

**CORRUPTION AND INCOME GENERATION AMONG
CIVIL SERVANTS IN BENIN CITY, EDO STATE**



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**A PROJECT SUBMITTED TO THE DEPARTMENT OF
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ECONOMICS**

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CERTIFICATION

The undersigned certify that this project was carried out by **AIRUOYUWA, Evans Osahon** and was approved as adequate in scope and content in partial fulfillment of the requirements for the award of Master of Science (M.Sc.) degree in Economics, University of Benin, Benin City.

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DEDICATION

This project is dedicated to Almighty God for His kindness, love and mercies upon me and also to my lovely wife and three sons.

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In the course of this special academic assignment, I received contributions and support from many persons and led to the successful conclusion of this research work. I wish to extend my profound gratitude to God Almighty

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ABSTRACT

This study examined the effect of corruption on revenue generation among civil servants in Benin City, Edo State, Nigeria. Based on the findings, it is evident that various forms of corruption, including bribery, fund misappropriation, and kickbacks, significantly undermine the revenue generation capacity of the government in Edo State.

The specific objectives were to evaluate the impact of corruption perception on revenue generating among civil servants in Benin City; investigate the effect of misappropriation on revenue generation among civil servant in Benin City; determine the impact of bribery on revenue generation among civil servants in Benin City; and analyze the influence of kickbacks on revenue generation among civil servants in Benin City; The study used primary data sourced from the respondents from the various ministries, departments and agencies in Benin City, the Edo State capital.

The study adopted the descriptive statistics such as frequencies, percentages, and mean as well as the cross section regression technique. The findings of this study show that corruption perception has a negative significant impact on revenue generation capacity in Benin City, Edo State, Nigeria. It was discovered that fund misappropriation has an adverse significant impact on the revenue generation capacity in Benin City, Edo State, Nigeria. It was revealed that level of bribery has a significant negative effect on revenue generation capacity of government in Benin City, Edo State. It was found that kickbacks among civil servants have a significant negative impact on the revenue generation capacity of the Edo State. Thus, the study recommended that government should implement regular public disclosure of revenue collection and expenditure reports to build trust in the system. Strengthening accountability mechanisms—such as audits, clear documentation of processes, and transparent financial reporting—can make it more difficult for corrupt practices to go unnoticed and improve citizens' confidence in the revenue collection system. The state government should strengthen anti-corruption laws and ensure robust enforcement with clear penalties for offenses.

CHAPTER ONE

INTRODUCTION

1.1 Preamble

The prevalence of corruption in most parts of the world has remained a global concern to various governmental and non-governmental organizations due to its impacts on economic activities and the various aspects of the economy. In particular, it is worrisome in the developing countries because the limited available state resources are often converted into private use by public officials (Nwankwo & Nweke, 2016). Corrupt practices cut across every facet and sector of society. Transparency International (2005) stated that “corruption is one of the greatest challenges of the contemporary world which undermines good government, fundamentally distorts public policy, leads to the misallocation of resources, harms the private sector development and as well hurts the poor”.

Nigeria is seen as one of the most corrupt countries in the world. It was ranked 144th out of 175 nations in Transparency International's 2018 report on corruption. Nigeria has such a high prevalence of corruption that it is ranked among the top 30 corrupt nations worldwide and in the top 10 in Africa (Transparency International, 2019). Its administration of governance has shown to be ineffective despite the country's long history of independence since 1960. The country's leadership is alleged for lack of vision, infested with ceaseless political wrangling, and deeply entrenched in atrocious corruption, which has endangered the country's existence (Odeh, 2015). Corrupt practices are a major factor in Nigeria's poor economic performance, low human capital development, inefficient governance, and the nation's rising cost of living and increasing poverty (Odeh, 2015). For Nigeria, corruption has remained a persistent political and economic issue for a long period (Sachs, 2007).

According to Transparency International (2019), corruption is defined as the unethical behaviour of public servants or politicians who abuse their authority to profit themselves by misusing the public trust. Our perspective of corruption is that it involves misrepresenting integrity through financial record-keeping manipulation, fraud, election rigging, embezzlement, and bribery. Nigerian government officials continue to have extremely high rates of corruption, which has a negative impact on various aspects of the economy.

The effects of corruption on various sectors of the economy have been elaborately investigated in the literature (Abiodun, 2007; Adewale, 2011; Sanusi, 2013; and Abosede, 2011). However, few works abound in the literature concerning the effects of corruption on revenue generation performances. Some of these works have supported the claim that corruption can speed up the wheels of commerce and have a positive impact on revenue generation. In this regards, examining the impact of corruption on the revenue of Nigerian enterprises, Fodol (2021) found that the kick-backs given to public servants by business owners have a substantial and favourable impact on revenue. Similarly, evaluating the impact of corrupt on firm revenue in developing countries, Williams and Martinez-Perez, (2016) found that paying corrupt public officials enhances firm revenue performance. This is because developing economies are characterized by formal institutional imperfections. In addition, Ayaydin and Hayloglu (2014) found evidence that the effect of corruption level, profitability and financial leverage on the growth of the firms is significantly positive. The findings suggest that illegal practices and payments such as bribery to public officials could surpass bureaucratic delays and work as an incentive to enhance firm growth.

However, several studies have noted that corrupt practices have negative effects on several aspects of the economy especially the revenue generating capacity of the state.

For instance, Isiaq and Lawal (2022) explored the effects of corruption on service delivery in Nigeria in Osun state public service. They discovered that corruption had a negative impact on the government's ability to provide essential services in Nigeria, including power, water, health care, and education owing to poor revenue generation of the state. This suggests that while corruption reduces the state's capacity to generate sufficient revenue to provide the necessary social infrastructure to cater for the socioeconomic needs of the citizenry, it serves as a channel of illicit revenue generating sources for corrupt public office holders. As observed by Obialor and Ozuzu (2017) who examined corruption and effective public service performance in Nigeria, it was discovered that corrupt activities have permeated the system and are the root causes of Nigeria's public service performance issue because of abysmal revenue generation. The study argued that there is a causal relationship between public service performance and corruption in Nigeria. The investigation found that there is no question that corruption is to blame for the poor revenue generation and programs' appalling performance. According to their report, there is no doubt that high-ranking government employees have committed this official crime over the years. Additionally, the country's development, economic growth, and productivity have all been hampered by public sector corruption.

1.2 Statement of the Problem

Corruption has existed in one form or another since the beginning of human society. One of the biggest issues facing both developed and developing nations worldwide today is corruption. A nation's social and economic performance is negatively impacted by the phenomena of corruption in all spheres (Fodol, 2021; Isiaq & Lawal, 2022). Among other things, corruption prevents progress, exacerbates wealth disparity, discourages

foreign and domestic investment, results in the wasteful use of public funds, drastically degrades the standard of public sector services, and denies people access to essential public services (Obialor & Ozuzu, 2017; Transparency International, 2019; Isiaq & Lawal, 2022).

Corruption is endemic and systematic in Nigeria particularly among public officials and the institutional framework. Public institutions are ineffective and dysfunctional because of the endemic corrupt practices in the public system. Nigeria was ranked 144th out of 175 nations in Transparency International's 2018 report on corruption. Corruption has been blamed for the poor internally generated revenue system, lack of accountability and political instability that has plagued successive governments since the First Republic of Nigeria was established in 1963 and hence the need to rely on external borrowings to augment government spending. Every coup since the first republic has been carried out on the pretence of fighting corruption. Corruption has a more severe and pervasive effect despite its widespread roots (Lim, 2017). For instance, the embezzlement of an astounding \$16 billion under the Obasanjo administration (1999–2007), which was meant to alleviate the terrible circumstances of the power industry, is one instance of corruption charges and lack of accountability for generated revenue amongst many others in Nigeria (Ojeka et al., 2019).

Corruption is a severe problem because of its effect on ethical behaviour and revenue generation. Ethical behaviours have a negative effect on revenue generating agencies of governments and the business environments. The behavioural dynamics of corruption are often linked to a purposeful void in economic frameworks and policies that limit the potential of generating adequate revenue for internal sustainable development (Canare, 2017). This is because corruption contributes to a lack of transparency and inadequate regulatory monitoring in administrative governance and revenue generating agencies,

where it is evident that neither political will nor strict legal jurisprudence exists to uphold and improve value within the governance chain to engender accountability in revenue generation.

Literature is replete with discourse from different perspectives on the consequences corrupt practices have on revenue generation and the economy. Most of them have concentrated on the nature and different ramifications of corrupt practices and in the different sectors and facets of society including measures on how to curb corrupt practices; but views are divergent on the exact impact of corruption on the economy especially its revenue generation capacity (Kaufmann & Wei, 1999; Acemoglu & Verdier, 2000; Svensson, 2003; Albertazzi & Gambacorta, 2009; Wang & You, 2012). This is not surprising, having regards to the fact that different authors have approached the subject matter from different conceptual and theoretical perspectives. These perspectives are mainly from the angle of cost-benefit perspectives (Nye, 1967; Baumol, 1990; Acemoglu, 1990; Gould, 1991; North et al., 2000; Jain, 2001; Mauro, 2002; Harford & Klein, 2005; Ugur et al., 2011; Eugene, 2013; Mustapha et al., 2013). These authors are of the view that corruption has both positive and negative impacts on the revenue generation capacity of the economy. Some believe that corruption can wheel the process of economic activities which in turn enhances the revenue generation capacity in the economy. When the economy booms with increased productivity, the revenue tax base for the government is increased which in turn increases the potential revenue capacity of the government when properly annexed. In contrast, other perspectives of the cost-benefit analysis of corruption have harped on the view that corruption serves as a drain pipe to the revenue generating capacity of the government (Mauro, 2002; Harford & Klein, 2005; Ugur et al., 2011; Eugene, 2013; Mustapha et al., 2013)..

Despite the volume of studies on the impact of corruption in various aspects of the economy, there has not been any convergence in terms of the results. Findings of existing studies have not reached any consensus as regards the nature and direction of effect of corruption on revenue generation. This arouses high curiosity, particularly in the case of Nigeria, where the menace of corrupt practices continues to grow at an alarming proportion. Even though, in the existing literature, empirical studies on corruption and the economy are abounding, there is still a wide gap or vacuum that is left to be filled, which this study seeks to contribute to. The consequence of corruption touches every facet and sector of society, most especially, the revenue generation capacity of the country components. For instance, there has not been any known study on the impact of corruption on the revenue generation among civil servants in Benin City, Edo State of Nigeria.

1.3 Research Questions

The research questions provided to guide the study are stated as follows:

1. How does corruption perception affect revenue generating among civil servants in Benin City?
2. Which effect does misappropriation have on revenue generation among civil servants in Benin City?
3. How does bribery affect revenue generation among civil servants in Benin City?
4. Do kickbacks influence revenue generation among civil servants in Benin City?

1.4 Objectives of the Study

The broad objective of the study is to examine the impact of corruption on revenue generation among civil servant in Benin City. The specific objectives of the study are to:

- 1 evaluate the impact of corruption perception on revenue generating among civil servants in Benin City.
- 2 investigate the effect of misappropriation on revenue generation among civil servant in Benin City;
- 3 determine the impact of bribery on revenue generation among civil servants in Benin City;
- 4 analyze the influence of kickbacks on revenue generation among civil servants in Benin City;

1.5 Hypotheses of the Study

The research hypotheses of this study are stated in their null forms as follows:

1. Corruption perception does not influence revenue generating among civil servants in Benin City.
2. There is no relationship between misappropriation and revenue generation among civil servant in Benin City.
3. Bribery does not have any significant effect on revenue generation among civil servants in Benin City
4. Kickbacks do not influence revenue generation among civil servants in Benin City

1.6 Scope of the Study

This study is focused on the examination of corruption and revenue generation among civil servants in Benin City. In terms of geographical scope, the study covers the all revenue generating agencies of government in Benin City, Edo State of Nigeria. The variable scope includes daily amounts of internally generated revenue as the dependent

variable while the independent variables for corruption consist of fund misappropriation, bribery, kickbacks, and financial fraud.

1.7 Significance of the Study

The importance of this research cannot be overemphasized, especially in view of several administrative initiatives to fight corruption in Nigeria. It will be essential for policy makers in the field to be able to recognize and articulate the right role of the public and civil servants in public service in order to fight corruption in the public sector. It will broaden popular perceptions of accountability and corruption in the public sector. Also, the study will contribute to close the existing gap in the literature concerning the various perspectives on the consequences corrupt practices have on revenue generation in the economy. It will add to the existing stock of knowledge on the relationship between corruption and revenue generation performance in Edo State, Nigeria and how it can be curbed. The study will add to the pool of existing literature giving another perspective between corruption perception and revenue generation performance; it will serve as a source of reference for further research in this area.

The results of this study could be helpful to governments in other states in Nigeria that operate under similar frameworks and cultural standards. If citizens and leaders collaborate, trust is increased, and corruption is decreased, this study may lead to positive social change. Executives in the public sector in Nigeria and other nations may find the study's conclusions useful in putting into practice practical steps to reduce corruption. Moreover, this could encourage practice by inspiring government officials to reassess context-specific factors that might help or hinder the implementation of corruption mitigation strategies.

1.8 Structure of the Study

The overall structure of the study takes the form of six chapters. The ongoing chapter provides the introduction of the research. Chapter two discusses some background information about corruption and revenue generation performance. The third chapter deals with relevant literature reviews. Chapter four begins by laying out the theoretical framework followed by the models of the study and the methods of data analysis. The fifth chapter presents the results of the research and their interpretations focusing on the objectives of the study. The last chapter presents the summary of findings, policy recommendations and conclusion.

CHAPTER TWO BACKGROUND TO THE STUDY

2.1 Civil Service in Nigeria

The Civil Service is the administrative bureaucracy which occupies an essential position in the political system of nations. Throughout the world, the contributions of Civil Service in promoting sustainable and equitable economic growth have received increased attention. Efficient and effective management of the Civil Service are critical to sustainable socio-economic development of a nation.

The Civil Service in Nigeria is of a colonial creation. The model of Civil Service bequeathed to Nigeria by her colonial master (Britain) was narrow in structure and objectives. It was basically structured in such a manner that enabled colonial masters to successfully extract the much coveted financial and material resources needed by their controlling metropolitan powers. Colonialism was therefore marked by a lack of accountability and absence of transparency.

At independence in 1960 when Nigerian nationals took over the administrative leadership, no attempt was made by them to restructure the Civil Service to suit our own developmental needs. The Nigeria bureaucrats who occupied the leadership position in the Civil Service imbibed the colonial mentality of wealth acquisition for self-aggrandizement and self- superiority. Instead of working to improve the lot of the country, they became colonial masters in a, “black man’s skin”. This aggravated the abysmal performance of the Civil Service and consequently the under development of the country. These and other factors necessitated the clamour for reforms in the Nigeria Civil Service. The colonial masters carried out some reforms, among which are the Harragin commission of 1945 which was the first commission set up to look into the Nigeria Civil Service, and the Gorsuch commission of 1954-55. According to Anazodo (2009), the Harragin commission was the first commission set up to look into the man-

power problem in the service and the discontent among the European members of what was described as poor financial reward, while the Gorsuch Commission was the first to attempt giving the regional administrative bureaucracies indigenous structure.

Table 2.1: Civil Service Reforms Pre-Independence (Before 1960)

Key Feature	Reform Commission	Reform Outcome
Decentralization of administrative authorities – central/subnational/regional dimensions	Tudor-Davies Commission (1945)	Demanded for inclusion of Nigerians into the senior cadre and the decentralization of administrative authorities and powers.
	The Hugh Foot Commission (1948)	Recommended for the establishment of central and regional public service boards in the regions.
	Gorsuch Commission (1954)	Restructured civil service into two broad groups "professionals" and "generalists".
Harmonization of wages	Lidbury Commission (1954)	Grading and salary scales should be based on responsibility and not race.
	Mbanefo Commission (1959)	To ensure uniformity in pay and condition of service for all cadres and groups across the country

Source: Author’s compilation, 2024

After independence, Nigerian government carried out series of reforms among which are the Adebo Commission (1971), Udoji Public Service Review Commission of 1974, Dotun Philips Civil Service Reform of 1988, Allison Ayida Committee on Civil Service of 1995 (see Table 2.2). However, Nigeria is not alone in this quest for Civil Service reform. This is because according to World Bank (2002), there is a strong consensus in the international development community on the need for Civil Service reform in developing nations. It is, therefore a topical issue of the moment, as developing nations all over the world engage in the struggle to better their existence through the process of reforms for efficient and effective service delivery.

Table 2.2: Civil Service Reforms: 1960s to 1980s

Key Feature	Reform Commission/Regime	Reform Outcome
Upward Review of wages and grading Systems	Morgan Commission (1964)	Revised salaries and wages of junior staff of the federal government, and introduced minimum wage package for each region of the country
	Elwood Commission (1966)	To determine an appropriate grading system and achieve uniformity in the salaries of officers performing identical duties
	Adebo Commission (1971)	Reconciliatory mechanisms after the civil war - recommended 30% and 12% increase for junior and senior staff respectively
	Udoji Commission (1972)	Review and over-haul of the entire public service and promote efficiency & effectiveness. Recommended a Unified Grading and Salary Structure
Civil Service reforms under military governments: Introduction of federal character and quota system and dismissal of civil servants	Gowon Regime 1966	Introduced the quota system in recruitment civil servants.
	Murtala/Obasanjo Regime 1975	The regime ushered in the federal character principle in civil service recruitment. Massive dismissal of civil servants without following legal procedures.
	Buhari/Idiagbon Regime 1983-1985	Dismissed top civil servants who were perceived to be corrupt without constitutional backing. Appointed their trusted executive roles in the civil service.
	Babangida Regime 1988	Dismissal of top civil servants of the previous regime.
Improving salary structure and working	Dotun Philip (1985)	To review the structure, composition, and methods of operation to meet the

Key Feature	Reform Commission/Regime	Reform Outcome
conditions		demands of government in the 1980s and beyond.

Source: Author's compilation, 2024

2.1.1 Factors that necessitated various Reforms in the Nigerian Civil Service at Independence

A number of factors necessitated various reforms in Nigeria. The situation of grand corruption among the Civil Servants was facilitated by the long rule of the Military and its attendant practices of impunity, lack of probity and accountability.

Gowon's regime was unashamedly corrupt to the macro level. It was not hidden from the public gaze. According to the Nigerian Tribune (1975), his pledge to enact an anti-corruption decree like other promises was never fulfilled. The level of corruption under Gowon's regime came under public scrutiny when Murtala Mohammed became the head of state and set up Assets Investigation Panel to probe the governors and other public officers that served under Gowon. The panel indicted ten (10) out of twelve (12) military governors and so their assets were confiscated. The anticorruption crusade spread to the entire public service, thus, the purge of the public service that led to the retirement and dismissal of over 10,000 public servants nation-wide. The Murtala's anti-corrupt crusade did not in any way deter the politicians of the second republic from corrupt practices, rather they engaged in different shades of corrupt practices. The Babangida administration came into power via coup d'état of August 27, 1985 and lunched Nigeria into eight (8) years of kleptocratic rule.

Maduagwu (1993), listed some of the highlights of Babangida's corrupt practices as; \$200 million siphoned from the Aluminum and Smelter project. N400 million wasted on

Better Life project Huge extra budgeting spending of N186.9 billion naira between 1989 and 1993.

Babangida regime is said to be the apogee of corruption in the history of Nigeria.

Abdusalam

Abubakar administration made mockery of any sense of discipline and probity.

Christopher Kayode panel report revealed that the contracts awarded by the Abdulsalam administration cost Nigeria N635.62 billion. The panel also revealed that the depletion of the foreign reserve which as at the end of 1988, stood at \$7.6 billion had shrank to \$3.8 billion by May 1999.

The Abacha's loot tops the list of grand corruption in the history of Nigeria. Although it was glaring that Abacha's regime was corrupt, the extent of it became manifest only after Abacha's demise in 1998. Evidence showed that he, his children and their cronies had looted about \$3 billion dollars hidden in foreign accounts scattered across Europe and the Persian Gulf. Abacha was described as the "biggest thief" of the 1990s, and was alleged to have sent between \$12 to \$16 dollars out of Nigeria during his five-year reign.

However wide spread corruption under the military rule and deteriorating economy have raised a number of concerns, both for the country and from the International community.

These corruption include international financial scams, criminal gangerism, drug trafficking and currency trafficking. As the Military juntas were corrupt, so also were other public servants during the period under review. There are several allegations against some public servants on grand corruption. However when the civilians took over power from the military, the problem of inefficiency and ineffectiveness in the service still persisted.

Table 2.3: Civil Service Reforms: 1990s till date

Key Feature	Reform Commission	Reform Outcome
Improving salary structure and working conditions	Ayida Review Panel (1994)	Improved emoluments of civil servants and salary adjustment to reflect the general price movement with a view of discouraging corruption.
	The Longe Commission (1991)	Focused on some aspects of the problems of civil service, such as funding, salaries, conditions of service. Recommended a general salary increase of 30%.
	The 1988 Civil Service Reorganization Decree	The commission focused was to enhance professionalism, decentralization and delegation of functions; Institute checks and balances. Improvement and harmonization of compensation packages for civil servants.
Downsizing of the civil service and emphasis on efficiency and productivity	Obasanjo Reform (2004)	Restructuring of Pilot Ministries, Departments and Agencies, payroll reform and the Review of Public Service Rules and Financial Regulation
	Yar'adua Reform (2009)	The main thrust of the reform include civil service organizational efficiency; professional ethical and accountable workforce with improved competence of civil servants.
	Steve Oronsaye Committee (2012)	The reform centers on the disbandment of 102 agencies from the present 263; abolition of 38 agencies; merging of 52 agencies and reversal of 14 agencies to departments.

Source: Author's compilation, 2024

The Nigerian Civil Service has undergone several organizational and structural reforms, both before and after independence as we have examined above, yet there is no tremendous improvement in the quality of service provided to the citizenry. Corruption still rears its ugly head again after many years of military exit in governance. There is weak national consciousness due to earlier introduction of the ‘Nigerianization’ and regionalization policies that encouraged ethnicity and sectionalism in the rank and file of staffers in the service. There is multiplicity of classes and grades which brought about over bloating of the number of Civil Servants resulting to high re-current expenditure to the peril of infrastructural development. There is still a uniform centralized control of the Civil Service as was put in place by the colonial masters. In this twenty-first century, there is disillusionment with the uniform centralized control of the Civil Service management. Such ‘controls according to experts was to assure impartial application of personnel policies to professionalize the Civil Service cadres and to root out corruption and patronage. But it is obviously clear today that these variables have not been dealt with.

2.2 Corruption in Nigeria

Corruption in Nigeria is a well-documented issue that has plagued the country since its independence in 1960. The public sector, which includes civil servants and public officials responsible for governance and administration, has been particularly susceptible to corrupt practices. In the post-colonial period, Nigeria's wealth, derived largely from oil, has often been mismanaged due to weak governance structures, lack of accountability, and pervasive corruption. This national issue has trickled down to the state and local levels, including Benin City, exacerbating the problems related to revenue generation and public service delivery.

In Nigeria, corrupt people bribe or influence their ways into corrupt agencies such as the public service, the Nigerian immigration services or the Nigerian Police where it is possible to further exploit their profits from corrupt practices. And where, too, they can be best covered by the oppressive establishments in which they find themselves, when they also have to pay a certain amount of their incomes from corruption to senior officers. For the political elite, politicians also have to get a political "godfather" at any rank, to which they would pledge allegiance and allegiance before being endorsed to contest any elected office. In order to ensure that their "democratic sons" are proclaimed winners and allowed to hold public positions, the political "godfathers" do everything possible, including election fraud, coercion, and even assassination of political rivals. In exchange, the 'political sons' must build an atmosphere while in office to allow their 'political godfathers' to enjoy the financial dividend accruing from spending their time, energies and financial capital to ensure that public positions are filled by their 'political sons.' This is achieved by granting contracts that are never executed to the 'political godfathers' for the building of bridges, schools, or the procurement of hospital medicines. Depending on how profitable such an office is, millions of naira can even be provided monthly in physical cash. This is a stamp of allegiance to the 'godfathers' which in the next election promises a re-election for their 'godsons'. This is because the votes of electors do not count in a corruption-ridden society like Nigeria. Electoral officers, particularly law enforcement staff, will conveniently pay off the 'political godfathers' to look the other way during campaigns, thereby opening the way for electoral rigging and other forms of malpractice.

Benin City, the capital of Edo State, Nigeria, is a city with a rich historical legacy and a strategic position in the southern part of the country. Despite its potential for economic development, the city, like many others in Nigeria, struggles with systemic issues related

to corruption and inefficient revenue generation. These challenges have deep-rooted implications for the socio-economic development of the region, affecting public services, infrastructure, and overall governance.

Revenue generation in Benin City is primarily the responsibility of the Edo State government and local government councils. The revenue streams include taxes (personal income tax, property tax, etc.), levies, fines, and internally generated revenues (IGR) such as market fees and motor park dues. These funds are critical for financing public projects, maintaining infrastructure, and delivering essential services such as healthcare, education, and security.

However, the effectiveness of these revenue generation mechanisms is often compromised by various forms of corruption. Public officials and revenue collectors engage in practices such as embezzlement, underreporting of collected funds, issuing fraudulent receipts, and misallocating resources. These corrupt activities significantly reduce the amount of revenue that actually reaches the government's coffers.

2.3 Bureaucratic Corruption in Nigeria

Without addressing institutional corruption at the same time, it is difficult to discuss political corruption in Nigeria, as the two are interconnected and neither can occur in isolation without being oiled by the other. In fact, procedural corruption decreases the risk of dishonest lawmakers by undermining the strength of regulations, which in turn reduces the chance of detecting a corrupt act and prosecuting perpetrators. This is because control mechanisms in the system have been intentionally made less efficient. Consequently, it serves as an incentive for corruption and corruption to grow.

As the legislative basis on which the bureaucratic system is based continues to be weakened by bureaucrats, we continue to see a divergence from the Weberian norm that eventually leads to bureaucratic corruption. Bureaucratic misconduct also exists in the

'public managerial or end of politics' execution (Dike & Victor, 2003). It can be categorized categorically as "Corruption by need" (Hatti, Neelambar, Heimann, James Hoadley & Mason, 2010). This is also the sort of corruption that the normal Nigerian faces in his day-to-day operations, such as when he enters the doctor and has to pay for a hospital card that is allegedly free or has to bribe medical laboratory assistance in order not to undergo the obligatory HIV/AIDS examination that he is expected to take before his pregnant wife can be examined in the General Hospital. When he wants to get his child into a federal government college, in local licensing offices, tax offices where he is expected to give bribe to any tax official in order to decrease the amount of money he should pay as tax, with customs and immigration officials and, of course, with the Nigerian police men, etc (Dike & Victor, 2003; Hatti, et al., 2010)..

A closer glance at the above would demonstrate that bureaucrats still have anything to sell readily, whether in the form of favour, hospital cards, or government records. With multiple customers, he is a special vendor and thus has the monopolistic ability to control prices in order to increase his earnings from corruption. Although the extent of the demand is a limiting factor for mass production, which is a characteristic function of labor division, the limiting factor for the bureaucrat's maximization of corruption profits is the power of customers in threatening to 'go public' i.e. should the seller (corrupt official) prove to be too greedy (Hatti, et al., 2010). The corrupt official is conscious of this reality and in most situations is simply fearful of the impact of too much exposure and in the best case scenario, he will be compelled to 'go honest,' in which case both buyer and seller lose, and in the worst case scenario, the official may be punished as criticism from the press and negative public sentiment becomes too much for the government to curb. However, bureaucratic corruption as a term is more than just the purchasing or sale of favors; it also relates to the breach by bureaucrats or elected

officers of public service. A major factor promoting bureaucratic corruption in Nigeria is that the reality on the ground is that bureaucrats caught indulging in bribes, kickbacks or other forms of corruption are rather, contrary to the Weberian recommendation that bureaucrats should be adequately compensated for their work and also duly punished for any act or action that is hostile to the principles governing the civil service. In Nigeria, corrupt civil servants have been re-deployed to less juicy offices or degraded in the worst-case scenario. The former police inspector general, Tafa Balogun, who was arrested in 2005 by the Economic and Financial Crimes Commission (EFCC) for fraud and imprisonment, was an exception to this. However, it is important to remember that while the former Nigerian police chief who robbed over 17 billion naira (about US\$120 million) was incarcerated for six months (Ogundiya, 2006), an eighteen-year-old man was sentenced by the Osogbo Magistrate Court to three months in prison for stealing clothes and sandals worth five (5) thousand naira (US\$34) (Ogundiya, 2009). Thus, although the returns from corruption are high, the non-corruption yield is very limited.

We should also assert that the dishonest bureaucrat is an intellectual and rational being who, by optimizing payoffs and, as far as possible, minimizing costs and risks, is out to look after his own interests. The dishonest bureaucrat is therefore able to hide under the cover offered by inadequate bureaucratic structures to increase payments and, as far as possible, prevent damages both in the present and in the future by serving as a state employee. Such losses include not only economic losses, but also the high risk of being arrested and returned to jail. The crooked bureaucrat is thus a perfect example of "homo economicus" in the case of Nigeria, as in most other instances elsewhere (Dike & Victor, 2003; Hatti, et al., 2010).

2.4 The State, Bureaucracy and Corruption

With its federal form of governance, the dynamic structure of the Nigerian state makes it necessary to have a powerful and well equipped public bureaucracy to manage the government's complex sectors. The Nigerian state bureaucracy is also active in all government sector practices, from public policy development to policy enforcement. In fact, this presence of bureaucrats in nearly every area of government business is aimed at improving the bureaucratic institution and placing it in a proper sense to represent the public interests more effectively, even though such intervention often leads to unnecessary 'interference' and delays in the execution of policy. Krygier (2009) pointed out that bureaucracy is a form of government, marked by a propensity to intervene and surpass its proper purpose". Although one can readily agree with Krygier that bureaucracy has a tendency to exceed its proper function, it is difficult to swallow the idea of meddling in governmental business because the primary idea behind bureaucracy is, in the first place, to strengthen government business with a view to good governance. In order to help bring the dividend of good government to the people, public bureaucracy should consist of honest, well-trained professionals. However, the reality is that honesty and efficiency or otherwise, as the case may be, is a function of public bureaucracy in the environment in which they operate. It can therefore be concluded that the relationship between the efficiency and honesty of public bureaucracy, on the one hand, and the government in any given country, on the other, is a direct relationship. This ensures that, after the order of the equally "strong" government, a good government brings in an effective and truthful bureaucracy, while a poor government would inevitably bring about an ineffective and deceptive bureaucracy after the order of the equally "bad" government (Dike & Victor, 2003; Onyema, Roy, Oredola & Ayinla, 2018).

It can be claimed that Nigeria's public bureaucracy is corrupt and inefficient, primarily due to the corrupt essence of the climate under which it works. The state, as it were, is characterized by a lack of strict adherence to the norms, ethics and rules governing public officials' conduct. Therefore, bureaucrats are handicapped and frequently succumb to corruption and are therefore an important part of the crooked culture owing to the absence of any serious monitoring and balance mechanisms in place. As resources that should be used to address the challenges of poverty, illnesses and malnutrition, Nigeria becomes the worst for it, to name just a few are siphoned into private pockets by politicians and their public bureaucracy associates (Hoffmann & Patel, 2017; Neog & Gaur, 2021).

Furthermore, the issue of public bureaucracy in Nigeria is aggravated by the fact that the leaders of the various ministries and parastatals are directly appointed at the federal level by the President of the Federal Republic of Nigeria, while the state governors of the respective states nominate commissioners to head the parastatals of the state. This means that allegiance to the Head of Government must be absolute, both at the federal and state levels. Therefore, any effort to explain the kleptocratic arrangement between the Nigerian state and the public administration must inevitably concentrate on the relationship between the heads of government at both the federal and state levels and the bureaucracies at both levels. Corrupt Nigerian politicians are much more relaxed with officials who are just as corrupt as government ministry heads as with trustworthy professionals who are likely to challenge their ambition to amass riches (Epaphra & Massawe, 2017; Binions, 2018).

2.5 Types of Corruption

Petty corruption occurs at a smaller scale and takes place at the implementation end of public services when public officials meet the public. For example, in many small places such as registration offices, police stations, state licensing boards, and many other private and government sectors. It may seem minor, but it erodes trust in institutions and fosters a culture of dishonesty (Binions, 2018).

Grand corruption is defined as corruption occurring at the highest levels of government in a way that requires significant subversion of the political, legal and economic systems. Such corruption is commonly found in countries with authoritarian or dictatorial governments but also in those without adequate policing of corruption. Still, it can also occur in democracies lacking effective corruption oversight. This type of corruption typically involves large-scale embezzlement, bribery, or fraud that affects national policies and governance, hindering development and eroding public trust. Combatting it requires robust institutions, transparency, and accountability measures (Epaphra & Massawe, 2017; Binions, 2018). The government system in many countries is divided into the legislative, executive and judicial branches in an attempt to provide independent services that are less subject to grand corruption due to their independence from one another (Binions, 2018).

Systemic corruption (or **endemic corruption**) is corruption which is primarily due to the weaknesses of an organization or process. It can be contrasted with individual officials or agents who act corruptly within the system. Factors which encourage systemic corruption include conflicting incentives, discretionary powers, monopolistic powers, lack of transparency, low pay; and a culture of impunity. Specific acts of corruption include "bribery, extortion, and embezzlement" in a system where "corruption

becomes the rule rather than the exception." Scholars distinguish between centralized and decentralized systemic corruption, depending on which level of state or government corruption takes place; in countries such as the post-Soviet states both types occur. Some scholars argue that there is a negative duty of western governments to protect against systematic corruption of underdeveloped governments (Epaphra & Massawe, 2017; Binions, 2018).

The other forms of corruption are briefly discussed below:

- **Bribery:** It is the act of offering or accepting money, gifts, or other benefits in exchange for favorable treatment in financial transactions or regulatory decisions.
- **Embezzlement:** It is the misappropriation of funds or assets by individuals entrusted with their management, such as executives, employees, or financial advisors.
- **Insider Trading:** Illegally trading securities based on non-public, material information that could affect the market value of those securities.
- **Money Laundering:** Concealing the origins of illegally gained money by transferring it through legitimate financial channels to make it appear legitimate.
- **Fraud:** Deceptive practices intended to gain an unfair advantage or deceive investors, including accounting fraud, securities fraud, and mortgage fraud.
- **Kickbacks:** These refer to payments made to individuals or entities in exchange for referring business or steering contracts to specific parties.
- **Tax Evasion:** Illegally avoiding or underreporting taxes owed to government authorities by manipulating financial records or concealing income (Dike & Victor, 2003; Hatti, et al., 2010; Onyema, Roy, Oredola & Ayinla, 2018).

2.6 Causes of Corruption

1. **Federal Structure and Decentralization:** The kind of federal government system in operation in Nigeria is tailored to make the central government very strong relative to the federal units' governments. Thus, all repressive force tools (the army, the police, the naval and the air force) are the sole prerogative of the federal government. While the federal, state and local governments share political influence, the two other branches of government are frequently rendered impotent due to the so-called "federal strength." This is a characteristic feature of Nigeria's federal government. Often, the federal government regulates the primary source of income for Nigeria, which is crude oil. It then assumes the position of a "patron," while the thirty-six states that make up the Nigerian federation would assume the "client" role. According to the negotiated distribution mechanism with the federal government holding the lion share, monthly allocations are allocated to each state and local government. Therefore, corruption is generally more extreme at the federal level relative to Nigeria's state and local government levels. This is counter to the assumption found in the Rose-Ackerman report that, relative to the federal government, state governments appear to be more corrupt. The perception that corruption at the federal level is more extreme does not in any way exclude state and local governments from corruption and unethical practices, as these government arms are just as corrupt as can be seen in Nigeria's case. The point here is that while the president, vice president and federal ministers can easily loot millions of dollars in Nigeria, there is less money available to steal from the governor of a state or a local government chairman. The fact that the state and local governments are closer to the people also serves as a check to keep the treasury from being colossally depleted. The same cannot be said of the federal government, which, owing to the

decentralization of authority between the three levels of government, is somehow isolated from the people. This is also a clear motivation for an unimaginable proportion of misconduct at the federal level (Onyema, Roy, Oredola & Ayinla, 2018).

- 2. Poor Quality of Institutions:** In Nigeria, it is practically impossible to refer to a particular organization that is not corrupt. As the President appoints the Attorney General of the federation, who is often prepared to subvert justice in favour of the President if the need arises, the judiciary is also the most bastardized. The judges of the Supreme Court (Nigeria's highest court) are also named by the President, with the Senate simply approving the candidates' names. The Judges are often inclined to be biased in favour of the President on such things, since their term in office is almost inevitably based on the government's whims and caprices of control. Corruption thereby presumes an upward trajectory as the government uses the courts to subvert justice. There are a variety of occasions in Nigeria where, if an adverse ruling is going to shame such a country, the government has pressured the judiciary to pass decisions favorable to the government. This is in direct accordance with the findings of (Van, 2008), who studied the effect on corruption of prosecutorial independence and found that de facto reliance (forced retirement, regular shifts in legal foundations, reduced revenue and prosecutor's budget) raises corruption. All other structures, such as political institutions (with political brutality, election rigging, political god-fatherism, etc.), economic institutions (often distorted in order to give politicians and bureaucrats sufficient personal resources) and informal institutions with a heavy focus on allegiance and reciprocity, all combine to foster corruption and corruption. Therefore, exploiting these organizations for personal gains is very straightforward (Epaphra & Massawe, 2017).

3. **Poor Remuneration:** It can be said that Nigeria's public sector salaries are among the world's poorest salaries. This is particularly shameful when seen against the backdrop of the fact that Nigeria is a nation producing oil. Most civil servants in Nigeria can quickly claim that "their home earnings do not even carry them from their workplaces to the nearest bus stop." They also have to look at other ways to get additional money, which also results in corruption through default. This is also in line with Van and Weder's, (2001) report, which concluded that low wages cause public servants to unlawfully supplement their salaries; while high wages are a premium that is wasted if a public servant is caught and fired.
4. **Political Culture:** A great impetus for corruption is the political ideology of politicians in Nigeria. This society centers on the "syndrome of victory at all costs." During the election campaign for the 2003 general election, former President Obasanjo publicly boasted that the election was a "do or die" affair. This declaration acted as a marching order for politicians, mainly from the People's Democratic Party (PDP), the political party of the President, to participate in all kinds of electoral malpractice and corruption. Another powerful factor fostering corruption is the involvement of the "political godfather" who serves as a patron with the understanding that the politician would make the largesse of office freely available to the political godfather on assumption of office (Hatti, et al., 2010).
5. **Cultural Determinants:** In Nigeria, as in most other African countries, traditional values permit gifts to be offered to the monarch, parents, relatives, and even the office manager. The gift giver seeks any sort of reciprocity in the form of security explicitly or implicitly, intentionally or unknowingly, as in the case of the king, advancement by the manager in the workplace and affection by the parents. As there is a give and hope to be granted partnership, these easily act as oil in the wheel of

corruption. This mentality is taken over in public life by politicians and officials, making it nearly difficult for them to distinguish between public and personal roles. This is in line with the study of Lipset & Lenz (2000).

6. **Liberal Legal Consequences for Corruption:** In contrast to the crime itself, the judicial repercussions of corruption in Nigeria are laughable (see the case of the former IG of Police Tafa Balogun and the poor 18 year old Samson Atayero). No wonder then that Klitgaard (1998) has this to say, "It is fair to argue that an official takes a dishonest action when it's possible advantages outweigh its potential costs in its decisions."
7. **Economic Pressures and Corruption among Civil/Public Servants:** Economic conditions in Benin City, as in many parts of Nigeria, play a significant role in fostering corruption. Many civil servants are poorly paid, and their salaries often do not reflect the cost of living. This economic disparity drives some public officials to seek alternative means of supplementing their income, often through corrupt practices. The expectation of bribes and kickbacks becomes normalized, leading to a vicious cycle where corruption is seen as necessary for economic survival. Moreover, the lack of regular training and capacity-building for public servants in ethical practices and financial management exacerbates the situation. Many officials are not adequately equipped to handle the complexities of revenue collection and management, which can lead to both intentional and unintentional malpractices (Onyema, Roy, Oredola & Ayinla, 2018).
8. **Public Perception and Participation in Corruption:** The general public's perception of corruption in Benin City also plays a role in its perpetuation. There is a widespread belief that corruption is endemic in the Nigerian public sector, and as a result, many citizens feel compelled to engage in corrupt practices as a means of

navigating the system. For example, businesses and individuals may offer bribes to expedite services, avoid taxes, or reduce fines, thereby contributing to the cycle of corruption.

This public participation in corruption not only undermines efforts to improve revenue generation but also erodes trust in public institutions. When citizens perceive that the government is corrupt and that their taxes are being misappropriated, they become less willing to comply with tax obligations, further reducing the state's revenue base (Dike & Victor, 2003).

2.7 Consequences of Corruption

In comparison to the fact that the country is today the 26th poorest nation in the world, considering the fact that it is blessed with immense human and natural wealth, the effects of corruption in Nigeria can be best imagined. For the purposes of this analysis, the repercussions or results of corruption should be seen from three angles: political, economic and social.

1. **Political Consequences of Corruption:** A big factor contributing to political instability is corruption in Nigeria. This can be seen by the fact that nearly all of the military take-over of power observed in Nigeria, with only one exemption, was due to corruption. In order to save Nigeria from systematic corruption, the military frequently claim to seize over, but they too often become victims of the same corruption, leading to a more military coup d'état. In comparison, inefficiency in the public sector can be specifically traced to misconduct, which erodes the civil service's rules and values and substitutes them with ethics that are hostile to the public service code of conduct. Gupta, Davoodi & Tiongson (2001) have shown that countries with high levels of corruption are related to inadequate government

services and poor quality provision of public health care (Ogundiya, 2009). In their respective reports, (Mauro, 2002). Illustrated that corruption is strongly correlated with higher military expenditures or higher procurement of weapons (as share of either GDP or total government spending). The explanation is that during the procurement of, say, military vehicles, a lot of funds will very quickly be misappropriated as opposed to bringing the money into public health care.

2. **Economic Consequences of Corruption:** The economic impact on the Nigerian economy by corruption has a strong impact on the masses, mostly at the receiving end. Mauro (1995) performed an analysis to illustrate that the ratio of investment to GDP is adversely impacted by corruption. Corruption also significantly affects the degree of Foreign Direct Investment (Wei, 2000)

As a result of corruption, the low level of FDI coupled with capital flight has led to widespread unemployment for the crowded population and this has further heated up the political climate. With cases of armed robbery and other vices on the rise, crime rates have also risen. The economic effect of corruption in Nigeria can also be felt in capacity building, as the government mostly chooses to engage in white elephant programs, such as the procurement of military equipment, the construction of football stadiums costing millions of dollars, the hosting of international events, etc. The primary explanation for this is that funds budgeted for such large initiatives are always easier to embezzle than, say, funds for education or health care.

In Nigeria, contracts are sometimes awarded to lawmakers and party loyalists for projects such as road construction, power generation projects, etc., but they are never performed or, at best, very badly executed. The resulting consequence is the failure of Nigeria to produce power on a typical day for up to five hours plus very

poor roads contributing to regular loss of life (Onyema, Roy, Oredola & Ayinla, 2018).

3. **Social Consequences:** Perhaps the most well-known consequence of corruption in Nigeria today is that it has indirectly contributed to the development in the Niger Delta of so-called "militants" and in other areas of Nigeria of ethnic "vigilantes." Corruption caused young men and women who thought like they had been betrayed by the Nigerian state to take up arms against the state in order to get their share of the so-called 'national cake' by all means possible. There are enough weapons and ammunition for some of these terrorist groups to destroy the nation ten times over. The Nigerian government appears powerless to handle the challenges posed by these armed young people, because the problem is solely economic and can only be tackled if corruption is minimized (Epaphra & Massawe, 2017; Binions, 2018).

CHAPTER THREE

LITERATURE REVIEW

3.1 Conceptual Review

3.1.1 Corruption

The word corruption originated from the Latin word *corrumpere*, which means to mar, bribe, or destroy (Douglas, 2001). There have been many instances of misusing public funds and offices throughout human history, going back as far as records can go. For instance, the Bible states that the magician Simon Magnus tried to purchase the gift of speaking in tongues from disciples of the apostles Peter and John. This legislation gave rise to the term "simony," which refers to the practice of buying and selling religious privileges inside the church. According to the Old Testament, when King Saul expressed fear that he would go to Samuel the prophet empty-handed, his servant volunteered to give him money. Kautilya, an Indian minister to the monarch who penned the treatise *Arthashastra* in the fourth century BC, compared corruption to the inevitable taste of honey on the tongue (Brioschi & Shugaar, 2017). Historian Ferrero called Roman corruption incurable and blamed it for the loss of the Roman Empire. The praetorian guards, an elite corps of bodyguards linked to the office during the height of corruption, once put the emperor's position up for auction to the highest bidder (Andrews, 2019). Every one of the major empires that ruled antiquity had corrupt practices. Shakespeare's plays were full of references to corruption, which was usually presented as an essential feature of human nature that largely showed up when those in positions of authority were involved. Shakespeare, for instance, portrayed King Richard II's king as a leader who regularly used the imposition of high taxes to further his personal agenda at the expense of his subjects' interests. As a result, corruption is seen as a long-standing concept that is closely associated with human history. Similar to the many stages of corrupt actions

within the community, different interpretations have been made of the various components of corruption. One views corruption differently. It covers a broad range of activities, such as fraud, embezzlement, and bribery. Corruption is one of the most harmful social ills or pathologies afflicting the Nigerian state; its effects are diffuse and have no defined limits. The simplest definition of corruption is the misuse of public funds for personal benefit. However, a broader definition of corruption would include an agreement between two parties (the demander and the supplier) that influences how resources are distributed now or in the future as well as the abuse or misuse of public or community duty for one's own benefit. Everyone agrees that corruption is a phenomenon in and of itself, and that it always results from a series of isolated failures, such as the institutional system's inability to keep bureaucrats under control or the legal system's inability to hold offenders accountable for their actions.

Corruption is one of the most disturbing problems that threatens every aspect of national progress. Nigeria is not the only country facing corruption; it is ranked among the top ten most corrupt in the world. Transparency International (2015) ranks Nigeria 136th out of 176 countries, scoring only 27 out of 100 on the 2014 Corruption Perception Index. A nationwide survey indicates that 85% of Nigerians believe that corruption increased between 2011 and 2013. This is not good news for any country that wants to be among the top economies in the world. Nigeria has a high degree of corruption, which means that the main institutions that may have contributed to the development of the nation are being subverted for personal benefit (Tormusa & Idom, 2016). This happens in every area of the economy, gravely jeopardizing the nation's growth. There is a wealth of information regarding the negative effects corruption has on public health and welfare, both at the individual and household levels. As a result, a number of domestic and international health organizations as well as Nigerians themselves have indicated a desire

to find out more about combating corruption (Tormusa & Idom, 2016). When public servants misuse their power and positions for personal gain or the advantage of their associates, they are charged with corruption. Corrupt practices are characterized as behaviours that deviate from the official duties of a public position in order to get financial or social advantages for oneself, one's immediate family, or a private clique, or to violate laws that forbid the use of specific types of private influence (Tormusa & Idom, 2016). Even though Nigerians readily acknowledge that corruption is a difficult and harmful habit, it yet affects every sphere of the country's economy and society. Furthermore, the detrimental impacts of corruption on the country and its people cannot be denied. The erosion of public institutions and the degradation of basic services in Nigeria are caused by a number of factors, including the misappropriation of foreign aid, commercial and investment funds, federal and state revenue, and the personal incomes of Nigerian citizens. Still, of all the problems the country faces, corruption is probably the least well-known. Corruption often breeds more corruption, which keeps social injustice ingrained throughout society. In a setting like this, people's sense of moral obligation to uphold the law for the benefit of society as a whole is gradually undermined by the impunity of dishonest behaviour and abuses of authority or position (Hoffmann & Patel, 2017). These ideals degrade justice, honesty, integrity, and common citizenship. Enforcing formal laws is extremely difficult in most developing nations due to the high level of informality and widespread corruption in the governments (Khan et al., 2017 in Onyema et al., 2018). Nigeria is hardly an exception, given its unfavorable reputation as one of the world's most corrupt nations. Nigeria is named the world's most corrupt nation in Transparency International's Corruption Perception Index (CPI) for 1996 (Onyema, Roy, Oredola & Ayinla, 2018). Nigeria is the second most corrupt country in West Africa, coming in at number 149 out of 180 countries surveyed in 2020 with 25% of the

possible points (Transparency International, 2020). Basically, the general consensus is that corruption is the main thing threatening efficient government. It is said to be the greatest detrimental factor impeding Nigeria's progress in politics and society. The widespread corruption in Nigeria has contributed to poverty and low human development indicators. According to study Umar et al. (2016) and Suleiman (2018), the EFCC has remained the most active in Nigeria's fight against corruption, in part because of its guts in the early going to investigate and prosecute corrupt cases involving politically exposed parsons.

3.1.2 Corrupt Practices

Corrupt practices are practices that deviate from the official duties of a public position in order to pursue personal, close family, or private clique money or prestige gains. It also alludes to regulations that forbid the use of particular private-regarding influence (Binions, 2018). Corrupt practices are the misuse of one's own authority for personal benefit (Transparency International, 2011). They are also deliberate actions of manipulating facts, realities, and situational management in an effort to deceive and get both material and immaterial objects. According to Hasan & Nuri (2013), a corrupt practice is the misuse of public office for one's own gain. Since corruption is generally accepted to be pervasive and ongoing, it poses a serious obstacle to economic growth and investment. Additionally, it worsens social inequality and has a negative impact on the delivery of public services (Bolgorian, 2011). According to Natalia (2016), bribery, extortion, and the improper use of insider information are all examples of corruption that thrives in settings with weak policy enforcement. Money laundering, bribery, tax evasion, forgery and perjury, aiding and abetting, payroll for ghost workers, ghost contracts

awarded, nepotism, electoral malpractices, embezzlement, and other related issues are the main concerns highlighted by the corruption perceptions index (Onyema et al., 2018). Grand corruption is the misuse of power at the federal government's highest levels. Grand corruption distorts the functioning of the central government and enables elites to benefit at the expense of the wellbeing of the general public. Petty corruption is the routine abuse of power by lower-level government employees. When common people try to use public services like security, healthcare, education, and transportation, it commonly occurs. When citizens must bribe public officials to obtain services from public institutions—services that should otherwise be cheaper or free of charge—ordinary people may become victims of petty corruption. Political corruption, as the term suggests, is the result of individuals in positions of power perverting institutional and legal standards governing resource allocation in order to preserve their wealth or influence at the expense of the general public. High levels of corruption are evident in Nigeria from the state of the roads, the shocking lack of electricity, the development of churches, the education system, and the militia insurgency. The Nigerian people have since lost trust in and confidence in the public sector. The erosion, disdain, or nonexistence of ethical principles in the public sector is a contributing factor to Nigeria's high levels of corruption (Casimir et al., 2014). Corruption is seen as an outdated practice that has endured across generations and continents and has impacted governments throughout history. Concern was raised by the event early in the history of human evolution. Corrupt practices were mentioned in ancient Egyptian, Babylonian, Hebrew, Indian, Chinese, Greek, and Roman narratives. Corruption plays a major role in the dynamics of social, political, and economic transformations. Corruption is the abuse of public office for one's own gain, such as when a public official takes, requests, or receives a bribe. It also occurs when private agents intentionally bribe in order to

circumvent rules and regulations for their own benefit, the benefit of their competitors, the theft of governmental assets, or the diversion of public funds (Obamuyi & Olayiwola, 2019). Corrupt practices originate from political and bureaucratic institutions, and their effects on the advancement of a country vary according to the situation.

3.1.3 Revenue Generation

Revenue generation is one approach to make money. Revenue is any sum that the government gets and is able to appropriate through the legislature, including proceeds from raised loans (Alao & Alao, 2013). Revenue, which is commonly understood to represent income—especially substantial income—funds government activities. When a state talks about how it pays for public spending, what it really means is its annual revenue. A government department is normally in charge of overseeing revenue collection, which includes a variety of sources such as taxes and other financial instruments. Other sources of revenue include taxes, rates, fees, fines, rentals, forfeitures, and dues. In order to ensure successful revenue creation, revenue control is put in place to ensure prompt government revenue collection, the collection of amounts owing, and the payment of earned money to the government's coffers. Revenue generation is the process of planning, marketing, and selling products with the ultimate objective of generating income and increasing profitability. The primary strategy used by businesses to increase sales and profitability is known as revenue creation. By implementing a revenue development procedure, the sales staff can gain a better understanding of how to increase the company's profit and income. It also gives the business a complete image of all of its revenue streams, which makes it easy to see where funding is coming from and where changes can be made to promote expansion. While a revenue plan is a set of rules that a business should follow to improve its financial standing, every business will

follow a distinct process. The financial resources of the government, which are connected to grants or monies raised, provide the lion's share of its revenue. Government revenue is the total amount of money the government receives from all sources, excluding loans and borrowing (Ihimodu, 1995). It is not the same as public receipt, which is related to government revenues and borrowings. This implies that public receipts comprise components that are not revenue-generating in addition to government income, hence increasing the government's debt. Therefore, public receipts include grants, gifts, taxes, borrowings by the public, and money received from the government as well as money received from other sources. The Nigerian government mostly receives revenue from taxes and non-tax income. The main purpose of taxes is to pay for public services. Because of the peculiarity of the economy, the sources of revenue are both non-oil and oil. Despite this distinction, tax revenue is comprised of both non-oil and oil revenue. The two primary sources of government revenue are taxes and non-tax revenue (Obiechina, 2010). Nigeria has two main sources of income. According to Ihendinihu, Ebieri, and Amaps (2014), these are oil and non-oil revenues. The total amount of money received from the sale of crude oil to both domestic and international customers is known as oil revenue. Therefore, oil revenue comprises the following: petroleum profit tax (PPT), joint venture cash (JVC) known as royalty, earnings from direct sales for Nigerian National Petroleum Corporation (NNPC), oil rent, gas sales, proceeds from the domestic market, pipeline licenses, sales of crude oil, gas flared penalty, value-added tax (VAT) on domestic crude oil, and excise duties. Among these are the Company Income Tax (CIT), sales tax, VAT, customs and excise taxes, levies, grants, public debt, education tax, and aids (CBN, 2020).

Taxes are nonreturnable gifts given to the government by individuals, groups, or institutions; they may be made in the form of cash or, on occasion, goods and services

(Anyanwu, 1993). It may also refer to non-voluntary or mandatory payments made to governments, organizations, companies, etc. in exchange for the costs incurred in meeting administrative requirements and the costs of providing goods and services. According to Mbanefor (1990), the fundamental tenet of taxation is that individuals who benefit from government products and services should be responsible for paying for them. One of the primary ways that the government raises revenue is through taxes, which are imposed automatically without consideration to the specific benefits that the taxpayer receives in return. Since paying taxes is required, those who are able to do so but choose not to do so run the danger of penalties. Taxpayers provide this payment to the government, which is used for the benefit of all citizens. The government finances public utilities, hospitals, schools, and other infrastructure projects via tax revenue. However, it is not levied in return for any specific government benefit that the taxpayer receives revenue (Obiechina, 2010).

3.2 Theories of Corruption

3.2.1 Public Choice Theory

The principal proponents of the public choice theory are Buchanan and Tullock (1962), and James Buchanan (1975). The core idea of public choice theory is that rational decisions are shaped by people's interests and preferences. For those that are like that, this usually results in predetermined objectives by maximizing the usefulness of each and every one of them. The hypothesis contributes to a better understanding of corruption. It makes it possible to anticipate the effects of corruption because most anti-corruption laws have penalties for non-compliance. This study is based on the principle that every individual is responsible for both their own actions and the outcomes of those actions. The thesis is on dishonest government workers who want to maximize their

value in the sector by using unethical techniques. Graaf (2007) argues that public servants are clever, logical individuals who choose to become corrupt when the advantages exceed the disadvantages. This is the outcome of accounting for both the potential for prosecution for acts of corruption and the anticipated fines.

3.2.2 Elite Theory

An increasing corpus of research has shown that elite groups, particularly at the governing level, have been an actual instrument in the spread of corruption. In keeping with the aforementioned, the framework for analysis used in this research is Elite theory. Among the proponents of the elite theory are Jose Ortega (1855–1983), Gaetano Mosca (1858–1941), Robert Michels (1876–1936), and Alfredo Pareto (1923–1948). They argue that the values and preferences of the ruling class determine public policy. According to the thesis, a minority that meets the requirements to gain full social and political power rules every society. Long-term sustainable growth is contingent upon the delivery of public services in an effective manner. The primary source of Nigeria's public service performance problem is the corrupt practices that have crept into the system. The elite theory is found to be a suitable framework for investigation in order to explain why corruption is so prevalent in the public service system. Stated differently, any given civilization is composed of two social classes: the dominant class and the oppressed class. The first class consists of a very small number of people who perform all political functions, including creating and enforcing rules, controlling power, and enjoying the perks that accompany it. The first class, on the other hand, rules and directs the masses in the second class. The elite not only rule and control the commanding heights of the economy, but they also exercise a legal monopoly on means of coercion, control political

structures and institutions, and influence society's ideological and philosophical orientation.

3.2.3 Social Exchange Theory

The social exchange theory was developed by George Homans (1958). Social interactions are based on trust, and corruption arises when that trust is violated. The fundamental idea of social exchange theory is that resource exchanges are the foundation of all social interactions (Cortez & Johnston, 2020). When one party provides a resource to another in exchange for a favour, this is known as a quid pro quo exchange. Corruption begins with quid pro quo exchanges. The social exchange theory is related to the principle-agent paradigm. The principal-agent paradigm is based on the idea that because agents are motivated by self-interest, they will act against the interests of the principals they are supposed to be representing (Chrisman, 2019). The people are the principals and public officials are the agents of corruption. This paradigm states that public employees will act contrary to the interests of the people they are supposed to be representing. As a result, matching the agent's interests with the principal's is sometimes difficult, which presents a challenge for agencies. This suggests that it is often difficult to align the interests of public officials with those of the people they are meant to represent when corruption is present.

3.2.4 Theory of Extractive Corruption

The theory of extractive corruption was advanced by Amundsen (1997). Unlike the previous case, this theory postulates that the state is the strongest in its relationship with society. It is even considered too strong. This theory is based on the authoritarianism of the ruling class in some countries. At this level, the ruling elite use the state apparatus as

a tool for extracting the wealth from society. This analysis refers to the famous quote that support that all power tends to corrupt but absolute power corrupts absolutely. This is particularly the case in many African countries. Indeed, the powers that are trying to develop arrangement and sophisticated modifications to the image of the party system, the appointment of rivals to reduce the power- sharing, the lawlessness, violation of human right and electoral fraud also become of instrument on which dictatorship. Thus violence is taking over the charisma and persuasion.

Political corruption is also becoming the preferred instrument of private appropriation of collective resources. Investments are not made in productive areas. Appointment and promotions in public sector are not based on merit, but they depend on political and economic interest. Corruption stems from the neo-patrimonial system present in the African countries, Latin America and Asia. This concept is widely used in political science to describe undemocratic regimes characterized by assimilation of public ownership to private ownership, as well as a strong presence of the patron-client relation. In neo-patrimonial system, public resources are distributed in form of employment, contracts, grants and other public resources to allies and friends. In some countries in sub-Sahara Africa, the neo-patrimonial and clienteles' practices are the foundation of the hegemony of the ruling class. Amundsen's survey (1997) shows that countries like Cote d'Ivoire and Cameroon, are led by group of about 50 families who have control over public resources of the state. Many civil wars in Sierra Leone in particular, Liberia and Congo/Brazzaville originate from grip of the ruling class on the collective resources.

Banks which are not favoured by the state tend to make lower profit, so each bank executive and managers tries to engage in activities which will put them in the good books of the state ruling elite and stakeholders, thereby fuelling corrupt practice. Banks are made to give out loans to high shot politicians without the laid down rules and

regulations, leaving the bank at a more risky path; this could mean well or doom for the bank depending on the prevalence economic realities

3.2.5 Grease in the Wheels' Theory

This theory hypothesize that corruption is intertwined with poor quality governance. The poor functioning of the system of government is well thought-out to be the most outstanding incompetence that corruption could grease. Lui (1985) argue that corruption reduce unnecessary slowness in government departments by efficiently reducing time that people spend in queues. A bribe acts as an incentive to public officials to speed up the course of action, in an otherwise slow government department. Furthermore, Huntington (1968) contends that corruption has a positive relationship with economic growth because it overcomes tedious government regulations.

Another result of a poor functioning government administration has to do with the quality of life of the public sector workers. According to Leys (1964) and Bailey (1966), corruption amends the system of government by enhancing public sector workers' quality of life. With low public sector wages, incentives from corruption motivate civil servants to remain employed in the public sector suppressing any zeal to supply labour in the private sector. Lef (2018) assert that corruption has a positive relationship with investment because it hedges against risk that originates from political systems. These risks include expropriation and aggression, as a result, corruption alleviates risks there by making investment less uncertain.

Corruption drives economic growth and development by compensating a malfunctioning government establishment and awful policies. A growth in GDP reveals an improvement in liquidity of the entire economy, other things being equal, and more revenue will be

collected. In this honour, corruption is viewed as a catalyst which enhances revenue collection within an economy.

3.2.6 Sand the Wheels Hypothesis

The theory postulates that corrupt public sector workers create an opportunity to get a bribe by causing unnecessary delays when conducting official duties (Myrdal, 1968). With successive decision centres in government, civil servants have the leverage and opportunity to slowdown work processes. This implies that, government officials have the power and capacity to slow down a project. Government workers are motivated to preserve their illegal source of income through the creation of unnecessary distortions (Kurer, 2014).

Corruption leads to poor allocation of resources in an economy by diverting resources for public investments into less efficient allocations (Mauro, 1998). This means that public investments will occur in unproductive sectors resulting in inefficiency and subdued economic growth. When an economy allocates resources in unproductive sectors, it means the profitability in those sectors will be reduced thereby reducing the overall liquidity in the economy. Once this happens, it means that tax revenue that will be collected will be greatly reduced, *ceteris paribus*.

In the context of revenue collection, sand the wheels' hypothesis is quite evident. In an effort to evade tax and or to pay less duty, economic agents offer bribes to revenue collecting officers. Dong and Torgler (2010) asserts that economic agents perceive taxes to be too high, hence they find alternative ways to evade tax. The evident result is that revenue will be lost and in most cases, it will never be recovered.

3.3 Empirical Review

3.3.1 African Studies

Numerous empirical studies have documented the detrimental effects of corruption among civil and public servants on revenue generation. Corruption within the public sector can take various forms, including bribery, embezzlement, fraud, and favoritism, all of which can significantly impede the efficiency of revenue collection. Studies generally conclude that the presence of corruption among public officials undermines tax administration, reduces government revenue, and creates substantial inefficiencies in the allocation of resources. For instance, Tanzi and Davoodi (1997) explored the impact of corruption on fiscal policies and found that corruption among public officials in revenue-generating agencies leads to substantial tax evasion, decreased tax revenue, and increased public expenditure on unproductive projects. Their cross-country analysis showed that corruption significantly reduces tax revenue by weakening the enforcement of tax regulations and fostering inefficiencies in tax administration.

Similarly, Fisman and Svensson (2007) investigated the relationship between bribery and taxation in Uganda and found that firms that paid bribes to tax officials reported lower levels of taxation. The study highlighted how corruption in tax administration results in reduced government revenue, as corrupt officials may allow firms to underreport their income or avoid taxes entirely in exchange for bribes.

Empirical evidence suggests that corruption among civil and public servants negatively affects tax compliance, further undermining revenue generation. Alm, McClelland, and Schulze (1992) examined the role of public sector corruption in influencing individual tax compliance behavior. Their study revealed that when taxpayers perceive corruption among tax officials, they are less likely to comply with tax regulations. This finding is supported by the concept of tax morale, which posits that citizens' willingness to pay

taxes diminishes when they perceive that their tax contributions are being misused by corrupt officials.

In a related study, Torgler (2003) investigated the impact of corruption on tax compliance in Latin America. The findings indicated that the level of corruption within tax administration significantly reduces tax compliance rates, as citizens lose trust in public institutions and feel justified in evading taxes. Torgler's research emphasized the importance of strengthening transparency and accountability in tax administration to improve compliance and enhance revenue generation.

Corruption among civil and public servants also contributes to significant revenue leakages, further reducing the amount of government revenue available for development purposes. Omar, Olumide, and Samson (2017) conducted an empirical study in Nigeria examining the relationship between corruption in the civil service and revenue leakages. Their research found that corruption within revenue-collecting agencies, particularly in customs and tax departments, resulted in substantial revenue losses due to bribery, underreporting of taxable income, and fraudulent claims of exemptions.

The study concluded that the inefficiencies created by corruption among public officials not only reduce tax revenue but also distort the allocation of resources. Revenue leakages due to corruption were found to disproportionately affect public sector funding, leading to a decrease in public services and infrastructure investment.

Some empirical studies have also examined the effectiveness of anti-corruption measures in improving revenue generation among civil and public servants. Keen (2012) studied the impact of various anti-corruption reforms in African countries and found that measures such as improving the accountability of tax officials, increasing transparency in tax administration, and enhancing enforcement mechanisms led to significant improvements in revenue collection. The study showed that reducing corruption within

revenue-generating institutions increased tax compliance, reduced tax evasion, and enhanced overall government revenue.

Additionally, Fjeldstad, Kolstad, and Nygaard (2014) analyzed the role of anti-corruption initiatives in enhancing revenue generation in developing countries. Their research focused on public financial management reforms, including the introduction of automated tax systems, strengthening of oversight institutions, and fostering public participation in budget processes. The findings indicated that these reforms were effective in reducing corruption among public officials and improving the efficiency of revenue collection.

In resource-rich economies, where revenue is often generated from natural resource extraction, corruption among civil and public servants can have particularly pronounced effects on revenue generation. Leite and Weidmann (1999) examined the impact of corruption on resource revenue management in oil-exporting countries and found that corruption leads to the misallocation of resource revenues, resulting in lower tax collection and significant revenue leakages. The study highlighted that in resource-rich countries, corruption among public officials exacerbates the "resource curse," where resource wealth fails to translate into sustainable economic development due to poor governance and mismanagement of revenues.

Similarly, Sala-i-Martin and Subramanian (2003) conducted an empirical analysis of Nigeria's oil revenue management and found that corruption within government agencies responsible for resource revenue collection led to substantial revenue losses. The study concluded that reducing corruption and improving transparency in resource revenue management are critical to enhancing revenue generation in resource-rich economies.

Corruption has a significant impact on the overall efficiency of the public sector, including revenue generation agencies. The presence of corrupt practices in these

institutions reduces the efficiency of tax administration and leads to leakages in the revenue collection system. Slemrod and Yitzhaki (2002) argued that corruption acts as an informal tax on economic activities, diverting resources away from productive uses and reducing the effectiveness of formal taxation systems. Their study found that corruption erodes public trust in government institutions and results in lower tax compliance rates, which in turn reduces government revenue.

Similarly, Galtung (1995) identified corruption as a key factor in reducing the efficiency of public institutions. His study on corruption in developing countries showed that corruption among civil servants creates inefficiencies in the tax system by fostering a culture of bribery, misreporting, and underperformance. Public servants who engage in corrupt activities often prioritize personal gain over the effective collection of revenue, leading to significant revenue shortfalls.

Tax administration is particularly vulnerable to corruption due to the discretionary power held by tax officials. In many developing countries, tax officials have the authority to assess tax liabilities, grant exemptions, and negotiate settlements, which creates opportunities for corrupt practices. Bird and Casanegra de Jantscher (1992) highlighted the susceptibility of tax administration to corruption, noting that corrupt officials can distort tax policies, manipulate tax assessments, and allow taxpayers to evade their obligations in exchange for bribes.

Ajaz and Ahmad (2010) conducted a study on corruption in tax administration in Pakistan and found that corruption had a significant negative impact on tax collection. Their study revealed that tax officials frequently accepted bribes in exchange for reducing tax liabilities, resulting in widespread tax evasion and a substantial loss of government revenue. The study suggested that reducing corruption in tax administration could lead to a significant increase in revenue collection.

Uslaner (2008) explored the impact of corruption on tax compliance and tax morale in European countries and found that countries with higher levels of corruption tend to have lower levels of tax compliance. The study suggested that public trust in the tax system and the perception of fairness play crucial roles in determining compliance rates. When taxpayers perceive that tax officials are corrupt, they are more likely to evade taxes, further exacerbating the revenue losses caused by corruption.

Several studies have examined the effectiveness of anti-corruption strategies in enhancing revenue generation. Tanzi and Prakash (2000) explored the role of anti-corruption reforms in improving tax administration in developing countries. Their study found that measures such as the automation of tax collection processes, the establishment of independent oversight bodies, and the enforcement of anti-corruption laws led to significant improvements in tax compliance and revenue collection. The study concluded that reducing opportunities for corrupt practices in tax administration is essential for increasing government revenue.

Fjeldstad and Moore (2009) also studied the impact of anti-corruption strategies on revenue generation in sub-Saharan African countries. They found that public sector reforms aimed at increasing transparency and accountability in tax administration resulted in improved tax compliance and reduced revenue leakages. Their research highlighted the importance of institutional reforms in addressing corruption and enhancing revenue mobilization efforts.

In addition to tax administration, corruption in customs administration is another major area that affects revenue generation. Customs officials are responsible for collecting tariffs and duties on imported goods, and their discretionary power makes this sector particularly vulnerable to corrupt practices. Morrissey (1995) examined the impact of corruption in customs administration on revenue collection in developing countries and

found that corruption led to significant revenue losses due to underreporting of imports, misclassification of goods, and fraudulent declarations.

A study by Jean-François Arvis (2005) on corruption in customs administration in developing countries showed that customs officers often collude with importers to reduce duties in exchange for bribes, leading to lower tariff revenue. The study also highlighted that corruption in customs administration distorts trade flows and undermines the effectiveness of trade policies. Arvis concluded that reducing corruption in customs administration through the implementation of automated systems and stricter oversight could lead to increased revenue collection.

Corruption among civil servants is not limited to tax and customs administration but can also affect revenue generation in other sectors, such as health. Vian (2008) investigated the impact of corruption on health sector financing and found that corrupt practices in the allocation of health budgets and the procurement of medical supplies significantly reduced the efficiency of health financing and led to revenue losses. The study revealed that corruption in the health sector not only reduces the quality of healthcare services but also undermines the government's ability to generate revenue from public health programs.

Lewis (2006) also examined the relationship between corruption and revenue generation in the health sector in low-income countries. His study found that corruption in the form of kickbacks, embezzlement, and fraudulent billing practices reduced the funds available for health services and contributed to revenue leakages. The study suggested that addressing corruption in the health sector is essential for improving the efficiency of health financing and increasing government revenue from health programs.

Public procurement is another area where corruption among civil servants can have a significant impact on revenue generation. Corruption in public procurement occurs when

officials accept bribes or kickbacks in exchange for awarding contracts to specific companies, often at inflated prices. Rose-Ackerman (1999) conducted a study on corruption in public procurement and found that corrupt practices lead to higher public spending, reduced competition, and lower quality of goods and services, all of which contribute to revenue losses.

Ware et al. (2007) examined corruption in public procurement in developing countries and found that corrupt officials often manipulate the bidding process to favor certain contractors, resulting in overpricing and the misallocation of public funds. The study concluded that corruption in public procurement reduces the efficiency of public spending and decreases the government's ability to generate revenue from public contracts.

Potanlar (2010) et al did a research on corruption and tax revenues for 27 developing countries. In the study, panel data for the respective 27 countries which ranged from 2002 up to 2006 was used. The empirical results from panel data regression models indicated that a positive and significant relationship between corruption and tax revenues exists. In other words, the higher the level of corruption, the lower the tax revenue collected. The research concluded by recommending developing nations to reduce corruption by implementing tax reforms so as to enhance their tax systems.

The International Monetary Fund (2007) carried out another research on the effects of corruption on tax revenues in the Middle East. Using panel regression analysis, the study estimated the effects of corruption on different tax heads. Empirically, the results revealed that corruption negatively affects revenue collection in some middle income regions and other tax heads were greatly affected than others. Tax heads with everyday interaction between tax payers and tax authorities succumbed to corruption. To combat corruption, the study encouraged governments to implement tax reforms that reduce

corruption. The study also encouraged nations to maximise revenue collection from tax heads that are less vulnerable to corruption.

Apart from the above, Ajaz and Ahmad (2010) studied the effects of corruption and governance on tax revenues in developing countries. Using a sample of 25 developing nations and a data set ranging from 1990 to 2005, the General Method of Moment (GMM) estimation technique was used. Countries included in the study are Columbia, Cote-Devoire, Ecuador, Egypt, Hungry, Mexico, Nigeria, Pakistan, Peru, Philippines, Thailand, Turkey, and Ukraine among others. The GMM regression results revealed that corruption and governance affect tax revenues. Corruption negatively impact tax collection and good governance reduces leakages in tax collection. Conclusively, the overall results revealed that corruption has an inverse and significant effect on tax revenue.

Epaphra and Massawe (2017) analyzed the effects of institutional variables (corruption and governance), structural variables (per capita income, trade openness, inflation and share of agriculture in GDP), and policy variables (tax rate and tariff rate) on total tax revenues, direct taxes, indirect taxes and trade taxes using panel data set for 30 African countries over the 1996-2016 period. All estimates are based on fixed effects (FE) and random effects (RE) models. Using Hausman test, RE is earmarked to be the more preferred model in this paper. The RE regression results show that corruption and governance are two main determinants of tax revenues in Africa. While corruption has a significant negative effect on tax revenues, good governance measured in terms of government effectiveness, regulatory quality, rule of law and voice and accountability tends to raise tax revenue generation and in particular, indirect taxes. In the same vein, governance in form of political stability tends to have a very significant effect on direct taxes and international trade taxes. The basic intuition behind these results is that higher

institutional capacity and lower corruption enhance tax revenue generation in the economy. Intriguingly, empirical results show that tariff rates tend to have a strong negative effect on total tax revenue but at the same time they have a strong positive effect on trade tax revenue. Moreover, trade openness tends to have a strong positive relationship with tax revenue. Overall, results suggest that to raise more tax revenue, governments should reduce corruption, improve tax and customs administration and raise revenues from tax categories that are less susceptible to corruption. They should as well enhance trade openness.

3.3.2 Nigerian Studies

Onogwu (2018) examined the effects of corruption on public investment and revenue in Nigeria. The study found that corruption distorted the entire decision process associated with public investment. The evidence presented showed that higher corruption increase higher public investment. The study could not conclude on the effect corruption has on public revenue in Nigeria due to the insignificant of the coefficient of corruption in our model. The study emphasized the need for more collaborative efforts by all stakeholders to effectively tackle corruption in Nigeria

Hwang (2002) empirically traced out the impacts of corruption on government revenue. The total amount of government revenue decreases as corruption reduces tax revenues if it contributes to tax evasion, improper tax exemptions or weak tax administration. In addition, corruption may distort the composition of government revenue: that is, a country with a higher level of corruption increases the proportion of international tax revenue rather than domestic tax one as the source of government revenue. Using cross-national evidence, it was identified that several corruption indices are positively and significantly associated with the taxes on international trade over current government

revenue. Moreover, corruption is negatively and significantly related to the domestic tax revenue as well as total amount of government revenue over GDP.

Zalle (2022) explored the dynamic interactions between natural resource dependence, corruption, and tax revenue mobilization worldwide. The empirical analysis used a cross-section augmented autoregressive distributed lag (CS-ARDL) approach that accounts for time dynamics, cross-sectional heterogeneity, and cross-sectional dependence. The results show that the interaction between natural resource dependence, corruption, and tax revenue mobilization is complex and depends on the type of tax revenue. For example, reducing corruption stimulates non-resource tax revenue mobilization compared to total tax revenue; however, tax revenue mobilization is sometimes a source of corruption and evasion of natural resource rents. The results suggest that tax administration institutions need to be strengthened to limit predatory and rent-seeking behavior.

Abu, Abd Karim, David, Sakanko, Ben-Obi, and Mohammed-Gamal (2022) used the non-linear autoregressive distributed lag (NARDL) technique to examine tax revenue behaviour amid corruption using Nigeria's quarterly data over the 1999-2019 period. The result of the NARDL bounds test to cointegration demonstrates the presence of a long-run relationship between tax revenue and corruption along with income level, agriculture, inflation rate, foreign aid and female labour force participation. The results of estimation indicate the existence of asymmetry in tax revenue behaviour. We find evidence of a significant positive impact of negative changes in the control of corruption and a significant negative effect of positive changes in the control of corruption on tax revenue in the long run. Other long-run significant determinants of tax revenue in Nigeria include income level, foreign aid and female labour force participation. Based on these empirical outcomes, this study offers some recommendations.

“Arif and Rawat (2018) examined the influence of corruption and governance on the tax revenue collection in emerging and growth-leading economies (EAGLE). To serve the purpose, the study employed a panel dataset of 10 EAGLE nations from 2001 to 2015. After checking the data for unit root and cointegration, the study employs pooled mean group estimations to formulate empirical findings. The results suggested that corruption and governance has a positive and significant impact on the tax revenue collection of the emerging economies. The study emphasizes on enhancing the governance quality and reducing rate of corruption. To do so, the countries need to implement certain policy reforms such as an efficient and strict judicial system, introducing monetary benefits for the tax officers to reduce the opportunity of corruption, and more importantly to broaden the tax base instead of increasing the tax rates. By doing so, the tax administration will become better and hence the overall tax revenue collection of the economy will improve”

3.3.3 Other Studies

Imam, and Jacobs (2014) estimated the impact of corruption on the revenue-generating capacity of different tax categories in the Middle East. This is done over a period preceding the Global Crisis and the Arab Spring, to avoid any biases brought about by these two far reaching events. They found that the low revenue collection as a share of GDP in the Middle East, compared to other middle-income regions is due in part to corruption, with certain taxes more affected than others. Taxes that require frequent interaction between the tax authority and individuals, such as taxes on international trade, seem to be more affected by corruption than most other types of taxation. This suggests that once political stability returns to the region, if governments need to raise more tax revenues in a way that minimizes distortions and maximizes social welfare, they should implement reforms that either reduce corruption or raise revenues from tax categories

that are less susceptible to corruption. Possible reforms of the revenue system and administration are examined.

Neog and Gaur (2021) analysed the effects of economic and political variables on tax revenue performance of BRICS for the period 1996–2017. After checking unit root and cointegration of the variables, the study employed fully modified ordinary least square (FMOLS) to investigate long-run impacts of the explanatory variables. The empirical results suggest that, economic development, trade openness and control of corruption are revenue-enhancing factors for BRICS, whereas the agriculture sector discourages the tax revenue performance. However, the size of the shadow economy in BRICS undermines the productive implication of corruption control and economic development in revenue generation.

Using a sample of East African countries, Nnyanzi, Bbale, and Sendi (2018) investigated the impact of financial development from a multi-dimensional perspective on tax revenues for the period 1990 to 2014, and how political development and the control of corruption would enhance the observed nexus. The dynamic panel results from the system GMM estimation approach indicate a significant role of financial development overall and the financial institutions and financial markets in particular. A disaggregation of the duo suggests that it is the depth of financial institutions that greatly matters for tax revenue, with a one per cent change expected to yield about 0.26 per cent change in tax collections. It is then followed by their level of accessibility, financial market depth and efficiency. They fail to find significant evidence in support of financial market access and financial institutions efficiency although the possibility for the latter seems indismissible. Further evidence points to the catalytic nature of a good institutional and political environment in pursuit of higher tax-GDP ratio via financial development. Policies to promote the depth and accessibility of financial institutions as well the depth

and efficiency of financial markets in East Africa alongside well-focused anti-corruption programs and democratic governance are likely to yield better fiscal outcomes in terms of domestic tax revenues critically needed to achieve the United Nations Sustainable Development Goals. They also confirm the positive role played by the lagged tax revenue, per capita GDP, trade openness, debt-to-GDP ratio and population density in the tax effort.

Yaru and Raji (2022) examined the impact of corruption and five other indicators of governance on tax revenue performance in Sub-Saharan African countries. A dynamic panel data modelling approach was used as against the static approach used by most of the earlier studies. The findings show that out of the governance indicators considered, only corruption has a significant impact on tax revenue performance, while the effects of the other indicators (political stability and absence of violence, rule of law, government effectiveness, regulatory quality and voice accountability) are not statistically significant. Ajaz, and Ahmad (2010) analysed the effect of institutional and structural variables (corruption and governance) on tax revenues using a panel data set for 25 developing countries over the period 1990-2005. The GMM regression results show that corruption has an adverse effect on tax collection, while good governance contributes to better performance in tax collection. It is further observed that institutional variables have a significant effect on tax revenues.

Igbinovia, and Ekwueme (2020) examined corruption and governance quality variables with emphases on their effects among other variables which are economic and demographic in nature on tax revenue generation efforts among Sub-Saharan African countries. Using a panel regression approach, data from thirty one sub- Sahara Africa countries for 2010 to 2016 were collected from the World Bank and Amnesty international websites. The study found among other things, that the level of corruption

in a country has a significant negative impact on tax revenue generation in sub-Saharan Africa, and governance quality has an insignificant positive impact on tax revenue generation in sub-Saharan Africa. By this, improving the productivity of tax systems in sub-Saharan Africa necessitate concerted efforts in the fight against corruption and injustice.

Lupu (2019) analyzed the influence of corruption and good governance on tax revenue collection in three East European countries: Bulgaria, Romania and Hungary. The methodology used was the time series analysis, ARDL method, for the period 1995-2018. The results show that good governance has a positive impact and corruption a negative one for collecting tax revenues from these economies. Reducing the rate of corruption and improving the quality of government are the necessary steps to increase revenue collected in the budget.

Nyabunze, and Siavhundu (2020) sought to establish the effects of corruption on tax revenue in Zimbabwe. Using the robust Ordinary Least Squares (OLS) regression methodology, annual time series data ranging from 1998 up to 2018 was used. During the period under review, the Zimbabwe Revenue Authority (ZIMRA) missed revenue collection targets on numerous occasions especially due to inefficiencies in revenue collection. Corruption has been identified to be one of main causes leading to inefficient collection of revenue in Zimbabwe. As a result, the variable tax revenue was used as the depended variable whilst the variable corruption was included amongst explanatory variables together with other control variable which are fiscal deficit, inflation and Gross Domestic Product. The results from the empirical findings revealed that an inverse relationship exists between tax revenue and corruption. Stated differently, a rise in the level of corruption in Zimbabwe negatively affects tax revenues. The study concluded by recommending the government of Zimbabwe to reduce corruption through modernisation

and simplification of the entire tax system. The study also encouraged the government to impose stiffer penalties to the perpetrators of corruption and to arrest every public official engaging in corrupt activities despite one's political muscle.

Mohamed, Ebar, and Ramli (2022) investigated the effects of corruption and governance on tax revenue in Mogadishu. The study used primary data through a questionnaire as the main data collection instrument. Three hundred and ninety-nine (399) questionnaires were distributed to business owners, managers, finance managers/chief accountants, and tax advisors/consultants. The data were analyzed using SPSS software version 20 for descriptive statistics correlation and multiple regression to establish the relationship between independent and dependent variables. The study found that factors like a regulatory burden and lack of political stability play a significant role in the tax revenue of the public sector entities. Moreover, the study revealed that government effectiveness was negatively correlated with tax revenue. The study recommends upgrading tax officers' knowledge of various accounting software programs utilized by taxpayers as this chasm aids illegal traffickers in evading taxes. Finally, the tax office should provide speedy service to consumers regarding tax declaration and payment.

Khan, Khan, and Mirwani (2022) examined how tax income influences the relationship between corruption and the economy in OECD countries. OECD countries 35 panel data from the years 1996 to 2021 have been used for this purpose. Economic growth is used as the dependent variable, corruption and tax revenue as the independent variables, and education, foreign direct investment (FDI), inflation, and governance as the control factors. First, they used the cross-sectional dependence CD test to check whether the cross-correlations of the errors are zero. Next, panel unit-root test was used to check whether the data are stationary. Hausman test is used test to check whether endogenous regressors (predictor variables) are present in the regression model. Finally, panel ARDL

(PMG) techniques used for short-run and long-run analysis of variables. Similarly, the Baron and Kenny estimating process has been used to assess the direct and indirect link between these variables to discover the mediating influence between corruption, tax revenue, and economic growth. According to the panel ARDL (PMG) analysis's findings, economic growth is long-term positively impact by corruption, tax revenue, education, FDI, and governance. While inflation and political unrest have a negative and considerable impact on economic growth. The study's main finding is that tax revenue and corruption have a positive and substantial relationship with economic growth. The principal-Agent theory aids in understanding both governmental structure and the effects of corruption. The mediation analysis's conclusion is that corruption not only directly affects economic growth, but also indirectly. The study provides policymakers with comprehensive knowledge that decreasing corruption results in higher tax receipts and economic growth.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Theoretical Framework

The theoretical framework of this study is based on the sand the wheels theory of corruption. The theory postulates that corrupt public sector workers create an opportunity to get a bribe by causing unnecessary delays when conducting official duties (Myrdal, 1968). With successive decision centres in government, civil servants have the leverage and opportunity to slowdown work processes. This implies that, government officials have the power and capacity to slow down a project. Government workers are motivated to preserve their illegal source of income through the creation of unnecessary distortions (Kurer, 2014).

Corruption leads to poor allocation of resources in an economy by diverting resources for public investments into less efficient allocations (Mauro, 1998). This means that public investments will occur in unproductive sectors resulting in inefficiency and subdued economic growth. When an economy allocates resources in unproductive sectors, it means the profitability in those sectors will be reduced thereby reducing the overall liquidity in the economy. Once this happens, it means that tax revenue that will be collected will be greatly reduced, *ceteris paribus*.

In the context of revenue collection, sand the wheels' hypothesis is quite evident. Economic agents offer bribes to revenue collecting officers in an effort to invade tax and/or to pay less duty. Dong and Torgler (2010) asserts that economic agents perceive taxes to be too high, hence they find alternative ways to evade tax. The evident result is that revenue will be lost and in most cases, it will never be recovered.

4.2 Research Design

The research survey design was employed in obtaining the data for analysis of the subject matter. The survey design enables the researcher to gather the relevant data needed for analysis across various respondents in the study area. It offers other several advantages, including access to a broad population, resulting in increased statistical power. It enables the collection of substantial amounts of data and provides the option to utilize validated models. (Jones et al, 2013).

4.3 Population of the Study

The population of this study consists of all government revenue generating ministries, departments and agencies (MDAs) located in Benin City, Edo State of Nigeria. These include: Edo State Civil Service Commission (CSC), Directorate of Human Resources Management, Office of the Head of Service, Edo State Independence Electoral Commission (EDSIEC), Edo Geographic Information Service (EdoGIS), Information Communication Technology Agency (ICTA), Edo City Transport Service, Edo State Transport Authority, Ministry of Education, Edo State Fire Service, Edo Broadcasting Service, Bendel Newspaper Corporation, State Universal Basic Education Board, State Secondary Education Board, Board For Technical and Vocational Education, Edo State Pensions Bureau, Edo State Internal Revenue Service (EdoIRS), and Edo State Public Procurement Agency (EDPPA).

4.4 Sampling Technique

The sampling method used in this study is the purposive sampling technique. This type of sampling, also known as judgmental sampling, is a technique in which the researcher, based on his knowledge and understanding of the population, handpicks certain groups

or individuals for their relevance to the subject of investigation. The sample units are selected with definite purpose in view. An effective purposive sample usually has clear criteria and rationale for inclusion and exclusion. The inclusion and exclusion criteria used are clearly described in selecting the respondents.

4.5 Sample Size

The sample frame of this study consists of all the civil servants working in revenue generating agencies in Benin City. Thus, the simple random, convenience and snowball sampling technique was used to determine the sample size of respondents across the Benin City.

4.6 Methods of Data Collection

The researcher utilized the questionnaire (face-to-face) as well as the e-survey using social media platforms (Facebook, WhatsApp, and Telegram) to recruit respondents and gather the survey data. The social media has been acknowledged for its wide reach and large number of subscribers (Obiechina, 2023), making it an increasingly primary source of data collection for social research (Huang, 2020; Ahmed, 2018). A questionnaire response link was generated by the researchers and the link shared online. Preliminary questions were included to ensure that only eligible respondents completed the questionnaire. The preliminary questions were being a civil servant in government revenue generating agencies, and working in Benin City. Respondents who were civil servants but not in revenue generating agencies with Benin City were prompted to discontinue the interview.

4.7 Model Specification

The functional models for this study are specified as follows:

$$RGC = f(MAP, BRY, KKB, CPT) \quad (3.1)$$

Where:

RGC = Revenue generation capacity

MAP = Fund misappropriation

BRY = Level of bribery among civil servant

KKB = Rate of kickbacks received for rendering public services

CPT = Corruption perception

The functional model is expressed in its econometric form as follows:

$$RGC_i = \alpha_0 + \alpha_1 MAP_i + \alpha_2 BRY_i + \alpha_3 KKB_i + \alpha_4 CPT_i + \mu_i \quad (3.2)$$

Where: α_i 's are the parameter estimates, i is the i th respondent and μ is the stochastic error term.

4.8 Methods of Data Analysis

The study used descriptive analysis to provide an overview of the demographic characteristics of the respondents. The data are analyzed using descriptive statistics such as: simple percentage, mean, and frequency distribution. To assess the impact of corruption on revenue generation among civil servants, econometric analysis was adopted. The cross sectional Ordinary Least Square (OLS) technique was used to determine the impacts of the independent variables on revenue generation in Benin City. The OLS method is often used for estimation since it provides the best linear unbiased parameter estimates of the explanatory. The OLS estimator possesses desirable properties of unbiasedness, efficiency and consistency. Hence, the parameter estimates of the OLS technique are valid and reliable for inferential analysis.

CHAPTER FIVE

EMPIRICAL ANALYSIS

5.1 Socio-demographic Characteristics

The socio-demographic characteristics of the respondents are reported in Table 5.1.

Table 5.1: Socio-demographic Characteristics of Respondents

Variables	Category	Frequency (N = 157)	Percentage (%)
Gender	Male	73	46.5
	Female	84	53.5
Mean age: 39.9 years			
Marital Status	Single (Never Married)	62	39.5
	Married	73	46.5
	Divorced/Separated (Previously married)	22	14.0
Highest Level of Formal Education Attained	Primary	5	3.2
	Secondary	10	6.4
	National Diploma	33	21.0
	Higher National Diploma	3	1.9
	First Degree	67	42.7
	Master Degree	24	15.3
	Doctor of Philosophy (PhD)	15	9.6
		Median Education: First Degree	
Religion	Christianity	145	92.4
	Islam	12	7.6
Ethnic Group	Edo	73	46.5
	Esan	30	19.1
	Igbo	12	7.6
	Yoruba	27	17.2
	Urhobo	15	9.6
Ministry, Department and Agency (MDA)	Edo State Civil Service Commission	40	25.5
	Edo Geographic Information Service	10	6.4
	Edo City Transport Service	11	7.0
	Edo State Transport Authority	4	2.5
	Ministry of Education	31	19.7
	Edo State Fire Service	1	6
	State Universal Basic Education Board	5	3.2
		7	4.5
	State Secondary Education Board	34	21.7
	Edo State Internal Revenue Service	14	8.9
	Others		

Variables	Category	Frequency (N = 157)	Percentage (%)
Experience in civil service (Work Years)			
Mean Work Years: 5.3			

Source: Field data survey 2024

A total of 157 respondents participated in this study across the various ministries, departments and agencies of government in Benin City, Edo State, Nigeria. There are more females (53.5%) than males among the survey respondents. The mean age of the participants is 39.9 years. The majority of the respondents are Christian accounting for 92.4% of the total respondents, while the Muslims represent 7.6%. Majority of the respondents are Christians because most of the indigenes of Bini practice Christianity. Furthermore, the ethnic background of the respondents with the highest percentage is Edo (46.5%) followed by the Esan people with a percentage of 19.1%. The Igbo ethnic group accounted for 7.6% of the total respondents. The Yorubas accounted for 17.2%, the Urhobo 9.6%. Hence, majority of the respondents are Bini. This is because the study area is Benin City, Edo State. The distribution of the respondents across the various ministries, departments and agencies of government in Edo State, shows that 25.5% of the participants work in Edo State Civil Service Commission. 6.4% of them are from the Edo Geographic Information Service (GIS). 7.0% of the participants work with the Edo City Transport Service while 2.5% are from the Edo Transport Authority. From the Ministry of Edo, there are 19.7% of the respondents. 6% of the respondents are from the Edo Fire Service. 3.2% of the participants work in the State Universal Basic Education Board while 4.5% are from the State Secondary Education Board. 21.7% of the participants are from the Edo State Internal Revenue Service while others account for 8.9%. The average work experience of the participants in the civil service commission is 5.3years.

5.2 Perception of Corruption among Civil Servants

Respondents' perception and awareness of the effects of corruption was evaluated. Table 5.2 shows the frequency distributions of the various variables used in explaining the perception of the effects of corruption among the participants.

Table 2.2: Civil Service Reforms: 1960s to 1980s

Variable	Percentage (%)
Would you report any act of corruption if you witnessed it?	
Yes	58.0
No	42.0
Do you think corruption is a significant problem in your department?	
Yes	65.6
No	34.4
Do you think the anti-corruption measures in your department are effective?	
Yes	30.6
No	69.4
Do you think whistleblowers are confidentially protected in your department?	
Yes	23.6
No	76.4
Has there been any form of misappropriation of funds in your department?	
Yes	66.9
No	33.1
If yes, do you think this has a significant effect on revenue generation in your department?	
Yes	64.3
No	35.7

Source: Field data survey 2024

As shown in Table 5.2, the findings revealed that majority of the respondents agree that they would report any act of corruption if they witnessed it. A great number of the respondents believe that corruption is a significant problem in their departments. This

reveals that corrupt practices are quite eminent among civil servants in the state. However, in response to measures put in place to reduce corrupt practices in the civil service, many of them affirm that the anti-corruption measures are not effective in curtailing corruption in their departments. A possible reason for the ineffectiveness of anti-corruption measures could be that most of the top civil servants cover their corrupt practices by collaborating with the junior workers to perpetuate the acts. As regards, exposing civil servants who engage in corrupt practices, majority of the participants were of the opinion that the whistleblowers are not protected. As a result, owing to the fact that whistleblowers are seldom protected, many are discouraged to expose acts of corruption in their departments. Hence, they are unduly enticed to participate in the acts of corruption instead of revealing such acts. Furthermore, most of the respondents affirm that there have been forms of misappropriation of funds in their departments. They added that the fund misappropriations have had significant effect on the revenue generation capacity of the state.

5.3 Analysis of Regression Results

The cross section regression results for the revenue generation capacity model are presented in Table 5.3 as follows:

Table 5.3: Revenue Generation Capacity Model

Dependent Variable: Revenue Generation Capacity				
Variable	Coefficient	Std. Error	T-ratio	P-value
Intercept	6.167	.243	25.37	.000
Fund misappropriation	-.781	.073	-10.76	.000
Level of bribery	-.025	.002	-14.23	.000
Rate of kickbacks	-.025	.007	-3.56	.000
Corruption perception	-.529	.050	-10.54	.000
Summary Statistics				
$R^2 = 0.422$	$\bar{R}^2 = 0.418$	F-stat (3, 152) = 35.44, $p < 0.01$		

In Table 5.3, we analyzed the effect of corruption on the revenue generation capacity government in Benin City, Edo State. The adjusted coefficient of determination indicates that about 42% of the systematic variations in revenue generation capacity in the state are explained by the predictive variables in the model. From the results of the tests of between-subject effects, the corrected model F-statistic is significant at 1% level of significance. This, therefore, implies that revenue generation capacity model is significant as a whole.

The estimated coefficient of intercept term is 6.17. It is significant at the 1% level ($t = 25.37, p < 0.01$). It indicates that revenue generation capacity of the state is moderate without the explanatory variables. Concerning fund misappropriation, the estimated coefficient is negative and significant at the 1% level ($t = -10.76, p < 0.01$). The finding reveals that fund misappropriation has an adverse significant impact on revenue generation capacity of government in Edo State.

Additionally, the estimated coefficient of level of bribery among civil servants is significant at 1% ($t = -14.23, p < 0.01$). This reveals that the level of bribery among the civil servants in Benin City has a negative significant effect on the revenue generation capacity of the state. Moreover, the estimated coefficient of the rate of kickbacks is negative, -0.03 and significant at 1% ($t = -3.56, p < 0.01$). It shows that the rate of kickbacks received by civil servants undermine revenue generation capacity in the state.

Similarly, the estimated coefficient of corruption perception index is negative (-0.53) and significant at 1% ($t = -10.54, p < 0.01$). It depicts that corruption perception index has an adverse significant effect on revenue generation capacity of government in Edo State. It implies that the more corrupt civil servants are the less the amount of revenue that will accrue to government coffers in the state.

5.4 Test of Hypotheses

On the basis of the cross section regression results, we can test the validity of the hypotheses presented in chapter one of this research.

H0₁: Corruption perception does not influence revenue generating among civil servants in Benin City. The coefficient of corruption perception index is negative and significant at 5 percent level of significance ($t = -2.15, p = 0.03$). Hence, we fail to accept the null hypothesis that corruption perception does not influence revenue generating among civil servants in Benin City. It, therefore, corruption perception among civil servants has a significant impact on the revenue generation capacity of the state.

H0₂: There is no relationship between misappropriation and revenue generation among civil servant in Benin City. The coefficient of fund misappropriation is negative and significant at 10 percent level of significance ($t = -1.79, p = 0.08$). Hence, we fail to reject the null hypothesis that there is no relationship between misappropriation and revenue generation among civil servant in Benin City. It, therefore, implies that fund misappropriation has an adverse significant impact on the revenue generation capacity of the state.

H0₃: Bribery does not have any significant effect on revenue generation among civil servants in Benin City. The coefficient of level of bribery is negative and significant. The t-statistic passed the significance test at the 5 percent level ($t = -0.83, p = 0.41$). Hence, we fail to accept the null hypothesis that bribery does not have any significant effect on revenue generation among civil servants in Benin City. In other words, this finding indicates that the level of bribery has a significant negative effect on revenue generation capacity of government in Benin City, Edo State.

H0₄: Kickbacks do not influence revenue generation among civil servants in Benin City. The coefficient of rate of kickbacks is negative and significant at 5 percent level of

significance ($t = -2.15, p = 0.03$). Hence, we fail to accept the null hypothesis that kickbacks do not influence revenue generation among civil servants in Benin City. It, therefore, kickbacks among civil servants has a significant negative impact on the revenue generation capacity of the Edo State.

5.5 Policy Implications

The policy implications of the findings are stated as follows:

1. Since corruption perception among civil servants has a significant negative impact on the revenue generation capacity of the state, the implication is that high perceptions of corruption can erode trust, leading to reduced compliance with tax and fee obligations by citizens and businesses. Transparent practices can rebuild confidence in revenue collection agencies and reduce opportunities for corruption.
2. Also, weak enforcement of anti-corruption laws can enable corrupt practices to thrive, further undermining revenue capacity. Civil servants may engage in or enable corrupt practices if they perceive that penalties are low or unlikely to be enforced.
3. It was found that fund misappropriation has an adverse significant impact on the revenue generation capacity of the state. The implication is that fund misappropriation weakens revenue capacity by diverting resources that could otherwise support essential services and infrastructure, undermining the state's financial stability and public trust.
4. Since the level of bribery has an adverse effect on revenue generation capacity, it implies that bribery within revenue agencies undermines compliance and diminishes the effectiveness of revenue collection, as businesses and individuals may choose not to pay full dues or may seek to circumvent the system.

5. In addition, low salaries and limited incentives for civil servants can increase susceptibility to corrupt practices, as revenue officers may resort to bribery or fraud to supplement their meager income.

CHAPTER SIX

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

6.1 Summary of Findings

The major findings of this study are stated as follows:

1. It was found that corruption perception has a negative significant impact on revenue generation capacity in Benin City, Edo State, Nigeria.
2. It was discovered that fund misappropriation has an adverse significant impact on the revenue generation capacity in Benin City, Edo State, Nigeria.
3. It was revealed that level of bribery has a significant negative effect on revenue generation capacity of government in Benin City, Edo State
4. It was found that kickbacks among civil servants have a significant negative impact on the revenue generation capacity of the Edo State.

6.2 Recommendations

Based on the empirical findings of this research, the following recommendations have been proffered:

1. Government should implement regular public disclosure of revenue collection and expenditure reports to build trust in the system. Strengthening accountability mechanisms—such as audits, clear documentation of processes, and transparent financial reporting—can make it more difficult for corrupt practices to go unnoticed and improve citizens' confidence in the revenue collection system.
2. The state government should strengthen anti-corruption laws and ensure robust enforcement with clear penalties for offenses. Establish an independent anti-corruption body or collaborate with agencies like the Independent Corrupt Practices Commission (ICPC) to monitor revenue departments and prosecute

cases of corruption. Consistent enforcement can deter corrupt behavior and enhance revenue integrity.

3. Government should create secure channels for citizens to report corrupt practices anonymously, and establish a whistleblower protection program to protect those who report misconduct. Publicizing successful anti-corruption actions resulting from citizen feedback can enhance trust and reduce corruption perception.
4. Government should introduce ethics and anti-corruption training programs for civil servants, focusing on the importance of integrity, accountability, and the impact of corruption on public services. Such programs can foster a culture of accountability and service orientation, reducing corrupt practices and improving public perception.
5. Government should adopt digital payment platforms for taxes, fees, and licenses to minimize human interaction in revenue transactions. Automated systems reduce discretionary power, establish transparent digital records, and reduce opportunities for bribery and kickbacks. Implementing digital processes also allows for easy auditing and monitoring of transactions, fostering accountability and increasing revenue generation.
6. Government should conduct regular, independent audits of revenue departments to identify and address any financial irregularities. Establishing a system of continuous oversight and reporting can enhance accountability and reduce the opportunities for corruption, ultimately improving revenue outcomes.

6.3 Conclusion

This study sought to examine the effect of corruption on revenue generation among civil servants in Benin City, Edo State, Nigeria. Based on the findings, it is evident that

various forms of corruption, including bribery, fund misappropriation, and kickbacks, significantly undermine the revenue generation capacity of the government in Edo State. These corrupt practices negatively impact public trust, reduce taxpayer compliance, and divert essential resources away from public services and development initiatives. Specifically, the perception and prevalence of bribery among revenue officials and the incidence of fund misappropriation severely hamper the effectiveness of revenue collection and diminish citizens' confidence in the system. Furthermore, kickbacks within procurement processes inflate costs and misallocate funds, weakening the government's fiscal capacity.

Addressing these issues requires targeted policy measures, such as strengthening anti-corruption enforcement, enhancing transparency and accountability within revenue agencies, adopting digital collection systems, and fostering a culture of integrity among public officials. Implementing these measures can help Edo State mitigate the negative impacts of corruption, improve revenue collection efficiency, and create a more trustworthy and transparent fiscal environment. By reducing corruption and enhancing the effectiveness of revenue management, Edo State can increase its financial resources, thus supporting sustainable economic growth and improved public services for its citizens.

6.4 Recommendations for Further Studies

1. Future research could focus on how corruption impacts revenue generation across different sectors (e.g., agriculture, oil, and trade) in Edo State. Understanding sector-specific dynamics may reveal targeted anti-corruption strategies that are more effective within certain industries, thereby enhancing revenue collection.

2. Additional studies could investigate the impact of public anti-corruption campaigns and awareness programs on taxpayer compliance and trust. By analyzing how public perception of corruption affects revenue generation, policymakers can develop effective communication strategies to foster a culture of transparency and accountability.
3. Comparative analysis with other Nigerian states facing similar corruption challenges could provide valuable insights into different approaches to managing revenue-related corruption. This would enable Edo State to learn from best practices and potentially adopt or adapt successful anti-corruption measures used elsewhere.
4. Future studies could evaluate the effectiveness of digital and automated revenue collection systems in minimizing opportunities for bribery, kickbacks, and fund misappropriation. Such studies would provide evidence on whether transitioning to digital systems can reduce corruption and improve revenue capacity, offering data-driven recommendations for modernization initiatives in Edo State.

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APPENDIX

LETTER OF INTRODUCTION

Department of Economics,
Faculty of Social Sciences,
University of Benin,
Benin.

Dear Respondent,

Survey Questionnaire on Corruption and Revenue Generation among Civil Servants in City

I am an M.Sc student of the above institution conducting research on the above topic. The objective of the exercise is to satisfy part of the requirements for the award of degree in Masters of Science, in Economics, University of Benin.

In view of this, you are kindly requested to fill in this questionnaire by ticking the appropriate box that is applicable to your answer.

This is strictly an academic exercise and all information provided will be treated with absolute confidentiality.

Thanks.

Yours Sincerely,

**QUESTIONNAIRE
SECTION A**

Socio-economic characteristics of the Respondents

1. Gender

Male

Female

2. What is your age as of your last birthday?

3. What is your marital status?

Single (Never married)

Married

Divorced/separated

Widowed

4. What is your highest level of educational attainment?

No formal education

Primary school certificate

Secondary school certificate

National diploma

Higher national diploma

First degree

Master degree

Doctor of philosophy

Others (please specify the other)

5. Type of religion

Christianity

Islam

African traditional religion

None

Other (please specify the other)

6. What is your ethnic group?

Edo

Esan

Igbo

Yoruba

Urhobo

Other (please specify the other)

7. Are you a civil servant?

Yes

No

8. Which ministry/department/agency do you work in?

9. How many years have you been in the civil service?

SECTION B

10. On a scale of 1 to 10 (ranging from very low to very high), how would you rate the efficiency of your ministry/department/agency in generating income for the state?

11. Would you report any act of corruption if you witnessed it?

Yes

No

12. Do you think corruption is a significant problem in your department?

Yes

No

13. Do you think the anti-corruption measures in your department are effective?

Yes

No

14. Do you think whistleblowers are confidentially protected in your department?

Yes

No

15. Has there been any form of misappropriation of funds in your department?

Yes

No

16. If yes, do you think this has a significant effect on revenue generation in your department?

Yes

No

Please, select any of the options that most suits each of the following statements.

17. I have never misappropriated any funds.

Strongly disagree

Disagree

Somewhat disagree

Neither agree nor disagree

Somewhat agree

Agree

Strongly agree

18. How much of the time are you pressured to act unethically?

Never

Seldom

Sometimes

Often

Mostly

Continuously

19. I sometimes receive gifts form clients for rendering services.

Strongly disagree

Disagree

Somewhat disagree
Neither agree nor disagree
Somewhat agree
Agree
Strongly agree

20. I sometimes get some rewards form clients for rendering services.
Strongly disagree
Disagree
Somewhat disagree
Neither agree nor disagree
Somewhat agree
Agree
Strongly agree

21. Sometimes, I include extra money to the normal fees or charges for services rendered to the public.
Strongly disagree
Disagree
Somewhat disagree
Neither agree nor disagree
Somewhat agree
Agree
Strongly agree

Frequencies

Notes

Output Created		07-NOV-2024 13:51:57
Comments		
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	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data.
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Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
What is your age as of your last birthday?	157	18.00	60.00	39.9299	12.59941
How many years have you been in the civil service?	157	2.00	9.00	5.2675	1.94271
Valid N (listwise)	157				

Frequency Table

Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	73	46.5	46.5	46.5
Valid Female	84	53.5	53.5	100.0
Total	157	100.0	100.0	

What is your marital status?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single (Never married)	62	39.5	39.5	39.5
Valid Married	73	46.5	46.5	86.0
Valid Divorced/Separated	22	14.0	14.0	100.0
Total	157	100.0	100.0	

What is your highest level of educational attainment?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Primary	5	3.2	3.2	3.2
Valid Secondary	10	6.4	6.4	9.6
Valid National Diploma	33	21.0	21.0	30.6
Valid Higher National Diploma	3	1.9	1.9	32.5
Valid First Degree	67	42.7	42.7	75.2
Valid Masters Degree	24	15.3	15.3	90.4
Valid Doctor of Philosophy	15	9.6	9.6	100.0
Total	157	100.0	100.0	

Type of religion

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Christianity	145	92.4	92.4	92.4
Valid Islam	12	7.6	7.6	100.0
Total	157	100.0	100.0	

What is your ethnic group?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Edo	73	46.5	46.5	46.5
Esan	30	19.1	19.1	65.6
Igbo	12	7.6	7.6	73.2
Yoruba	27	17.2	17.2	90.4
Urhobo	15	9.6	9.6	100.0
Total	157	100.0	100.0	

Are you a civil servant?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	157	100.0	100.0	100.0

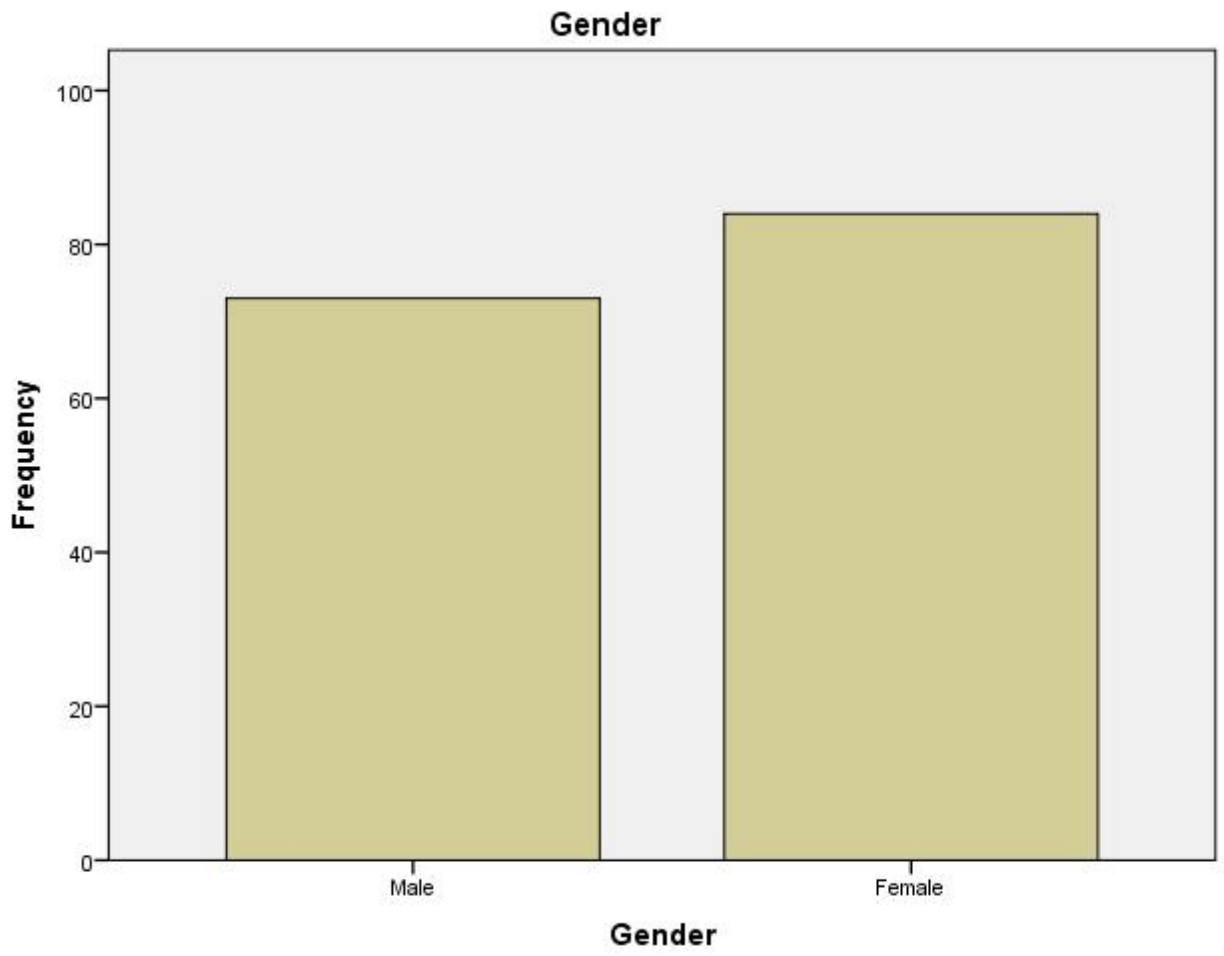
Which ministry/department/agency do you work in?

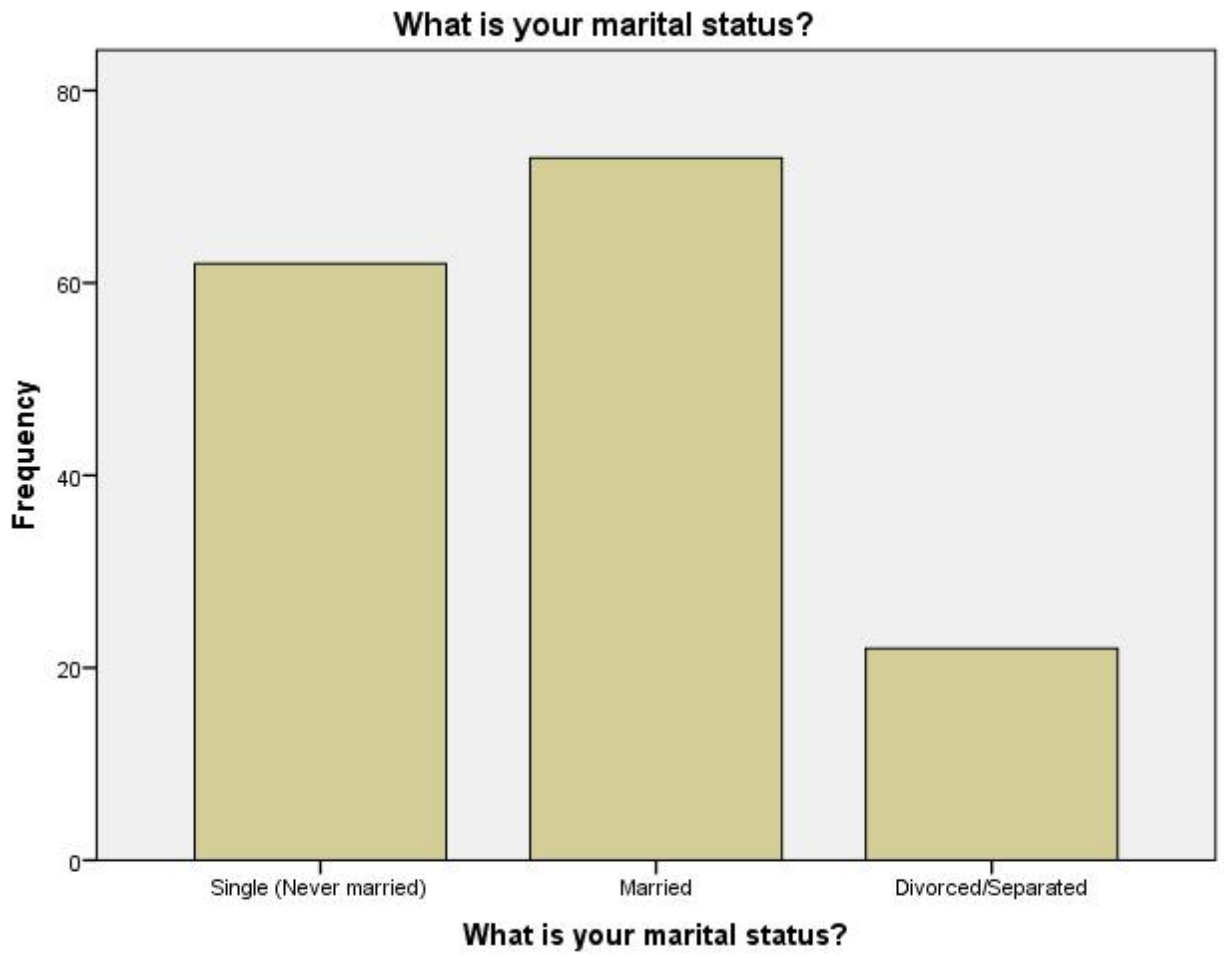
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Edo State Civil Service Commission	40	25.5	25.5	25.5
Edo Geographic Information Service	10	6.4	6.4	31.8
Edo City Transport Service	11	7.0	7.0	38.9
Edo State Transport Authority	4	2.5	2.5	41.4
Ministry of Education	31	19.7	19.7	61.1
Edo State Fire Service	1	.6	.6	61.8
State Universal Basic Education Board	5	3.2	3.2	65.0
State Secondary Education Board	7	4.5	4.5	69.4
Edo State Internal Revenue Service	34	21.7	21.7	91.1
Others	14	8.9	8.9	100.0
Total	157	100.0	100.0	

How many years have you been in the civil service?

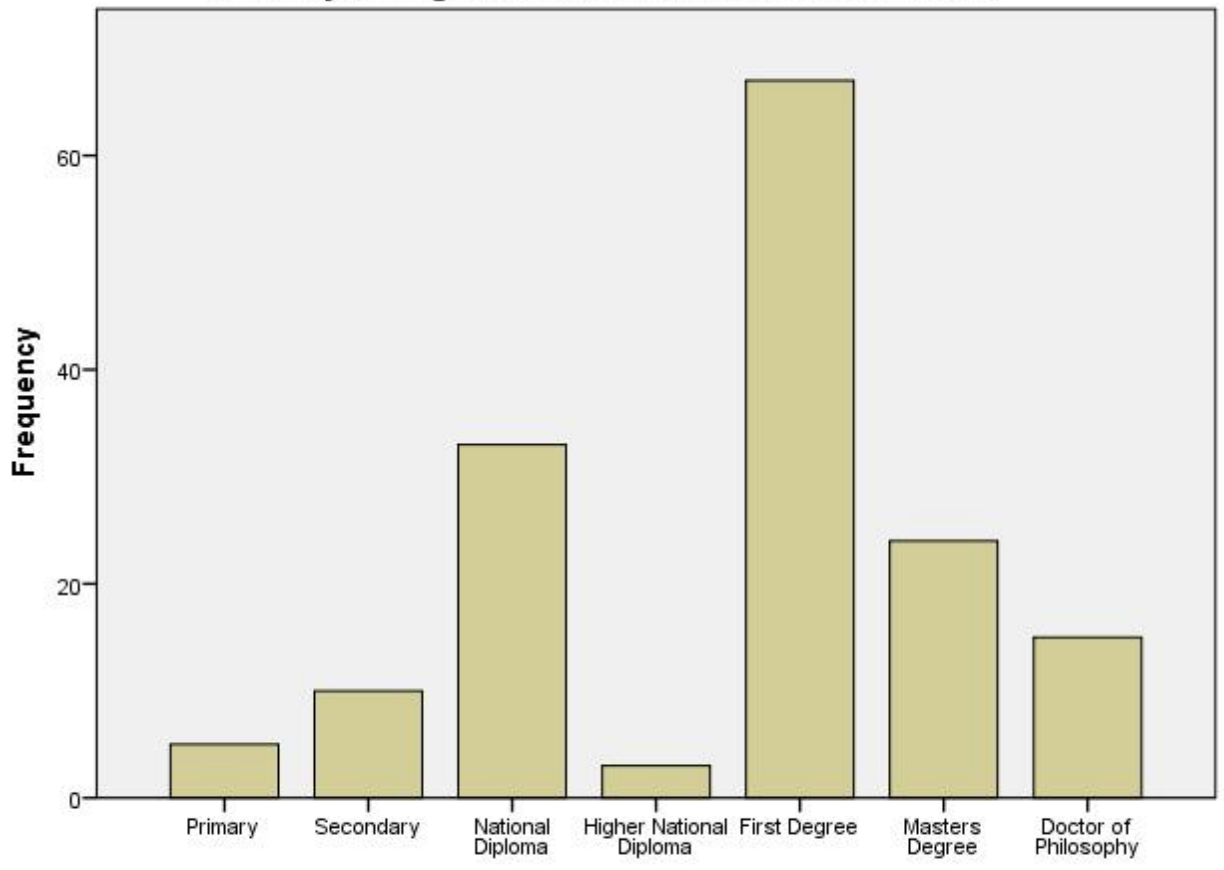
	Frequency	Percent	Valid Percent	Cumulative Percent
2.00	10	6.4	6.4	6.4
3.00	20	12.7	12.7	19.1
4.00	34	21.7	21.7	40.8
5.00	29	18.5	18.5	59.2
Valid 6.00	17	10.8	10.8	70.1
7.00	20	12.7	12.7	82.8
8.00	19	12.1	12.1	94.9
9.00	8	5.1	5.1	100.0
Total	157	100.0	100.0	

Bar Chart

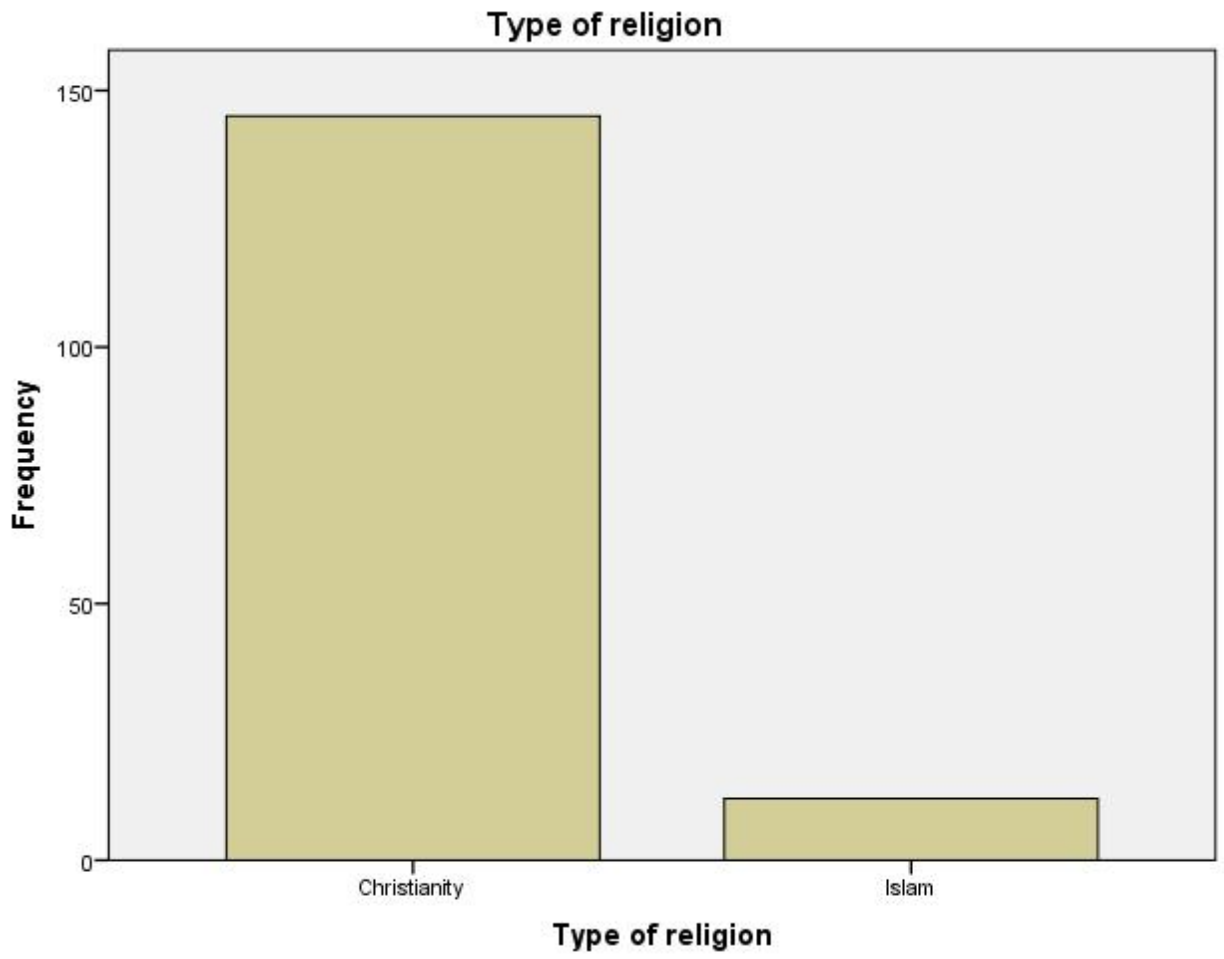


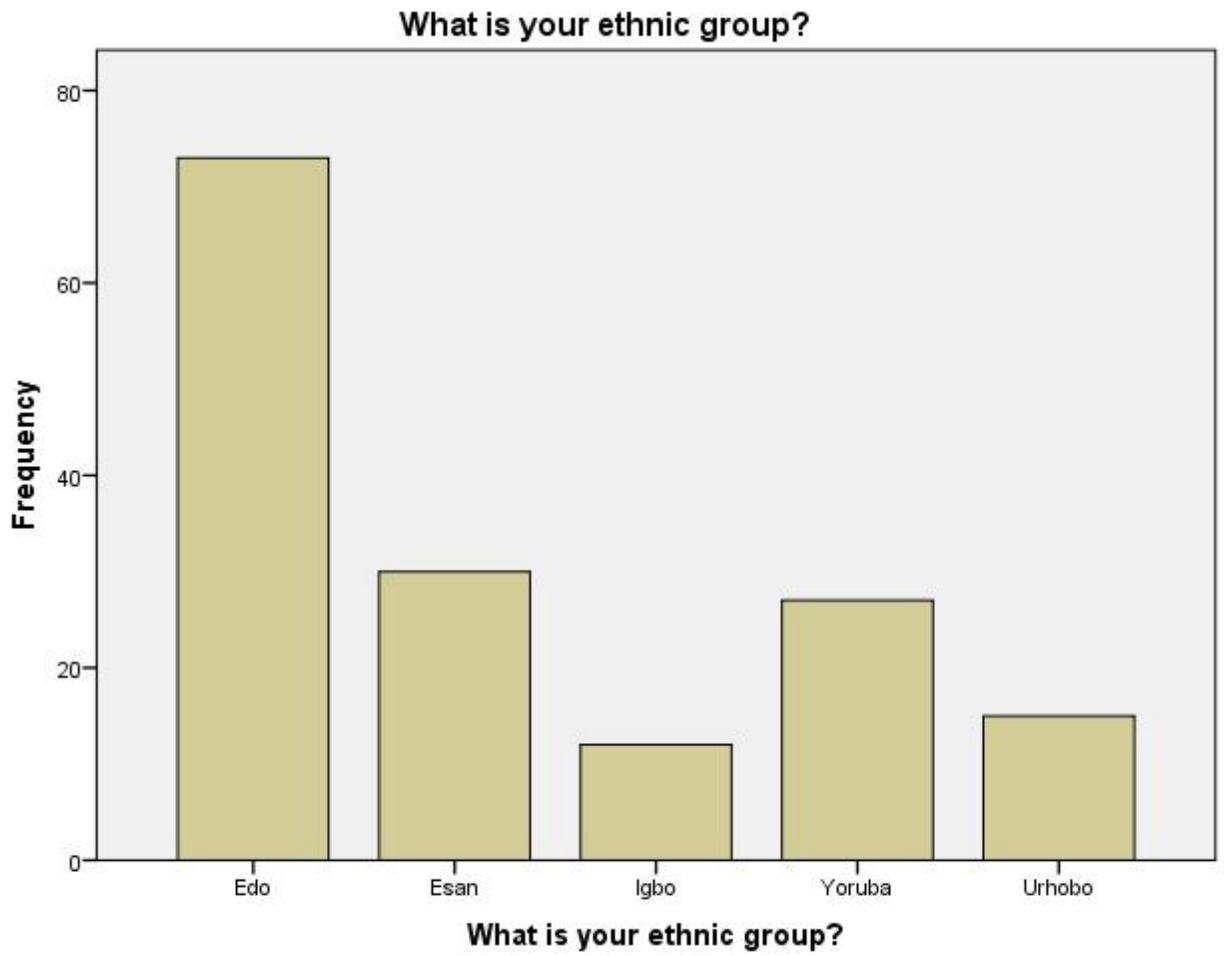


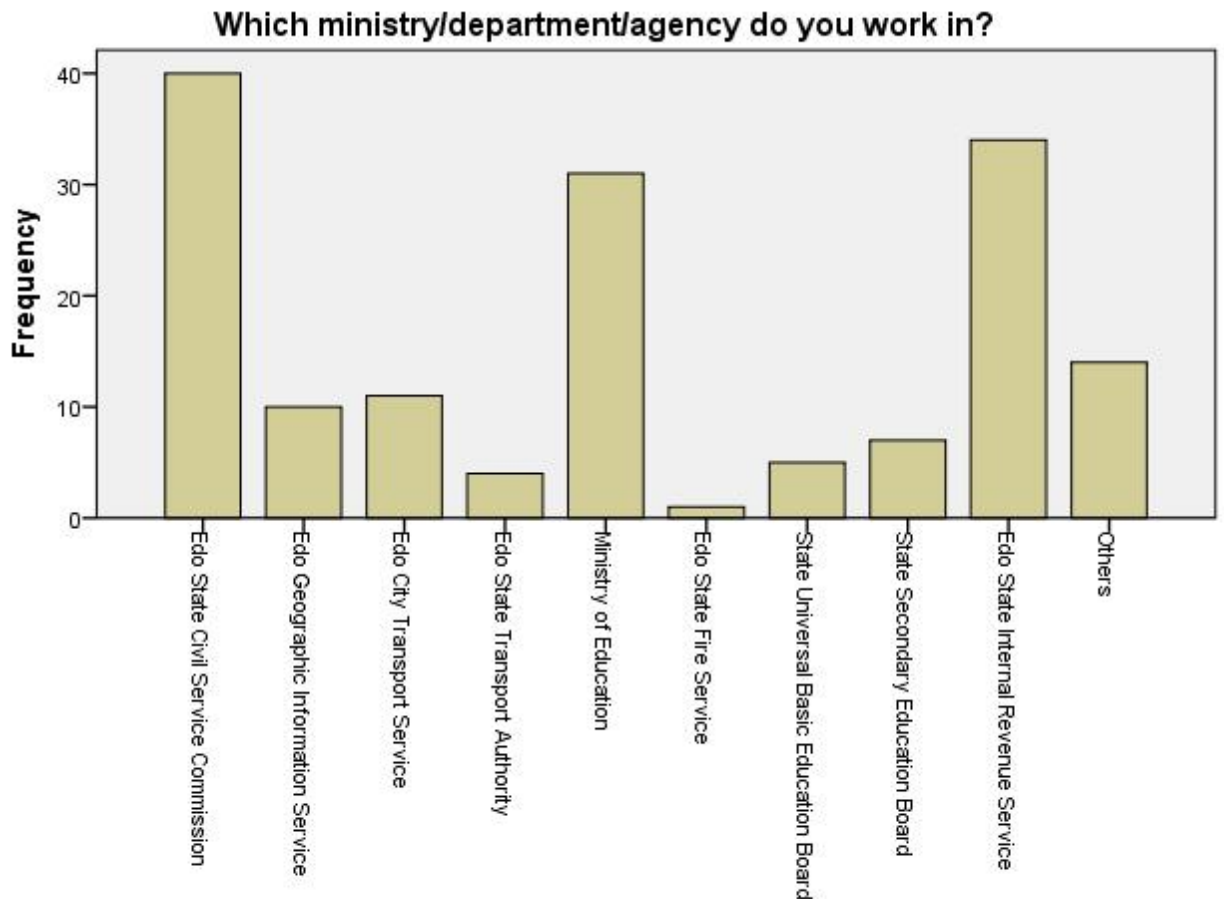
What is your highest level of educational attainment?



What is your highest level of educational attainment?







Which ministry/department/agency do you work in?

Statistics

	Would you report any act of corruption if you witnessed it?	Do you think corruption is a significant problem in your department?	Do you think the anti-corruption measures in your department are effective?	Do you think whistleblowers are confidentially protected in your department?	Has there been any form of misappropriation of funds in your department?	If yes, do you think this has a significant effect on revenue generation in your department?
N	Valid Missing	157 0	157 0	157 0	157 0	157 0

Frequency Table

Would you report any act of corruption if you witnessed it?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	91	58.0	58.0	58.0
Valid No	66	42.0	42.0	100.0
Total	157	100.0	100.0	

Do you think corruption is a significant problem in your department?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	103	65.6	65.6	65.6
Valid No	54	34.4	34.4	100.0
Total	157	100.0	100.0	

Do you think the anti-corruption measures in your department are effective?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	48	30.6	30.6	30.6
Valid No	109	69.4	69.4	100.0
Total	157	100.0	100.0	

Do you think whistleblowers are confidentially protected in your department?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	37	23.6	23.6	23.6
Valid No	120	76.4	76.4	100.0
Total	157	100.0	100.0	

Has there been any form of misappropriation of funds in your department?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	105	66.9	66.9	66.9

No	52	33.1	33.1	100.0
Total	157	100.0	100.0	

If yes, do you think this has a significant effect on revenue generation in your department?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	101	64.3	64.3	64.3
No	56	35.7	35.7	100.0
Total	157	100.0	100.0	

Regression

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Sometimes, I include extra money to the normal fees or charges for services rendered to the public., I have never misappropriated any funds., I sometimes get some rewards form clients for rendering services., I sometimes receive gifts form clients for rendering services., How much of the time are you pressured to act unethically? ^b	.	Enter

a. Dependent Variable: On a scale of 1 to 10 (ranging from very low to very high), how would you rate the efficiency of your ministry/department/agency in generating income for the state?

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.650 ^a	.422	.418	2.60700

a. Predictors: (Constant), Sometimes, I include extra money to the normal fees or charges for services rendered to the public., I have never misappropriated any funds., I sometimes get some rewards form clients for rendering services., I sometimes receive gifts form clients for rendering services., How much of the time are you pressured to act unethically?

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	233.994	5	46.799	35.44	.000 ^b
Residual	1026.261	151	6.796		
Total	1030.255	156			

a. Dependent Variable: On a scale of 1 to 10 (ranging from very low to very high), how would you rate the efficiency of your ministry/department/agency in generating income for the state?

b. Predictors: (Constant), Sometimes, I include extra money to the normal fees or charges for services rendered to the public., I have never misappropriated any funds., I sometimes get some rewards form clients for rendering services., I sometimes receive gifts form clients for rendering services., How much of the time are you pressured to act unethically?

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B					
	B	Std. Error	Beta			Lower Bound	Upper Bound				
	1	(Constant)	6.167			.243					25.373
	I have never misappropriated any funds.	-.781	.073	-.037	-10.76	.000	-.291	.183			
	How much of the time are you pressured to act unethically?	-.529	.050	-.018	-10.54	.000	-.244	.306			
	I sometimes receive gifts form clients for rendering services.	-.025	.007	-.033	-3.56	.000	-.286	.190			

I sometimes get some rewards from clients for rendering services.	-0.025	.002	.022	-14.23	.000	-.217	.284
Sometimes, I include extra money to the normal fees or charges for services rendered to the public.	-.151	.021	-.030	-7.190	.017	-.031	.228

a. Dependent Variable: On a scale of 1 to 10 (ranging from very low to very high), how would you rate the efficiency of your ministry/department/agency in generating income for the state?