development and social welfare in Nigeria. This study is significant because it will contribute to the existing literature on corruption and its impact on economic development and social welfare in Nigeria. It will also provide policy recommendations that can be implemented to tackle corruption and promote economic development and social welfare in the country. The study will be guided by the following research questions: what is the relationship between corruption and economic development in Nigeria? how does corruption affect social welfare outcomes in Nigeria? what are the political economy drivers of corruption in Nigeria? and finally, what policy interventions can be implemented to tackle corruption and promote economic development and social welfare in Nigeria?

2 THEORETICAL LITERATURE

2.1 The Rent-Seeking Theory

The rent-seeking theory, developed by Anne Krueger [10], posits that corruption arises when individuals or groups seek to capture economic rents by manipulating government policies or regulations. In the context of Nigeria, rent-seeking behaviour has been linked to the country's oil wealth, where politicians and bureaucrats seek to capture rents by controlling access to oil revenues.

2.2 The Social Contract Theory

The social contract theory, developed by John Rawls [11], posits that governments have a moral obligation to provide basic social services to citizens in exchange for their loyalty and obedience. In the context of Nigeria, the social contract theory suggests that corruption undermines the government's ability to provide basic social services, leading to poor social welfare outcomes.

2.3 The Principal-Agent Theory

The principal-agent theory, developed by Jensen and Meckling [12], posits that corruption arises when agents (politicians and bureaucrats) pursue their own interests at the expense of principals (citizens). In the context of Nigeria, the principal-agent theory suggests that corruption is driven by the self-interest of politicians and bureaucrats, who use their positions to capture rents and accumulate wealth Ribadu [13]. Relevance of these theories to this research work is that the rent-seeking theory helps to explain how corruption arises in Nigeria's oil-rich economy, the social contract theory highlights the moral obligation of governments to provide basic social services to citizens and finally, the principal-agent theory explains how corruption is driven by the self-interest of politicians and bureaucrats.

3 EMPIRICAL LITERATURE REVIEW

Ite [14] investigate political economy of corruption in Nigeria's oil industry. With the use of case study, the study finds out that corruption is driven by the struggle for power and resources in Nigeria's oil industry, promotes economic inequality, undermines the effectiveness of economic policies, corruption reduces trust in government and institutions and also promotes social unrest. The study concluded that corruption is a major obstacle to economic development and social welfare in Nigeria's oil industry and also gave some recommendations.

Ogbuagu [15] looks at corruption and social inequality in Nigeria. Qualitative analysis using case studies and interviews were employed in the study. Findings from the study shows that corruption exacerbates social inequality in Nigeria, undermines the provision of basic social services, including healthcare and education, promotes economic inequality, reduces trust in government and institutions, and promotes social unrest. The study recommended that corruption requires a multifaceted approach that involves strengthening institutions, promoting transparency and accountability, and improving governance.

Adekunle [16] investigate the impact of corruption on economic development in Nigeria. Through econometric analysis using time-series data from 1990 to 2020, the study found out that corruption reduces investment and increases poverty, undermines the effectiveness of economic policies, has a significant negative impact on economic development in Nigeria and also serve as a major obstacle to economic development in Nigeria. The study recommended that the strengthening of institutions and promoting transparency and accountability are essential for reducing corruption and promoting economic development.

Oyinola [2] investigate corruption and economic growth in Nigeria, the study employed econometric analysis using time-series data from 1960 to 2015. Findings of the study shows that corruption reduces investment and increases poverty, corruption undermines the effectiveness of economic policies, economic growth is positively related to human development, and that corruption has a significant negative impact on economic growth in Nigeria. The study concluded that corruption is a major obstacle to economic growth and development in Nigeria and recommended for strengthening of institutions and promoting transparency and accountability are essential for reducing corruption and promoting economic growth.

Acemoglu & Robinson [17] focused on corruption and institutional weakness in Nigeria. The study used historical and institutional analysis to find out that corruption undermines the effectiveness of institutions in Nigeria, institutional weakness promotes economic inequality in Nigeria, that institutional weakness reduces economic growth, and promotes social unrest in Nigeria. The study concluded that institutional weakness is a major driver of corruption in Nigeria and recommended that transparency, accountability, and the rule of law should be promoted and strengthen in Nigeria. Study from the related literature above focuses on the national level, but corruption's impact on economic growth and development at the state and local levels is not explored, does not explore the impact of institutional weakness on corruption at the state and local levels, focuses on the impact of corruption on social inequality but does not explore the role of civil society organizations in combating corruption, and finally, the findings of the empirical literature reviewed does not explore the role of international organizations in combating corruption. Base on this literature gap, this study is being carried out in other to fill up the above literature gap.

4 METHODOLOGY

This paper aim to assess the impacts of corruption on economic development and social welfare in Nigeria. Mixed-methods research design, combining both quantitative and qualitative methods to collect and analyse data. The study collected secondary data from reputable sources such as the World Bank, International Monetary Fund (IMF), Nigerian Bureau of Statistics (NBS), National bureau of Statistics estimates the entire population at 230,700,000 as of 2024, through the use of Taro Yamane formula, the population size was reduced to 400 sample size. A survey questionnaire was administered to a sample of respondents in Nigeria to gather data on their perceptions of corruption and its impact on economic development and social welfare. A purposive sampling technique will be used to select respondents who

have expertise and experience in the area of corruption and economic development. Base on purposive sample technique, the sample size of 400 was distributed equally a state (1) selected from each of the four (4) region in Nigeria [North (Kano), South (Delta), East (Anambra) and West (Lagos)] of which 291 returned. Descriptive statistics such as means, frequencies, and percentages were used to summarize the data. Inferential statistics such as regression analysis and correlation analysis were used to analyse the relationship between corruption and economic development and social welfare.

4.1 Data Presentation and Analysis

The data was presented to suit the research objectives. Primary and secondary data were reviewed and questionnaire was distributed based on region, state, specific demographic characteristics such as age, gender, status and all other demographic variables were calculated using percentages (See Table 1 and 2).

Table 1 Regional and State Distributions of the Questionnaires

Region	No. of State in Region	Names of State Selected	No. of Questionnaires Distributed	No. of Questionnaires Returned
North	18	Kano	100	71
South	6	Delta	100	80
East	5	Anambra	50	67
West	7	Lagos	50	73
			400	**291**

Source: authors compilation (2025)

Table 2 Socio-demographic characteristics of the respondents

Socio-Demographic Characteristics	Frequency	Percentage
Gender		
Male	167	57.4
Female	124	42.6
Total	291	100
Status		
Single	185	63.6
Married	106	36.4
Total	291	100
Age Range		
18-25 years	92	31.6
26-33 years	112	38.5
34-40 years	87	29.9
Total	291	100
Highest Educational Qualification		
FSLC/WAEC	54	18.6
NCE/ND	77	26.5
HND/BSC	101	34.7
MSC/PHD	59	20.2
Total	291	100
Total	291	100

Source: Authors Survey, 2025.

Data in table 1 above, illustrate the details of the regional and state distribution of the population. The population was distributed equally (100) to each of the four (4) region in Nigeria of which a state was selected from each of these region. Among the 291 respondents, majority are single accounted for 185 (63.6%) of the total. The gender distribution is 124 females (42.6% of the total) and 167 males (57.4% of the total). When it comes to age, most of the respondents are over 26-33 years of age; Similarly, when asked about their educational status, the highest respondents have HND/BSC 101 (34.7%) and the lowest respondents have FSLC/WAEC.

4.2 Data Analysis

In order to determine the appropriateness of the research questions, the data of this study are presented and analysed below using standard deviation, SPSS software and Cronbach alpha correlation test of 0.80 coefficient level.

4.3 Research Question

What are the impacts of corruption on economic development and social welfare in Nigeria.?

Table 3 Respondents' Perceptions on the Impacts of Corruption on Economic Development and Social Welfare in Nigeria

S/N	Factors	Mean	Standard Deviation	Decision
	Impact of Corruption on Economic Development			
1	Corruption reduces economic growth by discouraging investment, reducing productivity, and increasing the cost of doing business.	3.80	3.57	True
2	Corruption leads to the inefficient allocation of resources, as government funds are diverted to private pockets rather than being used for public goods and services.	4.21	3.65	True
3	Corruption exacerbates poverty and inequality by reducing access to basic services such as healthcare, education, and infrastructure.	3.50	3.27	True
4	Corruption deters foreign investment, as investors are wary of investing in countries with high levels of corruption.	3.39	3.29	True
	Impact of Corruption on Social Welfare			
5	In Nigeria, corruption has led to reduced access to basic services, with millions of Nigerians lacking access to healthcare, education, and clean water.	3.96	3.64	True
6	Corruption reduces educational outcomes by reducing access to quality education.	3.72	3.44	True
7	In Nigeria, corruption has led to increased mortality rates, with the country's maternal mortality rate increasing from 545 deaths per 100,000 live births in 2008 to 814 deaths per 100,000 live births in 2017.	3.39	3.58	True
8	Corruption reduces educational outcomes by reducing access to quality education.	4.06	3.67	True
9	Corruption has led to increased social unrest by creating inequality and reducing access to basic services, with millions of Nigerians protesting against corruption and poor governance.	4.46	4.01	True
	Average Total	3.77	3.57	Very Good

Source: Author's survey, 2025.

As deduced from table 3, item 1-9, the table aims to discuss the impact of corruption on economic development and social welfare in Nigeria. As shown in the table above, the aggregate mean of the items is above the mean criterion of 3.0. Also, based on all responses, the standard deviation is 3.57 and the total mean is 3.77. Based on the findings above, the respondents anonymous agreed that corruption has significant negative impact on economic development and social welfare in Nigeria.

5 DISCUSSION OF FINDINGS

Responses to the research questions revealed the impact of corruption on economic development and social welfare in Nigeria. The findings of the study reviewed that corruption reduces economic growth by discouraging investment, reducing productivity, and increasing the cost of doing business, leads to the inefficient allocation of resources, as government funds are diverted to private pockets rather than being used for public goods and services, exacerbates poverty and inequality by reducing access to basic services such as healthcare, education, and infrastructure, corruption deters foreign investment, corruption led to reduced access to basic services, with millions of Nigerians lacking access to healthcare, education, and clean water. Also corruption led to increased mortality rates, reduces educational outcomes by reducing access to quality education, and finally increased social unrest by creating inequality and reducing access to basic services. The study is in line with the findings of Ite [14], Ogbuagu [15] that corruption promotes economic inequality, social unrest, undermines the provision of basic social services such as healthcare and education, Adekunle [16], Oyinola [2] and Acemoglu & Robinson [17] that corruption reduces investment, increases poverty and reduces economic growth.

6 CONCLUSION

Corruption has had a devastating impact on Nigeria's economic development and social welfare. The country's economic growth has been hindered, poverty and inequality have increased, and access to basic services has been reduced as a result of corruption. To address these challenges, the Nigerian government must implement policies to reduce corruption, increase transparency and accountability, and improve access to basic services.

7 RECOMMENDATIONS

The following are recommended for policy makers and government of Nigeria:
1. government should strengthen anti-corruption institutions such as the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices Commission (ICPC).
2. government should increase transparency and accountability by implementing policies such as the Freedom of Information Act and the Open Government Partnership.
3. government should improve access to basic services such as healthcare, education, and infrastructure by increasing investment in these sectors.
4. government should promote public participation in governance by increasing citizen engagement and participation in decision-making processes.

CONFLICT OF INTEREST

The authors have no relevant financial or non-financial interests to disclose.

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