

THE CALM-DOWN EFFECT: GOOD GOVERNANCE'S ROLE IN STEMMING THE TIDE OF CORRUPTION IN NIGERIA

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BABARINDE Gbenga Festus

Department of Banking and Finance, Modibbo Adama University, Yola, Nigeria
liftdfjb@gmail.com; ORCID: 0000-0002-5613-9883

ADEWUSI Olusegun Adegoke

Department of Economics, Modibbo Adama University, Yola, Nigeria
oaadewusi@mau.edu.ng

USMAN Haruna

Department of Business Education, Aminu Saleh College of Education, Azare, Nigeria
usmanharuna6@gmail.com

BAKO Abubakar

Department of Banking and Finance, Federal University Wukari, Wukari, Nigeria
bakoabubakar@fuwukari.edu.ng

Abstract: Employing Toda-Yamamoto Granger causality technique, this study examined the relationship between public governance and corruption in Nigeria during the period, 1996-2022. In line with ex-post facto research design, secondary data (on yearly basis) on governance and corruption were obtained from Worldwide Governance Indicators and Transparency International respectively. The six governance indicators examined are control of corruption, government effectiveness, political stability/absence of violence, voice and accountability, rule of law, and regulatory quality, while corruption was measured using corruption perception index. Empirically, this study found that the existence of a unidirectional causality running from control of corruption-to-corruption perception index in Nigeria. This implies that good governance through the instrumentality of control of corruption is germane to stemming the tide of corruption. Likewise, there is a unidirectional causality flow from political stability to corruption perception index in Nigeria which suggests that political stability/absence of violence is instrumental to stemming the tide of corruption. Further evidence from causality test reveals that political stability had a one-way causality to control of corruption in Nigeria, which implies that to reinforce control of corruption as a governance instrument for stemming the tide of corruption; political stability is key. Moreover, voice and accountability, regulatory quality, and rule of law had a unidirectional causality with corruption perception index in Nigeria, thus suggesting the reinforcing role of regulatory quality, rule of law; and voice and accountability in promoting political stability. The study concludes that political stability/absence violence, and control of corruption are vital public governance measures for stemming the tide of corruption in Nigeria, thus indicating the 'calm-down' effect of good governance on corruption. It is therefore recommended that Nigerian government should intensify the tools of public governance in terms of control of corruption, and political stability, as well as voice and accountability, regulatory quality, and rule of law, in stemming the tide of corruption in Nigeria.

Keywords: calm-down effect, control of corruption, corruption perception index, good governance, institutional quality, political stability, worldwide governance indicators

Introduction

Corruption is universal as it exists in all countries, both developed and developing, in the public and private sectors, as well as in non-profit and charitable organizations (Mela et al., 2024). As reported by Nigerians, in 2016, corruption ranked 3rd on the list of most important problems, while in 2019 corruption ranked 5th and in 2023 corruption ranked 4th among the most important problems affecting the country, after the cost of living, insecurity and unemployment, suggesting relatively stable and high levels of concerns about corruption over time and compared to other concerns such as education or housing (United Nations Office on Drugs and Crime [UNODC], 2024). Corruption has been mostly detrimental in its effects. It has been observed that there is a negative correlation between corruption and public financial management and corruption has been found to create unemployment among the youth, and also it affects governance and promote social vices in Nigeria (Mela et al., 2024). Other effects of corruption in Nigeria, according to the authors are its negative effect on economic growth thus causing reduction of economic efficiency and this is in addition to the creation of negative national image and loss of much needed revenue (Mela et al., 2024). Furthermore, corruption which affects the most vulnerable people of the society like the unemployed, old people, youths, has also been found to be detrimental to public administration, undermines democracy, and also degrades the moral fabric of the society and human rights (Nwogbo & Ighodalo, 2021). Corruption has impacted on Nigerian economy negatively such that there is increase in the incidence of poverty, unemployment, inadequate infrastructure etc. which has rendered able bodied men to perpetuate dastardly act such as robbery, premediated killing, prostitution, election thuggery to mention but a few (Atobatele & Okewale, 2018). In the same vein, studies have reported that corruption undermines the rule of law and affect the socio-economic development of any country (Atobatele & Okewale, 2018). In further corroboration, Nwogbo and Ighodalo (2021) asserted that there is no development problem in Nigeria that is as recurrent and problematic as corruption.

The strong link between institutions and corruption has been in prior study, whereby it was noted that corruption tends to be higher in countries with weak institutions and vice versa, and lower in countries with strong and effective institutions (Abdulhakeem, 2021). Therefore, in fighting corruption, the role of public governance cannot be neglected. Good governance is vital for achieving social and economic progress in a society and specifically, good governance ensures that corruption is reduced to drastically, the views and rights of the minority are respected and the voices of the most vulnerable in the society are listened to in the decision-making process (Mbara, 2019). There are different aspects of governance and each of them must be employed in the fight against corruption. For instance, according to the Worldwide Governance Indicators (WGI), the six broad dimensions of governance are control of corruption, government effectiveness, voice and accountability, political stability and absence of violence/terrorism, regulatory quality, and rule of law.

The nexus between good governance and corruption has been a subject of descriptive arguments in past studies (Atobatele & Okewale, 2018; Izuchukwu et al., 2024; Mbara, 2019; Nwogbo & Ighodalo, 202; Odeh, 2015) but its empirical investigation is relatively scarce. Therefore, in this study, an attempt was made to empirically examine the impact of good governance on corruption in Nigeria. Specifically, the study explored the impact of control of corruption, government effectiveness, voice and accountability, political

stability and absence of violence/terrorism, regulatory quality, and rule of law; on corruption in Nigeria.

Literature Review

Conceptual Review. Concept of Good Governance

Governance encompasses a broad spectrum of mechanisms and processes through which societies manage their affairs, ranging from the exercise of authority to decision-making and policy implementation and basically it reflects the manner in which power is wielded to allocate and manage a country's economic and social resources for the collective benefit of its citizens (Izuchukwu et al., 2024). Good governance as an ethical concept that seeks to achieve the greater and common good of the population; implies accountability and transparency, and also refers to government that fulfils its terms and responsibilities in the social contract (Mbara, 2019). According to the World Bank, governance is the exercise of power in the management of a country's economic and social resources towards achieving developmental objectives (Mbara, 2019). Good governance entails strict leadership that is sensitive and responsive to the yearning of the people there by instituting appropriate laws and measures to achieve socio-economic who is development (Atobatele & Okewale, 2018). According to Nwogbo and Ighodalo (2021), governance is not only about institutionalizing due process and transparency in the management of public resources, but must ensure that the goals of development are realized. In measuring good governance according to the Worldwide Governance Indicators (WGI), there are six broad dimensions from which good governance could be viewed: control of corruption, government effectiveness, political stability/absence of violence/terrorism, voice and accountability, rule of law, and regulatory quality. These indicators are based on over 30 underlying data sources reporting the perceptions of governance of a large number of survey respondents and expert assessments worldwide and the estimate of each of these six governance indicators ranges from approximately -2.5 (weak) to 2.5 (strong) governance performance (Kaufmann et al., 2010).

As a governance indicator, control of corruption reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as capture of the state by elites and private interest (Kaufmann et al., 2010). Control of corruption is a critical factor for economic growth (Samarasinghe, 2018). Furthermore, Kaufmann et al. (2010), describe government effectiveness as a governance indicator which reflects perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. In the same vein, the authors explain political stability and absence of violence/terrorism as a measure of the perceptions of the likelihood of political instability and/or politically-motivated violence, including terrorism; and also serve as a measure of the possibility of changes in government due to unconstitutional reasons which may include terrorism or politically related violence. Further in their explanation, voice and accountability as a dimension of governance reflects perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. Also, regulatory quality reflects the perceptions of the ability of the government to formulate and implement sound policies

and regulations that permit and promote private sector development; while rule of law was described to reflect the perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence (Kaufmann et al., 2010; Samarasinghe, 2018).

Concept of Corruption

Corruption is a complex phenomenon that defies clear definition due to its multifarious nature, which involves the abuse of entrusted power for personal benefit at the expense of the common good (Ake, 2024). However, scholars have attempted its definition. For instance, corruption has been defined as the perpetration of a vice against the public well-being (Fagbadebo, 2007). Furthermore, corruption can be described as an act which diverges from the formal rules of conduct governing the actions of someone in a position of public authority because of private motives such as wealth, power or position (Mela et al., 2024). According to Yusuf (2014), corruption which connotes any behavior that deviates from an established norm with regards to public trust; also means theft of public trust whether the person concerned is elected, selected, nominated or appointed. The typical manifestations of corruption in Nigeria which affect effective public financial management include bribery, extortion, embezzlement, abuse of power, conflict of interests, fraud, favoritism, insider trading/abuse of privileged information, construction of justice, collusion with business interests, influence peddling, procurement contract/bid rigging (Mela et al., 2024). It has been proven that corruption is not only endemic but also detrimental to the growth and development of any nation (Atobatele & Okewale, 2018).

Theoretical Framework

In analyzing the link between governance and corruption, the principal-agent theory becomes relevant and appropriate theoretical framework. In the principal-agent model, some actors (agent) are entrusted with the resources of the state which is expected to be used in the good interest of another actors (principal) and the principal can sometimes make the decision that affects the incentives of the agent (Atobatele & Okewale, 2018). The agent usually occupies a position and take decision on behalf of the principal, which has direct effect on the interest of the principal (Abdulahakeem, 2021). It was further noted, however, that the problem arises when the principal cannot monitor the actions of the agent such that the agent takes decisions to his interest at the expense of the interest of the principal, such that if the ability of the principal to monitor and punish the agent for misbehavior is weak, the incentive for the agent to be corrupt is very high. It is the institutional setting that determines the incentive system (Abdulahakeem, 2021). Theoretically, there is an inverse relationship between good governance and corruption, which implies that corruption is expected to be proportionally low in countries where there is high level of good governance gauged for instance by its effective institutional quality viewed from the lens of control of corruption, government effectiveness, political stability/absence of violence/terrorism, voice and accountability, rule of law, and regulatory quality.

Empirical Review

Although there is dearth of lack extensive empirical study on the link between governance and corruption but few descriptive analyses of the linkage such as Nwogbo and Ighodalo

(2021), have reported that the political, social and economic dimensions of corruption are indications of the lack of effective governance and elite national consensus in fighting corruption. Also, Essien (2012) argued that good governance is a policy variable through which high human development in Nigeria could be achieved.

Furthermore, Abdulkakeem (2021) examined the relationship between corruption and measures of political institutions in Africa, also found the existence of a negative relationship between political institutions and corruption. It has been found that corruption-institutional quality interaction exerts a negative and significant impact on economic performance, thus suggesting that the trajectory of Nigeria's economic performance is impeded by high level of corruption and weak institutional quality (Ozegbe & Kelikume, 2022).

Atobatele and Okewale (2018) examined the impact of corruption on good governance. The study found that, though huge resources were committed to fighting corruption but little achievements have been recorded, and consequently, the spate of corruption has affected the growth of the economy which has led to structural imbalances such as deficit infrastructural facilities and social vices amongst the unemployed youths. Like Atobatele and Okewale (2018), Odeh (2015) examined the impact of corruption on good governance in Nigeria. The study revealed that despite the huge resources put into the implementation of policies geared towards good governance in Nigeria, there have not been visible changes in the living standard of the citizens, due to gross corruption. The study further posits that corruption is one of the major reasons for the poor economic performance, decaying infrastructures, the rising cost of living and poverty in Nigeria.

Material and Methods

Employing Toda-Yamamoto Granger causality technique, this study examined the relationship between public governance and corruption in Nigeria during the period, 1996-2022. In line with ex-post facto research design, secondary data (on yearly basis) on governance and corruption were obtained from the Worldwide Governance Indicators and Transparency International respectively. The six governance indicators examined in this study are: control of corruption, government effectiveness, political stability/absence of violence, voice and accountability, rule of law, and regulatory quality. The World Governance Indicators measures six dimensions of governance quality, namely, control of corruption, government effectiveness, political stability/absence of violence/terrorism, voice and accountability, rule of law, and regulatory quality (Kaufmann et al., 2010). The estimates of these six dimensions were used in this study and the score within the index ranges between + 2.5 to – 2.5, with a score above zero indicating effective governance and a score below zero indicating ineffective governance.

In this study, corruption was measured using Corruption Perception Index (CPI). CPI as one of the most widely used global corruption ranking, measures how corrupt each country's public sector is perceived to be, according to experts and businesspeople. A country's score is the perceived level of public sector corruption on a scale of 0-100, where 0 means highly corrupt and 100 means very clean.

Results and Discussion

Table 1. Descriptive statistics

	CPI	COC	GEF	POTAB	REQ	ROL	VOI
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Mean	14.694	-1.1783	-1.0438	-1.7331	-0.9232	-1.1318	-0.6991
Maximum	35.0000	-0.9009	-0.8972	-0.5863	-0.6817	-0.8426	-0.3193
Minimum	2.6600	-1.5020	-1.2133	-2.2111	-1.2928	-1.5125	-1.5537
Std. Dev.	14.0033	0.1364	0.0894	0.4157	0.1551	0.1862	0.2761
Jarque-Bera	4.3501	1.7907	1.3411	10.0564	1.9854	1.0809	14.0831
Probability	0.1136	0.4084	0.5114	0.0065	0.3705	0.5824	0.0008

Source: Authors

According to the summary statistics in Table 1, the average score for corruption perception index (CPI) for Nigeria in the study period, 1996-2022 was 14.69 while the index ranges between a minimum of 2.66 to a maximum of 35.00. The variable (CPI) is relatively stable around its mean and normally distributed.

The descriptive statistics reveals that all the six indicators of governance (government effectiveness (GEF), voice and accountability (VOI), control of corruption (COC), rule of law (ROL), regulatory quality (REQ) and political stability (POTAB)) have negative score, and even higher than the -2.5 benchmark (Kaufmann et al., 2010), thereby suggesting for the poor state of governance quality in the country-Nigeria. Corroborating this, the lack of good governance in Nigeria as evidenced in the WGI data, indicates negative scores for Nigeria in all the six governance indicators since 1996 (Adenuga, 2023). Among the six governance indicators, political stability has the least mean value while government effectiveness has the highest average value. However, except for political stability, and voice and accountability, the other four indicators of governance are normally distributed in the study period.

Table 2. Augmented Dickey-Fuller (ADF) unit root test statistics

	ADF-Statistic in Level	ADF-Statistic at First Difference	I (d)
CPI	-0.9478 [0.7561]	0.0010* [0.0005]	I(1)
COC	-1.6179 [0.4595]	-4.9797* [0.0008]	I(1)
GEF	-3.4411** [0.0185]		I(0)
ROL	-1.1119 [0.6954]	-3.8747* [0.0083]	I(1)
VOI	-3.9706* [0.0054]		I(0)
REQ	-2.0399 [0.2690]	-5.7845* [0.0001]	I(1)
POTAB	-1.7819 [0.3806]	-4.7184* [0.0010]	I(1)

Source: Authors

Note: Values in [] are the probability values; * Stationary at 0.01, ** Stationary at 0.05.

The ADF unit root test statistics in Table 2 reveals that except government effectiveness (GEF) and voice and accountability (VOI) which attained stationary in level, the other variables (corruption perception index (CPI), control of corruption (COC), rule of law (ROL), regulatory quality (REQ) and political stability (POTAB) could only attain stationarity after first difference. This implies that the maximum integration order for the specification purpose of VAR granger causality test (popularly called Toda-Yamamoto causality test) is one. Table 3 reports the Toda-Yamamoto causality test of good governance and corruption in Nigeria.

Table 3. Toda-Yamamoto causality test of good governance and corruption in Nigeria

	CPI	COC	GEF	ROL	VOI	REQ	POTAB
CPI		0.3047 [0.8587]	3.4542 [0.1778]	7.4038** [0.0247]	4.8649*** [0.0878]	0.5487 [0.7601]	0.2421 [0.8859]

COC	15.7510* [0.0004]		3.7609 [0.1525]	0.6375 [0.7271]	2.5266 [0.2827]	3.8213 [0.1480]	2.7065 [0.2584]
GEF	1.9352 [0.3800]	3.9175 [0.1410]		7.7310** [0.0210]	4.2708 [0.1182]	0.3156 [0.8540]	0.2209 [0.8954]
ROL	1.0802 [0.5827]	4.0563 [0.1316]	0.9602 [0.6187]		0.2561 [0.8798]	3.9328 [0.1400]	5.0495** [0.0801]
VOI	4.3440 [0.1139]	1.6951 [0.4284]	0.4662 [0.7921]	1.0410 [0.5942]		0.5060 [0.7765]	9.5367* [0.0085]
REQ	2.1678 [0.3383]	2.5284 [0.2825]	1.2833 [0.5264]	10.2232* [0.0060]	11.9255* [0.0026]	0.3514 [0.1275]	5.9836*** [0.0502]
POTAB	21.5331* [0.0000]	5.2691*** [0.0718]	0.3968 [0.8200]	1.2269 [0.5415]	4.0017 [0.1352]	0.1402 [0.9323]	

Source: Authors

Note: * significant at 0.01, ** significant at 0.05, *** significant at 0.10; Values in [] are the probability values.

The results of the Toda-Yamamoto causality test as shown in Table 3 indicates the existence of a unidirectional causality running from control of corruption-to-corruption perception index in Nigeria. This implies that good governance through the instrumentality of control of corruption is germane to stemming the tide of corruption. Likewise, there is a unidirectional causality flow from political stability to corruption perception index in Nigeria which suggests that political stability/absence of violence is instrumental to stemming the tide of corruption. Further evidence from causality test reveals that political stability had a one-way causality to control of corruption in Nigeria, which implies that to reinforce control of corruption as a governance instrument for stemming the tide of corruption; political stability is key. Moreover, voice and accountability, regulatory quality, and rule of law had a unidirectional causality with corruption perception index in Nigeria, thus suggesting the reinforcing role of regulatory quality, rule of law; and voice and accountability in promoting political stability.

Conclusion and Recommendations

Employing Toda-Yamamoto Granger causality technique, this study examined the relationship between public governance and corruption in Nigeria during the period, 1996-2022 using secondary data obtained from Worldwide Governance Indicators and Transparency International respectively. The six governance indicators examined are control of corruption, government effectiveness, political stability/absence of violence, voice and accountability, rule of law, and regulatory quality, while corruption was measured using corruption perception index.

Empirically, this study found that the existence of a unidirectional causality running from control of corruption-to-corruption perception index in Nigeria. This implies that good governance through the instrumentality of control of corruption is germane to stemming the tide of corruption. Likewise, there is a unidirectional causality flow from political stability to corruption perception index in Nigeria which suggests that political stability/absence of violence is instrumental to stemming the tide of corruption. Further evidence from causality test reveals that political stability had a one-way causality to control of corruption in Nigeria, which implies that to reinforce control of corruption as a governance instrument for stemming the tide of corruption; political stability is key. Moreover, voice and accountability, regulatory quality, and rule of law had a unidirectional

causality with corruption perception index in Nigeria, thus suggesting the reinforcing role of regulatory quality, rule of law; and voice and accountability in promoting political stability. The study concludes that political stability/absence violence, and control of corruption are vital public governance measures for stemming the tide of corruption in Nigeria, thus indicating the ‘calm-down’ effect of good governance on corruption. It is therefore recommended that Nigerian government should intensify the tools of public governance in terms of control of corruption, and political stability, as well as voice and accountability, regulatory quality, and rule of law, in stemming the tide of corruption in Nigeria.

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