Original Research Article

Corruption, Entitlement Rights and Elite Capture: Evidence from Nigeria

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Abstract

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The study examined corruption, entitlement rights and elite capture in Nigeria. The main objectives of the study were to analyse corruption, entitlement rights and elite capture and how it impacts on the growth and development of the economy. The study made use of two major analytical techniques. The first was purely descriptive (statistical) while the second was OLS multiple regression. From the descriptive (statistical) analysis carried out in sub-section 2.2, corruption and elite capture undermine the entitlement rights of Nigerians and lead to inefficiency and under-capacity utilization of public enterprises. The second aspect of the analysis which made use of three models was empirical and limited to the impact of corruption on economic growth and development due to data problem on elite capture and entitlement rights. The empirical findings of model 1 revealed that CPI, CR, RCR and IFFs impacted negatively and significantly on GDPPGR. That of model 2 showed that CPI and RCR impacted positively and significantly on UEMPR whereas that of CR was negative and insignificant. Model 3 results revealed that CPI and CR had a negative and insignificant relationship with INFR whereas that of RCR was positive and insignificant. The study carried out several diagnostic tests of model adequacy and the results revealed that the models were well specified and the results obtained are plausible. In the light of the findings, the study concludes that corruption negatively and significantly impacts on economic growth and development of Nigeria and recommends among others that the problem of corruption should be tackled from all angles and the Nigerian government should revoke the sale of those privatized public enterprises that did not follow due process as they were captured mainly by the political elites; and make them operational at optimal level.

Keywords: Corruption, Entitlement rights, Elite capture, OLS, Nigeria

INTRODUCTION

Nigeria is a country blessed with enormous natural and human resources good enough to attain any desired level of development. However, corruption is the major bane impeding the growth and development of the Nigerian economy (Usman, 1980); and the damages it has done to the welfare and living standards of its citizenry have reached astronomical levels. In Nigeria, this hydra-headed monster called 'corruption' manifests in the form of inflation of project costs, false assets declaration, looting and embezzlement of public funds by corrupt public office holders, extortion of motorists by the police and army at military check points, illegal acquisition of public properties by the political elites via privatization, favouritism, bribery and kickbacks, fraud, extortion, perversion of justice, abuse of power, padding of proposed annual budgets by some dishonourable

members of the National Assembly, election irregularities, kidnapping, raping and abuse of women by the army, tribalism and nepotism, drug trafficking and money laundering. The menace of corruption has also led to slow movement of files in offices, traffic jam on the highways, ghost worker syndrome, queues at passport offices and gas stations, port congestion, stealing and/or disappearance of compiled publications for assessment and promotion to the rank of Professor from the Personnel Unit of some institutions among others. Although, some writers say that corruption is a global phenomenon cutting across all economies, governments, continents, countries, political systems, regions and ethnic groups (Obuah, 2010); it is pandemic in Nigeria. Both the leaders and the led are corrupt. Consequently, corruption has defied all known panacea as all attempts made towards eradicating it has not only proved abortive but seemed to have led to the discovery of ingenious and more sophisticated ways of perpetrating this evil by the culprits. No wonder the Transparency International ranked Nigeria as the most corrupt country in the world with a CPI of 0.96, 1.76 and 1.2 in its 1996, 1997 and 2000 rankings respectively (TI, 1997, 1996 and 2000); and since then up to date, Nigeria has consistently featured as one of the most corrupt countries in its rankings.

Corruption and elite capture in most cases violets entitlement rights of individuals and business firms. Corruption diverts funds meant for public projects and provision of basic necessities of life to the masses into private purses (Ibraheem, Umar and Ajoke, 2013); whereas political elites use their position to enrich themselves and acquire large chunk of privatized government enterprises, public assets and properties. People are denied access to free basic medical cares and education, retirees' pensions delayed or denied out rightly, workers' salaries delayed and dilapidated roads and collapsed bridges ignored by the ruling elites. This has inflicted indescribable hardship on the poor masses thereby reducing the average life span of the population. Nigerian society cares less about how people acquire wealth but applauds those who become wealthy, not minding the means (Oduwaiye, 2005). Consequently, corruption keeps on escalating at alarming dimension (Ogbeidi, 2012); despite the efforts to curb corruption in Nigeria which include the establishment of: judicial commissions of enquiry; the Code of Conduct Bureau; the Public Complaints Commission (ombudsman); the Mass Mobilization for Social Justice and Economic Recovery (MAMSER); the National Open Apprenticeship (NOA); War Against Indiscipline (WAI); the Independent Corrupt Practices Commission (ICPC); the Oputa Panel and the Justice Akanbi Commission; the Economic and Financial Crimes Commission (EFCC); National Agency for Food and Drug Administration and Control (NAFDAC); and the Rebranding Nigerians Programme spearheaded by the former Minister of Information and Communications, late Prof Dora Akunyili. This necessitates this research study.

The objectives of this study include to: (i) theoretically explore and analyse corruption, entitlement rights and elite capture in Nigeria; (ii) empirically examine the impact of corruption on the growth and development of the Nigerian economy. The limitation of empirical analysis to corruption and economic growth and development is due to lack of data on entitlement rights and elite capture. The remaining part of this study is structured as follows: literature review and conceptual framework; theoretical framework and methodology; presentation and analysis of results; and conclusion and policy recommendations.

Literature review and conceptual framework

Corruption

Corruption has been defined in many ways by various scholars and organizations. The World Bank (1997) defines corruption as "the abuse of public office for private gains". Lipset and Lenz (2000) view corruption as efforts to secure wealth or power through illegal means for private gain at public expense; or a misuse of public power for private benefit. Similarly, the UNDP as (cited in Klitgaard, 1995) defines corruption as the "misuse of public power, office or authority for private benefit- through bribery, extortion, influence peddling, nepotism, fraud, speed money or embezzlement". Obuah (2010) defines corruption as a complex and multifaceted phenomenon which characterize the global economy. Specifically, corruption or corrupt behaviour involves the violation of established rules for personal gain and profit (Sen, 1999). It exists in the developed and developing world and it permeates the economic, social, political and administrative spheres. The Transparency International (TI) (2002) sees corruption as "an inappropriate or illegal behaviour of the public sector official (politician or public officer) by misusing the entrusted power for private gain of the person or related people. It is usually an activity that is outside of constitutional government process, which involves the sale of publicly produced goods and services by government employees for payment or bribes not approved by the government. Corruption is a form of rent-seeking enterprise or activity, which is illegal, or an unauthorized transfer of money from one person to another (group to group), or an in-kind substitute.

Corruption in Africa is simply a development and governance issue as it erodes governmental legitimacy, undermines the effective delivery of public goods and services and protection of the vulnerable groups in society. In Nigeria, as in many African states, corruption is a malaise that inflicts the society and undermines its stability. Corruption drains over US $148 billion per year

from African countries which is equivalent to over 25 per cent of Africa's Gross Domestic Product (AU Report, 2013).

Existing literature on corruption in developing countries generally identifies rent-seeking, cultural relativity, low salary, imitation and institutional/political centralization as five strands of hypotheses which explain the causes of corruption. Media Advocacy and Development Initiative (2013) identifies greed, lack of positive values, porous system, weak enforcement and oversight mechanisms, excessive materialism, societal pressure, lack of virile welfare structures, insecurity of employment tenure, indiscipline, inordinate desire for wealth accumulation (get-rich-quick-syndrome), poverty of the mind, nepotism (partiality, favoritism, preferential treatment, bias, discrimination, etc.), and lack of genuine fear of God as general causes of corruption.

Based on reviewed studies on corruption, the following types of corruption exist in Nigeria: political corruption, bureaucratic corruption, electoral corruption and corporate corruption (Egharevba and Idowu, 2012; Ibraheem, Umar and Ajoke, 2013; Ajie and Oyegun, 2015)

Political corruption

It takes place at the highest levels of political authority and involves the sale of government property for personal gain by government officials or the use of public office by politicians both for financial gain and purposes of remaining in office. It occurs when the elected government officials and political decision-makers, who are entitled to formulate, establish and implement the laws on behalf of the masses, formulate policies and pass bills that will favour the ruling elites to the detriment of the people. It is further facilitated by the creation of rents seeking projects. It is sometimes seen as similar to corruption of greed as it affects the manner in which decisions are made, as it manipulates political institutions, rules of procedure, and distorts the institutions of government (NORAD, 2000; The Encyclopedia Americana, 1999).

Bureaucratic corruption

It occurs in the public administration or the implementation phase of policies and involves the use of public office for pecuniary gain. It is the kind of corruption the citizens encounter daily at places like the hospitals, local licensing offices, police, taxing offices, schools, embassies, etc. This type of corruption is common in Nigeria since government plays a critical role in the development process, particularly in the domestic economy. Here, bureaucrats engage in rent-seeking opportunities for personal aggrandizement. Socio-

economic conditions, such as poverty and inequality, cultural norms and practices, kinship go a long way to shape the attitude and behaviour of public officials.

Electoral corruption

It occurs when politicians contravene election etiquettes in a bid to win elections and secure power. It may involve purchase of votes with money and other unlawful inducements, illegal payoffs such as illegal funding of campaigns, bribes, promise of contracts or other favours. Electoral corruption may also take coercive forms, such as employment of thugs to intimidate supporters of political opponents in order to compel them vote against their wishes or disenfranchising them out rightly. Sometimes, voters are either maimed or killed and results announced in polling units where voting did not take place as a result losers end up rigging themselves into office. Electoral corruption can lead to expectation of reward once victory is achieved, or encouraging quid pro quo deals (Etzioni, 1988). Corruption in office involves sales of legislative votes, administrative, or judicial decision, or governmental appointment. It can also lead to the undermining of democratic values, especially where there is a conflict between the politicians' interest and those of the public.

Corporate corruption

It occurs between private business corporations and their vendors or clients. It can also take place within a corporation where there is divorce between ownership and control as management may divert shareholders' money and other company's resources for their private aggrandizement, at the expense of the shareholders (Obuah, 2010; Bhargava, 2005).

The corruption perception index (CPI) and ranking of Nigeria by Transparency International (a global coalition against corruption) has been alarming over the years as summarized in Table 1.

The CPI ranks countries and territories based on how corrupt their public sector is perceived to be as seen by experts, business people and country analysts, and ranges between 0 (highly corrupt) and 10 (highly clean) for 1996 – 2011 periods and between 0 (highly corrupt) and 100 (very clean) for 2012-2017 periods whereas lower ranking signifies higher degree of corruption. The pandemic nature of corruption in Nigeria is evident in the ranking as Nigeria was ranked the most corrupt country out of 54, 52 and 90 listed in the study with a highly corrupt CPI of 0.96, 1.76 and 1.2 in1996, 1997 and 2000 respectively. Nigeria ranked 136 least corrupt countries out of 168 with a CPI of 26 in 2015. In the recently released 2017 CPI, Nigeria ranked 148 with CPI of 27. On the overall, Nigeria corruption rank averaged 120.04

Table 1. Nigeria's corruption statistics (1996-2017)

Year	CPI	CR	RCR
1996	0.96	54	54
1997	1.76	52	52
1998	1.9	81	85
1999	1.6	98	99
2000	1.2	90	90
2001	1.0	90	91
2002	6	101	102
2003	1.4	132	133
2004	1.6	144	146
2005	1.9	154	159
2006	2.2	142	163
2007	2.2	147	180
2008	2.7	121	180
2009	2.5	130	180
2010	2.8	134	178
2011	2.4	143	183
2012	27	136	168
2013	25	136	168
2014	27	136	168
2015	26	136	168
2016	28	136	na
2017	27	148	na
Average	**8.823**	**120.04**	**137.35**

Source: Transparency International Reports (1998-2018)
Note: CPI = Corruption Perception Index, CR= Corruption Rank, RCR = Relative Corruption Rank, na = not announced.

out of an average of 137 countries surveyed from 1996 to 2017, reaching an all-time high of 154 with a CPI of 1.9 in 2005 and a record low of 52 with a CPI of 1.76 in 1997. But this is not absolute as it depends on the total number of countries surveyed each year (Relative Corruption Rank), (see Table 1).

The Global Financial integrity also spotted Nigeria as one of the most corrupt countries in the world in its compilation of illicit financial outflows (IFFs) from 2004 to 2014. Table 2 and Figure 1 below summarize Nigeria's IFFs over the years.

Nigeria lost US$ 15,738.82 million to IFFs on the average within the decade amounting to a total of US$ 173,127 million. No wonder the GDP growth rate keeps on dwindling despite the rising expenditure profile of the Nigerian government.

The World Bank Group Enterprise Surveys of corruption data result of manufacturing firms and business sectors in Nigeria, Sub-Saharan Africa and all countries are presented in Table 3.

Table 3 provides an overview of the sample data and highlights the biggest obstacles experienced by private sector firms thus summarizing key factual indicators at the country and regional as well as world levels for each of the business environment topics. The indicators are calculated using data from manufacturing firms only. That of Nigeria surpasses that of all other Sub-Saharan African countries put together and the rest of other countries of the world; thus showing that corrupt practices cripple manufacturing firm activities most in Nigeria.

Entitlement rights and elite capture in Nigeria

Entitlement rights in Nigeria range from civil, political, economic, social and cultural rights. Civil and political rights are a class of rights and freedoms that protect individuals from unwarranted action by government and private organizations and individuals; ensure one's ability to participate in the civil and political life of the state without discrimination; and provide a conducive business environment for the entire citizenry. They are usually classified as the first generation of rights which enforcement is premised on the government restraining from interfering with the citizen exercise of these rights (Otubu, 2012). Nevertheless, these first-generation rights

Table 2. Nigeria's illicit financial outflows (US $ million) from 2004-2014

Year	IFFs	Year	IFFs
2004	*1680*	2010	19376
2005	17867	2011	18321
2006	19160	2012	4998
2007	1335	2013	26735
2008	24192	2014	13086
2009	26377	------	--------
Cumulative IFFs (2004-2014) =	**173,127**	**Average IFFs =**	**15738.82**

Source: Global Financial Integrity Reports (2015 & 2017)
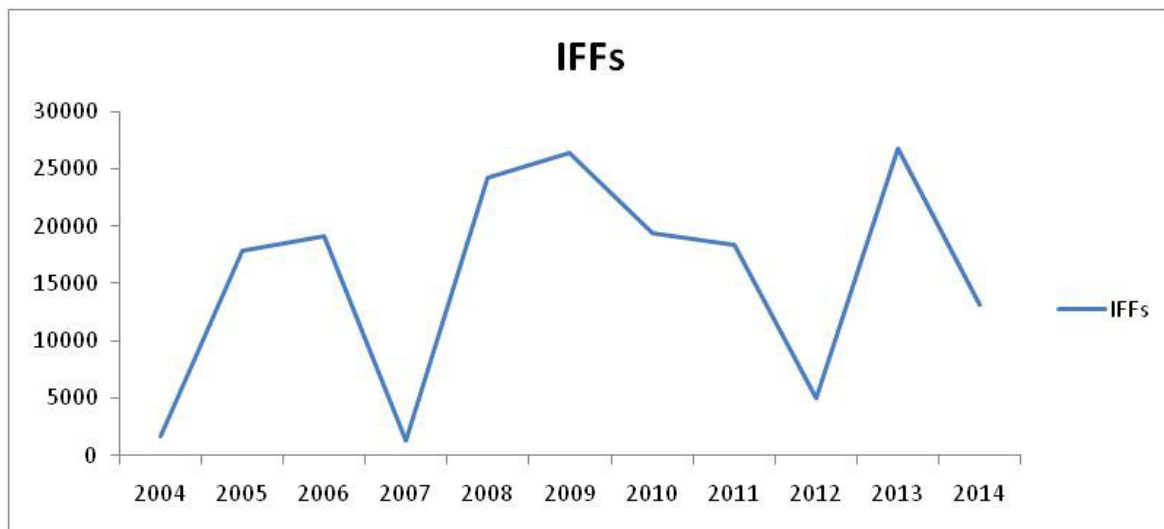
Figure 1. Line graph showing Nigeria's illicit financial outflows (US $ million)

Source: Authors' initiative using Eviews 8 software and data set on table 2.2

Table 3. Corruption survey result of manufacturing firms

Indicators	Nigeria	Sub-Saharan Africa	All Countries
Bribery incidence (percent of firms experiencing at least one bribe payment request)	28.9	25.0	17.9
Bribery depth (% of public transactions where a gift or informal payment was requested)	26.0	19.0	13.9
Percent of firms expected to give gifts in meetings with tax officials	25.9	18.1	13.0
Percent of firms expected to give gifts to secure government contract	28.6	31.7	28.4
Value of gift expected to secure a government contract (% of contract value)	1.6	2.1	1.7
Percent of firms expected to give gifts to get an operating license	24.2	17.1	14.5
Percent of firms expected to give gifts to get an import license	40.7	19.1	15.0
Percent of firms expected to give gifts to get a construction permit	24.4	29.5	23.9
Percent of firms expected to give gifts to get an electrical connection	32.9	25.6	16.5
Percent of firms expected to give gifts to get a water connection	35.7	26.7	16.5
Percent of firms expected to give gifts to public officials "to get things done"	55.3	23.9	21.5
Percent of firms identifying corruption as a major constraint	44.8	37.9	31.9
Percent of firms identifying the courts system as a major constraint	4.0	16.2	14.3

Source: World Bank Group-Enterprise Surveys, Nigeria (2014)

were not sufficient to define the scope of free and equal citizenship thus necessitating the need for an additional set of claims, including rights to food, shelter, medical care, and employment. This second gene-ration of economic 'welfare rights', helped to ensure the effectiveness of the political and legal rights belonging to

Table 4. Listed public enterprises in Nigeria for privatization on March 30, 2007

Sectors	Privatised Companies
Communications	Nigerian Postal Service and Nigerian Telecommunications Limited (NITEL)
Energy	Eleme Petrochemicals Company Limited, Kaduna Refining & Petrochemical Company Limited, Nigeria Gas Company Limited, Pipelines and Products Marketing Company (PPMC), Port Harcourt Refining Company Limited, Stallion Property and Development Company Limited and Warri Refining and Petrochemicals Company Limited
Industry & Manufacturing	Anambra Motor Manufacturing Company Limited, Electric Meter Company of Nigeria, Federal Super Phosphate Fertilizer Co Limited, Iwopin Pulp and Paper Company, Lafiaji Sugar Company Limited, Leyland Nigeria Motors, National Fertilizer Company of Nigeria — NAFCON, Nigeria Romania Wood Industry, Nigeria Sugar Company Limited, Nigeria Unity Line Plc, Nigerian Machine Tools Limited, Nigerian Newsprint Manufacturing, Nigerian Unity Line, Peugeot Automobile Nigeria Limited, Steyr Nigeria Limited, Sunti Sugar Company Limited and Volkswagen of Nigeria
Natural Resources	Ajaokuta Steel Company Limited, Ayip–Eku Oil Palm, Delta Steel Company, Ihechiowa Oil Palm Company Limited, Jos Steel Rolling Company, Katsina Steel Rolling Mill Company, National Iron Ore Mining Company Limited, Nigeria Uranium Mining Company, Nigerian Coal Corporation, Nigerian Mining Corporation, Oshogbo Steel Rolling Mill Company and River Basin Development Authority
Ports	Nigerian Ports Authority
Power	National Electric Power Authority (NEPA)
Services	Abuja International Hotels (Le Meridian), Abuja National Stadium, Abuja Stock Exchange, Afribank Nigeria PLC, Bank of Industry, International Conference Centre Abuja, Lagos International Trade Fair, National Theatre, NICON Insurance Corporation, Nigerian Agricultural Bank, Nigerian Film Corporation, Nigerian Television Authority and Tafawa Balewa Squrae Investment Limited
Transport and Aviation	Federal Airports Authority of Nigeria, Inland Waterways Authority, National Clearing and Forwarding Agency (NACFA), Niger Dock Nigeria PLC, Nigeria Airways Limited, Nigeria Airways Subsidiaries, Nigerian Aviation Handling Company Limited, Nigerian Railway Corporation and Railway Property

Source: Nairaland Forum (2016)

the first generation in protecting the vital interests of citizens and were not simply paper guarantees. These welfare rights, conceptually known as Economic, Social and Cultural Rights deals with how people work to earn income and access basic necessities of life. They became a subject of international recognition with the advent industrial revolution and the rise of a working class. Economic rights include the right to work, to an adequate standard of living, to housing and the right to a pension if you are old or disabled. The Constitution of the Federal Republic of Nigeria 1999 as amended in 2011 made provision for fundamental human rights in chapter IV (i.e. from Sections 33 to 46) as follows: (i) right to life; (ii) right to dignity of human person; (iii) right to personal liberty; (iv) right to fair hearing; (v) right to private and family life; (iv) right to freedom of thought; conscience and religion, (vii) right to freedom of expression and the press, (viii) right to peaceful assembly and association; (ix) right to freedom of movement; (x) right to freedom from discrimination; (xi) right to acquire and own immovable property anywhere in Nigeria; (xii) compulsory acquisition of property; (xiii) Restriction and derogation from fundamental rights; and (xiv) special jurisdiction of High Court and legal aid (Ezeagu, 2012). These rights are inalienable and also contained in many international laws and charters such as: Universal Declaration of Human Rights (1948); the Declaration of the Rights of the

Child (1959), the International Covenant on Economic, Social and Cultural Rights (1966), International Labour Organisation Recommendation No. 115 concerning Worker's Housing (1961) (Otubu, 2012).

Elite capture is a phenomenon where resources transferred for the benefit of the larger population are hijacked by a few politically and/or economically powerful groups, at the expense of the less economically and/or dominant groups. Individuals or groups take advantage of government programmes aimed at distributing resources or funds to the general citizenry by using their influence to direct such assistance in such a way that it primarily benefits the elite groups and their cronies. For instance, funds have been transferred from a higher level of government to state and local governments for public service delivery such as construction of express roads, bridges, pipe borne water, rural electrification projects, reconstruction of dilapidated primary and secondary school buildings and facilities, or erosion control. However, it is observed that not all the people/social groups of the targeted masses have benefited from these fund transfers and public service activities. In other words, there is a selection bias through which some favored people/social groups of the masses have benefited from public services at the expense of the others. Selection bias implies that there is a pattern to this selective decision on distribution of social benefits.

Table 5. Installed and actual generating capacity (MW) 2010

Station	Plant Type	Installed	Generating Capacity	Actual Generation	Year Installed
Kanji	Hydro	720	303	283	1968, 1976, 1978
Jebba	Hydro	720	475	278	1983, 1984
Shiro	Hydro	600	600	434	1989, 1990
Egbin	Steam	1320	880	839	1986, 1987
Sapele	Steam	720	160	179	1978, 1980
Sapele	Gas Turbine	300	Not operational	Not operational	1981
Afam (IV)	Gas Turbine	450	Not operational	Not operational	1982
Delta (IV)	Gas Turbine	600	210	210	1990

Source: NEPA/PHCN, generation and transmission, Abuja cited in Ezenekwe et al, 2014

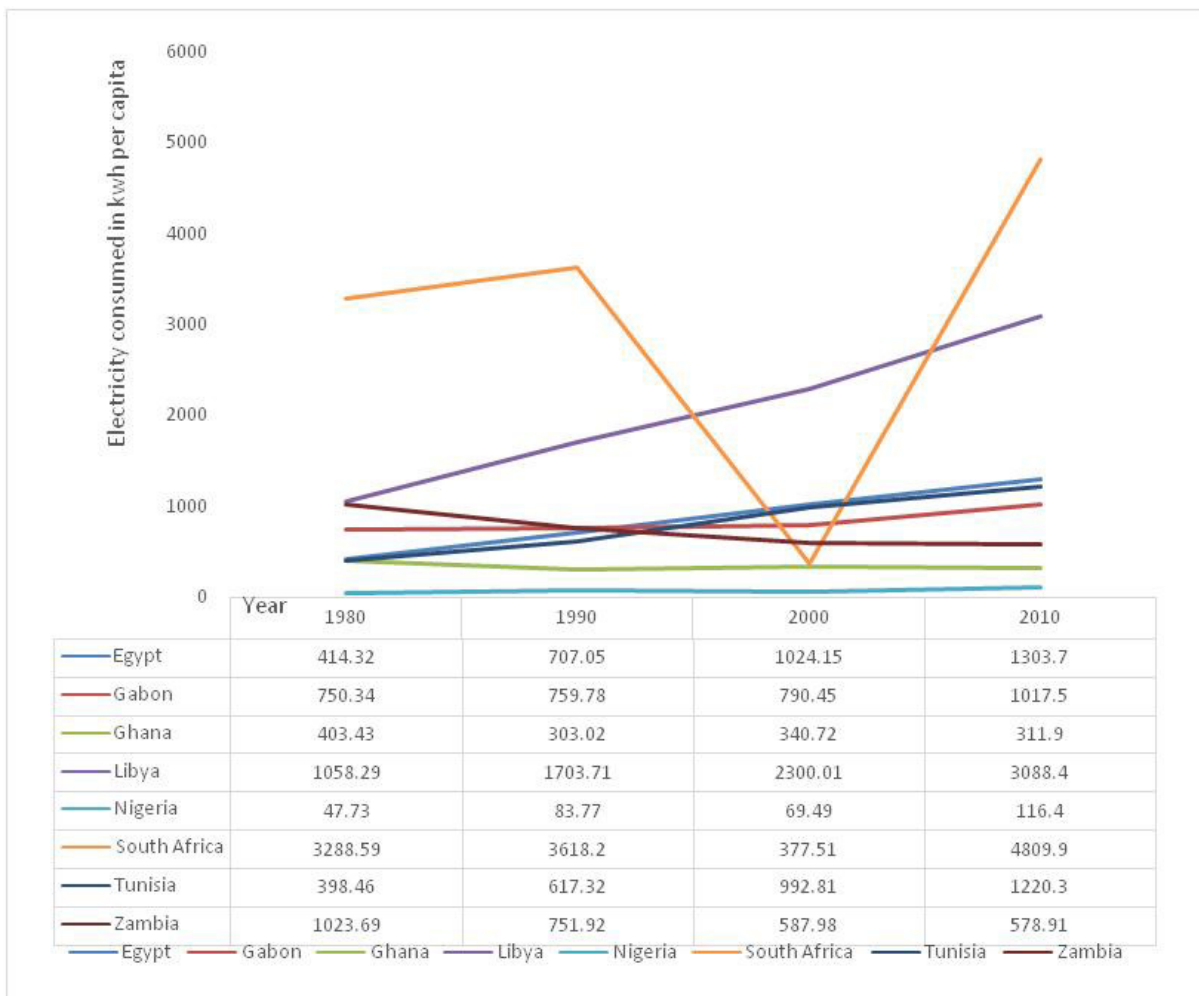| Year	1980	1990	2000	2010
Egypt	414.32	707.05	1024.15	1303.7
Gabon	750.34	759.78	790.45	1017.5
Ghana	403.43	303.02	340.72	311.9
Libya	1058.29	1703.71	2300.01	3088.4
Nigeria	47.73	83.77	69.49	116.4
South Africa	3288.59	3618.2	377.51	4809.9
Tunisia	398.46	617.32	992.81	1220.3
Zambia	1023.69	751.92	587.98	578.91

Figure 2. Line graph and table showing electricity consumption between Nigeria and few other African Countries (kwh per capita) 1980, 1990, 2000, and 2010

Source: Authors' initiative using data from World Bank African Development Indicators, Various Issues

The pattern could be defined by caste status (an upper caste social group can discriminate against lower caste groups in the society), by political party affiliation, by economic position, etc. This situation constitutes a case for elite capture in Nigeria, where certain segments of the population experience reduced access to public welfare programmes, grants, social benefits, among others.

In Nigeria, elite capture leads to deprivation of most entitlement rights of the citizens as the ruling elites use their position to enrich themselves by acquiring large chunk of government enterprises, public assets and properties through privatisation. Table 4 shows the
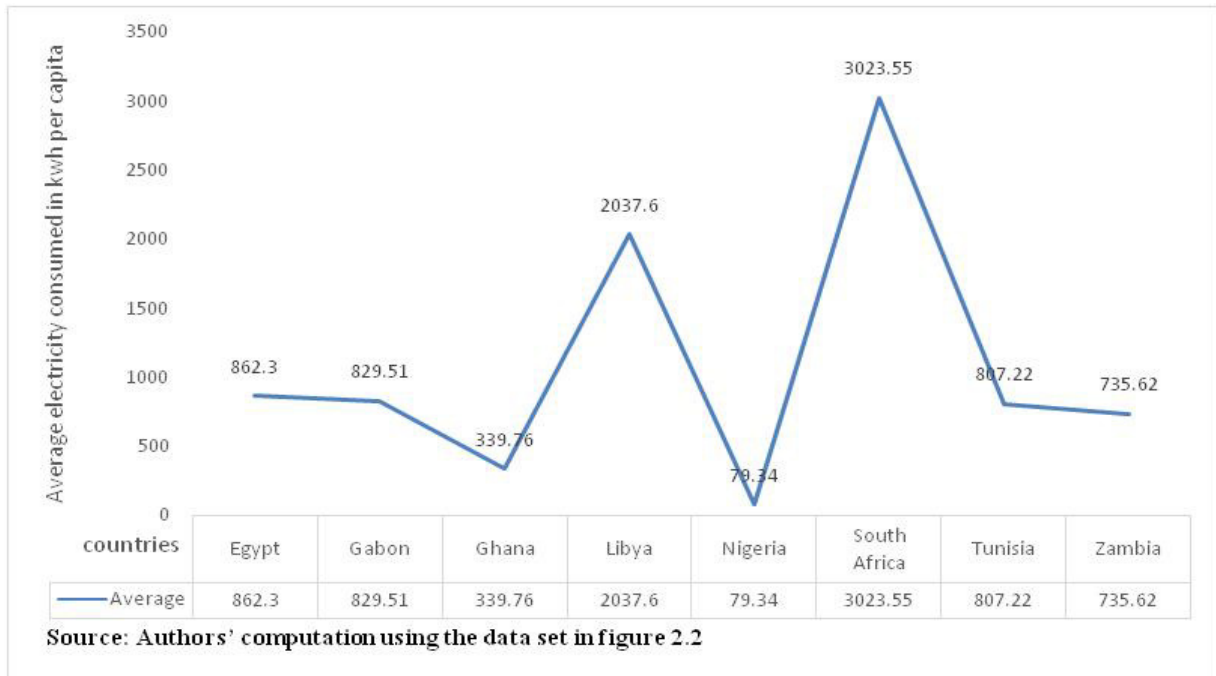
Figure 3. Average electricity consumption of Nigeria and few other African countries in kwh per capita for 1980, 1990 2000 and 2010

Nigerian government companies listed for privatization on March 30, 2007.

Apart from the fact that the assets of the privatized enterprises were deliberately undervalued, there was failure to follow due process and the Bureau of Public Enterprises (BPE) did not play by the rules set by the Council and the extant laws. There was also collusion between the political elite and the companies that bought the privatized enterprises, leading to failure to pay over the appropriate sums. The BPE also failed to exercise their oversight role on the privatization process; while the anti- corruption agencies blatantly refused to prosecute violators of the law (Asaolu, 2015).

The main reason given by the government for privatization of these companies which was mostly captured by the political elite is to engender competiveness and efficiency. But this was not achieved as most of them have either gone moribund, extinct or operate below full capacity. This has made the cost of their services and products which are mostly essential very exorbitant and out of the reach of many Nigerians thereby further depressing their living standards. For example, the defunct NEPA/ PHCN which is now known as Electrical Distribution Company (EDC) has been an abysmal failure. Table 5 shows that EDC operates far below installed capacity which shows its gross technical and operating inefficiency under Privatization.

Despite the addition of 3,760MW of new generating capacity between 1980 and 1990 at the cost of about US$3 billion, actual generating capacity has been less than 4MW since 1999 out of the nominal generating

capacity of almost 6000MW. Sapele steam and Afam (IV) gas turbine are inoperable due to poor equipment maintenance. The epileptic power supply due to low utilization evident in the average capacity utilization of less than 40% during the period shows the gap between installed and actual operating capacity. Figure 2 provides comparative information on electricity consumption between Nigeria and few other African countries within for decades to further demonstrate the failure of EDC in Nigeria.

The above table and figure conspicuously show that Nigeria is a laggard in terms of electricity consumption among the eight African countries compared. This is because, electricity consumption in Nigeria is the lowest when compared with that of other African countries. This is evident from the average electricity consumption of the eight African countries displayed in Figure 3 of which Nigeria's is 79.34. For instance, the average electricity consumption per capita in South Africa is about 38 times that of Nigeria whereas that of Zambia is about 9 times. Moreso, Nigeria's electricity consumption line graph lies beneath that of others.

Other examples include: the giant Ajaokuta Steel Company which was sold to an Indian consortium sponsored by the ruling elites. The Indians rather than revive the ailing company as expected; embarked on a frenzied asset stripping of valuables to India. The country, in an irony of fate, is today importing steel products from India at the same time as Ajaokuta Steel Company lies fallow and despicably moribund; the sale of the iconic Daily Times of Nigeria (DTN) where the new

buyers were apparently more interested in selling off DTN's properties in London than in revamping the fortunes of the newspaper; the privatization of the Aluminium Smelter Company of Nigeria, built at the cost of $3.3bn but transferred to Rusal, a Russian company at the cost of $250m. Only $130m of the said $250m has been paid, leaving a balance of $120m. Surprisingly, no one has queried Rusal for failing to fulfill its legal obligations because of the interest of political elites in the deal. Delta Steel Company Limited presents another dimension where a company, Global Steel Infrastructure Limited, which only submitted an expression of interest but did not participate in the bidding process, was declared the winner. BUA, which actually won the bid, was denied the offer. Delta Steel was valued by BPE at ₦225bn but was sold for mere ₦4.5bn. The Kaduna and Port-Harcourt refineries for example, were entangled in management and production crisis leading to incessant maintenance and under- capacity utilization which made government through NCP and BPE to sell 59% of its equities at the price of $721m, after the government had not quite long spent $1.1b in refurbishing the refineries. This price differential is evidence that the two refineries were grossly undervalued when they were sold. Some critics even questioned the rationale behind the sale of the refineries and other public assets by the government instead of retaining them and at the same time encouraging the building of private ones. In Venezuela, there are more than 125 refineries owned by the state and several others in Europe and America. The underutilized state of the refineries in Nigeria accounted for the $18b refined oil import between 1999 and 2007. The cost of refined oil import is enough to build nine hi-tech refineries at $2b each (Asaolu, 2015).

Empirical review

The empirical review is limited to research studies that bordered on corruption and economic growth and development as the researcher did not see any empirical work on entitlement rights and elite capture. This is not unconnected with unavailability of data. Moreover, empirical works on corruption and economic growth and development are of recent; and scanty due to lack of reliable data on corruption.

Fabayo *et al.* (2011) employed the Ordinary Least Squares technique in their study which analysed the consequences of corruption on investment in Nigeria using annual times series data on corruption perception index (CPI) between the period of 1996 and 2010. Their study revealed that the low Corruption Perception Index ranking of Nigeria, which implies high level of corruption, leads to low investment and thus low economic growth in Nigeria. Adewale (2011) explored the crowding-out effects of corruption in Nigeria using simulation approach to investigate the economic implications of corruption in

Nigeria; Error Correction Mechanism (ECM) to overcome the problem of spurious regression; Augmented Dickey-Fuller (ADF) test to ascertain the degree of stationarity of variables employed in the study; and co-integration test to capture the co-integration properties of the data. The study which covered the periods of 1996 to 2009 found that all the econometric tests applied in the study showed statistically significant relationship between the variables of the model. Thus, the study concluded that corruption has a crowding-out effect on growth. Ibrahim, Umar and Ajoke (2013) examined the impact of corruption on economic development of Nigeria using OLS technique and secondary data on GDP, CPI, CR, and RCR spanning 1996 to 2013.The study found a negative and significant relationship between; CPI and GDP; CR and GDP and RCR and GDP and concluded that corruption has a significant negative effect on economic growth and development. The study recommended that transparency, accountability and the application of the rule of law in dealing with corrupt government officials and politicians can lead to improved CPI ranking, induce investment, and foster economic growth and development. Ezeanyeji and Roland (2015) investigated the impact of corruption on Nigeria's economic development using linear regression analysis and annual series data on GDP, CPI, CR and RCR spanning 1996 to 2013. The empirical results revealed that CPI, CR and RCR negatively and significantly affected GDP. The study recommended that the Nigerian government should employ the strict application of anti-corruption codes as stipulated in the legislations that created the anticorruption agency without prejudice or double standard irrespective of the culprit's stature or position in the society. Ajie and Oyegun (2015) examined the impact of corruption on economic growth of Nigeria using OLS and annual series data spanning 1996 to 2013 on GDP, CPI, FDI inflow, external debt stock (EDS), government expenditure (GE) and unemployment rate (UR). The results revealed that the relationship which exists between: CPI and GDP is positive and significant; CPI and EDS is negative and insignificant; CPI and GE is positive and significant; CPI and UR is positive and significant. The study therefore concluded that there is a significant relationship between corruption and Economic growth and recommended that the activities of the anticorruption agencies in Nigeria such as the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices and Related Offences Commission (ICPC) should be strengthened.

THEORETICAL FRAMEWORK AND METHODOLOGY

Theoretical framework

A number of studies (Umar and Ajoke, 2013; Ezeanyeji and Roland, 2015; Ajie and Oyegun, 2015; among others) have empirically investigated the relationship

between corruption and/or economic growth and economic development in Nigeria. This study re-ascertains the impact of corruption on the economic growth and development of Nigeria using the model in Ibrahim, Umar and Ajoke (2013) but with modified and additional variables. Parameter estimates obtained by this model have the capacity of possessing certain desirable features such as efficiency, unbiasedness and consistency with theory. The study conducted several diagnostic tests of model adequacy unlike most previous studies including that of Ibrahim, Umar and Ajoke (2013).

Methodology

The Ordinary Least Squares (OLS) multiple regression technique will be adopted in the empirical analysis. Due to lack of data on elite capture and entitlement rights, the empirical analysis will be limited to finding the impact of corruption on economic growth and development of Nigeria as stated in section one. The dependent variables used to proxy economic growth and development are gross domestic product per capita growth rate in percentage (GDPPGR), unemployment rate (UEMPR) and inflation rate (INFR) whereas the explanatory variables used to proxy corruption include corruption perception index (CPI), corruption rank of Nigeria (CR), relative corruption rank of Nigeria (RCR)and illicit financial Outflows (IFFs). Three models are used in this analysis. Data for the first model cover a period of eleven years spanning 2004-2014 and include all the explanatory variables and GDPPGR. The other two models exclude IFFs and cover a period of 20years spanning 1996-2015. This discrimination is due to limited availability of data on IFFs as published in 2015 and April 2017 by the Global Financial Integrity (GFT) which covers only 2004 -2014 periods. Whereas data on CPI, CR and RCR are only available from 1996-2017 as reported by Transparency International (TI). Data on GDPPGR is sourced from the IMF World Economic Outlook while that of unemployment and inflation are sourced from the Central Banks of Nigeria Statistical Bulletin, 2016.

The models are first specified in their implicit non-stochastic forms as follows:

$$GDPPGR = f(CPI, CR, RCR, IFFs) \qquad 1$$
$$UEMPR = f(CPI, CR, RCR) \qquad 2$$
$$INFR = f(CPI, CR, RCR) \qquad 3$$

The variables remain as defined above.
In explicit stochastic forms, equations, 1-3 are re-specified as follows:

$$GDPPGR_t = \alpha0 + \alpha1 CPI_t + \alpha2 CR_t + \alpha3 RCR_t + \alpha4 IFFs_t + \mu_t \qquad 4$$
$$UEMPR_t = \beta0 + \beta1 CPI_t + \beta2 CR_t + \beta3 RCR_t + \mu_t \quad 5$$
$$INFR_t = Y0 + Y1 CPI_t + Y2 CR_t + Y3 RCR_t + \mu_t \quad 6$$

Finally, the log-linearised form of equations 4-6 is stated as follows:
$$LNGDPPGR_t = \alpha0 + \alpha1 LNCPI_t + \alpha2 LNCR_t + \alpha3 LNRCR_t + \alpha4 LNIFFs_t + \mu_t \qquad 7$$
$$LNUEMPR_t = \beta0 + \beta1 LNCPI_t + \beta2 LNCR_t + \beta3 LNRCR_t + \mu_t \qquad 8$$
$$LNINFR_t = Y0 + Y1 LNCPI_t + Y2 LNCR_t + Y3 LNRCR_t + \mu_t \qquad 9$$

Where $\alpha0, \beta0, Y0$ are regression constants, $\alpha1, \dots, \alpha4, \beta0, \dots, \beta3, Y1, \dots, Y3,$ are regression coefficients, μ_t is the stochastic term, while t is a subscript denoting time.
Based on a priori,
$\alpha1 < 0, \alpha2 < 0, \alpha3 < 0, \alpha4 < 0; \beta1 > 0, \beta2 > 0, \beta3 > 0;$
$Y1 > 0, Y2 > 0, Y3 > 0$

The study also undertakes several diagnostic tests to ascertain whether the model is well specified; and plausibility of the empirical results obtained. Particularly, the Breusch-Godfrey (BG) test for serial correlation, the Jarque-Bera (JB) Test of Normality and white heteroscedasticity were conducted. We now precede with the presentation empirical results.

PRESENTATION OF RESULTS AND ANALYSIS

The results of the empirical analysis are presented in tables 1, 2 and 3 for the three models respectively.

From the result in Table 6, which is the regression of GDPPGR on CPI, CR, RCR and IFFs; the CPI, CR, RCR and IFFs impacted negatively and significantly on GDPPGR. Specifically, a 1 unit reduction in CPI which translates to increase in corruption leads to about 0.38% reduction in the GDPPGR; a 1 unit increase in CR, RCR and IFFs which means increases in corrupt practices leads to about 3.27%, 2.34% and 0.03% reduction in GDPPGR respectively. These results conform to a priori expectation as corruption is expected to reduce economic growth. The R^2 value is 0.60 which implies that about 60% of variations in GDPPGR is explained by variations in CPI, CR, RCR and IFFs. The overall model is significant following the Prob (F-statistic) value of 0.002428. The model is not autocorrelated as depicted by the Durbin-Watson stat value of 2.486845.

Table 7 shows the result of the regression of UEMPR on CPI, CR, and RCR. The result reveals a positive and significant relationship between CPI, RCR and UEMPR; and a negative and insignificant relationship between CR and UEMPR. Numerically, a 1unit reduction in CPI which implies an increase in corruption leads to about 0.007% increase in UEMPR; a 1unit increase in CR leads to about 0.11% reduction in UEMPR; and a 1unit increase in RCR leads to about 68% increase in UEMPR. The first and third results conform to a priori expectation while the second contradicts it. The non-conformity of the second result to a priori expectation may be due to instabilities

Table 6. Regression result for model 1

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Dependent Variable: LNGDPPGR				
Method: Least Squares				
C	30.44768	21.71464	1.402173	0.2198
LNCPI	-0.388695	0.150623	-2.580577	0.0494
LNCR	-3.278011	2.721812	-1.429747	0.0223
LNRCR	-2.347637	2.434382	-0.964367	0.0392
LNIFFs	-0.038379	0.149032	-0.257523	0.0470
R^2= 0.600417, Prob(F-statistic) = 0.002428, Durbin-Watson stat = 2.486845				

Source: Authors' estimation using Eviews 8.0

Table 7. Regression result for model 2

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Dependent Variable: LNUEMPR				
Method: Least Squares				
C	-1.009543	0.948949	-1.063853	0.3032
LNCPI	0.007997	0.050968	0.156911	0.0473
LNCR	-0.117983	0.060465	-1.951253	0.0688
LNRCR	0.684205	0.241021	2.838780	0.0119
R^2 = 0.409181, Prob(F-statistic) = 0.034094, Durbin-Watson stat = 0.693156				

Source: Authors' estimation using Eviews 8.0

Table 8. Regression result for model 3

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Dependent Variable: LNINFR				
Method: Least Squares				
C	2.069710	1.740813	1.188933	0.2518
LNCPI	-0.086795	0.093499	-0.928292	0.3670
LNCR	-0.099283	0.110922	-0.895072	0.3840
LNRCR	0.177457	0.442144	0.401355	0.6935
R^2 = 0.136141, Prob(F-statistic) = 0.491410, Durbin-Watson stat = 1.747085				

Source: Authors' estimation using Eviews 8.0

caused by continual changes in the number of countries included in corruption study by Transparency International. The R^2 value is 0.40 implying that the explanatory variables jointly explained about 40% of the variations in UEMPR. The prob (F-statistic) value of 0.034094 reveals the overall significance of the model. (Table 7)

The regression result of INFR on CPI, CR and RCR in table 8 shows that CPI and CR impacted negatively and insignificantly on INFR whereas RCR impacted positively and insignificantly on INFR. Precisely, 1unit reduction in CPI which translates to increase in corrupt practices reduces INFR by about 0.08%; a 1unit increase in CR reduces INFR by about 0.09% and 1unit increase in RCR leads to about 0.17% increase in INFR. The R^2 value is 0.13 showing that only about 13% variations in INFR is jointly account for by the modeled variables. The prob(F-

statistic) value of 0.491410 reveals the insignificance of the model in determining INFR. In other words, corruption has not significantly influenced inflation rates in Nigeria within the period under review. The Durbin-Watson coefficient of 1.7 which can be approximated to 2 shows the absence of autocorrelation in the model (Table 8).

The results of the diagnostic tests in table 9 are satisfactory except for model 3 which may be adduced to inaccuracy of inflation data published in Nigeria by the pro-government agency which might not have reflected the true inflation rates of the economy. A possible intuition for this suspected unconventional behavior may be to cover government incompetence in curbing inflationary pressure in Nigeria; and continue to woo people into supporting the reigning government. The B-G test which is noted to have stronger statistical power revealed the absence of serial correlation. Under the null

Table 9. Summary of the model's diagnostic tests

Model 1tests	Result
Jarque-Bera Normality	4.12(0.02)
Breusch-Godfrey (B-G)	0.88(0.68)
Heteroskedasticity	0.44(0.32)
Model 2 tests	
Jarque-Bera Normality	2.29(0.31)
Breusch-Godfrey (B-G)	0.50(0.39)
Heteroskedasticity	0.63(0.38)
Model 3 tests	
Jarque-Bera Normality	0.15(0.92)
Breusch-Godfrey (B-G)	0.81(0.75)
Heteroskedasticity	0.06(0.06)

Source: Authors' estimation using Eviews 8.0

hypothesis that the residuals are normally distributed, the Jarque-Bera residual normality assumption tests are not breached except for model 3 of which the reason has been explained. The error process could be described as normal for the determinants. Finally, the absence of white heteroskedasticity and specification error was confirmed. The results of the tests suggest that the model specification is well behaved, and hence the results are plausible.

CONCLUSION AND POLICY RECOMMENDATIONS

The study made use of two major analytical techniques. The first was purely descriptive (statistical) while the second was OLS multiple regression. From the descriptive (statistical) analysis carried out in sub-section 2.2, corruption and elite capture undermine the entitlement rights of Nigerians and lead to inefficiency and under-capacity utilization. This by extension implies that the duo of corruption and elite capture undermine growth and development of the economy. The second aspect of the analysis which made use of three models was empirical and limited to the impact of corruption on economic growth and development. The empirical findings of model 1 revealed that CPI, CR, RCR and IFFs impacted negatively and significantly on GDPPGR. That of model 2 showed that CPI and RCR impacted positively and significantly on UEMPR whereas that of CR was negative and insignificant. Model 3 results revealed that CPI and CR had a negative and insignificant relationship with INFR whereas that of RCR was positive and insignificant. Models 1 and 2 were statistically significant whereas model 3 was not. The results of the diagnostic tests of model adequacy were satisfactory thus indicating that the models ware well specified, and hence the results are plausible except for model 3 of which a possible reason was suggested.

In the light of the findings, the study concludes that corruption negatively and significantly impacts on economic growth and development in Nigeria and recom-

mends as follows:

The problem of corruption should be tackled seriously from all angles. The anti-corruption crusade of the Economic and Financial Crimes Commission (EFCC) should be extended to all levels of government, public enterprises and the private sector to ensure that every act of corruption is punished irrespective of who the culprit is;

The Nigerian government should revoke the sale of those privatized public enterprises that did not follow due process as they were captured mainly by the political elites; and make them operational at optimal level;

Government policies should be designed and strictly implemented in a manner that supports and promotes entitlement rights of all Nigerians.

The researchers are of the view that strict implementation of these policy recommendations will help to eradicate the high incident of corruption and elite capture syndrome; re-direct strayed macroeconomic indicators to desired direction; improve the living standards of all Nigerians; and set the economy on the pedestal of sustainable growth and development.

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