Corruption and Its Implication for Development in Nigeria

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Abstract

The economic sector of Nigeria has shown continuous growth throughout the past twenty years. Researchers utilized ARDL techniques for analyzing corruption and economic development patterns within Nigeria from 1990 to 2023 while investigating both immediate-term and long-lasting relationships of corruption on development. Public spending and economic growth produce positive and statistically significant effects on economic development in the short run and long run according to the results because their coefficients remain positive and their respective probability values fall below 5 percent significance. The analysis reveals that corruption lag values produce negative findings which demonstrate a negative impact of national corruption on country development through t-statistic and probability tests during the long duration. The persistent rise of corruption will continue to generate harmful impacts on Nigerian living standards as well as health services and education together with international relations and beyond. Research findings demonstrate that corruption generates adverse effects which harm Nigeria's economic development at both time horizons. The study advises decentralizing the corruption fighting efforts through state-based investigations to proceed with state-based corruption cases. The states need to add studies about corruption to their primary and secondary school curricula to teach children the origins and implications of corruption as part of creating better future minds.

Keywords: *Corruption, Human development index, Nigeria, Government expenditure*

1.1 Background to the Study

The world recognizes Nigeria through two principal international achievements where the African economy stands foremost while corruption ranks second (Transparency International 2013). The nation stands among countries that produce the most crude oil worldwide as oil contributes to 85% of revenue and foreign exchange earnings (O.P.E.C 2017). The sector's massive revenue along with foreign exchange fails to benefit Nigeria's economic growth because it passes through the corrupt activities of specific actors leading to a very small growth rate of 3.46% (Nigeria Bureau of Statistics 2023). Various types of unethical conduct permeate throughout economic sectors in both private sector operations and public sector responsibilities across Nigeria.

The proper management of Nigeria's abundant oil and agricultural resources along with others positions the country to emerge as a global leader in economics and politics throughout the world. Religious institutions together with all other Nigerian institutions have fallen victim to historical corruption practices which constantly insert themselves into these systems. The budget padding practice within legislative bodies and subsidy fraud along with budgetary item re-integration between old and new budgets can be found in both executive government and judicial courts where bribery exists to manipulate legal proceedings. The political and administrative functions of Nigeria experienced gradual elite involvement beginning in the 1950s during Britain's later era of governing Nigeria. Federal funds served as the primary source of funding the administration because the British administration rejected establishing a private sector blend with their public sector operations even though the elite viewed state financing as their sole route to accumulate wealth (Eweremadu, 2012).

Without supervision people will engage in corrupt means because self-interest drives them to pursue their ambitions no matter what damage it causes to society (Raimi, Suana & Fadipe 2013). The definition provided by Transparency International states that public office influence becomes personal gain for the office holder or other persons. According to the Anti-Corruption law of Nigeria (2000) corruption encompasses the activity of accepting payment as well as helping and giving bribes and other fraudulent practices and associated wrongdoings. Different dimensions of corruption prevent authors from agreeing on a complete definition of corruption. Abucar (1986) evaluated corruption by focusing on the multiple environmental causes that created corrupt practices in Nigerian society. Different situational aspects unrelated to diverse environments serve as causes of corruption which cover all aspects from independence to nation management structure to economic systems and political frameworks and private sector organization among others according to the author. The author emphasized how unexpected elevated profits in expanding global markets lead investors to perform corrupt activities for profit maintenance. The research findings demonstrate that corruption exists extensively in developing regions although proper prevention techniques can lower levels of corruption.

During investigations into anti-corruption measures for Nigeria Abimbola (2006) conducted preliminary economic surveys which indicated that neutral public officials tend to discharge their duties properly when they receive essential life necessities while the study defined basic

essentials as an inducement measure for workers. The study identifies preventing functionaries from corrupt actions requires high likelihood of serious punishment to stop corrupt practices. Abata and Adejuwon (2012) establish that public functionaries require openness alongside financial responsibility to operate efficiently in their positions. The expert demanded the development of guiding principles and policies which would help officers understand their public fund management duties to restore financial responsibility in the nation. Mbaegbu (2017) showed that greater national economic growth leads to higher corruption while poverty intensifies as corruption levels rise. The author declared that the successful accomplishment of SDG principles requires complete reduction of corruption practices. Nigerian society now considers corruption to be a recognizable national issue which allows enormous public funds to disappear into private bank accounts. The Economist (2006) indicated that Nigeria lost more than Four Hundred Billion dollars as an independent nation from 1960 until 1999.

According to Attah, Baba & Haruna (2019), corrupt practices persist at high levels across Nigeria which results in adverse domestic and international economic effects along with reduced foreign interest in conducting business in the nation. The Nigerian economy experiences negative effects due to corruption at different levels including both national and international standings. The economic progress of Nigeria has suffered due to corruption while our nation loses ethical core principles at the same time as competitiveness benefits diminish and foreign investors stay away from our markets. Research reveals that corruption has created pronounced poverty along with wide distribution of unequal conditions throughout the entire nation (Masha, 2011). The high rate of unemployment together with inadequate social infrastructure and poor public services and manufacturing of substandard goods in the nation stands as the main reasons for corruption (Attah, Baba & Haruna, 2019). Efforts by successive governments at different historical moments to control corruption have failed to achieve their intended goal of lowering its impact on the nation. The Second Republic began with unfinished attempts to decrease corruption which later proved ineffective. After the Ethical Re-orientation Campaign the military seized power due to corruption complaints before establishing War Against Indiscipline. The Babangida administration initiated War Against Corruption as a replacement but the problem of corruption continued to flourish. The ICPC and EFCC Acts formed part of several enactments which included the Money Laundry Act of 2013 and Advance Fee fraud and Fraud Related Act 1995. According to anti-corruption strategies committees join forces with commissions of inquiries and tribunals functioning under authority to investigate particular corrupt cases. (Rotimi, et al., 2013)

The study investigates the substantial weight that corruption poses toward Nigerian economic growth and development activities. The unchecked development of corruption will continue to escalate which will lead to severe consequences for standard of living and health services and education and Nigeria's international relations and many other areas. The analysis examines the relationship that exists between corruption rates and Gross Domestic Product (GDP) as well as Human development index (HDI) and Government spending. The study has significant value because corruption stands as a leading obstacle preventing Nigeria's development which requires

thorough analysis and elimination to ensure better national advancement.

2.1 Literature Review

Conceptual Clarification

Every community throughout every life sector from public to private functions exhibit instances of corruption. Public resources have wrong allocations because corruption degrades government performance while damaging private sector operation and harming mostly the poor segments of society. Poverty creates conditions for corrupt practices to emerge while the practice of corruption serves to make poverty more severe and widespread (Rotimi, Umar & Doorasamy, 2022). Government officers who use their power unlawfully to benefit themselves at the expense of public interests through private means are described as corrupt by Ekiyor (2005). According to this definition public officials with government positions make up the only categories of corrupt actors while private sector corruption is excluded. In a similar note. Doig (2009) conducted a description of corruption which focused primarily on public sector corruption. According to Doig official influence which leads to personal gain as well as public office/private interest conflicts defines corruption. The author defines it as improper activity performed by someone who holds a public office position. As per Khan (1996) any public conduct outside standard guidelines for public officers which benefits the individual publicly or personally counts as corruption.

The definition of corruption as public office abuse for personal benefit is established by Myint (2000) and World Bank (1997). An office holder utilizes his official authority including position and rank and status to receive private benefits. Officials use bribery as well as extortion while committing fraud and embezzlement and practicing nepotism and cronyism to unlawfully acquire public assets and properties that they turn into their own private properties while engaging in influence peddling. Transparency International (2013) provides a definition of corruption which states that misuse of entrusted position generates personal gains. The concept of entrusted position together with private benefit creates a change toward private sector responsibilities to complete the definition of corruption beyond public office roles. The misuse of power referred to here may originate either from the public sector or private sector. The Nigerian government through various regimes runs a continuous battle against corruption. The purported war against corruption persists as an ongoing process that damages both social, economic and political dimensions of Nigeria. Corruption inflicts adverse consequences across all aspects of Nigerian social life and private interests leading to population-wide poverty and declining living conditions and inadequate infrastructure among other problems. According to Transparency International and the World Bank Nigeria maintains a position among the most corrupt countries globally. During the years from 2020 to 2023 Nigeria secured position 146 among 180 world countries in corruption rankings according to transparency Data that averaged 27/100 points which designated Nigeria as a highly corrupt nation (Transparency International, 2023). Agence de Presse Africaine found that the World Bank's sponsored water project in Nigeria suffered $32 USD worth of corruption through the actions of project managers. The bank requested the Central Bank of Nigeria to return this sum while sanctioning the engineering company together with Nigeria Erosion and Water Management Project managers for eighteen months. (Ikeh, 2024

November 18).

Nigerian political leadership exists solely to acquire riches instead of delivering value to the people who grant such leadership positions. State governors display this behavior by accumulating public wealth carelessly while neglecting the effect on those they govern. During their tenure as state governors the Nation Newspaper documented six leaders who became convicted of corruption-related activities according to reports. Various criminal convictions and ongoing investigations have been made against former governors from Adamawa, Plateau, Taraba, Delta, Edo and Abia states according to Abiola (2019). According to Daily Trust special reporting from 2021 twenty high-profile corruption cases are active in different Nigerian High Courts that involve a former National Security Adviser alongside former Imo State and Adamawa State and Benue State governors together with a former Chief of Air Staff (Ele, 2021). Elected political palace holders from various ranks received authority from the people to steer state operations yet they became exhibitionists of stolen governmental funds. The governance system contains embedded corruption which affects both executive and legislative branches as well as judicial and low-ranking officials in Nigeria. Statistics from United Nations on Drug and Crime have revealed judiciary corruption in Nigeria where 20% of people facing judiciary procedures received bribe demands (Ejekwonyilo, 2024). This corruption pattern mirrors the severe internet fraud problems among Nigerian youths.

The simplest description of corruption shows when people break away from organization or societal legal standards through different corrupt activities like embezzlement, favouritism, bribery, and extortion (Rotimi, Umar & Doorasamy 2022). Grand corruption represents another form of corruption in Nigeria identified by Tranzi & Davoodi (1997) because perpetuators work together with international organizations to defraud government financial transactions to benefit themselves. The research by Taylor (2010) includes political corruption and administrative corruption and electoral corruption besides fraud and nepotism as different kinds of corruption.

2.2 Theoretical Framework.

This research operates based on the Endogenous growth theory and Hirschi's (1969) Social Control Theory. According to the endogenous growth theory developed by Paul Romer national economic growth stems directly from internal economic forces rather than exogenous (external) influences through innovation-based government and private sector human capabilities. The idea emerged for the purpose of disputing the exogenous-based neoclassical model that focuses on outside elements for driving progress. According to the Social Control theory lawlessness emerges when regulation fails to exist thus deviance develops into common behavior standards. The author explains that people follow their inner sense of benefit regardless of societal costs and they push forward aggressively when they see advantages. No regulatory procedures allow free rein to actors who subsequently begin to engage in corrupt behavior that eventually turns into social norms.

2.3 Empirical Literature.

Using gdp per worker, capital per worker, expenditure on education per worker, corruption per worker and foreign private investment per worker as the study variables Adenike (2013) in a

study of the impacts of corruption on Nigeria expanding economy conducted analysis through regression analysis, Granger causality test and Impulse response function. The data source was CBN Statistical Bulletin, NBS and World Development Indicator for the period between 1980 and 2009. One corrupt action by each worker results in a -1 output impact for individual workers as well as negative consequences for multinational ventures and educational spending and capital expenses. Research findings established that economic growth causes corruption and corruption emerges from economic growth yet no other connections exist between these variables. The investigation proposed that corruption resolution measures should tackle the entire economic sector through a comprehensive program.

As per Oghuvbu (2021) the study investigated the various factors and impacts of corruption within Nigerian social structures along with elements of culture and politics and economics. The study investigated multiple approaches which governments have employed in their battle against corruption throughout Nigeria. The researcher utilized secondary data which were obtained from journals, books, conference papers and internet sources. This research used the elite theory as its foundation for describing how corruption affects development. The research findings indicated that corruption empties public funds resulting in restricted foreign investment which harm development in negative ways. The analysis showed that corruption damages Nigeria's financial sector and harms its national reputation and weakens savings and lowers Nigerian people's standard of living. The researcher suggested that the government must combat corruption through purposeful implementation of existing legal framework rather than tackling consequences.

The research conducted by Attah, Baba & Haruna (2019) used secondary data examining how corruption affected national development through studies of Nigerian corruption nature and its consequences. The investigation revealed that corrupt practices exist at high levels throughout Nigeria which led to adverse economic consequences throughout the country and abroad where foreign investment declined. The authors advised nation school curriculum to include corruption topics to teach younger generations about corrupt practice effects along with proper funding of anti-corruption agencies and modern technology for investigation of allegations.

Using data from 1986 to 2019 Makar, et al.,(2023) examined how corruption influences Nigeria's economy through ADF, VEC model and Johansen cointegration testing. The study analyzed Economic growth through combinations of Foreign direct investment, Domestic capital investment, Corruption perception index, Household consumption, Government spending, Trade openness and Export and import of goods and services. According to the study outcomes corruption increases at higher levels resulting in reduced economic growth rates but on a time span that shows insignificant results. The growth relationship is directly affected by corruption because it influences investments from both foreign and local sources along with resident consumption levels and public spending and trade volume in Nigeria. The authors proposed that government should both increase strength and power of existing anti-corruption bodies and public officials who commit corruption should face legal prosecution. The authors suggested establishing extra anti-corruption institutions as part of their recommendations to combat extensive corruption throughout Nigeria.

The study conducted by Benedict (2022) investigated effects of corruption on African development through research focused on Nigeria. The research collected secondary information from public sectors' publications together with library material and journal studies. The study determined that political leader corruption produces negative economic impacts as well as political turbulence and raises poverty levels. The author suggested that these issues demand resolution while public officers must demonstrate honesty and transparency so they can be incentivized to do their work effectively as the government must stay away from contacts with anti-corruption bodies. The authors suggested that anti-corruption agencies should be revitalized through training and retraining programs as well as free and fair election processes in the country.

Agu & Nwankwo (2018) investigated how economic growth in Nigeria responds to savings and investment. They compiled data spanning from 1990 to 2019 on variables such as gross domestic savings, investment rates, inflation, fixed capital formation, and real GDP. These data were sourced from the Central Bank of Nigeria (CBN) statistical bulletins, the Nigerian Bureau of Statistics (NBS), and various online platforms. Using techniques including stationarity tests, cointegration analysis, and an error correction model (ECM), their results confirmed the presence of a long-term equilibrium relationship among the studied variables. Based on their findings, the researchers recommended that the government focus on maintaining price stability, developing effective capital markets, directing funds into productive sectors, and encouraging greater private sector involvement. Additionally, they suggested that policies should be implemented to promote personal savings, increase the use of domestically produced goods (especially raw materials for manufacturing), enhance infrastructure and technological capabilities, strengthen institutions, and pursue broad economic reforms.

Ogar, Eyo & Arikpo (2019) In their study on government spending and its impact on Nigeria's economic growth, Ogar, Eyo, and Arikpo analyzed variables such as government capital expenditure, recurrent expenditure, fiscal deficits, and overall economic growth. They collected secondary data from the CBN Statistical Bulletin covering the period from 1980 to 2017 using a desk survey method. Employing an ex-post facto design along with a Vector Autoregression (VAR) model for data analysis, the researchers discovered that while government capital expenditure had a positive (yet statistically insignificant) effect on economic growth, the fiscal deficit had a negative (and also statistically insignificant) effect. In the short run, recurrent expenditure was found to positively influence growth, though its impact was not significant. Their recommendations included revamping underutilized public capital projects to improve efficiency, closely monitoring contract awards to prevent inflated values, and increasing recurrent expenditure to sustain growth.

Aluthge, Jibril & Abudu (2021) examined the impact of both capital and recurrent government expenditure on Nigeria's economic growth using time series data from 1970 to 2019. They applied an ARDL approach, supplemented by unit root tests (including the Phillip-Perron test) and ARDL bound cointegration analysis. Their study incorporated variables such as capital

expenditure, the labor force, recurrent expenditure, trade openness, inflation, non-oil revenue, and GDP. The results revealed that capital expenditure significantly and positively affected economic growth in both the short and long run, whereas recurrent expenditure did not show a significant effect. The authors recommended that the government should increase its capital spending—especially on projects that directly improve the welfare of the populace—and improve the management of recurrent expenditures by reallocating these funds to more productive ventures that foster human development.

Oloni (2013) explored the relationship between economic growth and job creation in Nigeria by examining the impact of variables such as employment, GDP, foreign private capital, and public expenditure. Using time series data from the CBN and employing techniques like the Johansen VECM and ADF unit root tests, the study found that while economic growth had a positive relationship with employment, this association was statistically insignificant. Conversely, public expenditure positively and significantly influenced employment, whereas foreign private investment had a negative effect. Based on these findings, Oloni suggested that the government should direct spending toward labor-intensive industries to bolster job creation.

Aburime (2009) conducted a panel data study involving 48 banks over an 11-year period (with 358 observations) to examine the relationship between bank profitability and corruption in Nigeria. The analysis was carried out using backward stepwise regression on variables including bank profits, company-level indices, industry indices, microeconomic indicators, and the Consumer Price Index (CPI). Data were obtained from sources such as Transparency International, various bank financial statements, CBN publications, and international organizations. The study revealed a significant positive correlation between corruption and bank profitability. Consequently, Aburime recommended that regulatory bodies should intensify their efforts to curb corruption within the banking sector and that banks should implement stricter measures to eliminate corrupt practices among their staff.

Sunkanmi & Isola (2014) employed econometric techniques to explore the relationship between corruption and Nigeria's economic growth using time series data from 1990 to 2010. Their study included variables such as foreign direct investment, the corruption perception index, gross fixed capital formation, GDP, government expenditure, and indicators of globalization. While several models indicated that corruption significantly relates to most growth determinants (with the exception of economic openness and globalization), the Granger causality tests suggested that corruption causally influences the other variables. The researchers recommended that anti-corruption agencies be strengthened and that efforts be made to educate youth about societal values to mitigate corruption.

Johnny & Ayawei (2020) assessed the impact of corruption on employment in Nigeria between 1994 and 2019, using the Corruption Perception Index (CPI), employment rate, and inflation as key variables. They applied Ordinary Least Squares (OLS) analysis and found that higher levels of corruption are strongly associated with lower employment rates, while the combined influence of corruption and inflation exhibited a long-run relationship with employment. Based on their

results, they suggested that government agencies like the EFCC and ICPC be further empowered and that additional oversight bodies be created to monitor these institutions and reduce internal corruption.

Obasi (2021) investigated the influence of corruption on unemployment in Nigeria by analyzing time series data from 1980 to 2018. Utilizing methods such as the ADF unit root test, Phillip-Perron test, Johansen cointegration, Granger causality, and impulse response analysis, and supplementing these with survey data from a randomly selected sample of 300 employees, the study found a positive association between corruption and unemployment—indicating that increases in corruption contribute to higher unemployment rates. Obasi recommended the establishment of an independent anti-corruption agency to address this issue effectively.

Another research effort focused on examining how corruption impacts Nigeria's development by considering corruption (proxied by the Corruption Perception Index) as the dependent variable, and the Human Development Index (HDI), GDP, and government expenditure as independent variables. This study spanned a 43-year period from 1981 to 2022, covering eras from military rule to democratic governance. Data were collected from the CBN, Nigeria Bureau of Statistics, the World Bank, and other reputable sources. The research aimed to understand the broad implications of corruption on national development.

3.1 Methodology

This research adopts an ex-post facto approach, analyzing pre-existing data to determine the relationships among key variables without manipulating them. Data were obtained from reputable sources, including the Central Bank of Nigeria's databases and bulletins, as well as the World Bank Outlook. The study utilizes secondary time series data covering the period from 1990 to 2023. In this analysis, the Human Development Index (HDI) serves as the dependent variable. Meanwhile, the Corruption Perception Index (CPI) is used as an indicator of corruption, and both Gross Domestic Product (GDP) and Government Expenditures are treated as independent variables. To explore the relationships between these variables, the Ordinary Least Squares (OLS) regression method is employed.

3.2 Model Specification

The research model is grounded in Endogenous Growth Theory, which asserts that a country's economic development is primarily driven by its internal factors rather than external influences. This study builds on the model proposed by Adenike (2013), originally formulated as:

$$inyt = ct + \partial(infpit) + \dot{v}(inespt) + \infty(incort) + \alpha(inkt) + \varepsilon 1t.$$

For the purposes of this study, the model has been adjusted to include variables relevant to the current analysis, particularly focusing on government expenditure and the growth rate of GDP.

The revised model is structured to capture the influence of these variables on economic development, as measured by the HDI, while also accounting for corruption via the CPI. This modification aligns the model more closely with the study's objectives, allowing for a detailed investigation of how internal economic policies and expenditures affect overall human development in the context of Nigeria.

HDI = f (CPI, GEXP, GDPG) - - - 3.1
Where:
HDI = Human development index (measure for economic development)
CPI= Corruption perception index
GEXP= Government expenditures
GDPG= Gross domestic product growth rate
f = Functional notation
The OLS multiple regression equation based on the above mathematical equation is expressed as:
$HDI = \alpha_0 + \alpha_1 CPI + \alpha_2 GEXP + \alpha_3 GDPG + \mu$ -3.2
Where: μ = Error term;
α_0= Constant term/ Intercept;
α_1, α_2, α_3, are the coefficients of the individual parameter estimates. All the other variables are as earlier defined. The behavioural assumptions are given as: $a_1 < 0$, $a_2 > 0$, $a_3 > 0$.

4.1 Result and Discussion

Data used in this study are presented descriptively using descriptive statistics as presented below.

Table 4.1: Descriptive Statistic

VARIABLES	GDPG	GEXP	HDI	CPI
Mean	20.12692	72.39974	5.482097	7.432308
Median	15.65000	8.020000	472.3000	0.000000
Maximum	64.24000	822.7000	21.90404	39.71000
Minimum	1.920000	0.070000	5.000000	0.000000
Std. Dev.	13.62094	164.5626	7632.939	13.17352
Skewness	1.246142	3.164189	1.049491	1.626607
Kurtosis	4.531822	13.33000	2.528038	3.922476
Jarque-Bera	13.90668	238.4807	7.521272	18.58083
Probability	0.000955	0.000000	0.023269	0.000092

Source: EViews Output

The descriptive analysis indicates that the average values for GDP growth, government expenditure, HDI, and CPI are 20.12, 72.39, 5.48209, and 7.43, respectively. This suggests that, on average, all variables—particularly government expenditure—have been increasing at a relatively faster rate compared to the other indicators. Additionally, the data presented in Table 1

reveal that each variable exhibits positive skewness. The kurtosis measures further indicate that, aside from government expenditure, the distributions are leptokurtic, as shown by Jarque-Bera statistics of 13.90, 238.48, 7.52, and 18.58. These results strongly suggest that the series do not conform to a normal distribution, hinting at the possibility that they may follow a random walk. To verify the underlying data generating process, the Phillips-Perron unit root test was conducted.

Table 4.2: Phillip-Perron Unit Root Result

	Level		1st Difference			
Order of Variable integration	**Level**	**Prob.**	**1st Difference**	**Prob.**	**Lag(s)**	**Model**
HDI	-3.644371**	0.0391		0.0000	1	Trend & Intercept
	I(0)					
GEXP	-1.289049	0.8756	-15.20220***	0.0000	1	Trend & Intercept
	I(1)					
GDPG	-3.346010	0.0743	-10.99287***	0.0000	1	Trend & Intercept
	I(1)					
CPI	-2.344710	0.4011	-5.515263***	0.0003	1	Trend & Intercept
	I(1)					

Source: Authors' Computation (2024)

The Phillip-Perron unit root test result in table 4.2 above shows that HDI was stationary at level I(0), while the other variables were stationary after differencing one. Meaning that, GDPG, CPI, GEXP became stationary after differencing them for at the first order (I(1)). This is a good justification for the use of the Autoregressive Distributive Lag (ARDL) Bounds testing approach. This approach is best suited for the analysis in this study as it gives room for a mixture of order one and zero variables as seen from the unit-root table.

4.2 Analysis and Discussion of Result

The result of the ARDL model is presented below.

Table 4.3a: ARDL Bounds Testing Result

Null Hypothesis: No long-run relationships exist		
Test Statistic	Value	k
F-statistic	4.734683	3
Critical Value Bounds		
Significance	I0 Bound	I1 Bound
10%	2.26	3.35
5%	2.62	3.79
2.5%	2.96	4.18
1%	3.41	4.68

Table 4.3a displays the joint significance of the lagged levels in the first-difference regression by comparing the F-statistic to its critical lower and upper bounds. Here, I_0 and I_1 denote the lower and upper critical values, respectively, and k represents the number of regressors. If the F-statistic exceeds the upper bound, a long-run relationship is confirmed; if it is below the lower bound, no long-run relationship exists. Values that fall between these thresholds render the result inconclusive.

According to Table 4.3a, the analysis indicates a long-run relationship among the variables under study. This conclusion is supported by the Wald F-statistic of 4.734683, which is greater than the 5% significance level upper bound of 3.79. This suggests that any short-term disturbances causing deviations from the equilibrium will be corrected over time. Additionally, the speed at which the variables converge back to equilibrium is determined by the lagged value of HDI.

Table 4.3b: ARDL Test Equation

Dependent Variable: D(HDI)
Method: Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(HDI(-1),2)	0.596466	0.339241	1.758234	0.1292
D(HDI,2)	0.284749	0.107469	2.649592	0.0380
D(CPI,2)	-0.284749	0.107469	-2.649592	0.0380
D(CPI,2)	-5.065219	1.617486	-3.131539	0.0203
D(GEXP,2)	0.014751	0.009796	1.505821	0.1828
D(GEXP(-1),2)	0.001207	0.011716	0.102990	0.9213
D(GEXP(-2),2)	0.022043	0.010445	2.110335	0.0793
D(CPII,2)	0.499946	0.378690	1.320198	0.2349
C	13.83530	24.94773	0.554572	0.5992
D(CPI(-1))	-0.870348	0.316616	-2.748911	0.0333
D(GEXP(-1))	0.005323	0.001846	2.883535	0.0080
D(GDPG(-1))	2.364470	0.907973	2.604119	0.0404
D(HDI(-1))	-1.516707	0.486571	-3.117132	0.0207

R-squared	0.882563	Mean dependent var	0.047941
Adjusted R-squared	0.804098	S.D. dependent var	22.18988
S.E. of regression	6.871779	Akaike info criterion	6.605181
Sum squared resid	283.3281	Schwarz criterion	7.862184
Log likelihood	-84.28808	Hannan-Quinn criter.	7.033855
F-statistic	12.52224	Durbin-Watson stat	2.050695
Prob(F-statistic)	0.000002		

Source: EViews 9 Output

Table 4.3b reveals that, in the short run, the Corruption Perception Index (CPI) negatively affects

Nigeria's economic development. This is evidenced by a CPI coefficient of -0.8703 and a p-value of 0.0333, which is below the 5% significance level. In practical terms, a 1% rise in corruption is associated with an approximate 0.87% decline in economic development. Consequently, the hypothesis of no long-run relationship is rejected, which aligns with prior expectations and supports the findings of Oghuvbu (2021).

Similarly, government expenditure (GXEP) exhibits a positive relationship with economic development in Nigeria. The coefficient for GXEP is 0.005323, and its corresponding p-value of 0.0080 is statistically significant at the 5% level. This implies that a 1% increase in government spending is associated with a 0.53% increase in economic development. Despite the positive coefficient, the magnitude of this impact is relatively small; nonetheless, the hypothesis that government spending does not positively affect development is rejected. This outcome is consistent with the a priori expectation and aligns with the principles of Endogenous Growth Theory.

Furthermore, the growth rate of the gross domestic product (GDPG) positively influences economic development. The analysis shows a GDPG coefficient of 2.3644 and a p-value of 0.0404, which is statistically significant at the 5% level. This indicates that a 1% increase in GDP growth is associated with an approximate 0.24% increase in economic development. Therefore, the hypothesis that GDP has no effect on economic development is rejected. This finding supports Oloni (2013), who reported that economic growth positively impacts job creation, thereby enhancing overall development, in line with the initial expectations.

In addition, the lagged value of the Human Development Index (HDI) is both negative and statistically significant, suggesting that any short-term deviations from the long-run equilibrium are eventually corrected over time.

The model's explanatory power is strong, with an R-squared value of 0.88, indicating that approximately 88% of the variation in economic development is explained by the independent variables included in the model. The remaining 12% of the variance is attributable to factors not captured by the model, as represented by the error term. Moreover, the overall model is statistically significant, as demonstrated by an F-statistic of 12.522 and an associated p-value of 0.000002, underscoring its suitability for predictive purposes. Finally, a Durbin-Watson statistic of 2.050 suggests that the model does not suffer from serial correlation.

Table: 4.4 ARDL Cointegrating and Long Run Form

Dependent Variable: D(GDPG)
Selected Model: ARDL(2, 2, 3, 1, 1, 1)

Cointegrating Form				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(HDI(-1)	5.030442	0.339241	14.828520	0.0000

D(HDI(-2),	-2.766115	0.187136	-14.781308	0.0000
D(CPI(-1),	-0.284749	0.107469	-2.649592	0.0380
D(CPI(-2), 2)	-0.374874	0.160473	-2.336067	0.0582
D(GEXP, 1)	0.014751	0.009796	1.505821	0.1828
D(GEXPP(-1), 2)	0.023250	0.008634	2.692941	0.0359
D(GEXP(-2), 2)	-0.022043	0.010445	-2.110335	0.0793
D(CPI(1))	-0.000074	0.000026	-2.874352	0.0283
D(GEXPP(1))	0.000001	0.000001	2.730350	0.0342
D(GDPG(1))	0.000127	0.000049	2.568482	0.0424
D(HDI(1))	0.000059	0.000034	1.755196	0. 1298
CointEq(-1)	-5.239026	0.486571	-10.767238	0.0000

Cointeq = D(HDI) - (0.0002*D(CP1) + 0.0000*D(GEXP) + 0.0004*D(GDPG) -0.0007*CPR(1) -0.0000*GEXP(1) -0.0001*GDPG(1) + 0.0000*HDI(1) +0.0025)

Long Run Coefficients

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CPI)	0.000155	0.000056	2.748905	0.0333
D(GEXP)	0.000001	0.000005	0.249621	0.8112
D(GDPG)	0.000422	0.000162	2.604414	0.0404
CPI(1)	-0.000074	0.000026	-2.874352	0.0283
GEXP(1)	0.000001	0.000001	2.730350	0.0342
GDPG(1)	0.000127	0.000049	2.568482	0.0424
HDI(1)	0.000059	0.000034	1.755196	0.1298
C	0.002467	0.004448	0.554584	0.5992

Source: EViews 9 Output

The ARDL long-run coefficients of the estimated model presented in table 4.4 shows that, in the long-run GEXP, and GDPG would all impact the economic development positively. While GDP is significantly impacting on development GEXP is insignificant at 5% significant level and probability value of 0.8112. By indication, this means that in the long-run, if government total expenditure and Gross domestic product move upwardly the country's economic development is expected to increase positively. However the lag values of CPI is negative and statistically significant indicating that national corruption will affect the countries development negatively as by the t-statistic and probability values in the long-run (Oghuvbu, 2021).

Table 4.5 Correlogram of Residuals Squared statistics for autocorrelation

Autocorrelation	Partial Correlation		AC	PAC	Q-Stat	Prob*
. |*. |	. |*. |	1	0.143	0.143	0.7603	0.383
. |. |	. |. |	2	0.002	-0.019	0.7605	0.684
. |. |	. |. |	3	0.045	0.049	0.8416	0.839
. |. |	. |. |	4	-0.034	-0.049	0.8893	0.926
. |. |	. |. |	5	-0.027	-0.014	0.9191	0.969
. |. |	. |. |	6	-0.031	-0.029	0.9602	0.987
. |. |	. |. |	7	-0.018	-0.006	0.9742	0.995
. |. |	. |. |	8	0.007	0.010	0.9763	0.998
. |*. |	. |*. |	9	0.111	0.113	1.5796	0.997
. |. |	. |. |	10	0.030	-0.004	1.6259	0.998
. |. |	. |. |	11	-0.034	-0.039	1.6888	0.999
. |. |	. |. |	12	-0.026	-0.029	1.7262	1.000
. |. |	. |. |	13	-0.028	-0.016	1.7725	1.000
. |. |	. |*. |	14	0.056	0.074	1.9671	1.000
. |. |	. |. |	15	-0.040	-0.054	2.0722	1.000
. |*. |	. |*. |	16	0.087	0.111	2.5908	1.000

*Probabilities may not be valid for this equation specification.

Source: EViews Output

The Correlogram of Residuals Squared statistics for autocorrelation showed no evidence of auto or partial correlation since the probability values are statistically not significant at the 5% level.

Table 4.6 Heteroscedasticity Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	0.646615	Prob. F(17,20)	0.8161
Obs*R-squared	13.47791	Prob. Chi-Square(17)	0.7037
Scaled explained SS	6.131331	Prob. Chi-Square(17)	0.9923

Source: EViews Output

Table 4.6 demonstrates that the model exhibits homoscedasticity, meaning the variance of the error term remains constant. This conclusion is based on an observed R-squared value of 13.47791 and a Chi-Square probability (with 17 degrees of freedom) of 0.7037, both of which are not statistically significant at the 5% level. Therefore, we reject the null hypothesis of heteroscedasticity in favor of the alternative hypothesis that the variance is constant.

Additionally, Ramsey's RESET test was employed to assess the appropriateness of the regression

model's functional form. This test evaluates whether the relationship between the dependent and independent variables is truly linear or if a non-linear specification would be more suitable. With a t-statistic of approximately 0.181844 and a p-value of around 0.8576, the test results indicate that the linear model is correctly specified. The null hypothesis—that the model's functional form is accurate—is not rejected at the 5% significance level.

Table 4.6: Ramsey RESET Test

Equation: UNTITLED
Specification: LOG(MAN) LOG(MAN(-1)) LOG(MAN(-2)) LOG(CBS)
LOG(CBS(-1)) LOG(CBS(-2)) LOG(CPS) LOG(CPS(-1)) LOG(CPS(-2))
D(LDR) D(LDR(-1)) D(LDR(-2)) LOG(SMB) LOG(SMB(-1)) LOG(SMB(
-2)) D(DUM1) D(DUM1(-1)) D(DUM1(-2)) C
Omitted Variables: Squares of fitted values

	Value	df	Probability
t-statistic	0.181844	19	0.8576
F-statistic	0.033067	(1, 19)	0.8576

F-test summary:

	Sum of Sq.	Df	Mean Squares
Test SSR	0.000409	1	0.000409
Restricted SSR	0.235383	20	0.011769
Unrestricted SSR	0.234974	19	0.012367

Source: EViews Output

5.1 Conclusion and Recommendations

Over the past two decades, Nigeria's economy has seen notable growth. This study investigates the relationship between corruption and economic development over a 33-year period (1990–2023) using a dynamic framework designed to capture both short-term and long-term linkages. The analysis reveals that if corruption is not effectively curbed, it is likely to escalate, adversely affecting living standards, health services, education, and Nigeria's international relations. The findings indicate that while total government expenditure has a beneficial effect on economic development, corruption significantly hampers development in both the short run and long run.

Based on these insights, the study offers the following recommendations to combat the endemic nature of corruption in Nigeria:

1. To alleviate the heavy burden on the federal anti-corruption agencies (EFCC and ICPC), it is recommended that state-level anti-corruption units be established. These state agencies would be better positioned to investigate and prosecute corruption cases at the local level, including those involving community leadership, thereby enhancing overall enforcement and accountability.
2. As a long-term strategy, incorporating corruption studies into the educational curricula of primary and secondary schools is advised. By educating young people about the nature, causes, and consequences of corruption, the mindset of future generations can be redirected towards ethical behavior and responsible citizenship, laying the foundation for a less corrupt society.
3. Corruption at the community level—among traditional rulers, members of community development committees, and other local leadership figures—should be systematically reported, investigated, and prosecuted. Establishing dedicated anti-corruption monitoring agencies at the local government level will provide a framework for detecting and addressing corrupt practices in rural communities, with the capacity to escalate serious cases to higher authorities.

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