THE RAMIFICATION OF BRIBERY AND CORRUPTION ON GROWTH AND DEVELOPMENT OF CORPORATE GOVERNANCE IN NIGERIA.

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ABSTRACT
Corporate governance mechanisms and controls are designed to reduce the inefficiencies that arise from moral hazard and adverse selection. And this can only be achieved by means of working together as one team with a common spirit of bringing change in the society; because of the complexity and scale of corruption no one can stop it alone. We need to work together to mobilize resources, share ideas and bring together diverse perspectives and experiences. If an ordinary person can do extraordinary things, same with mitigating bribery and corruption to have good corporate governance in Nigeria. Engaged, empowered and informed, these are the drivers needed to bring everyone into the fight against corruption (Cobus de Swardt Annual Report 2011). This study examined the ramification of bribery and corruption on the Nigerian economic growth and development of corporate governance in Nigeria, by using historical, descriptive and content analysis method to affirm the impact of bribery and corruption on corporate governance in Nigeria. Based on our findings from previous researches we found that bribery and corruption have significant impact on the corporate governance in Nigeria. Therefore we are recommending the entire stakeholders to join hands in seeing and influencing both the private and public organizations to be anti-corrupt agents by means of campaign, poster, palm flats, bill board, to blog posts to community theatre e. t. c

Keywords: Bribery and Corruption, Corporate Governance, Growth and Development, Anti-corruption, Check and Balance
INTRODUCTION

In an increasingly global and complex market place, trust and integrity are of paramount importance for business. But for trust to develop, the information communicated to stakeholders by the enterprise must be credible (Assurance Framework for Corporate Anti-Briber Programmes 2012) which implies the need for accountability and transparency in companies and even in the public sector if at all they need to control embezzlement, extravagancy, prodigal, lavish attitudinal behavior etc. No region or country in the world is immune to the damages of corruption that is why international community has made enormous commitments in improving the lives of the poor via the Millennium Development Goals, but nevertheless the Corruption creeps into many industrialized countries and makes the global adaptation to climatic change even more difficult. Corruption. Inevitable? Unstoppable? We don't think so (Annual report 2011). Fighting corruption is in the common interest of people who are concerned about poverty, food security and economic development, about sustainable environments and climatic change, about health and about social cohesion. The international community has made enormous commitments in improving the lives of the poor via the Millennium Development Goals (International’s Global Corruption Report 2008). The main objective of this study is to find ways of mitigating the attitudinal culture of being corrupted and improving the implementation of corporate governance as the only solution to our problem of higher rampant of bribery and corruption.

LITERATURE REVIEW

Economic and Financial Crimes Commission (EFCC), whose mission statement is to “curb the menace of the corruption that constitutes the cog in the wheel of progress; protect national and foreign investments in the country; imbue the spirit of hard work in the citizenry and discourage ill-gotten wealth; identify illegally acquired wealth and confiscate it; build an upright workforce in both public and private sectors of the economy and; contribute to the global war against financial crimes.” (http://efccnigeria.org/). Therefore, EFCC is one of the driver or mechanism of mitigating bribery and corruption in Nigeria and toward ensuring good governance in both the public and private sector. Bribing to win business abroad is still seen as too common in corporate practice, as highlighted by the 3,000 business executives surveyed for 2011.Bribe Payers Index. Transparency International (TI) is the civil society organization leading the global fight against corruption. The Barometer is a public opinion survey carried out for TI by Gallup International as part of its Voice of the People Survey. It has been published annually since 2003.

THE NATURE AND SCOPE OF CORRUPTION

Corruption can be found in a vast range of interactions at all levels. At present, however, the diagnosis of corruption is still developing, and anti-corruption efforts are often stained or blemished by narrow views and biased perceptions of what corruption is and where the key risks lie. To overcome these obstacles, a better understanding is needed of what forms corruption takes. When bureaucratic or petty corruption occurs, hierarchies of public servants abuse their power to extract small bribes and favours. When grand corruption happens, relatively small cadres of public and private sector actors are involved and the rewards are high.
A corruption captures the different types which include fraud, embezzlement, bribery, extravagancy, collusion and nepotism. Typically there are three sets of corrupt interactions.

- **Public officials and other public officials**: such as payments to individuals for transfer and appointments to lucrative positions, because the larger the potential salary, the higher the bribe to get the post.
- **Public officials and private actors**, and it include forms of bribery and fraud that occur in relation to licensing, procurement and construction.
- **Public officials and users/citizens/consumers**: These practices, known as administrative or petty corruption, enable poor and non-poor households, farmers and other users to get what they want. The series of corrupt practices in the sector extends from policy capture, to large and small public–private transactions in construction and operations, to interactions at the point of service delivery.

Nigeria’s House of Representatives passed a motion requesting the assembly’s banking and justice committees to investigate the Central Bank of Nigeria’s previous administrators for “brazen cases” of corruption, money laundering, reckless spending and issuing of non-performing loans (Exporting corruption 2012). Like in the case of Nigerian government an anti-corrupt body was inaugurated to fight against corruption for example EFCC, ICPC e t c.

EFCC is succeeding in creating potential patriotism in the hearts of many corrupt government and business officials who before the birth of EFCC have not even thought of being in jail. Examples of corruption cases of EFCC are listed in the following table.

(Adapted from [www.efccnigeria.org](http://www.efccnigeria.org))

<table>
<thead>
<tr>
<th>NAME</th>
<th>TRIAL COURT</th>
<th>AMOUNT INVOLVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ayo Fayose (Former Governor of Ekiti State)</td>
<td>Fed. High Court Lagos</td>
<td>N1.2 Billion</td>
</tr>
<tr>
<td>Saminu Turaki (Former Governor)</td>
<td>Fed Capital Territory (FCT) High Court Maitama</td>
<td>N36 Billion</td>
</tr>
<tr>
<td>Bode George (Chieftain of the ruling party, PDP)</td>
<td>Fed. High Court Lagos</td>
<td>N100 Billion</td>
</tr>
<tr>
<td>Rasheed Ladoja (former Gov of Oyo State)</td>
<td>Fed. High Court, Lagos</td>
<td>N6 Billion</td>
</tr>
<tr>
<td>Sen. Nicholas Ugbade (Serving Senator)</td>
<td>FCT High Court Abuja</td>
<td>N5.2 Billion</td>
</tr>
<tr>
<td>Dr. (Mrs.) Cecilia Ibru (Former CEO, Oceanic Bank, PLC)</td>
<td>Fed High Court, Ikoyi, Lagos</td>
<td>N160.2 Billion</td>
</tr>
</tbody>
</table>
As cited by Mez (2010).

THE CONCEPTS OF BRIBERY AND CORRUPTION

Corruption means power unbound dishonesty, exploitation, sleaze, bribery, fraud, venality. Corruption gives the powerful the means to work against and around rules that communities set themselves in other words it can be seen as the abuse of entrusted power for personal gain. Corruption threatens to create a situation in which the rules continue to be gamed in favour of the powerful and efforts for reform are thwarted. (Mez 2010) defined it “as an attitudinal phenomenon that perceives the government as an enemy”.

Bribery is the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal or a breach of trust (Assurance framework 2012). According to Annual Report (2011) corruption has a unique attributes as follows:

- Corruption loves to hear excuses.
- Corruption never won an election fairly.
- Corruption is afraid of truth.
- Corruption doesn’t like to compete fairly.
- Corruption only has one business plan.
- Corruption only protects itself.
- Corruption thinks that justice can be bought.
- Corruption picks on the weakest.
- Corruption only serves itself.
- Corruption doesn’t think about tomorrow.
- Corruption has no future.
- Corruption believes in privileges not rights.
Corruption never learns.
Corruption never won respect.
Corruption is on no one’s side.

REMTOTES AND IMMEDIATE CAUSES OF CORRUPTION AND BRIBERY THAT DOWNSIDE GOOD CORPORATE GOVERNANCE

There is no any single component that cause corruption and bribery in Nigeria, but the following are some of the remote and immediate causes of bad corporate governance as a result of bribery and corruption which include:

- Where institutions are weak and oversight insufficient, funds meant for public services such as health and education can easily disappear.
- A judiciary is supposed to guarantee fairness, but people’s actual experiences in court tell a different story. A backlog of cases creates opportunities for demanding bribes to ‘fast-track’ a case.
- The defense and security sector offers conditions perfect for corruption: vast sums of money and an air of secrecy. Corruption in defense reduces our national security and the effectiveness of our armed forces. It destabilizes peace support and state-building operations, undermining efforts to protect populations caught in conflict or emergencies. Defense corruption also damages economic growth and our trust in military and security activities.
- When people are unaware of their rights, it is easy for corrupt officials to take advantage.

PREVIOUS STUDY ON CORRUPTION

The empirical study results on the ramification of corruption on corporate governance have found negative relationship between the two components. There are so many empirical studies of corruption and growth and development like in the case of Experts surveyed annual report for 2011 Corruption Perceptions Index saw public sector corruption as a serious problem in the vast majority of 183 countries. As states gathered in Morocco to discuss progress of the UN Convention against Corruption, the alliance of 330 civil society organizations let governments know that more accountability and openness is needed.

Corruption distorts markets and creates unfair competition. According to 2011 Dow Jones survey, the number of cases where companies faced losses due to unethical or corrupt practices quadrupled from 2009 to 2010. Companies often pay bribes or rig bids to win public procurement contracts. Corrupt acts can be hid behind secret subsidiaries and partnerships. Some companies seek to illicitly influence political decision-making in their favour. Others skirt tax laws, construct cartels or abuse legal loopholes. Private companies have huge influence in many public spheres, from energy to healthcare. Corruption in business can hurt us both as consumers and taxpayers.

According to International’s *Global Corruption Report 2008* they demonstrates in its thematic section that corruption is a cause and catalyst for water crisis, More than 1 billion people live with inadequate access to safe drinking water, with dramatic consequences for lives, livelihoods and
development. Corruption is certainly not its only cause, but, as the Global Corruption Report 2008 shows, it is a major factor and a catalyst in this crisis. Hefty fines, damaged reputations and jail sentences – corporate scandals prove that corruption in business doesn’t always bring profits.

Likewise in the case of Transparency International’s Global Corruption Barometer 2007 (‘the Barometer’) which seeks to understand how and in what ways corruption affects ordinary people’s lives, providing a snapshot of the scope and scale of corruption from the view of citizens around the world. In 2007 the Barometer polled 63,199 men and women aged fifteen and older in a sample weighted according to overall population structure in sixty low-, middle- and high-income countries and territories. The fieldwork was carried out between July and September 2007. The Barometer explores the experience of citizens with petty bribery when interacting with different institutions and public services. It also examines how members of the public expect the corruption problem to evolve in their country and how they rate their government’s performance in fighting it. The Barometer asked respondents about their contact with different service organizations and whether they had to pay bribes in their dealings with them. According to the 2007 results, low- and middle-income citizens are the most affected by bribery when dealing with the core institutions, 10 per cent of the high-income citizens who had contact with any of the included institutions reported paying a bribe, while 14 per cent of the low-income citizens reported the same.

Sub-Saharan Africa is one of the regions where progress is slow and challenges for combating corruption are great. The 2007 Corruption Perceptions Index (CPI) compiled by Transparency International finds that nearly a half of the twenty nations that perform worst in the index come from the region.

Seligson and Zéphyr1 (2006) The Americas Barometer, the survey effort of the Latin America Public Opinion Project, focuses on street-level corruption as experienced in the daily lives of citizens. In 2006 a total of 31,477 people were included in the sample, generally around 1,500 per country, in face-to-face interviews lasting an average of forty-five minutes. Interviews were conducted in the local languages; numerous indigenous languages were included in the Andes and Guatemala, while Creole (Lingua franca) was used in Haiti and French among the French-speakers of Canada. The 2006 study was expanded to include twenty countries, with representation of North America and the Caribbean. The focus on direct experience with corruption rather than on the perception of corruption has been the hallmark of the Latin American Public Opinion Project (LAPOP) studies published in past Global Corruption Reports. The Wisdom of that decision is reinforced by the latest findings. For the twenty countries as a whole, the correlation between individual perception of corruption and individual reports of having been solicited for a bribe are extremely low, not rising above r of 0.06. Indeed, Bolivia and Haiti, both in the group of countries with the highest recorded levels of actual Corruption, have perceptions of corruption that are lower than any other country except Canada, a nation that scores at or near the very low end of corruption experience in the Americas. While the study asks an entire battery of questions on corruption experience, direct comparisons of the signature item in the series are revealing. Countries on the other are striking; a person from Bolivia is fifty times more likely to be asked for a bribe by a public official than a person from the United States. Even in countries that are moderate in their levels of corruption, such as Costa Rica, where only 6.1%
of the sample reported being asked by a public official to pay a bribe in 2005, the rate is twenty
times higher than in the United States. Because of the high costs of face-to-face interviews, in the
United States and Canada alone surveys were conducted via random-digit-dialing phone calls, and
samples there were around 600. All other samples were based on national sample frames,
stratified by region and sub-stratified by urban/rural residence.

Corruption also reduces the quality of work or services. And it can cost lives. People in many
countries have suffered when buildings have collapsed or counterfeit medicines found their way
into hospitals.

RESEARCH METHODOLOGY

In the current climate of ever-stricter bribery laws and growing enforcement, the management and
boards of enterprises must address increasing levels of risk coupled with mounting stakeholder
demands for corporate responsibility and accountability (Assurance framework 2012). This
research is based on the historical and descriptive research method and content analysis of the
previous researches to examine the ramification of bribery and corruption on corporate
governance of the Nigerian economy.

CONCLUSION AND RECOMMENDATION

Corruption is not inevitable. Yet in some countries, it's difficult to distinguish corruption as a
problem from just ‘the way things are done’. Elsewhere corruption may seem far removed from
daily life, and its costs not widely known. Around the globe, we work to increase awareness of
corruption in all of its forms and equip people, from students to journalists, judges to
businesspeople with the means to tackle it for us to ensure full implementation of corporate
governance.

With nearly a fifth of the world’s population between 15 and 24 years old, young people in
particular have the potential to drive real change as today’s citizens and tomorrow’s leaders. But
our research shows that young people are often more exposed to bribery, why? This is because
even the youths have inculcated the habit of corruption as part of their social, cultural, political,
educational and religious orientation. For example bribing to go to school, pass an exam or get a
job, this early introduction to corruption sets a dangerous precedent. Young people need to be a
catalyst for a brighter future, not resign themselves to the status quo (i.e. the state in which or way
things are now, the condition or state of affairs that currently exists). The following stakeholders
are responsible for mitigating bad corporate governance through the means of eliminating bribery
and corruption to the minimum level;

- Stopping corruption needs more than tools and research, it requires role models who
  inspire. Every day, individuals and organizations around the world stand up to corruption.
- In some parts of the world, speaking out against corruption can be met with threats,
  intimidation and physical harm, even death. Repressive laws and regulations in some
countries are state-sanctioned hazards that make for a climate of fear. Yet individuals work
at great personal risk to make their voices heard in places where dissent is not tolerated.
Their courage and determination needs to be recognized and supported, and their stories need to be heard.

Budgets for public services and institutions, including schools, hospitals and infrastructure need to be published. If information is made accessible and easy to understand, then we can track funds and make sure they’re not being siphoned off. Citizens can demand accountability and transparency by scrutinizing school budgets or simply staying informed about the official charges for public services.

Governments need to involve civil society and citizens in consultations on national policies and at local government level in the planning and delivery of services. Participation must be informed, institutionalized and inclusive. This way we can prevent the corrupt use of funds and make sure that disadvantaged groups are not excluded from the delivery of vital services.

Defense and security activities warrant secrecy in certain areas. But more openness in defense policy, budget and procurement is needed. Won’t this compromise national security? Many countries’ experience suggests otherwise. Increased transparency strengthens the sector. It helps protect international arms transfers, defense contracting and security agencies from corrupt activities.

People can take action against corruption in many different ways – from marches, to blog posts to community theatre.

Huge expense is needed to prevent and respond to it, which means tempting opportunities for corruption

Governments must put resources behind investigations and prosecutions of foreign bribery. Working with governments and companies, we can close entry points for corruption in the climate management process. Policies need to be developed in an open way with everyone affected taking part to gauge the effects of corruption at all levels. They’ll also help us hold leaders to account for funds and decisions to manage climate change.

Governments must build checks and balances into climate policy and publish flows of money so we can monitor where they go. Independent oversight bodies are also needed, but they must have salaried staff with technical expertise and no conflicts of interest. Companies also have a part to play by disclosing their positions on climate policy. Which coalitions do they take part in? Which causes do they support? Meanwhile, communities affected by climatic change need support to take part in local schemes and understand their rights. We need to make sure these standards are met and governments should only do business with companies that have an honest track record.

Yet in some countries, blowing the whistle can carry high personal risk. Sometimes there is little legal protection against dismissal, humiliation or even physical abuse. Governments need to make sure that laws protect individuals and ensure claims are investigated. Companies, public bodies and non-profit organizations need to have channels for internal reporting. We need to show how disclosing wrongdoing can save resources, even lives.

Countries need to agree on national and cross-border anti-corruption measures

Governments also need to put their promises into practice or their commitments will go unfulfilled. They will still be missing the regulations needed to stop corruption and the conventions will be meaningless.
Civil society involvement is needed for the process to be credible. Governments should receive expert feedback on their performance and have deadlines set for compliance. To make sure we keep moving in the right direction, regular follow-up reviews should be conducted and published.

An independent body should make sure appointments are based on merit rather than favouritism. Fair judicial salaries and pensions make court personnel less vulnerable to bribery. Wages should reflect experience, performance and an honest track record. In the face of powerful interests, judges need to be protected from excessive risks that could keep them from ruling fairly. These include investigations of credible allegations against them, and limited liability for decisions. Court officials must know that if corruption is proved, they will be removed in a fair, open way.

Judicial processes need to be transparent. Then we can expose judicial bias and fight for reforms that ensure honesty in the courtroom is the rule and not the exception.

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