



Corruption As A Major Challenge Of Human Capital Development In Nigeria

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Abstract: *The study focused on corruption as a major challenge in the attainment of human capital development in Nigeria. The study basically used descriptive approach. Data used for the study were secondary data generated from National Bureau of Statistics (NBS) Statistical Bulletin (various issues), World Bank Development Reports (various issues), Transparency International Reports (various issues), CBN Annual Report and Statement of Account (various issues) and other relevant materials. The data covered a period of 20 years ranging from 1995 to 2014. Findings of the study revealed that corruption is a major challenge of human capital development in Nigeria. Corruption retards human development and consequently leads to unrealistic attainment of national goals. The study concluded that corruption is a cancer worm hindering effective human capital development and unless the scourge is tackled, the country will remain undeveloped. We therefore recommended that it should be the policy goal of Nigerian government to support the fight with appropriate legislation for eradication of corruption. There is need for training and development of office holders for effective and efficient implementation of government policies and decisions. Ethical thinking should be developed through education of the masses. Ethical training and education are required at all levels and should be integrated into the curriculum in both public and private schools. The use of moral suasion, as well as intensifying the activities of government agencies was also recommended. Nigeria must put in place the right conditions and encourage the right culture that stimulates good moral conduct from all.*

Keyword: Human Capital Development, Corruption, Transparency International, Nigeria.

I. INTRODUCTION

For many years after independence (1960), Nigeria which is popularly known as the giant of Africa has had a reputation for being among the most corrupt countries of the world. The country has been classified as poor and undeveloped over decades. Several measures have been taken by both present and past governments of Nigeria against public and private corruption, yet various surveys indicate that corruption is still widespread and constitutes a major obstacle for development in Nigeria. Nigeria which is the most populated country in Africa, has been ranked high in corruption by Transparency International (TI) and other notable organizations that checkmate the level of corrupt practices in any country. A Nigerian scholar [1] observed that Nigeria unfortunately, has had the reputation of being governed by corrupt and visionless leaders since independence and perceived by the world as a bad product because of corruption. According to Dike, Nigerian institutions and infrastructure are ineffective, the education system is in shambles and the country cannot compete effectively in the knowledge-driven global market place with unskilled, poorly educated and unmotivated workforce. From the above assertion, corruption can be seen as one of the biggest development challenges confronting Nigeria. Despite pledge by the immediate past president of Nigeria, Goodluck Jonathan (2009-2015) to end the scourge of

corruption ravaging the country, Nigeria ranked 136 (with a score of 27 in a scale of 0-100) out of 174 countries evaluated in 2014 by Transparency International (TI). A poor score is likely a sign of wide bribery, lack of punishment for corruption and weak public institutions that do not respond to citizens' needs [2]. This is particularly true of Nigeria where several public institutions are a cesspool for fraudulent activities as proven by the report [3]. When citizens' needs are not attended to, the likely consequence will be poor human capital development. It therefore becomes pertinent to investigate corruption as the major challenge of human capital development in Nigeria. Even the judiciary arm of government that should be the last hope of ordinary citizen is heavily corrupt. [4] stated that, due to prohibitive legal costs and the time consuming process, many small companies are discouraged from filing law suits and so prefer to settle cases outside the courts. According to the [5] the judiciary in Nigeria lacks resources and qualified personnel and is hampered by corruption. The [6] observed that the judiciary is susceptible not only to demands from the executive and legislative branches of government but also to the pressure exerted by businesses.

In a report by [7] it was observed that the difference between rich and poor countries is the attitude of the people. The great majority in developed countries adhere to the principles of Ethics, Integrity, Responsibility, Respect for the laws and rules, Respect to the right of other citizens, Work loving, Strife for saving and investment, Will of super



action and Punctuality. Bottom line goes further to say that in poor countries; only minorities follow these basic principles in their daily lives. From the above assertion, it becomes obvious that Nigeria may have been classified as undeveloped, not because of unavailability of natural resources but probably because we lack the correct attitude, values and principles due to corruption. This to a large extent has a negative effect on human capital development of the nation. We, probably lack the will to comply with and teach these fundamental principles of rich and developed societies due to corruption. The need to examine corruption as a major challenge of human capital development becomes very important especially as Nigerian economy has remained stunted over the years.

The importance of human capital development has continued to be the major concern of most governments worldwide. This is because; human capital is the most valuable resource of any nation and the life wire of any organisation. Human resources play an important role in the success or failure of any nation. It plays a prominent role in increasing productivity thereby raising the standard of living which will lead to economic growth and development of a country. This paper asserts that if Nigerian institutions are corrupt in their activities and in the discharge of their responsibilities, then the human capital development of the country is impaired. Consequently, this will retard the economic growth of the nation; demote the standard of living of the people, increase poverty and lead to unrealistic attainment of national goals. It also asserts that ethically valued behaviour is a necessary foundation for human capital development in Nigeria. This study therefore aims at investigating corruption as a major challenge of human capital development in Nigeria. The essence is to proffer useful solutions to eradicate corruption and achieve human capital development in Nigeria.

II. LITERATURE REVIEW

A. CONCEPTUAL REVIEW

The history of high level of corruption has made it difficult for Nigeria to achieve its full potentials especially in the area of human capital development. Corruption is a complex social ill that affects many countries. It undermines democratic institutions, slows economic development and contributes to administrative instability. The World Bank defines corruption as the abuse of public office for private gain. According to [8] corruption involves the violation of established rules for personal gains and profit. Corruption undermines economic development by generating considerable distortions and inefficiency. It threatens the

stability, growth and development of any nation's economy. [9]note that Nigerian market has been notorious for graft as a result of the country's reputations as the world leader in financial crime. In the views of [1] corruption has contributed immensely to the poverty and misery of a large segment of Nigerian population. It diverts the scarce public resources into private pockets, literally undermines effective governance, endangers democracy and erodes the social and moral fabrics of the nation.

Causes of corruption are multiple and have been discussed by scholars. This paper will highlight views of few scholars on major inducements of corruption in Nigeria. [10]attributes the causes of corruption in Nigeria to value-orientation in the society, underdevelopment, lack of sanctions against identified corrupt individual, ethnicity and the psychological mechanisms of individual members that force them to strive relentlessly for material success.

[11]Identifies mediocrity, bad governance, lack of respect for the rule of Law, injustice and inequality as some of the corruption factors responsible for the underdevelopment of Nigeria and African countries alike. According to him, 15 million Africans die yearly from diseases related to poverty. [12] identified ten causes of corruption in Nigeria as follows; 1) Weak Government institutions 2) Poor pay incentives 3) Lack of openness and Transparency in public service 4) Absence of key anti corruption tools 5) Ineffective political processes 6) Culture and acceptance of corruption by the populace 7) Absence of effective political financing 8) Poverty 9) Ethnic and religious difference 10) Resource scramble

In his own observation, [13] identified Greediness; Poor youth empowerment; Poverty and Unemployment as major causes of corruption in Nigeria. The World Bank Development Report (1998-1999), states that Education is the key to creating, adopting and spreading knowledge. However, the gains in access to education have been unevenly distributed in a developing country like Nigeria, with the poor not getting their fair share. This is supported by [14] who in their views note that the populations of today's low-income developing nations are often less educated, less informed, less experienced and less skilled than their counterparts. They further iterate that development Economists have placed so much emphasis on health and education.



Corruption is summarized by [15] as being, "likened to the mathematical symbol of zero. Whatever is multiplied with zero becomes zero. One billion or trillion naira in excellent planning and budgeting when set in a multiplicative function against zero, is zero. Our national problem is thus, not primarily that of poor infrastructure, nor poor human resource development, nor even our mono-crop with its over-dependence on oil. Our problem is zero values and ethical bankruptcy in national life as a result of corruption.

B. THEORETICAL FRAMEWORK

This study adopts the theory of utilitarianism that seeks the good of the greatest number. Utilitarianism was founded by Jeremy Bentham (1748-1832) and John Stuart Mill (1806-1873) [16]. Utilitarianism is liberal and helps to curb corruption by resolving differences in opinion. Utilitarianism means actions that are judged as right, good or wrong on the basis of the consequences. Utilitarianism has the following principles;

- 1) A decision is morally right if it produces greatest good for the greatest number involved. A decision is morally right if the net benefits after considering the cost helps the greatest compare to other choices'
2) A decision is morally right if the indirect and direct feature benefits of such decision are greatest for each individual and if the benefits are exceeding compared to other alternatives.

The above theory corresponds to the views of the present work that citizens of a country must be adequately protected by the decisions and actions of government and private individuals. Public and private organisations should meet the requirement of the greatest number of stakeholders with regard to both monetary and non-monetary interests.

C. EMPIRICAL REVIEW

Many Nigerian institutions are notably corrupt as found by many survey studies. They are said to be performing below expectation due to corrupt practices. The following table contains list of institutions perceived as most corrupt from the Nigeria Survey and Corruption Survey Study by [17]

TABLE I: NIGERIA CORRUPTION SURVEY (as of 2003)

Table with 2 columns: Rating and Institution. Rows include Nigerian Police, Political Parties, National and State Assemblies, Local and Municipal Governments, Federal and State Executive Councils, Traffic police and FRSC, PHCN, NNPC, Nigeria Customs, and FIRS.

Source: Nigeria Survey and Corruption Survey Study by Institute for Development Research, Ahmadu Bello University, Zaria (2003)

From the above list, one can observe that most major known government institutions in Nigeria are corrupt. According to [18], a recent survey of ethical practices in business revealed that many business men themselves believe that the pursuit of profit involves some measures of disgraceful conduct. Many people feel that when a company makes profit, it must be doing something unethical.

The [19] Survey of Nigeria, which was based on a survey of 1,891 Nigerian firms in 2007 revealed the extent of government agents' involvement in corrupt behaviour. According to the report 40% of respondents to the World Bank survey reported that they needed to make informal payments to public officials to get things done or to secure an operating license. Roughly one fifth were expected to give gifts when meeting tax officials and 44% said they were expected to give gifts to secure a major government contract.

The above assertions are supported by the Nigeria corruption profile as given by the Transparency International Corruption Perception Index (TICPI) of various years. Transparency International has published Corruption Perception Index (CPI) since 1995, annually ranking countries by their perceived levels of corruption as determined by expert assessment based on survey. CPI generally defines corruption as the misuse of public power for private benefit. In CPI reports, Nigeria's scores had consistently remained very poor from 0.69 in 1995 to 2.7 (27) in 2014. Evidence is shown on the table below.



TABLE II: NIGERIAN’S CORRUPTION PROFILE (1995-2014)

Year	Ranking	Score
1995	41/41	0.69
1996	52/52	0.69
1997	52/52	1.76
1998	81/85	1.90
1999	98/99	1.60
2000	90/90	1.20
2001	90/91	1.00
2002	101/102	1.60
2003	132/133	1.40
2004	144/146	1.60
2005	152/158	1.90
2006	142/180	2.20
2007	147/180	2.20
2008	121/180	2.70
2009	130/180	2.50
2010	134/178	2.40
2011	143/183	2.40
2012	139/176	27
2013	144/177	25
2014	136/174	27

Source: Transparency International Corruption Perception Index (1995-2014)

III. DISCUSSIONS

The history of high level of corruption has made it impossible for Nigeria to achieve its full potentials in so many aspects particularly in the areas of human capital development. It is disheartening that Nigeria, oil producing country and one of the richest countries in the early 1970s

has retrogressed to the extent of becoming one of the poorest countries at the threshold of the 21st century.

Corruption perception index is a leading indicator of public sector corruption, offering a yearly assessment of the relative degree of corruption by ranking countries from all over the world. A careful study of table 2 above (the ranking from 1995-2014) reveals that Nigeria has consistently failed in the Transparency International Corruption Perception Report (TICPR). Nigeria was ranked the most corrupt country of the world in four different years (1995, 1996, 1997 and 2000). It was also ranked the second most corrupt country of the world in yet another four different years (1999, 2001, 2002 and 2003). Again, Nigeria came third and fourth most corrupt country in 1998 and 2004 respectively. The graph below depicts the ranking of Nigerian corruption profile over the last twenty years. It can be seen that Nigeria corruption level has remained on a very high level. Although it declined in 2008 as can be seen, the ranking still remained very poor.

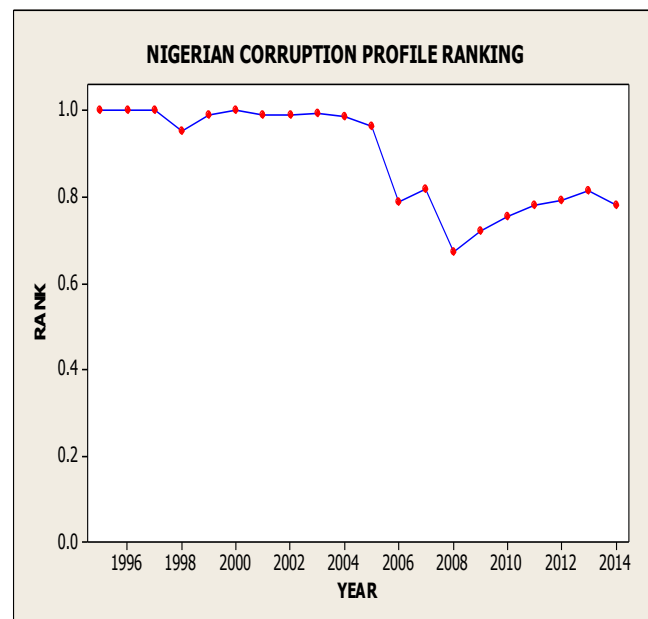


Fig 1: Graph of Nigerian Corruption Profile Ranking (1995-2014)

The scores for the various years were generally nothing to write home about. The highest score obtained so far in a space of 20 years under review is 27. A glance at the graph below shows clearly the poor position of Nigeria. No wonder the country has remained behind in the comity of nations. The match to take our place among other nations of the world will take a longer time judging from the extremely poor scores obtained in various years. Below is the graph of Nigerian Corruption Profile Scores from 1995 to 2014.

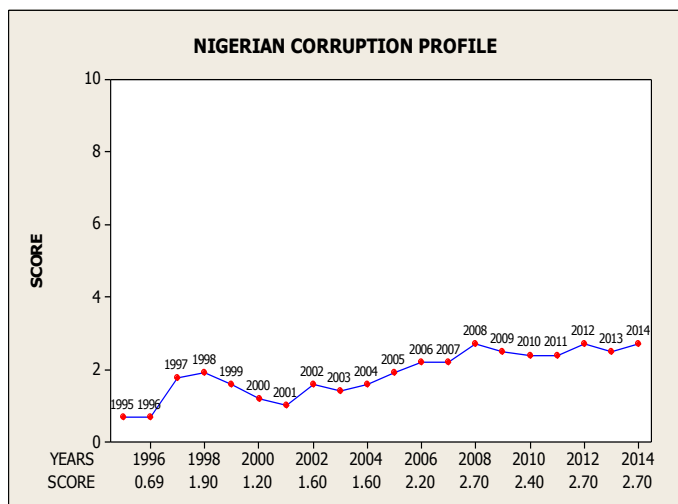


Figure 2: Graph of Nigerian Corruption Profile (1995 - 2014)

This is extremely poor and shameful. A score of 27 on a scale of 100 (27%) is a woeful failure. A closer look at the trend of the curve above indicates that improvement seems an uphill task especially as there are little or no improvement in the last decade. By implication, if it took the country 20 years to move from a score of 0.69 to 27, it will take another 20 years to achieve a score of 50. It goes to show that corruption is deep rooted in Nigeria, threatening the stability, growth and development of the nation. It is a complex social, political and economic ill that is continuously weighing the country down. It is a cancer warm that impairs human capital development, reduces the standard of living and undermines economic growth and development.

It is important to remark that the measure for the 2012, 2013 and 2014 scores was based on a scale of 0-100 with a score of 0 perceived as “highly corrupt” and 100 “very clean”. The measure for 1995-2011 was based on a scale of 0-10. In the latest report (2014), Nigeria emerged 136th out of 174 countries assessed. Although there seems to be very little improvement from the previous years, but a closer look at the number of countries surveyed (year by year) reveal that fewer countries were surveyed in 2014 than other years (2006-2013). It is important to note that, a look at sub-Saharan Africa corruption index in the latest three years also revealed that Nigeria is among the most corrupt countries in sub-Saharan Africa. Thus in 2012, Nigeria was ranked 33rd out of 47 countries. In 2013, Nigeria was ranked 34th out of 48 countries and in 2014, Nigeria was ranked 31st out of 48 countries. These show consistent poor performance and it is

worrisome. The bar chart was employed to further illustrate the magnitude of the woeful failure.

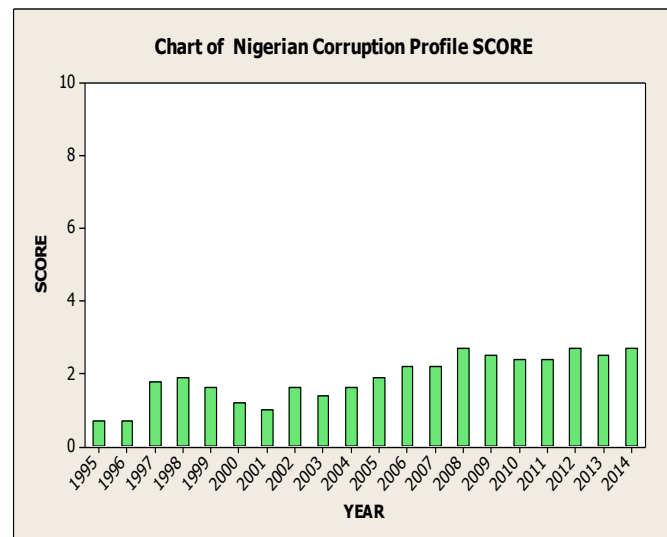


Figure 3: Chart of Nigerian Corruption Profile Score (1995-2014)

Regrettably, most of the challenges confronting Nigerian economy today are a reflection of the lack of investment in human capital development and poor management of natural resources due to corruption. There is a clear indication from the above tables 1 & 2 and figures 1, 2 & 3 that corruption is endemic in Nigeria and people operate in an atmosphere of corruption. This ugly situation should not be accepted by any true Nigerian. The high level of corruption has negative effect on Nigerian human capital development as reflected by the human development index of various years randomly selected and shown below.

TABLE 3: NIGERIA - HUMAN DEVELOPMENT INDEX (2005-2013)

Date	HDI VALUES	HDI Ranking
2013	0.504	152/187
2012	0.500	153/187
2011	0.496	153/187
2010	0.492	153/187
2008	0.483	142/175
2005	0.466	140/174

Source: UNDP Human Development Index Report (2005-2013)



The Human Development Index (HDI) in [20] is a summary measure for assessing progress in three basic dimensions of human development which include (1) a long and healthy life (2) access to knowledge and (3) a decent standard of living. It is a development paradigm that is very significance in the assessment and ranking of countries human resources development. It is geared towards creating an environment in which people can develop their full potentials and lead productive and creative lives in accordance with their needs and interests.

One is right to say that corruption has functional relationship with poverty, literacy rate, life expectancy and gross domestic product (GDP) which are all human capital and socio-economic indicators. Literacy is an indispensable catalyst needed for human capital development. It can be affected by corrupt practices. It is also critical for any successful poverty eradication strategy and in achieving ethical behaviour of the masses. In a survey conducted by [21] only 57.9 percent of the adult population was literate in English which is an indicator that there is low literacy level among adult population. This is in line with the assertion by [22], [23]. They note that education, which plays a critical role in human development and economic health of the nation, has been neglected for decades. Education is a fundamental human right as entrenched in the United Nations charter. It enhances people ability, increases the supply of skilled labour, improves adaptability and quality of workers and increases workers efficiency and productivity. In view of the above, it becomes vital for Nigerian to collectively fight this scourge of corruption. It is however important to highlight factors as itemised by [12] that are impediments to fight against corruption. According to him, efforts against corruption in Nigeria is not working because of the following factors: (1) Insincerity of Government (2) 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. (3) Low deterrent- the punitive measures for corrupt practices need to be strengthened. (4) Lack of virile political and social movements to tackle corruption. The mass of the people are yet to be mobilised in the fight against corruption. (5) Lack of access to public information. (6) Insecurity of Informants. (7) Low public participation in Governance (8) Corrupt Electoral system. (9) Nepotism (10) Systemic disorder (11) Weak Government Institutions.

III. CONCLUSION

This Human Capital Development is the steam engine that ensures national growth and development while Corruption undermines the growth and development of a nation. Nigeria can hardly achieve the economic policy projection to become one of the twenty (20) most industrialized nations

by year 2020 when corruption constitutes serious impediment to human capital development. Corruption in Nigeria is pervasive through all levels of society, from homes and petty businesses to government institutions. Until Nigerians re-orientate themselves to fight corruption from home to the highest level of government and corporate society, any battle against the scourge may be wishful thinking. The study therefore concludes that for Nigeria to achieve any successful human capital development, it must put in place the right conditions and encourage the right culture that stimulates good moral conduct from all at all levels. There can be no meaningful development in Nigeria without acceptable positive attitude of the people. In a nutshell, the paper holds that the development and sustainability of human capital development in Nigeria depends largely on the eradication of corruption from both public and private sectors. Nigeria cannot achieve Human Capital Development unless the scourge of corruption is effectively tackled and laid to rest. Therefore, all hands must be on deck, the government and all stakeholders.

III. POLICY RECOMMENDATION

Any country seeking to have a sustainable growth and development needs to put in place the conditions necessary for eradication of corruption and achievement of human capital development. This paper recommends the following actions:

- (1) Nigerian Government needs to integrate anti-corruption actions into all aspects of decision-making. A lot of secrecy still pervades Government documents, and this necessitates the need for the passage of the freedom of Information Bill. Public spending and contracting should be made transparent and public bodies/institutions should be accountable. Government effort in achieving cashless policy in Nigeria should be intensified.
- (2) There should be institution of strong anti-corruption groups to fight corruption especially at the institutional levels. The general public should be re-oriented to a better value system. It is important to maintain public awareness and literacy programs that make citizens aware of their rights and able to defend these rights at any time. The masses should be mobilised in the fight against corruption. There is need to enact laws to protect informants and reward them.
- (3) There should be well funded comprehensive public education and enlightenment programs that will expose the negative effects of corruption on the development of Nigerian. Public Enlightenment Campaign should be employed by government agencies to inculcate moral values and



discipline. The use of moral suasion in intensifying the activities of government agencies is also a viable option.

- (4) There should be increased internal controls and transparency reforms that will enhance sustainable human capital development in Nigeria. Public officials should receive frequent and quality training on the cost of corruption and what they can do to reduce it.
- (5) The mass media has a crucial role to play in the campaign to educate the people and in exposing corrupt officials. It should serve as an effective watchdog and disseminator of information to the public. More resources should be channelled into supporting investigative journalism.
- (6) Ethical training and education are required at all levels and should be integrated into the curriculum in both public and private schools. The curriculum should be rich in ethical principle and social skills with emphasis on the ugly consequences of corruption. Public office holders need training and development for effective and efficient implementation of government policies and decisions.
- (7) A national strategic plan of action should be developed to deal with the root cause of need induced corruption. This can be achieved through fortified government agencies and enforcement institutions. The plan should identify the socio-economic circumstances that foster corruption and provide response strategies. Government should generate employment for idle youths and make provision for adequate funding of schools.
- (8) Nigeria should inculcate and adhere to the rich principles of developed countries as noted above which are: (1) Ethics as a basic principle, (2) Integrity, (3) Responsibility, (4) Respect for the law and rules, (5) Respect to the right of other citizens, (6) Work loving, (7) Strife for saving and investment, (8) Will of super action and (9) Punctuality.

Corruption is the worst enemy that has jeopardised Human Capital Development and deprived our nation of sustainable development. This paper strongly advocates that together we can defeat this enemy. Therefore the fight against corruption should not be left to government alone. Our fate as Nigerians lie in our hands and the solutions must come from us.

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