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Corruption and Income Vulnerability in the Nigerian State: A Socio-Economic Analysis

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Abstract **Review Article**

Corruption is one of the most intractable problems facing the Nigerian state. It is often understood as a moral failure and/or a conscious misuse of public power, but this paper will examine corruption as a socio-economic phenomenon related to income insecurity, flawed remuneration systems and an income-seeking behavior of the public servants. The main premise is that when primary income is not sufficient to maintain an acceptable standard of living or the minimum standard of social life, people may look for additional income through legitimate or illegitimate means In Nigeria, where poverty, inflation, unemployment, weak institutions and social pressure intersect, secondary income vulnerability becomes a fertile ground for bribery, fraud, embezzlement, inflated contracts, over-invoicing and other corrupt practices. Conceptual and political-economic reflections are used to explore the meaning of corruption, its cultural and institutional complexity, its connection to social inequality, and its presence in public institutions such as education. It also suggests that economic corruption can only be understood if one observes the faulty pattern between wages, cost of living, public expectations and the opportunities available to people in various social positions. The paper concludes by arguing that poverty and income inadequacy are not the excuse for corruption but they provide some understanding of the mechanism of the social reproduction of corruption. To counter corruption, it is not enough, therefore, to condemn it morally and to take legal measures against it, but also to reform the institutions, provide fair wages, protect the social sphere, reorient the civics and reconstruct public morality.

Keywords: corruption, income vulnerability, defective reward system, secondary income, Nigeria, public institutions, social inequality.

Introduction

The issue of corruption in Nigeria has been in the spotlight for decades both in public, academic and policy contexts. But, despite repeated reforms, anti-corruption campaigns and public condemnations, corruption has permeated nearly all aspects of national life. It exists in political, bureaucratic, educational, public contract, law enforcement, judicial, business and in the everyday social life. But the fact that it has been there for a long time indicates that the problem of corruption is not just an incidental to good public morality, but a structural and institutional issue.

Corruption is difficult to define conceptually as it has different meanings in different cultural, historical and institutional settings. What one society defines as corruption can be another society's act of gratitude or familial and informal social obligation. It can be seen in Nigeria in the use of the word “dash” and “thank you” and “kola” in gift giving and bribery. The difficulty of making a clear distinction between legitimate social reciprocity and corrupt enrichment can be attributed to the extended family system, poverty, and patronage networks, as well as the notion that successful people are obliged to help relatives and community members.

However, the fact that corruption may be difficult to define does not mean that its effects are unclear. Corruption leads to the distortion of public priorities, the weakening of institutions, a loss of merit, an increase in inequality, and a loss of national development. It takes away public money that could otherwise be spent on roads, schools, hospitals, salaries, welfare programmes and public infrastructure and places it in private hands. It also establishes an economic system where wealth without any productive work is highly esteemed and honesty is frequently considered foolish. That is why it is important to consider corruption in the light of the moral issue as well as a political and economic phenomenon.

This paper is mainly focused on the linkage between corruption and income vulnerability in Nigeria. More specifically, the paper focuses on the pressure for secondary income due to the inadequacy of the primary income and how under certain circumstances this pressure can trigger corrupt practices. But the argument isn't about justifying poverty as an excuse for corruption. Instead, the paper suggests that a flawed reward system creates incentives that for many people cause corruption to look like a survival strategy, a way to move up in society, or an easy way to deal with not making enough money. In this case, corruption can be said to be related to what is known as the secondary income syndrome.

Thus this paper attempts to rethink corruption by linking moral, economic, cultural and institutional explanations. It begins by clarifying the meaning of corruption, then examines its connection to social inequality and education. It proceeds to discuss the concept of secondary income and income vulnerability before analysing the defective reward system as a major determinant of economic corruption in Nigeria.

Conceptualising Corruption

Corruption is one of the most common terms, yet also one of the most complicated terms that are used in social and political analysis. At the most basic level, corruption refers to the abuse of delegated authority for the private benefit of the corrupt person. This definition is helpful as it encapsulates the abuse of public or organisational power for one's own advantage. But it cannot be used to describe the cultural, economic and institutional aspects of the issue. Corruption can take the form of monetary, gift, favours, contracts, sexual satisfaction, political loyalty, family privilege or manipulation of the rules in the interest of an individual or group.

A useful insight can be drawn from Agbese (1992) which indicates that corruption tarnishes the giver and the receiver. This implies that sometimes acts of corruption are not solely a one party affair. It is a relationship between at least two people: one who provides an inducement and another person who accepts or requires it. The transation can be either open or hidden, voluntary or coerced, direct or indirect. It's the bending, manipulating or outright breaking of the rules to give an unfair advantage that makes it corrupt.

Corruption is also difficult to define in the African traditional context in Nigeria. In societies with extended family systems and high poverty levels those relatives who have high status are seen as the means of family survival, according to Obaigbene (1989). The public office can thus not be regarded as purely a service role but sometimes as a chance to benefit family, friends, ethnic and religious groups or political associates. This doesn't mean that corruption is morally acceptable, but this may account for why private appropriation of public resources may socially be tolerated, or even celebrated.

Also, Enahoro (1978) in his satirical commentary on the social behaviour of Nigerians highlights the notion of “dash.” In everyday usage, dash may mean a gift, appreciation or inducement.

What's really hard is to establish whether it's a sincere gift of thanks or a payment to sway official actions. While seemingly innocuous, a gift following a service might breed an expectation or obligation of future gifts, or might create preferential treatment in making future gifts, which can then lead to a loss of integrity in the system. So, an apparently random gesture can be a part of a larger culture of influence and informal exchanges.

In this paper, corruption is viewed from its practical manifestations: bribery, fraud, over-invoicing, kickback, misappropriation, inflated contracts, nepotism, embezzlement, favouritism, extortion, and abuse of public office. They can manifest themselves in different ways in the political, economic, bureaucratic, judicial and moral arenas, but one thing they have in common is that they are ways of twisting rules, institutions and public interest in a way that serves private interests.

Corruption and the Nigerian State

Nigeria's postcolonial history has been marked by repeated accusations of corruption against successive governments. Military and civilian regimes have often justified their rise to power by accusing previous administrations of corruption, only to be later accused of similar or worse practices. This situation has led to a general public impression that corruption is not the exception but has become a regular part of the governance agenda.

As Achebe (1982) cogently pointed out, Nigeria's major issue is a failure of leadership. While leadership failure cannot be the sole explanation for the whole corruption issue, it is nonetheless a key factor as the behaviour of public officials sets the tone for the behaviour of the institutions. Leaders who take money and power for themselves, without having to answer to anyone, and reward loyalty rather than ability, set the example and normalise corruption. People can then start to view corruption as a means of "survival" in a corrupt system, not as a crime against society.

Okowa (1994) extends this discussion with the concept of systemic corruption and what Okowa calls a form of political economy in which access to the state is an important means to enrichment. In such a system, hard work, productivity and innovation are often less rewarding than access to public office, political patrons or state contracts. The result is what has been called an "equilibrium of corruption," in which individuals "learn to adjust to a situation where it appears to pay more to manipulate than to merit."

This problem was exacerbated by the oil economy. The state was now flush with oil money, and had poorly developed systems of accountability, allowing public officials and comfortable elites to siphon off the wealth of the nation into their own pockets. The state was no longer just a means of development but also a place of accumulation. This has left the political culture that many aspire to be in public offices with the aim of controlling resources and not for the well-being of the people.

Social inequality as a product of corruption

Corruption is one of the factors that largely perpetuate social inequalities. Public money is redirected, and the poorest people are the biggest victims as they are more reliant on the public services. The rich have access to private education, private health care services, private security and private infrastructure; and the poor access public school, public hospitals, use the roads, the water supply, and government welfare schemes. Thus, it is not only about money being lost that corruption is an issue of concern; it is about opportunities, dignity and life chances being lost.

Thus, corruption can be termed as structural violence. It has indirect impacts as it deprives people of the resources they may have had if they had not been affected by the disease. Inflated contracts and abandoned projects along with collusive procurement can result in the loss of the funds available for developing rural roads, health centres, classrooms, and teacher salaries, or for social and public housing. The immediate beneficiaries are the corrupt actors, the long-term victims are ordinary citizens who become impoverished and are less likely to escape poverty.

This also undermines citizens' confidence in the state. The citizens' perception of the mismanagement of public resources on a regular basis renders them less likely to obey the law, pay taxes or engage meaningfully with public life. Informal ways of survival soon become the norm and the moral authority of the state is lost. One way corruption breeds itself is that people don't believe that honesty is going to be rewarded.

Corruption in Education and Public Institutions

The education sector is an example of how corruption can have a negative impact on a country's development. Education should function as an instrument of enlightenment, mobility and social transformation. It should enable citizens to be knowledgeable, disciplined, competent and responsible citizens. But if corruption penetrates in education system, it becomes weak about quality of education and moral base of the society becomes weak.

Corruption in education can manifest itself in budget manipulation, over-priced purchasing, ghost workers, admission racketeering, examination malpractice, recruitment based on nepotism, sexual harassment, certificate fraud and diversion of funds allocated to infrastructure. All these practices compromise the credibility of educational institutions and harm students' future. They also perpetuate inequality as children of poor families are the most impacted when public education is undermined.

Juwita (2023) and Santoso (2022) point to how corruption and inequality in education reproduce social disadvantage. In Nigeria, this translates to poorly funded schools with fewer classrooms and less motivated teachers and learning materials for poor students, and more for the children of the elites. Education no longer has its emancipatory capacity and is another device for the reproduction of class advantage.

The contamination of education is particularly risky as the school and university should foster moral citizens and competent professionals. An educational institution which becomes corrupt, society loses one of what it most needs as an instrument for moral correction. This further demonstrates the broader issue - that corrupt institutions can lead to citizens who may become accustomed to corruption.

The Concept of Secondary Income

The concept of secondary income is central to the argument of this paper. Secondary income is any source of income which is not the main and the known source of livelihood. For a full-time university lecturer, for example, income from salary and allowances is the main source of income. Earning from consultancies, part-time teachers, seminars, workshops, farming, trading or other professional services and such like earnings could be looked upon as secondary income.

However, secondary income is not necessarily bad. In many instances it is justifiable, beneficial and essential. Those who may want to earn extra money may have a skill that can be utilized in a second job. They might even do so because today's lifestyle demands a lot of income sources. Secondary income can be a lifeline for households in an economy characterised by inflation and uncertainty.

The issue is when secondary income is hidden, illegitimate, and is reliant on the misuse of official position. When a public officer is demanding a bribe, as well as padding contracts, and/or diverting public funds, he is not just working a second job, he is committing corruption. The distinction between legitimate secondary income and corrupt secondary income thus rests on the concepts of ‘legality', ‘transparency', ‘consent', ‘fairness' and ‘no abuse of entrusted power'.

Secondary income turns into a syndrome when search of secondary income becomes widespread socially, compulsory structurally and morally questionable. In this circumstance, individuals no more understand their main income to be able to sustain them. Hence they find alternative ways and in some cases, resorted to corrupt practices when there are very few good alternatives.

Income Vulnerability and the Defective Reward System

Income vulnerability is the situation where a person's income is not enough, or unstable or fails to cover basic needs and social responsibilities. Unemployment, underemployment, poor wages, delayed wages, absence of social security, high transportation fees, high rent, medical expenses, school fees, and extended family responsibilities exacerbate income vulnerability in Nigeria.

The defective reward system is a major explanation for the link between income vulnerability and corruption. A reward system is faulty when the wages and the official remuneration are not such that the labour can be reproduced at a decent standard. Economically, if the worker's income is insufficient to cover transport, housing, food, health insurance, clothes, education and family duties etc., the worker comes under economic stress. Under such situations, a person is tempted to take up the secondary income.

A typical low-income urban worker in Port Harcourt will be considered. When transportation and rent take up a large percentage of monthly income, there is not much left for food, utilities, clothing, health care and dependants. This type of worker may be an official employee, but is actually a marginal worker. The availability of opportunities for legitimate supplementary income may not be there; and therefore, corrupt income may be seen as attractive or convenient.

This is not to say that all low paid workers are corrupt. Despite the hardship there are many who are still honest. It is also not as if corruption manifests itself only among the poor. There are some of the worst types of corruption that can exist among those who already have so much wealth. The difference lies in what happens when there is income vulnerability – does it result in corrupt behaviour or not? – And this depends on opportunity, moral disposition and institutional weakness.

Explaining Corruption in High Places

A potential counter argument to the income vulnerability argument is that it seems to account for only petty corruption by low income workers. How then does it explain grand corruption among political office holders, senior bureaucrats and wealthy elites? The explanation is that there is a relative aspect of income adequacy.

Biological survival is not the only way to measure incomes adequacy. Also measured as expected lifestyle and class ambition and political competition, social comparison and desire for status. A top executive could make many times the salary of a regular employee and think that's not enough to support the lifestyle that he wants. Once the public office is the only means of achieving elite accumulation, corruption is no longer only for food, but also for wealth, for fear of falling short in status, for political funding, and for continuing power.

In this way, there are two levels of operation of the defective reward system. It can cause survival corruption on the lower level, in which people resort to illegal ways of earning a living. It is at a higher level, that it generates accumulation corruption, in which elites use public positions to fund luxury, power and political connections. Both types are harmful, but grand corruption is typically more harmful as it can appropriate more material resources, and can have a more negative impact on the overall institutional order.

Determinants of Corruption in Nigeria

There are a number of factors that determine corruption in Nigeria. The first is the poverty and the lack of income. But when people are economically desperate, then they can be susceptible to unethical option. Greed and over-indulgence of materialism are the second. Even when people get all their basic needs satisfied they get wealth by some corrupt way since the society celebrates affluence by whatever source it comes**.**

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The third is the lack of good institutional control. If there is no sure punishment or if punishment is given, but not to everyone, corruption will be appealing. But if the law is poorly enforced, or the enforcement is subject to political manipulation or pressure, or corrupt recipients figure out that no one is going to hold them responsible, then the law is ineffective.

The fourth is that social imagery of the unexplainable wealth is celebrated. A society which is ready to honor people without asking the source of their wealth indirectly invites corruption. The value of success and criminal enrichment get confused when corrupt individuals are conferred positions, invited as chief launchers and celebrated in songs and treated as community benefactors.

The fifth is the political patronage. Patronage systems are characterized by being based on personal relationships rather than ability, and by giving public resources through them. These are systems which devalue the merit and encourage corruption.

Lastly, there's public cynicism that helps maintain corruption. However, if citizens develop an attitude that “everyone is corrupt”, they may not feel a need to act in an honest manner. This creates a hazardous moral atmosphere and corruption is normalised as the only sensible means of survival.

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Economic Corruption and Secondary Income Vulnerability

The main thesis of this paper is that economic corruption in Nigeria is partly driven by secondary income vulnerability. Economic corruption refers to corrupt practices aimed at obtaining material benefit, especially money, goods, contracts or property. Examples of these practices are bribery, kickbacks, fraud, over-invoicing, embezzlement and misappropriation.

Secondary income vulnerability occurs when income is not sufficient for the real and/or expected needs. Then the person looks for other means of earning a livelihood. If there are opportunities the person may be given the chance for lawful secondary work. In absence of such opportunities or if such opportunities are blocked or are not as rewarding as illegal ones, corruption may be tempting.

This argument is in line with the explanations of rent-seeking in political economy. The fact that sometimes people and groups turn to income, not via the productive process, but through the manipulation of political and institutional arrangements, is demonstrated by Krueger (1974). Rent-seeking opportunities are provided by access to public office, licences and contracts, and discretion in the bureaucracy in Nigeria. Thus, corruption turns into an unproductive way of income generation.

Myrdal (1968) also stresses the importance of corrupt elements in the weakness of development, consequently affecting administrative decisions and making the administration less effective.

Routine institutional corruption occurs as officials use the state for their private interests at the expense of public interests. The Nigerian case shows a vicious cycle at work between corruption and low income – low income induces corrupt behavior and corrupt behavior reduces income because resources are diverted from development.

Conclusion

Morality should not be the only explanation of corruption in Nigeria. It has a moral, cultural, institutional and economic dimension. One of the important but under analysed dimension of corruption as argued in this paper is its connection with income vulnerability and the secondary income syndrome. When this primary income is inadequate, they must seek secondary income. When there are few legitimate opportunities, and/or weak institutional controls, this search may manifest itself in corrupt forms.

But the argument should not be misinterpreted as being a defence of corruption. If there is bribery, or fraud or embezzlement, it's not poverty. Many poor people out there are honest and many rich people are corrupt because of greed and not because of the necessity. But a society that remunerates the exploited worker little, rewards unaccountable wealth without questioning, absolves the elite from responsibility is conducive to the reproduction of the society's corruption.

The fight against corruption, thus, should be done not only in terms of a slogan and punishment. It must involve fair wages, a culture of the revaluation of honest work, the institution's accountability, civic education, transparency in procurement, social protection and ethical leadership. Nigeria must shift from a state of equilibrium to corruption to one of equilibrium to Honesty, responsibility, patriotism and productive development. For this to become a reality, the state should not only declare corruption a no-go zone, it should also remove social and economic circumstances that can make corruption seem appealing, profitable and acceptable.

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