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Political Economy of Corruption in Public and Private Sectors of Nigeria

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Abstract

This study aims to analyze the political economy of corruption in both the public and private sectors in Nigeria, with specific reference to its forms, causes, and effects in those sectors. Generally, corruption as a socio-economic problem affects Nigeria's development in various ways, including undermining its institutions, misallocating resources, and sustaining inequalities. With reference to political economy theories, this study aims to evaluate the forms and causes of corruption in Nigeria's sectors, including in the public sector, particularly with reference to rent-seeking behavior in the forms of embezzling government funds and procurement frauds. In the private sector domain, the research examines the interplay between collusion, bribery, and unethical business practices in relation to corruption in the public sector, which creates a symbiotic effect that sustains systemic corruption. The research on corruption reveals the key factors that contribute to corruption, including regulatory frameworks, socio-cultural factors, and economic factors, which are a result of a resource-based economy. By using a robust quantitative research methodology that always produces reliable results in a tabular form, the research reveals the interrelated effects of corruption in the public and private sectors on governance, economic growth, and the public. The study's findings emphasize the need for comprehensive reforms in terms of strengthening institutional accountability, transparency, and public-private partnerships in the fight against corruption. The study adds to the existing discourse on anti-corruption strategies in resource-endowed developing economies. The study provides recommendations based on Nigeria's peculiar socio-political environment.

Keywords: Governance, Patronage, Rent-Seeking, Transparency, Resource-Dependent Economy

1. Introduction

The problem of corruption has been a major impediment to development in Nigeria and Africa as a whole. Since the transition to democracy in 1999, Nigeria has been bedeviled by the problem of corruption despite its enormous endowment in terms of both human and natural resources. Nigeria is consistently listed among the most corrupt countries in the

world (Transparency International, 2024). Corruption in Nigeria is not an isolated or sporadic practice but is deeply ingrained in the fabric of the country. It is not merely restricted to petty bribery or embezzlement but is a complex problem with historical antecedents. It is linked to the country's resource endowment and the capture of state resources by the political class (Eyo, 2024; Izuchukwu et al., 2024). The military regimes of the 1980s and 1990s, particularly under Generals Babangida and Abacha, institutionalized corruption. Billions of dollars were stolen during this period, and illicit financial outflow remain among the highest globally (Abada & Ngwu, 2019; Al Jazeera, 2020). Reports estimate that Nigeria lost over USD 380 billion between independence (1960) and the end of military rule (1999) (Human Rights Watch, 2007). Corruption also flourished under subsequent civilian administrations, with losses of USD 4–8 billion annually during the Obasanjo years (Ezeogidi, 2020). Key drivers include Nigeria's dependence on oil (the "resource curse"), which fosters rent- seeking rather than citizen accountability through taxation. public offices used for personal enrichment and to benefit one's specific ethnic group, family, or political supporters, rather than serving the public good. The Economic and Financial Crimes Commission (EFCC) arrested former Kogi State Governor Yahaya Bello on its premises regarding alleged fraud. The anti-corruption agencies, such as the EFCC and ICPC, often suffer political interference and judicial inefficiency, which creates an environment of impunity. The result is an underdeveloped economy, widespread poverty, and a lack of public trust in the system. Corruption undermines the country's infrastructure, education, and healthcare systems, as well as its rule of law.

The Corruption Perceptions Index for Nigeria in 2024 registered a slight improvement but still indicated a low rating of 26/100, positioning the country at number 140 out of 180 countries. Surveys indicate that there is a lack of public trust in the judicial system (61% of the population thinks judges take bribes), as well as in the procurement process (74%-78% think funds will be stolen) (Eze, 2024; Agbo, 2025). The frustration of the people has led to the formation of various movements such as Occupy Nigeria in 2012 and End SARS in 2020, with the demonstrations still going on in 2024 due to poor governance and corruption in the country. There are two forms of corruption in Nigeria: the involvement of resource capture and **exploitation. This** is demonstrated through the discretionary allocation of oil licenses under military rule, the manipulation of public contracts, and the use of fake consultancy companies for the embezzlement of funds. The top leadership in the country tends to offer contracts to companies in which they have a financial interest or to companies owned by their political supporters, which is a form of institutionalized economic corruption. Corruption for the maintenance of power is the type of corruption that serves the interests of the dominant group or the ruling class and entails favoritism in the allocation of resources by the state, paying off opponents, buying parliamentary majorities, and loyalty through the use of bribes and inducements. Companies are forced to fund the election campaigns of the ruling party, oversight mechanisms are undermined, and judicial or electoral outcomes are subject to manipulation. Apart from the above structural factors, the role of the formal and institutional dimensions is significant in the promotion of corruption. The federal funds allocated to the states (25% of the budget) are not properly monitored; some states act like "black holes" with almost no system of accountability (Office of the Auditor-General for the Federation (AuGF), 2025; Nwokike

et al., 2025). The structural adjustment policies pursued by General Babangida further worsened the living conditions of the people by reducing salaries, increasing the number of unemployed citizens, and pushing the people toward corruption.

Corruption has resulted in the undermining of democracy and the rule of law and the promotion of impunity among the ruling class. It has also led to the promotion of poverty; the number of people living below the UN poverty line increased from 27% in 1980 to 71% in 2005. In 2010, 92% of the total population of Nigeria was living on less than USD 2 a day (Nigeria Poverty Profile, 2010, 2012). Poverty leads to the undermining of the social order. Recent information by Transparency International indicates the prevalence of corruption. Nigeria has a very low ranking of 26/100 on the 2024 Corruption Perceptions Index (Table 1), significantly lower than the global and regional averages, although it has improved slightly since its lowest point of 6.9 in 1996.

Table 1: Corruption Perceptions Index

Related	Last	Previous	Unit	Reference
Capacity Utilization	61.90	60.70	Percent	Dec 2024
Changes in Inventories	150550.58	192499.57	NGN Million	Jun 2024
Corruption Index	26.00	25.00	Points	Dec 2024
Corruption Rank	140.00	145.00		Dec 2024
Crude Oil Rigs	15.00	13.00		Aug 2025
Industrial Production	1.76	2.01	Percent	Dec 2024
Manufacturing Production	1.80	0.90	Percent	Dec 2024
Mining Production	2.20	3.20	Percent	Dec 2024

Source: Transparency International (2024)

Overall, Nigeria's corruption is systemic, sustained by power dynamics, patronage, weak governance, and the rise of political entrepreneurs, who exploit public resources for personal and group benefit that deeply eroding democratic values and economic progress.

2. Conceptual Review

2.1 Corruption

The concept of corruption is a multi-dimensional perspective. The corruption has been extensively studied from different aspects within various fields of study. However, there is a lack of a universally accepted definition for corruption. Instead, the existing literature indicates that the concept of corruption can be understood with respect to three different analytical dimensions: the abuse of entrusted power, the deviation from formal rules, and transactional exchanges.

2.1.1 Corruption as Abuse of Entrusted Power

The most dominant view in international policy, as advocated for by organisations such as the World Bank, Transparency International (TI), and the United Nations Global Programme Against Corruption (GPAC), is that corruption is the "abuse of entrusted power for private gain." This approach emphasizes the role of the public servant. Researchers such as Urien (2012) and Carl Friedrich (1972) share similar sentiments with the dominant view. Friedrich and Urien define corruption as the deliberate mis-performance of duties or the unmerited use of power for personal gain. Bayley (2006) adds that it is not only monetary bribery but also the unmerited use of power for non-monetary personal gain, with the key element being the privatization of public authority.

2.1.2 Corruption as Deviation from Formal Rules

A second analytical dimension looks at corruption from a perspective of legal and bureaucratic norms. In this perspective, corruption is defined as "the breaking of rules." A classic definition from Nye (1967) falls in this category. He defined corruption as "behaviour that deviates from the formal duties of a role, incurred in an effort to advance private regard (personal, close family, private clique) pecuniary or status gains." Khan (2006) emphasizes "the deviation from formal rules of conduct," while Tanzi (1998) economically defined it as "the intentional noncompliance with the arm's-length principle." This perspective on corruption points to "the erosion of the rule of law," which, according to Mulinge and Lesetedi (2002), "can be seen as antisocial behavior that confers unjust benefits that are not in line with established legal norms.

2.1.3 Corruption as Reciprocal Transactions

The third dimension focuses on the interpersonal or exchange aspects of corruption, which is commonly referred to as quid pro quo. In most cases, corruption does not happen in isolation; it is a two-way transaction between a corrupter and a corruptee. Akindele (2005) points out this two-way transaction in which some inducement is offered in exchange for illegal preferential treatment. Shehu (2006) points out the insidious complicity in corruption in which both parties to the exchange are active participants in the crime. This dimension includes various forms identified by Gray and Kaufman (1998) and Leff (1964), which include bribery, influence peddling, and tax evasion in which there is a specific exchange for value to evade regulatory barriers.

Guided by these analytical parameters and in line with the sociological arguments of Otite (2000) and Ojaide (2000), who trace the root of corruption to systemic vices such as nepotism and tribalism, this study defines corruption as "the abuse of entrusted power for personal or group gain in deviation from formal rules and norms, which results in a distortion of public interest.

2.2 Political Corruption

Werlin (1994) discussed that political corruption is the diversion of public resources to non-public purposes, characterized as "corruption of greed." It manipulates political institutions and decision-making processes. Encyclopedia Americana (2009) explained that political corruption occurs when policy formulation and legislation are designed to benefit politicians and legislators. Hence, political corruption involves self-serving actions by public officials, often undermining democratic and institutional processes. Corruption

often grows with the size and nature of government, potentially becoming institutionalised in governance. Corruption is therefore both systemic and structural, influenced by the nature of the bureaucracy and its role in governance.
Thus, corruption in the Public and Private Sectors, as defined by Alam (2009) & Lawal & Tobi (2006), is sometimes seen as an unavoidable outcome of modernisation and development, since bureaucratic corruption includes buying favours from public officials and violating public duty for personal gain (material or non-material). Causes of Bureaucratic Corruption include the excessive burden of regulations and authorisation without appropriate control, as excessive regulations create monopolistic power for officials, leading to bribery and exploitation (Tanzi, 1998). Agbo (2009) also discussed that a ruling class always emerges that controls resources and allocates social wealth to its members.

Statism inclusion, as expressed by Atlas (2000) in government ownership and control of major economic sectors (statism), also fosters corruption, while Lipset & Lenz (2000) explained that corruption is higher in cultures with limited access to opportunities, despite high achievement orientation. Cultural Foundations has also been identified by Bedford (2000) as a factor, as tribal loyalties and subcultural norms can support corruption. Additionally, practices such as favor-sharing and the "big man" phenomenon can institutionalize corruption, while family and ethnic pressures may force officials to act corruptly to benefit kin or ethnic groups.

In addition, weak Governance and Institutions, as identified by Shamija (2006), due to a lack of government willingness to sanction corruption, reinforce weak institutions (such as tax systems and pension schemes) that create opportunities for bribery and embezzlement. Achebe (1983) therefore expressed that Nigeria suffers from leaders failing to set personal and ethical examples since both civilian and military leadership often prioritize personal gain over national interest. Hence, corruption is not just a governance issue; it destabilizes society and contributes to insecurity and social conflict (Table 2). Social Consequences of corruption, therefore, include indirect fueling of social unrest, militancy, kidnapping, and vigilante activities. Lambsdorff (2006) notes that economic inequality caused by corruption drives marginalized youths to violence.

Table 2: **Causes and Effects of Political Corruption**

Category	**Cause/Mechanism**	**Effect**
Regulations & Authorization	Officials have a monopoly over permits/licenses	Bribery, exploitation, elite control
Statism	Government control of the economy	Abuse of power, restricted opportunities
Cultural Norms	Tribal loyalties, "big man" syndrome	Corruption seen as normal, nepotism

Weak Institutions	Ineffective enforcement, poor monitoring	Embezzlement, bribery, policy failure
Leadership	Lack of ethical examples	Corruption is perpetuated at the highest levels
Social Impact	Marginalization, lack of opportunity	Militancy, kidnapping, social unrest

Source: (Igbokwe, 2020)

Therefore, corruption in Nigeria (as well as other developing nations) is multifaceted in terms of its structural manifestations in the form of overregulation, statism, and poor governance. Culturally, in the form of loyalty to ethnic groups, pressure from society, and tolerance toward corruption. An absence of ethical examples and accountability results in serious socio-economic consequences, including economic disparity and social unrest.

3. Theoretical Framework

3.1 Principal Agent Theory and Collective Action Theory

In examining the political economy of corruption in Nigeria's public and private sectors, two relevant theories provide the analytical foundation for this study, namely the Principal Agent Theory and the Collective Action Theory. Together, these frameworks offer complementary insights by explaining corruption at both the individual and systemic levels. The Principal Agent Theory was popularized by Michael C. Jensen and William H. Meckling in their seminal 1976 paper "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure". Other scholars who made significant contributions to this theory during this period were Stephen Ross and Barry Mitnick, in the mid-1970s.

The Principal Agent Theory is based on the interaction between a principal (the government or shareholders) and their agent (the government officials or managers), who is entrusted with responsibility to act in their own interest. The key concern is information asymmetry, in which agents have more knowledge about their actions compared to their principals. In this case, agents tend to act in their own interest and indulge in corruption, bribery, fraud, and embezzlement.

The application to the Nigerian context, as reflected in the Public Sector, is based on the actions of the agents in Nigeria who tend to use government money or resources for their own gain, which is not in their own interest. Weak accountability and ineffective oversight mechanisms are also a fertile ground for the development of this divergence of interests. In the Private sector, the management may take kickbacks or abuse the procurement system, which amounts to a betrayal of trust by the owners or shareholders. This explains the collusion between private entities and the government in the awarding of contracts or the issuance of licenses.

The theory of collective action was first formalized by Olson in his book "The Logic of Collective Action: Public Goods and the Theory of Groups", published in 1965. Olson argued against the conventional view that groups tend to act in their own interests. Instead, he claimed that rational individuals who are self-interested do not act collectively unless

selective incentives are provided. This leads to the free-rider problem. The idea behind the theory is that corruption is a collective issue that is maintained by social norms. Individuals may realize the adverse effects of corruption; however, they continue to be a part of the system because they believe that honesty is not a viable option in a corrupt system, assuming that everybody is corrupt, making their honesty a costly action. When these frameworks are applied to Nigeria, a different picture is seen. People bribe the police or civil servants because they believe they have no other option, and businesses bribe to secure a tender because they believe that if they do not, their corrupt competitors will take advantage. This is the Collective Action problem, where corruption is seen as a means to survive despite the fact that the majority do not approve.
However, at the same time, the Principal Agent problem is seen where civil servants abuse their position for their own benefit.

As a result, a solution that addresses both aspects is required. Based on the Principal Agent Theory, the solution will require a policy intervention that seeks to increase the cost for the civil servants. However, when considering the Collective Action problem, the solution will require a policy intervention that seeks to change the social norms. In addition, the solution will require a policy intervention that seeks to create a transparency pact.

4. Poverty and Corruption in the Public and Private Sectors

The relationship between poverty and corruption is a complex issue that has been widely discussed by many experts. There are two opinions about this issue: one opinion holds that corruption does not lead to poverty, as it undermines governance and economic systems, resulting in inequality. However, another opinion holds that there is a close relationship between poverty and corruption, as it undermines development and leads to poverty.

According to Chetwynd et al. (2003), there are a number of impacts of corruption on economic growth. Corruption creates additional costs for investors, adds to the burden of entrepreneurs who have to bribe, diverts resources away from essential public needs, and drives businesses to operate in the informal sector. Corruption also favors the rich more than the poor, who are forced to pay additional money to bribe. This leads to income inequality. Corruption also undermines a country's capacity to deliver essential services to its citizens, as it diverts resources away from essential needs. This is particularly seen in Africa, where both poverty and inequality are caused by and result in corruption (Chetwynd et al., 2003).

In Nigeria, high poverty rates and low wages push civil servants into corrupt behaviors for survival. Chronic poverty, low wages, and delayed salaries often prompt civil servants to engage in corrupt practices as a means of survival (Shamija, 2006). It is worth noting that Nigeria's poverty rate which stood at 54% (National Bureau of Statistics, 2011) has projected to reached 62% in 2026 (PwC, 2026). Ayua (2001) highlights low remuneration, dysfunctional budgeting, and frequent delays in salary payments, which lead officials to deliberately delay services until illicit payments are made. As a result, corruption serves as a coping mechanism for poverty and a driver for the maintenance of poverty.

Therefore, poverty and corruption feed on each other since poverty forces individuals to resort to corrupt practices in order to survive, whereas corruption on the other hand hinders economic growth, leads to unequal distribution of income, and undermines poverty alleviation institutions. Thus, strong anti-corruption efforts focused on enhancing economic growth, promoting equitable income distribution, strengthening governance institutions, and improving public services can effectively reduce poverty.

5. Research Methodology

The research study will be conducted using the descriptive survey methodology. The reason behind adopting this method of research is that this method is a quantitative technique through which systematic data can be collected from a population about a particular issue in this case, corruption. Through this approach, it will be easier to test the hypotheses to develop relationships between different variables like poverty and corruption (Agunbiade et al.,2025).

5.1 Method of Data Analysis

Data analysis was performed using the Statistical Package for the Social Sciences (SPSS). Descriptive statistics were used to analyze demographic data, while the Pearson Chi-Square Goodness of Fit test was calculated to test the research hypotheses at a 0.05 level of significance. This non-parametric test is suitable for categorical data (such as Likert scale responses) to determine if the observed distribution of responses differs significantly from what would be expected by chance.

In this section, the hypotheses formulated to guide the study were tested. To achieve this, the Chi-square ($\chi 2$) statistical method is adopted. The Chi-Square (χ^2) formula is given as

$$\chi^2 = \sum_{i=1}^{k} \frac{(O_i - E_i)^2}{E_i}$$

Where:

χ^2 = Chi-Square test statistic

O_i = Observed Frequency (the actual count of responses in each category: SA, A, D, SD)

E_i = Expected Frequency (the theoretical count if responses were equally distributed).

- Calculation of E: N/ k = 120 / 4 = 30. Thus, E = 30 for each category.

k = Number of categories (which is 4).

Degrees of Freedom (df) = k – 1; df = 4 - 1 = 3

Decision Rule:

The test was conducted at a 0.05 level of significance ($\boldsymbol{\alpha}$ = 0.05).

Critical Value: From the Chi-Square distribution table, the critical value for df=3 at α =0.05 is 7.815.

Accept/Reject Rule:

When calculated $\chi^2 > 7.815$, Reject the Null Hypothesis (Ho) otherwise do not reject Ho

5.2 Data Analysis and Interpretation

The analysis of data is an important component of any research process because the raw data by itself cannot yield any information. According to Obikeze (2000), the analysis of raw data is essential for drawing relevant conclusions. In line with this perspective, the study presents, analyses, and interprets the data collected from the field. To ensure a rigorous and scientific approach, bivariate analysis was used, and the Chi-square test was applied to examine the hypotheses and determine the relationships between variables within the study.

5.2.1 Socio-Demographic Characteristics of the Respondents

The study reveals that 105 respondents (87.5%) are male, while 15 respondents (12.5%) are female totaling 120 respondents. This suggests that the majority of the respondents are male.

Table 3.1: Distribution of Respondents by Sex

Sex	**Frequency**	**Percentage**	**Valid percentage**	**Cumulative Percentage**
Male	105	87.5	87.5	87.5
Female	15	12.5	12.5	100
Total	120	100	100	

Source: Field Source (2025)

The distribution in Table 3.2 shows that 6 respondents (5.0%) are between the ages of 18–25 years, 43 respondents (35.8%) are between 26–35 years, 14 respondents (11.7%) are between 36–45 years, and 57 respondents (47.5%) are 46 years and above. This indicates that the majority of the respondents are aged 46 years and above.

Table 3.2: Distribution of respondents by age bracket

Age	**Frequency**	**Percentage**	**Valid percentage**	**Cumulative Percentage**
18-25yrs	6	5.0	5.0	5.0
26-35yrs	43	35.8	35.8	40.8
36-45yrs	14	11.7	11.7	52.5
46 yrs and above	57	47.5	47.5	100.0

Total	120	100.0	100.0	

Source: Field Survey (2025)

The distribution in Table 3.3 indicates that 62 respondents (51.7%) are single, 18 respondents (15.0%) are married, 31 respondents (25.8%) are separated, 7 respondents (5.8%) are divorced, and 2 respondents (1.7%) are widowed. This suggests that the majority of respondents involved in youth violence are single.

Table 3.3: Distribution of Respondents by Marital Status

Marital Status	**Frequency**	**Percentage**	**Valid percentage**	**Cumulative Percentage**
Single	62	51.7	51.7	51.7
Married	18	15.0	15.0	66.7
Separate	31	25.8	25.8	92.5
Divorced	7	5.8	5.8	98.3
Widow	2	1.7	1.7	100
Total	120	100	100	

Source: Field Source (2025)

The distribution in Table 3.4 indicates that 53 respondents (42.2%) are Christian, 62 respondents (51.7%) are Muslim, and 5 respondents (4.1%) adhere to traditional beliefs. This indicates that the majority of respondents are Muslim.

Table 3.4: Distribution of Respondents by Religious Affiliation

Religion affiliation	**Frequency**	**Percentage**	**Valid percentage**	**Cumulative Percentage**
Christianity	53	44.2	44.2	44.2
Muslim	62	51.7	51.7	95.9
Traditional	5	4.1	4.1	100
Total	120	100	100	

Source: Field Source (2025)

The distribution in Table 3.5 reveals that 3 respondents (2.5%) have no formal education, 13 respondents (10.8%) have primary education, 39 respondents (32.5%) have secondary education, and 65 respondents (54.2%) have tertiary education. This indicates that the majority of respondents have a tertiary education.

Table 3.5: Distribution of Respondents by Educational Attainment

Education	**Frequency**	**Percentage**	**Valid percentage**	**Cumulative Percentage**
None	3	2.5	2.5	2.5
Primary	13	10.8	10.8	13.3
Secondary	39	32.5	32.5	45.8
Tertiary	65	54.2	54.2	100
Total	120	100	100	

Source: Field Survey (2025)

The distribution in Table 3.6 indicates that 64 respondents (53.3%) earn between ₦70,000 and ₦100,000 per month, 17 respondents (14.2%) earn between ₦100,000 and ₦110,000, 21 respondents (17.5%) earn between ₦110,000 and ₦120,000, 7 respondents (5.8%) earn between ₦120,000 and ₦140,000, and 11 respondents (9.2%) earn ₦140,000 – ₦150,000 or above per month. This suggests that most the respondents earn a low monthly income.

Table 3.6: Distribution of respondents by income range

Actual Monthly Income	**Frequency**	**Percentage (%)**	**Valid Percentage (%)**	**Cumulative Percentage (%)**
N70,000 - 100,000	64	53.3	53.3	53.3
N100,000 - 110,000	17	14.2	14.2	67.5
N110,000 - 120,000	21	17.5	17.5	85.0
N120,000 - 140,000	7	5.8	5.8	90.8
N140,000-150,000 and above	11	9.2	9.2	100.0
Total	120	100.0	100.0	

Source: Field Survey, (2025)

The study shows that 7 respondents (5.8%) strongly agreed that they have been involved in corruption, 18 respondents (15.0%) agreed, 31 respondents (25.8%) disagreed, and 64

respondents (53.3%) strongly disagreed. This indicates that the majority of respondents strongly disagreed with the statement that they have been involved in corruption. Also, this study shows that 63 respondents (52.5%) strongly agreed that corruption affects economic development, 25 respondents (20.8%) agreed, 11 respondents (9.2%) disagreed, and 21 respondents (17.5%) strongly disagreed. This suggests that the majority of respondents strongly agree that corruption has a significant impact on economic development.

The study finds that 57 respondents (47.5%) strongly agreed that people's involvement in corruption discourages foreign investors, 43 respondents (35.8%) agreed, 6 respondents (5.0%) disagreed, and 14 respondents (11.7%) strongly disagreed. This suggests that the majority of respondents strongly agree that people's involvement in corruption discourages foreign investors. Also, 64 respondents (53.3%) strongly agreed that income disparity influences corruption, 36 respondents (30.0%) agreed, 18 respondents (15.0%) disagreed, and 2 respondents (1.7%) strongly disagreed. This suggests that the majority of respondents strongly agree that income disparity has a significant influence on corruption.

The study shows 57 respondents (47.5%) strongly agreed that poverty influences corruption in Nigeria, 43 respondents (35.8%) agreed, 14 respondents (11.7%) disagreed, and 6 respondents (5.0%) strongly disagreed. This suggests that the majority of respondents strongly agree that poverty influences corruption in Nigeria. Also, 63 respondents (52.5%) strongly agreed that family influence has implications on bureaucratic corruption in the public and private sectors in Nigeria, 25 respondents (20.8%) agreed, 11 respondents (9.2%) disagreed, and 21 respondents (17.5%) strongly disagreed. This suggests that the majority of respondents strongly agree that family influence has implications on corruption in the public and private sectors in Nigeria.

It also finds that 57 respondents (47.5%) strongly agreed that greed is a significant factor contributing to corruption in both the public and private sectors in Nigeria, 43 respondents (35.8%) agreed, 14 respondents (11.7%) disagreed, and 6 respondents (5.0%) strongly disagreed. This suggests that the majority of respondents strongly agree that greed is a significant factor contributing to corruption in both the public and private sectors in Nigeria. The study reveals 63 respondents (52.5%) strongly agreed that a poor reward system has implications on corruption in the public and private sectors in Nigeria, 25 respondents (20.8%) agreed, 11 respondents (9.2%) disagreed, and 21 respondents (17.5%) strongly disagreed. This suggests that the majority of respondents strongly agree that a poor reward system influences and contributes to corruption in Nigeria's public and private sectors.

This study indicates that 64 respondents (53.3%) strongly agreed that a lack of transparency in the civil service is responsible for corruption in the public and private sectors in Nigeria, 36 respondents (30.0%) agreed, 18 respondents (15.0%) disagreed, and 2 respondents (1.7%) strongly disagreed. This suggests that the majority of respondents strongly agree that a lack of transparency in the civil service contributes to corruption in Nigeria's public and private sectors. Also, 63 respondents (52.5%) strongly agreed that a lack of cultural norms influences corruption in Nigeria, 25 respondents (20.8%) agreed, 11 respondents (9.2%) disagreed, and 21 respondents (17.5%) strongly disagreed. This suggests that most respondents strongly agree that a lack of cultural norms contributes to corruption in

Nigeria. Also, it indicates that 64 respondents (53.3%) strongly agreed that unemployment influences corruption, 36 respondents (30.0%) agreed, 18 respondents (15.0%) disagreed, and 2 respondents (1.7%) strongly disagreed. This suggests that the majority of respondents strongly agree that unemployment has a significant influence on corruption.

Testing of Hypotheses

(a) Hypothesis One: Income Disparity and Corruption

Null Hypothesis (Ho): There is no significant relationship between income disparity and bureaucratic corruption in Nigeria.

Table 3.7: Chi-Square Analysis on Income Disparity and Corruption

Response	**Observed (O)**	**Expected (E)**	**Residual (O−E)**	**(O−E)2**	**(O−E)2/E**
Strongly Agree	64	30	34	1156	38.53
Agree	36	30	6	36	1.20
Disagree	18	30	-12	144	4.80
Strongly Disagree	2	30	-28	784	26.13
Total	120	120			$\chi^2 = 70.66$

Source: Author Computation (2026)

Statistical Decision:

- Calculated χ^2 : 70.66
- Critical Table Value (df=3, α =0.05): 7.815
- Inference: Since 70.66 > 7.815, we reject the Null Hypothesis (Ho).

Interpretation:

The Chi-Square statistic of 57.66 indicates that there is indeed a strong non-random consensus in which poverty affects corruption significantly. This tends to support the Collective Action Theory, which states that where poverty is endemic, corruption shifts from a moral decision to a necessity for survival. This statistical evidence shows that efforts against corruption which do not take poverty into consideration will not be effective

(b) Hypothesis Two: Poverty and Corruption

Null Hypothesis (Ho): There is no significant relationship between poverty and bureaucratic corruption in Nigeria.

Table 3.8: Chi-Square Analysis on Poverty and Corruption

Response	**Observed (O)**	**Expected (E)**	**Residual (O−E)**	**(O−E)2**	**(O−E)2/E**
Strongly Agree	57	30	27	729	24.30
Agree	43	30	13	169	5.63
Disagree	14	30	-16	256	8.53
Strongly Disagree	6	30	-24	576	19.20
Total	120	120			$\chi^2 = 57.66$

Source: Author's Computation (2026)

Statistical Decision:

- Calculated $\chi^2 = 57.66$
- Critical Table Value (df=3, α =0.05): 7.815
- Inference: Since 57.66 > 7.815, we reject the Null Hypothesis (Ho).

Interpretation:

The calculated Chi-Square value of 57.66 confirms a strong, non-random consensus that poverty has a significant influence on corruption. This supports the Collective Action framework: when poverty is endemic, corruption transitions from a moral choice to a survival imperative. The statistical strength of this finding underscores that anti-corruption measures that fail to address poverty are likely to fail.

(c) Hypothesis Three: Poor Reward System and Corruption

Null Hypothesis (Ho): There is no significant relationship between a poor reward system and bureaucratic corruption.

Table 3.9: Chi-Square Analysis on Poor Reward System and Corruption

Response	**Observed (O)**	**Expected (E)**	**Residual (O−E)**	**(O−E)2**	**(O−E)2/E**

Strongly Agree	63	30	33	1089	36.30
Agree	25	30	-5	25	0.83
Disagree	11	30	-19	361	12.03
Strongly Disagree	21	30	-9	81	2.70
Total	120	120			$\chi^2 = 51.86$

Source: Author's Computation (2026)

Statistical Decision:

- Calculated $\chi^2 = 51.86$
- Critical Table Value (df=3, $\boldsymbol{\alpha} = 0.05$): 7.815
- Inference: Since 51.86 > 7.815, we reject the Null Hypothesis (Ho).

Interpretation:

Given the X2 value of 51.86, the null hypothesis that bad reward mechanisms because corruption is rejected. The result is highly important for organizational transformation since it implies that employees consider the absence of meritocracy and poor salary structure as an excuse for engaging in corruption. The high number of Strongly Disagree responses (21 responses, or 17.5%) compared to others is an indication of minority opinion, possibly held by people who think that personal integrity should outweigh institutional weaknesses.

5.2.2 Findings

The findings include:

1. Systemic Causation: Corruption in Nigeria stems from a systematic lack of economic development. The results of the statistical analysis show that poverty and inequality have consistently served as the major sources of corruption in the country ($\chi^2 > 50$ for all tests).
2. Institutional Weakness: An ineffectual rewards system where merit is disregarded leads to corruption.
3. Adaptation to New Conditions: Corruption is an inevitable adaptation response to circumstances and does not happen haphazardly but through deliberate decision-making.

This research supports the use of both the Principal-Agent theory and the Theory of Collective Action as applicable frameworks. This happens because of ineffective monitoring and because it is socially costly to be honest.

6. Conclusion and Recommendations

Given the results from the empirical studies and the revised calculations, the following conclusion and policy suggestions are made:
(i) Wage Reform: The relationship between poverty/inequality and corruption makes it imperative that there be an urgent evaluation of wages paid in the public service sector. It is necessary that wages be adjusted in line with inflation to minimize the need for corruption. A living wage is the first step towards minimizing bribery.

(ii) Digitalization of Procedures: To solve the Principal Agent problem, the government should minimize the discretion of the bureaucrats. The adoption of e-governance in procurement, licensing, and hiring, which can be evidenced in the partial success in JAMB and passport processes, minimizes personal interaction and creates less room for rent seeking. Merit-Based Reward System: The organizations need to reformulate their incentive and promotion systems to reflect fairness and equality. Switching from a patronage system to a merit system will help reinstate the psychological contract and encourage integrity.

(iii) Enhanced Penalties and Oversight: Besides economic motivations, it is essential to increase the cost of corruption. For that reason, an independent judicial system and anti-corruption organizations (EFCC, ICPC), which are not subject to political manipulation and can administer swift and guaranteed penalties to the offenders in the private and public spheres, should be established.

Through tackling the underlying economic determinants identified above, instead of regarding corruption as a legal or ethical matter, Nigeria will finally start dismantling the systemic frameworks that have hindered its development for years. Disassembling this entrenched system would call for more than just punitive actions, such as the raids conducted by the Economic and Financial Crimes Commission (EFCC). A comprehensive political economy strategy must be implemented, including the empowerment of an independent judiciary. The implementation of a process for transparent procurement, the reward for whistleblowers within the private sector, and the encouragement of civil accountability via digital monitoring and good governance. Should these incentives not be addressed, including the economic distortions associated with federalism and the flows of illegal funds associated with globalization, there is a real possibility that Nigeria will be doomed to a perpetually underdeveloped future. Nevertheless, with continuous commitment to the implementation of these strategies, Nigeria could very well be propelled towards a new era where its corrupt history could become the basis for economic success, with its young population providing the much-needed demographic dividend. Addressing it comprehensively is critical for achieving sustainable development, social equity, and national progress.

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